

MARKETING & DEVELOPMENT DIVISION

The primary goals of the Marketing and Development Division are to maximize opportunities in domestic and international markets for West Virginia food and agricultural products, to increase rural development and agricultural diversity, and to distribute, manage and account for food for West Virginia Child Nutrition Programs and qualified recipient agencies that serve needy families in West Virginia.

Staff of the Marketing and Development Division serves as the primary liaison for the WVDA to many commodity groups, including beef cattle, dairy, poultry, produce, small fruits, honey, processed foods, sheep, swine, horses, aquaculture, apples, peaches and others and provides traditional marketing services, such as market price.

This constant contact with producers allows Division staff to identify and develop marketing opportunities as they arise. Efforts in this area were greatly aided in the past year by the West Virginia Specialty Foods Cooperative, and by combining efforts with the West Virginia Development Office. The Division gathers, assembles and publishes livestock market prices to aid producers in buying and selling decisions.

The Division manages four major institutional farms that utilize state lands to generate beef and other products for state institutions, and oversees the Tobacco Growers' Settlement Trust Fund in West Virginia.

Staff members also serve critical roles in external partnerships and cooperative projects, including economic development boards and public health task forces.

Other activities within the Marketing and Development Division include the licensing of public markets, livestock dealers, and others involved in commodity markets in West Virginia.

The Division's activities can be broken down into three primary areas: assistance to agribusinesses that manufacture value-added food products, management and oversight of food distribution programs, and traditional marketing services that aid producers in livestock and other commodities markets.



Creating and building successful businesses continues to be a primary focus of the Division. This is being achieved through public education, awareness-building, marketing and hands-on development of state companies.

2006 HIGHLIGHTS

- \$468,293 distributed to low-income senior citizens to purchase fresh West Virginia fruits and vegetables.
- Graded 55,000 feeder cattle at special sales, livestock markets, and on-farm.
- \$35 million of feeder cattle sold in West Virginia.
- 8,000 feeder lambs and slaughter lambs graded.
- More than \$6 million in federal funds was expended by the Food Distribution Program.
- 400+ businesses involved in the West Virginia Grown Program.
- 19 State institutions supplied with fresh commodities of beef, pork and potatoes.
- Agri-Tourism and business development programs strengthened.
- 300 Market News Reports collected on over 90,000 livestock.
- More than 5.5 million pounds of apples inspected.
- More than 400,000 pounds of apples inspected for export to Central America.
- More than 2.6 million pounds of peaches inspected.

Agribusiness Development

Creating and building successful businesses continues to be a primary focus of the Division. This is being achieved through public education, awareness-building, marketing and hands-on development of state companies. West Virginia producers benefit from the Division's continuing efforts to identify and expand into new markets within the state, as well as the surrounding region and in foreign countries.

Agribusiness development in the state has seen phenomenal growth, due in part to the efforts of the Division staff who provided advice and technical expertise to new and growing companies, including label development and approval, nutritional label development, kitchen facility research and location assistance, product, business and marketing plan development, FDA approval assistance, product education and process training.

A highlight of the year was the participation in the Southern Christmas Show held in November, 2005, at the Merchandise Mart in Charlotte, North Carolina. The WVDA, in cooperation with the Mountain RC&D and the WV Division of Tourism, sponsored a 1,200 square foot store featuring WV Grown value-added products. Over 45 West Virginia businesses were represented, with gross sales exceeding \$50,000 for the 10-day event.

Also, an informal survey of state producers who attended the New York Fancy Foods Show this year revealed \$2 million in increased sales and contracts. In 2007, Division personnel will lead a delegation from the southern United States on a trade mission to China, and will continue marketing efforts in North America at shows in Montreal, New York and Charlotte.

The Division has also partnered with the Collaborative for 21st Century Appalachia to develop a "Chef to Farmers" initiative, which would match West Virginia gourmet chefs with state agricultural producers. The benefit is fresh, high-quality produce for the chefs and increased sales opportunities for farmers.

The Department also committed to contribute to an inaugural event, the 1st Annual Cast Iron Cook-Off (see photo right) which was held at Stonewall Resort and raised funds to support "ProStart" culinary programs for youth. To date, the group has raised \$6,000 for the Pro-Start program, received \$20,000 from various funding sources, and has applied for an additional \$520,000 in grant funding.



Newly forming and existing agribusiness producers have come to depend on the services provided by the Division as evidenced by the steady stream of inquiries into the WVDA. As the need for producer services increases, the Division has increased its level of efficiency in dealing with the increased demand. The technical assistance currently being provided is evolving and strives to complement the increased capabilities and opportunities that exist as producers continue to grow.

- 400+ Agribusinesses in operation.
- Over 250 percent growth in start-ups of new agribusiness companies in the last 10 years.
- West Virginia agribusiness employment of over 1,500 people.
- Revenue impact of over \$100 million annually on the West Virginia economy.



Marketing staff gave a presentation on Agritourism to Convention of Visitors Bureaus members and other interested parties at the 2006 Tourism Conference in Charleston. In 2006, a series of initiatives were undertaken to develop the first statewide directory and to provide training to agritourism business operators statewide.

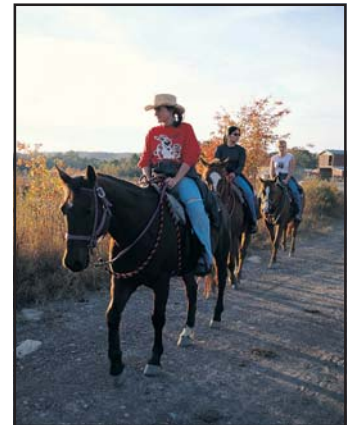
Division services provided to West Virginia agribusinesses include:

- Product development.
- Strategic planning.
- Raw material and resource identification.
- Water activity, pH and nutritional analysis services.
- Packaging and labeling assistance.
- FDA approval assistance.
- Partnership agency involvement.
- Product education and process training.
- Marketing and sales consulting.
- Product promotion opportunities.
- Distribution avenue assistance.

Agritourism Development

A series of initiatives were undertaken to develop the first statewide directory and to provide training to agritourism business operators statewide. Grants were submitted for a Federal-State Market Improvement grant and a Professional

Development Training grant. The agritourism initiative has been included in several joint grants with West Virginia State University and other tourism-development entities in an attempt to develop a long range plan in this important and developing agriculture niche. In February, a staff member attended a



southeast regional agri-tourism forum in North Carolina, bringing together state planners from 14 states to discuss agri-tourism development strategies and develop a networking infrastructure.

West Virginia Grown Program

The West Virginia Grown Program is a statewide, voluntary-enrollment, product recognition program with 400 participating companies and a wide variety of products: food, dried flowers, bath and body care products, candles and herbal products. The assorted product lines range from one product to more than 60 and result in thousands of individual West Virginia-made consumer products being sold throughout the state, nation and world.



Apiary Program

The Apiary Program helps to promote beekeeping as a branch of agriculture in West Virginia, and to minimize the incidence of apiary diseases, parasitic mites and other pests through the inspection of apiaries and sterilization and/or treatment of infected or infested honeybee colonies. Program staff provide educational seminars about the various aspects of beekeeping in order to enhance apiary management skills, productivity and the overall health of honeybees. The Apiary Program also provides consumer information to increase the sale and consumption of apiary products statewide.

- Registered 860 beekeepers maintaining 11,732 colonies in 1,325 apiaries.
- Inspected 4,825 colonies in 253 apiaries.
- Certified 2,109 colonies in 82 apiaries for interstate movement.
- Diagnosed 25 cases of American Foul Brood disease involving 25 colonies.
- Surveyed 4,825 colonies in 253 apiaries for Small Hive Beetle.
- Conducted 78 educational/public relation activities.
- Conducted a beekeeper assistance program, which provided additional inspection service and varroa medications.

Capitol Market – Indoor

Frog Creek Bookstore and Holl's Chocolate renewed their leases for another two years with the indoor market. Winter Floral returned with their Christmas Poinsettia Shoppe in November 2005, with continued sales through the holiday season, and Purple Onion sales have continued to increase along with their returning customer base.



Renovations to Johnnies Fresh Meat Market were completed, which increased the space approximately 1,000 square feet. The meat cutting area was also upgraded to conform to Health Department Regulations.

A new cooler and storage facility was constructed on the east end side of the market to accommodate the tenant's growing needs.

Capitol Market – Outdoor

Christmas Tree Season:

Eight growers leased space this season to sell West Virginia Christmas Trees and other decorative Christmas items, such as roping and wreaths. The 2005 sales of Christmas trees were very successful with all growers reporting inventory depleted completely. The Market provided space for recycling drop-off of unsold Christmas trees for customers, with substantial numbers of trees returned for recycling.

Spring Season:

The Market leased space this season to 22 greenhouse operators. Space is available for two additional vendors if needed. Mother's Day weekend was extremely busy and vendors saw an increase in sales. Most of the vendors reported good sales for the season.

Summer Season:

Thirteen vendors leased space for this season. This number does not include several vendors who rent on a daily basis during the summer. The Senior Citizen and WIC Voucher Programs, along with West Virginia fruit, help these growers tremendously with their sales this time of year. Peach and apple seasons were also successful for participating vendors.

Capitol Market at the Capitol

First Lady Gayle Manchin, along with DHHR and WVDA, created a new project, "Capitol Market at the Capitol," in order to provide fresh fruits and vegetables to the employees working at the Capitol Complex. This project not only provided convenient fresh produce to workers at the Capitol, but also increased sales for the West Virginia growers participating.



Fall Season:

Fifteen growers leased space for the fall season, with some leasing two to three spaces filling the Market with pumpkins, mums, pansies, gourds and other fall products. The Market's scheduled school tours were also successful, with approximately 500 to 600 children visiting during this season.

Logan Farmers' Market

The Market has continued in its growth and community recognition. Good service and good customer accessibility from Corridor G have become hallmarks of the Market, resulting in a clientele that stretches well beyond Logan County into surrounding communities. Many "home-canners" use the Market as their primary source of produce.

The Market also hosted a field trip of local elementary students, and the Kiwanis Club's annual apple butter-making project.

The Market retail store carried products from 40 companies, with sales totaling approximately \$21,900.

Inwood Farmers' Market

The Market carries products from 130 West Virginia companies, consigns with 75 companies and leases storage space to 2 companies and area growers. The Market and Cold Storage total revenue are as follows:

- Resale Merchandise: \$42,002.05
- Consignment: \$ 22,836.57
- Wine Sales: \$ 14,676.99
- Storage Netted: \$ 44,666.88
- Storage Leased: \$ 9,914.24

The Market also hosted several successful open houses this fiscal year, including a Fall Harvest in September, Christmas in November, Front porch sale in May, and a Bio-Diesel open house in June. The Market has held an apple sale in March.

Biodiesel Sales at Inwood Market

Inwood Farmers' Market began selling 55-gallon barrels of biodiesel fuel in April in response to its growing popularity in the Mountain State. The fuel is available by the drum or in lesser amounts for around \$3.89 a gallon. Nationally, biodiesel consumption grew from virtually zero in 1999 to 75 million gallons just six years later. The fuel comes from a plant in the Richmond, Va., area and is pure biodiesel, meaning it must be blended with petroleum by the buyer.



Food Distribution

Senior Farmers' Market Nutrition Program

One of the Division's most popular services is the Senior Farmers' Market Nutrition Program. West Virginia received \$468,293 for the program this fiscal year, which is targeted at senior citizens who have an income level of 185 percent of the poverty level or below. The Program is available in all 55 counties of West Virginia. Eligible participants are allocated \$20 in \$2 coupons to be used at participating farmers' markets or farm stands to purchase West Virginia-grown fruits and vegetables. It is federally funded and benefits the state's large population of senior citizens, as well as numerous farmers throughout the state. A little over \$7,000 was invested in print media advertising to promote the program in 12 major markets across the state to make eligible seniors aware of the program and how to register for it.

Food Distribution Section

The mission of the Food Distribution Section is to provide economic support through food distribution to West Virginia Child Nutrition Programs and qualified Recipient Agencies that serve low-income and needy families. Foods are provided by the USDA under price support and surplus removal of Title 7 of the Code of Federal Regulations and through the Fresh Produce Program of the Department of Defense Farm-to-School Program.

Deliveries are made to recipient agencies at least monthly, often twice a month, and occasionally three times a month. The Food Distribution Program operates out of leased warehouse space of 66,000 square feet with 10,500 of that being freezer space and 1,700 square feet of cooler space.



The Division maintains a small fleet of trucks to make deliveries to recipient agencies including all 55 county school systems covering 712 schools; 54 additional child nutrition programs; 22 child and adult care feeding programs; two food banks serving 273 reported food pantries; and 49 homeless shelters, soup kitchens and other charitable organizations. This equates to a total of 182 agencies served directly by the Food Distribution Program and 985 sub-recipient agencies.

The following tables summarize statistical data outlining the number and value of cases distributed for Fiscal Year 2006:

Cases Distributed Between 07/01/05 and 06/30/06		
Program	Number of Cases	Dollar Value
Child Nutrition Programs		
Schools	248,640	\$5,123,741.74
CACF	2,737	55,955.21
Summer Food Service	914	19,218.30
Total CNP	252,291	\$5,198,915.25
TEFAP		
Food Banks	189,317	\$2,300,921.42
Soup Kitchens	8,840	104,579.71
Total TEFAP	198,157	\$2,405,501.13
GRAND TOTALS	450,448	\$7,604,416.38

Cases of DOD Fresh Produce Distributed to Schools Between 07/01/05 and 06/30/06		
Item	Number of Cases	Dollar Value
Potatoes	3,630	\$46,583.27
Onions (White)	852	\$5,091.13
Onions (Red)	597	\$2,829.00
Onions (Yellow)	628	\$2,151.25
Romaine Lettuce	1,374	\$30,063.12
Baby Carrots – Individually Packaged	1,833	\$35,781.99
Apples, Empire (100s)	928	\$22,606.08
Apples, Empire (113s)	1,151	\$31,689.33
Apples, Red Delicious (100s)	2,756	\$51,093.62
Apples, Red Delicious (113s)	2,715	\$50,777.21
Oranges	1,991	\$30,143.74
Cantaloupe	1,656	\$14,904.00
Tangerines	2,210	\$28,509.00
Watermelons, Seedless	5,024	\$45,585.84
Grape Juice	590	\$16,992.00
TOTAL CASES	27,935	\$414,800.58

Traditional Marketing Services

Traditional marketing services include grading, inspection services, and price discovery opportunities. The grading and inspection services are provided for beef cattle, lambs, pigs, apples, peaches and all fruits and vegetables on a receiving-point basis. Price discovery, or market news, is the independent collection and dissemination of price information so individuals buying and selling the commodity may be aware of the unbiased price being paid on the open market. Market news is collected on feeder cattle, slaughter cattle, hogs, sheep and lambs, goats, apples, peaches and tobacco.

Livestock Grading and Marketing

- Feeder cattle and lamb grading services to approximately 12,000 livestock farmers in West Virginia.
- Collection of livestock market news at 12 West Virginia auction markets.
- Supervision of 10,000 acres of state owned properties to provide food for 19 state institutions.

Beef Cattle Marketing

Twenty-two percent of the total gross revenue to farmers in West Virginia comes from the production of beef cattle throughout the state, and Division programs help provide additional value to state producers.

Livestock staff are responsible for the grading of feeder cattle and collecting market news throughout West Virginia. These services are provided at 12 livestock markets and



The year 2006 was excellent for livestock marketing. Record prices were received throughout the industry for feeder cattle. Over 19,000 head of feeder cattle and calves were marketed through the West Virginia board sale program, co-sponsored by the WVDA, the WV Cattleman's Association and auction markets throughout the state.

one lamb pick-up station, as well as farm locations for the 12,000 livestock producers in West Virginia.

Staff utilized the USDA Feeder Cattle Grade Standards in evaluating feeder calves and yearlings located throughout West Virginia. Additional information collected included the vaccination program, weigh-up conditions, and other pertinent livestock marketing information to West Virginia farmers and auction markets located throughout the state. This program provided \$14.5 million of cash sales of beef cattle in 2006. This outstanding marketing program has been extremely successful and continues to see growth at approximately 5-6 percent per year. Livestock staff graded an additional 36,000 head of feeder cattle and yearlings in our in-barn sales with an overall economic value of approximately \$20 million.

Economists have known for a number of years that the multiplier effect in the beef cattle business has yielded approximately \$5-\$6 per dollar produced at the farm location. Farmers generally take money that has been received for the livestock sold and reinvest it in fertilizer, feed and other farm items; therefore, the total economic value of the beef cattle business in West Virginia ranges from \$400-\$500 million.

Marketing of Other Livestock

West Virginia has a large livestock industry outside of cattle. Staff worked with commercial and purebred shepherds, equestrians and swine producers to promote West Virginia-raised livestock. Staff provided lamb grading services to one lamb pick-up station and other livestock auction markets. More than 8,000 head of lambs with a value of \$800,000 were graded during the past fiscal year.

According to the 2006 Agriculture Statistical information, West Virginia had an inventory of 32,000 head of sheep and lambs, 8,000 head of swine, and 19,000 head of goats with a total inventory value (not including equine and goats due to the lack of statistical information) of over 4.9 million dollars.

The equine industry, according to the WVU West Virginia Equine Economic Impact Study, estimates 56,800 equine in the state with a value of \$8.6 million dollars. The goat industry had a significant increase in inventory over the year as did the sheep industry. The average price per hundredweight of the sheep and lamb crop rose considerably compared to the 2005 prices (sheep \$41.80 from \$36.90 and lambs \$110.00 from \$102.00).

Market News Collection

Staff collected market news on approximately 90,000 head of livestock during the past year. These reports were made and collected on more than 300 livestock sales throughout the year.

All livestock market data is collected by our independent specialists and is forwarded to the Charleston office. This information is assembled and made available via an automated telephone system and the internet, and is made a part of the national USDA market news reporting system that is available 24 hours a day to farmers and other interested individuals.

State Owned Farms/Institutional Food Production

The Division operates state-owned farms at Huttonsville, Pruntytown and Lakin facilities. These farms continue to produce beef, pork and potatoes for 19 public institutions operated by the Department of Health and Human Resources, West Virginia Department of Corrections, and the West Virginia Department of Juvenile Services.

The Division maintains an approximate inventory of 1,750 head of beef cattle and hogs. During the past year, 737 head of beef, 533 head of pork, and over 76,550 pounds of potatoes were delivered at various locations throughout West Virginia. Total wholesale value of the product was \$674,062.94, up 17 percent over the previous year.

An additional 15,000 pounds were donated to Mountaineer Food Bank and 15,000 pounds were marketed through the Charleston Farmer's Market.

More than 23,000 man-hours of inmate labor were utilized at our Huttonsville and Pruntytown farm locations. The farms provide a positive work experience and job skills for inmates housed at various facilities.

Staff has done an outstanding job of taking on more specific responsibilities with inmate supervision, beef cattle production, potato production and improved machinery and

facility operation and maintenance schedules. With limited staff, the programs have gone forward in a very productive fashion. The Pinecrest operation was closed and the cattle transferred from that facility to the Lakin facility in December of 2005. This provided more efficient utilization of staff and continued overall supplies for public institutions.

The Lands Section also maintains a number of leases with local entities and the Division of Natural Resources (WVDNR) to allow for public hunting.

General John McCausland Memorial Farm

This demonstration facility's primary objective is beef cattle production. During the past year, farm staff was responsible for the management of approximately 100 head of spring-calving beef cows. The herd achieved a calving rate of 95 percent. Eighty acres field corn was also produced with over 22 ton/acre silage production and 600 round bales of hay were harvested.

Fruit and Vegetable Inspection Service

Fresh Pack Fee Collected For Apples, Peaches, and Nectarines

Fees Collected \$8,526.48

Apple Products Inspected

Tray Pack (40 lb.) 74,238 Cartons 2,969,520 lbs.
 12, 3-lb. Bags (36 lb.) 31,506 Cartons 1,134,216 lbs.
 Bushel (40 lb.) 27,376 Cartons 1,095,040 lbs.
 8/5 Lb. Bags (40 lb.) 7,985 Cartons 319,400 lbs.

Included in above totals – 10,142 Cartons, Tray Packs Exported to Dominican Republic and Panama

Peach Products Inspected

38 lb. net wt. 5,775 Cartons 219,450 lbs.
 30 lb. net wt. 11,050 Cartons 331,500 lbs.
 25 lb. net wt. 83,113 Cartons 2,077,825 lbs.

Nectarine Products Inspected

38 lb. net wt. 2,660 Cartons 101,080 lbs.
 25 lb. net wt. 12,550 Cartons 313,750 lbs.

Processing Fees Collected for Apples and Peaches: \$23,673.80

Products Inspected:
 Apples – 2,057,291 Bushels (40 lb.) 82,291,640 lbs.
 Peaches – 9,340 Bushels (50 lb.) 467,000 lbs.