



*North Carolina
Food Manufacturing
Task Force*
FINAL REPORT

GROWN. RAISED. CAUGHT. MADE.

got to be
NC
AGRICULTURE™



NC
Nothing Compares
NORTH CAROLINA



Everyone knows Lance crackers go perfect with a Pepsi Cola. Both were born in North Carolina and have been manufactured here for over 100 years.

The Food Manufacturing Task Force believes we can do more with the great bounty that is grown and raised here – and now is the time to capitalize on its potential as a global food leader.



North Carolina Food Manufacturing Task Force Final Report

Economic Opportunity for North Carolina

North Carolina has a rich and long history of converting agricultural resources into value-added products. However, three of the state's traditional value-added strongholds – textiles, furniture, and tobacco – have significantly declined over the last 25 years. As a result, North Carolina has underused manufacturing capacity, particularly in the rural areas. Food ingredients, and their conversion to value-added products, represent an opportunity to put this capacity to use, creating a stronger North Carolina manufacturing sector.

In 2014, the General Assembly commissioned an economic feasibility study to evaluate food manufacturing's potential in North Carolina. The study predicted that in less than 10 years, food manufacturing could contribute an additional 38,000 jobs and \$10.3 billion boost to the state income annually, if key recommendations were realized. But to leverage North Carolina's agricultural diversity and overcome current market barriers, the state needs supportive infrastructure and programs.

Task Force Charge

By Executive Order No. 73 on April 9, 2015, Governor McCrory established the North Carolina Food Manufacturing Task Force (Task Force) with 35 thought leaders representing various aspects of North Carolina's food system. The Governor charged the Task Force to focus on:

1. Develop a strategic business plan to leverage existing activities in food processing and manufacturing;
2. Establish a statewide food processing and manufacturing organization, directory and database;
3. Create a plan to develop a proactive industrial recruitment campaign for new business development;
4. Plan to foster the growth of food manufacturing entrepreneurial endeavors, enhance development of innovative food products and processes, and provide sector-specific regulatory training and outreach.

Task Force Process

With core leadership provided by the Dean of NC State University's College of Agriculture and Life Sciences, Richard Linton (chairman), Lieutenant Governor Dan Forest, N.C. Agriculture Commissioner Steve Troxler, and N.C. Secretary of Commerce John Skvarla, four subcommittees were formed to address the charges. The subcommittees included:

1. Infrastructure Needs and Assets for the Food Manufacturing Supply Chain
2. Food Manufacturing Needs Assessment
3. Business Recruitment
4. Communications and Advocacy

Each of the subcommittees met at least monthly from July 2015 to February 2016; meeting minutes track their progress during this time.

A sweet (potato) story of success in under 10 years.



2005

Covington sweet potato developed by researchers at NC State.



PRODUCTS

Covington fries, dog treats and even vodka become consumer success stories.



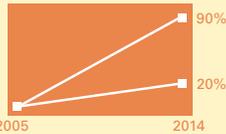
ADDED VALUE

NC State research helps patent an aseptic packaging process for sweet potato use.



EXTENSIONS

Researchers at NC State are now developing an industrial sweet potato for biofuel.



GROWTH

Today, Covingtons make up 90% of the N.C. market and 20% of the nation's.



2014

The Gates Foundation gives NC State \$12.4 million to develop a sweet potato for African farmers.

The Covington sweet potato is just one example of how our state's university researchers, farm producers and business manufacturers work hand-in-hand to create products that become financial and social success stories.

CHARGE #1

Develop a strategic business plan to leverage existing activities in food processing and manufacturing

a. What assets currently exist from which we can build?

North Carolina possesses many of the essential ingredients to become a national leader in the food manufacturing sector. With a strong and diverse agricultural history, the state ranks among the nation's leaders in the crop and food animal production, ranging from turkeys to sweet potatoes and from hogs to cucumbers. The state's agriculture community also holds sizeable market shares of the national production of broiler chickens, bell peppers, peanuts, squash, watermelon, strawberries and blueberries. Many consider North Carolina among the nation's three most agriculturally diverse states, abundant not only in raw materials but also ingredients for value-added product development. Beverage and companion industries – including distilleries, cider operations, breweries, wineries, premium juices and dairy products – are also experiencing rapid growth and expansion.

Just as North Carolina sits in one of the country's most fertile and agriculturally productive regions, the state is also located in the heart of the eastern United States, making it well-positioned to take advantage of some of the nation's largest consumer markets. In addition, the state has a robust physical infrastructure of interstates, highways, railroads and seaports, all of which help manufacturers move raw materials and finished products domestically and internationally, as well as economically and expeditiously.

b. Why have current food manufacturers chosen North Carolina as a place to do business?

To identify ways to increase and enhance food manufacturing opportunities in our state, the Food Manufacturing Needs Assessment Subcommittee created and distributed an 11-question survey to current food manufacturers

across North Carolina. The subcommittee sought to understand (1) the attraction of establishing a business in North Carolina, (2) general satisfaction of doing business in North Carolina, and 3) the outlook for the future. The 49 respondents represented a range of businesses sized from less than 10 to greater than 1000 employees.

Survey results indicated that many considerations led companies to choose North Carolina, most notably, access to skilled labor and a strong labor market. Proximity to local food ingredients (animals, crops, fruits, vegetables) and materials (food packaging, water, etc.), followed, as did the state's reputation as a great place to live and its strong local and state business incentives. Respondents also highly valued access to other leading agricultural, life science and food companies and universities, agricultural product diversity and ease of transportation.

Nearly every company was recruited to North Carolina, and most recruitment stemmed from local economic development organizations. For many, the N.C. Department of Commerce played a role. Successful recruitment involved help with site selection, fostering community relations, identifying cost savings measures, assisting with workforce training, and providing funding and incentives.

c. What can North Carolina do better to take advantage of new economic growth opportunities?

Once established in North Carolina, most food manufacturers were pleased with the skilled labor pool and with the level of support from the community, government, industry and academia. Challenges included higher labor costs compared to other states. Several respondents felt that government support could be improved and that some provisions with existing legislation and food regulations were difficult to satisfy. For some, state networking and collaboration, including access to local resources and identifying research and development resources were difficult. Respondents showed concern about competition with other states for attracting and keeping a talented workforce. Availability and rising production costs led some respondents to indicate that securing local food ingredients is also a barrier.

CHARGE #2

Establish a statewide food processing and manufacturing organization, directory and database

a. New Directory for the Food Manufacturing Industry (Appendix M)

The Task Force has created a comprehensive, searchable state-wide *Directory of Food Manufacturing and Related Industries*. The directory is a good first step and is seen as essential in supporting state economic growth and job creation. Listing more than 2,000 businesses, this directory will be a critical tool in setting up a state-wide food manufacturing network that will advance food processing interests and improve our capacity to add value to agricultural commodities. The directory will also serve as a foundational database to create a new professional organization and provide an effective vehicle to communicate with all facets of our food manufacturing sector.

b. New Mapping System (Appendix K)

Fifteen detailed maps were designed to show important assets deemed beneficial to food manufacturing companies with interest in expanding or locating in North Carolina. Food distribution centers (and their identified needs and strengths), water supply and wastewater facilities, and other key resources were identified. A water supply and wastewater treatment database will include all larger systems. To keep this information current, it is recommended that the N.C. Department of Environmental Quality update this data as part of its current water supply and wastewater permitting process. This information should be used in combination with the water/wastewater location map. The Task Force also made eight transportation recommendations to improve commerce for intrastate and interstate movement of goods.

CHARGE #3

Create a plan to develop a proactive industrial recruitment campaign for new business development

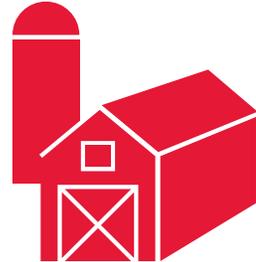
a. Economic Development Plan

The Economic Development Partnership of North Carolina (EDPNC), specific for the food manufacturing sector, plans to implement the following action items in the coming year and beyond (dependent on funding):

- Employ a dedicated business developer and create a business development team. This position will be funded for up to one year by a North Carolina Tobacco Trust Fund Commission grant.
- Market our presence at targeted industry and agricultural events
- Advertise presence in targeted industry media
- Develop collateral materials to build food processing-related industries

The Business Recruitment sub-committee also recommends:

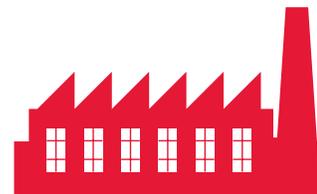
- ***Strategic infrastructure investments in key geographic sites to enhance North Carolina's business recruitment effort***
Identify and evaluate strategic sites in North Carolina that are well-positioned for transformational economic development projects that involve food manufacturing.
- ***Site preparation support***
Create a mechanism to provide support for land acquisition and/or site improvements, such as the Site Infrastructure Development Fund (which currently has no dollars appropriated) as a priority item to ensure the state's competitiveness for high-impact food manufacturing projects.
- ***Policy tools to spur research and development activity***
Identify policy measures to spur more research, development, and commercialization of university technologies with leading research institutions (i.e. NC State University and N.C. A&T State University). This effort would offer excellent collaboration opportunities for private industry, especially in the areas of product development and innovation.
- ***Financing for early stage or start-up food companies***
Early-stage financing is critical for development of new business. While there are programs in place to assist with those efforts, expanded and/or additional initiatives will be needed to fill key gaps in providing access to capital for start-up food processing firms and stimulate more corporate research and development operations.



Take the products of North Carolina's number one industry



Add research and technology from its largest university



Transfer that knowledge to commercial endeavors



Create jobs, new products and a manufacturing economy

b. Communications Plan

The Communications and Advocacy Subcommittee developed a strategy for a multi-faceted communications plan. The strategy is targeted at people, companies, organizations and venture capitalists with interest in food manufacturing in North Carolina. Primary communications focus will be on:

- Food companies not currently located in North Carolina that are strategic recruitment prospects
- Food companies with a business presence in North Carolina that may have an interest in expanding
- North Carolina agricultural producers with interest in becoming involved in food manufacturing
- Venture capital and seed/early-stage investment firms seeking opportunities to invest

i. Website Development, Content and Maintenance

A new website will be developed and serve as the foundation for communications including the work of the Task Force and useful information about available resources and assistance. The website will also serve as a portal for receiving inquiries and directing them to the appropriate person or organization based on their interest.

ii. Future Communications

To highlight these recommendations, the future plan calls for a communication push upon completion of the Task Force's work and the release of its findings. Included in the proposed outreach are the following:

1. Governor-led press conference to announce the findings and recommendations from the Task Force.
2. Kick-off PSA billboard campaign, social media outreach to targeted audiences and media campaign with key trade journals, concurrent with Governor's announcement
3. Road Tour featuring the Governor and Task Force Core Leadership team to commence as soon as possible after Governor's announcement
4. Schedule reception and summit for Seed Capital and Early Stage Investors to share Task Force findings and deliverables
5. Schedule agribusiness event to communicate to business and agriculture stakeholders the value and opportunities for food manufacturing in North Carolina.

CHARGE #4

Plan to foster the growth of food manufacturing entrepreneurial endeavors, enhance development of innovative food products and processes, and provide sector-specific regulatory training and outreach

This charge is satisfied in the Key Recommendations section of this report.

Need proof food manufacturing can build jobs here?

Ten short years ago, a North Carolina legislator said a new bill aiding the craft brewing industry could potentially create 300 jobs. He was off by 2,700.

That's just the number working today in our state's 150-plus craft breweries – including international exporters like Sierra Nevada, New Belgium and Oskar Blues. Add related jobs – hop and barley growers, truck drivers and servers – and it's closer to 10,000.



North Carolina Food Manufacturing Task Force Key Recommendations

The North Carolina Food Manufacturing Task Force submits the following recommendations for consideration based on the subcommittee reports to the Task Force core leadership. These recommendations address the needs required to develop awareness about North Carolina's food manufacturing industry potential and highlighting what our state has to offer new and existing companies.

1.

Establish a Statewide Interdisciplinary and Interagency N.C. Food Manufacturing Leadership Team

The North Carolina Food Processing and Manufacturing Industry: An Economic Feasibility Study (2014) showed the significant economic impact that further development of the food manufacturing industry can bring (up to 38,000 jobs and \$10.3 billion annually, in less than a 10 year period). The Governor's North Carolina Food Manufacturing Task Force concurs that there is a tremendous economic growth opportunity before us, but we must act now to take advantage before other states put aggressive plans into action. The first step is to become more organized from a leadership perspective.

We have learned, through the Governor's Task Force interactions, that there is much to be gained through integrated interactions among the N.C. Department of Commerce, N.C. Department of Agriculture and Consumer Services, the Economic Development Partnership of North Carolina (EDPNC), key universities in the UNC System and the N.C. Community College System. This interagency collaboration brings together business opportunity, regulatory considerations, policy issues, applied research, outreach to our stakeholders and a much more comprehensive understanding of our state assets and needs. We must build upon our momentum and the positive relationships that have been gained through the Task Force experience and make a commitment to continue creating opportunities for all sectors of the North Carolina food value chain.

The Task Force recommends that a standing committee, called the **N.C. Food Manufacturing Leadership Team**, be formed and appointed by the Governor. Membership for this 15-member committee should consist of a core leadership team – the same representative core leadership team that was appointed to the Governor's Task Force (Lieutenant Governor's office, N.C. Department of Commerce, N.C. Department of Agriculture and Consumer Services, and NC State University) with the addition of membership from the EDPNC, N.C. Department of Transportation, agribusiness and food industry leaders, N.C. Community College System, universities in the UNC System and marketing communications professionals. The committee charge is to

provide leadership in making the needed connections with food manufacturing stakeholders outside North Carolina with the EDPNC. It is further recommended that the committee meet, at a minimum, twice annually to discuss opportunities about growing the food manufacturing sector and the continued pursuit of the core recommendations outlined in the *2014 Food Processing and Manufacturing Economic Feasibility Study*. This committee’s core leadership team and their respective staff should also be available and responsive, serving as an important point of contact for food manufacturers being recruited to North Carolina and for those current North Carolina food manufacturers interested in expansion.

The Task Force also recommends the formation of a **Food Manufacturer’s Industry Advisory Committee**. This 10-member committee will be appointed by the Governor and represent different aspects of the food manufacturing and related industries (i.e. plant products, animal products, entrepreneurs, packaging, distribution, large scale processing, small scale processing, equipment manufacturers, refrigerated foods, frozen goods, shelf-stable foods, etc.). This ad hoc committee will serve as advisors to the Leadership Team, and will meet when necessary, but at least annually.

Membership in the Leadership Team and the Food Manufacturer’s Industry Advisory Committee will be for a 3-year term, with 1/3 of the members rotating off each year. The creation and coordination of the Leadership Team and Advisory Committee will be led by two interagency statewide leadership positions proposed below

2.

Invest in Two Interagency Statewide Leadership Positions

The Task Force suggests a recurring 5-year investment for two interagency leadership positions that will continue to foster interactions of the N.C. Department of Commerce, N.C. Department of Agriculture and Consumer Services (NCDA&CS), the Economic Development Partnership of North Carolina (EDPNC) and NC State University. A brief description of each position is defined below:

Position 1:

Science, Technology and Policy Director for the Food Manufacturing Industry

Provides in-state support for existing and new food manufacturers.
Reports to the partnership of NC State University and NCDA&CS.

Job Purpose:

Provide technical, regulatory, policy and training for current food companies, newly recruited food companies and food entrepreneurs.

Responsibilities:

- Lead the coordination activities with the N.C. Food Manufacturing Leadership Team and Food Manufacturer’s Industry Advisory Committee
- Create and maintain a N.C. Food Manufacturing Network using the newly-created *Directory of Food Manufacturing and Related Industries*
- Establish an annual meeting to bring food manufacturing stakeholders together to exchange information about education, training and innovation
- Provide training (i.e. Food Safety Modernization Act) to the food manufacturing sector
- Continue the discussion and map a strategy to create a Food Product and Process Innovation Center – a centralized hub for aspiring North Carolina businesses and entrepreneurs

Resource Needs:

Salary and Fringes	\$150K
Travel	\$20K
Office Support	\$20K
Annual Meeting Support	\$40K
Annual Total	\$230K

Marketing Support for Science, Technology and Policy:

- Marketing and Communication Purpose (responsibility of NCDA&CS)
NCDA&CS has a robust marketing program and team in place that can lead the marketing and communications effort for an emerging food manufacturing sector.

Responsibilities:

- Develop and maintain a branded communication program
- Website, media strategy, advertising campaign, trade journals, social media, etc.
- Reception/summit meetings for interested seed and early-stage investors and venture capital firms to share the findings and goals of this group and the state with regards to food manufacturing investment opportunities in North Carolina.

Resource Needs:

- Marketing Budget: \$1M (non-recurring)

Position 2:

Business Development Manager for the Food Manufacturing Industry

Provides outreach support for economic growth in this business sector and bring additional food manufactures to North Carolina. Reports to EDPNC.

Job Purpose:

Identify and cultivate corporate recruitment prospects involving domestic and foreign food processing and food manufacturing companies considering new operations in the U.S. market.

Responsibilities:

Generate food manufacturing investment leads for North Carolina’s communities to compete for, primarily through the following strategies:

- Identify high-growth food manufacturing companies for corporate recruitment
- Promote North Carolina as a viable business location to industry decision-makers and influencers
- Proactively reach out to industry decision makers through different communication strategies
- Work with the State of North Carolina, N.C. Department of Commerce and NCDA&CS overseas offices to attract foreign food manufacturers
- Communicate with and help coordinate activities with the N.C. Food Manufacturing Leadership Team and Food Manufacturer’s Industry Advisory Committee

Resource Needs:

Salary and Fringes	\$150K
Travel	\$25K
Office Support	\$25K
Annual Total	\$200K



Go Local! In 2012, while Kendra Stallings was working on her master's degree in Food Science at NC State, Cottle Farms, a muscadine grape and berry producer in Faison, N.C., called the department for help developing a smoothie recipe.

Together, they developed the JuVn8 brand, which can be found today across the southeastern U.S. at grocery stores like Food Lion, Harris Teeter, Lowe's Foods and Whole Foods.

Summary of budget request

- \$230K annually for a minimum of five (5) years to NC State University in support of the Science, Technology and Policy Director for the Food Manufacturing Industry position.
- \$1M non-recurring to NCDA&CS to support marketing efforts in Food Processing and Manufacturing.
- \$200K annually for a minimum of five years to EDNPC in support of the Business Development Manager for the Food Manufacturing Industry position.

Summary of how these two positions will help address the charges given to the task force by Governor McCrory

1. The new Science, Technology and Policy Director, working alongside the new Business Development Manager, will leverage the positive momentum of the 2015 Governor's Task Force and the 2014 Economic Feasibility Study while creating new opportunities in food processing and manufacturing. They will work collectively to develop a strategic business plan to support the Leadership Team.
2. The Science, Technology and Policy Director will create and maintain an North Carolina Food Manufacturing Network using the newly-created *Directory of North Carolina Food Manufacturing and Related Industries*, establishing a statewide food processing and manufacturing consortium far better connected than we are today.
3. The Science, Technology and Policy Director and the Business Development Manager will jointly coordinate the activities associated with the Leadership Team. Working with NCDA&CS, they will build and maintain a communications plan to develop a proactive industrial recruitment campaign for new business development and existing business expansion.
4. The Science, Technology and Policy Director will foster the growth of food manufacturing entrepreneurial endeavors, enhance the development of innovative food products and processes, provide sector specific regulatory training and outreach by providing needed training, host reception and summit meetings for interested seed and early-stage investors and venture capital firms, and map a strategy for the creation of a Food Manufacturing Innovation Center – a centralized hub for aspiring food businesses and entrepreneurs.

**Thanks to the Core Leadership and 35 members at large of the
North Carolina Food Manufacturing Task Force for their important work.**

Core Leadership

Name	Title/Organization	County	Subcommittee
Dr. Richard H. Linton <i>(Chair)</i>	Dean NC State's College of Agriculture and Life Sciences	Wake	Food Industry Needs Assessment <i>(Reporting Line)</i>
Dr. Christopher Daubert <i>(Designee)</i>	Professor and Department Head Food, Bioprocessing and Nutrition Sciences; NC State's College of Agriculture and Life Sciences	Wake	Infrastructure Needs and Assets <i>(Co-chair)</i>
The Honorable Dan Forest	Lieutenant Governor State of North Carolina	Wake	Communications and Advocacy <i>(Reporting Line)</i>
Mr. Hal Weatherman <i>(Designee)</i>	Chief of Staff Office of the Lieutenant Governor of North Carolina	Wake	Communications and Advocacy
The Honorable Steve Troxler	Commissioner N.C. Department of Agriculture and Consumer Services Assets	Guilford	Infrastructure Needs and Assets <i>(Reporting Line)</i>
Dr. Richard Reich <i>(Designee)</i>	Assistant Commissioner for Agricultural Services N.C. Department of Agriculture and Consumer Services	Forsyth	Infrastructure Needs and Assets
Mr. John Skvarla	Secretary of Commerce N.C. Department of Commerce	Wake	Business Recruitment <i>(Reporting Line)</i>
Ms. Susan Fleetwood <i>(Designee)</i>	Chief Economic Development Liaison Office of the Secretary of the N.C. Department of Commerce	Wake	Business Recruitment
Ms. Celeste Brogdon <i>(Task Force Staff Liaison)</i>	NC State's College of Agriculture and Life Sciences	Wake	n/a

Members at Large

Mr. Nick Ampe	Environmental Health Specialist New Belgium Brewing	Ft. Collins, CO	Food Industry Needs Assessment <i>(Co-chair)</i>
Mr. Dennis Berwyn	Research Analyst North Carolina State Legislature	Wake	Communications and Advocacy
Mr. Hal Burns	General Manager Jimbo's Jumbos	Chowan	Infrastructure Needs and Assets
Mr. Donald Butler	Director of Corporate Affairs Smithfield Foods Inc.	Sampson	Communications and Advocacy <i>(Co-chair)</i>
Ambassador James Cain	Former U.S. Ambassador to Denmark Founder, Cain Global Partners	Wake	Communications and Advocacy <i>(Co-chair)</i>
Mr. Christopher Chung	CEO Economic Development Partnership of North Carolina	Wake	Business Recruitment

Mr. David Clark	President and CEO Aseptia	Wake	Infrastructure Needs and Assets
Mr. Vance Dalton	President and CEO Carolina Farm Credit	Henderson	Infrastructure Needs and Assets
Mr. Peter Daniel	Assistant to the President N.C. Farm Bureau	Wake	Communications and Advocacy
Mr. Karl Deily	President, Food and Beverage Division Sealed Air Corporation	Duncan, SC	Food Industry Needs Assessment
Ms. Jenny Fulton	Chief Pickle Miss Jenny's Pickles	Forsyth	Food Industry Needs Assessment
Mr. Charles "Buddy" Gaither	Former President of Milkco Inc. (retired)	Henderson	Infrastructure Needs and Assets <i>(Co-chair)</i>
Mr. Jimmy Gentry	President North Carolina State Grange	Iredell	Communications and Advocacy
Mr. Dan Gerlach	President Golden LEAF Foundation	Wake	Business Recruitment
Mr. Bobby Ham	Owner and CEO Ham Farms Inc.	Greene	Infrastructure Needs and Assets
Mr. Martez Hill	Executive Director N.C. State Board of Education	Columbus	Communications and Advocacy
Mr. Thomas Holt	BASF (retired)	Wake	Food Industry Needs Assessment <i>(Co-chair)</i>
Mr. Kevin Leonard	Executive Director N.C. Association of County Commissioners	Durham	Communications and Advocacy
Mr. Paul Meyer	Executive Director N.C. League of Municipalities	Wake	Communications and Advocacy
Mr. Kevin Mulligan	President N.C. Agribusiness Council East Coast Sourcing Manager Dole Fresh Vegetables	Gaston	Food Industry Needs Assessment
Mr. John Prestage	Senior Vice President Prestage Farms Inc.	Sampson	Business Recruitment
Dr. William Randle	Former Dean N.C. A&T State University's School of Agriculture and Environmental Sciences	Guilford	Infrastructure Needs and Assets
Ms. Carlene Renee Stewart	Co-owner Taylor Fish Farm Partnership Inc.	Alamance	Business Recruitment
Mr. Mark Swaim	Partner/Sales Manger ARS, LLC	Forsyth	Business Recruitment
Mr. Nicholas Tennyson	Secretary N.C. Department of Transportation	Durham	Infrastructure Needs and Assets
Mr. Jeffery Turner	Executive VP and COO Murphy Family Ventures	Duplin	Food Industry Needs Assessment
Mr. Mark Williams	Executive Director/President/CEO Agribusiness Henderson County	Henderson	Food Industry Needs Assessment



North Carolina Food Manufacturing Task Force

Core Leadership Team Members

Dan Forest

Lieutenant Governor of North Carolina

Richard Linton (Chair)

Dean, NC State University's College of Agriculture and Life Sciences

John Skvarla

Secretary, North Carolina Department of Commerce

Steve Troxler

Commissioner, North Carolina Department of Agriculture and Consumer Services