



2015/2016 Annual Report



FOOD SAFETY PRACTICES

Based on sound science and designed to reduce risk of contamination in the growing and harvesting of leafy greens.

GOVERNMENT AUDITS

Multiple announced and unannounced audits are conducted annually by State of California auditors.



CONTINUOUS IMPROVEMENT

Corrective actions and industry-wide training improve employee knowledge and competency.

ENFORCEMENT

Each citation is reviewed by the Compliance Officer and must be corrected. Corrections are verified by the auditors.

Chairman's Report



Ron Ratto

2015 marked the start of my first year as Chairman of the California Leafy Greens Marketing Agreement's Advisory Board – an important yet gratifying responsibility. I want to begin by sincerely thanking the members of the LGMA for their support and their continued commitment to food safety, as well as the dedicated LGMA staff that carries out the program.

The Produce Rule Becomes the Law of the Land

In 2015 the federal government took a huge step forward in its regulation of food safety practices on the farm. The long-awaited Food Safety Modernization Act Produce Rule became the law of the land late in the year.

While the advent of these new federal rules is significant in many ways, LGMA members in California and Arizona can view them with confidence; in a very real sense, the leafy greens industry has had a nine-year head start on the new laws. Growers who are in compliance with the LGMA's Metrics are already implementing food safety practices on the farm that are substantially in alignment with the Produce Rule's requirements, and in most cases these practices already meet or exceed the federal requirements. The LGMA is currently working to make sure that any areas where the Metrics do not line up with the Produce Rule are being addressed.

One beauty of our system is that it allows us to update our standards relatively quickly when new information or new science emerges. By the time compliance with the new federal laws becomes mandatory (January of 2018 for most of our growers) we will ensure that compliance with the LGMA metrics truly does equal compliance with the Produce Rule.

2015/2016 at the LGMA – a Focus on Training

In the Food Safety Modernization Act, the FDA has placed a huge emphasis on employee training. We at the LGMA are doing so as well. This focus on education manifests itself not only in the development of LGMA Tech, our comprehensive training program, but also in the way we look at our ongoing food safety activities.

If you look closely at the numbers in this report, you'll see that overall violations of the Metrics remained very low in 2015/16. There were a total of 390 citations for non-conformities with the Metrics last year, about the same as the previous year. This is a 61% decrease in citations from five years ago. Overall our members are meeting nearly 99% of the checkpoints on their audits. As you can see, steady improvement has been made over the years.

Also apparent in this year's report is a shift in some of the numbers. The table below shows total violations for the last two years in the Minor Deviation and Minor Infraction categories:

Category	2014/15	2015/16	Change
Minor Infraction	168	134	-20%
Minor Deviation	186	240	+29%

The shift to more Minor Deviations (a higher level of violation) was not an accident. Compliance Officer Jonathan Field wanted to drive more consistent training this year. To do so, several findings were elevated up one level - from Minor Infractions to Minor Deviations - when it was felt that the non-conformity in question indicated a need for employee training. Since Minor Deviations require a Corrective Action Plan (CAP) from the handler, Mr. Field was able to inform the LGMA Member that retraining workers should be part of their CAP.

In short, by elevating the level of violation more consistent training of more employees was driven into the correction process. While this was a fairly minor change in the big scheme of things, the focus on training in our program will result in better implementation of food safety practices on the farm.

[continued >](#)

Chairman's Report continued

3rd Party Metrics Review

Finally, I want to draw attention to a review of the LGMA Metrics that was conducted in 2015. In this review, four nationally recognized food safety scientists reviewed the LGMA Metrics and deemed them to be scientifically valid and incorporating most current best practices. They also confirmed that the LGMA Metrics appear to meet or exceed the requirements of the new federal Produce Rule.

This is good news: it confirms that our current standards are based on sound science, even so we continually monitor research being conducted at the Center for Produce Safety and other research organizations.

In 2016/17 LGMA Members and our growers will continue to fulfill our commitment to food safety, working toward a world where food borne illness is a thing of the past.

The LGMA has been in existence for almost a decade and we remain committed to the belief that doing all we can to protect public health is simply the right thing to do.

Sincerely,



Ron Ratto
President
Ratto Bros., Inc.

Audit Results



The LGMA program is more than an audit. As a whole the program provides a system of checks and balances that helps its members establish a culture of food safety on the farm. It all starts with a company's commitment to prioritizing food safety. LGMA member companies are held to a rigorous set of food safety practices, are audited by government inspectors an average of 5 times a year, and must complete corrective actions for any audit citations. Because of this system of correcting citations, LGMA certification means the company is 100% in compliance with the food safety practices.

LGMA audits, conducted by California Department of Food and Agriculture auditors specializing in food safety, verify that members are in fact implementing the food safety practices throughout their farming operations in California. Scheduled audits occur every two months while the member is growing and harvesting leafy greens; additionally members are subject to one unannounced audit each year.

The number of audits conducted in the 2015/16 year was nearly identical to the prior year.

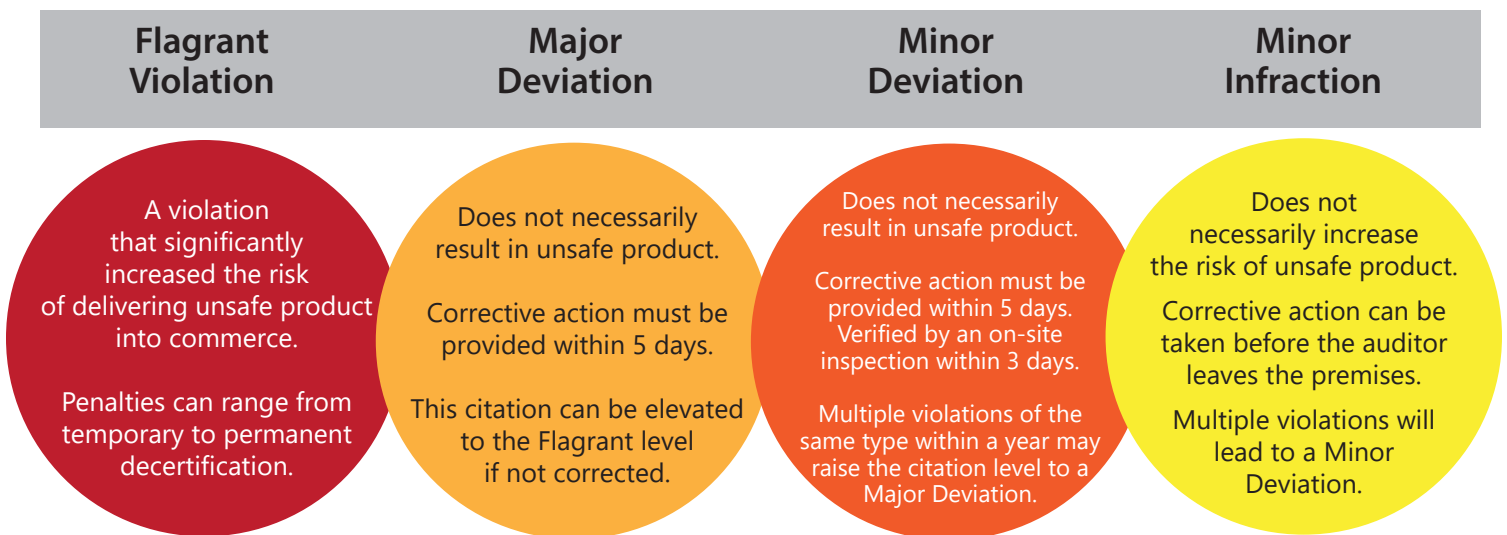
Audits	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Scheduled	483	448	413	388	391
Unannounced	90	93	88	79	79
Total	573	541	501	467	470

Citations

Each audit consists of 185 checkpoints and members are required to be in compliance with all of them. When an LGMA auditor identifies a checkpoint that is not in compliance with the food safety practices the member is issued a citation.

Next, the LGMA Compliance Officer reviews each audit and assigns it one of four citation levels. These range from minor issues that are corrected at the time of the audit to serious problems that can lead to decertification from the LGMA program. LGMA citation level details are provided below.

In 2015/16 total citations were roughly the same as during the previous season; however, there was a slight shift in some citation levels. See more details in the Chairman’s Report on page 2.

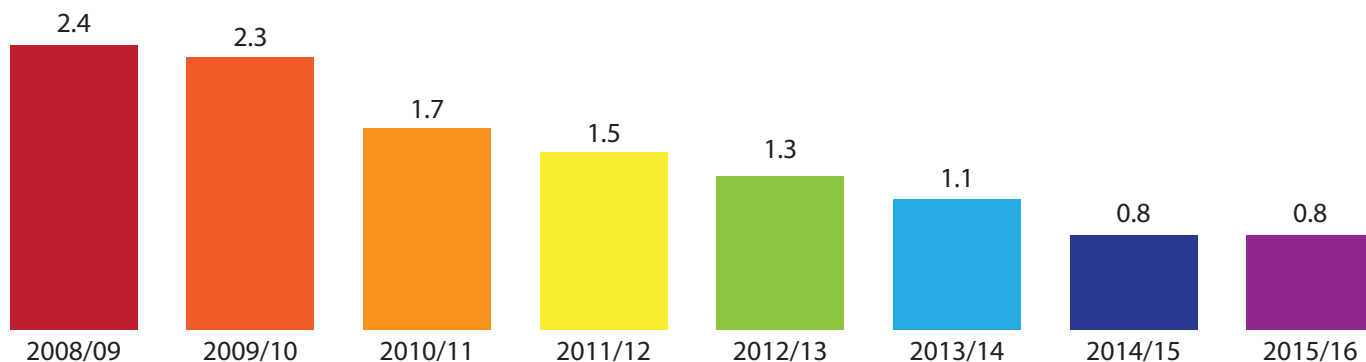


Citations	2011/12	2012/13	2013/14	2014/15	2015/16
Flagrant Violations	0	0	0	0	0
Major Deviations	39	17	16	16	13
Minor Deviations	491	399	319	186	239
Minor Infractions	325	290	209	168	133
Total	855	706	544	370	385

Citations continued

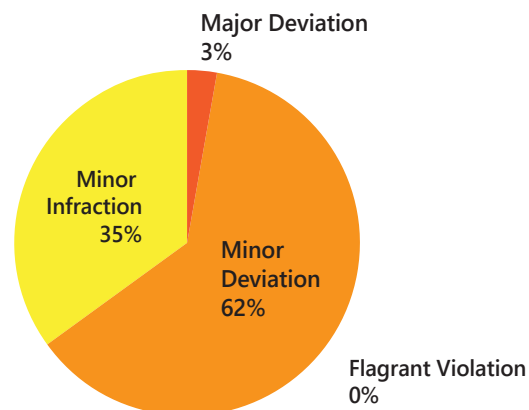
Average Citations per Audit

One sign of continuous improvement is the decrease in average citations per audit. Since 2008 the average number of citations per LGMA audit has steadily declined -- from 2.4 citations per audit in 2008 to just .8 citations per audit in 2015. For the past two years the average has been less than 1 citation per audit of an LGMA member.



Violation Level Distribution

Violation levels for the 2015/16 season are broken down in the adjacent chart. The majority of citations (62%) in 2015/16 were Minor Deviations. LGMA members must submit a Corrective Action Plan (CAP) for each Minor Deviation they receive. Implementation of all CAPs is verified by government auditors on a subsequent audit. No Flagrant Violations were issued in 2015/16, and only 3% of the total violations were Major Deviations.



Industry Compliance Rate

One unique aspect of the LGMA program is its ability to look at the overall food safety performance of the California leafy greens farming community. The Industry Compliance Rate shows just how committed California's leafy greens growers and shippers are to food safety.

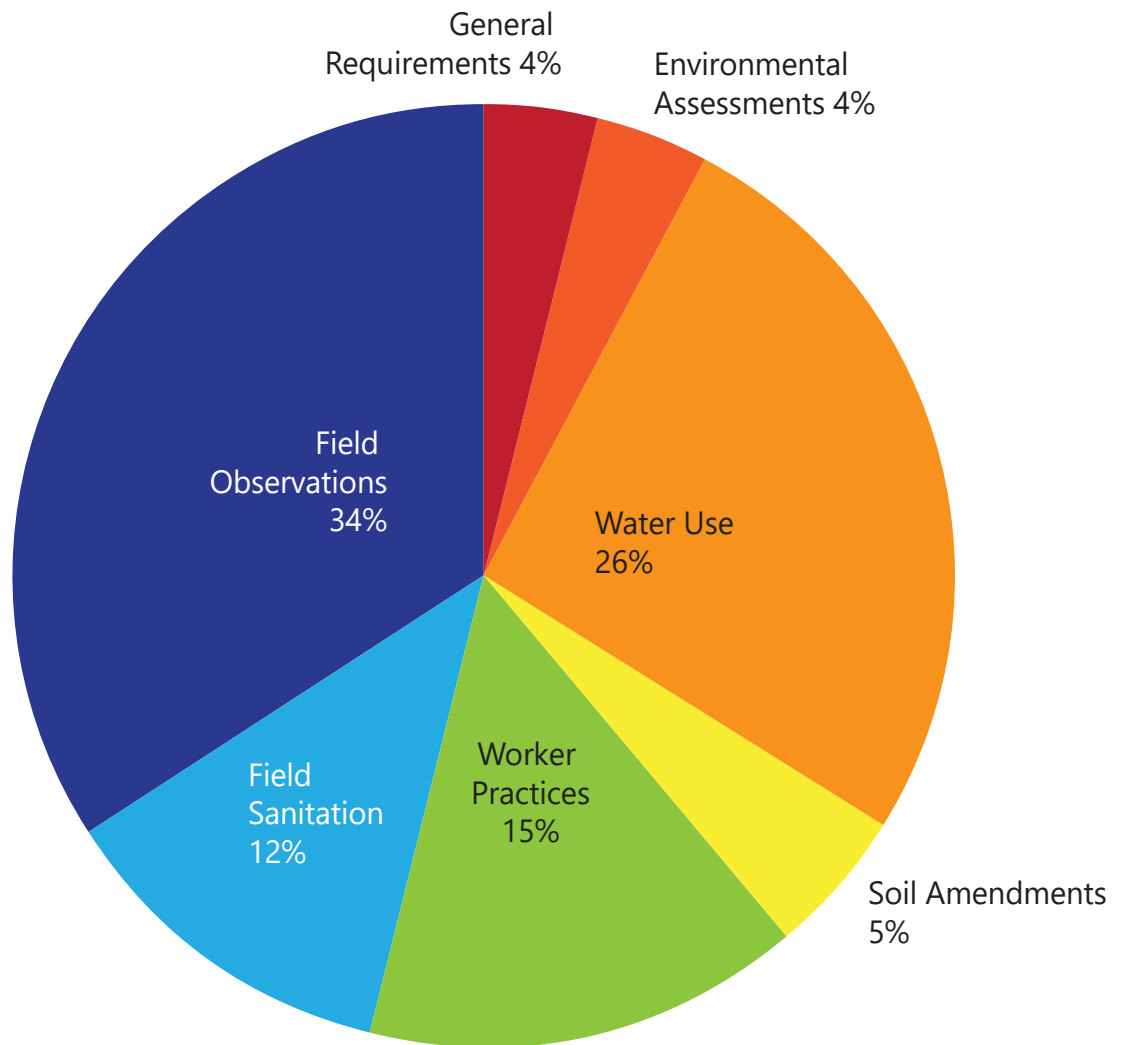
LGMA members were found to be in compliance with 99.5% of the 75,337 checkpoints verified during LGMA audits in 2015/16.

Citations continued

Citations by Category

The LGMA audit is based on the seven categories of the accepted Food Safety Practices (LGMA Metrics). As in past years, in 2015/16 the highest number of non-conformities with the Metrics were cited in the areas of Field Observations and Water Use.

The following sections detail the findings in each audit category during the 2015/16 year:

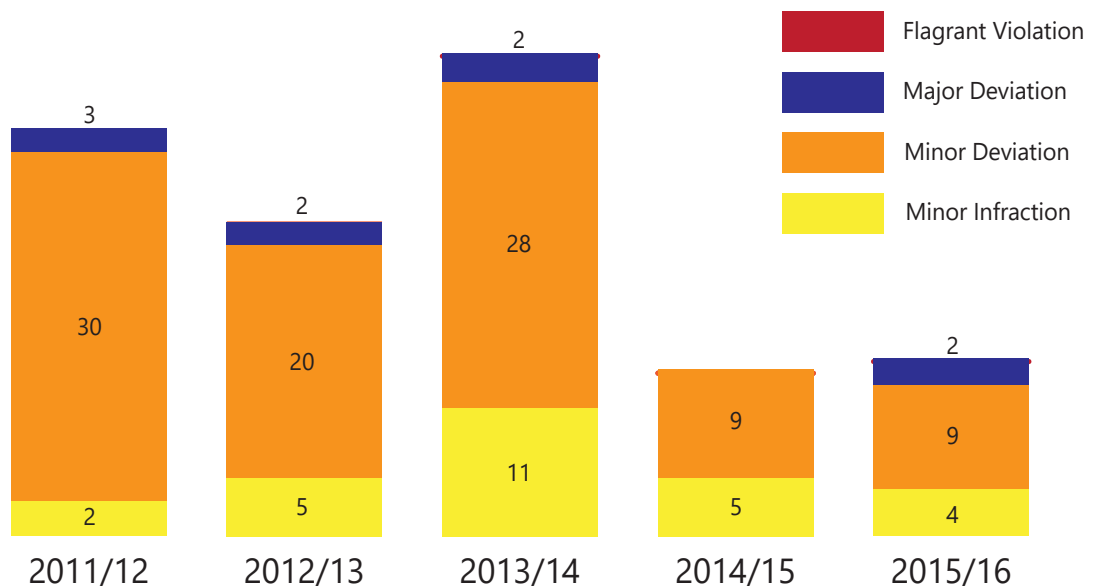


Citations continued

General Requirements

LGMA members must meet specific requirements related to their food safety management program, these include having a written compliance plan, a current list of growers, a documented traceability program, and two designated individuals who are available 24-hours a day to oversee their food safety program.

Over the years, LGMA members have significantly improved their performance in the area of General Requirements. In 2015/16 there were only 15 total citations issued for this section of the LGMA audit. Many citations in this area tend to be with new members, who are still getting their programs organized when joining the LGMA.



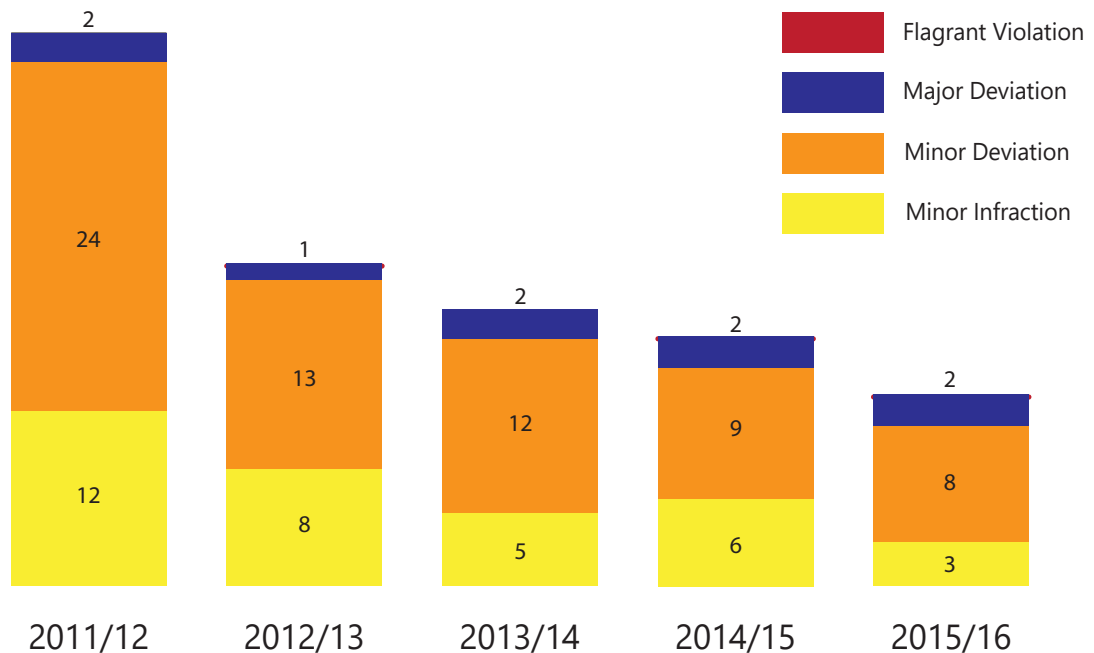
Most of the citations for General Requirements in 2015/16 were of minor varieties, but there were also two Major Deviations issued because the companies were not available to be audited:

- In one case, the company had gone out of business (and is no longer an LGMA member).
- In the other case, a relatively new member had not informed the LGMA of the employee's contact information – that Member was re-audited and certified after a successful audit was completed.

Citations continued

Environmental Assessments

The LGMA Metrics place a high priority on environmental assessments. LGMA Members are required to conduct three assessments of each field used for growing leafy greens: one prior to planting, one during the seven days before harvest begins, and one each day of harvest. Auditors review these assessments during the LGMA audit and verify compliance with the Metrics. The goal is to thoroughly assess each field for any signs of animal intrusion or other environmental encroachment or concern, and mitigate or correct them before harvest begins.



There were only thirteen Environmental Assessment citations in 2015/16, another category with a very high compliance rate. Two of the citations issued were Major Deviations:

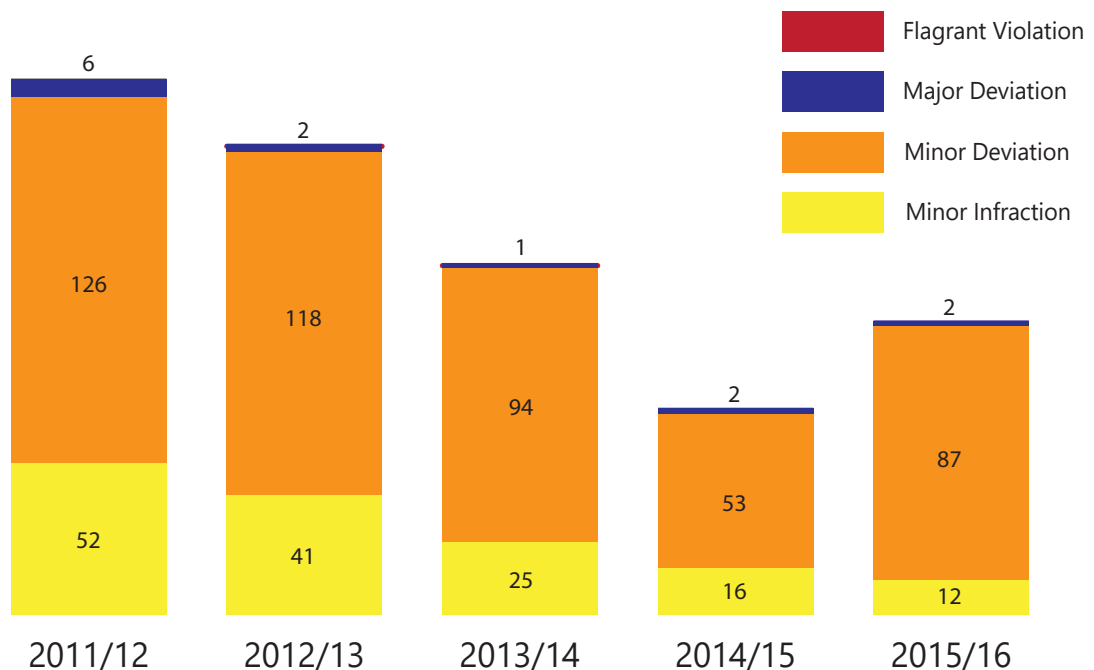
- In one case, the pre-harvest assessment was not available at the time of the audit. It was provided later by the Handler.
- In the other case a leafy greens field was close to an equestrian center. The Handler worked with the owners of the equestrian center to ensure that any manure on their premises was moved to an appropriate distance from the leafy greens field.

Citations continued

Water Use

The LGMA Metrics include specific sampling and testing requirements for all water used in the production and harvest of leafy greens.

26% of all audit citations issued in 2015/16 were for the area of water use. Only the highly employee dependent area of Field Observations saw more violations. Most of these Water Use citations were relatively minor, and were often due to documentation issues. Water test documentation must be reviewed during each audit. If it is not available at the time, the company is cited and required to submit the documentation after the fact.



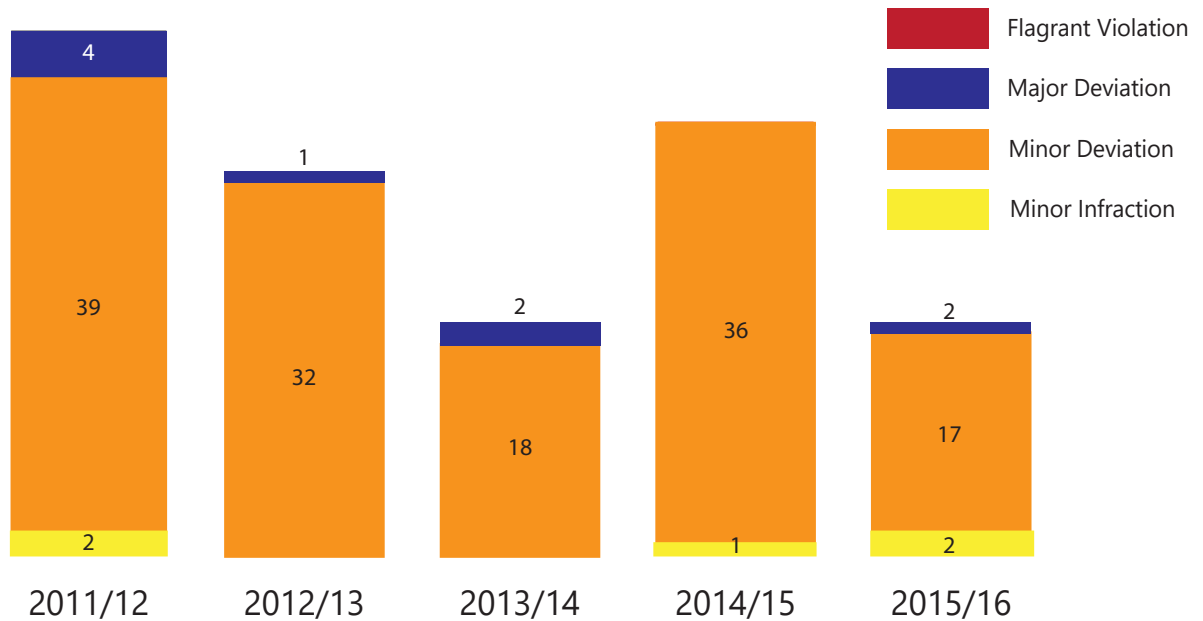
Despite the relatively high number of total violations in this category, there were only two Major Deviations cited in 2015/16:

- In one case, water tests showed that water levels were very close to LGMA limits. The Handler provided documents showing that irrigation pipes had been replaced, thus eliminating the problem.
- In another case, some required monthly water tests had not been conducted for a ranch. The Handler documented improved processes to ensure that adequate testing would be done from then on.

Citations continued

Soil Amendments

The LGMA Metrics outline how soil amendments used in the production of leafy greens must be composted, treated and tested to ensure that they are pathogen free. They do not allow the use of raw or partially-composted animal manure. Documentation is required for auditors to verify compliance verification in this category.



There were just 20 citations issued in the area of Soil Amendments in 2015/16. Most of these were Minor Deviations; all of them required corrective actions, which were reviewed and verified during subsequent audits.

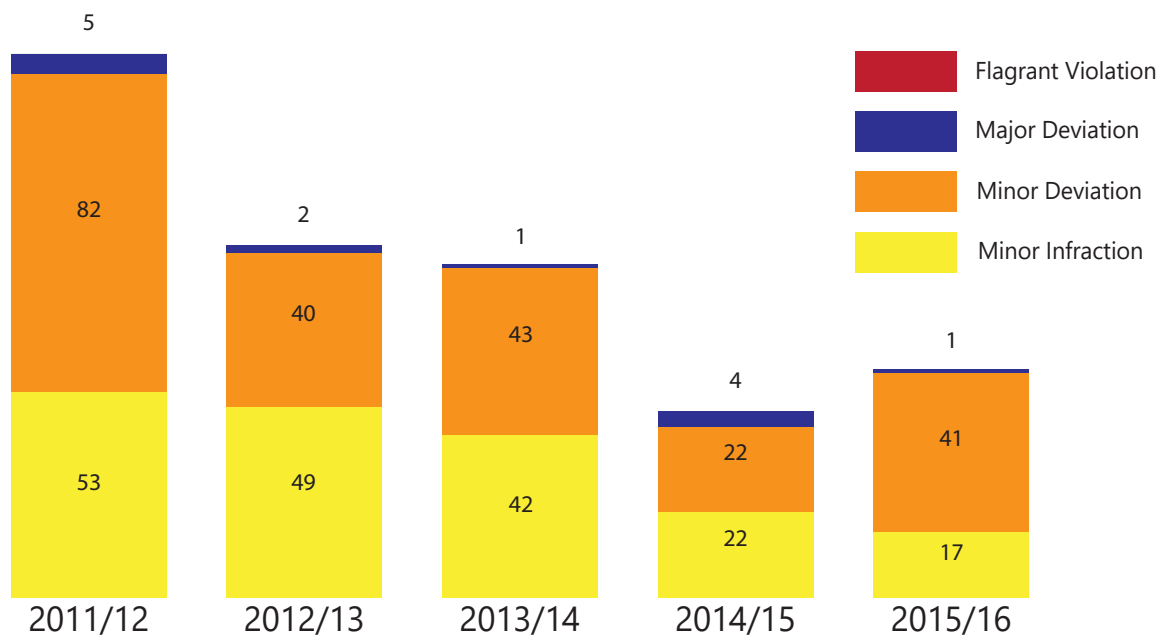
Only one Major Deviation was issued:

- In this case, no certificate of analysis was available for a soil amendment applied to a leafy greens field. The Handler provided the appropriate documentation at a later date.

Citations continued

Worker Practices

LGMA members are required to develop and implement Standard Operating Procedures (SOPs) related to worker practices in the field. These include having a documented sanitary facility program, a worker health practices program, and written visitor policies.



Similar to Field Observations and Field Sanitation, the Worker Practices area is impacted by high employee turnover and accounts for a large percentage (15%) of 2015/16 audit citations. Most of these were Minor Deviations, often calling for increased or repeated training on the part of the Handler.

Only one Major Deviation was cited in this area:

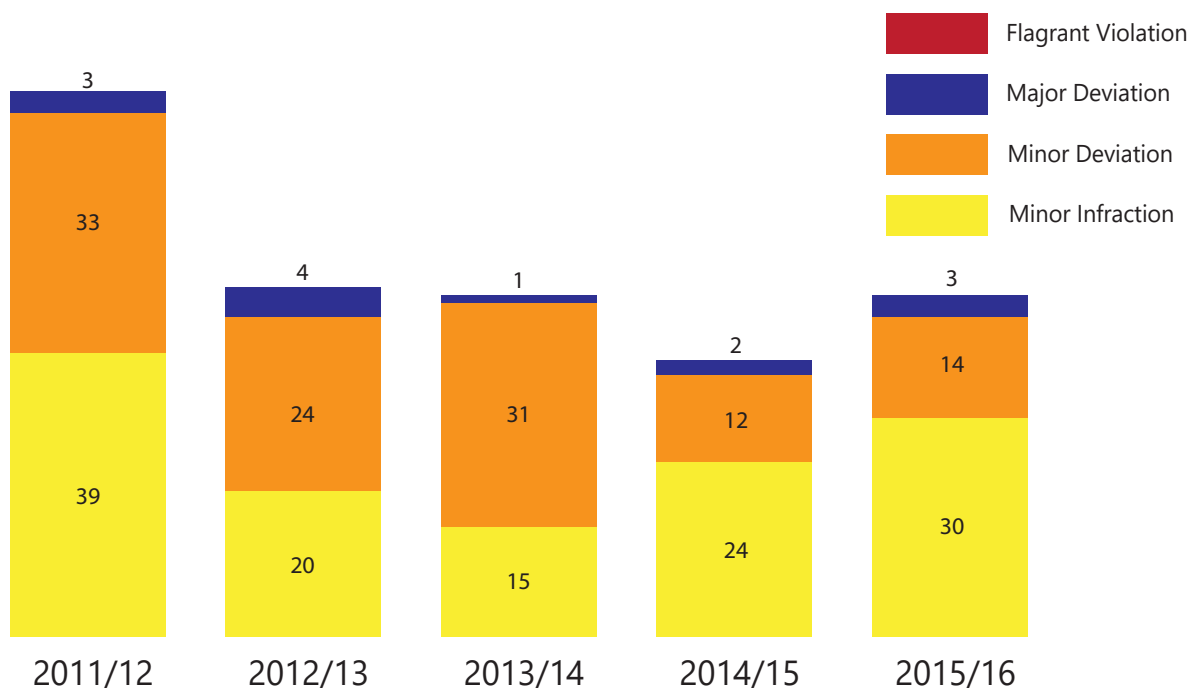
- During an unannounced audit a foreman was observed entering knife dip data in advance of checking the buckets. The handler acknowledged that potential falsification of records is a serious issue and documented that re-training took place. *

*A repeat of this kind of violation could result in decertification of the Handler.

Citations continued

Field Sanitation

The LGMA Metrics include specific requirements for cleaning and sanitizing farm equipment. These requirements include having written sanitation SOPs and conducting a daily food safety harvest assessment.



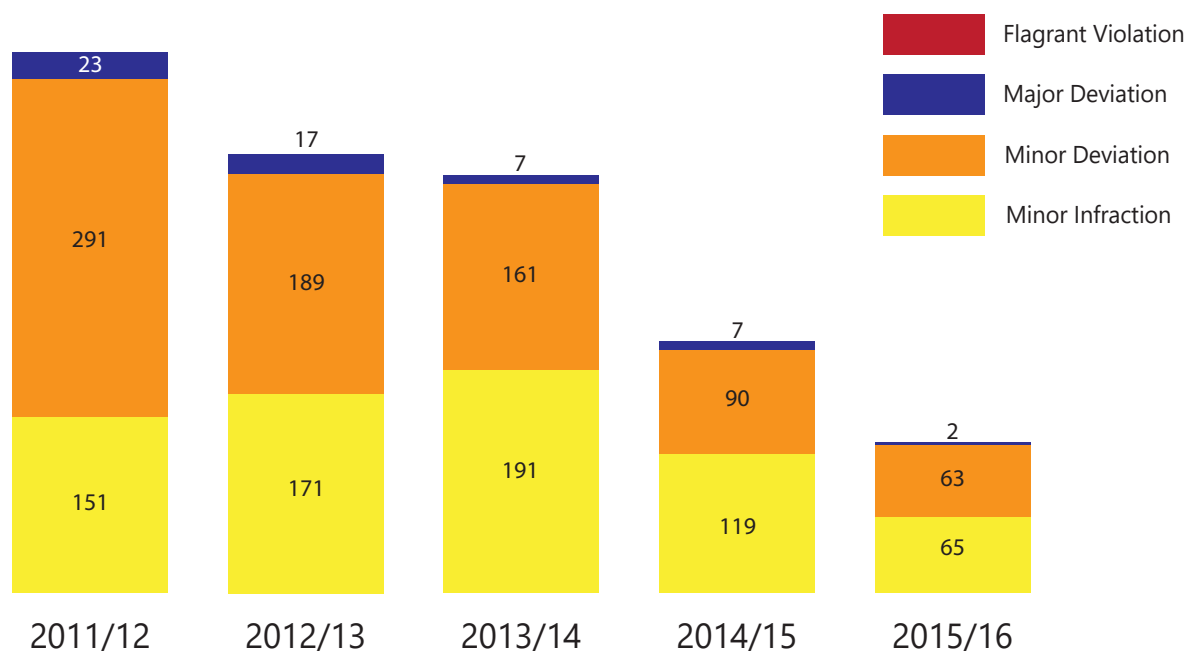
In 2015/16, three Major Deviations were issued for this category. This was one more citation than the prior year.

- In one case, the auditor observed that the field totes in use had been improperly sanitized and after they were cleaned still had traces of product present. The Handler provided documentation showing that crews had been retrained and that all product was removed before totes were being sanitized.
- In another case, the auditor observed animal intrusion which was noted on the pre-harvest assessment, but not the daily harvest assessment. The Handler documented that the relevant portion of the field had been buffered and that the product was not harvested. The Handler also confirmed that crews were re-trained after this finding and that the Handler's SOP related to animal intrusion had been clarified.
- In the last case, the auditor noted that a foreman had completed a daily harvest assessment without physically checking all wells and other required components. The Handler confirmed that the foreman and crew had been retrained, and that a proper daily harvest assessment was completed before the field was harvested.

Citations continued

Field Observations

Although much of the LGMA audit concerns itself with documentation – water tests and soil amendment process verifications, etc. – the on-farm element of the audit is of equal or greater importance. LGMA audits include a visual farm inspection, where the auditor verifies proper water and soil amendments use, employee hygiene, hand-washing and many other things. Auditors interview workers – both foremen and crew members – to ensure that they know and follow company SOPs and food safety policies.



Field Observations, along with Worker Practices and Field Sanitation, are categories where we tend to see higher levels of non-conformity. In 2015/16 there were two Major Deviations issued for Worker Practices:

- In one case, a worker was seen eating lettuce in the part of a field under active harvest. The worker was reprimanded by the Handler and temporarily suspended, and the crew was re-trained on the issue. The Handler also ensured that the company foreman reiterated prior to each day's harvest that eating in the field is not allowed.
- In another case, auditors observed animal fecal matter adjacent to and partly in a field to be harvested. The Handler documented that the field was flagged and disced, and the product was not harvested.

Financials

From the Auditor's Report:

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

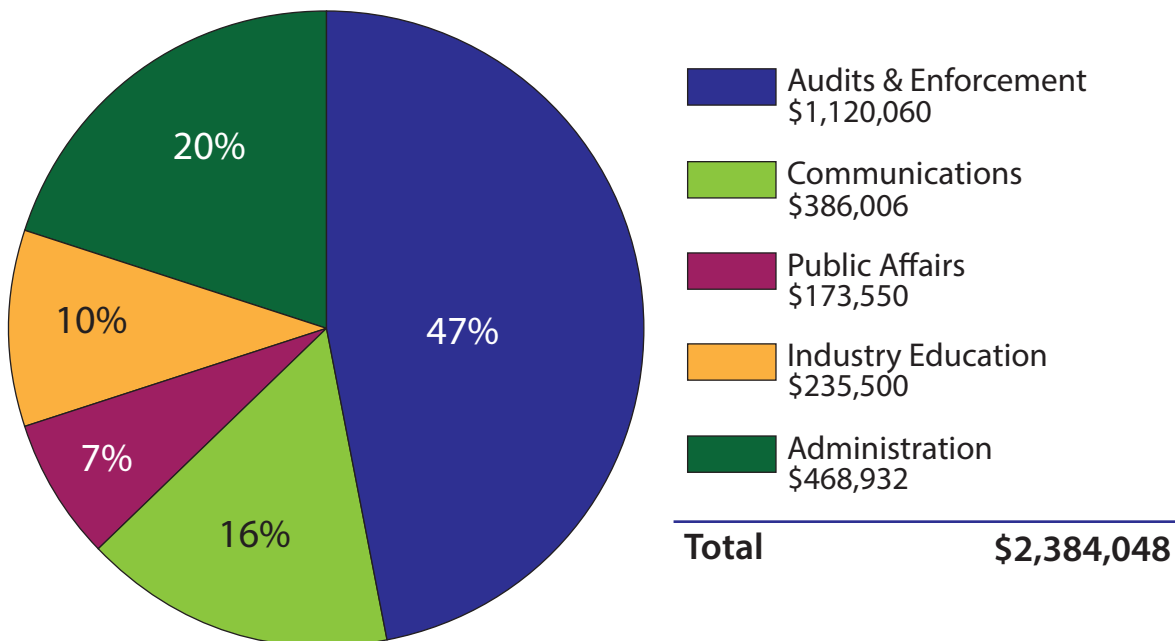
In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of the California Leafy Green Products Handler Marketing Agreement, as of March 31, 2016 and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Keith C. Rood

Keith C. Rood
Certified Public Accountant

October 25, 2016

Expenses



Board & Staff

Advisory Board

Members

Joe Pezzini	Ocean Mist Farms
Jamie Strachan	Growers Express
Steve Church	Church Brothers
John D'Arrigo	D'Arrigo Brothers
*Ron Ratto	Ratto Bros., Inc.
Gurmail Mudahar	Tanimura & Antle
Steve Brazeel	Sun Terra Produce
Jan Berk	San Miguel Produce
Ryan Talley	Talley Farms
Dan Sutton	Pismo Oceano Vegetable Exchange
Jack Vessey	Vessey and Company
Todd Brendlin	Crystal Organic/Grimmway Farms

Alternates

Mike Costa	Costa Farms
Juanita Ceja	Dole Fresh Vegetables
Manny Alcalá	Duda Farm Fresh Foods
Tom Russell	Pacific International Marketing
Eric Wexler	Tanimura & Antle
Kristina Nunes	The Nunes Company
Sharan Lanini	Pacific International Marketing
Jennifer Clarke	Steinbeck Produce
John Jackson	Beachside Produce
Mitch Ardantz	BoniPak
Megan Chedwick	Church Brothers
Lorri Koster	Mann Packing

** Denotes Chairperson of Board or Committee*

Committees

Communications

*Dan Sutton, Pismo Oceano Vegetable Exch.
Caitlin Antle Wilson, Tanimura & Antle
Matt Seeley, The Nunes Company
Vivian Sotello, Coastline Family Farms
Abby Taylor Silva, Grower Shipper Assn
Kori Tuggle, Church Bros. Produce

Executive

*Steve Church, Church Brothers
Jan Berk, San Miguel Produce
Joe Pezzini, Ocean Mist Farms
Ron Ratto, Ratto Bros., Inc.
Dan Sutton, Pismo Oceano Vegetable Exch.
Ryan Talley, Talley Farms

Technical

*Megan Chedwick, Church Brothers
Ariane Allan, Fresh Kist
Bardin Bengard, Bengard Ranch
Jim Brennan, Alliance of Tech. Profs
Michael Brautovich, Earthbound Farms
Juanita Ceja, Dole Fresh Vegetables
Jennifer Clarke, Steinbeck Produce
Mike Costa, Costa Farms
John Jackson, Beachside Produce
Sharan Lanini, Pacific Int'l Marketing
Bob Martin, Rio Farms
Bob Mills, RSM Food Safety Service
Gurmail Mudahar, Tanimura & Antle
Jeremy Olson, Deardorff Family Farms
Cosme Pina, Taylor Farms
Jeff Saleen, Bonipak Produce
Ken Stearns, D'Arrigo Bros. of California
Ralph Treadway, Coastline Family Farms
Chato Valdez, Sabor Farms

Staff



Mike Villaneva
Technical Director



April Ward
Communications
Director



Scott Horsfall
CEO



Amarachi Okemiri
Member Services
Coordinator



Jonathan Field
Compliance Officer



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