



**Montana Food and Agricultural Development Network**

**FY 2014 Annual Report  
July 1, 2013 – June 30, 2014**

**For the Montana Board of Research and Commercialization Technology**

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Submitted by the Montana Department of Agriculture  
Food and Agricultural Development Program

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**Montana Food and Agricultural Development Network**  
**FY 2014 Annual Report to**  
**The Montana Board of Research and Commercialization Technology**  
**July 1, 2013 – June 30, 2014**

**Background**

The Montana Food and Agricultural Development Center (FADC) program, authorized by the 2009 Montana Legislature, is a network of four centers, each housed within pre-existing, multi-county economic development organizations. The Montana Food and Agricultural Development Network helps Montanans innovate and grow businesses that produce and commercialize food, agricultural, and renewable energy products and processes – creating wealth and jobs in our communities and on our farms and ranches.

Since FY 2012, the state's four food and agricultural development centers are located at:

<p><b>Bear Paw Development Corporation</b>, based in Havre <b>Beartooth Resource Conservation &amp; Development (RC&amp;D)</b>, based in Joliet <b>Headwaters Resource Conservation &amp; Development (RC&amp;D)</b>, based in Butte <b>Mission Mountain Food &amp; Cooperative Development Center</b> housed at Lake County Community Development Corporation (LCCDC), based in Ronan</p>
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These centers, operating as a statewide network, have developed specific capacity to deliver the following services to clients.

- Business planning and development
- Financial/feasibility analysis
- Food business licensing
- Product development, testing, analysis, labeling
- Pricing and cost analysis
- Market research and analysis
- Business capitalization assistance
- Regulatory compliance training and implementation
- Food processing equipment usage
- Education on industry dynamics and technologies
- Cooperative development
- Industry-specific market analysis
- Business networking

**Highlights of Program Activities**

Growing demand for locally grown and processed products offers an unprecedented opportunity for Montana food and agriculture businesses. According to the 2013 small manufacturing survey conducted by the Montana Manufacturing and Extension Center and MSU Extension, *The Challenges to Manufacturing Growth in Montana*, food manufacturing provides a bright spot in Montana's economic development picture. Of all sectors surveyed, more food manufacturers experienced job growth and were more likely than other sectors to increase their employment and make capital expenditures in 2013.

The potential growth in this sector makes the role of the Food and Agriculture Development Network even more critical. As these fledgling Montana companies face new food safety regulations, labor force and transportation challenges, and limited access to capital, counselors at the Food and Agriculture Development Centers are there to provide them with technical assistance and the necessary resources.

As part of implementation of the Food and Agricultural Development Network's three-year strategic plan, the program pursued additional and more formalized partnerships with other business and economic development organizations to increase the network's capacity, accessibility and visibility. Recent efforts focused particularly on the eastern third of Montana, as well as the greater Bozeman/Gallatin Valley area where there is a growing amount of entrepreneurial activity of the types in which the Network specializes. The expanded outreach resulted in a 59% growth in clients, along with a corresponding increase in counseling sessions. The network now serves clients in 43 counties and four Indian reservations. Also of note is the growth seen in the category of funds leveraged through the program, which increased to \$2.42 million.

## **Networking**

All of the Food and Agriculture Development Center (FADC) directors have found collaboration and networking to be one of the strongest assets of their centers. The network met face to face twice during the year (October 2013 and February 2014) and continued to hold monthly conference calls to exchange ideas and information.

During this reporting year, outreach and partnerships with other economic development agencies increased dramatically. Bear Paw Food and Agriculture Development Center (Bear Paw FADC) and Beartooth Food and Agriculture Development Center (Beartooth FADC) placed an emphasis on reaching out to the eastern third of the state, as well as tribal communities. Headwaters Food and Agriculture Development Center (Headwaters FADC) expanded their service into the Bozeman and Gallatin Valley area and the western portion of their region in communities such as Philipsburg. Mission Mountain Food Enterprise Center continued to work with clients from the Bitterroot to the Flathead.

Headwaters FADC is partnering with Prospera Business Network and Montana Community Development Corporation. Beartooth FADC is working with the Eastern Plains Economic Development Corporation, the Southeastern Economic Development Corporation, and tribal entities on the Crow Reservation. Bear Paw FADC reached out to the Great Northern Development Corporation in northeast Montana. Mission Mountain Food Enterprise Center relies on collaborations with the Community Food and Agriculture Coalition, Alternative Energy Resources Organization (AERO), Western Montana Growers Cooperative, Montana Farmers Union, Grow Montana, and FoodCorps – among other organizations. These partnerships have proven invaluable for finding new clients and for activities such as applying for the Growth Through Agriculture (GTA) grants, as they provide high-level technical analysis of the financial aspect of each business applicant. The partnerships are also valuable for sharing information. Strong lines of communication have been created that benefit all parties.

As a group, the Food and Agriculture Development Network successfully applied for a federally funded Specialty Crop Block Grant to offer specific trainings to specialty crop producers. Headwaters FADC took the lead in writing the grant application and every center director contributed content to the proposal. The effort led to a very strong and well thought-out

application and project. It was a successful collaboration as the network was informed that they will be receiving partial funding that will lead to additional needed services for clients.

## **Client Training**

The need and demand for client training continues to grow. The Food and Agriculture Development Network's food manufacturing clients and producers need training in food safety, food manufacturing process control, hazard prevention, documentation, trace-back protocols, and employee training to comply with state and federal laws and rules. Before the establishment of this program, the in-state opportunities for such training were limited to non-existent.

With an increasing number of clients, counseling sessions, and expanded service areas, the centers offered a greater variety of trainings and conducted those workshops in new locations, such as Hamilton, Billings, Big Timber, and Hardin.

Producers, especially, must prepare for the new Food Safety Modernization Act (FSMA) rules that will be put into place in 2015. Training in FY 2015 will focus on meeting these demands, so that Montana food and agriculture businesses will be ready to compete in this new environment.

During FY 2014 the network offered and held the following client trainings:

- Better Process Control, a two-day course for manufacturers of acidified, canned food products, was conducted in Ronan in April and immediately followed by the HAACP training.
- Hazard Analysis and Critical Control Points (HACCP) for food manufacturers, a two-day course, was presented by Mission Mountain Food Enterprise Center in April in Ronan.
- "Taking the Next Step in Seed Production" was hosted by Mission Mountain Food Enterprise Center in Ronan in December 2013.
- Digital Marketing, a class on e-commerce, was held in Columbus on April 23 and 24, 2014. Beartooth FADC partnered with Stillwater County Economic Development to present this two-day workshop.
- Forklift Training, presented in Ronan by Mission Mountain Food Enterprise Center in April 2014, was attended by 13 individuals.
- "Managing your Business with QuickBooks," held in Butte in September 2013, was organized and hosted by Headwaters FADC and attended by 20 individuals.
- "Food Safety Management System Tool-Kit," presented in Ronan in April, 2013, was organized and hosted by Mission Mountain Food Enterprise Center.
- "Multi-Functional Agriculture in the Mission Valley" was presented by Mission Mountain Food Enterprise Center, the Montana Department of Agriculture and other partners. Twelve farming businesses took the multi-class course designed to give farmers and ranchers ideas and tools for diversifying their farm-based revenue.
- QuickBooks and Basic Accounting, presented by Beartooth FADC, was held in

Columbus, Joliet, Big Timber and Hardin in September, October, and January.

A table summarizing the year's major trainings is in Appendix 1.

### **Center Staff Professional Development**

Placing a strong emphasis on professional development, the Food and Agriculture Development Network works to ensure the centers have the tools their staff needs to keep up with the changing needs of their clientele. The program budgets for professional development are within the Network Services part of the program budget. The centers' host organizations also contribute to the professional development of their Food and Agriculture Center staff. Fortunately, the centers experienced no turnover in staff during this fiscal year, so existing directors added important skills to better assist their clients.

Joe Willauer, the director of Headwaters FADC, continued his National Development Council training to become a certified economic finance professional. He plans to complete the certification within the next 12 months.

Tiffany Melby, the director of Bear Paw FADC, received advanced training in the ProfitCents software. Tiffany is able to assist any client in the network that would be able to benefit from a more sophisticated financial analysis.

Joel Bertolino, the director of Beartooth FADC, took an Introduction to Good Agricultural Practices (GAP) training via a three-part webinar series conducted for Montana technical assistance providers who are interested in becoming GAP trainers. GAP is on-farm food safety, a requirement of many larger produce buyers that will be mandated by the Food and Drug Administration's Food Safety Modernization Act.

Jan Tusick, the director of Mission Mountain Food Enterprise Center (MMFEC), along with the MMFEC processing manager, participated in the Northwest Food Safety and Sanitation Training in Portland, Oregon to keep their knowledge current. They have been sharing what they learned with the rest of the Food and Agriculture Development Network so that the program's food manufacturing clients have access to the most current information and can plan for and comply with changing requirements and best practices. A center employee also completed training in "Financials for Cooperative Development," adding more co-op development capacity to the center.

Tusick also attended the Group Good Agricultural Practices (GAP) Quality Management System training in LaCrosse, Wisconsin. Group GAP, which allows a consortium of producers to write a single GAP plan, is being piloted by grower cooperatives in five states. The Western Montana Growers Cooperative is one of those pilot projects. The project is being conducted by the Wallace Center at Winrock International. Developing Group GAP in Montana will help other grower groups who are considering forming cooperatives. Tusick will visit other food hub sites in the next year to learn how they effectively meet the processing and food safety needs of their growers.

In addition, Tusick traveled to Laos on the Mansfield Center Economic Fellow Exchange and was able to share with representatives from several Asian countries the uniqueness of Mission Mountain Food Enterprise Center and the role it plays in food business and food economy development.

All of the directors continued to gain competency on the network's client software applications by

attending a WebCATS training in Billings in August 2013 and several online trainings for Neoserra, the client management software that has replaced WebCATS. They also participated in a ProfitCents financial analysis software webinar in December 2013.

Additionally, all the centers periodically received training in how best to assist clients applying for Growth Through Agriculture (GTA) grants and loans, as well as other business grant and loan programs. Since the Growth Through Agriculture program began encouraging all of its applicants to seek the assistance of a Food and Agriculture Development Center or other business development organization prior to preparing their application, the quality of the grant and loan applications has improved noticeably.

## **Outreach and Publicity**

The network has made headway in implementing the outreach and publicity aspects of its three-year strategic plan. Many elements of the plan were accomplished during FY 2014. This includes improving the network's and the individual centers' web sites, communicating with other economic development organizations around the state on the range of services the Food and Agriculture Development Centers can provide, and developing collaborative relationships that help Montana's economic development community provide a fuller range of services to food and agriculture clients.

All the Food and Agriculture Development Centers have updated their web pages and made their centers a more visible part of their host organizations' websites. Likewise, the Montana Department of Agriculture has improved the visibility and accessibility of the Food and Agriculture Development Network on its website. The centers identified and interviewed potential network partners, soliciting input for the strategic plan and interest in closer working relationships to pool technical resources in service to Montana agriculture-related businesses.

The Department of Agriculture's summer intern went on the road in July and August 2013 to interview business clients of the Food and Agriculture Development Network. She wrote profiles of 15 successful businesses from around the state that were current active clients of the network. The businesses represented a variety of product types and Montana locales. The resulting stories were developed for both posting on the program's web pages and for media releases and feature stories. Several stories were picked up by Montana newspapers. Several other stories written by the intern will be used in the same manner during the upcoming year.

The program contracted with a logo designer toward the end of FY 2013 to develop a logo and other branding materials for the Food and Ag Development Network. A logo design was selected and has been utilized on the Department of Agriculture and the centers' websites and on printed material such as business cards and brochures. The network will continue to incorporate the logo into a variety of outreach and publicity activities, venues, and marketing materials.

The strategic plan remains high on the priority list for the network. It is on the agenda of most network conference calls and will be discussed in-depth at the face to face meeting in October 2014. During FY 2015, the network will increase its publicity and public relations efforts, including the use of social media, media events, and issuing a greater number of media releases in order to create greater awareness of services offered, increase number of clients, and generate more attendance at trainings.

## Network and Client Milestones

The Food and Agriculture Development Network has continued to customize Neoserra, the updated client tracking software, to meet the needs of the program. Since Neoserra has a more user-friendly interface than WebCATS, the Food and Agriculture Development Center counselors have been able to provide better records regarding client counseling sessions and milestones. Over the next year the network will continue to work on training and education to ensure that complete information is recorded in the area of funds leveraged. While the counselors have reported all the funds received from public grants, for instance, they have failed to note the matching funds required to receive those grants. The program manager at the Department of Agriculture will work with the center directors in the upcoming year to ensure these numbers more accurately reflect the total funds leveraged.

At 188, the number of food business clients remains dominant among the three primary client categories, with “other value-added agricultural businesses” declining with just 4 clients, and “farm-derived renewable energy businesses” holding fairly steady at 5 clients.

The number of clients grew steadily again in FY 2014. New clients increased by 59% over the previous year. Correspondingly, the number of counseling sessions and hours increased over the previous fiscal year. With 68 new clients, the network is now assisting businesses in 43 Montana counties. The amount of funds leveraged grew from \$1.16 million last year to \$2.42 million in FY 2014.

### FY 2014 Milestones

July 1, 2013-June 30, 2014				
Active Clients	Food	Other Value-Added	Ag Energy	Total
	188	4	5	197
Counseling Sessions				527
Counseling Hours				1,143
Client Trainings Held				12
Training Participants				144
Hours clients used MMFEC facilities				985

### Funds Leveraged

Public Grants	\$366,929
Public Loans	\$98,288
Private Loans	\$60,700
Private Investment	\$1,900,862
<b>Total</b>	<b>\$2,426,779</b>

## Financial Report

### FY 2014 Food and Agriculture Development Centers Financial Report

Center Operations	FY14 Budget	FY14 Actual	Remaining
Beartooth FADC	\$65,007.00	65,007.00	\$0.00
Headwaters FADC	\$65,000.00	52,247.00	\$12,753.00
Mission Mountain Food Enterprise Center	\$85,248.00	92,106.95	-\$6,858.95
Bear Paw FADC	\$63,704.00	63,654.00	\$50.00
<b>Center Sub Total</b>	<b>\$278,959.00</b>	<b>273,014.95</b>	<b>\$5,944.05</b>
Network Operations	\$21,041.00	11,166.34	\$9,874.66
<b>Grand Total</b>	<b>\$300,000.00</b>	<b>\$284,181.29</b>	<b>\$15,818.71</b>

## Financial Narrative

### Center Operations

In a competitive process in advance of each new biennium, program applicants propose a scope of work and a corresponding budget in their application. Each center's financial needs are a little different. For example, Headwaters RC&D has had some funding internally to contribute to the Food and Agriculture Center director's salary. In the case of LCCDC's Mission Mountain Food Enterprise Center, the food manufacturing facility has additional operational staff and hard costs beyond those of the other centers. Within this context, the Montana Department of Agriculture strives to maintain a degree of equity among the different centers' compensation.

### Network Operations

Though the program's enabling legislation allowed for \$10,000 annually for program administration, from the beginning the Department of Agriculture has used that funding for Network Services rather than administration. The program manager in the Agriculture Development and Marketing Bureau is supported by the bureau's budget.

The Network Operations budget includes subscriptions to E-center Direct, Neoserra client-tracking software, and ProfitCents financial analysis software. This budget also includes meeting and conference call expenses, professional development, client training, and program marketing. The Network Operations budget ended up with a surplus in FY 2014. This will be carried over for additional training next year.

## Activities by Each Center

### **Bear Paw Food and Agriculture Development Center**

There were a number of significant achievements made by Bear Paw FADC throughout 2014.



Several clients worked with Bear Paw FADC to complete Growth Through Agriculture applications, as well as financing packages which allowed them to access the capital needed to complete various projects -- whether it be start-up funding, equipment purchases, or expansions.

Big Sandy Meat Shop in Big Sandy has been an established client with Bear Paw FADC since the end of 2012. Over the course of the past year, Bear Paw FADC worked with owner, Jim Dumas, to put together a financial packet for bank funding. Big Sandy Meat Shop received funding for operating and debt clean-up from Bear Paw Development's loan fund in November of 2013. Jim has continued to work with Bear Paw FADC on a comprehensive business plan covering an additional business expansion that will allow him to add a slaughter floor. He is currently in negotiations with a land owner in Big Sandy on a property that is just outside city limits and would allow him to utilize city utilities and will also allow him added flexibility in his operation. Big Sandy Meat Shop added two new full-time positions to their operation. They currently employ four full-time and two part-time individuals in Big Sandy. Consumer demand has continued to increase for Big Sandy Meat Shop's products, so they are also looking to expand their retail offering.

Bear Paw FADC has continued to work with MSU-Northern BioEnergy Center on their Renewable Energy Initiative grant awarded by the U.S. Economic Development Administration (EDA) in 2012. They are currently in the process of completing a strategic plan for the center that will detail the next five to ten years and how the Center will evolve to remain relevant in the energy industry as well as continue to capitalize on the unique opportunities it offers MSU-Northern students through technical training and job placement with premier energy/tech companies across the United States. There have been four strategic planning meeting sessions in the past year and, after receiving an extension with the EDA, this process will be completed in the next six months.

Bob Quinn of Big Sandy contacted Bear Paw FADC this year for assistance in developing a start-up business, Montana Horizons Food, which planned to manufacture Kamut® snacks. Bear Paw FADC assisted them in submitting a successful Growth Through Agriculture grant application for the purchase of packaging equipment and a fryer. The equipment was recently delivered to Montana Horizons Food's new location in Big Sandy. This business will add another two full-time positions to the Big Sandy economy, as well as provide additional revenue to the area. Bob has developed and maintained many connections domestically and internationally through his many other ventures that will provide a good strong base to establish a distribution network for the new product. Bear Paw FADC will continue to provide assistance to the start-up of Montana Horizons Food as they move forward and ramp up their marketing efforts.

Triple Divide Spirits opened the door to its tasting room in Helena in November 2013. They enjoyed immediate success and it became apparent that expansion was needed in order to fulfill demand from not only the tasting room, but also the state liquor store and local establishments that wanted to carry their product. They worked with Bear Paw FADC on a subsequent Growth Through Agriculture application for the purchase of an additional still. They were awarded loan funding from the program and were able to purchase and install the still. With two stills currently in production, the owner has already contacted Bear Paw FADC for assistance and guidance on yet another expansion. This is in its early development stages, but would drastically increase the size of their current operation. Bear Paw FADC will continue to work with Triple Divide as they further explore this expansion.

Will Anderson, of Anderson Orchards of Rudyard, also reached out to Bear Paw FADC for

assistance in applying for Growth Through Agriculture funding. The requested funding, which was awarded, will be used to complete a commercial kitchen in Rudyard to produce their award-winning Dancing Beagle apple butter. The Andersons had been utilizing the Mission Mountain Food Enterprise Center in Ronan to produce their apple butter. The on-site commercial kitchen, currently under construction, will greatly improve the operation and profitability for this small company in Rudyard.

### **Beartooth Food and Agriculture Development Center**

The Beartooth Food and Agriculture Development Center made significant progress in FY 2014 by finalizing marketing plan projects for Fishtail General Store in Fishtail, Spicz Galz in Laurel, Muddy Lamb Studio in Fishtail, and Yellowstone Valley Farms in Laurel. They are also nearing completion of marketing plans and advertising projects for Stillwater Packing in Columbus and Tumblewood Teas in Big Timber.

They recently received funding for assisting Fishtail General Store to develop preliminary engineering documents for a new food processing facility, and marketing and advertising funds to assist Rocky Fork Food Hub in Red Lodge and Becky's Berries in Absarokee.

Another notable achievement was in the area of training. The center was able to utilize a U.S. Department of Agriculture grant for rural business education to conduct QuickBooks classes for food and agriculture clients in Big Horn, Carbon, Stillwater and Sweetgrass counties last fall and winter. They also partnered with Stillwater County to promote an e-commerce training, which they plan to conduct in other locations this fall beginning in Big Timber.

This center focused on more outreach to eastern Montana counties and reservation communities. They worked with Yolanda Good Voice, the Crow Revolving Loan Fund Manager, and the Business Expansion and Retention (BEAR) program to generate more projects on the Crow Reservation. They increased communication with Jason Rittal of the Eastern Plains Economic Development Corporation and Jim Atchison of Southeastern Economic Development Corporation. They also spent time in May in Custer County and Prairie County visiting with the local economic development offices, Montana State University extension and small businesses they had assisted. Future plans call for outreach days in Rosebud and Treasure counties.

In the area of energy development, they have continued to work on the Warren Wind Project in Southern Carbon County which this year gained momentum when Everpower of Pittsburgh, PA began investing in the development of the site. Beartooth FADC assisted in finding needed resources to complete the state and local applications and have discussed the project several times with the Carbon County Commission. The project is now awaiting full approval with plans to begin construction this fall or winter. They also began assisting NS2 Energy North America with plans to locate a commercial scale wind farm in Big Horn County near Hardin. The company plans to co-locate a natural gas electrical generation plant to moderate the fluctuation of wind electrical generation, which will make it easier to market to power purchasers.

### **Headwaters Food and Agriculture Development Center**

One of the most significant achievements made by Headwaters FADC during FY 2014 was expanding into the Bozeman and Gallatin Valley area and the western part of their region. These two areas, previously underserved by the Headwaters FADC, have provided an ample amount of new clients and have utilized the services offered by Headwaters and the rest of the Food and Agriculture Development Network. Overall, 12 new clients were added to the Headwaters FADC portfolio, with that number continuing to expand.

Assisting these new businesses led to over \$380,000 being invested into business expansion projects in the area. The western part of the Headwaters FADC region also produced new business after targeted meetings with the local government entities and reaching out to local-value added agriculture businesses. Headwaters FADC worked with Philipsburg Brewing on the successful application of a Growth Through Agriculture mini-grant, and is providing them with assistance on other projects.

Headwaters FADC director, Joe Willauer, averages one trip to the Gallatin Valley per month. These frequent visitations will continue in the upcoming year with more regular visits during the Growth Through Agriculture grant cycle. The center will also continue expansion efforts into their western region.

Headwaters FADC spent a great amount of time during FY 2014 on Growth Through Agriculture grant applications. Overall, more than 20 businesses were assisted, which resulted in \$688,442 invested in local value-added agriculture businesses. Because of their success with the program, Headwaters FADC has become the regional expert in GTA applications and looks to continue with their success in the upcoming years.

### **Mission Mountain Food Enterprise Center**

The Mission Mountain Food Enterprise Center continues to play a significant role in food business development in the state of Montana. In the last fiscal year, the center provided technical assistance to 32 existing clients and 49 new clients to help them build their food businesses. Two hundred seventy-seven (277) barcodes were renewed or established -- up from 235 last year. This indicates that 42 new products entered the retail marketplace. The center presently provides food processing infrastructure for Tipu's Chai Tea, The Orchard at Flathead Lake, Uncle Bill's Sausage Company, Rook's Hot Sauce, Western Montana Specialty Foods, Angel's Fire, Fat Robin Orchard, Alpha Bar, Eric's Wicked Seasoning, and Mustard Seed Specialty Sauces. The center also provides freezer storage and warehousing to approximately 14 clients. In FY 2014, clients used the center's processing facilities for a total of 985 hours – up from 696 last year.

More significantly, the center has expanded their Farm to School Program in collaboration with the Western Montana Growers Cooperative. The program is serving six regional and two statewide school districts in the delivery of fresh fruits and vegetables for the schools' Fresh Fruit and Vegetable Program (FFVP), as well as other processed products such as frozen beans, peas, cherries, carrots, squash, pumpkin, an all-Montana lentil patty and lentil burger crumbles.

During the fiscal year, Mission Mountain Food Enterprise Center processed local produce that equates to \$50,445 – an 80% increase in pounds of produce from the previous year. This is revenue back to local producers for the product they sell through the Western Montana Growers Cooperative for the Farm to School Program.

Other significant activities include the delivery of Hazard Analysis and Critical Control Points (HACCP), Better Process Control, Taking the Next Step in Seed Production, and Multi-Functional Agriculture training. Forty-eight (48) food and agriculture businesses engaged in the trainings held by the center, and there are significant requests to continue the training programs in the next fiscal year.

The Mission Mountain Food Enterprise Center is committed to continuing to provide leadership and expertise in food safety to all their own clients, as well as all staff and clients in the Food and Agriculture Development Network, who need to meet the demand of third party

audits and other food safety requirements for the marketplace.

The Mission Mountain Food Enterprise Center continues to play a leadership role in the Western Montana Food Economy Initiative, a regional project that is moving local food economy initiative forward. Several projects have been launched through the initiative, including a “Choose Local” campaign in Polson, Ronan, and Missoula stores. The campaign is now in fourteen (14) stores in Western Montana. A regional beef organization, Ranchers Cooperative, is exploring markets for grass-fed beef in Montana schools and other markets. They were successful in gaining capital investment from Farmer’s Union Industries. A website of the initiative will be launched in the fall of 2014 and its goal is to be the communication hub for the initiative partners and a roadmap to local producers and food production in the area.

Mission Mountain Food Enterprise Center is the lead in the coordination and development of the Harvest Montana Grain Conference to be held in November 2014 in Great Falls. This conference will explore the regional grain economy and how producers can gain increased knowledge and access to new market opportunities.

The Mission Mountain Food Enterprise Center is expecting a 20 percent increase in client use of its food manufacturing and food storage facilities in the next fiscal year, and a 20 percent increase in food processing for Farm to School programs. The center has realized a 35% net increase in revenue from the previous year and expects this growth pattern will continue. The Farm to School Program has proved so successful that Mission Mountain Food Enterprise Center will be focusing on market opportunities in other institutions, such as hospitals, in the upcoming year.

Jan Tusick, the director of Mission Mountain Food Enterprise Center, was appointed to an interim legislative study stakeholder advisory committee tasked with providing input on changes needed in Montana’s cumbersome and confusing food laws and rules. The goal of the study is to better facilitate food manufacturing development in Montana. Food manufacturing is currently the state’s third largest manufacturing employment sector, but the regulatory environment continues to have a dampening effect on business start-ups and expansion.

### **Program Manager’s Comments**

After five years of managing the Food and Agriculture Development Network, Nancy Matheson retired from the Department of Agriculture in July 2014. Linda Howard has assumed her duties and will work diligently with the center directors to fulfill the mission of the program.

The Food and Agriculture Development Centers have continued to strengthen their commitment to work collaboratively since the strategic planning process in October 2012. They have truly become a strong and cooperative network of four centers providing exceptional and innovative business assistance and educational services to Montana’s food, agriculture and renewable energy enterprises that result in sound and solvent businesses and new jobs.

They are also working to strengthen and nurture a collaborative network of partnerships with organizations that champion the network’s vision and mission, provide resources, facilitate client referrals, and expand and augment the services and expertise currently provided by the centers. They have reached out to Montana Small Business Development Centers (SBDCs), local economic development agencies, county sanitarians, and others. They will continue to build and nurture relationships with Montana Manufacturing Extension Center (MMEC) and Montana State University Extension.

The center directors are also concentrating more on traveling to the far corners of their multi-county regions and meeting with area Economic Development Corporations (EDCs) and eastern Montana's Certified Regional Development Corporations (CRDCs), and the food, agriculture and energy businesses to let them know about the specific services the program offers. The result of this expanded outreach is represented by the locale of the Network's clientele, which now reaches forty-three (43) Montana counties.

Client training in industry-specific areas, many of which are legal requirements for doing business, continues to be a growing portion of the Food and Agriculture Development Network's activities. The network is doing a great job of keeping up with changes in the food regulatory environment, and participating actively in the planning for implementation in Montana of the approaching on-farm food safety and other requirements called for in the new federal Food Safety Modernization Act (FSMA).

With the assistance of a USDA Specialty Crop Block Grant, the network will begin developing and implementing a new project in October 2014 to ensure that Montana's specialty crop growers and food processors are prepared to meet the requirements of the new Food Safety Modernization Act (FSMA) rules and, increasingly, their buyers' demands. The Specialty Crop Block Grant will include twelve trainings throughout the state during a three-year period.

The program continued to acquire new clients during the reporting period, again mostly food manufacturing businesses, which is consistent with the trends in Montana's manufacturing sector. As the centers continue to gain new clients, they are learning how to manage some of their challenges, such as the ebb and flow of the program and clientele. Throughout the year, there are periods that are extremely busy -- such as the Growth Through Agriculture funding cycles -- and other periods that are much slower -- for instance, when producers are tending to crops. Another concern of the centers is the lack of access to capital for their clients. They continue to search for new funding resources through their expanded networking efforts.

The Centers in the Network have their niches in terms of each one's capacity to provide unique and complementary services needed by the program's clientele. They have continued to increase their collaboration and cooperation -- enabling them to provide an enhanced level and range of services to businesses all across the state. It's an exciting time in the food manufacturing industry and each center is doing their best to meet the challenges with expanded outreach and services.

This report was submitted by:

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## APPENDIX 1

### Client Training

#### FY 2014 Food and Agriculture Development Network Training

<b>Date</b>	<b>Host</b>	<b>Training</b>	<b>Attendance</b>
9/10/13	Headwaters	Managing your Business with QuickBooks	20
9/17-18/13	Beartooth	QuickBooks and Basic Accounting - Joliet	7
9/24-25/13	Beartooth	QuickBooks and Basic Accounting- Columbus	16
10/1-2/13	Beartooth	QuickBooks and Basic Accounting –Hardin	2
12/12/13	MMFEC	Taking the Next Step in Seed Production	30
1/6-7/14	Beartooth	QuickBooks and Basic Accounting-Big Timber	5
1/9/14	MMFEC	Multifunctional Agriculture in the Mission Valley	12
4/7/14	MMFEC	Better Process Control School (BPCS)	9
4/9/14	MMFEC	Hazardous Analytical Critical Control Plan (HACCP)	11
4/23-24/14	Beartooth	Digital Marketing	16
4/24/14	MMFEC	Forklift Training	13
5/9/14	MMFEC	Food Safety Management System Tool Kit Course	3

12 classes; Total attendees: 144