



**FY 2016 Budget Narrative
National Processed Raspberry Council
For the Period October 1, 2016 – September 30, 2017**

INTRODUCTION

In 2007 a Raspberry Strategic Plan was funded by the Washington Red Raspberry Commission. The plan examined market conditions and identified key strategies to increase consumer and end user knowledge about processed raspberries with a goal of increasing demand for and usage of raspberries. Four key elements of that Plan and the associated rationale were:

1. Conduct nutrition research: *Fund additional scientific research to link raspberries to health benefits.*
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, may be a preventive practice that may offer protection from chronic illnesses. The message should also include a discussion of the advantages of frozen raspberries, and stress good for you flavor!*
3. New product introduction: *Provide technical support for new product development as appropriate.*
4. Trend analysis: *Address changing demographic patterns and the emerging power of digital media to carry a message.*

Since its formation, the National Processed Raspberry Council has reviewed the Strategic Plan in regards to market conditions and assumptions to ensure that these key recommendations remain appropriate to address the overall goal of increasing demand. Although circumstances and conditions have evolved, the recommendations have continued to provide guidance when considering marketing tactics.

At its meeting in November 2015, the Council directed management to prepare and submit a Request for Proposal (RFP) to qualified vendors to facilitate a strategic planning session to revisit established priorities, identify and answer questions of strategic importance, and create a Plan to provide guidance for the Council's future

programmatic direction. A vendor has been identified to facilitate the process, which will begin in FY 2016 and conclude in FY 2017.

Marketing communications programs will once again be implemented by a team of independent contractors acting as virtual “staff” to the Council under the leadership of Wild Hive in FY 2017. FY 2016 was dedicated to building a marketing infrastructure and laying the groundwork for future consumer and trade promotion programs. During the year, the Council’s website was updated to allow access on hand held platforms, an integrated social media program was implemented, the Council’s trade education program was launched, processed raspberries were introduced to a broad base of health communicators, a series of simple recipes along with demonstration videos were used to educate the trade about the industry and carry the versatility message, a trade survey reinforced findings from an earlier consumer survey, and industry outreach efforts were expanded.

A manuscript describing a comprehensive database of raspberry related research was published, drawing attention to raspberries’ impact on health and disease risk, and the diet/disease relationship for red raspberries. Five funded projects were presented at Experimental Biology, a leading conference of newly published research, bringing further attention to raspberries and health.

INCOME

NPRC assessment income is based on raspberry industry estimates of U.S. production of raspberries delivered to processors and imports of processed raspberries for the period October 1, 2016 through September 30, 2017. The North American harvest is again forecast to be impacted by unusual winter and spring weather patterns. For FY 2017, assessment income is based on 60.0 million pounds of domestic production and 52.5 million pounds of imports. Since July 1, 2014, assessments on processed raspberry imports have been collected by U.S. Customs. Domestic assessment income received after October 1, 2017 will be recognized as FY 2017 income as it results from deliveries of the 2017 crop. Import assessment income is recognized and posted to the month prior of it being reported as Customs reports trail collection by one month. Import assessments are collected and reported throughout the year.

Minimal interest income will accrue from investments during FY 2017. No other non-assessment revenue is forecast for FY 2017.

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 11.4% of FY 2017 assessment revenue.

The NPRC will renew Administrative and Professional Service contracts to implement FY 2017 programs. With no employees, the Council will have no employer related costs. Contracts will be established for the Council's Executive Director, Legal Counsel, Science Advisor, and Administrative Service functions. A Memorandum of Understanding was executed in FY 2014 for outside counsel. All marketing and promotion programs will be implemented under contract to either Independent Contractors or with Wild Hive.

Travel and Meetings include direct meeting costs, travel for Board members and alternates to attend Council meetings in FY 2017, and for contractors to conduct the business and programs of the Council. To maximize efficiency and minimize expenses, the Council will hold committee meetings either in conjunction with scheduled Board meetings or by teleconference call as it did in FY 2016.

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.

The Council will publish a Request for Proposal (RFP) to conduct an effectiveness audit as required by USDA/AMS in FY 2017. In addition, a Strategic Plan as previously described will be completed.

PROGRAM EXPENSES

Total FY 2016 revenue including carry forward funds from previous years is forecast to be \$2.24 million. Of this total, \$1.12 million is carryforward from unexpended FY 2016 funds. The FY 2017 budget, in the amount of \$1.62 million will be utilized to fund market and industry communications, nutrition research, new market development, and establish an operations reserve of \$.62 million. Detailed market communication and research strategies and tactics are described in their respective Narratives. The goals of these programs are summarized below.

Market Communication

The goal of the Council's Market Communication program is to raise consumer, food manufacturer, and commercial end-user awareness of how raspberries can contribute to overall health and wellness. In raising awareness, usage and demand for processed raspberries will be expanded leading to long-term visibility for the processed raspberry industry. Trade and consumer education programs and targeted public relations will be drawn from factual information flowing from the industry's nutrition research program as well as survey findings that have identified trade usage behaviors and attitudes towards processed raspberries. All forms of media, both traditional and electronic, will be used to carry the raspberry message.

FY 2017 marketing communication and education programs will be executed in conjunction with and under the supervision of Wild Hive.

Industry Communication

Industry Communications will inform industry members of activities of the Council, report on program achievements, 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, informational videos, 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, may 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 foods with anti-inflammatory properties, such as processed raspberries, may play an important role in preventing chronic illness and/or helping to manage a host of related health issues. Findings generated by funded research will be incorporated into public awareness campaigns about the health benefits of raspberries.

New Markets/Products

Raspberry usage, attitude, and awareness studies have established baselines among consumers, foodservice operators and food manufacturers. Subsequent studies will quantify the Council's ability to influence demand and be used to evaluate program effectiveness. Learnings from the trade as to potential new uses for raspberries will be explored.

Food Safety

Food Safety will take a more important position among Council programs in FY 2017 as elements of the Food Safety Modernization Act (FSMA) become effective. Specific to the industry are the Producer Rule and the Importer Verification Rule. A survey conducted of industry members, both domestic and international, in 2016 will direct future educational efforts ensuring that producers and processors around the world are aware of food safety basics. The Food Safety Committee will continue to examine best practices of other agricultural industries and apply these learnings to the raspberry industry.

Government Fees

USDA estimated annual User Fees at \$115,000 for FY 2016, to include normal, but not extraordinary, OGC expenses. A similar FY 2017 budget for this expense does not anticipate extraordinary USDA legal costs and has been budgeted accordingly.

U.S. Customs collects import assessments at the time of entry to the United States and remits collections to the Council on a monthly basis. Assessments from domestic handlers, collected and remitted by first handlers, are the responsibility of

the Council and are collected on September-October. During FY 2016, Council staff and legal counsel presented to the OGC a report detailing remaining delinquent assessments and recommended action.

Reserve Fund

A reserve fund of approximately 39% of total budget will be established during FY 2017. This is consistent with Council direction to maintain an uncommitted reserve of 33% of the budget or not less than \$300,000.