

Northwest

REPORTS

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In Defense of Lobbying: NWFPA's Legacy

In 1914, a group of visionaries in the canning industry recognized the need for uniformity of standards, processing techniques, shipping methods, and regulatory procedures. With an increasing demand for canned goods, growing consumer expectations for product quality and a tightening of government regulations on the industry, it was time to address these issues collectively. Thus was formed the Northwest Canners Association, which eventually evolved into the Northwest Food Processors Association.

A hundred years later, NWFPA continues to promote and protect the food processing industry through legislative and regulatory advocacy — also known as lobbying. Though lobbying often gets a bad rap in the media or among the general public, it could not be more critical to maintaining a robust industry in the face of growing regulations and a challenging political environment.

In the early years, the association sought sanitary canning practices and worked with state agencies to establish proper regulations. NWFPA staff continues to maintain strong relationships with state regulators to ensure that food safety programs are robust, properly funded, and appropriately implemented. This requires lobbying.

In 1933, the association saw the industrial stresses put on the Willamette River and supported the Oregon State College research program, to study the problem and find

100 Years of NWFPA!
Register now for Centennial Celebration and EXPO 2014
January 12-15, Portland, Oregon

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A Century of Accomplishment

The year 2014 marks the 100th birthday of the Northwest Food Processors Association. It is evident that the pioneers who decided to join together for the benefit of the industry, had no idea how important their decision would be. I'm certain they had no vision of how much the food processing industry would change over the ensuing 100 years.

I'm honored to be serving as Chair during the year when we will celebrate our shared history. The history of our industry tells the story of a journey filled with enormous challenges and remarkable opportunities. That so many businesses and individuals have adapted to ever-changing conditions over the century, and continue to provide wholesome food for the world, is extraordinary. That so many companies have made the decision to stay in the Pacific Northwest, when other locations around the world entice them to move production, is heartening.

We have some outstanding programs planned throughout the year in honor of this centennial milestone. Kicking off the EXPO and Conference in January is a celebration and industry-wide dinner. You won't want to miss this special evening; the entertainment will be top notch! We are also planning something special for the Executive Business Summit and other meetings over the course of 2014. Attendance at all these events is something you should work to accomplish as they will be once-in-a-lifetime opportunities.

As we celebrate 100 years of success for the Northwest food processing industry, we can't and shouldn't overlook the role agriculture has played. The Northwest is blessed with innovative, productive and hardworking growers who supply our crops, and many of our grower families are in their second or third generation. Food processing and agriculture will always go hand in hand.

One of the reasons companies choose to remain in the Pacific Northwest is stable access to electrical power at rates often lower than those found in other parts of the country, thanks to our productive hydro-power system. We need to protect that advantage.

For many years, NWFPA has promoted critical public policy decisions favorable to food processing. We must continue to provide the tools necessary for the organization to be successful, such as healthy political action committee funding, updated technology and database systems, and talent recruitment.

Just as our first organizational leaders could not possibly have predicted all the changes ahead, neither can we foresee what will take place in the next 100 years. However, we can lay the groundwork for continued industry success. When our association succeeds, our industry flourishes.

I hope you will strongly consider joining your peers at many of the upcoming NWFPA events as we take time to celebrate 100 years as an organization. I know you won't be disappointed with what we have planned.

I also hope you will give some thought to increased participation in Northwest Food Processors Association. Together we can continue healthy growth of the food processing industry so that our children and grandchildren can celebrate our legacy in another 100 years. 🏡

Mark Dunn
Chair, NWFPA Board of Directors
J.R. Simplot Company



A Strong Foundation, 100 Years of Success!

As we approach the new year, we look forward to commemorating our originators' vision to formalize the third largest manufacturing industry in the Northwest. What began in a period fraught by global turmoil, evolved into the opportunity for a tight-knit association of food processors in the remote wilderness of the Pacific Northwest. The association was established as a collaboration of food processors to feed our troops abroad and to contribute to the security of our nation. New markets to the east and south were developed, followed by growth and opportunities for our members in the years to come.

Following WWI, Americans were weary and suspicious of European powers. The United States' economic reliance turned inward and the isolationism gave rise to a boom for the members of the association. Trade barriers were constructed to support industrialization and growth in urban centers. This ensuing period of prosperity, and significant movement from agrarian jobs to manufacturing jobs, was supported by the growth of food processing technology and markets with little appetite and time for cooking from scratch. The Roaring Twenties were a time of dramatic social change and market growth. It was also a time which presented wonderful opportunities for the Northwest food processing industry and its professional association.

This coming of age period for the association served to frame its aspiring future. It was during this formative time that relationships and industry coordination became formalized by law and driven by functionality. This association was organized and ready to help our industry grow and prosper.

The legacy of the Northwest Food Processors Association was born from necessity. It took on the values of the pioneers who had to embrace the idea that the *survival of one was connected to many*. The association established norms and ethics while preserving the security of its rural communities and the hopes for a prosperous future.

That legacy continues, although the myriad of overarching issues requiring the association's attention are daunting. Over the years, NWFPA has developed a simple and inclusive process to determine the direction of the association and the areas in which to focus resources to secure forward movement of the industry and the communities it serves.

The processes in place have ensured these values will survive into the future and continue to provide for a community we have enjoyed for the past 100 years. 🏡

Happy Birthday NWFPA!

David Zepponi
President, NWFPA

2013 NWFPA Leadership Survey

For the last decade, NWFPA has reached out to the food processing and supplier community to determine which issues are most critical to the health and prosperity of the industry. The Leadership Survey has grown over the years and we now reach out to more than 7,600 individuals, with a solid reply rate of 7.8% or 600 individual respondents.

Information collected from the Leadership Survey, including trend data on strategic priorities, is used to drive discussion at the committee and board levels to establish association priorities and resource plans. This collection process, combined with meaningful conversation among leadership, helps association leaders mark priorities and better steward resources. It also serves to leverage the cooperative insight of the committees and boards, and encourages open discussion and a minority voice in the decision-making process.

The members have spoken, and determined the following as association priorities for 2014:

1. Food Policy
2. Energy Issues & Policy
3. Workforce Education & Training
4. Government Relations
5. Environmental Issues & Policy
6. Sustainability Resources & Policy



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Two Daves Recall 50 Years of NWFPFA Memories of Excellence



Dave Pahl
President
1962 - 2000

There have been four Daves on the NWFPFA staff in the last 50 years – including two “younger ones,” Dave Zepponi and David McGiverin – but with a combined 80 years of employment at NWFPFA, Dave Pahl (1962-2000) and Dave Klick (1971-Present) go back a half century to reminisce on some favorite moments in NWFPFA history.



Dave Klick
Cluster Outreach
Executive
1971 - present

He was a country boy from Pendleton, fresh out of Oregon State University with a crew cut, FFA state leadership experience, and an agriculture economics degree. Dave A. Pahl began his 38-year career in 1962 with the Northwest Canners and Freezers Association, as assistant to executive secretary Cecil Tulley.

Pahl's first assignment was to supervise the sample display for the 1963 convention. This annual event began in the 1930s and was a valuable opportunity for food company personnel and buyers to compare products among competing companies. Noticing that samples submitted by some companies seemed flawless, association leaders decided that all samples for display would be collected from warehouse stocks by an association staff member. Pahl rapidly became acquainted with member management, operations and industry issues.

David Pahl succeeded Tulley as the 6th executive officer in 1968. This remarkable executive management stability continues today. In 2001, Dave Zepponi, current NWFPFA president, became only the 7th full-time CEO since the association was founded 100 years ago.

When Dave Klick, also an OSU Beaver, was hired in 1971, he brought with him eight years of management training as an officer in the United States Army, and as a senior personnel supervisor at Boeing. What he thought would only last four or five years, turned into a 42-year career with NWFPFA.

There were 55 processor members in the early 1970's and just one category of membership. In 1975, the first 54 suppliers were added as total membership surged to 119. Today there are 450 members – 100 processors and 350 suppliers.

Over the past five decades, Dave Pahl and Dave Klick have enjoyed working with thousands of industry volunteers to develop valuable programs and services which have enhanced members' competitive position.

Dave Pahl retired in 2000 to restore a 1934 Ford farm truck, travel the world with his wife, Joy-Gay, and enjoy their six grandchildren. Dave Klick and his wife, Kay, have continued to provide support to Dave Zepponi and the NWFPFA team and contractors.

NWFPFA EXPO MEMORIES

The inspiration for the first NW Food Processors EXPO came in 1969 when Dave Pahl observed a supplier prying the door frame off of a hospitality suite at the Seattle Olympic Hotel to permit the display of a package boiler. It was

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clear that suppliers wanted to display equipment and services to processors attending the conference. Leadership readily supported the idea, and in 1971 NWFPA become the industry's first state or regional association to produce an exposition. EXPO manager Pat Wolvert decorated the parking garage of the Portland Hilton for 79 exhibitor booths and 1,500 attendees for the inaugural exposition. By the mid-1980's, demand for exhibit space dictated a move to convention centers in Portland or Seattle.

In reflecting upon 42 years of Northwest Food Processors Association EXPOs, some unique memories stand out:

- 1991 The largest keynote breakfast attendance was 900 when C. Everett Koop spoke on ecoterrorism.
- 1993 The year NFL star, Roger Staubach was keynote speaker, *Good Morning America* interviewed Staubach live from the Portland Marriott.
- 1984 McDonald's assembled their store counter in the lobby of the Seattle Westin Hotel and served more than 500 delegates in 25 minutes prior to the keynote by McDonald's president/CEO Ed Rensi.
- 1985 A 150-piece marching band surprised breakfast delegates during a year with a teamwork theme .
- 1987 A bald eagle helped demonstrate the "Capturing Changing Markets" theme by flying to the ballroom stage.

A half century of successes have enabled the "Two Daves" to be a significant part of NWFPA history in its continued pursuit of excellence! 🏆

NWFPA Nominating Committee: Call for Nominations

The NWFPA Nominating Committee would like to consider all recommendations from NWFPA membership for new Directors of the Boards for NWFPA and ERI. Those eligible to serve on either the NWFPA or ERI Boards of Directors shall be employed by or retired from a member of NWFPA at the time of their service. All nominations will be reviewed by the Nominating Committee and new directors are selected in spring, 2014. The deadline for nomination entries is January 31, 2014. For more information and to submit your recommendations, please contact NWFPA executive assistant Kelly McKenna at kmckenna@nwfa.org or 503-327-2217. Thank you for your participation to ensure a strong leadership for NWFPA. 🏆

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2014 NW Food Processors EXPO and Conference

The 2014 Northwest Food Processors EXPO and Conference launches Sunday, January 12, 2014 and will be “the place to be” for industry networking, educational tracks, inspiring speakers and supplier exhibits.

What are the benefits to attending? Vendor sourcing, sharing ideas with peers, business intelligence and food safety training. There are opportunities for everyone in the food processing trade.

In its centennial year, the Northwest Food Processors Association has planned an exciting celebration commemorating its 100th birthday. Be a part of the celebration on Sunday evening as the 2014 EXPO and Conference is kicked off with an all-industry semi-formal dinner, and entertainment by Washington D.C.'s political comedy group, The Capitol Steps.

Be a part of the Northwest Food Processors Association's 100-year history by registering now at www.NWFPA.org and celebrate a “Century of Success!”



Centennial Celebration and Reception Program

- 5:00 – 5:30** Historic 100th Annual Group Picture
- 5:30 – 6:30** 100th Anniversary ERI Reception (Educational Research Institute)
- 6:35 -7:45** 100th Anniversary Centennial Dinner
- 7:45 -9:45** Idaho Governor Butch Otter; The Capitol Steps – political entertainers from Washington D.C.

EXPO HOURS

- Monday, January 13 – 9:00 am to 4:00 pm
- Tuesday, January 14 – 9:00 am to 4:00 pm
- Wednesday, January 15 – 9:00 am to 1:00 pm

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NWFPA invites you to Celebrate A Century of Success!

All Industry Centennial Reception and Dinner

SUNDAY, JANUARY 12TH, 2014
5:00 pm to 10:00 pm

Oregon Ballroom | Oregon Convention Center | Portland, Oregon
Suggested attire is semi-formal | Spouses are encouraged to attend

The evening will be an occasion to remember with a networking reception, delicious dinner, and performance by the political comedy troupe, Capitol Steps.

Register Online at www.nwfpa.org/events/dinner | Individual seats \$150 | Tables of 8 \$1,200

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» **SPEAKERS & ENTERTAINMENT**

Centennial Celebration Dinner Entertainment
Sunday, January 12 | 9:00 pm – 9:45 pm



The Capitol Steps began as a group of Senate staffers who set out to satirize the very people and places that employed them. The group was born in December 1981 when some staffers for Senator Charles Percy were planning entertainment for a Christmas party. Their first idea was to stage a nativity play, but couldn't find three wise men or a virgin in all of congress! They decided to dig into the headlines of the day, and created song parodies and skits which conveyed a special brand of satirical humor.

Although not all of the current members of the Steps are former Capitol Hill staffers, taken together the performers have worked 18 Congressional offices and represent 62 years of collective House and Senate staff experience.

Since they began, The Capitol Steps have recorded over 30 albums, including their latest, "Fiscal Shades of Gray". They've been featured on NBC, CBS, ABC, and PBS, and can be heard four times a year on National Public Radio stations nationwide during their *Politics Takes a Holiday* radio specials.

A Look at the Obama Administration, Congress and the Future of the Republican Party
Monday, January 13 | 7:30 am to 9:30 am | General Session with Breakfast



Tucker Carlson is a veteran journalist and political commentator. He is the co-host of *Fox and Friends Weekend* and the editor-in-chief of *TheDailyCaller.com*, one of the largest and fastest growing news sites in the country. Carlson joined Fox from MSNBC, where he hosted several nightly programs.

Previously he was the co-host of *Crossfire* on CNN, where he was the youngest anchor in the history of that network. During the same period, Carlson also hosted a weekly public affairs program on PBS.

A longtime writer, Carlson reported from around the world, including dispatches from Iraq, Pakistan, Lebanon and Vietnam. He has been a columnist for *New York* magazine and *Reader's Digest*. He currently writes for *Esquire* and *The New York Times* magazine. His most recent book is entitled, *Politicians, Partisans and Parasites: My Adventures in Cable News*. In 2006, he appeared on ABC's *Dancing with the Stars*. Carlson is currently working on his third book.

Going Forward: New Rules in Food Safety Enforcement
Tuesday, January 14 | 7:30 am – 9:30 am | General Session with Breakfast



Katy Coba was appointed Director of the Oregon Department of Agriculture by Governor Kulongoski in 2003, and reappointed by Governor Kitzhaber. Her career in state government includes serving in Governor Kitzhaber's first administration in a number of capacities including Chief Policy Advisor, Economic Development and International Trade Policy Advisor, as well as Director of Executive Appointments. Coba worked at the Oregon Department of Agriculture from 1989-1995 as a special assistant to the director. Ms. Coba believes that the productivity of the land is determined by how well we take care of it.



CONFERENCE TRACKS

Energy/Sustainability

- Improving Boiler Water Quality and Reducing Operational Costs
- Improve Organizational Fitness with a Compressed Air Project
- Microwave Assisted Thermal Sterilization – MATS™ / Advanced Post-Packaging Food Preservation Technology
- Evaluation of Cost-Effective Distributed Generation Options for Food Processing Centers in the Northwest

Operations/Technical Affairs

- Supply Chain Risk Management Strategies
- NACCP and HARPC: Distinguishing Between Apples and Oranges
- X-Ray Inspection: Understanding the Technology to Maximize Your Results
- Food Safety for Imports
- Exploring Obstacles to Exporting Food: Financial and Regulation Hurdles

Environmental

- Factors in Evaluating Food and Beverage Facilities for Potential Process Water Reuse
- Total Dissolved Solids: What is it and how does it affect land treatment?

Business Development

- Identifying and Prioritizing Growth Opportunities
- Defending the Brand
- FREDi Launch and Risk Management Demo
- Success Stories from Business Model Innovation

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Effective Energy Management Can Mitigate Increasing Energy Rates and Climate Regulations

In 2000, NWFPA formed an energy task force to help food processors find ways to weather the West Coast energy crisis. Thirteen years later, the energy crisis is over, but energy issues still present challenges for food processors, primarily because they put upward pressure on energy costs. Three of the most prominent energy issues affecting the industry today are:

- 1. Renewable energy mandates:** Both Oregon (RPS) and Washington (I-937) have set requirements that 15 percent and 25 percent of a utility's energy sources must come from renewable energy by 2020 and 2025, respectively. Electricity generated by wind (\$112/MWh) and solar (\$200/MWh) is significantly more expensive than natural gas-fired turbines (\$58/MWh) and energy efficiency (\$18/MWh).
- 2. Bonneville Power Administration costs:** BPA's electricity rates will soon be increasing for a number of reasons, including upgrades to an aging transmission system, integrating large amounts of wind into the system (resources are displaced when the wind blows and back up is needed when it does not), and reduced BPA revenue from the sale of excess hydropower energy due to low natural gas prices driving down prices.
- 3. Greenhouse gas emissions:** Both Oregon and Washington have set greenhouse gas emissions targets and are developing programs to reduce emissions. Transportation, electricity generation, and residential/commercial/industrial uses are the three areas that will be affected. Programs being considered include cap-and-trade, carbon tax, low carbon fuel standards, renewable fuel standards. On October 28, 2013, the Governors of California, Oregon, Washington, and the Canadian prime minister, signed an agreement to take actions to reduce emissions. Washington Governor Jay Inslee committed to enacting cap-and-trade, Oregon Governor John Kitzhaber pledged to set a price on carbon, and both governors promised to adopt low carbon fuel standards.

For the past ten years, food processors have been working collectively within NWFPA to represent their interests before state legislatures and agencies. They also recognize that energy

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SAVING ENERGY MEANS STAYING AHEAD OF THE COMPETITION

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A History of Regulations

The Northwest Food Processors Association has guided members through the implementation of food regulations since its formation 1914. Since that time, NWFPA has been an advocate and resources to assist members in producing the world's safest food supply.

In the early 20th century, the demand for transcontinental food shipping and introduction of refrigeration created a greater dependence on processed foods. President Theodore Roosevelt signed The Pure Food and Drug Act (PFDA) in 1906 mandating appropriate content labeling. This "truth in labeling" law protected the consumer from unidentified ingredients. It created a roadmap for food regulations, promoted brand loyalty by setting standards for American food processors and subsequently established the Food and Drug Administration (FDA).

In 1938, congress passed the Federal Food, Drug and Cosmetic Act (FFDCA), authorizing the FDA to monitor the safety of food, drugs and cosmetic goods. FFDCA set regulatory standards by authorizing factory inspections and expanding enforcement powers. Throughout the years, many amendments and related laws have been added to FFDCA including the Food Additives Amendment in 1957.

The Food Safety Modernization Act (FSMA) was signed by President Obama in 2011. Not since the FFDCA had the food processing industry witnessed such vast regulatory changes. FSMA implemented adjustments to every aspect of the food supply chain, including risk-based inspections and import verification requirements for the millions of food products entering the United States. FSMA updates and implementations are moving quickly, making the unity between processors, suppliers and NWFPA a vital alliance. Not a regulation, but an industry best practice scheme, the Global Food Safety Initiative (GFSI) was created under Belgian law in 2000. GFSI is a business-driven collaborative effort of global food safety experts, academic professionals, and government officials. The initiative recognizes food safety schemes, such as the Safe Quality Food (SQF), British Retail Consortium (BRC) and the Food Safety System Certification (FSSC) 22000 to harmonize audits and streamline the verification process.

During the 2014 NWFPA EXPO and Conference, the Operations and Technical Affairs sessions will focus on FSMA. Each session will include pertinent information on supply chain risk management, import food safety, transportation food safety and security issues, to name a few. Help us celebrate the next 100 years of partnership with our Pacific Northwest regulatory officials and food safety providers to continue a tradition of producing the world's safest food. 🍌

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www.potatobusiness.com
 website will relaunch January 2014



NEW! Food Resources & Education Institute to Launch in January 2014



What began as an idea to increase food processor interaction within the industry, and provide a channel for processors and suppliers to learn from one another, has at last been achieved through the establishment of the Food Resources & Education Institute (FREDi).

Founded in 2013, FREDi is a sub-organization that operates under the Northwest Food Processors Association. An industry led initiative, FREDi provides a space, both online and off, for food processors and suppliers to connect with their colleagues and access the resources needed to help increase productivity and grow business. FREDi combines the ease of online resources with the personalization that comes from face-to-face meetings, offering the food processing industry a unique experience designed specifically for its needs.

FREDi has partnered with Succeed Management Solutions, LLC (Succeed), Vinca, LLC, The Acheson Group, LLC, and Richard Dougherty, Ph.D to provide unsurpassed services, and the latest in food processing and manufacturing trainings and trends.

FREDi provides information on industry trends, regulations and mandates, training courses, and events for the industry by providing a space for processors, manufactures, and suppliers to collaborate, learn and cultivate upward movement.

How Will FREDi Serve You?

- 
Events: Featured prominently on the FREDtalks.com, the events calendar is a practical tool for processors and suppliers to stay updated on relevant events and training courses. Through a few simple steps, anyone can add an event or training that they think will be useful to industry members.
- 
Directory: The directory of more than 500 food processors, food manufacturers, and suppliers is a great tool for companies to find connections and spread the word about their business. FREDi offers processors and suppliers the opportunity to make a directory listing a featured listing, ensuring that more online visitors take notice.
- 
Discussion: Anyone can join the Food Resources & Education Institute's LinkedIn Group and instantly connect to professionals to discuss the latest news, trends and events in the industry. Search "FREDi Group" on LinkedIn to get started.
- 
Library: The FREDi library offers an opportunity to learn from others in the industry. Upload and browse relevant white papers from other industry leaders, companies and related associations. The FREDi team will review all content submitted, ensuring the quality of information provided remains consistent and the topics are relevant to your business.
- 
Risk Management Center: Through the partnership with Succeed, FREDi brings food processors quality online management tools to ensure a workplace that is safe, compliant and efficient. Employers can choose between traditional on-site or public training courses, or time-efficient online training courses. Employers will be able to administer and monitor employee training progress and, for the first time, maintain digital documentation and certifications to make preparing for compliance audits a cinch.





Partnership: The Seed to FREDi Success

Succeed Management Solutions brings more than 35 years of experience in workforce training and safety program development to the FREDi program partnership, and is a recognized leader in web-based Enterprise Risk Management software. Thousands of organizations use the Succeed Risk Management Center as a holistic solution to improve their risk mitigation programs, implement web-accessible employee safety training programs, increase efficiencies, and lower the frequency and severity of claims and associated costs. NWFPA president Dave Zepponi and Succeed CEO Kurt Shaw weigh in on the valuable partnership.



Dave Zepponi
President, NWFPA

How will the FREDi/Succeed partnership work to better serve the food processing industry?

“We’ve taken our vision and partnered with an organization that can manage the technical aspects. By leveraging NWFPA’s knowledge of food processing, food safety and other disciplines, in conjunction with Succeed Management Solution’s platform that provides a library of materials, risk mitigation services, and marketing, we’ve created a strong relationship. FREDi is designed to best serve the industry.”

What motivated NWFPA to create the Food Resources & Education Institute?

“We set out to create a comprehensive way to engage the food processing community, especially our members. The goal is to deliver knowledge and content that’s valuable and effective. As leaders in our industry, we strive to remain ahead of the curve. One of NWFPA’s key roles is to encourage a sense of unity across the food processing industry, including suppliers, manufacturers, and government agencies. With the development of FREDi, the association has adopted a new model by taking the best of older methodologies and marrying them with newer technologies.”

What would you like to see FREDi accomplish?

“Our industry is constantly evolving, and its members are continuously learning. By creating a community of interest, we can easily and efficiently continue to learn from our colleagues around the globe. By learning how people around the world are improving their processes in the industry, we ultimately improve the food distribution system overall.”



Kurt Shaw
CEO, Succeed Management Solutions, LLC

What did you want to accomplish when you set out to create Succeed Management Solutions?

“After starting out as a sole proprietorship consulting firm focused on loss control and turnarounds, I realized that by embracing technology it was possible to simplify risk mitigation tasks, improve efficiency, and increase the quality of services we could offer our clients. From there, the Risk Management Center was born and has continued to evolve and grow with our changing business and industry needs. We are constantly looking at new ways to design and implement innovative and proactive approaches that address common business objectives, improve workplace safety, assist in corporate loss control, and help meet regulatory compliance challenges.”

How will Succeed work with FREDi to better serve the food processing industry?

“The Risk Management Center will be a foundational element of FREDi by helping bring food processors quality Environmental Health and Food Safety training resources in an easy-to-access, easy-to-use online management system. This will help to foster a safer workplace environment that is compliant and efficient. Food Processors will be able to easily administer and monitor employee training progress and maintain digital records for compliance audits. The primary focus of the Risk Management Center will be on food safety and providing resources to help food manufacturers develop, implement, monitor, and proactively manage high quality, regulatory-compliant food manufacturing processes.”

What would you like to see this partnership accomplish?

“The partnership between Succeed and NWFPA is a unique opportunity to blend our state-of-the-art software platform with the knowledge, expertise, and resources of NWFPA’s innovative FREDi platform to ensure food manufacturers can proactively manage safety, compliance, and reporting issues to avoid future costly regulations and oversight. A foundation of effective risk management, employee training, workplace safety, and regulatory compliance processes will enable food processing employers to grow and compete in the global marketplace. I anticipate this partnership will be viewed as a model and replicated by many constituent groups within the food processing industry and supply chain.”



Continued from page 1 - Lobbying

solutions. Regulators today are ramping up water quality standards in the states and NWFPA is closely involved. The association's role is to ensure problem areas are addressed in a balanced way while recognizing the need to account for technological barriers and business impacts. This too requires lobbying.

In the 1960's, NWFPA was engaged in implementing the requirements of the Fair Packaging and Labeling Act, putting new standards on raw product and processed foods. The association's involvement is no different today with the implementation of the Food Safety and Modernization Act, attempts to set new regulatory standards on packaging at the state level, and GMO labeling measures. NWFPA staff is intimately involved with each of these issues in the legislative and regulatory arenas and, yes, you guessed it: this requires a significant amount of lobbying.

Whether addressing greenhouse gas emissions, food packaging, water issues, or taxes, the association is well-respected at the Capitol. This is due in large part to a reputation as being forward-thinking, seeking to solve problems rather than start them, embracing a strong commitment to sound science and process, and relentless advocacy on behalf of the industry.

The nation's founding fathers got it right when they recognized, in the First Amendment, the right "to petition the government for a redress of grievances." NWFPA continues to uphold this ideal, not only as an appropriate role for the association, but as its most profound responsibility. 🇺🇸

Continued from page 8 - Energy Management

efficiency is the best mitigation strategy against the risks of rising energy rates and climate regulations.

In 2009, in an effort to mobilize the industry to embrace greater efficiencies, NWFPA adopted aggressive goals to reduce industry-wide energy intensity (amount of energy used per pound of product) by 25 percent in ten years and by 50 percent in 20 years. Data collection and analysis indicate that the industry is on track to achieve the 25 percent goal.

In October 2013, the NWFPA Energy Committee identified priority program areas for NWFPA focus:

1. Energy data collection and use
2. Behavioral energy efficiency
3. New technologies

With rising electricity prices and climate regulations on the horizon, energy management makes good business sense. Energy efficiency can reduce emissions levels and mitigate the financial risks of increased energy rates and future penalties or taxes on carbon or emissions. NWFPA offers programs, resources, education, networking and contacts to help food processors manage their energy use. 🇺🇸

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Air Products & Chemicals, Inc. offers high-purity gases and equipment with their Freshline solutions, along with chillers and freezers. **Visit them at EXPO Booth #219.**



Atlas Copco Compressors, LLC is the world's leading manufacturer of air compressors and compressed air treatment equipment. **Visit them in the Energy Pavilion Booth #1707.**



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CMP is a custom stainless steel equipment manufacturer focused exclusively on serving the food processing industry. ISO22000 HACCP certified. **Visit them at EXPO Booth #906.**



eWON is a world leader in industrial VPN remote access solutions to PLCs, HMIs, RTUs and other devices for OEMs. **Visit them in the Innovation Pavilion Booth #407.**



Forbo Siegling is the leading US manufacturer of transilon conveyor belting and other associated products for the food processing industry. **Visit them at EXPO Booth #2006.**



Home City Automation is the maker of Champion Drives, designed to feed bulk material to packaging, blending and weighing applications. **Visit them at EXPO Booth #1222.**



Meca-Systeme USA manufactures case, box and tray erectors. Technological advancements in speed and efficiency make Meca a leader in the industry. **Visit them in the Advanced Manufacturing Pavilion Booth #1120.**



MetLife Food & Agribusiness Finance is designed with a focus on providing the financial expertise the food processing industry requires to succeed in their growth.



Mitchell Lewis & Staver has been in business since 1882 and is a world class supplier of pumps, controls and complete pumping systems. **Visit them at EXPO Booth #104.**



NW Industrial Mechanics, Inc. specializes in boilers and relations process equipment, piping systems and energy audits. **Visit them in the Energy Pavilion Booth #1712.**



Pacmac, Inc. is one of the most respected OEM providers of VFFS in over 22 industries and was the first to introduce recloseable zipper technology on VFFS equipment. **Visit them at EXPO Booth #2002.**

Shadybrook Lumber Products, Inc. is a family-owned business supplying new wooden pallets and cut stock for over 45 years. Shadybrook offers heat treatment (ISPM-15) for export pallets and custom pallet drying.



SmartWatt Energy, Inc. develops proprietary software and provides turnkey solutions for utilities, commercial, industrial and institutional clients. **Visit them in the Energy Pavilion Booth #1710.**



UL DQS Inc. provides ISO certifications as well as GFSI, BRC, FSSC, SQF, IFS and GMP ion areas of food safety and packaging. **Visit them at EXPO Booth #822.**



Vincent Corporation specializes in the design and construction of dewatering screw presses and other filtration equipment. **Visit them at EXPO Booth #115.**



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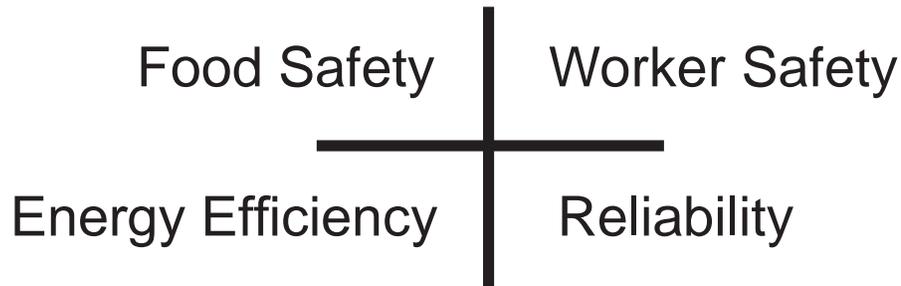
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Continued from page 7 - EXPO

Politics & Economics

- GMO Labeling and Initiative 522: What Happened and Where Do We Go From Here?
- Economic Development Strategies for the Pacific Northwest

Global Competitiveness

- Strategies for Starting or Increasing your Food Export Business
- Overcome Obstacles to Exporting Food: Financial and Regulation Hurdles

SPECIAL SESSIONS

Manufacturing the Future: A Conference to Explore the Road Ahead

Tuesday, January 14 | 7:30 am – 2:30 am

Join Douglas Woods, president of the Association of Manufacturing Technology (AMT) and learn how you can effectively manage a multi-generational workplace with varying motivations, priorities, and attitudes; how to prepare yourself for the exit of "Baby Boomers" from your company and attract the best and brightest of the millennium generation; and how new methods of communication, like social media, impact your relationships with customers, channel partners and employees.

20-Minute FREDtalks

Monday, January 13 | 10:00 am – 11:30 am and 1:00 pm – 3:50 pm

Tuesday, January 14 | 10:00 am – 11:30 am and 1:00 pm – 2:30 pm

NWFPA and Succeed Management Solutions have partnered to deliver a comprehensive, new employee training, workplace safety, food safety and regulatory compliance software package designed exclusively for NWFPA members and suppliers.



UPDATE ON I-522

Since 2012, the Northwest Food Processors Association has been working to beat initiative 522 in Washington, which was strongly opposed by the industry. In November, the votes were counted and I-522 was successfully defeated. NWFPA extends its appreciation to the processors, suppliers and affiliated organizations that assisted in this effort. Read a full update on the NWFPA homepage at www.nwfpa.org.

**6th Annual NW Industrial Energy Efficiency Summit
Wednesday, January 15 | 8:00 am – 5:00 pm**

Experience , through breakout sessions, hands-on instruction in the use of data loggers to measure energy use or talk one-on-one with energy program providers about training, services and incentives that can help your company save energy and boost efficiency. The 6th Annual Summit will also provide advantageous learning and networking opportunities with industry peers, energy experts, and energy program personnel.

**Wednesday Educational Sessions – Small Business Day
Wednesday, January 15 | 8:00 am – 10:45 am | Free**

Gather with other small business leaders, founders/owners, and human resource and workforce professionals while you take in three back-to-back sessions focusing on high performance culture retention, succession planning, and sales growth through integrated marketing and automation. 📱

Experience



Learn



Celebrate



Network





Autumn Assembly Success



The Autumn Assembly of Committees is always an exciting event for NWFPA where various committees gather to share ideas and provide direction for the year ahead. The meetings, held October 1-2, 2013, included Government Affairs, Operations and Technical Affairs, Energy, Sustainability, Environmental Affairs, Northwest Poultry Committee, Workforce for Productivity, ERI Board of Directors, and the 100 Year Anniversary Task Force. Issues of concern to the industry were discussed and reported on to the NWFPA Board of Directors to ensure that the association is on top of the latest movements.

The Autumn Assembly is also known for its premier golf tournament and first-class fishing derby. A record 32 fishermen participated in the derby, featuring a catered shore lunch and more fish stories than one could count. The golf tournament, held at Columbia Edgewater Country Club, sold out three weeks in advance. While the rain held out for most of the day, a downpour drenched players on the final two holes. Spirits were not dampened, however, and the Awards Dinner that followed hosted nearly 200 participants who cheered and chided the winners. Door prizes valued at \$12,000 were awarded.



Thank you to the numerous sponsors, many of whom braved the elements, to add to the festivities. Hole activities included chipping and putting competitions, a blackjack table, a scotch and cigar bar, tequila on ice, kegs, and cookies. The goodie bags, thanks to many NWFPA's generous donors, set new records in terms of value and number of items presented. The Autumn Assembly also provided a first look at NWFPA's centennial celebration plans that will embellish all 2014 signature events. 🏆

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Partisanship and Capitol Gridlock Necessary to Evolve

With the Capitol in turmoil and an argument erupting over procedural rules, one senator charged toward another until his pistol was drawn. With that, the Senate adjourned for the day. In a separate instance, a speech on the Senate floor launching salacious charges toward a member of the House caused the Congressman to enter the chamber and attack the good senator with a cane. The beating lasted a full minute, leaving the senator bleeding severely and nearly dead.

No, these stories are not from the 2013 government shutdown. These refer to the 1850 showdown between Senators Thomas Benton (D-MO) and Henry Foote (D-MS) and the 1856 rumble between Senator Charles Sumner (R-MA) and Representative Preston Brooks (D-SC), respectively. There are many stories of strife and conflict in our nation's capitol. Thankfully, we've learned to bypass violence in favor of more constructive ways of managing conflict, but partisanship and capitol gridlock are part of our history.

As often as people grow frustrated with Washington, let's not forget this: Much of it is by design. The framers deliberately built gridlock into the process, with corrective mechanisms, to provide checks on the party in power.

Does that excuse a government shutdown over budgeting, the debt limit, and the implementation of the Affordable Care Act? Of course not. NWFPA joined 251 organizations in a joint letter to Congress urging swift action on the debt limit along with the immediate and necessary corrective actions to restrain both discretionary and mandatory federal spending. Lurching from one budget and debt crisis to the next is irresponsible governing.

The Ted Cruz-Barack Obama government shutdown was a bipartisan folly that could have been avoided, but sometimes these conflicts give rise to opportunity for real change. Several members of the Northwest Congressional Delegation participate in groups such as "No Labels" and the "Problem Solvers Coalition," focused on tackling big issues with sincerity. We continue to nurture our relationships with these legislators and all members of the delegation to ensure that common sense prevails and moderate voices are heard.

After all, there have been 17 government shutdowns since 1977. We survived this one, we could survive another. But there is one very important corrective mechanism in place to encourage a change in course: Elections.

Every two years, the entire House of Representatives is up for election. Every four years we elect a new president. As Abraham Lincoln once said, "The people themselves, and not their servants, can safely reverse their own deliberate decisions." ■

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Tax Planning Opportunities

By **Brian Etzkorn**
Senior Manager

Now that the new tax landscape has been set, there are two important developments in 2013 for food processors and agribusiness companies. These have been highlighted because they are likely to have the greatest impact on your tax planning.

#1: Tangible Property Regulations

The final tangible property regulations were issued by the IRS in September and will take effect for tax years beginning on or after January 1, 2014. They apply to all taxpayers that acquire, produce, or improve tangible property. Key points of this regulation include:

- An improvement to tangible property must generally be capitalized. A unit of property has been improved when activities are performed after the property has been placed in service and result in betterment, restoration, or adaptation of the property to a new or different use. For buildings, the unit of property is either the building structure or one of the specified systems, generally leading to increased capitalization.
- There are several safe harbors available, including one for routine maintenance on building and nonbuilding property as well as one for small taxpayers to deduct minor building repairs. For simplicity, you may also elect to capitalize repairs for tax purposes, if you're already capitalizing them for financial statements, by attaching an election statement to your return.
- You may elect to recognize a loss on a partial disposition of an asset. This beneficial election is an improved approach to the rules originally outlined in the temporary regulations.

- You may generally follow your financial statement capitalization policy for purchases up to a specified amount per item if you've expensed the purchases in accordance with your policy for your financial statements. For certain taxpayers, the company's capitalization policy must be in writing as of the beginning of the year—as a result, taxpayers who plan to use this provision for 2014 must act before the end of 2013 if their policy isn't already documented. You must elect this provision each year by attaching a statement to your tax return.
- You may elect to apply any or all of the provisions on your 2012 or 2013 tax return, even if you've already filed your 2012 return. The window to amend your 2012 return is 180 days after its extended due date.
- The annual election requirement for several provisions will require taxpayers and their advisors to discuss these issues each tax year. Once an election is made (or not made), there is generally no way to change it after the return is filed.

The mandatory effective date of January 1, 2014, is quickly approaching, making it essential that business owners understand the impact the regulations will have on the company and to create an implementation plan—as soon as possible—to minimize surprises later. It is strongly recommended that you review your asset capitalization policies to see that they're in compliance with the new regulations and consult with your tax advisor to help you implement necessary changes.

#2: Depreciable Real Estate and Business Equipment

Section 179 Depreciation Deduction

- The Section 179 depreciation deduction for qualifying assets acquired in 2013 is \$500,000. This deduc-

Continued on page 19 >

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For more information, visit www.mossadams.com

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Continued from page 18

tion begins to phase out once total depreciable assets purchased during the year exceed \$2 million, and it decreases dollar-for-dollar above that threshold. The deduction is scheduled to revert to \$25,000 for 2014 and thereafter, and the in-service limitation is scheduled to decrease to \$200,000.

- In 2013, certain real property can qualify for the Section 179 expense deduction of up to \$250,000 of the \$500,000 limit. This will expire in 2014. These rules are complex and should be carefully reviewed with your tax advisor.

Bonus Depreciation for Qualifying Purchases

- For qualified assets acquired and placed in service during 2013, 50 percent of the cost can be deducted in the current year using accelerated bonus depreciation.
- This bonus depreciation provision expires at the end of 2013. Thus, if you're considering a significant asset purchase, it's paramount to consider the timing of that purchase in light of the dramatic upcoming change in the available tax deduction.

State Conformity with Section 179 and Bonus Depreciation

- Be sure to check your state's rules regarding bonus depreciation and Section 179 depreciation deductions; not all states conform to federal depreciation laws.

We encourage you to take the time—sooner rather than later—to evaluate your options and talk with your tax advisor. The tax and financial planning professionals at Moss Adams LLP can help you understand how the new changes impact your business. We encourage you to discuss your specific tax and financial situation before implementing any of the above planning strategies. 

Brian Etzkorn is a senior manager with Moss Adams LLP. Brian has over nine years of experience with a variety of compliance, consulting and planning engagements with an emphasis on taxation, and excels at delivering value-added tax and consulting solutions to clients. His expertise includes identifying and maximizing strategic tax planning opportunities to preserve taxpayer wealth.



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