

# Montana Food and Agricultural Development Network

FY 2012  
Annual Report to  
Montana Board of Research and Commercialization  
July 1, 2011 – June 30, 2012

## Scope of Report

This annual report is drawn from the centers' four quarterly reports and their annual evaluative report.

## Introduction

The Montana Food and Agricultural Development Center program, authorized by the 2009 Montana Legislature, is a network of four centers, each housed within pre-existing, multi-county economic development organizations. The program's purpose is to meet the unique and complex needs of new and expanding Montana food, farm-derived renewable energy, and other value-added agricultural businesses.

In FY12 and currently, the state's four food and agricultural development centers are located at:

- **Bear Paw Development Corporation**, based in Havre
- **Beartooth RC&D**, based in Joliet
- **Headwaters RC&D**, based in Butte and Dillon
- **Mission Mountain Food & Cooperative Development Center** housed at Lake County Community Development Corporation, based in Ronan

These centers, operating as a statewide network, have developed specific capacity to provide training, coaching and technical and financial assistance in:

- Product development, testing, analysis, labeling
- Regulatory compliance training and implementation
- Food processing
- Market analysis in the especially fast-growing food and renewable energy markets
- Business networking
- Cooperative development
- Business planning & development
- Access to financing
- Education on industry dynamics & technologies

## A year of transition and growth

Fiscal Year 2012 marked the beginning of the program's second biennium—a year that saw a 24 percent increase in the number of clients served, and of changes based on lessons learned in the program's successful first biennium. The past year also brought changes to some of the centers internally.

The program's four centers and the Montana Department of Agriculture, as program administrator, continually assess the program's development in the context of the needs of its

growing client base, and the growing and potential capacity of the program. The adjustments made are intended to strengthen the network and continue building its capacity to meet the expanding needs of its current and future clients.

**Food businesses drive growth:** The greatest demand for program services continues to be for assistance with food business and product development. Fully 79% of all network clients were food businesses, up 6% from the previous biennium. Over three-quarters of all *new* clients during FY12 were food clients. As a result, the program is continuing to enhance its capacity to meet the specific needs of new and expanding food businesses. The consumer trend toward healthier, local, less-processed foods is projected to continue long-term as an economic driver for Montana. According to a report last year from the Montana Bureau of Business and Economic Research:

As of 2009, **food product manufacturing is the third largest manufacturing sector in Montana** in terms of labor income, accounting for 10 percent of the value of all manufacturing in Montana. The number of jobs in food product manufacturing has increased every year in Montana since 2004, with only metal fabrication and upgrades in the state’s petroleum refineries providing more manufacturing job growth during the same period. (Paul Polzin. 2011. *The State of Montana Manufacturing, 2011 Edition*. Bureau of Business and Economic Research, U of M)

The centers experienced a steady flow of agricultural producers looking to increase their income by adding value to their farm products and developing off-farm enterprises in their communities. As a result, the program saw a relatively stable proportion of 13% of clients in the “other value-added agriculture” category (in contrast to the food and farm-based energy categories). The same period saw a 4% decline in the proportion of farm-based energy clients, a trend driven by increased investment in oil development in the state, and some uncertainty in the renewable energy markets following a period of growth, particularly in on-farm wind power.

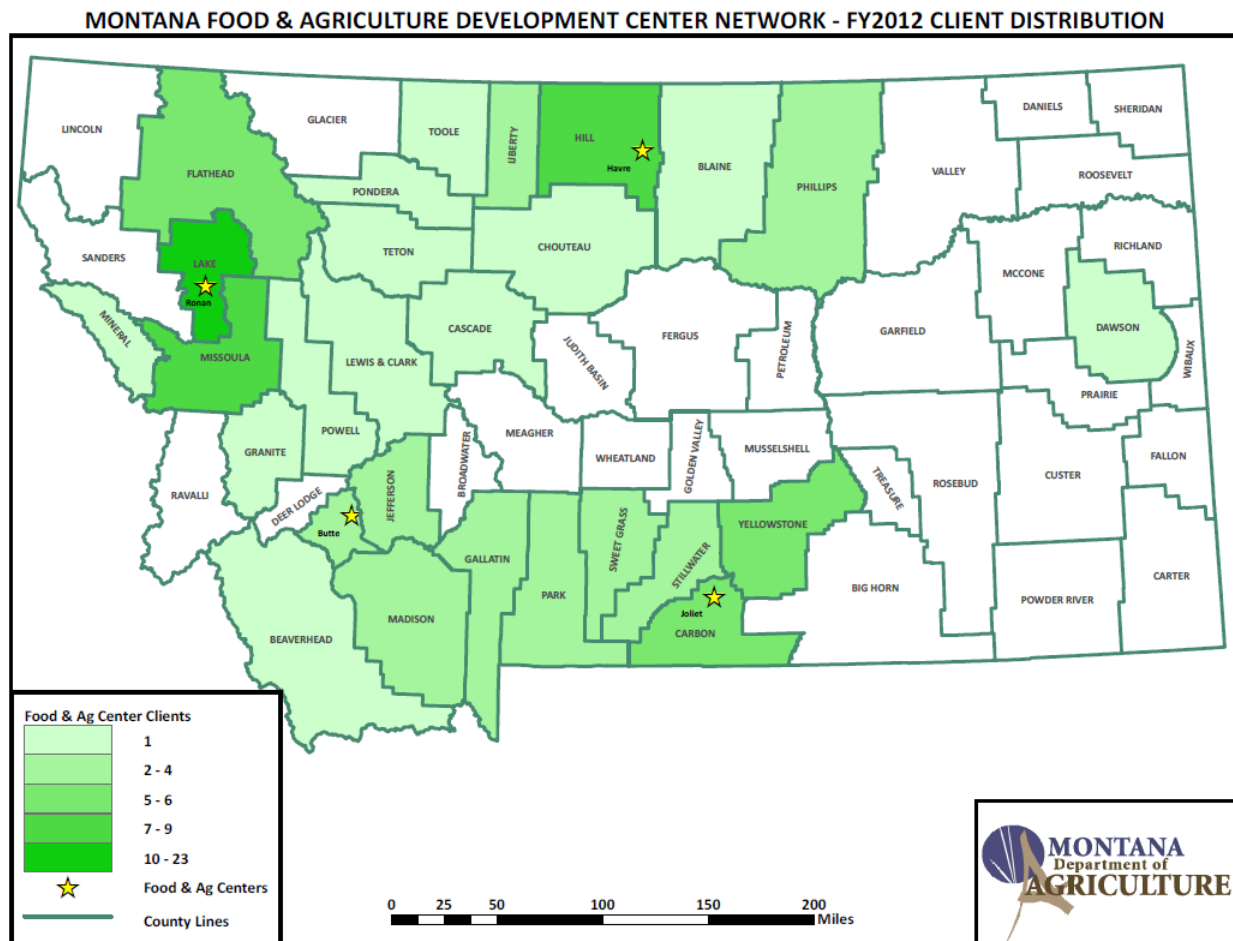
FY2012	Food	Ag Energy	Other Value-Added Ag	TOTAL
<b>Total active clients</b>	<b>104</b>	<b>11</b>	<b>17</b>	<b>132</b>
New clients	61	8	11	80

**Population centers source of most demand:** The centers near relatively concentrated areas of population have continued to experience a critical level of demand for the services the program specializes in. The lesson here is that rather than seeking balanced geographic distribution of the centers, which was an objective of the program in its first biennium, it appears that the centers are better located where demand is concentrated. In areas with a critical mass of entrepreneurial activity, the centers are able to apply their resources most efficiently. The program continues to serve many clients from sparsely populated rural areas, as the map on the following page shows. Those clients, like other rural people, typically have multiple reasons to access goods and services in the state’s population centers, making occasional trips as needed. In addition, the centers’ staff travel some, and provide assistance remotely. The exception is in food product

development, which requires physical access to a commercial kitchen or a pilot plant like that housed at Mission Mountain Food Enterprise Center in Ronan.

What this has meant for the program in the current biennium: Community GATE, which housed the Glendive center in the first year of the last biennium, and Snowy Mountain Development Corp. in the second, did not generate what the department determined to be sufficient demand in the food and value-added ag program areas of emphasis to warrant their continuation as food and ag centers. Headwaters RC&D’s center, based in southwestern Montana, has replaced them in the second half of FY 1012.

In fact, the department undertook a food infrastructure mapping project that found that fully 25 percent of all Montana’s licensed food establishments are in the four-county area along U.S. Highway 93 in western Montana.



NOTE that this map is a snapshot in time, representing current, active clients only.

**Approach to program development:**

From the program’s beginning, the department integrated a formative evaluation process into the centers’ reporting and administration, so that both the department and the centers are able to strategically target ongoing program development and make needed adjustments. Our intention is

to build the most effective program possible and make course corrections as needed to keep the program strong and adaptable as trends in the food, renewable energy and other value-added sectors in Montana evolve. Given that these are known to be long-term trends with much growth yet ahead, the program is building its ability to stay current and adaptable.

This approach is what led to this fiscal year's program changes and improvements. Headwaters RC&D, based in Butte, has replaced the previous centers in Glendive and then Lewistown. Headwaters has a strong history in economic development, with proven capacity in farm-based and other renewable energy, and with new staff capacity in regional food value chain development. Besides its office in Butte, Headwaters RC&D has begun staffing a satellite office in Dillon two days a month, to give the Food and Agricultural Development program a strong presence across southwestern Montana.

**Program structure:**

Each center is led by a Food and Agricultural Development Center manager, a person whose time is dedicated to serving the program's target clientele and who has developed specific skills and knowledge in one or more of the program's target sectors. The center manager has access to the support of other economic development staff in their host organization, a core reason that the Food and Agricultural Development program is able to operate on a relatively modest budget.

**Personnel changes:**

The program saw a change in personnel at Bear Paw: Pam Lemer, who has been an outstanding center manager, earned a promotion within the Bear Paw organization. Her replacement was hired at the end of the second quarter of the fiscal year. Replacing Lemer as center manager is Tiffany Melby, from a Hi-Line farming family, and whose background is in agricultural business lending, finance and technical assistance. She has performed very well as she's gotten her feet under her in her new position.

**The current centers are located at:**

**Bear Paw Development Corp.**

48 Second Avenue, Suite 202  
Havre, MT 59501  
Contact: Tiffany Melby  
(406)265-9226  
[tmelby@bearpaw.org](mailto:tmelby@bearpaw.org)

**Mission Mountain Food Enterprise Center**

407 Main Street SW  
Ronan, MT 59864  
Contact: Jan Tusick  
(406) 676-5901 x. 4  
[jt@ronan.net](mailto:jt@ronan.net)

**Beartooth RC&D Area Inc.**

110 South Main Street  
Joliet, MT 59041  
Contact: Joel Bertolino  
(406) 962-3914  
[jbertolino@beartooth.org](mailto:jbertolino@beartooth.org)

**Headwaters RC&D\***

65 East Broadway, 2nd Floor  
Butte, MT 59701  
Contact: Warren Harden or Katie Weaver  
(406) 533-6783  
[wharden@headwatersrcd.org](mailto:wharden@headwatersrcd.org)  
[kweaver@headwatersrcd.org](mailto:kweaver@headwatersrcd.org)

\* Headwaters joined the network half-way through FY2012, serving as a food and ag center just since January. That left three centers operating from July-December 2011, during the competitive search for the fourth center.

The strength of the centers as a network continues to grow. The pooling of their collective knowledge, skills, experience and other resources helps make the program both an efficient and effective source of support for the program’s clients.

**The centers’ complementary specialties:**

Center Specialties	Bear Paw	Lake Co. MMFEC	Beartooth	Headwaters
Renewable energy, biomass, biofuel development	√		√	√
In-house food processing		√		
Food product development, access to commercial kitchen		√	√	
Education, training workshops	√	√	√	√
Revolving/micro-loan funds	√	√	√	√
Access to federal contracts		√		√
Cooperative business development	√	√	√	

**Selection Process:**

At the beginning of the FY2012-13 biennium, the Department of Agriculture repeated the competitive process used when the program began in FY2010 to recruit and select the best centers possible. Three of the four original food and ag centers—all with strong track records in the program—were selected following a review of the applications submitted. However, the RFA did not result in what the department considered to be an adequate pool needed to fill the fourth center slot, so the department put out a second RFA, to which was added a preference for food science capacity.

Undertaking the second RFA and subsequent contract negotiations caused a delay in establishment of the fourth center. The delay was beneficial in terms of stretching the biennium’s more limited funds, though it also caused a temporary slow-down in the number of clients the program served during that period. The contract with Headwaters RC&D was not executed until early January of this calendar year, so the data reported below for the fiscal year represent what could be thought of as just three-and-a-half centers.

The reason for requesting food science resources is because the Food and Agricultural Development Network has relied on a prominent, but soon retiring, Washington State University food scientist for its clients’ food product regulatory needs and food safety training. Having that capacity available within Montana is quickly becoming a critical need, in part because of growing demand for those services and because of changes coming as the result of the new federal Food Safety Modernization Act. The second RFA did not elicit a satisfactory proposal that included food science resources.

## Program Activities and Accomplishments

### Program Milestones:

The food and ag development center clients introduced 47 new products; started 19 new businesses; while 24 business clients undertook expansion projects. Together, they created 41.5 new jobs.

The table below provides a quick summary of milestones achieved by the Network and its clients.

**FY 2012 Milestones\*:  
Montana Food and Agricultural Development Network**

July 1, 2011-June 30, 2012 FY2012	Food	Ag Energy	Other Value-Added Ag	TOTAL
<b>Total active clients</b>	104	11	17	<b>132</b>
New clients	61	8	11	80
<b>Counseling sessions</b>				
				<b>335</b>
<b>Client trainings held</b>				
	6			<b>6</b>
<b>Training participants</b>				
	44			<b>44</b>
<b>Funds leveraged total*</b>				
	<b>\$ 471,305</b>	<b>\$ 307,329</b>	<b>\$ 195,500</b>	<b>\$ 974,134</b>
Public grants	240,000		18,500	258,500
Public loans	500			500
Private grants				-
Private loans		252,499	60,000	312,499
Private investment	230,805	54,830	117,000	402,635
<b>Jobs created</b>				
	40	1	0.5	<b>41.5</b>
<b>New products introduced</b>				
	46	1		<b>47</b>
<b>New business start-ups</b>				
	14	2	3	<b>19</b>
<b>Business expansions</b>				
	19	1	4	<b>24</b>

73% private

\*The program's shift to new client-tracking software has led to under-reporting of funds leveraged. This problem will be fixed in the next period.

This report and the chart above do not include the number of jobs *retained*. Determining whether a job would have been lost or not without the network's help is fairly subjective. Because the centers operate as a network, whereby multiple centers may be working with the same client, it is too easy to double-count job retention. We decided to stick to the more readily quantifiable

category of jobs created, and have approached this category with caution. In the future, the network will use client surveys to gather and document jobs data, as well as funds leveraged. The program added e-Center Direct to its client-tracking software, which will make surveying clients easy and less error-prone, as well as offer other useful client contact tools. (The network used e-Center Direct in its outreach and registration for the most recent HACCP training course, which worked very well.)

#### **Meeting Food Businesses' Need for Food Science and Food Safety Training:**

For the HACCP (Hazard Analysis and Critical Control Points) food safety training needs of the program's clientele, the department contracted this year with an independent contractor, Pam Ader of DDB Technical Services. Her trainings were well received by the participants. The program will continue to use Ader's services, which are limited to HACCP. We are looking at other possibilities for leading Better Process Control School, and for handling the network's food clients' process control authority, and product approvals.

#### **Keeping Up with a Changing Food Safety Regulatory Landscape:**

There's an increasing focus on food safety at all levels of government, nationally and here in Montana. All the centers assist food clients with compliance education. The Agriculture Department's Food and Ag Center Program administrator participates in quarterly meetings with the Food and Consumer Safety Section of DPHHS, and the Department of Livestock's meat and poultry inspection bureau. The purpose of these meetings is to address regulatory education and enforcement issues (there is much confusion and inconsistency) that face Montana's county health departments and the state's food businesses, especially its food manufacturing businesses.

A concrete result of these meetings has been clarification of the proper application and enforcement of the federal poultry processing exemptions, which will open up many new opportunities for small-scale poultry production and processing in Montana. A myriad of other issues that are hindering orderly development of Montana's food businesses are on the agenda, as well. The Food and Agricultural Development Centers are key conduits of information coming out of these meetings that directly affect the state's food industry sector.

#### **Client Training in FY12:**

The network offered six trainings for clients during the year, in addition to regular business planning and financial training, which is ongoing. These included two, two-day HACCP courses, a "Concept to Consumer" training for participants exploring starting new food manufacturing businesses, a basic sanitation training, a food processing training, a basic training in process control. Ader led the HACCP courses, and staff at Mission Mountain Food Enterprise Center provided the other food-business related training, including customized one-on-one training for food manufacturing clients.

The previous biennium saw many more trainings held by the network. A primary reason for the drop in FY12 is that the significant back-log of training needs that greeted the brand new Food and Ag Development Center program in the last biennium was addressed. Once that back-log was addressed, a more even pace of trainings can keep up with ongoing demand.

MSU holds an annual HACCP training for meat processors, and DPHHS offers half-day ServSafe training for restaurants, but that is really all the requisite food safety training that is available on a regular basis in Montana outside of the Food and Ag Development Center program.

**Building Program Capacity:**

Professional development of center staff:

Activities include efforts to expand and simplify client access to important technical assistance and training resources, provided both by, and in association with, the Food and Agricultural Development Centers.

For example, staff of the center at MMFEC underwent further training in HACCP planning and prerequisite program development. This additional food safety training has equipped the center at MMFEC and the program network with additional capacity to assist food and animal feed manufacturing businesses with regulatory compliance. This capacity is critical given the new federal laws and regulations (and marketplace demand) for implementing food safety management programs that meet third party audit requirements. The training the Ronan center undertook became necessary given the Food and Ag Development Centers' loss of access to WSU's food scientist, who had been serving as the program's food safety trainer and process control authority, as well as consultant in product development.

Development of "Path to Food Safety" guidance:

The Food and Agricultural Development Network began collaborating with Montana Manufacturing Extension Center (MMEC) on the creation of a framework to help businesses understand and navigate the various food safety, training, planning, implementation and certification requirements. This framework, which MMEC's Todd Daniels initiated, is designed not only for food businesses to understand upfront all the steps they will need to take, it is designed also to coordinate delivery of the related services provided by various different programs and organizations.

Such a framework eases businesses' ability to plan and to navigate the regulatory maze, saving them time and expense. By identifying who can provide the needed services at each step along the food safety compliance path, and coordinating the delivery of the state's limited food safety education, training and audit resources, the Path to Food Safety—when it is completed—will increase the effectiveness and efficiency of food businesses' compliance efforts and of the providers' services. The center at Mission Mountain Food Enterprise Center (MMFEC) in Ronan is the food and ag centers' lead in this capacity-building endeavor.

See page 20 for a diagram of the "Path to Food Safety." This diagram is to be accompanied by a second set of pages describing each step of the path, estimating its relative cost, and listing the available providers. The information on the accompanying pages is still under construction.



## Budget Report

The 2011 Montana Legislature's appropriation for the FY 2012-13 biennium for the program's four centers is \$390,000, or "at least" \$195,000 per year. The program's enabling legislation mandates four centers that will support development of Montana's food, renewable energy, and agricultural manufacturing sectors.

The financial spreadsheet below shows the dollar allocation for each center and the actual amount each one spent. Because the centers' contracts with the Department of Agriculture are two-year contracts, the final column shows any carryover or shortages that accrued to FY13. Because of changes in centers and personnel, a budget narrative follows.

### FY12 Food & Agricultural Development Network Budget Report

	Budget	Actual	Accrual	
<b>Center Operations</b>				
LCCDC	\$52,500.00	\$52,500.00	\$0.00	
BearPaw	\$52,500.00	\$48,370.79	\$4,129.21	center manager transition
Beartooth	\$40,000.00	\$41,570.00	(\$1,570.00)	
Headwaters	\$40,000.00	\$11,464.00	\$28,536.00	new center began 3 <sup>rd</sup> qtr had BPA contract funding
Center Sub Total	\$185,000.00	\$153,904.79	\$31,095.21	

<b>Network Operations</b>				
Centers' professional development	\$1,000.00	\$1,000.00		WebCATS training
Contracts: Client training	\$5,000.00	\$2,981.45		
Conference calls	\$500.00	\$221.42		
Meeting costs (food)	\$300.00	\$201.38		
Meeting travel, lodging	\$1,700.00	\$1,685.49		
WebCATS subscription	\$1,500.00	\$3,910.26		added e-Center Direct
Network Sub Total	\$10,000.00	\$10,000.00		
<b>Grand Total</b>				
	<b>\$195,000.00</b>	<b>\$163,904.79</b>		

### Budget Narrative—Center Operations:

The amount budgeted for each center is based in large part the budget and scope of work it proposes, with the bulk of the funds supporting center manager compensation. Each center's budget is finalized during contract negotiations with the department.

Approximately 89% of the allocation to the centers is paying for the salary and benefits of the center managers for their direct service to clients (the pay rate varies among centers); 9% is for client training, and the other 2% goes toward outreach/publicity and travel. The department

allows up to 10% for the centers' indirect costs. The centers charge registration fees for most trainings, which helps offset the training costs.

Bear Paw's budget carryover:

Referring to the budget spreadsheet, the center at Bear Paw Development Corp. is about 8% underspent for the year. This is a result of the promotion awarded to the previous center manager, Pam Lemer, who moved up in the Bear Paw organization, and the time it took to replace her with Tiffany Melby as center staff, and for Melby to get up and running. Melby has since proven herself to be an effective manager of the Bear Paw food and ag development center.

Headwaters RC&D's budget carryover:

During the first half of the period covered by this report, there were just three operating centers and less publicity than usual, as we waited to select the fourth center before undertaking a new round of publicity.

The spreadsheet on the previous page shows that the center at Headwaters RC&D spent just over one quarter of its annual allocation. This is due to the fact that Headwaters served as the program's fourth center for just the second half of the fiscal year. What happened is that, following the new biennium's competitive process for selecting the food and ag centers, the department sent out a second solicitation. This was done for two reasons: The original pool resulting from the biennial solicitation for centers did not elicit a competitive enough pool to satisfactorily fill the fourth slot, and the program hoped to attract one or more applicants with food science capacity. This additional solicitation took awhile, and Headwaters RC&D, the successful applicant, did not begin its food and ag center services until January of the fiscal year. In addition, Headwaters had some funding remaining to contribute to center manager Warren Harden's salary, and Harden was just half-time during the winter while he finished out another job.

Headwaters' carryover funds will be reallocated among the centers, with the majority to supplement the cost of MMFEC's professional food pilot plant and processing center staff. Because MMFEC has the state's only food innovation center, it actually provides services to fully 61% of all the program's clients. Prior to the 2011 Legislature's reduction in the Food and Agricultural Development Center program appropriation, MMFEC's center budget was larger than the other centers because of the added staff cost of running the pilot plant and food processing facilities.

Previous budget allocation to develop food science capacity at MSU:

A funding allocation for MSU-Bozeman to assist with creation of food science capacity, which was discussed in the previous six-month progress report, has been withdrawn by the department due to lack of follow-through by MSU. So the department reallocated these funds to network operations and to bring the centers closer to funding equity. The amount the Center Operations budget category is underspent is roughly equal to the amount the department had held back for MSU for food science capacity development. (Note that "Center Operations" is what is called "administration" in the program's enabling legislation. In reality, none of the program appropriation pays for ag department administration, but rather for program capacity.)

**Budget Narrative—Network Operations:**Client training line under-spent:

When the program began there was a heavy backlog of demand for food safety compliance training, with meat HACCP and ServSafe the only regularly offered training in Montana by MSU and DPHHS respectively. In the program's first biennium, nearly \$20,000 worth of training was conducted. The budget in this biennium is just half that because the backlog of demand has been pretty well taken care of and keeping up with current demand is less expensive. Yet in FY12 the training line was underspent. The primary reason is that without the program's prior access to accredited training by WSU food scientist Richard Dougherty, the program was unable to offer more. As reported above, the program can still offer HACCP training (non-accredited) and training in Good Agricultural Practices (the department can do the latter for free with its own staff). The program is working to gain access again to the full range of needed food safety training.

WebCATS line over-spent:

The program added an online interactive feature to its WebCATS client-tracking software. This feature, e-Center Direct, has already improved the centers' communication with its clients and aided in registration and payment for food safety training. The additional cost includes a one-time set-up fee, plus an annual subscription fee.

**Individual Center Highlights****Bear Paw Food and Ag Center Highlights:**

The Bear Paw Food and Agriculture Development Center has enjoyed a very successful year. Over the course of the past 12 months the Bear Paw FADC gained 18 new clients as well as continued working with several previously established clients, further demonstrating the growing demand for the services and resources provided by the Montana Food and Agriculture Development Center Network.

The Bear Paw Food and Agriculture Development Center has been working to strengthen its partnership with the Havre Small Business Development Center. Considering the food and ag center's expertise in agriculture ventures it has been able to establish co-relationships with some of the clients that have sought the services of the Small Business Development Center. Joe LaPlante, Havre's Small Business Development Center Director has also been instrumental in assisting the Bear Paw food and ag center in constructing comprehensive business financial plans for the center's clients.

The Bear Paw food and ag center continues its relationship with Montana State University Northern's Bio-Energy Center by working with entrepreneurs that hope to capitalize on the various technologies developed by the Center through commercialization. MSU-Northern's Bio-Energy Center and Bear Paw Development Corporation, as co-applicants, were awarded an EDA grant in 2012 to further pursue and develop this objective. Considering the vast array of vital technologies and processes that have been developed by MSU-N, the potential for commercialization is tremendous. The Bear Paw center is currently working with a couple of clients in the early stages of the business planning process who are looking to do just this. The

center has also initiated a strategic planning process that will allow it to further understand and visualize how this partnership can further reach those entrepreneurs who are suited for the commercialization of these technologies, and we fully expect to identify and offer services to several other clients over the next 12 months.

In July of 2012, Bear Paw Development unveiled a new and updated professional website that links to all services provided by Bear Paw Development, including the Bear Paw Food and Agriculture Development Center. The value-added agriculture services page also links to other vitally important resources for clients, including the Montana Food and Agriculture Center Network, the Montana Growth through Agriculture Program, and the Montana Cooperative Development Center. There is also a link on the page where clients can sign up online for a counseling session through eCenter Direct, a new service being utilized by the Food and Agriculture Development Network.

From the time that Tiffany Melby came on board with the Bear Paw Food and Agriculture Development center in December of 2011, all the Food and Agriculture Development Centers have continued to work diligently to partner with one another to share resources and information to better serve program clients across the state. The network's monthly conference calls and quarterly meetings have been instrumental in shaping the network as a fully intertwined system where we look to each other for resources and information that allows us to serve our clients to the best of our capacity while taking into consideration their individual needs.

### **Beartooth Food and Ag Center Highlights**

The past year has seen an increase in center activities and workload for the food and ag center. This increase is in part the result of steps taken to expand the region's level of awareness of the center and its services, including revamping the Beartooth website, producing a full color annual report containing pictures and success stories that is distributed to each county commission, city council, conservation district and local economic development group in the Beartooth region. The success of a number of client projects this past year produced more word-of-mouth referrals from both clients and professionals the center works with.

The Beartooth food and ag center has been able to get assistance with the added clients and work from Beartooth RC&D's economic development director and other Beartooth staff members. This additional assistance with projects has been a great help in keeping up with demand for the food and ag center's services and enabled the center to continue delivering a high level of service to its clients.

The center assisted in the development of six new successful grant applications for food and agriculture businesses for various needs including equipment purchases, feasibility studies, and business and marketing plans and marketing materials while continuing to assist the ones from the previous fiscal year.

The Beartooth center was able to get the services of a FoodCorps VISTA member to help the center work with the local schools in the procurement of local farm and food products. The center has also provided the schools with information on the food safety requirements and procedures relevant to purchasing products directly from producers and processors.

The center's one-on-one consultation on approximately 20 client projects, along with the grant and loan assistance, and education has resulted in several of the businesses increasing their capacity and adding jobs. For example, one of the center's bakery clients recently landed a large, contract with a national park concessioner to provide products throughout the park. The center assisted the bakery with a Growth through Ag grant that enabled the bakery to purchase packaging and labeling equipment to make their process efficient enough to meet the scale of demand of the concessioner. In another example, the center helped another baking company develop its marketing plan and new menus, signage and a website. As a result, this company was able to broaden its clientele and increase its sales. A packaged food company received marketing assistance from the Beartooth center that enabled them to get their products into new locations across the nation.

The Beartooth center noted some difficulty with bio-energy development efforts as a result of the lingering effects of the economic downturn, which are limiting the investment funds needed in a complex sector that carries substantial risk, and requires relatively large investment amounts. Development of wind energy projects the center has assisted in previous years has slowed following the installation of wind anemometers to gauge the potential of the wind resource by a variety of clients who have been encouraged by positive wind project feasibility studies. The anemometers are still gathering wind data.

### **Mission Mountain Food and Ag Center Highlights**

- 1) *Business Technical Assistance*- Center staff assisted 44 new and 36 existing clients in their food business development. Center staff conducted 155 counseling sessions that resulted in 87 milestones reached. For example, the center provided clients with 11 nutritional analysis and helped them renew or establish 184 product barcodes.
- 2) *Market Research and Selection*- Center staff conducted market research through a consumer study and assisted in GTA proposals to provide market research for the Flathead Cherry Growers Cooperative and the Flathead Organic Cherry Growers Cooperative.
- 3) *Business Capitalization Assistance*- Silent Creations, Thunderhead Gardens, Western Montana Growers Cooperative were all assisted in researching their company's capital needs.
- 4) *Financial/Feasibility Analysis*- The center co-funded a feasibility study for Flathead Cherry Growers Cooperative Montana Cherry project and assisted in a feasibility analysis for the Montana Coop- an emerging on-line food coop.
- 5) *Regulatory Compliance*- The center assisted with 17 food license approvals, 5 HACCP plans, 3 process control authorities, 11 Food Safety Program trainings, and one third party food safety audit. The center weekly meets with USDA inspector and responds to regulatory concerns.
- 6) *Production Assistance and Pilot Plant Services* - Center staff provided expertise in food manufacturing such as processing protocol, equipment usage and sanitation training, and processing efficiency for 20 clients.
- 7) *Product Packaging and Labeling*- The center assisted 17 clients with their product label approval.
- 8) *Pricing and Cost Analysis*- Montana Manufacturing Extension Center is re-evaluating MMFEC's pricing analysis tool for its processing footprint. Clients can access the tool to figure their processing costs at MMFEC.

- 9) *Product & Process Development* - Four Process Control Authorities were conducted by Washington State Extension's Food Science Program. The center connected a food client to the Oregon Food Innovation Center for sensory testing of its new product.
- 10) *Education and Training*- The food and ag center at MMFEC contracted with the Oregon Food Innovation Center to conduct *Food Processing training for Montana Food Manufacturers*. Instructor Sarah Masoni provided additional technical assistance to four clients following the training.
- 11) *Safe storage & handling*- The center offers an extensive warehouse including freezer and cooler storage that meets FDA-Bio Security requirements on safe food storage and handling. The center provided storage and warehousing for 15 clients during the year.

The center at Mission Mountain Food Enterprise Center (MMFEC) hosted a FoodCorps Vista member to work with local schools and growers to bring more locally produced food into the schools' food services. MMFEC processed for area growers melon, carrots, beets and beans for the schools' fresh snack program. As a result, in one year the Western Montana Growers Cooperative increased its sales to K-12 schools by 24%, or an additional \$11,000 in sales. In 2011, MMFEC processed 9,000 pounds of cut vegetables grown by area farmers for the federal snack program. This fresh-cut food provided approximately 21,500 with healthy snacks in the classroom. The center also increased the amount of local farm-fresh produce it processed into ingredient-ready frozen food products from almost 11,000 lbs to 20,000 lbs., enabling local farmers to market their value-added products to area schools. The center also successfully finalized the Montana Lentil Patty recipe and production protocol for area schools and the University of Montana.

The MMFEC center continues to make significant inroads in developing a knowledge and skill base in meeting food safety regulations at the state and federal level. MMFEC has entered into a contractual agreement with Montana Manufacturing Extension Center to provide expertise to their food clients in the development of their food safety programs. To-date, two clients (Pasta MT, Cream of the West) have been provided services in the review of their food safety programs. The center established a contractual agreement with DDB Technical Services to develop and oversee the MMFEC processing facility food safety program and to provide expertise to the center's clients. DDB Technical Services has become a resource to the Montana Department of Agriculture in the delivery of HACCP training for the Food and Agriculture Center Network.

The food and ag center at MMFEC and the Community Food and Agriculture Coalition organized a summit of regional local food system developers, food producers and processors in western Montana to conduct a deeper analysis of the region's food and agricultural economy. Five working groups were formed as a result of the summit, and are being assisted by the center at MMFEC:

- Meat Working Group- exploring the potential for grass-fed cull cow processing and marketing.
- Market Working Group- developing a Montana food marketing campaign in collaboration with the Super 1 Food grocery store chain to promote locally grown and locally processed food products.

- Dairy Working Group- a group of dairy producers working with the center on the formation of a dairy cooperative to process fluid milk and a value-added product (ice cream). The group has begun planning for a feasibility study and has applied for a Growth through Ag grant to support the study.
- Wholesale Working Group- representatives from the Western Montana Growers Cooperative, the food and ag center, and the UM Farm to College Program met with St. Patrick's Hospital representatives in Missoula to discuss institutional purchasing opportunities for growers and Montana food manufacturers. The meeting resulted in the hospital cost-sharing CSA shares (weekly boxes of food produced by the Growers Co-op) for 48 employees, valued at \$26,400, as a pilot project. If successful, the hospital is considering offering the cost-share to all of its 1,700 employees.
- Processing, Aggregation and Distribution (PAD) Working Group- Western Montana Growers Cooperative with the help of the center is working to develop a rural food aggregation and distribution hub in western Montana.

### **Headwaters Food and Ag Center Highlights**

Headwaters is new to the Food and Ag Center program, having opened its food and ag center in January 2012. Because of getting a late start in the FY year, this report covers just the first six months of this center's activities.

The Headwaters center served 11 clients during this period, predominantly food businesses. Included among those is a long-time food manufacturer considering an expansion. The center worked with this company to explore funding/financing options and help them put together a financial package. The center has also seen, in this short period, increasing sales among area meat producers and processors. They attribute this to the media exposure of lean finely textured meat (aka "pink slime") and consumers shifting to all-beef products. With the center's assistance, an area meat processor was awarded a Growth through Ag grant to expand its beef patty production to meet the rising demand. This same meat processor is having the center help explore options for expanding the processing and retail space at their current location.

Since gaining its Food & Agricultural Development Center, Headwaters has opened a new part-time office in Dillon to better serve value-added agriculture and farm-derived energy entrepreneurs. This pilot project has increased the new center's visibility and accessibility, enabling staff to have more direct, and therefore meaningful, interactions with their rural clients. Headwaters' program managers staff the Dillon office on a rotating basis once a week on Wednesdays. Headwaters currently leases space in the Beaverhead Development Corporation building. In addition to the food and ag center's Dillon office, Headwaters also has a videoconference center on-site funded through an RBEG grant.

To announce its food and ag center, Headwaters hosted an open house at the Dillon office in the spring of 2012. Headwaters also distributed a press release, receiving media coverage in several area newspapers including the *Montana Standard*, *Dillon Tribune*, *Madisonian* and *Philipsburg Mail*. New marketing materials were developed and disseminated to further promote the food and ag center and the network.

Headwaters has also completed a redesign of its website. As part of that redesign there's a new web page dedicated to the Food and Ag Development Center and the network of centers.

Center staff has also been familiarizing Headwaters staff and board with the opportunities in local food and agricultural economic development. Staff has done this through a series of informal training sessions and conversations led by center staff.

In May the center hosted a two-day HACCP food safety [training](#) course in Bozeman, which was a success. Additionally, Headwaters staff assisted four clients with the development of Growth through Agriculture applications in its first six months of operation.

Headwaters has taken the lead in organizing and facilitating a network of people throughout southwestern Montana that come together quarterly to explore ideas on how to build a resilient and economically viable food system in the region. Staff has also held numerous meetings with stakeholders from across the region to promote the ~~Food and Ag Development Center~~ Food and Agricultural Development Network. Key stakeholders include the business community, bankers, city and town councils, county commissioners, community-based nonprofits, conservation districts, watershed councils, [producer groups](#), MSU Extension and state and federal agencies.

Headwaters contracted with [Crossroads Resource Center](#) out of Minneapolis (Ken Meter) to conduct a Local Food and Farm Economy Study for the seven counties in Headwaters' southwestern Montana ~~service area that we serve~~. This study will add to the studies Crossroads has done for four other regions of Montana. The analysis from the final report will be incorporated into Headwaters RC&D Comprehensive Economic Development Strategy, defining and strengthening organization-wide efforts around local food and agriculture economic development. The food and ag center will use ~~these~~ report as a means to engage area decision makers and the public in a dialogue about the importance of and opportunities around local food system and value-added agriculture economic development.

## The Centers and their Managers

### **Bear Paw Development Corporation (BPDC), based in Havre**

Bear Paw, one of the original Food and Agricultural Development Centers, was established as a Certified Regional Development Corporation in 1968, and has been serving the large five-county Bear Paw District for 41 years. Bear Paw provides a wide array of services, including small business development, financing options, infrastructure projects, community planning, cooperative development and, through the food and ag development center, assistance with food, value-added agriculture and renewable energy projects.

**Tiffany Melby**, manager of the Food and Agricultural Development Center, was hired in December 2011. Melby holds the title of Value-Added Agriculture Coordinator for Bear Paw Development Corporation. She replaced Pam Lemer, former food and ag center manager, who was promoted within Bear Paw. Melby was raised in north central Montana and brings over seven years of experience in business development and planning as well as agriculture financing. She provides expertise to the Bear Paw Food and Agriculture Development Center in areas



specific to alternative energy development, agricultural business development and planning, and biofuels production. Melby also serves as a Cooperative Development Field Representative for the Montana Cooperative Development Center, assisting businesses and individuals in cooperative development and education.

### **Mission Mountain Food and Cooperative Development Center, part of Lake County Community Development Corp., based in Ronan**

**Mission Mountain Food Enterprise Center (MMFEC)** operates within Lake County Community Development Corporation (LCCDC), and was one of the original Food and Agricultural Development Centers. MMFEC has been a statewide resource since 2000, serving as a food business incubator and processing center that assists in food product development and batch processing for specialty foods and value-added agriculture enterprises across Montana. It operates in conjunction with the Mission Mountain Cooperative Development Center, also a part of LCCDC, begun in 1999. The Cooperative Development Center provides technical assistance to developing and existing cooperatives in western Montana.

**Jan Tusick** manages the Food and Agricultural Development Center, which utilizes the resources of LCCDC's Mission Mountain Cooperative Development Center and the Mission Mountain Food Enterprise Center. Tusick manages both of the latter, providing a seamless set of services to Montana's food and value-added agricultural business sector. Tusick has a strong background in agriculture, finance and capitalization, networking and marketing. Jan assists cooperative groups and value-added agricultural ventures in their business development and with business and market planning, capitalization, and feasibility analysis.

Through Tusick's dedication to food system development, the Food and Agricultural Development Center has cultivated partnerships with non-profit organizations, state agencies, MSU and Tribal Extension, MSU-Bozeman, and the University of Montana - Missoula.

### **Beartooth RC&D, based in Joliet**

**Beartooth RC&D**, one of the original Food and Agricultural Development Centers, provides a means to focus the resources of citizens working together to build stronger communities. Established in 1969, the Beartooth RC&D serves as a regional entity for the cooperative efforts of five counties in south-central Montana in rural and economic development. The leadership of this non-profit corporation is comprised of elected officials and community leaders from the counties, incorporated towns and cities, conservation districts and tribal reservations. Beartooth RC&D, besides housing the Food and Agricultural Development Center is also an Economic Development District and a Certified Regional Development Corporation.

Beartooth RC&D helps to secure technical, financial, educational, and other assistance required to develop and carry out its goals. The RC&D cooperates with other organizations whose purpose and goals parallel those of Beartooth and its Food and Agricultural Development Center.

**Joel Bertolino**, manages the Food and Ag Development Center. Bertolino worked for seven years for the Farm Service Agency in Carbon County, assisting producers with loan deficiency payments, and administering the non-insured crop assistance program, and numerous emergency disaster programs. Bertolino has also worked as a Certified Local Government - Historic Preservation Officer for Carbon County. Through this position he administered the Certified Local Government grant program and coordinated heritage and preservation efforts including securing funding through public and private sources. Bertolino has undertaken professional development in areas as diverse as risk management, renewable energy, economic development and economic development finance, and real estate development and reuse.

Bertolino has worked in the Brownfields program and the Montana Cooperative Development Center program, as well as assisted with several successful RBEG grant applications for local agricultural projects. He has also worked with vested interests in the family cattle ranch near Roberts, MT.

### **Headwaters RC&D, based in Butte**

Headwaters RC&D hosts a Montana Food and Ag Development Center from its home office in Butte, and through a satellite office in Dillon. Headwaters is a new host of a Food and Agricultural Development Center. This center operates across Headwaters' traditional county and regional boundaries to broaden the Food and Ag Development Center's service area so that all of Montana has access to technical resources within the Food and Agricultural Development Network.

Headwaters RC&D, which serves a seven-county region in southwestern Montana, plays a significant role in resource conservation and rural economic development. In addition to serving as one of Montana's four Food and Agricultural Development Centers, Headwaters RC&D is a Certified Regional Development Corporation and houses a Small Business Development Center. Headwaters' core functions include community and regional planning, project management, infrastructure development, entrepreneurial consulting, value-added agriculture and alternative energy project development, business lending, resource development, hazard fuels and bio-fuels reduction and reuse. The organization is governed by a 27-member Board of Directors consisting of local elected officials and private sector representatives.

**Warren Harden**, manager of the Food and Agricultural Development Center, is also a field energy analyst, working under a cooperative grant with Bonneville Power Administration to perform energy assessments for agricultural producers in southwestern Montana. Harden is able to propose efficiency measures and alternative energy options to producers. It is in this capacity that he is able to market the full breadth of services of Headwaters RC&D and the Food and Agricultural Development Network. Harden works to promote the in-house and extended resources of the food and ag development network through outreach, development, and implementation of assistance to promote value-added agriculture, agriculture energy efficiency and farm-derived energy alternatives.

**Katie Weaver**, Economic Development Planner at Headwaters RC&D, serves as the center's primary planner, grant writer and project manager for food-business development related projects. Weaver's experience in rural food system development and community organizing is

useful in delivering the services of the Food and Agricultural Development Center and in Headwaters' approach to community-based economic development planning.

**Submitted October 12, 2012**

By Nancy Matheson, Special Projects Coordinator

Montana Department of Agriculture

Agricultural Marketing and Business Development Bureau, Agricultural Development Division

(406) 444-2402

[nmatheson@mt.gov](mailto:nmatheson@mt.gov)

# Path to Food Safety Compliance

