



SUMMER 2008

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

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GM'S REPORT

You may remember a previous piece I wrote about thrill rides and the roller coaster like earnings cycles of our commodity influenced market. At the time, I encouraged our members to hang on and continue to ride it out. Thankfully, this is turning out to be some pretty good advice. I'm not quite ready to say, "the thrill is back", but there are a whole slew of positive indicators that are making the ride worth the price of admission. Consider these positive market forces:

- Low dollar, keeping concord substitute prices high
- Low Dollar, increasing demand for our exports, leaving less competition in domestic markets
- Inflation in developing nations making price of cheap imports not so cheap anymore
- Loss of concord acres in Canada last year (approx 2000 acres) and Washington State this year and next (2000 acres removed for hops)
- Very low grape industry carry over inventories going into new crop
- Freeze in Michigan reducing crop potential
- Biannual Western crop will be down this year after record 07 crop
- Concord antioxidant benefits and health news helping to firm up demand side
- General inelasticity of juice as a food staple provides inflationary protection

These conditions are driving some positive results for the cooperative and give the Board and me reason for optimism for

the upcoming crop.

After several years of sacrifice and struggle, it would be understandable for us to take a breather. Instead, Growers is taking a look at our current and future market opportunities and evaluating new business strategies for the next down cycle. Initial strategic planning sessions were held on May 13th and 14th with consultants from CoBank. At these meetings, we looked at the turnaround of our business and took a new look at our core value statement. Our previous core value was defined as The Reliable source of quality Concord grape juice concentrate, differentiated juice products and processing services. Our revised core value statement is:

The reliable cooperative source of Lake Erie Concord grape juice concentrate, custom products, and processing services.

This statement recognizes that bulk Concord grape concentrate from the Lake Erie region is still our core business. It also recognizes the new products and markets we serve. This is where you will see the most change in Growers in the future as we seek out new opportunities in the custom products and processing services areas.

These custom products may be expansion into distribution of our pie filling, or grape seed oil. It may be the refining and sale of byproducts from our grape and other fruit processing activities. It may be additional processing or growing of other fruits.

The next step of our strategic planning involves the surveying of customers and members to get their feedback on our current performance and future plans. We hope to have the results of these surveys later this summer to share with our members.

Have a great Summer!

PRESIDENT'S NOTES

The United State's concord tonnage is expected to be lower this year as a result of a Spring freeze in Michigan reducing their crop by 50%. In the State of Washington 1,000 acres of conCORDS were removed to make way for new acreage for Hops. Inventories of concord juice nationwide are reported to be low. Grower's Grape Juice Cooperative has retained enough grape juice to supply regional, preferred customers in limited amounts.

As a result of these events, it is believed that concord inventories industry wide will be down in the coming year.

Management and the Board of Directors of Grower's Cooperative are optimistic that entering into the 2008 harvest season demand for concord juice will remain much stronger than recent years.

Management and Staff at the processing plant are updating and servicing equipment to soon receive sour cherries followed by blueberries and then concord grapes.

As members and growers for Growers Cooperative, we are in a good position to look forward to a successful growing season.

Steve Baran
President

FIELD REPORT

The 2008 growing season is progressing rapidly and before we know it we will be preparing for another harvest. Cluster numbers per shoot are above average this season with about 2.0 clusters per shoot. Growth looks excellent in most vineyards and a good mix of sun and rain showers has occurred so far. There are many areas that show smaller vine size and fewer clusters due to last season's dry conditions combined with heavily cropped vines.

Full Bloom was recorded about three days ahead of average this season. This is extremely variable however depending upon the specific geographic location of your vineyard. Certain areas along route 20 were in full bloom while other areas were just showing the first signs of bloom. This is typical due to the many micro climates that exist along the Lake Erie shores. Be aware of you specific bloom date especially if mechanical crop evaluation and crop thinning may need to be done in your vineyard.

Kevin Powell
Field Dept.



FAITH IN A DECISION

A meeting was held on March 4, 1929 with 29 Concord Grape growers in attendance who then elected the following Directors, A.N. Taylor, James L. Hall, Otto Schultz, August Freling and William H. Bell. On March 6, 1929 the Directors elected the following officers, President – A.N. Taylor, Treasurer – James E. Hall and Secretary – William H. Bell. The reason for these 29 men to get together to form the cooperative was the economic conditions prevailing at the time of its formation. The years prior had been disastrous years for the grape producers in Westfield and surrounding areas. This small group realized that if prevailing conditions continued they could lose their farms and income, so they all worked together to find a place for their grapes at a better price and came up with their own organization. Through lots of planning and meetings this small group of concerned growers was incorporated in New York State on May 15, 1929. At the time of incorporation they had no building or equipment to process the 1929 crop. So the directors proceeded to find funds to build and purchase equipment quickly. They were able to sell stock to raise about \$25,000.00 and realized this was not enough money so they went to a local bank and obtained a loan on the condition that the directors pledge their individual resources to guarantee the repayment of this loan. These men had such faith in their idea that they all agreed to this and thus Grower's Cooperative was born. So from the blanket presses, thousands of carboys and hand picked wooden crates of concord grapes we have grown into a company that now has a decanter, 200,000 gallon storage tanks and the grapes are mechanically picked. This was all possible because of the strong faith in an idea and this strong faith continues today through the present directors, members and employees of Grower's Cooperative.

Recently the main hallway at the plant was spruced up a bit with some old photos from the early days and up to the present along with a shadow box proudly displaying all of your products. We are trying to identify the people in some of the pictures so please take a look at the one here and see if you can recognize any of these men and let Jim Gillespie know who they are. Also stop in and take a look at the rest of the photos and see how your facility has changed over the years because of the faith you had and have in Grower's Cooperative.

Jim Gillespie

Quality Assurance/Product Promotions Manager

GROWERS SUMMER ACTIVITIES

The summer warmth is finally upon us, and will give us all time to relax and enjoy some outside activities with family and friends. The summer season at the plant has changed dramatically in the last few years, and this year is shaping up to be a very busy one.

We will continue to supply our customers with our highest quality Concord grape concentrate as orders roll in. As well as do an inventory build up near grape harvest time, to assure availability of product for sales through harvest.

Plans are already under way for parking lot and drainage repairs and up grades.

A pre-fabricated break room / locker room has arrived, and will be installed by plant personnel. These areas have long been needed to give our workers a place to change their clothes, and give them a place to eat meals away from the noise.

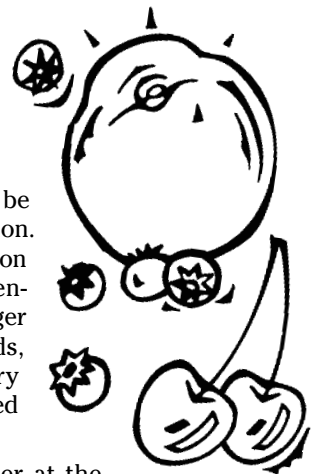
In mid to late June we will start removing the old rotary ammonia compressors and lines from the basement. These compressors haven't been used in a number of years, and could potentially become a safety hazard.

We will also be gearing up the contract processing of Bilberry, frozen Blueberry, a Peach trail, Cherry, then in August a fresh Blueberry run.

When Blueberries begin we will be putting a "new wrinkle" in the operation. We will be conducting a seed collection and drying trail, using a rented enclosed, heat jacketed auger. This auger would also be used to dry grape seeds, and make it much easier for us to dry the grape seeds to make the grape seed oil that is becoming so popular.

It looks like a very busy summer at the plant. So I'm going to take my wife's pencil away from her so my "honey do list" doesn't get any longer, then spend some time by a pool or on the golf course and I hope you do too! Have a good summer. We'll see ya'll at grape time.

Jon Casler
Production Manager



OUR SEASONS GIVE "A GIFT OF LIFE"

As the years slip by so very quickly, the good and the bad melt away with time. The Vineyards of Blue Gold that have been asleep in the cold of winter now begin to swell their nodes.

Mother Nature's rays of sun make a wakeup call and the vines plead for help to once again come alive and be a part of our Great Universe.

Man and Nature now begins to prepare for the harvest of fruit which is "Blue Gold" that we depend on for our livelihood.

This yearly help that we have received is our Gift, for a Good Harvest this coming season.

As Ever,
John Ellis-Director

VACANCY

Growers Field Rep Kevin Powell has announced that this will be his final year performing harvest scheduling. Kevin has worked as Grower's field representative for over eight years and has done an outstanding job planning and implementing harvests schedules. His energy, communication skills and farming knowledge have made him a great asset for our grower members. Kevin has offered to stay on in his current off season capacity, but would step aside depending on our success at recruiting his replacement. A job description for the current part time position is shown below. This job has been adequately performed on a part time basis. Outside of the demands of harvest, the schedule, pay, benefits and duties are relatively flexible and can be tailored to meet the needs of prospective candidates. Anyone interested in applying for this vacancy should send a resume to Dave Momberger here at the plant dmom@concordgrapejuice.com.

Job Description: Field Representative (part - time)

Date: 6/08

Reports to General Manager

Serves as primary grower/member contact for the Co-op for the purpose of grape production consultation, contract administration, agricultural chemical applications/reporting, crop sampling, and delivery scheduling

Off Season (Nov - July): Works one full day per week on average performing any of the following duties:

- Wintertime grower visits with the general manager (Fridays)
- Attendance at LERGEP field rep and coffee pot meetings
- Company representative at Viticulture conference
- Monthly grower correspondence submitted to Admin Asst.
- Quarterly newsletter field reports
- Verbal Field report at Annual Meeting
- Typically available by cell phone and in person as resource to growers throughout off season.

Pre harvest and Harvest (Aug - Oct): Works progressively longer weeks at the Main office performing the following duties:

- Collection of grape samples from test plot locations each Monday in August to track brix progression and predict harvest start time
- Distributes harvest rules to all members and maintains files of completed rules forms and spray records

- Sends out harvest estimate cards to all growers and prepares the delivery schedule following previous structures in accordance with Plant's production plan
 - Communicates schedule completely and accurately to all harvesters and growers.
 - Maintains readily available grower and harvester contact file and schedules for reference during harvest.
 - Monitors daily deliveries to insure adequate supply of grapes to run the plant.
 - Adjusts schedule as needed during harvest to add or remove loads as in case of plant breakdowns, harvester breakdowns, or other necessary changes.
 - Monitors grower/harvester performance during harvest and reports any contract discrepancies/violations to GM and Board.
 - Keeps scalehouse and shift manager informed of any schedule changes.
 - Monitors scheduled loads vs. actual deliveries to adjust delivery schedules toward end of harvest to maintain a constant flow of grapes to the plant as people complete their individual harvests
 - Fills out rejection paperwork as needed and communicates delivery problems with grower/harvesters
- Skills Required:** Possesses excellent communication skills. Able to build trust and positive working relationship with growers, harvesters, delivery truckers, and plant management.

Working knowledge of computers, e-mail and word processor programs

Experience with production planning and organizing schedules for up to 50 timely deliveries/day from various people and locations.

Extensive knowledge of grape viticulture practices

Essential Functions: Drives pick-up truck in a seated position for up to 3 hours at a time.

Works in seated and walking position for long hours during 12 hour harvest shifts. Available on call during off shifts at harvest time to answer schedule issues. Able to climb and probe bins and inspect grape deliveries from sampling carts to assess grape quality issues. Able to locate and find way to all member locations using maps and directions. Able to work in cold wet weather in various plant and vineyard locations. Able to endure long harvest hours with grace under pressure.

PEACH PROCESSING

Growing peaches is like growing any other fruit. California growers lost a significant fraction of their crop to frost this spring. Plum pox virus is now infecting trees in western NY and PA, which when found, requires immediate destruction of all trees within 150 feet plus no replanting within 1.5 miles for 3 years. Peaches require honeybees for pollination, but the bees are dying from colony collapse disorder. After the fruit is successfully grown, fresh market fruit seems to have two quality standards: cosmetically perfect, or junk. Want to grow processing fruit instead? The main peach processing plant in Ontario recently closed, leaving no nearby home for that fruit. But there are still farmers growing peaches.

We believe that Growers may be able to profitably turn some of the less than fresh fruit quality peaches into value added peach products. Virtually all of the equipment is already in place. A lot of processing quality fruit is available. The only conflict is that peaches and cherries ripen about the same time. Since we now process cherries during July and blueberries in August, processing time is limited. We will try peaches this year and see what kind of product we can make.

Steve Cockram



GROWERS HATS FOR SALE

As you plan for your next winter of trimming, you may want to consider purchasing a nice warm Growers cap. It is made of high quality thinsulate material and will keep you warm on those frigid winter days.

The hats can be picked up at the Office and cost \$12 each. They would also make a great Christmas gift.



COMPANY PICNIC PLANNED

Growers Co-op will be having a summer family picnic for our growers and employees on Friday, August 15th at Noon. The event will be held at the main pavilion at Lake Erie State Park in Portland. Food and drink will be provided by the company along with an informational meeting to keep you up to date with what is happening within your company. There is baseball, basketball, and horse shoe facilities along with playgrounds for the kids. There is \$7 charge per vehicle to enter the park, so if you can share a ride with your neighbor, you could save yourself a little money. We look forward to seeing all of you there.

EXPANSION OF RETAIL SALES

During the Strategic Planning Session held in May, a consensus was reached regarding the intent and future direction of our Concord promotional efforts. The Board does not intend to promote our products to a mass merchandise audience, but instead favors distribution in premium specialty foods outlets. Examples of these outlets would include some of the current sales locations, Shor Lans, Red Brick Farms, Crossroads (Buddha's), Tuscany Meats, Whole Foods Cooperative, Andersons Produce, and various wineries. The success we have achieved locally can be expanded to similar outlets in a wider radius. The Board believes it is financially feasible to expand the sales effort to new territories with a dedicated **full time retail sales person**.

Establishing a consistent and wider presence in the premium specialty food market segment should eventually lead to opportunities to grow our retail sales into broader distribution. Some of our retail products are currently packaged in house and some are contracted. Growth in volumes would likely follow the path of contract packaging. The Board intends to track the growth in retail sales very closely and only allocate resources that are economically justified and in tune with the Co-op's overall business strategy.

If you know of a candidate for the **retail sales position**, please have them send their resume to the general manager at dmom@concordgrapejuice.com.

Ed Barger
Board Vice President

DECANTER COMPLETION & FOLLOW UP

It has been several months since the start of the Decanter rebuild. The rebuild was necessary because of a main scroll bearing failure which occurred during the last week of harvest. Since that start of the rebuild there has been many discussions as to what was the best way to go about the rebuild. These options were introduced in the last newsletter and since then, the rebuild has gone through many challenges. The scroll and gear box were sent to California where the gear box was examined and found to be bad and need of replacement. The old gearbox was replaced with a new 43:1 gearbox. This installation was completed by Contec of Andritz. During the installation the PLC and motor settings had to be altered to allow for proper torque and bowl load parameters. These new setting will allow for optimum performance.

The flights of scroll were also found to be worn drastically which was the indicator of a main bearing failure. The scroll at this point was in need of a serious make over, with new bearings and a fresh coat of hard surfacing the scroll was ready to be put into the Decanter or was it. Attempt after attempt upon the first trial the scroll would not fit and had to be returned to Contec of Andritz. It was at this point discovered that the scroll's flights were off by 1mm to 3mm over a 7' length. The scroll was re-machined to the correct profile and then dynamically balanced and returned for full assembly. After the assembly of the Decanter was complete a test run to check for vibration and operating efficiency was performed. All systems check out to be ready for a summer of contract processing.

Todd Donato
Plant Manager

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