



# 2011/2012 Annual Report



## CEO Report: Five years of Inspections, Experience and Learning

It's been five years since this unprecedented food safety program was created to protect public health by establishing a culture of food safety on leafy greens farms. At its inception, the LGMA was a unique program forging new ground for produce food safety. Created in response to the tragedy of the 2006 spinach outbreak, the California leafy greens industry vowed not to forget the victims. Today 99% of the leafy greens produced in California come from over 100 LGMA members, their growers and harvest crews. Arizona is another substantial leafy greens producer and has established a sister program – combined approximately 90% of U.S. leafy greens production is grown and harvested in accordance with the LGMA program.

Since that first year, the LGMA has conducted a total of 2,585 audits (over 400,000 checkpoints) and over 200 billion servings of leafy greens have been grown under this system of mandatory government inspection. That is an average of more than 500 audits annually, with each LGMA member being audited once every two months in production and undergoing one unannounced audit annually.

On average there have been approximately 1,000 audit citations issued annually, all of which must be corrected for an LGMA member to be certified. Minor infractions are corrected on-site and account for 31% of all citations. Minor deviations require a Corrective Action Plan be submitted in 5 days and account for 64% of all citations. Major deviations account for about 5% of all citations and are subject to re-audit in three days. Flagrant violations account for less than 0.2% of all citations and can lead to decertification. Over the life of the program six companies have been decertified for non-compliance and two companies who were not yet certified were declared ineligible for certification until the next calendar year.

Over time, assessment rates have dropped and inspection costs have decreased as the program becomes increasingly more efficient. An impressive training program has been added to the LGMA offerings to assist handlers and work crews to ensure everyone knows and understands the importance of food safety on the farm.

In the past five years, the LGMA program has continued to evolve and grow, although its mission remains focused on assuring safe products and confidence in leafy greens. During a recent strategic planning process, the LGMA Board approved a set of priorities which include: attaining global food safety certification; engaging regulators on food safety; increasing industry education and working to establish the LGMA as a resource on leafy greens food safety. Yes, the LGMA has come a long way in five years. And while the program is continually working to improve, the most important outcome of the LGMA is that the industry and its loyal consumers have not seen a repeat of the tragic events of 2006. We continue to work hard to ensure it never happens again.



Scott Horsfall  
Chief Executive Officer



## Mission:

To assure safe products and confidence in leafy greens

Engage regulators on food safety

Generate acceptance through harmonization

## Strategic Priorities

Increase industry education

Establish as a resource for food safety

## Core Values:

Food Safety Comes First

Integrity and Accountability

Transparency

Proactively Engaged

Science-based

Unified

Strong public/private partnership

The California Leafy Green Products Handler Marketing Agreement (LGMA) is a mechanism for verifying, through mandatory government audits, that growers and handlers implement science-based food safety practices in the growing and harvesting of lettuce, spinach and other leafy green products.

In 2009 the LGMA Advisory Board launched its initial strategic planning process with the objective of identifying a set of strategic priorities that would guide the organization’s activities and further development for the next 2 – 3 years. In 2011 the LGMA Advisory Board reviewed the progress of the original strategic plan and decided to revisit and update it as enough progress had been made and the environment had experienced substantial changes.

The LGMA strategic plan update process included telephone interviews with produce buyers, leafy green growers and advisory board members; followed by a strategic planning retreat for board members, staff and consultants to review mission and vision statements, core values and strategic priorities.

The outcome was a slightly revised mission statement and four revised strategic priorities. The mission statement and core values remained the same. The original strategic plan provided valuable direction for LGMA staff, consultants, committees and the advisory board. These groups will continue to use the updated plan as a tool to guide future activities and monitor accomplishments.



Ryan Talley  
Chairman of the Board



## Regulators

In 2011 the Food Safety Modernization Act (FSMA), a massive reform to U.S. food safety regulation, was signed into law. This new law aims to protect the food supply by shifting the focus from responding to contamination to preventing it. FSMA will directly affect the fresh produce industry when the U.S. Food and Drug Administration (FDA) issues its pending Fresh Produce Safety Rule. This rule will focus on the safe production, harvesting and packing of fresh produce.

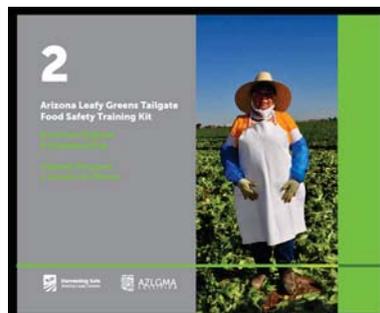
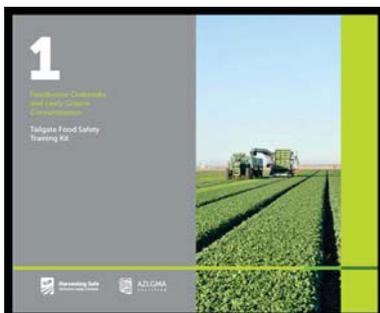


FDA, in partnership with United States Department of Agriculture (USDA), participated in a number of listening sessions and farm tours across the country while developing the proposed rule. As a part of this effort, a total of 10 FDA officials and staff travelled to California to see first-hand how the system of mandatory government inspection of leafy greens fields is working to create a culture of food safety for over 90 percent of the U.S. leafy greens that are produced in California and Arizona. The LGMA is encouraging the FDA to consider adopting this comprehensive food safety program as a means of meeting requirements of new FSMA legislation which will soon go into effect.

## Members

Industry education continues to be a top priority for the organization as it strives to protect public health by establishing a culture of food safety on the farm. In 2011 the California LGMA held a series of training workshops designed to assist growers and handlers comply with food safety metrics. The topic centered on how to better train harvest crews about important food safety practices. It is a mandatory requirement of the LGMA that all workers receive training in safe handling practices and hygiene. The training must be documented and verified. Because there are many people involved in harvesting operations and often there are language barriers, this training can be challenging.

Thankfully, the LGMA was able to borrow an excellent training system from its sister organization, the Arizona Leafy Greens Marketing Agreement. This program is focused on teaching harvest supervisors how to train their workers using a system of illustrations and graphics to communicate not just how to comply with food safety practices in the field, but why these practices are important. Sergio Nieto-Montenegro, the developer of the training kit, and Mike Villaneva, California LGMA's Technical Director conducted English and Spanish sessions in Salinas, Santa Maria, Oxnard and El Centro with over 100 participants.





### The Golden Checkmark Award

At the 2011 Produce Marketing Association's Fresh Summit Convention in Atlanta, GA, the LGMA presented two leaders from the retail and food service buying community with the Golden Checkmark Award. The worthy recipients were Bill Pool of Wegmans and Mike Spinazzola of Diversified Restaurant Systems, the buying arm for Subway® restaurants. They were given the LGMA's highest honor recognizing those who support mandatory government inspection of food safety practices in the produce industry.



There is no question that these two recipients are food safety leaders and exceptional examples of representatives from firms who have committed to accept the LGMA's mandatory government audits as the only third-party inspection required of their leafy greens suppliers. Their actions go a long way in recognizing that farmers and handlers of leafy greens are committed to protecting public health. This is important, because accepting the LGMA audit is an essential step in eliminating costly duplicative inspections often required of produce farmers.

### Third Annual Farm Food Safety Tour

The LGMA hosted its third annual Farm Food Safety Tour in August of 2011. The tour is a trade outreach effort that allows quality assurance and purchasing staff from buying organizations see firsthand how the LGMA is creating a culture of food safety on California Farms. This year the tour was co-hosted by the California Tomato Farmers. It just made sense for these two innovative programs to host the tour together on two of the most commonly used produce items. Although the programs are not identical, both require their members to implement a set of science based metrics that are then verified through government audits.

Fourteen representatives from eleven buying organizations (Burger King, Carl's Jr., Costco, Del Taco, Dine Equity, In-N-Out, Jack in the Box, Markon Cooperative, Pro\*Act, Taco Bell and Yum Brands) joined this year's tour. The group spent one whole day focusing on the LGMA program and one whole day on the California Tomato Farmer's program.



When asked about the value of the tour, attendee Scott Brooks of Yum Brands stated:

*"I found it very helpful to learn more about the USDA audit program. I was not aware of all that goes into the program, such as the extensive training and calibration of the USDA auditors. This was really eye opening to me and something I will take back and share. We expect suppliers to comply with LGMA food safety practices for all sources of leafy greens."*



## How the LGMA Works

### Science-Based Food Safety Practices

Based on best practices and sound science, the LGMA food safety practices are designed to reduce risk for a specific commodity and on individual farms.

### Mandatory Government Inspections

All LGMA handlers undergo multiple mandatory government audits annually, and each grower is audited at least once a year. These audits are both scheduled and unannounced. The scheduled audits verify compliance with LGMA food safety practices via a 184-point checklist. The unannounced audits have an abbreviated checklist and focus on farm and harvest practices.

### Comprehensive Enforcement Process

The LGMA's Compliance Officer assigns violation levels to audit non-conformities. Flagrant violations are subject to decertification. If CDFA auditors observe something that represents an imminent food safety threat while conducting an audit, auditors will contact the appropriate local and state regulatory agencies.

### Corrective Actions

Handlers are required to complete corrective actions on all cited non-conformities, no matter how minor. Auditors verify corrective actions taken on a subsequent LGMA audit. Documentation is an essential element of the LGMA program – corrective actions must be documented for auditors to verify that they took place.

### A Process of Continuous Improvement

Frequent inspections and corrective actions drive continuous improvement. Industry-wide citation analysis leads to targeted food safety training for handlers, driving advancement on individual farms and the California leafy greens industry as a whole.



## Continuous Reduction in Citations

Over the last three years, while the total number of audits has remained consistent, the LGMA has seen a decreased rate of citations for non-conformity with the LGMA's rigorous food safety requirements.

	2009/10	2010/11	2011/12
Scheduled Audits	480	498	469
Unannounced Audits	71	91	90
<b>Total Audits</b>	<b>551</b>	<b>589</b>	<b>559</b>
Flagrant Violations	1	1	0
Major Deviations	63	43	39
Minor Deviations	873	685	503
Minor Infractions	356	274	301
<b>Total Citations</b>	<b>1293</b>	<b>1003</b>	<b>843</b>

## 2011/2012 Compliance Rate

All LGMA audit citations for non-conformity require corrective action; however as illustrated below LGMA audits show that member companies have a high rate of overall compliance.

Audit Area	Checkpoints	Audits	Checkpoints Verified	% in Compliance
General Requirements	14	559	7,826	99.6%
Environmental Assessments	35	559	19,565	99.8%
Water Use	24	559	13,416	98.6%
Soil Amendments	18	559	10,062	99.5%
Worker Practices & Field Observations	93	559	51,987	99.1%



### **Minor Infractions**

A Minor Infraction is an infraction from the LGMA practices that does not necessarily increase risk of a food borne illness, and the infraction can be corrected before the inspector leaves the premise. Multiple Minor Infractions will lead to a Minor Deviation.

### **Minor Deviations**

A Minor Deviation is a deviation of the LGMA practices which can be addressed within (5) days of the inspection, and the deviation did not necessarily increase the risk of a food-borne illness. Upon multiple violations of the same type within a 12-month period, the violation may move up to a Major Deviation.

### **Major Deviations**

A Major Deviation is a violation of the LGMA practices that may inhibit the maintenance of food safety, but does not necessarily result in unsafe product. A third Major Deviation within a 12-month period will result in elevation of the deviation to a Flagrant Violation. Those cited are required to submit a corrective action plan to the LGMA staff within five business days of notification. They are then subject to an on-site inspection within three business days.

### **Flagrant Violations**

A Flagrant Violation is a violation where the preponderance of evidence shows that the member company knew, or should have known exercising reasonable diligence, that the practice did not conform to the measurable practices established in the LGMA, and the violation significantly increased the risk of delivering unsafe product into commerce. Penalties can range from temporary to permanent decertification. Any action resulting in decertification will be publicized on the LGMA website. Per the request of the produce buyer, e-mails are also sent to alert the buyer to any decertification actions.

## **Specifics on Citations**

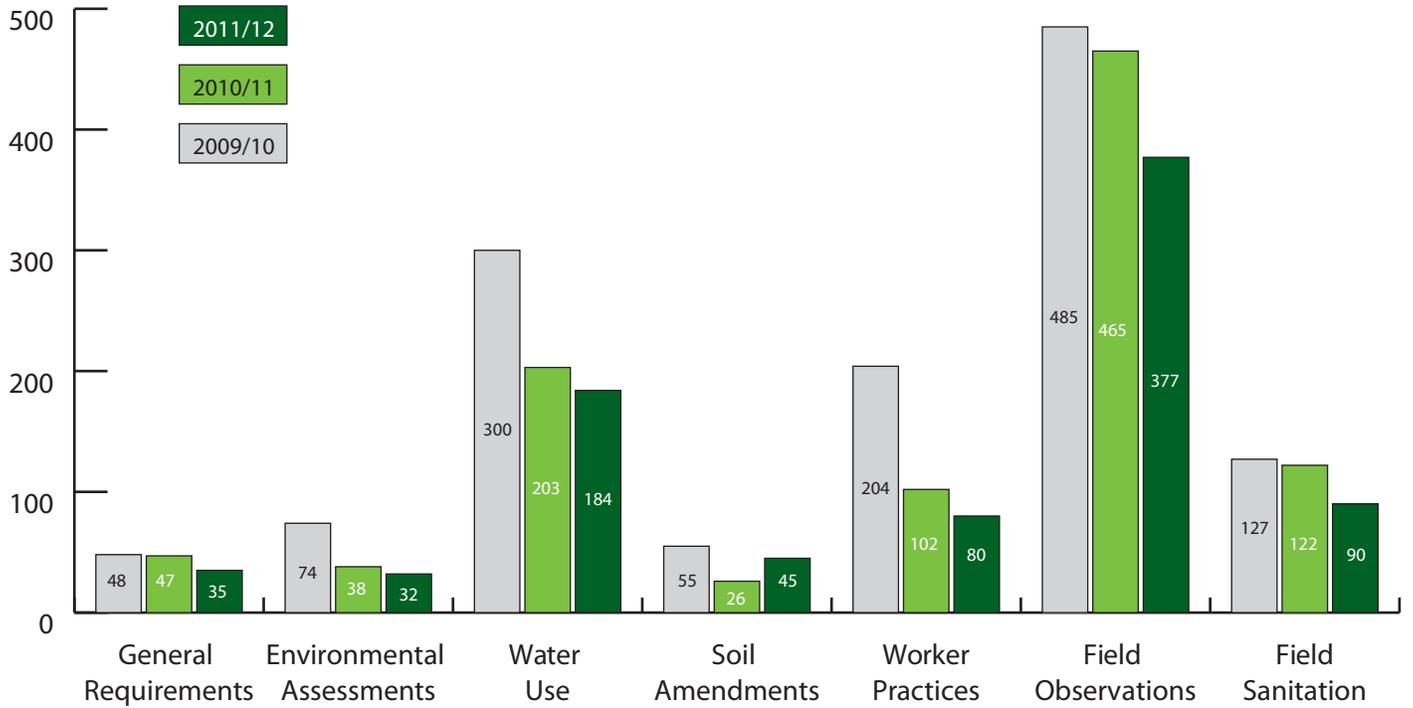
There were 301 Minor Infractions and 503 Minor Deviations assessed during the 2011/2012 season. All of those cited for Minor Infractions performed corrective action on-site for the inspectors. Those cited for Minor Deviations submitted satisfactory corrective action plans to the LGMA.

There were 39 Major Deviations issued during the 2011/2012 season. All those cited for Major Deviations submitted satisfactory correction action plans to the LGMA within the required time frame. A detailed report of all Major Deviations is included in the Citation Analysis section of this report.

There were no Flagrant violations issued during the 2011/2012 season.



## Citations by Audit Area



Over the last three years, while the total number of audits has remained consistent, the LGMA has seen a decreased rate of citations for non-conformity with the LGMA's rigorous food safety requirements.

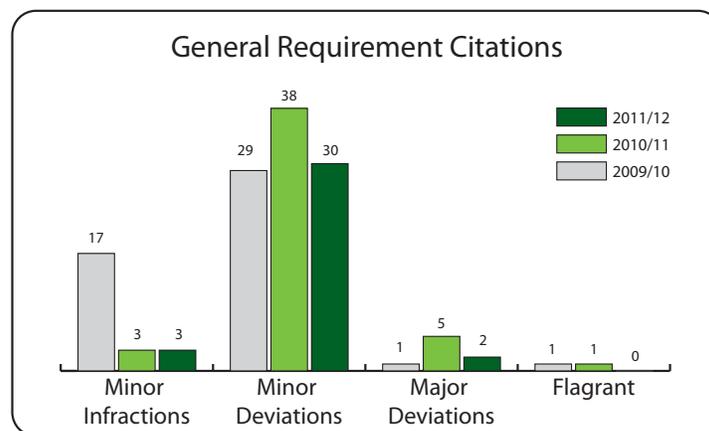


## Citation Analysis (continued)

### General Requirement Citations

LGMA members are required to meet specific requirements related to their food safety management program; these include having a written compliance plan in place, an up-to-date growers list, a traceability process and the identification of individuals who are available 24/7 to oversee their food safety program. There are 14 general requirement checkpoints in general requirements in the LGMA audit.

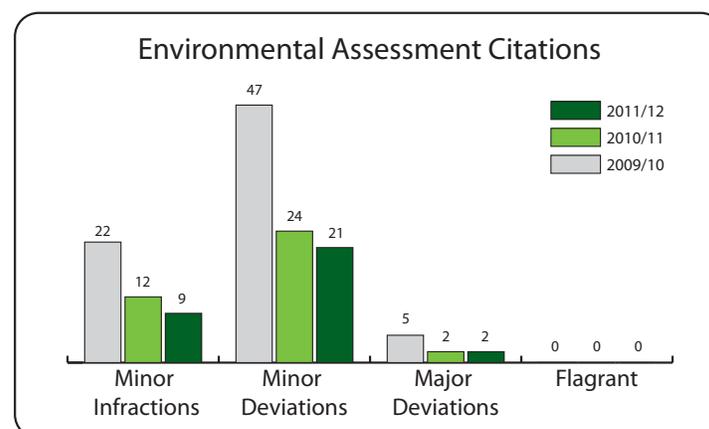
There were two Major Deviation violations assessed for General Requirements, which included improper storage of product in a facility not registered as required by the Federal government and incomplete traceback program. The other was issued for not having a compliance plan available and not having a qualified food safety representative to participate in the audit. They were resolved by the handler promptly registering the facility with FDA and meeting with staff to emphasize the importance of having the plan and qualified staff available upon notice.



### Environmental Assessment Citations

Under Environmental Assessments, LGMA members are required to conduct pre-planting, pre-harvest and daily harvest assessments of all of their leafy greens fields. These assessments are reviewed on the LGMA audit, and compliance with the requirements is verified. There are 35 Environmental Assessment checkpoints in the LGMA audit.

There were two Major Deviation violations assessed for failure to conduct an environmental assessment prior to harvest. In both cases, harvesting was stopped until the assessment could be performed and the supervisor retrained on the handlers' SOP's for performing this requirement.



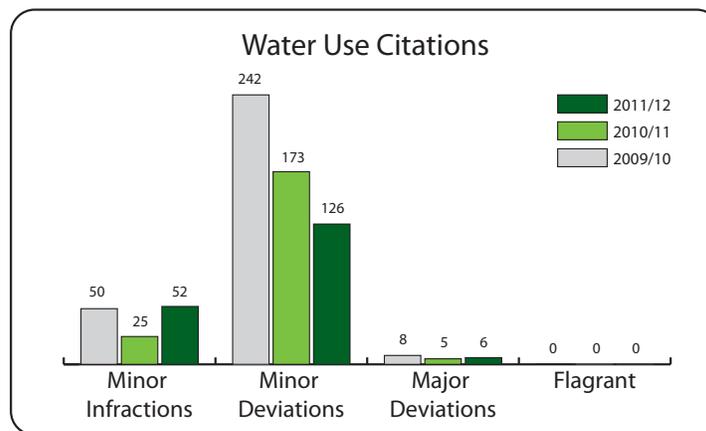


## Citation Analysis (continued)

### Water Use Citations

The LGMA metrics prescribe specific water sampling and testing requirements for all water used in the production and harvest of leafy greens. The LGMA audit includes 24 water use checkpoints.

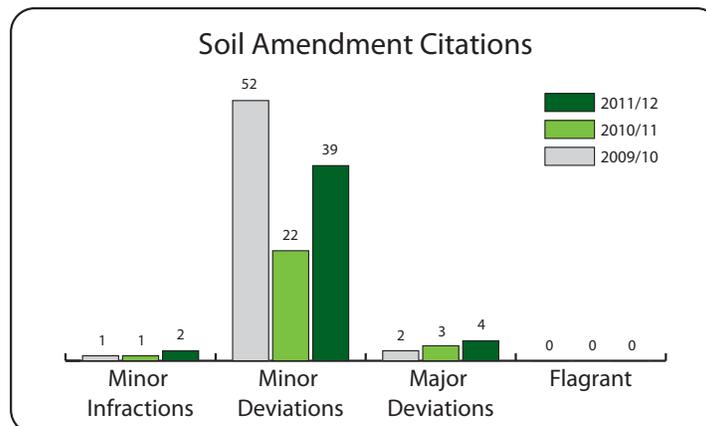
There were six Major Deviation violations issued for Water Use, including four for failing to use established procedures when irrigation water tests for pathogens exceed tolerances. In all cases, subsequent testing of product in the field was done and a sanitary survey was conducted on the water distribution systems which showed acceptable water quality. The other two involved failure to sample and test the water system within the 35 day period and not testing chlorine and pH levels in knife and glove dip buckets. Records were later provided for missing water tests and all harvesting company crew supervisors were retrained in pH and chlorine testing procedures and proper record keeping.



### Soil Amendment Citations

The LGMA metrics have specific requirements for the soil amendments used in the production of leafy greens, the treatment processes such amendments must receive, and the sampling and testing requirements for pathogens. The LGMA audit includes 18 checkpoints on soil amendments.

There were four Major Deviation violations all of which resulted from incomplete record keeping. Included in the list was not having a letter of guaranty on file that green waste applied to the field did not contain any animal manure and not having proper records to line the compost applied to the field(s) with COA. In all cases, the handler was able to provide the proper documentation and redesigned their tracking system for required testing records for product analysis.





## Worker Practices, Field Observations and Field Sanitation

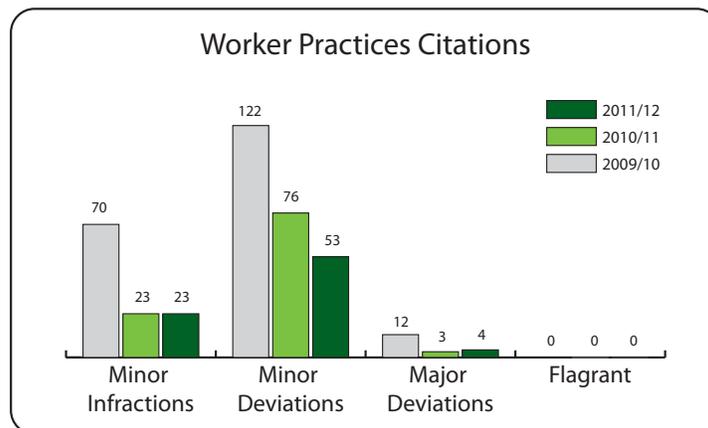
The LGMA metrics require a range of SOPs related to worker practices in the field. These include having written visitor policies, a documented sanitary facility program, and a worker health practices program.

Every LGMA audit – announced and unannounced – includes a long list of checkpoints related to field harvest and sanitation practices. These include verification of SOPs for equipment sanitation, verification that workers are following SOPs related to consumption of food, cleaning and sanitizing of harvest equipment, and verifying that all other food safety practices are being implemented.

The worker practices, field observations and field sanitation portions of the LGMA audit include 93 checkpoints.

## Worker Practices Citations

There were four major deviations assessed for field sanitation units not complying with requirements, including not being properly cleaned and maintained, stocked and operational. Some examples included soiled toilet paper on the floor, grey water leaking from tank, plugged urinals and recovery caps missing or unsecured. In all cases, these issues were addressed immediately, with unit being removed and taken out of service and the vendor being called out and repairing the problem or bringing out a replacement unit.



## Field Observation Citations

Of the 17 Major Deviations assessed for Field Observations, three were for water being used for hand washing that had not been tested to determine if it met LGMA's acceptance criteria. In all cases, the handler was to verify that the water was from a municipal water source and obtained a current Certificate of Analysis (COA) showing it met the acceptance criteria. Supervisors from the respective companies were retrained on proper sampling and testing procedures for hand wash water. There were four instances where feces was found near or in leafy green field(s). In all cases, the feces were removed and where necessary flagged and buffered to the required five foot radius and product destroyed.

The other ten violations included three for placing bunched product directly on the ground, while the other seven included harvesting crew supervisors not trained in conducting pH and chlorine tests, workers not washing hands upon returning to work, daily harvest assessments not being completed prior to harvest and animal tracks found near or around wells and reservoirs. In the cases of the bunched product placed on the ground, harvest was stopped and the crew was retrained on proper handling and placement of bunched product off the ground.

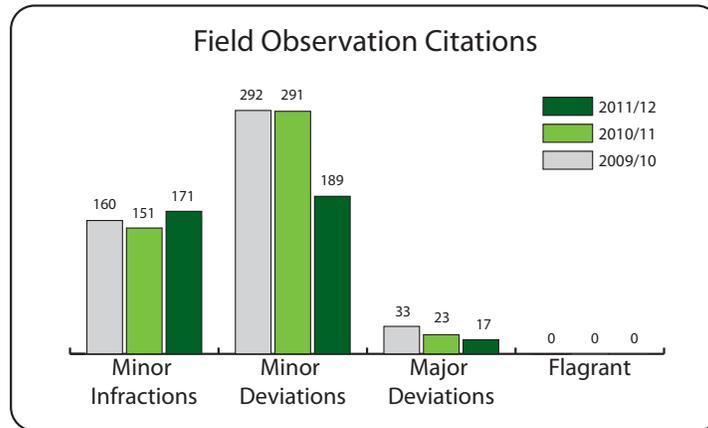
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## Citation Analysis (continued)

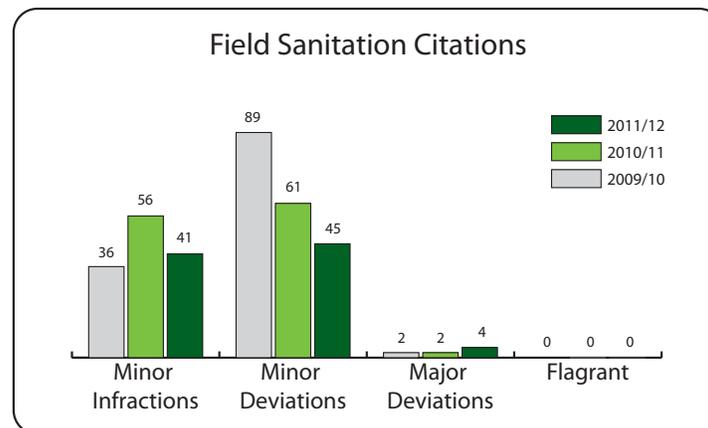
### Field Observation Citations continued

In the four cases involving daily harvest assessments, harvesting was stopped, harvest crew supervisors were retrained on conducting the daily harvest assessment. In the three cases involving pH and chlorine testing, the supervisors responsible for conducting the tests were immediately retrained and the pH and chlorine levels in the sanitation buckets were retested and found to be in compliance.



### Field Sanitation Citations

There were four Major Deviations issued for field sanitation, all for not documenting water source and testing for water used for handwashing on field sanitation units. In all cases, the handler was able to provide the necessary documentation, including test results to show the water used was collected from an approved source. The supervisors responsible for this activity were retrained in these procedures.





## Independent Audit Report

I have audited the accompanying basic financial statements of California Leafy Green Products Handler Marketing Agreement (LGMA) as of and for the year ended March 31, 2012, as listed in the table of contents. These financial statements are the responsibility of the LGMA's management. My responsibility is to express an opinion on these financial statement based on my audit.

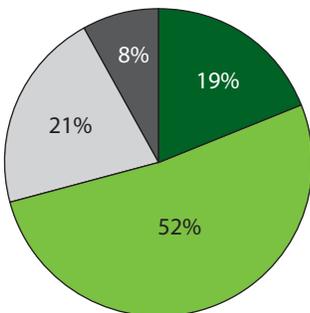
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LGMA's internal control over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for opinion.

The financial statements are special-purpose regulatory presentations for the California Department of Food and Agriculture. The basic financial statement do not include management's discussion and analysis.

In my opinion the financial statements above referred to above present fairly, in all material respects, the financial position of California Leafy Green Products Handler Marketing Agreement as of March 31, 2012 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Keith C. Rood - Certified Public Accountant

### Annual Expenses by Category



**Administration:** Salaries and benefits, travel, office and meeting expenses



**Audits & Enforcement:** Salaries and benefits, compliance audits, Compliance Officer and legal fees



**Communications:** Salaries and benefits, trade outreach, public relations and member education



**Technical Training:** Salaries and benefits, grower workshops, field activities, harmonization



## General Terminology

**CDFA** • California Department of Food and Agriculture

**Food Safety Practices** • Also know as metrics, good agricultural practices (GAPs) and commodity specific guidelines. A comprehensive set of science-based practices developed by industry experts and scientists to reduce the risk of contamination on the farm through harvest.

**Grower** • Any person or company that produces leafy green products for commercial sale and has proprietary interest therein.

**Handler** • Any person or company that handles, processes, ships or distributes leafy green product for market whether as owner, agent, employee, broker or otherwise. This definition does not include a retailer.

**Leafy Green Products** • See crops list on this page.

**LGMA** • California Leafy Green Products Handler Marketing Agreement

**Service Mark** • The U.S. registered mark obtained by CDFA and granted to the LGMA Board and further licensed to those Signatory Handlers who certify and verify that their leafy green products have been grown, packed, shipped, processed and/or handled in accordance with the food safety practices.

**Signatory Handler** • Also called members, a handler who has signed onto the marketing agreement, at which point all aspects of the program become mandatory.

## Audit Terminology

**Checklist** • A tool that ties directly to the food safety practices and ensures inspectors are consistent and thorough in completing each and every LGMA audit.

**Corrective Action Plan** • A required plan outlining corrections for all audit findings.

**Database** • CDFA enters all audit information into an electronic database where members view audit results and provide the LGMA with corrective action plans.

**Inspector** • Also called auditors, these CDFA employees are USDA-licensed government agricultural inspectors.

**Scheduled Audit** • Audits verify that members are in compliance with the food safety practices. In order to be certified, members are subject to four to six mandatory audits each year. Corrective action must be provided for all findings. Non-compliance results in decertification from the program.

**Unannounced Audit** • Derived from the regular audit checklist, this observational audit is a USDA requirement and is conducted with no advance notice. Each member is subject to one unannounced audit each year and required to provide corrective action for any findings.

## Production

California produces a vast amount of the leafy green products that Americans enjoy each year. According to the United States Department of Agriculture in 2008 California farmers contributed the following amounts of leafy green product to the U.S. supply: **80% of Romaine lettuce • 80% of Leaf lettuce • 78% of Head lettuce • 72% of Spinach • 20% of Cabbage • Additionally, Canada receives approximately 86% of U.S. leafy greens exports.**

### Crops

Arugula • Butter Lettuce • Chard • Escarole • Iceberg Lettuce • Red Leaf Lettuce • Spinach • Baby Leaf Lettuce  
Cabbage (green, red and savoy) • Endive • Green Leaf Lettuce • Kale • Romaine Lettuce • Spinach • Spring Mix





### Advisory Board & Staff List

Salinas, Watsonville, San Joaquin Valley, Kern County	
Members	Alternates
Tom Nunes - <i>The Nunes Company</i>	Tom Russell - <i>Pacific International Marketing</i>
Joe Pezzini - <i>Ocean Mist Farms</i>	Mike Costa - <i>Costa Farms</i>
Jamie Strachan - <i>Growers Express</i>	Tom Mack - <i>Dole Fresh Vegetables</i>
Alec Leach - <i>Taylor Farms</i>	Bardin Bengard - <i>Bengard Ranch</i>
Steve Church - <i>Church Bros. Produce</i>	Phil Adrian - <i>Coastline/Sunridge</i>
John D'Arrigo - <i>D'Arrigo Bros of California</i>	Courtney Parker - <i>True Leaf Farms</i>
Ron Ratto - <i>Ratto Bros Inc.</i>	Will Daniels - <i>Earthbound Farm</i>

Oxnard, Santa Maria	
Members	Alternates
Jan Berk - <i>San Miguel Produce</i>	Dan Sutton - <i>Pismo Oceano Vegetable Exchange</i>
Ryan Talley - <i>Talley Farm</i>	John Jackson - <i>Beachside Produce</i>
Mitch Ardantz - <i>Bonipak</i>	Victor Tognazzini - <i>Gold Coast Packing</i>

Blythe, Imperial Valley	
Members	Alternates
Jack Vessey - <i>Vessey and Company</i>	Megan Chedwick - <i>Church Brothers</i>
Eric Wexler - <i>Tanimura and Antle</i>	Todd Brendlin - <i>Crystal Organic/Grimmway Farms</i>
Larry Cox - <i>Sunridge Farms, Inc.</i>	Lorri Koster - <i>Mann Packing Inc.</i>

Public	
Member	Alternate
Barbara Matthews	Vacant

Staff	
Scott Horsfall - <i>Chief Executive Officer</i>	Jonathan Field - <i>Compliance Officer</i>
Mike Villaneva - <i>Technical Director</i>	April Ward - <i>Communications Director</i>



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agreement



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