



## 2019 Report – Association Attains Another Record!

As with so many shelling seasons in the past it seems like every couple of years we break a new record and the 2019 season is a whopper! We are very close to finishing our seasonal processing activities and we will once again be shelling out a record crop. Our Kerman location should go silent on January 6, 2020 and when it does it appears that our production volume will be near **136,000,000** meat equivalent pounds. This is nearly 30,000,000 lbs. more than the 2018 season when 105,816,119 lbs. were cracked out. On a percentage basis this is an increase of 28.4%, over the prior season. The average yield per acre will be near 2,304 lbs., which will be the second highest yield ever recorded at your Association!

Last season our area incurred freeze events during pollination that many believed would jeopardize the crops potential. However, the cold was not as significant as in areas north of Madera county where yields were greatly compromised in the State's almond production region. As in the past, high yielding crops usually have lower levels of pest damage. This was certainly the case last season with very low levels of Naval Orange Worm and ant damage being seen on our processing lines in the shellers. The Non-Pareil overall volume was up by 41.7%, with Monterey and Aldrich up by 28% and 25% respectively. Overall, average turnout of all varieties currently is running at 25.90%.

The Association's shellers performed well this last season. We had the benefit of very little moisture in our area during receiving. From a quality standpoint, 2019 will go down as one of the finest quality crops ever shelled at your Association. Many members have reported receiving significant premiums on deliveries from their packers due to the exceptional quality delivered.

## New Solar Array Comes Online at Kerman Site

The CCAGA Board of Directors approved the construction of a 1 mega-watt fixed solar array in 2015. The facility came online on May 2, 2016 and has operated for three years. The solar site offsets 70% of the power generated by Kerman Plant #3 and has been an overwhelming success. The construction of this project was flawless, and we have met or exceeded our initial projections in each year of power generation.

In the past, 10% of Central California Almond Growers Association's total expenses were attributable to the cost of electricity. As customers of Pacific Gas & Electric the Association's Board of Directors and Management have desired a hedge against the skyrocketing costs of electrical

power. As such, a business decision was made by the Board of Directors to contract with Cenergy Power, LP to construct photovoltaic systems at our Kerman site to provide some predictability for planning and budgeting in the future. In the spring of 2016, a Stage 1 fixed solar array was installed. Since energizing this first array the implementation of solar has clearly demonstrated the financial merits to our business model. Since the project came online the cost of solar panels has decreased and there have been significant technological improvements to nearly all the components utilized within a solar field. Recently, on October 30, 2019 a second Stage 2 solar tracker system of near equivalent size was put into operation.

CCAGA annually utilizes 4 megawatts of power to run our shelling operations, offices and shops at our Kerman location. The solar power generated by our photovoltaic system will offset 70% of the Associations power needs in the future. Both projects indicate a positive Return on Investment for our Association members after the second year of operation.

Both Stage 1 and Stage 2 sites have been financed as lease arrangements with Farm Credit leasing. The Stage 1 site is a ten-year lease and the Stage 2 site is a 7-year lease. In 2026 both arrays will be fully owned and operated by the Association and free of any financial obligation.

## Acreage Surveys Are in the Mail

We need your help! One of the most important types of feedback we receive at this Association is our annual survey. This year's survey will be mailed out on December 31, 2019 and we ask you to please provide us with an immediate response.

This information is crucial when trying to forecast our future volumes and it is essential that we receive a timely response. As we continue to grow, we must know the total almond acreage in the Association and the year planted. We will use this information to better prepare for large production volumes that are to be delivered in the years ahead. We must be prepared, and we need your help in order to do just that. You can help by returning the survey as soon as possible.

Should you have any questions about filling out the survey please call Bob Donnelly at (559) 567-4873 or Jared Ramos at (559) 240-1062. They will gladly help with any of your inquiries.

**President's Report – A Tidal Wave of Almonds!**

The almond industry has been on a path of spectacular growth since its inception. This has presented a constant challenge for the hulling and shelling industry. CCAGA has met this test each time.

When I came on board as your President & CEO in June of 2005, I have experienced three periods of significant transformative change precipitated by the global demand for almond products. The first period was in 2005 when we shelled 53,453,656 lbs. of almonds and finished shelling in late January of 2006. A tidal wave of almonds was coming and to ameliorate this influx we built a new sheller, improved overall plant efficiency in the three older shellers and implemented a new computer software system to manage every segment of plant operation from receiving to shipping. The second period of major change came in 2011 when we shelled 104,268,785 lbs. of almonds. To smoothly facilitate this new level of needed performance a new inshell line was installed in Kerman Plant #3, significant changes were implemented in Kerman Plant #2 to increase efficiency, as well as improvements and acquisitions of rolling stock to the Association's fleet – namely stockpile belt-loaders and wheel-loaders. As predicted, a third transformative period has now arrived as we shell out a staggering 136,000,000-pound crop.

What does the future hold? Well, as reported last year in our newsletter, the industry is gearing up for another tidal wave of almonds. As you are aware, (and as reported by the Almond Board of California), we are experiencing a tremendous expansion of new almond plantings that very well could lift the production of almonds in California to 3 billion pounds by 2022.

So, what does this volume mean for your Association? Well, we are 5.4% of California's almond production. Using a simple mathematical calculation, we can illustrate the potential impact of such tremendous growth.

**3 Billion lbs. of Almonds X 5.4% of State Volume = 162,000,000 lbs.**

To be ready for this next level of performance we have commenced a major construction project to modernize our oldest sheller - Kerman Plant #1. Plans were completed in January 2019 and construction began this last spring with the installation of two new state of the art baghouses. Also, all external trenching and electrical conduit were completed. While the plant will not be operable until next summer, our staff and our vendors have pushed the timeline as much as possible to make sure we are ready for the 2020 shelling season.

The vision is to build a new modernized sheller that will have increased deck spacing to process larger volumes of

field run almonds more efficiently within a pre-existing building. Our hope is to nearly double the productivity of the sheller from 8,500 lbs. of meats to 15,000 lbs. in a 24-hour period. This is a similar achievement to what we were able to do when we modified Kerman Plant #2 in 2015.

When completed, the modernized shelling plant will also accommodate an additional inshell line and a hash clean-up line. An additional inshell line will help take pressure off Kerman Plant #3 where inshell has dominated over 80% of its run time last season. The Hash clean up line will help us to receive additional revenue from our Hash by-product if we can clean it to a higher level of edible meats.

Lastly, I would be remiss if I did not again remark on the history and contributions of Kerman Plant #1 to our industry. The K-1 plant revolutionized the almond industry when it first came online in the summer of 1984. It was the first inline shelling plant after the pre-cleaner to come into operation to meet the needs of the Association's members who were dramatically increasing almond acreage on the westside of the San Joaquin Valley. K-1 and its potential was the idea and dream of former Manager Bob Hines. He worked with Ernest Boesch with Ripon Manufacturing Company to design and develop the equipment needed to shell almonds within the same facility AFTER they were hulled. Prior to its construction, almonds were hulled and then delivered to another facility not attached to the Huller where they were then finally shelled. **Thank you, Bob, for what you did for this industry with this significant improvement, as well as many others that greatly improved the almond industry through the years!**

I am pleased to report that K-1 has been sold by the Association to a Chilean Company located in Rengo, Chile. It will be shipped out on a vessel by next month where it will be reassembled in a new setting and serve the needs of a fledgling and expanding Chilean almond industry.

As always, we thank you for your patronage and wish you a very blessed Christmas season with your loved ones. Please call me personally if you ever have any concerns or questions.

## CORE VALUE

**Adding the greatest potential value  
to the Members' product with the  
highest quality service and integrity.**