MORNING STAR WINS LEGAL BATTLE AGAINST REGIONAL WATER QUALITY CONTROL BOARD

RWQCB rescinds $1.5 million fine

The Central Valley Regional Water Quality Control Board (RWQCB) attempted to levy a $1.5 million fine against Morning Star in February 2016. Alleging that the processing factory in Williams, CA violated wastewater laws and completed an unauthorized expansion of wastewater ponds, the RWQCB repeatedly claimed that Morning Star’s actions were “egregious” in nature.

Morning Star immediately contested the fine, as well as the allegations that it had failed to inform the RWQCB about expanding its facility in Williams. Morning Star’s counsel submitted a Public Records Act request in order to obtain all pertinent RWQCB files.

During the course of discovery, Morning Star’s counsel found a report written by a staff member of the RWQCB which described a meeting where Morning Star laid out its plans for a plant expansion as well as increasing the size of the cooling pond. In direct conflict with this written document was an affidavit signed by the same RWQCB staff member, stating that the Board had no knowledge of any expansion plans. The original report, critical to Morning Star’s defense, was inexplicably not included in the report conclusions presented by the compliance officer and Prosecution Team during the 2016 hearing.

On February 23, 2017 the RWQCB held a hearing and officially rescinded the $1.5 million penalty.

FROM DROUGHT TO DELUGE

California’s record rainfall and snowpack creates new challenges for growers

A year ago, the topic of choice for anyone involved in California’s agricultural industry was the drought. Today, we face a record-setting snowpack and concerns over potential flooding in the State. What a difference a year makes!

A press release from the California Department of Water Resources showed that the statewide snow water equivalent (SWE, the depth of water that would result if the entire snowpack melted simultaneously) for March 30th was 45.8 inches, or 164% of the historical average for that date.

The major regions of California have all received good rainfall for the year. The Northern Sierra precipitation index is 199% of normal to date, San Joaquin is 191%, and Tulare Lake Basin is 177%.

Northern reservoir levels as of April 2nd are between 93-114% of historical average while Central reservoirs are between 57-121% of historical average. Many of the reservoirs that are below historical average are being maintained at that level to allow for the large snowmelt and to prevent flooding downstream.

The San Luis Reservoir, which provides a good source of water for agriculture in the Central Valley, is at 99% of capacity versus 51% a year ago. With a capacity of a little over 2 million acre feet, the San Luis Reservoir is an important player in our industry.

While the snowpack provides an excellent source of water to recover the levels of the reservoirs in California, groundwater sources (making up at least one third of the supply for California usage) may take much more time than a historically wet water year provides to replenish supply.
With all the good news about water, the South-of-the-Delta Central Valley Project Allocation has just been raised to 100% for the first time in a decade versus a 5% allocation last year. A 100% allocation in a Central Valley Project District like Westland’s Water District equates to about 2.6 acre feet per acre. Despite the positive news, we still have to recognize that the water system in California is broken. Since October 1, 2016, over 32 million acre feet have flowed out to the Pacific Ocean, capturing only a little under 3 million acre feet pumped through the State Water Project Banks pumps and the Central Valley Project Jones pumps. The good water allocations may have arrived a little too late and are out of sync with crop demand.

Growing tomatoes in a particularly wet year can be tricky business. If water is available, farming tomatoes in a drought year with a dry spring may be easier than fighting wet soil to meet delivery curves. For example, heavy rains in February made it more difficult to get seedlings planted than in the past couple years. With storms arriving on 3 to 5 day rotations, planting windows are limited, leading to delays in deliveries.

Looking at the overall market and intentions for total productions, the state has turned in a figure of 11.6 million tons for 2017 to be produced on 235,000 acres at a yield of 49.4 tons per acre. The question is: will this many tons be produced in a wet year?

In the graph below, you can see that the tons per acre have been running around 49 tons per acre for the last 4 years. The last real wet year with delayed planting was 2006, where the yield was only 34.6 tons per acre. Other factors exist, such as the fact that drip irrigation wasn’t in full use and 2006 also had extended periods of days over 100 degrees. Varietal improvements have also been made since 2006.

Growers will need to minimize the compaction of the fields from performing operations on soil that is too wet and ensure that the roots are well sealed while transplanting (sometimes this is difficult when the planter slices into wet soil).

Field management of varieties delivered to factories will be more challenging in 2017 because of the limitations the field conditions has had on growers’ ability to plant the varieties they had planned. Morning Star maintains an advantage in this area, operating a system whereby many of the growers purchase plants from a Morning Star affiliate. This allows the risk caused by variability of varieties to be hedged through planning and schedule flexibility in our factories.

Potential for viruses are low this year, particularly because curly top and leafhoppers do not do well in wet years. Early counts have shown that populations have been small and the incidence of disease is low. Only 10,000 acres are estimated to need treatment in 2017 compared to 64,000 acres in 2016.

Discussions between processors and the California Tomato Growers Association began with offers between 8 processors and the CTGA in late January with an offer of $67 from processors and $73.25 from the CTGA. The settled industry price in 2016 was $72.50, and this year’s price settled at $70.50.
CUSTOMER SERVICE COLLEAGUES

Our Customer Service group is comprised of a diverse group of colleagues, each committed to their mission of “Consistently delivering the best service experience by providing timely, responsive service with integrity and a commitment to excellence while exceeding our customers’ expectations.” The Customer Service group is made up of (listed by tenure) Edith De La Torre (2003), Veronica Ramirez (2007), Terry Delgado (2008), Imelda Buenrostro, Rebecca Vietti (2010), Sarina Sanchez (2011), and Angelique Telly (2013).

Each of our Customer Service colleagues has a unique background. For example, Angelique used to work with the California Highway Patrol, Rebecca worked for a Pre-school, Veronica worked for Ranchwood Contractors, Sarina worked in customer service for an insurance company, Terry was involved in sales for an electronic company in the bay area, and Edith started working for Morning Star after finishing high school.

While everyone’s backgrounds are incredibly different, each colleague spends their time away from work around friends and family.

Terry has a love for music, enjoying 1940s big band, classic rock, and R&B. She also spends time riding with her husband on their Harley Davidson and camping in Yosemite.

Rebecca grew up close to where she works now and her family lives close by, some even work at Morning Star. Her husband also works in the agricultural industry and helps to grow many of the tomatoes processed at Morning Star.

Sarina and her husband have been together for 19 years and married for 10, having a 9-year-old son and a 6-year-old daughter.

Angelique has been with her husband for 10 years but they originally met in first grade! They have three daughters together and Angelique sometimes feels bad for her husband having a house full of girls. Angelique enjoys watching her daughters compete in softball, especially if it’s a close game.

Terry comes from a family of 18 aunts and uncles on her mother’s side and she estimates her family has over 400 relatives. Every three years, they gather the family together for reunions. Terry says her favorite time is Sunday dinners with her and her husband’s three grown children and eight grandchildren.

Edith enjoys cycling and has a year-old baby and loves to watch her grow.

Veronica spends her time with her husband and two children, playing sports or relaxing and BBQing. Her son, Anthony, is 16 and a junior in high school and her daughter Lilyana is 6 and just started kindergarten this year.

I asked the colleagues a few questions about their time at Morning Star and being involved in the Customer Service group.

Q: What’s the most challenging aspect about working in customer service?

Veronica: There’s never enough hours in the day to get everything you need to accomplish done!

Terry: Sometimes 8 hours just fly by, it takes a lot of patience and understanding to handle the variety of responsibilities and tasks each day.

Edith: I love decorating.

Terry: I was once a Mary Kay consultant.

Angelique: The level of teamwork involved, and enjoying the various personalities and senses of humor of my colleagues.

Sarina: Every day is different, we are constantly learning new things and I like the challenge.

Rebecca: We get opportunities to build relationships with people all over the world. I love seeing my customer’s products in the store and being able to say “Hey, those are my tomatoes!”

Q: What’s the most unique or fun fact about yourself?

Edith: I love decorating.

Terry: I was once a Mary Kay consultant.

Angelique: I love WWE wrestling! I blame my husband.

Sarina: I am deathly afraid of heights.

Rebecca: I have a life goal to visit a new country every year. I don’t like to plan much further than how I’m going to get there and where to stay - the rest is an adventure.
—INTERNATIONAL CROP—

GLOBAL ESTIMATES ON PAR WITH 2016

Estimates have begun rolling in for production levels in 2017. The AMITOM (Mediterranean Association of Tomato Processors) should come in as the leading group at 16.5 million metric tons (mT). Italy leads that production with an estimated 5 million mT for the season and Spain remains the second largest producer at 3.2 million mT.

While some countries have pulled back production slightly (California estimates a 2017 production of 10.52 million mT, down from 2016’s 11.52 million mT), global numbers are level with production in 2016.

Another trend occurring on the international stage is a decrease in price for raw tomato prices worldwide. According to The World Processing Tomato Council, global averages (in USD/mT) have gone from a high of $98 in 2014 to an estimated $74.8 in 2017. 

Source: Tomato News