



# CENTRAL CALIFORNIA ALMOND GROWERS ASSOCIATION

Post Office Box 338 ♦ Kerman, California 93630-0338

CCAGA ♦ *GROWING STRONGER EVERYDAY* ♦ NEWSLETTER ♦ SPRING 2019 ♦ Vol. 12, No. 4

## What's New for 2019

The Association is constantly seeking improvements to our plant and equipment in order to provide our members with exceptional service. Below is a list of some important acquisitions that will be on line for the 2019 season. We believe they will help us to serve you better.

- A New Stockpile Belt-Loader – We will take delivery of a new belt-loader in May of 2019. This will give us ten Stockpile belt-loaders at our Kerman site when the new one is delivered. This will ease congestion during our peak receiving period.
- New Solar Array - The Association has entered into an agreement with Cenergy Solar to add an additional 1-megawatt solar array to our Kerman location. This Stage II solar array will complement our Stage I solar system that came on line in 2016. In tandem they will have the effect of offsetting 70% of annual electrical consumption at our Kerman site.
- New Wheel-Loader – Over the years CCAGA has actively been involved in tractor replacement programs using funds allocated through the California Air Resources Board. Depending on the size of the unit, the program can offset 44% - 60% of the replacement cost of a diesel-powered tractor. Last fall we took delivery of a new Case 821G Wheel-Loader, which replaced an older unit with a Tier II engine. Another purchase will be made later this year to replace a Cat Wheel-Loader purchased in 2005 with a Tier I engine.

## Nomination Period Opens on April 1

The nomination period for the election of members to sit on the Association's Board of Directors opens April 1 and closes April 30, 2019. Two seats are up for election in 2019.

If you are interested in running for a seat on the Board of Directors, please let us know. We will be happy to provide you with an application which, when filled out, must be returned to Mr. Jeff Yribarren, the Chairman of the Committee for Election Certification. He will gather nominations along with two other committee members. On May 3, the election ballots will be mailed to all regular members of record and the election will run for thirty days. In early June the ballots will be counted, and the committee will make a report to the Board of Directors at a Board meeting scheduled for June 5, 2019. Subsequent to the Board meeting, a report announcing the results will be made to the entire membership at the Annual Meeting scheduled for Tuesday, June 11, 2019.

Should you have questions about this year's election process please call the Kerman office and ask to talk with Michael Kelley, the Association's President & CEO. The phone number is 559-846-5377. He will be happy to walk you through the entire process.

## Association Repays a Portion of the 2018 Capital Retain

On March 8, 2019 the Association distributed a repayment of the overage of 1.58245 cents per pound on the hulling fees collected during the 2018 season. The repayment of the overage (also called the supplemental retain) totaled \$1,674,483.57 in disbursements to the membership.

The 2018 shelling season started out with a significant freeze event at pollination that caused us to question the crop's ultimate potential. This proved to be true as our final shelling volume of 105,816,119 lbs. was much lower than the prior year's record crop of 120,484,511 lbs. However, it was not as far off as many expected and certainly showed great improvement when some of the later maturing varieties were delivered for shelling last fall. Our production volume again occurred amidst difficult times in the dairy industry, which is the sole buyer of our by-products of hull and shell. Presently, the price the dairyman receives for milk products under the new Federal Marketing Order continues to be below the cost of production. The future for our dairy friends is still quite difficult. Currently, almond hull pricing has increased due to the ultimate value dairymen perceive for hulls compared to other competing products utilized in the daily feed ration that dairy cows consume. It is also believed that silage acreage, which is a very important component of the feed ration, will be much lower in 2019. It appears that almond hulls could be used as a replacement and we believe they are a great value! This portends good news for now and should allow for a still yet to be defined dividend in the summer.

## President's Report – Be Prepared



Your Association is in a constant state of change. Why? Due to the astounding success of the almond industry! Over the years every segment of the industry has been challenged to keep up with the rapid rate of growth. On average, California almond acreage increases by 5% annually. This is an unbelievable rate of expansion that many in the past said could not continue, but has! This rate of success and growth is not the norm in American Agriculture, but it is indeed a blessing for all of us that are fortunate enough to be part of this industries tremendous achievement.

The entire almond industry should be commended for so many accomplishments and for providing constant innovation that has allowed it to stay ahead of production pressures. Each successive tidal wave of almonds has been met with anticipation and forethought. From farmers to nursery men, to equipment vendors, almond hullers and shellers, and of course those who market the crop - all have worked collectively to bring

the industry to the point we are at today as we await another production surge. In fact, it is said that California alone could produce an almond crop of 3 billion pounds by 2022.

What does that mean for your Association? Central California Almond Growers Association represents 5.354% of California's almond production. Therefore, a State volume of 3 billion pounds would mean that your shellers will need to process 160,620,000 pounds of meat equivalents. Will we be prepared? Yes, we will and let me explain how!

Recently, we submitted plans for the modernization of Kerman Plant #1. The land on our Kerman site was purchased in 1983. Kerman Plant #1 (K-1) came on line in 1984. K-1 was the first in-line sheller (after the pre-cleaner) that was ever constructed in the world. It was the vision of Bob Hines, the Association's former Manager who worked closely with Ernie Bosch of Ripon Manufacturing Company in the application of Mr. Hines vision. Prior to K-1's inception, almonds were hulled as inshell and then transported to another location to be shelled. This major innovation revolutionized the almond industry. Currently, the plant shells a good quality almond product, but has suffered as a myriad of issues take a toll on overall efficiency. Basically, the 35-year-old plant is starting to show its age.

Recently, the Board of Directors approved a Management recommendation to modernize the K-1 plant. As such, roughly 20% of the equipment will remain, but 80% will be new with a focus on maximizing efficiency and quality of product. Fortunately, when Mr. Hines and the Board of Directors built K-1 they had the foresight to leave excess space in the building for us to adequately accommodate the new equipment we will be installing today.

The modernization will include an additional inshell line, which will take substantial pressure off Kerman Plant #3. This means we will be able to complete annual inshell operations sooner and allow K-3 to focus a greater part of the season on shelling. While we receive accolades for the inshell we run from various processors in our State it comes at a cost, which is decreased efficiency. When we process inshell at K-3 our efficiency drops by 25%. The K-1 modernization will be constructed with inshell in mind and as such it will take the burden off K-3. This huller must slow way down on inshell that has elevated levels of stick tights, high

moisture or other factors. The huller is highly efficient with good clean, dry product that was grown as inshell. It slows way down when we have product that has some qualities which causes the plant to adjust for product needing a higher degree of classification.

The modernization will also include a Hash clean up line. Hash is a by-product of the shelling industry that includes sticks, hulls, shell, etc. Within a hash sample are also bits and pieces of almonds (sometimes splits and doubles) that fall through the screens but still have value. As a Cooperative, this product belongs to our members and if we can improve the product to a higher level of edible meats in the modernized sheller then we will be paid at a higher rate.

The cost of this modernization is projected at \$9,000,000, a far cry from the \$18,000,000 to \$21,000,000 that a brand new sheller would cost. We are currently seeking competitive bids for the financing of this important project which is slated to be commissioned in time for the 2020 shelling season.

The 2019 season will be the last season for this first inline sheller that revolutionized the almond industry around the World. While it will be sad to see this phase of K-1's history pass, we can be thankful for what Bob Hines and the Association's prior Board of Directors did for all of us. They provided a vision which set a foundation for innovation that now allows us to "Be Prepared" for the years that lay ahead.

CORE VALUE  
*Adding the greatest potential value  
 to the Members' product with the*