



## SUMMER 2013

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

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### GM'S REPORT -

#### TAMING THE "MONSTER CROP"

Last month in our Board meeting, the Directors seemed to run out of adjectives to appropriately describe projections for the 2013 harvest. Eventually someone used the term, "Monster Crop"!

After walking through my own vineyard and others recently I've muttered the same adjective with maybe some added words and emphasis. For months, we have been preparing for a big crop, and the variables moving it into a potential monster category are:

- Fruitfulness of the vines following last year's freeze
- larger amount of buds left from trimming (fear of another freeze)
- large number of clusters
- large set (high amounts of grapes per cluster)

The monster crop scenario has had many members thinning their vineyard blocks to help insure ripening and to maintain vine vigor for the next year. The plant management is preparing a tank fill plan to process and store a monster crop. A higher percentage of concentrating is required to fit a greater tonnage. A storage plan with a high percentage of concentrate in the product mix results in a slower daily throughput and a longer than preferred harvest season. Post season concentrating and processing of accumulated tank bottoms is also a challenge when storage is max'd out and workers are tired following a long harvest.

The 2<sup>nd</sup> challenge after receiving a monster crop is to make finished product ready for customer samples and negotiating a new price that will procure sales commitments in what is expected to be a much more competitive market than we have seen in recent years. Many customers will be out of juice from the small 2012 crop and will be anxious for samples. Other commodity white and Red grape varieties are projected to remain in relatively short supply which may somewhat temper a Concord price drop.

The diversity of our customer base should provide sufficient sales opportunities to move the crop. Our customers selling branded and private label juices will be looking for lower prices wherever they can get them. They have seen declining sales in recent years due to higher raw material prices and consumer preferences shying away from high calorie juices. Fortunately our winery customers have offset these declines and other specialty and price sensitive segments like kosher, USDA, and export will see more activity from Growers this year.

It is never boring in the grape business. Mother Nature can give and take away and we have to be ready for all scenarios. Past challenges have prepared us well for whatever may come this season. Being prepared can make a tough task more manageable, and as always Co-Operation is needed to make it all work.

Enjoy the rest of Summer and See ya'll round the scale house at harvest time!

*Dave*

### PRESIDENT'S COLUMN

As we enter into the season of warmer temperatures and **finally drier** weather, the summer time doldrums set in. One could possibly think, with last year's smaller Concord grape crop and the effects from no grape contract processing, that would be the case here at Growers Co-Op, but quite the contrary. The Co-Op has been very busy with a lot of activity beginning last winter. December started with the consideration of an alternative sugar brix policy and the formation of a committee to investigate. January came next with committee meetings and to present their recommendations to the board and the policy was reviewed by the board in February. Group presentations were held in March with the implementation of the new policy to begin in the 2013 harvest season. In addition, the contract processing of blueberries and cherries this spring/ summer has helped off set the absence of the grape contract processing due to the numerous 2012 spring freezes.

The Co-Op's 2013 Capital Expenditures that were undertaken this year have been rather large and time consuming. In past years a few of these expenditures were either not feasible or postponed due to previous year's lower earnings and loan payments to Co Bank. The higher earnings at the present time, the need to be compliant with the latest food

industry standards, preparations for our upcoming SQF audit, and to continue with the boards and managements vision of expanding the contract processing business were all contributing factors in the boards decision to approve and move forward with these improvements. During these past few months, the plant has undergone several major projects to improve our infrastructure. Modifications and relocations of existing equipment in addition to new equipment purchases has also been a priority. Most of these projects were undertaken and completed by our management team and employees providing a savings in cost.

As you read the related news articles, their summaries will provide more detailed information on a couple of these expenditures, provide some explanations on the needs for safety; the benefits, savings and efficiencies and how they will in the future provide a safe work environment for our employees; help reduce cost by becoming more efficient; and provide additional savings to the Co-Op and its members. As Growers Co-Operative Grape Juice Co. strives to remain competitive in the grape juice market we believe these policies and expenditures will assist us in our endeavor.

May everyone relax, have an enjoyable summer and as the 2013 harvest approaches have a safe, productive and less stressful harvest!!

*Ron Nutting, President*

## FINANCIAL OVERVIEW (thru 3rd QTR F13)

| Category                              | YTD    | Prev. YTD | Difference |
|---------------------------------------|--------|-----------|------------|
| Bulk Sales (gallons 68 Brix eq)       | 506951 | 521430    | -14479     |
| Retail Sales (no units)               | 163740 | 134203    | +22%       |
| Other fruit processing (tons)         |        |           |            |
| Grapes                                | 2927   | 3925      |            |
| Blueberries                           | 2995   | 1073      |            |
| Cherries                              | 0      | 0         |            |
| Other                                 | 63     | 97        |            |
| Juice/bottoms (000 gal)               | 0      | 1232      |            |
| Distributed Proceeds to date (\$/ton) | 396    | 301       | +95        |
| Projected crop close (\$/ton)         | 480+   | 480       |            |

As expected, YTD Sales are down by 14,479 gallons due to less product to sell from small 2012 crop. This juice has been fully committed for a long time and some customers will need replenishing soon after harvest completion. We will need to turn around new crop quickly to insure customers do not wait for orders. Retail sales continue to show positive year over year comparisons but at a slower rate. Contract processing activities have been good vs prior year. Tart cherry crop being processed presently and have full schedule for August Blueberry processing. Distributed proceeds (includes certificate redemptions) are well ahead of last year on a per ton basis, but will be slowing down in last quarter as we run out of product to sell and conserve cash for large crop processing expenses and down payment.

### STARTUP OF THE NEW D5LN DECANTER

There have been talks of purchasing a new Decanter centrifuge for a few years and during those talks we have spent numerous hours researching brands, sizes and design. This research was done by visiting other processors, listening to vendors explain the benefits of theirs versus the other and actually demoing the units available. After many hours spent reviewing and comparing data and performance we decided on purchasing a new D5LNV2 Andritz Decanter Centrifuge. This installation to date has been flawless and was money well spent. The technology behind this unit from the simple design, ease of maintenance, availability of parts and the programming has been a great improvement to our processing system. The performance of the new decanter has shown to be exactly what we were looking for; it has given us improvements in the following area:

- 1) A 12% increase in through put which gives us the desired throttle during processing of many fruits, i.e. blueberries, cherries, grapes and future cranberry / apple runs.
- 2) A >10% decrease in pomace moisture which in the end leads to greater yields.
- 3) A direct driven planetary gear box was a great mechanical improvement over the dual belt driven cyclo gear box that was on the old unit. This change is a more reliable and standard style gear box.
- 4) The simplicity of the manual greasing of bearings over the internal oil misting systems by far has shown its benefits with lower bearing temperatures.
- 5) The overall maintenance costs of this machine because of the simplicity of working on it in place and the availability of stock parts will prove to be greatly reduced.
- 6) Andritz also offers a very detailed PM program that demonstrates these costs and the suggested timing.
- 7) The ability to run the machine (based on the product) using either a torque monitoring control which allows the machine to adjust its own variable speed or a variable speed mode which gives the operator the control they need to get the desired pomace moistures and discharge solids.
- 8) This unit also offered a pond depth adjustment which serves many purposes:
  - a) Allows for better bowl and scroll cleaning by providing you the option as to where the CIP solution goes
  - b) Gives the operator the ability to adjust pond levels for a cleaner solids discharge and greater control for pomace discharge moistures.
  - c) Replaced the centripetal pump.
- 9) This unit provides an independent scroll function to assist with cleaning of the scroll.



To wrap up The Andritz D5LNV2 has allowed for increased through put utilizing its more efficient torque controls, superior mechanical design, vibration monitoring system, and control systems. They have also demonstrated that they will stand behind their machine and assist you when needed. I am very confident the D5LNV2 will be assist Growers Coop in bringing in an expected large crop and help us with future contract processing needs.

Todd Donato



## ADIOS, ELISEO

July 15<sup>th</sup> was Eliseo (Ellie) Deleon's birthday and it is also the day that this smiling hard working man retired from Grower's Cooperative. He joined the Grower's team in 2002 as a part time seasonal employee and through hard work and showing his loyalty he was hired full time in 2008 and has

proven time and time again that he was a great hire.

Ellie was born in the small village of Humacao, Puerto Rico and was one of four brothers and eight sisters. At a young sixty six he is still very active and healthier than a lot of younger people. His Mother was very active like Ellie and she lived to the age of one hundred and two years old.

When Ellie started working at Grower's on a part time basis he told me that he was afraid of how people would treat him, but he said within a few short days he realized what a great team we had here and he knew he would fit in easily. Ellie started out with doing general work such as the barreling line, helping at the dump hopper, cleaning and other duties. When we would come into work in the morning Ellie was waiting with a smile and with a cheerful good

morning greeting then what do you want me to do today and was never late. He always did his best and more. He eventually received fork lift training and how to load trucks, driving for the barreling line and most importantly he lead the dumping process of fruit at the hopper and made sure it is a safe and efficient system. He trained new fork lift operators in the proper and safe way to work at the dump hopper. He is always watching his crew and talking to them when he sees something wrong.

In his time off from work he likes to spend time with family and friends. He has one son and one daughter and enjoys his three grandchildren. He likes his quiet times doing things such as fishing, sitting in the yard with a cold drink, and likes to cook Spanish foods and is very proud of his heritage. He made a trip home to Puerto Rico a couple years ago and is making plans to go back later this year or early next year for another visit with his family and friends.

Ellie is very dedicated to his family and to Grower's Cooperative which can be seen in his big smile and work ethics. He told me that the other employees here at Grower's are more of a family to him than just work mates.

Yes, we are saying Adios to this hard working man but luckily for us here at Grower's he will be coming back on a part time basis when needed to work on the barreling line and more importantly taking charge of the dumping area at harvest time with his big smile and his cheerful good morning and what do you want me to do today!!!!

Congratulations and best of luck Ellie from all of your family here at Grower's!!!!!!!

## WE PASSED OUR SQF PLANT AUDIT!

In early July, Growers had its SQF plant audit. The preliminary result is 88 out of 100, which is passing, and better than we expected. We now have 30 days to demonstrate correction of the deficiencies noted by our auditor and then we will be officially certified. Some of our largest juice and contract processing customers have been waiting for this certification for quite some time. One very large customer has said that it can't do business with non-certified companies. While we always knew we made Safe Quality Foods, this gives us an outside stamp of approval.

Our overall process has been in the works for more than two years. We looked at the various systems and decided to use the SQF model. We pored over SQF's code and compared our policies and procedures to what the code says are best practices, and got them in alignment. We updated forms and employee/ management practices, and documented it. Back in March, the desk audit validated that they were matched up. Then SQF updated the version of its code and we had to incorporate that into our safety systems. This plant audit demonstrated that we actually do what we say we are doing and this all aligns with the most current code. (FDA is slowly updating its code and there will be more alignment to do there, but that is another story.)

The auditor spent about 70% of the time reviewing documents and the rest in the plant observing personal hygiene and asking employees questions. Our employees did a good job with their answers, especially Dan Sotomayor, Josh Smith, and Mike Clute. They spoke about and demonstrated their functional knowledge of food safety.

One of the things that this audit brought out, and many prior customer audits as well, is that this facility dates back to 1929, 1930s, 1949, 1968, 1973 etc. It is old, but we need to maintain it to current Good Manufacturing Practices standards. As traces of acidic juice runs down drains, it slowly eats away at the concrete. We need to periodically refurbish those drains, which takes capital dollars. Floors and roofs take lots of dollars. Is there a financial return to you the farmer on this spending? No, other than some of our major juice customers are more willing to do business with us. One of the things that GMP compliance and SQF certification are going to force us to do is to spend about a quarter of our capital dollars on facility upkeep, rather on items that directly generate revenue. I had a former boss who simply called that, "The cost of doing business."

The photo shows most of the documents we went through to demonstrate that we really did what we said we would do.

*Steve Cockram, Technical Director*





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## TRACK ROLLING BRIX AVERAGE

In a meeting a few months back I began to hear terms like average, weighted average, mean, variance and standard deviation. It brought me back to statistics class my junior year at Penn State and I thought "Ah crap". Knee deep in electronic circuit design, signals and systems, microprocessors and I have this teacher preaching about probabilities and how to analyze and organize a collection of data. I'll admit the probability for me to be 100% committed to his lecture at times was low; he sure was good at determining the probability of a horse winning at the track. But that I digress.

Since the 2011 grape harvest season there has been an additional number on each weigh ticket, farmer average brix. This number represents a weighted brix average of deliveries brought by each individual farmer. At the beginning of harvest this number can bounce around but as more loads are delivered, it becomes pretty stable. With the implementation of a standard deviation to determine the minimum brix standard for harvest 2013, the average incoming brix plays a critical role. By using the Growers crop scale program and making a few modifications, the data entered will calculate each farmer rolling brix average and the average brix of all incoming deliveries. With these two numbers generated, the standard deviation can be calculated as well as the minimum brix. This year the weigh ticket will still have farmer average brix but will add plant rolling brix average, deliveries to date and plant standard deviation. I look looking forward to watch the new system take action this harvest season with such a large crop planned.

*Stay Cool, Joe Schuster*

## FIELD REPORT

The 2013 growing season is surely a stark contrast to the 2012 season, with the fruitful buds as a result of the great growing year last year and no crop along with a healthy number of buds left up to counter act a possible spring frost has resulted in a "monster crop". Many growers have been out estimating and thinning their vineyards with numbers being found in the 13-18TPA range on numerous farms. Hopefully Mother Nature will continue to deliver a warm summer with rains to keep the plants going, it appears to me that this may very well be record crop in terms of tons per acre at the Co-Op.

With this large crop comes many challenges in processing it. Last year the plant could out run what the harvesters could harvest in a day, this year appears to be the exact opposite. The plant has received many updates as I'm sure many of you have been reading about in our updates but it is still a challenge, we are looking at nearly a 35 day harvest at current projections not including Niagara, that is rough on equipment and personnel at the plant, management is doing their absolute best to be prepared for this crop and we expect nothing but positive results. We are planning on at least one shut down mid-season to clean up and prepare the plant to run Kosher. I expect that we can put this large crop into the tanks in a reasonable time frame but it will require patience from the growers and understanding that we are going as fast as we possibly can go and have continual throughput. We will be concentrating starting with day 1 but need to go on a steady pace in order to efficiently store this "monster crop"

If you have any questions or concerns you can reach me anytime on the cell at (716) 736-9249 or you can email at [andy@concordgrapejuice.com](mailto:andy@concordgrapejuice.com).

Have a Safe Productive Summer!!

*Andrew Knight, Field Rep.*

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