



MEDA Value Added Working Group

January 8, 2021

1:30pm

Participants: Paddy Fleming, Chair; Abby Majerus, Erin Farris-Olsen, Courtney Loeffler, Ben Long, Courtney Loeffler, Taylor Lyon, Dale Mahugh, Corey Hageman, Amy Frykman, Davey Madison, Eric Seidensticker, Tami Burke and Gloria O'Rourke.

**Resource Media** – selling value added ag in Montana to sustain and promote funding for progress

### 1. Quick recap of conversations to date

Ben has interviewed several people. The definition of Value Added Ag was shared by Ben with those interviewed and was well received. There were a few disagreements in the definition such as: should timber be a part of value added ag or separate. Ben noticed paradoxes: huge difference between macro and micro value added ag; hi-tech vs. low tech, i.e., squeezing juice and genetic engineering; old school and new school.

Some commonalities: beneficiaries are Montana communities; stronger farmers and ranchers results in stronger Montana communities. Producers have always had to be innovators.

Interviews with: Charles Robison, USDA; Farmers Union, Farmers Bureau, Denny Iverson (Blackfoot producer),

Differences of opinion on value added ag: tourism and value-added ag discussions; conservation payments, timber.

Q: Organic producers included?

A: The topic came up over and over as how to add value to crops. Montana has more acreage in organic crops than any other state.

### 2. Observations from our interviews

It was interesting to meet people where they are and to learn of their core values.

Prosperity and Montana pride were common themes, plus healthy connections to Montana food.

### 3. Initial recommendations - Ben

- The better/more clearly you can see your goal the better your communication strategy. People who are not sure what they want don't send as clear of a message. Ben asked what does Montana need for value added ag? The answers were varied such as regulatory reform, new processing plant, aggressive research and marketing. Recommendation: know what you want.
- Bedrock of a message: seek a formula that would fit across the board. What are the values? What is the opportunity out there? What is blocking those values? What is the solution to overcome them? Value, opportunity, solution. This approach would prevent wrangling with the actual definition; stories would demonstrate the value, opportunity, solution. People who create the solution are the heroes (legislators, etc.).

- Success stories – many came up; two that came to mind:
  - Wheat Montana
  - Kracklin Kamute
  - Montana Craft Malt is not as well known as the above; but is a great example, too.
- Warning Stories –
  - Lack of processing, lack of supply chains
- Small stories – that add up to huge value
- Value added ag – keeps jobs here
- Every loaf of bread is about five cents of grain. The value of bread is not just in the bread; baking, processing, marketing
- What is the role of government in this? Federal, State, Local government. Describe reasoning for their engagement.
- Not about picking winners and losers but leveling the playing field.
- Demonstrate the investment; tax payer would see a return – pays for itself.

**Conclusion: it is all about telling a good story, touching heart strings. It is a small investment that will have ripple effects of results. Focus on the payout not the process. The audience wants to know “so what?” Think about the brownie box; sell the brownie and the ingredients follow.**

**Discussion:**

- Like the train car idea and removing train cars so that the value added ag product stays here.
- If regulations need to be changed, legislators need to be told stories.

**4. Strategy discussion - How to promote value added ag**

See the link:

[https://docs.google.com/document/d/14dqfcmnlBs\\_6UpiN0mw4Ce9V0qGTxQNVsJkXVSC9FY/edit?usp=sharing](https://docs.google.com/document/d/14dqfcmnlBs_6UpiN0mw4Ce9V0qGTxQNVsJkXVSC9FY/edit?usp=sharing)

**Value-Added Ag Workshop Brainstorming White Board**

**How can we describe the **barriers or impediments** to value-added ag initiatives in a way that will be compelling and resonate for our target audience? [please add your ideas below!]**

A dead end on the rail line? To stick with that analogy.

Investment Investment Investment- preferably by the state or Montanans

USDA vs State vs custom exempt processing

Burdens of multiple inspection processes - expensive and burdensome for producer

Upcoming food safety requirements the market is driving.

No incentives to purchase supplies locally

In the forestry realm, local foresters are having trouble competing for the size of projects (Ex Idaho Forest Group in the NW). There is a mode out there for USFS having a priority for awarding sales locally.

Upfront costs for processing plants and other infrastructure can be extremely expensive, beyond what

producers can front

Expand apprenticeship programs - lack highly skilled workers for meat processing plants

Lending institutions concerned about longevity about materials sources, traditional financial institutions unless they can see long-term horizon reluctant to go out on an limb

Labor becoming less of an issue because of automation

Inspection: coalition would need to go into gov's office and really demand dept. Of livestock make that happen.

Distribution challenges - how to get in grocery stores throughout MT, create farmer distribution coops

**How can we describe the **interventions** we are proposing in a way that is compelling for our target audience? [please add your ideas below!]**

Incentive for processing plan for peas and lentils

Interstate for state inspected meat- MDOL pursues process to make this happen

Fix conflicting regulations, make regulations more flexible

New market tax credit, investment packages, attracting larger investment - increase the scale and impact

Create opportunity zone for investment

Hemp growers - organizing cooperative and hitting wall of capitol - how do we help producers trying to self-organize. Growth through Ag program, expand and add funds.

Lot of smart entrepreneurial folks in Montana who just need a little access to capital.

All of the programs part of MEDA,

SBDC - help anyone trying to get into biz get loans, write biz plans, many clients are farmers and value-added ag producers.

Certified regional development centers

MT manufacturing extension center helping

Ag extension agents - they help with tech/

Great to see more coordination out of different departments, not pulling in dif directions esp. Value-added ag. Great to see more connectivity between dif agencies

Story: meat processing COVID money was a big impact to a lot of producers in this state, lot of stories, got money to expand facilities, operations, create more jobs processing more meat.

Story about what's happened to meat processes in last year, various ways MEDA has helped that effort. Short-term gain and long term payoffs. Several operations that got funding, what does it mean

for me to be exempt from inspection.

Role of co-ops? Pooling of investments.

Institutional markets - anything with a cafeteria (case study on farm to school); purchasing portal, budgets, <https://www.foodsafetynews.com/2020/05/iowa-is-7th-state-to-earn-ok-for-interstate-sales-of-state-inspected-meat-poultry/>

More access to commercial kitchens, help folks do food to scale

Access to capital, traditional banks don't fund coops, even credit unions; organizing time to get folks organized. Coop laws and ROI allowed by law.

Butte working on getting a coop, membership drive starting Sunday. Barriers to selling products in coops, licensing can be an issue.

MEDA offers place for folks to come together and form a cohesive approach

**What are the most **compelling benefits** to our target audience if we are able to successfully circumvent the impediments that block successful value-added agricultural projects in the state?**

Maybe \$ + non \$ benefits. Not just \$\$\$\$.

Residency in our ag communities- if the farmer/rancher benefits they and the next generation will continue their operations and may even expand their operations.

New enterprise development- success builds new opportunity

Programs that can benefit value-added ag

More job creation, keeping folks on the land

Innovation and cool new products

Smaller footprint - keeping the whole supply chain local

Streamlined regulations, farmer-friendly regulations

"Come Home Montana"

Pathway for new farmers & ranchers,

Incubate innovation

Small part of the value in the raw materials - real value is in what you do with it

Help farmers ranchers with bootstrapping

Shrimp farm, Clarks fork, tax shelter for real estate investors. Way for state to create opportunity zone designation?

**Misc. and in the Chat:**

- HB 52 update - contains key programs

<https://marketmt.com/Portals/129/shared/docs/HB52Report.pdf?ver=2020-05-28-114444-203>

- Tami suggested: Use Delphi for collaboration process.

- Link Jan shared:

<https://www.foodsafetynews.com/2020/05/iowa-is-7th-state-to-earn-ok-for-interstate-sales-of-state-inspected-meat-poultry/>

**Action Items:**

- ⇒ Share list of dreams for value added ag with Glen Oppel as to what is needed to create support for value added ag; run by MEDA board, too.
- ⇒ Learn how the state is interested in investing in value added ag; how do we find capital?

**Create support for Value Added Ag ideas:**

1. Setup State/USDA meat processing inspection system. (this wording might need to be adjusted)
2. Incentivize meat cutting apprenticeships
3. Tax incentives for food and beverage manufacturers that use Montana-grown ingredients
4. Make Growth-Through-Ag grants easier to apply (Legislative)
5. Adjust Montana cooperative laws to incentivize private capital investment (MCDC will be ready to address outdated laws in the 2023 session.)
6. Open up cottage food laws to include the ability to sell products to individuals on line through the producer's website only.
7. Incentivize community kitchens.