



## FALL 2009

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

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### LIFE LESSONS ON THE BOARD:

Recently I considered summarizing what my experience as a Co-op Board member has taught me. My thoughts could easily have become a disorganized, verbose dissertation and we all know that we don't need one more of those to listen to!!

As sometimes happens, life can hand out a good dose of perspective to anybody. One recent experience led me to think about my term of office on the Board of Directors of Grower's Cooperative.

We have heard it said eloquently for the past six years that great progress has been made at Grower's Cooperative. Progress is accomplished by planning and management and hard work. So whether you are a Grower's Co-op member delivering quality concords, the General Manager, a Board member, or a member of management you are to be commended for jobs well done in a competitive business climate!

Making wise choices is an important life lesson and one that we all share in being associated with Grower's Co-operative Grape Juice Company--a good company that has been transformed into a very successful company in just six years.

From my perspective the following guidelines have become the unofficial motto of Grower's Co-operative Grape Juice Company:

- \*respect everyone regardless
- \*be truthful and honest
- \*be kind, polite and courteous
- \*solve all problems by talking them through

Thanks in advance and I look forward to a successful harvest.

*Steve Baran, President*

### GM'S REPORT

Happy New Year! (Fiscal year, that is). My closing earnings projection for fiscal 2009 (2008 Crop) is \$310/ton. This figure needs to be refined and confirmed through the end of year accruals and final auditing process, but it provides a good basis for review and projection for the New Year. I'm sure these results are welcome news to the many loyal members who seriously questioned their desire to be grape farmers throughout this recent cycle.

You were certainly not alone in your frustration. Many other Concord grape farmers in Ontario, Canada and Washington State asked the same questions, and then made the decision to exit the market over the last three years. The exit of these farmers has taken approximately 40,000 tons off the market. The loss of these vineyard acres caused a reduction in supply and a rise in price. The best lesson learned from this is, supply and demand never lies. This basic truth of economics is reassuring especially in a time when lies, and accusations of lies, flow throughout the halls of State Houses and Congress.

As players in this market, all we have to do is rise above the din and observe the "invisible hand" at work in the marketplace. Our decisions should be guided by the choices being made by customers and consumers. If the price we are getting for our product isn't what we need to run a business, we can't through a pity party or hem and haw around. It is the people who set off to find new cheese\* who will prevail and rise again. You have proven yourselves to be a competitive force and a steadfast group. Have a safe and efficient harvest.

*\*\*Who Moved My Cheese?\**  
*By Spenser Johnson, MD*

### HARVEST PREP

It seems as though we just completed harvest and yet here we are again. The completion of blueberries and cherries has proved again to be great training for the upcoming Grape Harvest and with season approaching quickly the pace has really picked up at the plant. We have been focused making the necessary changes to the plant's equipment and the recruiting of people. Contract processing blueberries and cherries has provided the time for the recruiting and the training of this seasonal work force. It has also given the people time to familiarize themselves to the plants policies and procedures, while giving us the time we need to train them on the essential equipment to make it a successful season.

Along with the training, and equipment modifications there will be many hours spent planning for upcoming Puree runs, contract processing of local grapes, grape seed extraction and drying as well as the set up and timing of Kosher processing.

We will also spend many days over the next few weeks preparing an inventory build up to support customer demands during harvest. Inventory build up has been an important part of diversifying our sales and given us the ability to supply our customers during harvest, so that they can still meet their needs with very little inventory on hand. So please help me thank our employees and the management team for a job well done. We all appreciate their time and effort.

*Todd Donato, Plant Manager*

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## FINANCIAL OVERVIEW (THRU 4TH QTR F09)

| Category                              | YTD       | Previous YTD | Difference |
|---------------------------------------|-----------|--------------|------------|
| Bulk Sales (gallons 68 Brix eq)       | 615043    | 603060       | +11983     |
| Retail Sales (no units)               | 52860     | 47724        | +11%       |
| Other fruit processing (tons)         |           |              |            |
| Grapes                                | 2718      | 2074         |            |
| Blueberries                           | 2455      | 1141         |            |
| Cherries                              | 673       | 566          |            |
| Other                                 | 165       | 0            |            |
| Juice/bottoms<br>(000 gal)            | 1023      | 923          |            |
| Distributed Proceeds to date (\$/ton) | 180       | 200          |            |
| Projected crop close (\$/ton)         | 280 - 300 | 252          |            |



YTD Sales finished the year up 11,193 gallons. The last Quarter was very busy as customers picked up the pace of orders after beginning the year more focused on inventory reductions. Carry over inventories are sufficient for September and October sales only and new crop will need to be turned around quickly. Operations were very busy over July and August with unexpectedly high amounts of contract processing. This key strategic area has shown continued growth since its inception 5 years ago.

Retail sales finished the year up 11%. This continues a growth pattern started from the time we began focusing on promotions several years ago. The extent of retail opportunities will become more apparent over the next two years as our new contacts develop and we work on providing a more consistent line of products.

Overall Grower returns are anticipated to come in around \$300/ton. This performance is due to the lower expenses/ton from larger crop, greater contract processing sales, and higher bulk pricing. YTD distributed proceeds are behind last year due to cash drain from large 98 series certificate redemption. Payoff of 09 crop is anticipated to be Feb 2010.

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## FIELD REPORT

The 2009 Harvest season is set to kick off with Niagara's on Monday, September 28; the Niagara harvest will take approximately 30 hours, following this will be a short 250 ton Concord Puree run. We will finish up the week with a small amount of Certified Organic Concords and a small custom processing run of Fredonia's.

The Concord pressing season will begin full scale on Monday, October 5th at 7am. The grower estimates for the crop are close to 15,000 tons which is 5.4 tons per acre. This will be one of our smaller crops in the last ten years and also the second latest start date in the past ten years. On Monday, September 14th the average sugar solids on our long term test plots was 11.9% which is behind average but has been progressing nicely the past 2 weeks. Adding to our 15,000 tons will be 2,000 tons of custom processing bringing the total tons pressed to 17,000, this will be done over a three and a half week period, only slowing down for Kosher clean-up on Saturday, October 24th, and starting back up at 7am Sunday, October 25th in which works out to conclude the Concord harvest on Thursday October 29th. Most everyone should have a Schedule at this point and if you do not please get in touch with me ASAP. Grower sampling days are set for Tuesday, September 29th and Wednesday September 30th.

In the Lake Erie grape belt the crop is below average and has had its challenges starting with the spring freeze and continued into a very wet and cool growing season. In Michigan the crop appears to be above average and maturing slowly. Washington has an average crop and they have recently had very good weather to ripen the crop. On a national scene the overall Concord crop is predicted to be down around 30,000 tons.

I wish you all a fruitful and safe harvest!!

*Andrew Knight, Field Rep.*

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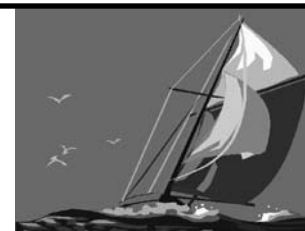
## LEARNING THE ROPES

It has been a quick five months observing, asking questions, understanding the terminology, and operating some of the equipment. There is no doubt that the facility's greatest strength is the people, the years of knowledge and understanding of the equipment and business. Each industry has its hurdles; it is the staff and innovation that separates the survivors.

There has been different methods or tasks performed that appear to have room for improvement, likely so but diligence is required to understand and test potential enhancements.

The first project was on the Eimco machine. This is a large drum filter that is used to remove solids. With help from the staff, I was able to assemble training and operations manual, all of the machines spare parts as well as historical repairs, product yields and filter media usage over the years. The information resides in a single comprehensive package located by the machine. A few enchantments were made to help with solids recovery. Other potential modifications have been noted and future trials will be planned to ensure improvements are proven to make the operation more robust.

I've been fortunate to operate several pieces of equipment during the strong blueberry and cherry runs - in time to become more efficient during the grape processing.



*Karl Hoebener, Plant Engineer*

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## PROMOTIONS UPDATE

It is hard to believe a year has gone by since I began my employment with Growers'. This first year was spent learning more about the company and getting to know the customer base. I began my time by introducing myself to existing customers and helping to better serve their needs. Then I got in that Red Chevy and traveled the roads to meet new prospective customers. As a result of those many miles traveled we have 34 new customers. Some of these new stores have become excellent repeat orders. We have expanded further into the Finger Lakes Region, Rochester and Buffalo, New York area and Northern Pennsylvania. My efforts in the Ohio area have not developed as of yet, but that will be more work for the coming year.

I spent the winter months, while sales are not in high demand, to develop a new brochure and attend some conferences. While conferences do not bring in revenue they are a great source of knowledge and experience.

As you all know, we have had a big presence at local

fairs and festivals in the past and we have continued that again this year along with expanding into new areas. We went to Randolph, NY, and Titusville, PA, and our products were well received. We now have a restaurant in Randolph carrying our products and I have some contacts in the Titusville area which I hope will develop into a good partnership for us.

This year has been a bit challenging with the economy in such distress but overall we did have an increase in retail sales and did a lot to promote our product. My plan for the next year is to continue with the hard work and dedication in promoting our product. Along with the leadership of the board of directors and Mr. Momberger and the assistance from the plant employees we can expand into many new health food markets, gourmet shops and small stores. I look forward to a new and rewarding year. Thank you to all the growers' for you assistance and support over the year.

*Patty Hathaway, Retail Salesperson*

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## TEAM BUILDING FUN

A Friday in early August found all of the Grower's Associates and Management Team at Beaver Hollow near Java Center for a fun filled team building day. Some people got on the bus with the feeling of another boring training session but everyone came back having a good time and smiling with comments on how much fun the day was.

The day was designed with different activity based and fun exercises to strengthen the team. It gave us all a chance to spend some time with each other away from the work environment and to realize how much we rely on each other already and how we can reinforce that relationship to make the work place even better.

The first activity "Rope Handcuffs" is where we split up into two groups and formed a circle facing each other. We then had to take the hands of two others across from us and at this we point we had to untangle ourselves without breaking hand contact or the circle and end up facing outward in the circle. Next was the "Work of Art" where observance and communication skills were put to the test. Then we all participated in the "Nitro Crossing" which is a course where half of us were blindfolded and the other half as a team had to get us through a set of obstacles without speaking to us. This event included swinging on a rope to a platform then having to walk across narrow boards to the next platform until we all reached the final destination. Some participated in the "Mohawk Walk" an obstacle course which included cable bridges, hopping from stump to stump all with the rest of the team assisting the participants. The final fun exercise "The Catapult Challenge" was again to form two different teams and to examine a pile of lumber, ropes, bungee cords and decide which pieces were the most important to build a catapult and to send one member in to retrieve those pieces. This repeated two more times then we all could go in a take whatever else was needed. This being a timed event the goal was to build a catapult and send potatoes soaring through the air into the lake closest to a floating target.

A very tasty and filling lunch was also served during the day. At the end of the day an impromptu volleyball game was started so Team #2 could try to capture at least one win which they did.

It was interesting listening to the comments as we boarded the bus to head home as to how much fun we all had and what we were bringing back with us to the workplace. We all would like to send a special thanks to the Board for giving us the opportunity for a fun filled team building day.

*Jim Gillespie, Tank Room and Retail Production Supv.*

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## A BUCK A TON

What can you do to increase the overall return to the farmer by one dollar per ton of Concord grapes? For us with a 15,000 ton crop, that is a \$15,000 increase in revenue or decrease in costs or combination of both. Here are a couple of ongoing projects that will do that.

**Pomace:** Pomace has long been returned to the vineyard. Some farmers believe it improves the soil nutrients. This year, we are going to add an extra ingredient to the pomace: the spent filter cake. Filter cake is comprised of the grape juice's suspended solids (the difference between apple cider and apple juice), plus the diatomaceous earth (DE) used to capture these solids. The DE is a very porous food grade sand, and when it has been incorporated into the vineyard soil, it will allow excess moisture to flow out rapidly, but trap a large amount of water within the pores of the sand. DE will improve the soil texture, especially on clay soils. If you are interested in getting this DE, contact the office at 326-3161.

Normally the filter cake is thrown out at an expense of about a dollar a ton. By incorporating the filter cake into the pomace (approximately 15%), we are saving these landfill costs. To allow land spreading of this waste, we had to learn the NYS solid waste regulations and apply for a BUD (Beneficial Use Permit) from the NYS DEC. This was approved this summer, and by the end of harvest, we

will have saved close to a dollar a ton while improving the soils in some vineyards.

**Seeds:** Many of you know about our retail 100% Concord grape seed oil. It is made from Concord seeds that we would have normally been discarded with the pomace. It turns out that one can press an oil out of just about any type seed, and there is a demand for small quantities of many oils. All summer while doing our blueberry and cherry contract processing businesses, we have separated raw, wet seeds from the pomace, dried them, sifted out the other stuff, and are now selling them. These sales will add up to a little under a dollar a ton.



While one buck a ton doesn't seem like much, it also isn't a huge project. But repeat the process several or ten times, and then it adds up.

*Steve Cockram,  
Technical Director*