



CENTRAL CALIFORNIA ALMOND GROWERS ASSOCIATION

Post Office Box 338 ♦ Kerman, California 93630-0338

CCAGA ♦ GROWING STRONGER EVERYDAY ♦ NEWSLETTER ♦ Winter 2024 ♦ Vol. 19, No. 1

Nomination Period Opens on April 1

The nomination period for the election of members to sit on the Association's Board of Directors opens Monday, April 1 and closes Tuesday, April 30. This year two seats are up for election, Seat #4 held by Director Thomas Chandler and Seat #5 held by Director Jeff McKinney.

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 to run in this year's election. The application, when completed must be returned to Mr. Mark Heuer, the Chairman of the Committee for Election Certification. On May 3, the election ballots will be mailed to all regular members of record and the election will run for 30 days. In early June, the ballots will be counted, and the committee will make a report to the Board of Directors. After our Board meeting, a report announcing the results will be made to the entire membership at our Annual Dinner Meeting scheduled for Tuesday, June 11, 2024.

Should you have questions about this year's election, please call the Kerman office at (559) 846-5377 and request to speak with President and CEO Michael Kelley. He will be happy to walk you through the entire process.



Member Relations Coordinator Report

A new month only means we are that much closer to starting the 2024 hulling and shelling season. Based on the acreage survey that was mailed and emailed to the membership, it is estimated that 59,825 acres will be delivered to the Association this

I cannot express how important it is to be as accurate as possible with these surveys. What you return allows Senior Management to budget for the crop year and estimate a run-time for the season.

Besides budgeting, the acreage survey provides our Board of Directors with guidance when reviewing waitlisted growers applying for membership. There are many almond growers interested in becoming a part of the Association to reap the benefits that other hullers do not provide. If you make any more changes to your acreage between now and August, please contact me. I appreciate your communication as it is critical to the Association.

Another project I am working on is learning about the various Groundwater Sustainability Agencies (GSA's) our members belong to. By utilizing the Telus Agriculture Agronomy software, formerly known as Agrian, I have built a map of our members who deliver to the Association. This map provides insights for the future of CCAGA. I utilize this map frequently, specifically during season, when I get calls questioning moisture levels and need to pull samples from orchard floors.

Learning about the GSA's our members reside in is the next step we are taking for future planning. Working at a cooperative indicates the grower always comes first. Our Board of Directors and staff are always trying to think ahead and support our members in the best way possible. By learning the GSA's, we can learn how members may be affected in the present and future, and in return do what we can as a huller and sheller to help.

Another way you can stay updated with the Association is by connecting with us on Instagram and LinkedIn. I am also updating our website frequently and just published a Member Spotlight about past chairmen, Mr. Denis Prospero of Madera.

Member Relations (continued)

Highlighting members of our cooperative allows me to learn more about our membership on a personal level while recognizing them for their efforts to this wonderful industry we all depend on.

If you are not signed up for the online Grower Portal, I highly encourage you to do so. Although we are in off-season, signing up for the portal now allows you to see your 2023 data and learn how to navigate the updated layout. The online grower portal allows our growers to access Grower Deliveries, Stockpile Details, Turn Out Summary, Turn Out Details, Shipping Manifests and Grower Statements. Please feel free to reach out as I am more than happy to help you obtain portal access.



Chief Operating Officer Report

Last Spring, the Board of Directors approved our third solar project. The Phase 3, 610 kW DC tracking solar project will be located at our Sanger site. The project is on track to be installed before the start of the 2024 crop year. The Board of Directors felt it was prudent to move forward with the implementation of this project before the end of Net Energy Metering (NEM) 2.0. The significant delay has been caused by county approvals and ordered equipment. This project is expected to offset the cost of electricity by 100% at the Sanger facility. After the installation of the Phase 3 solar project your Association will be producing 2.75 megawatts of solar power to the PG&E grid. The project will accompany the 2.1 megawatts of solar offsetting energy costs at the Kerman Facility. In total, CCAGA uses 5.84 MW of power per year and with the inclusion of the phase 3 project, will offset 47% of the yearly cost of electricity to the Association.

Over the last few years, your Association has completed many plant improvements to continuously enhance efficiency.

Last year we saw the successful installation of the Sanger inshell line. This provided our eastside members with the opportunity to achieve premiums by producing high quality inshell for their handlers. The Sanger facility received 16,470,320 lbs. of field weight designated as inshell in 2023. This represents 25% of the total field weight delivered to Sanger. For comparison, Kerman received 162,327,540 lbs. of field run designated as inshell or 41.7% of the total volume delivered to Kerman.

We have successfully installed Programmable Logic Controls (PLC) in the K1 pre cleaner and upgraded the electrical equipment to prevent downtime and increase efficiency. The installation of PLC's in our plants provides our crews with more tools for processing your almonds and allows instant feedback of plant operation. We can track deficiencies in the plants which helps management make the necessary repairs in the off-season. I am happy to say Kerman Plant #1 and Kerman Plant #3 are operating on fully functional PLC's. We will continue to upgrade your plants to ensure CCAGA provides the best hulling and shelling service for our members.

Currently, your plants are ahead of schedule for routine off-season repairs and maintenance. This is due to the fact we have been cataloging our highly worn parts with specific and unique part numbers for the last three years with a local fabricator. This parts number allows us to order ducting, elbows, troughs etc. before the season ends, which provides timely delivery of parts the following off season. We continuously look towards efficiency, which in turn will help keep costs as minimal as possible.

We also combined our Kerman and Sanger repair teams to improve cross training on the technicalities at both facilities, as well as building a culture of unity. The success of this business could not happen without the Supervisors and the men and women repairing the plants. Their hard work and dedication are instrumental to the success of your member owned cooperative. Once again, your operations team is looking forward to hulling and shelling your 2024 crop that looks to be abundant. We will be ready!



President's Report

A new financial reality has set in for your member owned cooperative after a highly profitable 2022 fiscal period. The 2023 fiscal period that will conclude on April 30, 2024 is and will continue to be much different and challenging. A small crop last season, the high cost of all

inputs and low by-product pricing have coalesced to make this a very difficult time in the hulling and shelling industry. In the next 30 days, we will close the current accounting period and say good riddance and then begin a new year that we hope will show improvement.

It has by far been the most challenging year for Central California Almond Growers Association since I began my service as your President & CEO 19 years ago. You have heard us explain before that there is a recurring cycle at an agricultural service cooperative like ours. It is one in which we go from a year of high profitability to one that is more difficult in the subsequent year. This circumstance is because we are intrinsically linked to the success of the California dairy industry that has been unprofitable for the past year. As such, 90% of our revenue outside of retains in the form of hulling fees comes from the dairy industry. For the last year, our dairy friends have been reeling from low prices they receive for the fluid milk they produce. Many California dairies are watching operating costs closely as their bottom line is 20% below the cost of production. This has caused dairies to go hand to mouth on their purchases of hulls and shells across our State. Additionally, corn prices and alfalfa, that compete with hulls in the dairy ration have fallen, putting pressure on hull pricing. Most recently, shipments of our by-products have picked up, but it was very slow following our processing season.

At this time, we are 80% sold on our hulls and we are sold out on our shell. This would appear to be very good news and it certainly is in this environment. However, we have sold our hulls at significantly lower

prices than we were receiving last year. This has put a crimp on our cash flow and has caused us to delay what normally would have been our March payment to our members. During my tenure, we have always issued a March payment. However, this year we have decided to forgo distribution of payments until we see an improvement in shipments and additional sales on our current unsold inventory. While we would hope for an improvement in pricing for our by-products, at this time it does not look to be in the cards.

We will be diligent in watching our cash flow. The effects of inflation and low commodity prices necessitate this caution on our part. It is important for us to convey this situation to you so you can plan accordingly. Any payments we will be making shall be considered and distributed later in the year. Time will help us to have a better feel about the overall economy and the state of the dairy industry relevant to the sales and shipment of our by-products.

A new almond season is upon us and it is clearly a wonderful start. It portends a future crop size that will be much higher than the prior year and will push down unit costs. We hope and pray for an improvement in a dairy sector upon which we are so reliant.

Times are tough, but we will do our diligence to protect your interests. You have put great trust in us with the processing of your annual almond production and it is a responsibility we do not take lightly. We hope you have found in us a vision we share in delivering the highest level of quality and service for our 385 members. We have a record of continued success dating back to 1963.

At this time, I wish to personally invite you to attend our 61st Annual Meeting that will be held on Tuesday June 11, 2024. The meeting will once again be held at Pardini's Banquet Hall located at 2257 West Shaw Avenue Fresno, CA 93711. The meeting will begin at 6 pm. Invitations will be sent out in early May.

Central California Almond Growers Association

P.O. Box 338

Kerman, CA 93630

President's Report (continued)

As always, we promise to serve you a great meal and present a full report on the state of your member owned cooperative. We thank you for your patronage.

Direct Deposit Reminder

Please remember that as of January 1, 2024, we do not mail payments using the United States Postal Service. This change is necessitated due to increases in mail theft that have been occurring. If you have not already done so, please sign up for Direct Deposit. You can easily do this by calling our main office, (559) 846-5377, and asking for Celeste Lopes. She will be glad to provide you with the necessary form to fill out with the banking information we will need to send funds electronically to your bank account. The only other way to receive payments from us in the future will be to physically pick up a check at the reception desk at our administrative office in Kerman each time we make a distribution. This change is for your own protection and ours.

OUR CORE VALUE

ADDING THE GREATEST POTENTIAL
VALUE TO MEMBERS' PRODUCT WITH
THE HIGHEST QUALITY, SERVICE
AND INTEGRITY.