



**Lisa Lieberman.**

**A Bundled Selection of  
Articles by Lisa Lieberman  
Business**



# Thanks to technology, ginning cotton is easy as lying on a beach

By Lisa Lieberman

Staff Writer

Imagine lying on a beach and being able to operate a 10,000-square-foot cotton gin 50 miles away by remote control on your laptop computer.

Not only that. Imagine doing it with your eyes closed. And, if something went wrong, imagine the computer alerting you, and being able to figure out the problem within an hour without ever forcing you to leave your lounge chair.

Not too many years ago, it would have taken the constant vigilance of several full-time gin operators to operate a gin 24 hours a day. If a machine went down during processing, it could take hours and hours simply to locate the source of the problem, and then another several hours to fix it.

Now, with the trend of automated computerized gins, the process of ginning cotton as well as processing other agricultural goods has become simpler and a lot faster.

"In the old days when a cotton gin went down, they'd send a man out to isolate the problem. He'd have to sort through (hundreds of feet) of wire and delays just to find the piece of equipment with the problem. Now, in the case of a computerized system, it's a matter of a few minutes where we boot them up to get (the gin) on the screen and go right to the problem," according to George Bruno, chief engineer and designer for D.A. Bruno Enterprise in Madera. Bruno has installed automated computerized equipment in gins at J.G. Boswell and Semi-Tropic Gins.

He is currently working on other projects throughout the Valley.

The computers regulate most functions of all the machinery in the gin. Bruno is able to keep tabs on the operation by connecting his laptop with a modem and phone line he installed in the gin's programmable logic controller.

The automated computer systems in gins have grown increasingly popular in pima gins over the past few years. Pima has become a popular variety among Valley cotton growers because it is more profitable than traditionally grown acala. But pima ginning is also more challenging to gin than acala since pima's longer strands make it more susceptible to getting tangled and torn during processing and clogging up expensive gin equipment.

Pima also has a longer growing season than acala, which makes it more vulnerable to getting hit by late-season rains.

The variability of moisture in the incoming cotton can often cause problems for ginners. Moisture levels can range anywhere from only a few percent to more than 20 percent. Ginners must try to gauge the moisture levels of the cotton in order to figure out how high to heat the cotton to dry it down to 0 percent moisture. The idea is to use as little heat as possible to avoid damaging the strands which are prized for making wrinkle-free shirts, pants, towels and other goods.

The problem is that it's difficult for ginners to take constant readings of the cotton. Instead, they often have

to make educated guesses for temperature settings. The computers, however, measure moisture levels 10 to 100 times per second and monitor the temperature levels of the heat being pumped through the ginning equipment so that the cotton is kept at a constant temperature throughout the process.

It's also important to keep a constant flow of cotton as it's fed into the gin roller stands - this is a critical stage at which the cotton is separated from the seeds. The computers are hooked up to the roller gin stands and regulate the speed at which the cotton is fed through the rollers. If the rollers, or any of the shafts throughout the gin, bog up, the computers automatically slow down or shut off the troubled piece of equipment. This gives the ginner a chance to quickly isolate the problem and fix it before other machinery around the gin has a chance to bog up.

Bruno has used some of his computer processes in corn mills to help regulate the flow of corn into the hammer mills which grind up the corn. Bruno also believes that this process of monitoring and regulating the flow of product through machinery could come in handy in the fruit and nut industry.

"When you go into a nut plant the whole building is just shaking, and it's hard to eliminate downtime because you can't tell if something's broken down or plugged up and causing damage to the rest of the machinery.

But to be honest, said Bruno, "the fruit and nut industry is a tough nut

to crack," said Bruno. "They haven't quite stepped into the 20th century yet. They're a littler slower at recognizing (the benefits of automation in comparison to) the farmers in the cotton industry, where farmers recognize that automation is going to bring them a greater end line."

More than anything else, the gins' automated moisture equipment, which re-injects moisture back into the cotton at the end of the ginning process, has the potential to rack up thousands of dollars in profits for farmers, said Bruno.

"The old humidifiers rarely worked effectively," said Bruno. "On the very best day, a humidifier unit will only put back 3 or 4 percent of moisture into Pima when they need 7 or 8. But with the new (automated) systems we can do 7 to 10 percent."

More water in the bales equals more pounds in the bales, which means more money for the farmer, said Bruno. Higher productivity and less downtime also means less operating time, which also saves the farmer money in the long run.

"By keeping productivity up and the costs down we make more money for the farmer," said.

"Ultimately, that's what we want. Our whole economy in this Valley is based upon whether farmers make money. And if people don't believe that, they can have all the farmers in the Valley quit and (see who) loses their jobs. The bottom line is that we want to see the farmers happy, because that's what makes all of us happy."



## VISALIA OUTLOOK

# Downtown

Continued from previous page

*'All of the pieces of the downtown are falling together, and any vacancies in the downtown are filling up fast'*

*— Steve Salomon*

in the downtown area," said Chagan. He also owns the Econo Lodge in Visalia and the newly opened Holiday Inn Express in Three Rivers.

The coinciding openings of the movie theater and hotel within the next 18 months is expected to be a double blessing for Visalia, since the hope is that the new projects will bring more evening, as well as daytime, business to downtown.

"Our goal is to make Visalia a destination, not just a one-stop place," said Mary-Alice Avila, Nance's partner at the Redevelopment Agency in Visalia. "All of these projects are going to complement each other. The hotel will help the convention center. The convention center will help the theaters with people going out to (shows). The theater will help downtown retail when people go to the movies and then go out shopping afterwards," said Avila.

All of the pieces of the downtown are falling together, and any vacancies in the downtown are filling up fast, said Visalia City Manager Steve Salomon.

"Visalia's downtown has always been very good. And whenever it's just gotten 'good',

Visalians have perked up themselves to make it 'very good' again."

One of the keys to downtown Visalia's success has been the variety and quality of its businesses and services, according to Bob Link, owner of Links clothing store, which has been in Visalia since 1941. Within the past week, about five new businesses have come to town, said Link. Some of these include Kindred bookstore, Robin's Interiors, and Yesterday, which is a hand crafter's mall.

Tom Peltzer, a broker with Peltzer & Burr Commercial Real Estate, said that the downtown has always been strong but that the new developments are going to shore up the downtown even more.

Recently, said Peltzer, the planning commission approved a plan to convert the old Wells Fargo building into a medical clinic. The building had been empty for six months.

The Family Healthcare Network will be taking over the 9,000 square foot building in about six months and should eventually add another 5,000 square feet of space, said Peltzer.

"It's going to be good for bringing a lot of foot

traffic into the downtown," said Peltzer. "We have a Kaweah Delta facility, which is one block north of here. This will bring more people (toward the center) of downtown," Peltzer said.

More structural changes should be coming soon to downtown.

To keep up with the changing times, the old Thrifty's building, which has been vacant for two years, may be undergoing some changes soon. The owners of the 15,000-square-foot building, the Cusenza family of Visalia, had a hard time trying to rent so much space out to one individual owner.

"When Thrifty's moved out, they couldn't find another big user. Everyone was looking for smaller retail space," said Scott Cliburn, a broker and partner with Zeeb Commercial Real Estate of Visalia, which is handling the leasing of the building.

So now the plan is to turn the store into an enclosed mall with six or seven spaces for retail businesses to rent. The store will be divided in half with a main corridor walkway and have overhead skylights and glass storefront windows on both Main Street and Court Street.

Right now, there are several business owners interested in renting spaces, including a sporting goods store and a bagel shop, said Cliburn.

Most likely, the new spaces will go fast, since whenever there's a vacancy, there always seems to be someone wanting to jump on it, said Link.

"Having a strong downtown is so important for economic growth," said Link. "Whenever a business or an industry comes to a community, the first thing they do is look at the downtown, and the second place they go is to the schools to determine what kind of pride the community has. A lot of communities in the area are having problems with vacancies and places getting graffiti in undesirable areas in the downtown. We don't have any of those problems here."



# Kiwi difficult to market in U.S. due to lack of convenience

By Lisa Lieberman

Staff Writer

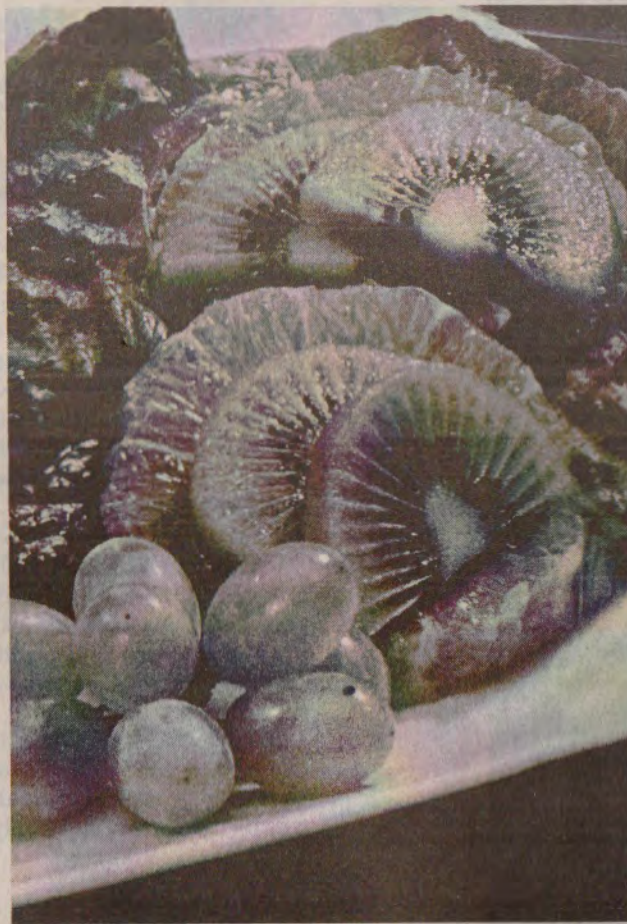
It's not easy being a kiwi — especially in California. Consumers tend to discriminate against kiwis because of their fuzzy skin and awkward appearance. Retailers are prone to hide kiwis on the top of supermarket shelves next to the “exotic” fruits.

But kiwis may become soon become more popular in the United States as a result of new research that shows that kiwis are packed full of nutrients and that consumers get more “bang for their buck” bite-for-bite compared to almost every other kind of fruit.

According to a study conducted by Rutgers University in New Brunswick, New Jersey, kiwis are the most nutrient dense of all fruits, followed by papaya, cantaloupe, and strawberries. Kiwis also have twice the amount of Vitamin C of oranges and have higher potassium levels than bananas, according to the study.

This may have given kiwis new appeal in the eyes of the consumer and serve as a marketing tool to help market the 70 million pounds of kiwis grown in California each year, according to Scott Horsfall, president of the California Kiwi Fruit Commission.

The California Kiwi Fruit Commission along with kiwi industries in France, New Zealand, Chile, France, Italy, Iran and Greece have helped fund the research study, which cost about \$100,000 to conduct. According to Horsfall, this is the first time that competing countries have teamed up to help



promote a single agricultural product.

“We’re very impressed by the level of co-operation that exists between various producing countries. We had a joint concern, and we decided the one thing we could do to try to help increase worldwide demand was to do some studies to pursue the nutri-

*Kiwis have badly needed a publicity boost throughout the world, especially in the United States where consumers are used to eating “easy to eat” fruits like grapes and oranges.*

—Scott Horsfall

tional values of kiwis,” said Horsfall.

Kiwis have badly needed a publicity boost throughout the world, especially in the United States where consumers are used to eating “easy to eat” fruits like grapes and oranges. U.S. consumers are more likely to shy away from the fuzzy skins of kiwis which can make kiwis challenging to eat, said Horsfall.

“In European countries like Germany and Asian countries like Japan

and Korea, people are more used to exotic fruits than we are. A lot of it has to do with the convenience factor. In the United States it’s tough to sell a grape with seeds in it. But people all over Europe and Asia haven’t come to expect the seedless aspect of grapes. And they don’t mind the cutting and peeling that (goes along) with eating kiwis,” said Horsfall.

Horsfall hopes to make eating kiwis easier for consumers by handing out educational materials in supermarkets about how to consume the fruit.

“There’s a lot of different ways to eat kiwis,” said Horsfall. “You can eat them with the skin on and bite into them like an apple. You can slice them or peel them. But the method that seems to work best is to cut and scoop. We’ve marketed a tool in the past that’s like a half-knife half-spoon, so you can cut a kiwi with one end and eat from the other end, like scooping out a melon,” said Horsfall.

Right now, only about half of all Americans have ever tried kiwis, and a meager 10 percent buy kiwis on a regular basis, said Horsfall.

Hopefully this figure will change with the spread of about 5,000 new promotional displays in supermarkets nationwide advertising the nutritional benefits of kiwis and how to eat them, said Horsfall.

“We’ve had a real positive response from store owners about our banners and promotionals,” said Horsfall. “Our goal is to move kiwis out of the specialty niche market and into the mainstream.”



# Kingsburg's move to charter school system seen as positive

Lisa Lieberman

Staff Writer

Most businesses have two major complaints. One is that there aren't enough qualified young people to enter the work force upon graduating from schools. Second, is that they're tired of burdensome government regulations.

The Kingsburg Elementary School District can relate to this. Last year they threw away about 40 pounds of lengthy California Education Codes in favor of setting sail on their own curriculum course in order to meet the needs of a more technologically advanced society.

The District has received extra funding from the state as well as local businesses to help support some of its efforts.

Kingsburg Elementary School District, which is comprised of four schools; kindergarten through eighth grade, with approximately 1,850 students, is now one of two school districts nationwide to go on the charter system. Charter districts and/or schools receive government funding but aren't required to follow state mandated curriculum.

Although the switch might have seemed like a radical one to some, Ron Allvin, superintendent of the Kingsburg Elementary School District, said that it was a radical move done to preserve basic, old-fashioned educational values.

"We felt that Kingsburg is pretty unique," Allvin said. "We have a high level of parent commitment and in-

volvement, and the real big question the community asked us was, 'If it's not broken, why fix it.' We're not trying to fix anything. We're just trying to preserve what we have here and build a foundation to do what we want to do."

Under the charter system, the district is free to cut through all the governmental red tape and set its own curriculum and buy its own textbooks. The district's only accountability to the state is that it must turn out students who can pass state-mandated tests.

The new system has not only increased student performance and attendance, as well as teacher morale, but has also drawn in more than \$200,000 in additional funding from the state as well as other local business sources, Allvin said.

Under the old system, the district received money per student per day, plus money for students with excused absence notes whether they did the work or not.

"Normally there was a 5 percent spread between actual attendance and excused absence," said Allvin.

Under the new system, the school district receives money only for students who attend classes or complete the work by prearranging absences. Plus, the district receives an added 5 percent funding as an extra incentive to motivate the district to encourage active student attendance.

Now that the district has more flexibility, it has more of a chance to work closely with local businesses to

bridge the gap between school curriculum and the kind of skills employers say are lacking in today's job applicants.

Some of the business and school related activities include local merchants allowing students to display art or science projects in their store fronts. Local company leaders also meet with seventh- and eighth-graders once a year to review the students' portfolios.

"Students dress up in suits and ties and meet with business leaders so they get a chance to find out what a job interview is like.

This exposes kids to real life. Any time you can show the relevancy of education to real life, kids become more interested. Also, the business community gets a chance to see our kids firsthand and get to know them, without making judgments about the school based solely on information floating around in the media," Allvin said.

Allvin is also hoping that local businesses will sponsor more in-depth projects with students in the future.

"We'd be very interested, for instance in teaming up students to work with Kearney Agricultural Center (in conducting) some agricultural experiments," Allvin said.

Some local businesses have been so impressed by the district's accomplishments that they have donated money as well as time to further the district's projects.

Media One Cable Co. in Fresno has

donated \$25,000 to the school for new laptop computers and for additional computer support for the students to set up Web pages on the Internet.

Apple Packers in Kingsburg has also agreed to help fund the students for special projects in the future.

"We've never received this kind of money from businesses before," said Allvin.

Now, not only is the school district receiving more money from the state and local businesses, but it is also finding more ways to stretch its dollars.

While other districts must buy state-mandated text books, Kingsburg is free to choose whichever textbooks it wants on the competitive marketplace. Generally, textbook manufacturers who have titles listed on the state-mandated lists have a captive group of buyers and can charge high prices for books. But when there's a choice school districts can often buy textbooks for \$25 to \$30 that would normally cost around \$45 if they were on the state lists, said Allvin.

In general, charter districts must undergo less bureaucracy than other districts, said Allvin.

"For instance, if we want to do a cement project that was over \$50,000, the old rules would require us to go through a formal bid process. But now we can go straight to the competitive market.

"We're able to operate now more in a businesslike fashion and make better use of our revenue. That's what charters are all about."



# AGRICULTURE

## Pending legislation would be first tax tool of its kind for farmers

By Lisa Lieberman

Special to The Business Journal

This year, Americans saved less than 4 percent of their after-tax incomes — the lowest rate in 60 years, according to a report by the California Farm Bureau Federation.

While everyone has their financial ups and downs, for farmers who have ups and downs based on uncontrollable factors like the weather, market value of crops, and government laws regulating pesticides, the ability to save money in lean times is especially important.

This is why the California Farm Bureau Federation is in the process of trying to push a new bill through the U.S. Congress that would establish a new tax-deferred savings account for farmers.

The Farm and Ranch Risk Management Act (FARRM) of 1998 would allow the creation of special accounts for farmers whereby they could deposit up to 20 percent of a year's total net income in a tax deferred account every year for five years. The amount put away in the first year would have to be withdrawn during the sixth year and would be subject to taxes at that time.

If the bill becomes law, it would give farmers incentives to save money during good years while also giving them a safety net to fall back on during lean times.

"FARRM is simple and straightforward and California's farmers and ranchers will definitely be able to use it," said Paul Venosdel, director of national affairs and research at the California Farm Bureau Federation.

Venosdel said that if this bill passes, it will be the first tax tool of its kind for farmers.

"The idea is that farmers will be able to put money straight into their account, earn interest, and pull it out when they need it. This will be extremely helpful for young farmers and ranchers in the beginning stages when they're susceptible," Venosdel said.

During times of trouble, farmers will be able to pull money out of their tax-deferred accounts and use it for upgrading facilities, purchasing new equipment, meeting mandated government regulation and taking care of a variety of setbacks.

The FARRM Act, H.R. 3659, was introduced by Representative Kenny Hulshof, R-Mo., and Rep. Karen Thurman, D-Fla., and is currently awaiting action in the U.S. House Ways and Means Committee.

The FARRM Act is just one piece of legislation in Congress right now designed to bring farmers tax relief.

Another bill aims to reduce estate taxes on farms.

Right now, there is a tax exemption of \$600,000 on estate taxes which is scheduled to increase to \$1.2 million in 10 years. This means that if

an heir inherits \$5 million worth of assets, by the year 2008 he will only have to pay taxes on \$3.8 million.

"But the \$1.2 million doesn't take inflation into account. The value of dollars is going to increase over the years, and the exemption rate is not going to stay with it," said Venosdel.

So the California Farm Bureau is hoping that Congress will pass a bill which will index the \$1.2 million for inflation and create a bigger exemption for heirs who inherit farms and give them more of a reason to keep their farms rather than selling them because of huge tax burdens, said Venosdel.

"When you inherit \$5 million worth of farms, houses, warehouses, and equipment, and you (deduct) \$600,000 or \$1.2 million before you pay taxes, the rest is a lot to pay taxes

on," said Venosdel.

Along these lines, Venosdel is also hoping that another bill will eliminate the estate tax, a.k.a. the "death tax", altogether.

The bill, H.R. 3945, proposes to reduce the estate tax by 5 percent each year until the year 2008 until the tax is entirely gone.

The "death tax" is at 55 percent right now, which means that farm heirs must pay that amount after their tax exemption.

This makes inheriting a piece of farmland very costly and therefore makes it tempting to sell off the land instead of farming it, said Venosdel.

Getting rid of this tax would "keep farmers in farming," said Venosdel.

"It would allow farmers to do what they do best; producing food and fiber," said Venosdel.

*'The idea is that farmers will be able to put money straight into their account, earn interest, and pull it out when they need it. This will be extremely helpful for young farmers and ranchers in the beginning stages when they're susceptible.'*

— Paul Venosdel



## ► FOCUS | FROM 8

By Lisa Lieberman

Special to The Business Journal

When e-commerce first became popular several years ago, many business owners created web sites as a way to advertise their bricks-and-mortar stores. The next step in e-commerce was for businesses to go wholly online and sell goods directly through their Web sites. This helped reduce overhead costs considerably.

These days, some businesses are selling more services rather than goods, which cuts down on overhead even more.

Timothy Stearns, who co-owns an online business in Fresno—Kids Invent! is a good example of this. Kids Invent! is an online service that Stearns developed for teachers and parents to download learning activities for kids 7-15.

Originally, Stearns, who also serves as the director of the Lyles Center for Innovation and Entrepreneurship at California State University, Fresno, had intended to sell his services domestically. But because the Internet has such an international reach, more than 20 countries are now using his educational materials.

"We didn't make a ton of money off of the actual curriculum. We've made more money selling licenses to other countries," Stearns said.

Stearns sells licenses to international companies who are granted exclusive rights to market the Kids

Invent! curriculum in their countries for a year at a time.

"We've been doing work in places like Singapore, the Philippines, and Mexico. At the moment, we're looking into translating some of the materials into Spanish," Stearns said.

Since international buyers are becoming more interested in purchasing American goods and services, there are also online companies springing up, such as Vine Global in Fresno, which opened up this year to make these transactions smoother for international buyers.

"A lot of top U.S. retailers want to sell their products internationally online," said Marc Raygoza, founder of Vine Global in Fresno. "But the problem they run into is dealing with different languages and currencies. Our Web site allows them to convert language and currency without having to make any changes at all to their web sites."

Raygoza also helps customers find the lowest-priced shipping venues for transporting goods internationally.

"We connect retailers with shippers, so part of our job is to help them find the lowest-priced local shipping carriers," Raygoza said.

Right now, Raygoza is focusing on building up his business with companies in Singapore and Mexico.

David Johnson, founder of the International Seieido Federation, is another online business owner in Fresno who has reached customers from around the world.

Johnson, who has 45 years of experience in martial arts and has an MBA from National University, says

that International Seieido Federation is one of the first online martial arts training studios in the world.

"No one's ever done this before. We live in a digital era now where we can shop online, we can attend college courses and earn degrees online. So why not earn a Black Belt online?" Johnson said.

The premise behind the Web site is that for \$20 a month, customers can take classes online, "24 hours a day, seven days a week," Johnson said.

**"We live in a digital era now where we can shop online, we can attend college courses and earn degrees online. So why not earn a Black Belt online?"**

DAVID JOHNSON

*International Seieido Federation*

"Everyone is spending more time online these days, and they don't have enough time to do everything they want to do. This is a way where they can get private one-on-one lessons and advance to get their black belts in two years instead of the average, which is five to seven years," Johnson said.

Johnson initially spent \$180,000 three years ago in producing training films for the classes. One reason why his classes work so well, though,

is that they are partially interactive. Students can send their training practice videos into instructors or e-mail them with questions.

More businesses are offering these types of interactive online services, Stearns said. Businesses are also offering consumers platforms for communicating information themselves. Myspace and Facebook, sites that enable users to create their own interactive web profiles, are good examples of this. These types of businesses often make money by selling advertising on their sites rather than charging their users directly.

The big challenge for most online businesses, though, is how to get their Web sites to pop up more frequently on search engines, said Andrew Savala, owner of the Red Swimmer Fresno Advertising and Fresno Marketing Advantage.

In general, there are two ways to pop up on search engines, Savala said. One way is to become a sponsored site by the search engines and pay a certain amount of money for every click. The other way is to have certain key words or phrases in the web page that will make the sites pop up more frequently.

Savala's primary service is designing Web sites, but recently he's also been spending more time working with his clients to improve the searchability aspects of their Web sites.

"Businesses don't pop up by accident on the search engines. They get there one way or another," Savala said. "You can have the greatest Web site in the world, but if no one can find it, it's not going to be very helpful."



# *Local suit is biggest environmental settlement in world*

By Lisa Lieberman

6/30/97

Staff Writer

In the late 1980s and early to middle 1990s, Central Valley and Fresno area residents had a major scare about reportedly high levels of the agricultural pesticide, Dibromochloropropane (DBCP) in the underground water supply.

The good news for 1997 is that county and city water districts may be remediating the contaminated water faster than most people realize. The bad news is that the state standards regulating DBCP are much looser than those regulating other organic chemicals.

The issues surrounding DBCP came to light earlier this year when the city of Clovis reached a \$7 million settlement with Shell Oil Co., the Dow Chemical Co. and Occidental Chemical Corp - the major chemical companies supposedly responsible for contaminating underground water supplies.

From about 1992 to 1997, about 20 cities and counties throughout the Central Valley sued and reached settlements with these chemical companies. With the Clovis settlement, the total settlement for Central Valley communities comes to between \$200 and \$300 million, estimated Doug Kirk, water operations chief from the city of Fresno's water division. The city alone settled for about \$100 million from the companies. This will be paid out over the next 40 years.

"This is probably the biggest environmental settlement ever reached in the history of the world," according to Ken Schmidt, a Fresno hydrologist. "The amazing part is that (even though) this is probably the largest environmental contamination in the world, it is being handled totally locally on a voluntary basis (without federal government intervention)." Schmidt testified at some of the DBCP lawsuit hearings and is currently involved in DBCP remediation processes.



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# The Business Journal

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**MANUFACTURING/FOOD**

## Sunkist caustic-recycling program spares environment, expense

By Lisa Lieberman

Special to The Business Journal

Sunkist Growers Inc. in Tipton has found a new way to process orange juice more efficiently, generate less waste, and save more than \$120,000 per year in caustics used for cleaning processes at the plant.

Using highly specialized membrane technology that recycles 80 percent of spent caustic and converts the remaining 20 percent into a concentrate to be sold for animal feed, the plant has been able to cut the percentage of its caustic-waste disposal into the environment to almost zero.

Like many food-processing companies in the Central San Joaquin Valley, finding a solution to disposing of used caustics had been a problem for Sunkist for many years.

About 20,000 gallons of caustic are run through the Sunkist plant three to four times daily. Getting rid of this much caustic daily had been the plant's "biggest headache," according to Steve Fischer, production superintendent at Sunkist.

Before installing the new membrane technology two years ago, Sunkist had disposed of its spent caustic through a time-consuming process that condensed the caustic in a multi-effect evaporator into a liquid sludge, which was then sprayed onto wet orange peels and sold for cattle feed.

Sunkist knew it could not legally dump caustics onto the ground, since they can be potentially dangerous to underground water tables. The problem with disposing caustics was compounded by the fact that, during the summer months, the plant was processing Valencia oranges instead of navels, and there were fewer oranges to process overall, which meant there weren't enough orange peels on which to spray the spent caustic.

"If we didn't do something with the caustic, we were either going to be out of business or pay big, big bucks to haul it away," said Sunkist Research Manager Denny Nelson.

The cost of hauling the caustic away would have been too great — \$15,000-\$30,000 per week — and would have exceeded the plant's profit margins during the summer months. According to Nelson, the Tipton plant would have shut down during the summer before paying such high cost.

So Sunkist teamed up with the Environmental Applications Department of Southern California Edison, which sponsored a cost-share project with Sunkist to finance a membrane-recovery system designed by Nitro Filtration in Hudson, Wis. The system recaptures and reuses caustic.

According to Vic Sanchez, the communications coordinator of Southern California Edison, the utility's role in the development of the \$260,000 project was part of Southern California Edison's efforts to help customers with environmental concerns related to plant-processing procedures.



membrane technology, according to Mike Grigus, the sales engineer from Nitro Filtration, is that it is possible to filter and reuse the caustic.

That recycled caustic has an average life span of four to five uses.

In the Tri-Valley Growers Oberti Olive plant in Madera, the use of membrane technology to recycle and recapture waste water has saved about 600 jobs.

The Oberti system was beneficial because it not only recycled the plant's waste water, it also enabled the plant to dramatically reduce the amount of fresh water it had to pump from the ground by about 80 percent.

At the Sunkist plant in Tipton, membrane technology enabled the plant to save energy as well as resources, Grigus said.

By reducing the amount of time condensing caustic in the evaporator, which runs on natural gas, the overall amount of energy used for waste treatment was reduced by 30 percent, according to Southern California Edison. As a result of burning less natural gas for waste treatment, Sunkist also decreased the amount of carbon dioxide expelled into the air by about 1.5 million pounds per year.

According to Dr. Jurge Strusser, one of the consultants to the California Institute of Food and Agricultural Research project, "In the future, not a single food processor won't be using this type of technology in one form or another."

The food-processing industry is an integral part of California agriculture, said Dr. Sharon Shoemaker, California Institute of Food and Agricultural Research executive director.

If the industry must close up shop or move out of state or out of the country due to high water and disposal costs, local farmers may have nowhere to go with their products.

"The reality is, increasing urbanization and demands for water and power are driving the costs up to stay in business," Shoemaker said.

At Sunkist, Nelson said, the membranes have been more cost-efficient and successful than anyone expected. Sunkist may even take the membranes a step further, once the ceramic membranes, which cost \$10,000-\$12,000 each, decrease in price. They could be used to filter fluid that comes from the pressed peel before it is concentrated by the evaporator, which was formerly used for concentrating caustic.

Right now, said Grigus, the Sunkist plant is the first orange juice-processing plant worldwide to commercially use membrane technology to recover caustic.

"From an environmental point of view, [Sunkist] didn't have to do it now, but in two years, the system will pay for itself. From an economic standpoint, that's a reasonable payback," said Grigus. "From an environmental and regulatory standpoint, [Sunkist] is also going to be avoiding long-term, future problems."



# The Business Journal

Serving Fresno and the Central San Joaquin Valley

## Fruit-tree growers bypass middle man, take crops directly to the market

By Lisa Lieberman

Staff Writer

Several Kingsburg tree-fruit growers are bypassing the traditional route of selling crops to wholesalers via middlemen and are planning to market their crops directly to super-

markets in the Bay Area.

The growers are part of California Clean, which is an environmentally oriented farm group dedicated to using nontoxic inputs to grow their crops.

See Tree fruit, page 25

### Tree fruit

Continued from page 1

These Kingsburg growers were fed up with the low returns they received in the market last year, due in part to a glutted tree-fruit market. So this year they decided to stake a claim of their own in the marketplace.

So far, three of the growers have made tentative arrangements to sell approximately 30,000 boxes of tree fruit — half of this year's projected crops — to several medium- to large-sized independent supermarkets in the Bay Area. The group is still in the process of targeting local markets.

According to Paul Buxman, one of the Kingsburg growers, the idea behind selling produce directly to markets is twofold: One, to sell to markets at prices higher than farmers normally receive but lower than supermarkets normally pay to wholesalers; two, to provide supermarkets with fresh tree ripened fruit that

would entice and satisfy customers.

Traditionally, small farmers have judged themselves to be in an unbeatable competition with corporate farms. But selling tree-ripened fruit directly to supermarkets is a niche that Buxman thinks only small farmers can fill.

While many wholesalers can provide large quantities of tree fruit to supermarket chains with ease and efficiency, it is almost impossible for large suppliers to ship tree-ripened fruit since tree-fruit is especially perishable and bruises so easily during transport. As a result, most wholesalers end up buying fruit that is picked green and left to ripen in cold storage facilities or grocery market shelves.

Fruit that is allowed to ripen naturally on the trees is much sweeter, Buxman said. Unlike other types of fruit such as bananas, tree-fruit, such as peaches, draw all of their sugar directly from the tree. So once a peach has been picked, even though it may change color, it never becomes as

sweet as a tree-ripened peach.

Knowing the natural lure of tree-ripened fruit, Buxman offered what he thought was an irresistible deal to mid-sized supermarkets trying to compete with large chain stores in the Bay Area. Buxman offered them the chance to buy tree-ripened fruit two to three days after it was picked.

"We were offering them what no one else was," Buxman said. "We weren't going to use cold storage. We were going to pick and deliver the fruit the same night and the fruit was going to be on the shelf in 24 hours."

Buxman said he felt a strong affinity between himself and the independent grocery stores. Both, he said, needed an alternative strategy to deal with large corporate farms and large retailers like Wal-Mart that are beating them out of the marketplace.

"We figured why should we try to compete [with large wholesalers] to sell our fruit to large chain stores at barely break-even prices when we could sell to [smaller] stores," Buxman said.

Buxman got almost immediate positive responses from the grocers he approached. Some grocers questioned whether Buxman would be able to deliver the goods on time and in good condition. The challenge of transporting their own fruit is going to mean "a lot of headaches," according to Russell Lehtonen, one of Buxman's partners.

"There's going to be a mass amount of fruit moving, and we'll have to line up stores and get around where we can deliver to some stores that want deliveries in the early mornings and to some in the afternoon. The coordination is going to be tricky. We may have to set up a central point [in Kingsburg] where we can get the fruit set up for delivery."

Despite the difficulties with transporting fruit, Buxman estimates that in addition to the profits growers will make selling their own fruit, the growers will be able to save about \$2 per box on shipping, packing cold storage, and brokerage charges alone.



# Grape's cancer fighting agents give fruit new marketing angle

By Lisa Lieberman

Staff Writer

For about 10 years, American consumers have been spoiled and pampered with seedless grapes. But new evidence shows that U.S. consumers might be willing to endure a little bit of inconvenience with seeded grapes in exchange for the seeded grapes' larger sizes. New evidence also shows that grapes may contain cancer fighting agents, which could be another selling point for consumers.

This is good news for grape growers, since some growers increased their seeded grape acreages this year in the hopes of exporting them to China. Foreign markets have proportionally consumed the bulk of American seeded grapes while American consumers have favored the seedless grapes. While China may be a promising new overseas grape market in the future, it may take a few years before the grape industry reaps any substantial profits over there, according to industry sources.

Scott Boyajian, president of Sunview Marketing International, said that in anticipation of the Chinese market, Sunview's farmers grew 10 million boxes of Red Globe seeded grapes which is more than the 6.3 million boxes of Red Globes produced last year.

"The whole market in Asia and Southeast Asia can be huge (for grapes). We're betting on the future that it will be," said Boyajian.

Not all of this year's Red Globes

may see a Chinese market this year, though. But a big selling point of the Red Globes in the United States, even though they have seeds, is that they are much larger and more attractive than many other red grapes. They have larger shelf lives than many other grapes and come into season later than some other red grapes, just in time for the holiday season. Sunview Marketing is also trying to sell grapes in the United States by packaging more grapes in bags rather than marketing them loosely.

"A lot of Asians like the loose packs because they like to pick and choose their grapes. But the main reason retailers like the bags domestically is so that people don't drop berries on the stores and slip and hurt themselves," said Boyajian.

Red Globe grapes originally came into the United States 15 years ago, according to John Pandol, export salesman for the Pandol Brothers in Delano.

"There was an initial wild reaction

because of their size," said Pandol. "The Red Globe has been playing catch up ever since on a worldwide basis to meet demand. This is the first year where the supply has caught up with the demand."

The Red Globe is so popular in other parts of the world that according to Pandol, most foreign buyers think that there are two types of grapes — Red Globe and "other," said Pandol. The reason that Red Globes are gaining popularity in the United States is that the price of Red Globes have finally come down in price, said Pandol. Last year, Red Globes commanded an average of 25 percent more than other grapes. Ten years ago, it was double, said Pandol. This year, he said, Red Globes were more or less the same price as other grapes. The lower prices have made grocery stores more willing to stock them and consumers more willing to buy them, said Pandol.

"The surprise is that the accep-

tance of the Red Globe in North America is gaining," said Pandol. "People are buying it despite the fact that it has seeds. For a million years, people have been eating seeded grapes. And then (sellers) would say that they can't sell seeded grapes. But supermarkets have put Red Globes on the shelves and people are buying them and repurchasing them."

Studies also show that the more varieties of grapes consumers have to choose from, the more likely they are to buy grapes overall, according to Kathleen Nave, executive vice president of the California Table Grape Commission.

Nave also said that recently released studies from the University of Illinois and Cornell University show that grapes contain a compound called Resveratrol which could possibly prevent cancer and actually inhibit tumor growth once tumors start growing.

"Grapes are the only edible plant out of 600 plants (that were looked at) worldwide that have a high enough level of Resveratrol to be promising," said Nave.

Resveratrol is present in all three colors of grapes; red, green and blue-black, said Nave. The compound is found mainly in the skins of these grapes, she said.

The Table Grape Commission plans to use some of these health findings in promoting grapes both abroad and in the United States, said Nave.

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—Kathline Nave.

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# Kiwi difficult to market in U.S. due to lack of convenience

By Lisa Lieberman

Staff Writer

It's not easy being a kiwi — especially in California. Consumers tend to discriminate against kiwis because of their fuzzy skin and awkward appearance. Retailers are prone to hide kiwis on the top of supermarket shelves next to the “exotic” fruits.

But kiwis may soon become more popular in the United States as a result of new research that shows that kiwis are packed full of nutrients and that consumers get more “bang for their buck” bite-for-bite compared to almost every other kind of fruit.

According to a study conducted by Rutgers University in New Brunswick, New Jersey, kiwis are the most nutrient dense of all fruits, followed by papaya, cantaloupe, and strawberries. Kiwis also have twice the amount of Vitamin C of oranges and have higher potassium levels than bananas, according to the study.

This may give kiwis new appeal in the eyes of the consumer and serve as a marketing tool to help market the 70 million pounds of kiwis grown in California each year, according to Scott Horsfall, president of the California Kiwi Fruit Commission.

The California Kiwi Fruit Commission along with kiwi industries in France, New Zealand, Chile, France, Italy, Iran and Greece have helped fund the research study, which cost about \$100,000 to conduct. According to Horsfall, this is the first time that competing countries have teamed up to help



promote a single agricultural product.

“We’re very impressed by the level of co-operation that exists between various producing countries. We had a joint concern, and we decided the one thing we could do to try to help increase worldwide demand was to do some studies to pursue the nutri-

*Kiwis have badly needed a publicity boost throughout the world, especially in the United States where consumers are used to eating “easy to eat” fruits like grapes and oranges.*

*—Scott Horsfall*

tional values of kiwis,” said Horsfall.

Kiwis have badly needed a publicity boost throughout the world, especially in the United States where consumers are used to eating “easy to eat” fruits like grapes and oranges. U.S. consumers are more likely to shy away from the fuzzy skins of kiwis which can make kiwis challenging to eat, said Horsfall.

“In European countries like Germany and Asian countries like Japan

and Korea, people are more used to exotic fruits than we are. A lot of it has to do with the convenience factor. In the United States it’s tough to sell a grape with seeds in it. But people all over Europe and Asia haven’t come to expect the seedless aspect of grapes. And they don’t mind the cutting and peeling that (goes along) with eating kiwis,” said Horsfall.

Horsfall hopes to make eating kiwis easier for consumers by handing out educational materials in supermarkets about how to consume the fruit.

“There’s a lot of different ways to eat kiwis,” said Horsfall. “You can eat them with the skin on and bite into them like an apple. You can slice them or peel them. But the method that seems to work best is to cut and scoop. We’ve marketed a tool in the past that’s like a half-knife half-spoon, so you can cut a kiwi with one end and eat from the other end, like scooping out a melon,” said Horsfall.

Right now, only about half of all Americans have ever tried kiwis, and a meager 10 percent buy kiwis on a regular basis, said Horsfall.

Hopefully this figure will change with the spread of about 5,000 new promotional displays in supermarkets nationwide advertising the nutritional benefits of kiwis and how to eat them, said Horsfall.

“We’ve had a real positive response from store owners about our banners and promotionals,” said Horsfall. “Our goal is to move kiwis out of the specialty niche market and into the mainstream.”



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# The Business Journal

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## MANUFACTURING/FOOD

### Sunkist caustic-recycling program spares environment, expense

By Lisa Lieberman

Special to The Business Journal

Sunkist Growers Inc. in Tipton has found a new way to process orange juice more efficiently, generate less waste, and save more than \$120,000 per year in caustics used for cleaning processes at the plant.

Using highly specialized membrane technology that recycles 80 percent of spent caustic and converts the remaining 20 percent into a concentrate to be sold for animal feed, the plant has been able to cut the percentage of its caustic-waste disposal into the environment to almost zero.

Like many food-processing companies in the Central San Joaquin Valley, finding a solution to disposing of used caustics had been a problem for Sunkist for many years.

About 20,000 gallons of caustic are run through the Sunkist plant three to four times daily. Getting rid of this much caustic daily had been the plant's "biggest headache," according to Steve Fischer, production superintendent at Sunkist.

Before installing the new membrane technology two years ago, Sunkist had disposed of its spent caustic through a time-consuming process that condensed the caustic in a multi-effect evaporator into a liquid sludge, which was then sprayed onto wet orange peels and sold for cattle feed.

Sunkist knew it could not legally dump caustics onto the ground, since they can be potentially dangerous to underground water tables. The problem with disposing caustics was compounded by the fact that, during the summer months, the plant was processing Valencia oranges instead of navels, and there were fewer oranges to process overall, which meant there weren't enough orange peels on which to spray the spent caustic.

"If we didn't do something with the caustic, we were either going to be out of business or pay big, big bucks to haul it away," said Sunkist Research Manager Denny Nelson.

The cost of hauling the caustic away would have been too great — \$15,000-\$30,000 per week — and would have exceeded the plant's profit margins during the summer months. According to Nelson, the Tipton plant would have shut down during the summer before paying such high cost.

So Sunkist teamed up with the Environmental Applications Department of Southern California Edison, which sponsored a cost-share project with Sunkist to finance a membrane-recovery system designed by Nitro Filtration in Hudson, Wis. The system recaptures and reuses caustic.

According to Vic Sanchez, the communications coordinator of Southern California Edison, the utility's role in the development of the \$260,000 project was part of Southern California Edison's efforts to help customers with environmental concerns related to plant-processing procedures.



membrane technology, according to Mike Grigus, the sales engineer from Nitro Filtration, is that it is possible to filter and reuse the caustic.

That recycled caustic has an average life span of four to five uses.

In the Tri-Valley Growers Oberti Olive plant in Madera, the use of membrane technology to recycle and recapture waste water has saved about 600 jobs.

The Oberti system was beneficial because it not only recycled the plant's waste water, it also enabled the plant to dramatically reduce the amount of fresh water it had to pump from the ground by about 80 percent.

At the Sunkist plant in Tipton, membrane technology enabled the plant to save energy as well as resources, Grigus said.

By reducing the amount of time condensing caustic in the evaporator, which runs on natural gas, the overall amount of energy used for waste treatment was reduced by 30 percent, according to Southern California Edison. As a result of burning less natural gas for waste treatment, Sunkist also decreased the amount of carbon dioxide expelled into the air by about 1.5 million pounds per year.

According to Dr. Jurge Strusser, one of the consultants to the California Institute of Food and Agricultural Research project, "In the future, not a single food processor won't be using this type of technology in one form or another."

The food-processing industry is an integral part of California agriculture, said Dr. Sharon Shoemaker, California Institute of Food and Agricultural Research executive director.

If the industry must close up shop or move out of state or out of the country due to high water and disposal costs, local farmers may have nowhere to go with their products.

"The reality is, increasing urbanization and demands for water and power are driving the costs up to stay in business," Shoemaker said.

At Sunkist, Nelson said, the membranes have been more cost-efficient and successful than anyone expected. Sunkist may even take the membranes a step further, once the ceramic membranes, which cost \$10,000-\$12,000 each, decrease in price. They could be used to filter fluid that comes from the pressed peel before it is concentrated by the evaporator, which was formerly used for concentrating caustic.

Right now, said Grigus, the Sunkist plant is the first orange juice-processing plant worldwide to commercially use membrane technology to recover caustic.

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# Grape's cancer fighting agents give fruit new marketing angle

By Lisa Lieberman

Staff Writer

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This is good news for grape growers, since some growers increased their seeded grape acreages this year in the hopes of exporting them to China. Foreign markets have proportionally consumed the bulk of American seeded grapes while American consumers have favored the seedless grapes. While China may be a promising new overseas grape market in the future, it may take a few years before the grape industry reaps any substantial profits over there, according to industry sources.

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—Kathline Nave.

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# Fresno picked up by ag transit program

By LISA LIEBERMAN

Special to The Business Journal

Now in its second year of operation, the Kings County Area Transit Agency is extending its Agricultural Industries Transportation Services Vanpool Program from Kings, Tulare and Kern counties into Fresno County.

The one-of-a-kind program was launched last year in response to the pressing needs of farm laborers to access safe, affordable and reliable transportation. The program, which was funded by a one-time \$8 million grant from the state and federal governments, provided rides to 400 workers to packinghouses and agricultural field areas throughout the Valley.

Historically, it's been a challenge for

agricultural workers to get to their job sites, since not all of them own cars and city bus routes are also usually too far removed from rural work sites for agricultural workers to rely on, said Ron Hughes, transit manager for the Kings County Area Public Transit Agency in Hanford. The Five Points tragedy in 1999, which left 13 farm workers dead, especially emphasized the need for safe, affordable transportation for agricultural workers.

"There's been a tremendous need for this kind of program. The farm workers themselves operate the program, and it's a good, inexpensive way for them to get to work on time as well as a good way for companies to reduce absenteeism and maintain productivity," Hughes said.

The workers pay about \$60 a month while the drivers ride for free in exchange for driving the vans. The Kings County Area Transit Agency is responsible for maintaining and insuring the vans. The program was so successful last year that KCATA is adding 75 nine-passenger vans to its existing 42-van fleet.

Companies such as Paramount Farms, Bee Sweet Citrus, Harris Farms, and Ruiz Foods are a few of the many Valley-wide companies who have supported the AITS program.

"It helps employees get to work much quicker," said Maria G. Flores, employee relations' coordinator for Paramount Farms in Bakersfield.

See Transport page 23



# Transport

Continued from page 3

"Many employees were having transportation issues. Now, employees pay a smaller fee to use the vanpool. It's easier for them and it helps improve morale since they don't have to worry so much about the financial hardships of getting to work."


Julian Valenzuela, in charge of benefits compensation and human resource information services for Ruiz Foods in Dinuba, said the company has been participating in the program since May.

"One of the things that interested us about this program was that it was a chance for us to help our team members get to work while at the same time helping the environment by having people vanpool to work," Valenzuela said.

Right now, Ruiz Foods has six vans running, which serve about 30 employees in the Porterville and Tulare areas.

"We have 1,500 employees who work staggered shifts seven days a week, 24 hours a day. Some of them have a tough time getting to work and not all of them have reliable sources of transportation," Valenzuela said.

Since parking at Ruiz Foods is at a premium, employees who participate in the vanpool program don't have to worry about getting to work early to find parking spaces so they can get to their jobs on time.

"People are less stressed when they get here. They can relax on the way to work instead of worrying about driving," Valenzuela said. 



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## HEALTH CARE QUARTERLY

### Caps on payment plans making preventative care necessary

By Lisa Lieberman

Staff Writer

Hospitals used to make their money by treating sick people, and patients would pay for health services as they went along.

Now, under capitated payment plans, many hospitals receive the same amount of money per patient per year regardless of how much or how little patients utilize their services. As a result, Central Valley hospitals are investing more in wellness programs, since they have more of a vested interest in keeping patients well.

At Kaweah Delta Hospital, for instance, the hospital contracts with health maintenance organizations (HMOs) to service about 15,000 patients per year. About 1,500 of these patients are Medicare patients. The hospital receives an average of \$30 per patient per month for most all patients except those using Medicare. This means that whether the hospital spends \$50,000 or \$50 on a patient, the hospital gets the same \$360 per patient per year. So, hospitals under capitated payment plans are forced to have a common goal of keeping patients out of hospitals rather than in hospitals.

"We are literally no longer paid to keep people sick but for keeping them healthy," according to Gary Herbst, vice president and chief financial officer.

"Obviously, our incentives are shifting, and it's become fairly evident at this point that we're going to do everything possible to keep people out of the hospital. One way to do this is by promoting a healthy life style and taking a more proactive stance in keeping people well," said Herbst.

At Kaweah Delta, as with many other hospitals, the trend has been toward expanding the depth as well as the breadth of wellness programs by focusing on general health and nutrition classes and introducing new classes on the management of chronic diseases like asthma or congestive heart failure.

People may have let themselves get sick in the past, according to Marj Henry, manager of health resource clinical services at Saint Agnes Medical Center. But now they're making more of an effort to stay well in order to avoid having to fight to get costly medical treatment, according to Henry.

"People are having to sue

to get some of their health care needs met under the managed health care system," said Henry. "Sometimes (managed health care systems) have the tendency to wait and wait to do extensive treatments until they absolutely have to."

If people do get sick, hospitals want them to learn how to manage their illnesses. More education means fewer trips to the emergency room, according to Henry. This is especially true for such easily treatable diseases as asthma and diabetes, she said.

Diabetes is one of the number one causes of hospitalization in the country,

said Henry.

"Diabetes lends itself to education. But people don't always look at or read the instructions their doctors give them. Doctors are limited in time and educators have a sole purpose. They have more prolonged time to spend with patients."

So far, the program at Saint Agnes has been so successful that it has more than doubled in the past few years, said Henry.

Wellness programs in the Central Valley have piqued the interest of HMO's and private insurance compa-

nies, according to Steve Ramirez, division manager of health protection services of the Fresno County Health Department.

"Initially insurance companies didn't see (wellness) programs as medical programs. Most of their reimbursements were based on treatment programs, but now more and more (money) is going for preventative care."

Companies such as Blue Cross, Blue Shields, and Pacific Care have expressed interest in working with hospi-

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## HEALTH CARE QUARTERLY

### Hospitals

Continued from page 17

tals and HMOs to provide preventive health services. Blue Cross has contracted with several Central Valley hospitals to provide low cost check-ups for patients and test for such things as glycoma, cholesterol and diabetes.

Blue Cross has also targeted work sites with education programs, seminars and literature. On a monthly basis, Blue Cross health workers see about 3,000 members per month - up from about 500 per month three years ago.

Local hospitals haven't yet been able to quantify how much wellness programs have boosted their bottom lines, but statistics from wellness advocates show the programs do save dollars.

It appears that other businesses also benefit from wellness programs in the form of lower health insurance premiums.

Edward Krogstad, personnel manager for the Fresno Housing Authority, says that Fresno Housing Authority's wellness education program has saved the public agency thousands of dollars in health insurance.

"Our health insurance premiums are some of the lowest in the state," said Krogstad. "We've had a steady decline in the increase in our premium increase. We've gone from a 13 percent increase to a 10 percent in-

crease. Now we are getting zero percent increases."

Overall, the company spends about \$3,000 annually for sponsoring brown bag lunches with guest speakers on a wide range of health topics, a masseuse, and incentives for joining local athletic clubs.

Interest in wellness programs has been steadily climbing among Central Valley companies, as was evidenced by the 60 businesses that participated in the recent National Health and Fitness Day. That number is an increase from the 30 companies that participated last year.

Insurance companies and HMOs are now looking to have an even greater role in their patients' lives outside of ordinary wellness programs and routine hospital visits.

Blue Cross, according to Kimberly Higgins-Mays, supervisor of health promotions and medical quality management, has been doing research on possibly identifying high risk patients by tracking members through emergency room visits and pharmacy visits.

The idea is to find out what kind of health problems members may be experiencing and to send them information on their diseases to help manage their illnesses and to keep costs down.

Kaweah Delta's Lifestyle Center has been looking at other tracking devices that would allow insurance companies to stay apprised of their members' progress. The Lifestyle Center is designed to offer patients,

outpatients, and members of the general community a chance to work out in a health club atmosphere with the benefit of trained physical therapists.

Conceivably, The Life Style Center could design a computer system that would literally tie all the cardiovascular and weight training equipment to monitoring devices that would track health members' heart rates as they used the equipment. This information could be sent to a computer and then channeled directly to insurance companies who could see for themselves how their patients are doing.

Insurance companies are very interested in this kind of program, said Melanie Minarik, vice president at Kaweah Delta.

"No one has ever had this kind of information before, and insurance companies want to know that the money that we're spending is being spent wisely."

In exchange for receiving this kind of information, HMOs might be more willing to help pay for these pro-

grams, Minarik said.

The bottom line is that health care providers want to reduce health care costs while maximizing service, Minarik said. The best way to do this is through a system of accountability, she said.

"If I were paying the bill, I would want to find out (the health effects) before I paid for someone's membership at a lifestyle center," said Minarik.

In the future, said Minarik, it could be conceivable that patients attending wellness programs would have to get blood pressure checks or other types of health checks to prove to their insurers that they are utilizing the information from the wellness programs.

"If I'm the insurer, I want to know not only that the patient got the information but how did it affect their blood pressure or sodium levels," she said.

"Ten years ago, people did wellness programs and didn't care about the results. But now accountability is a big deal. We want to see results."

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*-Edward Krogstad.*

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# Digging deep for funding

## Nonprofits have to be resourceful when donations slow

By Lisa Leiberman

The general rule of thumb when the economy slows down is that contributions to nonprofits slow down as well. While some nonprofits in Fresno have lost funding, many of them are managing to hold steady in an unsteady economy. Nonprofits, however, are working harder and more creatively to make their money go further than ever before.

Moses Stites, chairman of the board for the Fresno County Economic Opportunity Commission, said despite the difficult times, the EOC has managed to sustain its operating budget over the past couple of years. The EOC, which was originally founded in 1965 by President Kennedy, was developed to assist the poor as well as teens in crisis, and unemployed, disabled, and elderly people.

"We serve a very diverse population. You name the ethnicity, gender, or age group, and we serve them," Stites said.

Most of the EOC's budget, which is about \$140 million a year, comes from the local, federal and state governments, Stites said. Because of its long-standing track record, the EOC has been relatively successful in consistently securing funding every year, he said.

Most federal and state grants require that their recipients stay in strict compliance with the guidelines and meet very specific outcomes every year. One of the secrets of Fresno's EOC success in doing this, is that the organization has had very little turnover, Stites said.

"We are one of the largest employers in Fresno and we have a staff of over 1,200 full-time and part-time employees, and we have almost no staff turnover. That's important because it means we have a better track record for re-funding opportunities and new funding opportunities because there are no learning curves we have to go through by having to train new staff," Stites said.

As its operational costs have gone up, though, the EOC has been working to find ways to save money while still providing high levels of service. One way the EOC has done this is by locating its transportation services and meal services in one central location.

"We prepare meals at the food center and right next door we have the transportation site, so we



can prepare all the meals for seniors and our Head Start kids in one place and then deliver them from one property," Stites said.

In the last few years, the EOC has also consolidated its administrative office buildings in one central place, right across from the Greyhound station in Fresno.

"This accomplished two things," Stites said, "One, is that we have our offices in one place. The other thing, is that this is a way of investing in the downtown."

### Consolidate trips

One thing the Poverello House in Fresno has done to save money has been re-examining the routes their trucks take every day when picking up donations in the city.

"We have two trucks that are out every day, all day and we're looking at places where maybe someone's donating something and it isn't worth the amount of gas going there to pick it up. So, we're streamlining our pickup routes and trying

to do everything we can to achieve economies without reducing services," said James Connell, executive director of the Poverello House.

The Poverello house provides 400,000 hot meals to people in need each year in Fresno. They also have a six-month drug and alcohol rehabilitation center, a laundry facility and overnight shelters for homeless people.

"Fundraising is always a big job at a place like this," Connell said.

About 84 percent of the Poverello's funding comes from local public support. Small amounts of funding come from the state and federal governments. Connell has been with the Poverello house for the past 18 years and has seen ebbs and flows in donations over the years.

"Donations have been pretty even for the past five years, up until the beginning of this year, when they dropped off" Connell said. "We've seen some softness in the economy over the years, but this time has a little bit of a different



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feel to it, because we see people cutting back across the board."

Traditionally, Poverello House has not spent a lot of money fundraising.

"Our fundraising plans have always been to just tell the community what we do. But if the economy gets worse, we might have to make more direct appeals to the community and look for more government sources of funding. But there's tremendous competition everywhere for government funding," Connell said.

The Red Cross for Fresno-Madera Counties has had its funding challenges, too. Normally, the Red Cross has several fundraisers each year, but recently, the Red Cross has been spending more time making more personal contact with existing donors and potential donors, said Ellen Schneider, CEO of the local Red Cross.

"We've been on a campaign for the past 18 months to increase our personal donor relationship and to try to touch them more often. We find this helps because it increases the bond between the donor and the chapter," Schneider said.

One of the appeals of donating to the Red Cross, is that about 88 cents of every dollar donated stays in the local community, Schneider said.

"That's a really outstanding rate for a nonprofit," Schneider said.

## On-line auctions

One of the American Cancer Society's strategies in Fresno for securing more funding for the local area has been to make fundraising activities more accessible and fun to all Valley residents, said Sherrie Bakke, executive director of the Fresno American Cancer Society. One good example of this is the cancer society's "Relay for Life" event which is a 24 hour event that groups of family members and friends usually attend together, Bakke said.

"The good thing about it is that participants can donate \$10 or \$10,000 and it doesn't make a difference. Everyone who wants to can participate in the event," Bakke said.

This idea of making fundraising fun and accessible to large numbers of people is something that cMarket, an online nonprofit fundraising auction site, is trying to promote around the country. Normally nonprofit groups that hold auctions to raise money might only have 80 to 100 people come to their events. But cMarket, which works a lot like eBay, opens up the auctions to the entire country, said Helen Stefan, director of public relations for cMarket, which hosts the "biddingforgood" website out of Cambridge, MA.

The big difference between a site like eBay and cMarket, is that all of cMarket's online products are affiliated with nonprofit groups,

"You can put items online and run the auctions for several weeks,

not only for people in Fresno, but for people all over the world. So, if you're in Brentwood, Calif., and you want to support your child's school you can bid on an item for the school. But, then there might be someone in Tennessee who could care less about the school and just thinks that the item is a really cool collectible and want to bid on it, too. So, this is a way to open up your donor base to the whole nation," Stefan said.

Over the past few years, cMarket has helped 21 nonprofits in Fresno and other Valley towns raise about \$462,000, Stefan said.

## Be creative

These types of creative fundraising techniques are becoming more

essential to nonprofits everywhere, especially those who want to keep their heads above water in tough economic times, said Donald Reinhold, executive director of the Fresno Philharmonic Association.

About 50 percent of the philharmonic's revenues comes from earned revenues from concerts and events. Twenty-five percent comes from corporations and another 25 percent comes from foundations.

The philharmonic board of directors has been working with a fundraising consultant for nonprofits to come up with some creative new ideas, Reinhold said. One idea has been to offer a more diverse repertoire of music to the public to try to attract a broader audience base.

Not everyone is familiar with

classical music and many people are reluctant to sit through a 90 minute symphony if they don't feel confident they'll enjoy the music, Reinhold said.

"So, we've been trying to bring in more music that's more familiar to people, so we can attract new audiences. We're doing things like playing music by Beethoven or doing a pop series where we do concerts of Hollywood film scores or music by the Beatles," Reinhold said.

More people coming to the concerts has a double benefit: It brings in more revenues from more ticket sales. And, it also increases the overall audience base of the Philharmonic, which in turn, gives the philharmonic a larger pool of donors from which to draw.

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# The Business Journal

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## MANUFACTURING/FOOD

### Sunkist caustic-recycling program spares environment, expense

By Lisa Lieberman

Special to The Business Journal

Sunkist Growers Inc. in Tipton has found a new way to process orange juice more efficiently, generate less waste, and save more than \$120,000 per year in caustics used for cleaning processes at the plant.

Using highly specialized membrane technology that recycles 80 percent of spent caustic and converts the remaining 20 percent into a concentrate to be sold for animal feed, the plant has been able to cut the percentage of its caustic-waste disposal into the environment to almost zero.

Like many food-processing companies in the Central San Joaquin Valley, finding a solution to disposing of used caustics had been a problem for Sunkist for many years.

About 20,000 gallons of caustic are run through the Sunkist plant three to four times daily. Getting rid of this much caustic daily had been the plant's "biggest headache," according to Steve Fischer, production superintendent at Sunkist.

Before installing the new membrane technology two years ago, Sunkist had disposed of its spent caustic through a time-consuming process that condensed the caustic in a multi-effect evaporator into a liquid sludge, which was then sprayed onto wet orange peels and sold for cattle feed.

Sunkist knew it could not legally dump caustics onto the ground, since they can be potentially dangerous to underground water tables. The problem with disposing caustics was compounded by the fact that, during the summer months, the plant was processing Valencia oranges instead of navels, and there were fewer oranges to process overall, which meant there weren't enough orange peels on which to spray the spent caustic.

"If we didn't do something with the caustic, we were either going to be out of business or pay big, big bucks to haul it away," said Sunkist Research Manager Denny Nelson.

The cost of hauling the caustic away would have been too great — \$15,000-\$30,000 per week — and would have exceeded the plant's profit margins during the summer months. According to Nelson, the Tipton plant would have shut down during the summer before paying such high cost.

So Sunkist teamed up with the Environmental Applications Department of Southern California Edison, which sponsored a cost-share project with Sunkist to finance a membrane-recovery system designed by Nitro Filtration in Hudson, Wis. The system recaptures and reuses caustic.

According to Vic Sanchez, the communications coordinator of Southern California Edison, the utility's role in the development of the \$260,000 project was part of Southern California Edison's efforts to help customers with environmental concerns related to plant-processing procedures.



membrane technology, according to Mike Grigus, the sales engineer from Nitro Filtration, is that it is possible to filter and reuse the caustic.

That recycled caustic has an average life span of four to five uses.

In the Tri-Valley Growers Oberti Olive plant in Madera, the use of membrane technology to recycle and recapture waste water has saved about 600 jobs.

The Oberti system was beneficial because it not only recycled the plant's waste water, it also enabled the plant to dramatically reduce the amount of fresh water it had to pump from the ground by about 80 percent.

At the Sunkist plant in Tipton, membrane technology enabled the plant to save energy as well as resources, Grigus said.

By reducing the amount of time condensing caustic in the evaporator, which runs on natural gas, the overall amount of energy used for waste treatment was reduced by 30 percent, according to Southern California Edison. As a result of burning less natural gas for waste treatment, Sunkist also decreased the amount of carbon dioxide expelled into the air by about 1.5 million pounds per year.

According to Dr. Jurge Strusser, one of the consultants to the California Institute of Food and Agricultural Research project, "In the future, not a single food processor won't be using this type of technology in one form or another."

The food-processing industry is an integral part of California agriculture, said Dr. Sharon Shoemaker, California Institute of Food and Agricultural Research executive director.

If the industry must close up shop or move out of state or out of the country due to high water and disposal costs, local farmers may have nowhere to go with their products.

"The reality is, increasing urbanization and demands for water and power are driving the costs up to stay in business," Shoemaker said.

At Sunkist, Nelson said, the membranes have been more cost-efficient and successful than anyone expected. Sunkist may even take the membranes a step further, once the ceramic membranes, which cost \$10,000-\$12,000 each, decrease in price. They could be used to filter fluid that comes from the pressed peel before it is concentrated by the evaporator, which was formerly used for concentrating caustic.

Right now, said Grigus, the Sunkist plant is the first orange juice-processing plant worldwide to commercially use membrane technology to recover caustic.

"From an environmental point of view, [Sunkist] didn't have to do it now, but in two years, the system will pay for itself. From an economic standpoint, that's a reasonable payback," said Grigus. "From an environmental and regulatory standpoint, [Sunkist] is also going to be avoiding long-term, future problems."