



Tom Bellamore

## An Early Look at 2013-14

**F**or crop estimating purposes, August is always a challenging month. It is too early to know with any certainty how much fruit our trees will bear in calendar year 2014, but we must put pen to paper all the same. August is when the CAC board sets the tentative assessment rate for the upcoming crop year, which begins November 1.

Next year's crop looks highly variable from grove to grove. Some growers are well situated, expecting good yields based on what the trees are presently carrying. Others can't find much fruit at all when walking through the groves. Now that the commission is a grower, of sorts—we took possession of 11 acres on Cal Poly's Pine Tree Ranch near Santa Paula on July 1—we've experienced, first hand, the disappointment of a poorly-set crop. Still, across the entire growing region the year may produce what we have come to think of as an "average sized" crop. That's one scenario, at least.

In addition to variability from grove to grove, there is the uncertainty of Mother Nature as the fruit progresses to maturation. California has been experiencing some of the driest conditions on record and, should these persist, they likely will take their toll on some of the production promised for next year. Early rains could brighten the outlook con-

siderably. Taking these factors into account, as well as the more isolated but possible effects of freeze, wind or fire, leads us to a range in terms of crop size, which brackets our financial forecasting.

The supply side picture is not complete, however, unless we also make some assumptions about import pressure. Competition bears directly on the field price growers will receive in 2014, despite our steady progress at distinguishing California as a source of premium quality fruit worthy of more of the consumer's dollar. And when it comes to forecasting revenue, price and production weigh equally in the assessment-setting process.

Aggregate U.S. supply of avocados should stay stable at 1.7 billion pounds in 2014, with over half of that amount coming from Mexico. Volume from Chile adds less volatility than in the past, but Peru is looking to double its shipments to the United States. If successful in doing so, the 90 million pounds from that country would land during the California season, bringing with it additional price pressure. Nonetheless, a moderate California crop accompanied by a strong marketing presence should mean favorable returns for growers next year.

At the time this column was written, the essential elements used for modeling assessment scenarios

were more elusive than usual. Couple this with the fiscally conservative approach characteristic of your current CAC management and it seems prudent to expect that the 2013-14 assessment rate will have to increase slightly, even with \$1.1 million *less* in planned expenditures and a significant draw-down in our reserves.

Growers should know that management and the board are mindful of what it takes to keep farms profitable and expenses in check. For a number of different reasons, the 2013-14 crop year could signal a return to more "normalized" financial conditions at the commission, where reserves are moderated and revenue and spending are more closely aligned. Several years ago, I conducted a balanced budget analysis along with CAC's finance manager, the aim of which was to keep CAC's programs vibrant with a nominally fluctuating, predictable assessment rate. The analysis pointed toward assessment rates in the 1.75 to 2.3 percent range, depending on anticipated variations in crop size and consequent prices. Of course, the analysis did *not* provide for emergencies such as crop failure or an abnormally distressed market that might cause us to deviate temporarily from our financial plan. Those situations, should they occur, can be addressed through more dramatic measures such as program cut-

backs if necessary, to further buffer the need for large swings in the assessment rate.

Your California Avocado Commission board and management are committed to following through on the predictability promise. At the same time, we continually strive to get the most out of every assessment dollar collected, returning value to the growers in the form of marketing programs that make a difference, re-focused research, practical outreach, and advocacy on issues of critical importance.

The 2013-14 crop year is right around the corner. By the time you receive this issue, the CAC board will have adopted a tentative assessment rate and spending plan for that period. At the scheduled district meetings in September, growers were to be provided with an overview of how their assessment dollars will be put to work. Talk to your commission representatives and don't be shy about voicing your opinion. A final decision on the 2013-14 assessment rate and budget will not be made until October 10. 🥑



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## Jonathan Dixon Returns To New Zealand

CAC Research Program Director Dr. Jonathan Dixon departed the California Avocado Commission in early September to accept an attractive position in his home country of New Zealand.

In 2009, Dixon joined the CAC staff on a temporary work visa with the primary assignment of evaluating the commission's research investment and assisting with the development of a research strategy consistent with the organization's overall, long-term business strategies and plans.

"During his three and one half years as a CAC employee, Jonathan has made significant contributions to the California avocado industry," said CAC President Tom Bellamore. "He has been instrumental in re-focusing the research effort, ensuring that it is strategically-driven, efficient, and responsive to growers' needs. He also laid the foundation for new outreach and communications programs centered on the cultural care of avocados, something the commission consciously avoided for much of its 35 year history. Even with all of that, he found time to walk avocado groves with growers from north to south, becoming a sought-after advisor and welcome source of practical information for professionals and novices, alike."

Bellamore added: "The Commission's Production Research Program remains in good hands, with CAC Research Project Manager Dr. Tim Spann taking up many of Dr. Dixon's responsibilities. We are hoping that we can convince Jonathan to return periodically and remain connected to the California avocado industry; he will always be welcome here." 🥑

