



## WINTER 2011

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

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### GM'S REPORT - Capacity Planning

Those in attendance at the Annual Meeting heard various reports on the Co-Op's favorable performance and positive outlook for the future. One of the concerns noted during the meeting is to be cognizant to not out run capacity. In 2011 we processed the 3<sup>rd</sup> largest amount of grapes ever at Growers. This certainly stretched the capacity of the plant equipment and people as evidenced by some significant breakdowns and plant personnel that looked zombie-like as the season end approached Halloween.

In past seasons, the grapes processed were all Growers grapes and when a huge crop was processed it not only stretched plant and people capacity, but also the capacity of the market Growers was selling bulk juice into. Today member grapes are supplemented with contract processed grapes from wineries, and other grape product manufacturers. The Board has been prudent in considering acreage additions so supplies do not outrun the capacity of bulk market demands

It is true that those who don't learn from History are bound to repeat it. In 1999 Growers processed its biggest crop ever. The capacity of the plant, people and market were all exceeded and the aftereffects of this were felt for years. Having dealt directly with those aftereffects, none of us want to return to those circumstances. One of our goals for 2012 is to revisit Growers Strategic Plan, last updated in 2008 and identify opportunities for continued growth. The Co-op's financial strength and low debt provide a very good position to pursue existing and potential market opportunities that are identified. Pursuing opportunities with the proper capacity of people, equipment and markets will be key to continuing the momentum that has been built.

These are good goals for 2012, but before that, it is time to celebrate our current success and give thanks for a bountiful harvest and a warm and safe home. Thank you for your continued support and patronage of Growers Cooperative. On behalf of the employees and Board of Directors, I wish all of you a Blessed Christmas and Good Health and Prosperity in the New Year!

### CONCORD GRAPE DISCOVERY CENTER RECEIVES GRANT

The New York State Office of Parks, Recreation and Historic Preservation just announced a \$200,000.00 grant for the exhibits at the Concord Grape Heritage Discovery Center located on West Route 20 in Westfield, New York. It is part of an overall development of our grape and wine industry that will attract tourism and promote our popular Concord grape products. "What is most important," said Helen Baran, President of the Heritage Association, "is that this project includes two of the most important industries in New York State—AGRICULTURE AND TOURISM!"

Although Senator Cathy Young is to be credited with the initial funding for this project Helen commented that the "Discovery Center is grateful to receive private donations now and in the future. Many people that have made donations find it a way to honor their family's heritage in the grape industry."

The building –a former car dealership—continues to be transformed into an attractive welcome center that the industry can be proud of.

Building chairman and Board member, David Momberger, said that "renovations are about two thirds complete. When funds are received the construction will be completed with cabinetry, retail areas and goods, tasting area and exhibits being finished and an opening date will be announced in 2012."

The \$200,000.00 award was part of awards given in 4 regions of the State. Grape Heritage Secretary/Treasurer Andy Dufresne said "It's absolutely fantastic" adding "the award is great news for the Grape Industry. It is an example of people in the region coming together and working together to build a fantastic agri-tourism center."

*Steve Baran, President*



## FINANCIAL OVERVIEW (1<sup>ST</sup> QTR F11)

Category	YTD	Prev. YTD	Difference
Bulk Sales (gallons 68 Brix eq)	154573	185909	-17%
Retail Sales (no units)	50992	42500	+20%
Other fruit processing (tons)			
Grapes	3925	3742	
Blueberries	0	262	
Cherries	0	0	
Other	0	0	
Distributed Proceeds to date (\$/ton)	105	105	
Projected crop close (\$/ton)	468 est.	454	



YTD Sales are down by 17% vs last year but on track to sell out 2011 crop at continued high pricing. High pricing the result of continued shortage in bulk market following 3<sup>rd</sup> bad year in row in WA state growing area. Bulk sales comparison unfavorability due primarily to timing, 2010 was early harvest end, experienced late pulling of carryover by some customers and heavy early season pent up demand in 2010. Retail sales continue to provide favorable year to year comparisons. Overall Grower earnings are anticipated to equal or surpass 2010 crop results. High projected earnings are result of high bulk price, favorable contract processing activity, favorable energy costs, and expenses spread over high crop tonnages.

## POST SEASON PROCESSING UPDATE

Post season processing is off to a good start. With the help of strategic scheduling during harvest we were able to bring in a record crop with very little to no down days. An update to the processing is as follows:

- \* Approx. 200,000 gallons of SS bottoms have been filtered and over 50,000 of concentrate have been filtered leaving us several more weeks of filtration.
- \* Approx. 2.4 million gallons of S.S juice has been concentrated at record pace. This has been obtainable because of wisely spent capital improvements with the purchase of a new cooling tower and booster kettle for C Concentrator reliability and much needed capacity.
- \* Pasteurization of existing S.S is in our near future for upcoming S.S sales. Pasteurizing is critical at this point of the year for the preservation of the juice quality. This will take several days but should be a nice way to finish the year and allow us to start of the New Year on a good note.
- \* Processing of Concord grape seed oil will start in the New Year.

Even though our post season is off to a positive start there is no room for complacency. With approx. 275,000 gallons of stock juice that was produced this season due to the mechanical failure of our decanter. This juice will need to be treated and filtered and will keep us busy for the next several weeks along with the several weeks of scheduled contract processing that is in our future. Contract processing will consist of 1M gallons of S.S concentrating, 150,000 gallons of bottoms filtration and I am sure that there will some frozen fruit in the near future making it a well-rounded equation of a busy winter and spring.

With all that is going on I would like to wish everyone a Happy Holidays and say thanks to the Grower's crew who have made all this possible and would also like to thank the Growers themselves for a crop well done.

*Happy Holidays*

Todd Donato

## RETAIL SALES

Winter is upon us and the chestnuts are roasting on an open fire and Jack Frost is nipping at your nose as you trim those vines. Hopefully all the equipment has been put into the barn and those posts and wires has been repaired to ready the vineyard for another year and another good harvest.

Everybody knows some turkey and mistletoe help to make the season bright. But, I say don't forget your grape juice for you need those antioxidants to help keep you healthy and strong. Also remember your tart cherry juice will keep those old joints from aching after a long winters' day of work.

It amazes me how we all work together to keep Grower's Co-op producing the best 100% Concord grape juice products so we can sell it to the consumers, whether it be in bulk or retail we are reaching thousands and thousands of people with our juice each day. I continue to make plans to increase sales to more retail stores so we can see a good return to the farmers. The economy may not be picking up in many areas but we continue to see an increase in sales at Grower's Co-op. We had a total of \$164,000 in sales for the 2010/2011 FY which is way over the previous year.

There is still the prospect of our new Fruit Stix for the retail department we are just waiting for the packaging to be developed. I am also working on my new social media marketing strategy. Be watching for the newly developed labels to be available soon. We need to keep up with the changing times in marketing and are starting to make some strides.

So, I am offering to all the management, plant staff, farmers, board members, volunteers this simple phrase although it's been said many times many ways.

**MERRY CHRISTMAS TO YOU!!**

*Patty Hathaway, Retail Sales*

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## HEAVY METALS IN JUICE

There recently has been high profile media stories on the arsenic content in fruit juice. We have followed other stories in the past year about other heavy metals – lead, cadmium, even antimony. Rest assured, no one is getting acutely sick from heavy metal poisoning from any fruit juice, especially Growers Concord grape. The question is chronic exposure – what are the affects of long term low level exposure? Researchers try to tease apart the affects of trace exposure to arsenic from, say, second hand smoke, over the course of 20+ years. This leads to papers that indicate lower and lower levels of all kinds environmental exposures can cause some sort of harm. At some point in time the body scientific knowledge says that a certain exposure really is hazardous. Scientific consensus lead to the surgeon general's cigarette warning of 1964.

This does not stop organizations from raising a red flag when the first paper comes out. The Dr Oz Show claimed that apple juice contained unacceptably high levels of arsenic and that Chinese AJ was one of the main sources. Unfortunately the show's lab didn't use the best test methods to measure arsenic (some forms of arsenic are nearly harmless, they measured total, and their lab's readings skewed high). Since they thought there was no FDA standard for arsenic (the show missed FDA's 2008 informal "level of concern" at 23 ppb inorganic arsenic), the show used drinking water standards (10 ppb total). Limits for drinking water should be much lower than other foods because significantly more water is consumed than juice. So we ended up with a media blitz that gave out the wrong levels that were compared to the wrong standard. The FDA sent the Dr Oz Show a strongly worded letter saying that they didn't agree with their findings (see <http://www.fda.gov/Food/FoodSafety/FoodContaminantsAdulteration/Metals/ucm280209.htm>). Unfortunately for the juice industry, this has taken a life

of its own because when Consumer Reports came out with their own results, they based their numbers against the same 10 ppb standard. If the 23 ppb juice standard is used Consumer Reports demonstrates that juices are safe.

What is Growers and the juice industry to do? Grower's is a member of the Juice Products Association (JPA), which is a trade association that represents manufacturers of a significant majority of all juices and drinks found in grocery store shelves. All of our Concord competitors are members, but we never talk price. JPA bands together to solve industry wide issues, like this. Knowing that the Dr Oz show was going to do a piece, the JPA prepared, in advance, responses for the media and consumers, created a toll free consumer number, and posted FAQ (<http://www.juiceproducts.org/>). JPA hired its own toxicologist that could speak clearly to the media, and made the rounds of the TV news shows. We think that the juice industry has introduced a bit of clear thinking into the discussion.

So where does our Concord grape juice come out? Our test results put it less than 10 ppb arsenic. Can we guarantee that every drop meets that standard? Not really. To the best of our knowledge we don't add any arsenic, but we can't take it out either. We don't have control over the level of arsenic or any other heavy metal. It really indicates how much is taken up from the soil by the grape vine.

How about playing it really safe and drinking Growers' Organic Concord juice? Anything organic certainly it must have lower levels of toxins. Same soil. Same vines. Same weather. (Virtually the) same process. We find organic has the same trace levels of heavy metals that (to the best of our knowledge) do not lead to chronic health issues. So drink any Grower's Concord grape juice with confidence.

*Steve Cockram, Technical Director*



## CROSS TRAINING

Cross training at Growers has very similar benefits for our employees as it would for athletes that cross train to achieve a higher level of fitness. It keeps people fresh and thinking, and also makes for a well-rounded and more valuable employee.

Our work force is small in numbers, and has recently seen an influx of some younger, less experienced workers. In this setting, everybody needs to be willing and able to train, or be trained, on multiple pieces of equipment and duties. As a food plant, there are also many different regulations and procedures to learn and follow, from sanitation to safety and all the way through to truck loading.

There are many steps and processes from Grape harvest (or other fruit receiving) to loading out a final product. It takes skilled workers to keep things running smoothly. It's also a pretty good bet that once you have been trained and become proficient on a machine or duty that you will become the trainer, which is a skill in itself.

Without multi-skilled employees it wouldn't take much to throw a wrench into what we are trying to accomplish. Even with the training that we do, and depending on the amount of things happening on a certain day, it is not unusual to see the guys in light blue shirts jumping in and running a machine to meet the needs of our customers. And no, that's not a complaint; it's just the way it is.... It's good to be busy.

*I'd like to wish everybody a Merry Christmas and a Happy New Year.*

*Jon Casler, Production Manager*

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## C CONCENTRATOR

Over the past few months I have been tasked with the study of our "C" concentrator and create an operation and maintenance manual. As everyone may remember from the Growers open house, this is our two stage Advanced Process Technology Inc. evaporator installed in the late 80's. It was designed for Growers to evaporate 16-18 brix single strength juice up to 50-55 brix concentrate. Since this is a rather large machine when an adjustment is made it could take upwards of 15-20 minutes to realize its effect, which requires patience. Unfortunately over the past few years this machine has been difficult for our operators to run due to its unsteady operation. Last year's capital project to install a new cooling tower for the "C" has smoothed out its operation immensely. Now, fine tuning of the machine can be accomplished. Many of the control systems I will be implementing on this machine had similar systems when the evaporator was originally put in place in the late 80's, but over the years have been removed and replaced with something that will "work". My goal is to bring the machine back to the way it was designed to operate.

Early into next year an engineer will be coming to Growers and spend a few days going over the design of the machine and looking for potential improvements. This person will be specialized in evaporator design. After this, he may assist in training employees at Growers to further educate us on the operation of both of our evaporators.

*Hope everyone has a safe and happy holiday,*

*Joe Schuster, Plant Engineer*

## FIELD REPORT

The 2011 harvest season is already in the distant past and most have moved on to the fall, winter, and even spring jobs. I have talked with many growers that are very pleased with their progress in the vineyard in what has turned out to be a mild fall. As a recap we processed 753 tons of Niagara grapes (most ever) and did this in 2 days, we moved right into the Concords to get a jump start on the large crop that was estimated at 20,000 tons. We concluded the Concords on October 21st at 11pm with 19,234 tons received from our growers. Also adding to our own grapes was 3925 tons of custom pressed grapes bringing the total to 23,912 ton, resulting in the 3rd largest crop ever processed at the CoOp.

Starting in January Dave and myself will be out on Fridays again conducting farm visits. We will try to see as many growers as possible as this is a great time to ask questions one on one and many good conversations come from these visits. I encourage anyone that would like to see us to give me a call or send over an email and we will be sure to stop by. And as always if any questions come up, please get in touch with me at anytime. You can reach me on the cell at (716) 753-6843 or you can email at [andy@concordgrapejuice.com](mailto:andy@concordgrapejuice.com).

*I wish you and your families a Safe and Happy Holidays!!*

*Andrew Knight, Field Rep.*

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