

## **National Processed Raspberry Council**

### **FY 2014 Budget Narrative**

#### **INTRODUCTION**

In 2007, the Washington Red Raspberry Commission (WRRC) completed a Strategic Plan to examine current market conditions and identify key strategies to increase consumer and end user knowledge about raspberries with a goal of increasing demand for raspberries. A copy of that Plan is attached to this budget narrative as "Attachment A" as background information. Four key elements of that Plan and the associated rationale were:

1. Conduct nutrition research: *Fund additional scientific research to link raspberries to important health ramifications.*
2. Health and wellness messaging: *Use simple messages to articulate raspberry's nutritional advantages; a diet rich in whole foods, including regular consumption of raspberries, is a preventive practice that can offer protection from chronic illnesses including cardiovascular disease, neurological disorders, cancer and diabetes.*
3. New product introduction: *Provide technical support for new product development, utilizing professional meetings and trade events to deliver the message.*
4. Emerging trends: *Address growing trade and consumer interest in "sustainability" as a marketing tool.*

Periodically the WRRC revisited its Plan to review market conditions and assumptions, and ensure that these key strategies remain appropriate to address the overall goal of increasing demand. At the conclusion of each review, it was agreed that while circumstances and conditions are evolving, the strategies remained correct and should continue to provide guidance in considering marketing tactics.

The National Processed Raspberry Council (NRC), at its organizational meeting held June 3-4, 2013, reviewed the Strategic Plan and decided that it should also provide guidance during the development NRC programs.

#### **INCOME**

National Processed Raspberry Council (NRC) assessment income through March 31, 2014 is based on raspberry industry and USDA estimates of U.S. production and imports, respectively. It includes domestic production and imports for the period September 5, 2012 through March 31, 2013, the period since the NRC Order became effective. Assessment income for the period ending March 31, 2013 includes an estimated 400,000 pounds of domestic production and 37.5 million pounds of imported product. For FY 2014, assessment income is based on 50.3 million pounds of domestic production and 57.8 million pounds of imports.

Minimal interest income will accrue from investments in short term investments during FY 2014. No other non-assessment revenue is forecast for FY 2014.

## **NON-PROGRAM EXPENSES**

### **Administrative Expenses**

The Act and the Order limit administrative expenses to 15% of revenue. The recommended budget complies with the administrative spending limits, capping general administrative expenses at 14% of revenue.

For FY 2014, the NRC will enter into Administrative Contracts with independent contractors to implement its programs and have no employees. With no employees, the Council will have no employer related costs. Contracts will be established for its Executive Director and Wellness Coordinator.

Travel and Meetings includes direct meeting costs, travel for Board members and alternates to attend the two Council meetings scheduled for FY 2014, and for contracted staff to conduct the business and programs of the Council. To maximize efficiency and minimize expenses, the Council will consider holding committee meetings in conjunction with scheduled Board meetings.

Professional Service contracts will be utilized for Finance/Administrative Support and Legal Services. A Memorandum of Understanding will be executed for outside counsel.

Operational expenses include equipment purchase/lease, insurance/bonds, memberships, supplies, phone/fax/internet, postage/shipping, printing/copies, repairs/maintenance, software purchases, subscriptions, and miscellaneous expenses.

## **PROGRAM EXPENSES**

Of total revenues estimated for FY 2014 of \$1.47 million, \$1.2 million will be available to fund market promotion, industry communications, nutrition research, new market development, and establish an operations reserve. Detailed promotion and research strategies and tactics are described in their accompanying Marketing Plan and Nutrition Research Plan. The goals of these programs are summarized below.

### **Market Promotion**

Raspberries not only have a good story to tell but are a good story. The goal of market promotion activity is to raise consumer, food manufacturer, and commercial end-user awareness of how raspberries can contribute to overall health and wellness, and through that increased awareness, expand demand. Trade education, print, electronic, and social media, and targeted public relations messages will be drawn from factual information flowing from the industry's nutrition research program.

### **Industry Communication**

Industry Communications will keep industry members apprised of activities of the Council, events impacting raspberries, report on program successes, and encourage constructive discussion within the industry. The raspberry industry's sustainability

story will be developed and disseminated. These activities will be accomplished through a combination of electronic media, newsletters, and face-to-face meetings with members of the raspberry industry.

### **Research**

A growing body of research suggests that red raspberries, a rich source of bioactive polyphenols, have anti-inflammatory properties and may offer beneficial effects against inflammatory-related diseases including diabetes, cardiovascular disease, cancer, and musculoskeletal inflammation. The general consensus is that chronic inflammation is at the root of all chronic illness, and food with anti-inflammatory properties may play an important role in preventing chronic illness and/or helping to manage a host of related health issues. The goal of funded research is to establish a link between red raspberry consumption and its anti-inflammatory potential. Findings generated by funded research will be incorporated into public awareness campaigns about the health benefits of raspberries.

### **New Markets/Products**

Establishing baselines for product usage and attitudes of users will be the result of market research. Subsequent studies will quantify the Council's ability to influence demand and be used to evaluate program effectiveness. Recipes will be continually developed to demonstrate the many ways that raspberries can be used. Learnings from the trade as to potential new uses for raspberries will be explored.

### **Government Fees**

Repayment of USDA costs for program development and start-up costs totaling \$214,015 are amortized over three years.

USDA has estimated annual user fees at \$65,000, which would include normal, but not extraordinary, OGC expenses. Budgets do not anticipate extraordinary USDA legal costs.

For FY 2014, the Council will collect past due assessments and assessments to become due directly from importers and first handlers. At the same time, it has asked USDA to identify one-time U.S. Customs set-up fees to establish this service for future assessment collection. \$250,000 has been budgeted to fund this activity once costs are known and the Board can initiate action.

### **Reserve Fund**

As this first-year program completes submission and approval of organizational documents and plans, it will transition into full operation of its programs. As the ramp up process proceeds, Council contractors will continually look for emerging opportunities, and when identified, present these to the Council for possible funding if deemed in conformance and consistent with established goals and approved activity plans.