



## SUMMER 2012

GROWERS' CO-OPERATIVE GRAPE JUICE CO., INC. • A PUBLICATION FOR OUR PRODUCERS

112 N. Portage Street • Westfield, New York 14787 • 716/326-3161 • www.concordgrapejuice.com • e-mail: growers@cecomet.net

### GM'S REPORT CHANGE ON THE HORIZON

The Great Gretzky had a famous line that went something like "I don't skate to where the puck is, but to where the puck is going to be". In the Concord grape world it is easy to be focused on where the business is now and the short term challenges of a small crop. Instead of getting consumed with this, we have been looking beyond today and preparing for the challenges we see next year and beyond.

In May, Steve Cockram and I attended the JPA (Juice Products Association) annual meeting at the Greenbrier in southern West Virginia. Through one on one meetings with our customers, and the general group sessions, it became clear that our customers in the retail juice business are having a hard time putting a product on the market that meets the health needs and price points of today's consumer.

In general, pricing for the main retail juice ingredients, apple, orange, cranberry, and grape are all high. This is due to varied conditions in the global markets and relatively short supplies. As other economies grow and the US dollar stays low (from high public debt), the other farmers of the world are able to command higher prices for the food they grow. The current high prices for grape and non grape substitutes certainly help us, but it also erodes demand. We have not seen the impacts of this eroding demand however due to our own sales diversity and short supplies in the Concord industry over the past 3 years. We probably won't see it this year either with the poor Eastern crop which has dwindled from multiple bud killing freezes this past Spring.

In addition to eroding demand from higher prices, the

Juice Industry is being challenged by a growing number of negative health claims. Dr. Oz opened his 2011/2012 talk show season with negative publicity on heavy metal content in juices. The bad publicity focused mostly on apple juice and arsenic, but it cast a cloud on the whole juice industry in general. On a second health front, it appears bad news on obesity sells too, as media continue to hammer on high calorie drinks as the cause of an obesity epidemic in America. This issue was front page as recently as 3 weeks ago when NYC Mayor Bloomberg's administration began a push to ban all high calorie drinks above a 16 oz. serving size from sale in stores in NYC. Don't walk down Times Square with a Big Slurpee this summer or you might be questioned on where you purchased the contraband!

The positive image built up for juices over many years can be quickly forgotten by many consumers in the face of bad publicity. I guess the only food segments worse off these days are the guys making pink slime and raising birds in small chicken coops. I wonder what my great grandmother who raised nine kids by herself on a Depression era farm in West Valley, NY would have thought about all of this. She probably would have said Pink slime went into the stew meat as the scraps from butchering, and small chicken coops are easier to clean, and weren't bad accommodations for short lived mean birds that no one wanted to pet anyway.

Oh Well, back to Wayne Gretzky. The fore checking is definitely tough these days, but nothing worth having comes easy. Here at the Plant, our eyes are open wide, moving forward with our head on a swivel looking for our next opportunity while always focused on the goal..... Always on the Goal.

Dave

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### A GLOBAL HARVEST!!

Mechanical harvesting of concord grapes was well established in our area in 1970. Grape growers of all stripes were looking for any edge when it came to reducing costs and improving efficiency. Harvesters were designed to remove grapes with slight trellis alteration—making the transition to mechanical harvesting fairly easy.

Now, 50 years later, mechanical harvesting is going Global with fruit and nut growers. In addition to increased scrutiny over immigration and the industry's traditional labor supply has increased the interest among all growers in advancements in mechanical harvesting.

The IFAS presented a study on how immigration reform is creating a world of uncertainty for growers. The study noted that estimates show that more than 70% of Florida's farm workers are undocumented to work in the U.S.A.

Growers of tree fruits are having to look ahead to entire orchard production systems of fruit and nuts being changed with mechanical harvesting being a key component of those changes.

This scenario has a familiar ring to Concord Grape Growers!!! Happy Concord Grape Harvesting!!!

Steve Baran-President

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## FINANCIAL OVERVIEW (3<sup>RD</sup> QTR F11)

Category	YTD	Prev. YTD	Difference
Bulk Sales (gallons 68 Brix eq)	521430	520006	+1424
Retail Sales (no units)	134203	105587	+27%
Other fruit processing (tons)			
Grapes	3925	3722	
Blueberries	1073	1400	
Cherries	0	0	
Other	97	20	
Juice/bottoms (000 gal)	1232	1127	
Distributed Proceeds to date (\$/ton)	301	329	-28
Projected crop close (\$/ton)	480	454	+26



YTD Sales are up by 1,424 gallons, but pace of sales will slow in final quarter as SS sales are complete for year and mgmt purposely avoids any new sales to insure we have sufficient carryover to help with anticipated shortage from small 2012 crop. Non kosher SS juice sales to wineries set an all time record for 2011 crop. Retail sales continue to show positive year over year comparisons but at a slower rate. Contract processing activities have been good for Spring, but availability of some crops (tart cherry freeze in Lake Ontario) and early grape harvest may limit opportunities for running as much other fruits as we would have liked in short term. Distributed proceeds (includes certificate redemptions) are slightly behind last year on a per ton basis, but paying on much more tons for 2011 crop vs 2010 and 99 redeemed cert larger than 98 cert.

### ON THE ROAD AGAIN

On the road again! That is my mantra, day after day in the little red truck on the road again. When I started this job in 2008 the truck had 7400 miles on it and today it has 122,489 miles. Oh my, and it is still running like a top and is comfortable. I don't use the radio much I enjoy the peace and quiet to think and relax before the next stop

But, on that road I have seen many great sights and experienced many wonderful happenings. Like driving down Interstate 86 along the Allegany River and watching a Bald Eagle travel beside as he looks for prey and I am just riding along enjoying the glorious sight, or on my way to Sherman on Route 21 just turning the corner before Route 76 and seeing a black bear sitting there watching me pass by. I had to stop and watch him for a moment as he watched me as if to say where are you going? I wonder if he would like one of our new fruit stix to chew on.

Last time I was in Central Pa. I came back on route 15 all the way to the Finger Lakes to make a final delivery. What a magnificent sight to see. The view along that road is a wonder, now I understand why they say Pennsylvania is the Beautiful State. I have very much enjoyed all of Pennsylvania and we have many stores that take our products. It is amazing how our grape juice can sell itself just my word of mouth and tasting.

Seems like I travel through many back roads in New York through Amish land, the one thing I love about the Amish is there peacefulness and kind ways of working with you, just honest plain folk. The farm lands of New York are majestic, who needs New York City to visit just go visit Upstate New York for a vacation.

All in all I love my job it is fun, I get to meet lots of great people, I laugh a lot, and see many new sights every day. When I pull in the driveway at the end of the day more of that Concord grape juice is sold, the truck is dirty and I am a bit tired and the windshield is full of bugs. Oh by the way do you know what goes through a bugs mind when he hits the windshield? His Ass.

*Patty Hathaway, Retail Salesperson*

### FIELD REPORT

The 2012 growing season is surely one we would like to forget but will be unforgettable. We started this spring with unseasonably high temperatures in the month of March, the continued warmth in March led to the earliest bud break on record resulting in a higher potential for frost damage. The odds were against us and we received numerous frost events throughout late March and April. This damage is very widespread and significant in many blocks. Subsequently the CoOp is looking at one of the smallest crops in terms of tons per acre in years.

With the very small crop that is expected we are in dire need of good information from the grower so we can manage the grape receiving in the most efficient way possible but also giving the growers time to cover the acreage. With the continued warmth and very early bloom date it appears that harvest will start well ahead of average as well. There is a possibility that we could start receiving grapes as early as the week of Labor Day. In the months ahead be thinking about getting the harvesters and equipment ready to roll as this harvest season is surely going to arrive early and all growers are going to want to be ready to cover the ground as efficiently and as fast as possible, making sure your equipment is ready could take some stress off at a stressful time of year.

If you have any questions or concerns you can reach me anytime on the cell at (716) 753-6843 or you can email at [andy@concordgrapejuice.com](mailto:andy@concordgrapejuice.com).

Have a Safe Productive Summer!!

*Andrew Knight, Field Rep.*

## BEST OF LUCK FRIEND

Sixteen years ago (August 1996), a man walked into Grower's Cooperative seeking employment in the maintenance department. The management at the time looked at his credentials from past employment and decided that he might be a good fit for the Grower's Team. So Gene Steger was hired with his many skills coming with him. His strong point is electrical and refrigeration but he also has strong knowledge in all of the areas that is needed for plant maintenance. "Geno" worked in other juice plants, food processing plants and a large local bakery. As it turns out "Geno" brought a lot more knowledge with him than was expected at first. He not only knew general maintenance issues but also Grower's found out he was a good idea man and planner. He has designed some new systems in the facility as well as updating and making existing systems more efficient.

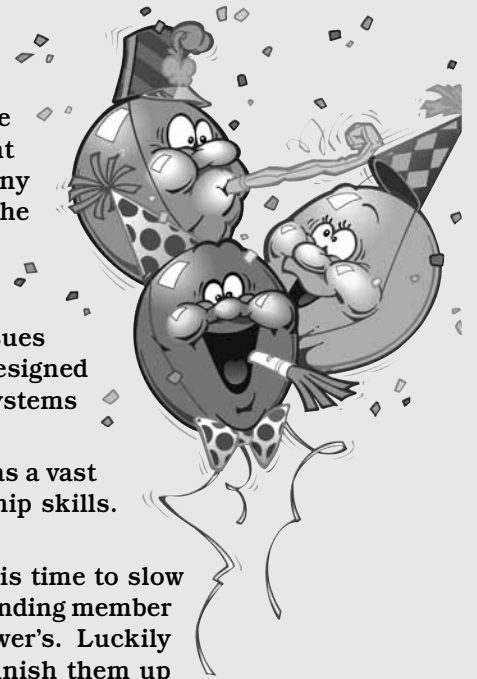
Born and raised in Dunkirk, NY, a graduate of Dunkirk High school. He has a vast amount of training in maintenance, refrigeration, electric work and leadership skills. "Geno's" pride and joy is his daughter Heather who, lives in Skanaletes, NY.

Grower's Cooperative would like to announce that "Geno" has decided it is time to slow down a bit and enjoy life. He will be retiring in July of this year. He is an outstanding member of the Grower's Team and will be sadly missed by all of the Team here at Grower's. Luckily though he has already started some projects and will be helping Grower's finish them up and consulting on other projects down the road

On June 28<sup>th</sup>, a Retirement Party was held in "Geno's" honor at the American Legion in Westfield with fellow Team Members, Board members and a few vendors that he has worked with for many years. His daughter Heather surprised him by attending the party. He was not expecting her to be there and when he saw her, his smile was from ear to ear. A good time was had by all with good food, gifts and most importantly, GOOD FREINDS.

So if you see "Geno" walking around the plant or uptown be sure to shake his hand to say Thank You for sixteen years of great service.

We all want to wish you well and to take time to smell the grapes this fall and not have to worry about machine breakdowns.



## EIMCO ROTARY VACUUM AUTOMATION

Looking back to previous grape harvest seasons, we look at areas for improvements that make employee tasks easier. This isn't necessarily meant to give them less to do, it is meant to allow them to use their time more efficiently. Last year with the implementation of the Discflo and a control system to make it hands free, gave the press shed lead man more time to address other areas. This project proved itself and made the process flow from the outside dump hopper to the inside cold kettle smooth and effortless. A machine which we find our lead personnel spending a lot of time and effort babysitting is the Eimco rotary vacuum filter. Three Eimco kettles receive juice from the presses; paper is added into each kettle which is then pumped into the Eimco trough. The goal each grape harvest is to maintain 1.5 kettles in this 3 kettle system. These 1.5 kettles allow the operator time to add paper and provide a buffer to any upset in the system. It was seen with the Discflo that the pump ran at different motor speeds to maintain the desired level. Variations of incoming grapes tend to produce different juice yields. These variations don't allow for a "set it and forget it" style of running, because manual changes are required to compensate for these variations. This is part of the reason why it is difficult to constantly maintain the desired 1.5 kettles at the Eimco.

To solve this task, a few electronics will be implemented to assist the machines involved and allow them to react/adjust at a real time rate. Incoming flow rates to the three Eimco kettles (from presses) will be the set point speed for the pump that is taking juice out of these kettles and pumping it into the Eimco trough. If 80 gallons per minute is observed as the incoming flow, than a rate of 80 gallons per minute will be the flow rate out of the kettles into the Eimco trough. As incoming flow rates change, it will automatically change the outgoing flow rate. The Eimco pulls juice out of the trough and will be treated "independently" of the flow rates entering and leaving the three Eimco kettles. Although, a change in speed will result in a change of level in the Eimco trough (since Eimco speed is set manually). A level sensing device on the Eimco trough will speed up/slow down the Eimco as necessary to maintain a consistent level.

This project will be fun to implement and it will be very interesting to see the impact during grape harvest season. This is a great step to aid operators here at Growers achieve a balanced and steady operation. A side effect to this project will be seen after harvest when bottoms are processed on the Eimco, but that story can be saved for another newsletter. Stay cool.

*Joe Schuster, Plant Engineer*

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## SQF AUDIT PREPARATIONS

The food industry continues to move to a more conservative food safety model, driven by the biggest retailers. They tell the bottlers that food safety systems such as SQF are the way to go, and bottlers push it on to primary ingredient suppliers. Several of our largest customers have given us deadlines for operating under SQF (Safe Quality Food) systems.

Growers' preparations for next spring's SQF audit continue. The mantra of the food industry is becoming "Say what you do, do what you say, and document that you did it." The corollary is if you don't have ongoing documentation for something, you didn't have control over your process. Like spray records, for a farming example. SQF is also about risk avoidance. It is no longer good enough to survive a dangerous situation, or even avoid a dangerous situation, but an organization has to develop systems so there is minimal risk that the danger could even occur.

Operating in risk-averse systems can appear to be picky. The rules may appear to be arbitrary, and requires a lot of employee training and education. Employees have to know why the rule exists, not just to blindly follow something that isn't immediately obvious. Employees

also need to be dedicated to the system. They need to be "all in". Checks of records will show if they have done it. There is no solution for an empty form.

Operating in a SQF environment will also cost more. Not just to prepare for an audit, but on an ongoing basis. We have never had an environmental testing program. Having all of our product in tanks throughout the process protects it from whatever may be in our drains, or on walls. Our finished product micro counts have demonstrated this for years. But SQF says we need know what is lurking in our drains, know how to react to any bad bugs that we may find in the drain, and then demonstrate that our corrective action was effective. So we will need to hire an outside firm to test drains on a periodic basis. While the cost won't seem like much while returns are good, it will when Concord pricing drops to more historic levels. Then we will show how committed we are to the SQF food safety model. The Safe Quality Food system will have a payback in that it will protect us from food disasters and also get customers who are more loyal to their suppliers.

*Steve Cockram, Technical Director*

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