



**FY 2017 Budget Narrative
National Processed Raspberry Council
For the Period October 1, 2017 – September 30, 2018**

INTRODUCTION

Since its inception in 2013, the National Processed Raspberry Council has made significant progress, launching nutrition research and marketing communication programs to build demand for *real red raspberries*.

With this experience, the Council believed the time was right to take stock of its actions to-date and conduct a formal review of the Council's direction. The intent of this process was to ensure that vision and foresight guide the Council's evolution from "start-up" mode to one of more systematic demand-building, thus securing the long-term viability of the processed raspberry industry. In late 2016, a long-term strategic planning process was initiated to take the industry to the next level of impact and accountability.

The Strategic Planning process sought answers to three basic questions: Where are we now? Where do we want to be? And, importantly, how do we get there?

An industry-wide Strategic Planning Team was formed and a comprehensive planning process was launched to create the Plan. The Team set its sights on an industry brand – Real Red Raspberries—and an aggressive vision for the future: to make Real Red Raspberries the premium berry of choice. In addition, the Team came to consensus on other areas of the plan – mission, purpose, values and strategic priorities. The group also provided input on action plans and measures of success.

Following development of the Plan, the Council's committee structure was modified to align with the three Strategic Priority Areas so that each area has a committee uniquely assigned to its oversight and implementation. A new committee, Industry Relations was formed and tasked with Strategic Priority Area 3 (Accountability and Industry Communications). Food safety is and will continue to be a priority for the Council. As part of this re-organization, food safety functions were re-assigned to

two priorities. Moving forward food safety related research will fall under Strategic Priority Area 1 (Developing our Story), while food safety education and outreach will fall under Strategic Priority Area 3 (Industry Communications).

Along with changes in committee responsibility, the budget was re-structured so it, too, aligned with the Strategic Priority Areas. Part of the budget restructuring included establishment of funding guidelines for each Strategic Priority Area.

The three Strategic Priority Areas are:

Strategic Priority Area 1: Developing our story: Research focusing on understanding attributes of Real Red Raspberries. Guideline: 30% of program budget.

Strategic Priority Area 2: Sharing our story: Communicating the benefits of Real Red Raspberries to consumers and trade. Guideline: 60% of program budget.

Strategic Priority Area 3: Industry communication and accountability: Demonstrating and measuring the good work of the Council and communicating its value to the industry. Guideline: 10% of program budget.

The National Processed Raspberry Council will review the Strategic Plan and action steps on an annual basis in regards to market conditions and assumptions to ensure that these priority areas remain appropriate to address the overall goal of increasing demand.

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 2018. FY 2016 was dedicated to building a marketing infrastructure and laying the groundwork for future consumer and trade promotion programs, with FY 2017 seeing the full-scale implementation of integrated marketing communications.

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, 2017 through September 30, 2018. For FY 2018, assessment income is based on 65.0 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. Any domestic assessment income received after October 1, 2018 will be recognized as FY 2018 income as it results from deliveries of the 2018 crop. Import assessment income is recognized and posted to the month prior to 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 2018. No other non-assessment revenue is forecast for FY 2018.

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 12.6% of FY 2018 assessment revenue.

The NPRC will renew Administrative and Professional Service contracts to implement FY 2018 programs. With no employees, the Council will have no employer related costs. Administrative contracts will be established for the Council's Executive Director, Legal Counsel, Science Advisor, Financial Services, and Administrative Service functions. The Council's Executive Director is tasked with administering and supervising the work of all independent contractors. A Memorandum of Understanding was executed in FY 2014 for outside counsel. All marketing and promotion programs will be implemented under contract by either independent contractors or Wild Hive.

Travel and Meetings include direct meeting costs, travel for Board members and alternates to attend Council meetings in FY 2018, 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 2017.

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 issued a contract to conduct an effectiveness audit as required by USDA/AMS in FY 2017. Results from that evaluation are expected before the end of FY 2017.

PROGRAM EXPENSES

Total FY 2018 revenue including carry forward funds from previous years is forecast to be \$2.284 million. Of this total, \$1.1 million is carryforward from unexpended FY 2017 funds. The FY 2018 budget, in the amount of \$1.811 million will be utilized to fund market and industry communications, nutrition research, new market development. A restricted assets reserve and an operations reserve in the amounts of \$200,000 and \$272,152, respectively, will be established. Detailed market communication (Sharing our Story) and research (Developing our Story) strategies and tactics are described in their respective Narratives. The goals of these programs and their respective budgets are summarized below.

Sharing our Story

The goal of Sharing our Story is to raise consumer, food manufacturer, foodservice operator, and health professional awareness of how real red raspberries can contribute to overall health and wellness and product development. In raising awareness, usage and demand for real red raspberries will be expanded, leading to long-term viability for the industry. Trade and consumer education programs and targeted public communications 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 real red raspberries. All forms of media, both traditional and digital, will be used to carry the real red raspberry message. New market and product development falls within this activity.

FY 2018 marketing communication and education programs will be executed in conjunction with and under the supervision of Wild Hive.

The FY 2018 Sharing our Story budget will be \$784,330.

Developing our Story

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 cardiometabolic diseases including diabetes and cardiovascular disease. The general consensus is that chronic inflammation is at the root of most chronic illnesses, and foods with anti-inflammatory properties, such as real red raspberries, may play an important role in helping inflammation-related health issues. Findings generated by funded research will be incorporated into communications programs about real red raspberries. Within this programmatic area will be research investigating ability of various processes to mitigate or minimize pathogenic contamination.

A budget of \$675,814 has been established on FY 2018 to Develop our Story.

Accountability and Industry Communication

Accountability and Industry Communications will inform industry members of activities of the Council, report on program achievements, and encourage constructive discussion within the industry. A "toolkit" will be developed for use by industry ambassadors and Council members to educate industry members about the Council and its activities, and to assist in recruiting nominees for Council or committee positions. The raspberry industry's sustainability story will be developed and disseminated. These activities will be accomplished through a combination of electronic media, newsletters and other written communications, and face-to-face meetings with members of the raspberry industry. Outreach and education demonstrating the industry's commitment to food safety is part of this activity,

beginning in FY 2018. Food Safety will continue to be an important initiative for the Council in FY 2018 with the launch of a grower and field worker education programs focused on employee and field sanitation issues.

\$143,430 has been allocated in FY 2018 to Accountability and Industry Communications.

Government Fees

USDA estimated annual User Fees at \$120,000 for FY 2017, to include normal, but not extraordinary, OGC expenses. A similar FY 2018 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 in September-October. During FY 2017, 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 22% of total budget will be established during FY 2018. This is consistent with Council direction to maintain an uncommitted reserve of 30% of the budget or not less than \$300,000.