

Daniel J. Sutton  
Pismo Oceano Vegetable Exchange General Manager  
Written Testimony

U.S. House Agriculture Committee, General Farm Commodities and Risk Management Subcommittee

I would like to start by thanking Chairman Vela, Ranking Member Thompson, and members of the committee for hosting this important hearing. I also want to thank my Congressman, Congressman Carbajal for inviting me to testify before the subcommittee, and for making sure our specialty crop producers are represented in Congress. I serve as General Manager of the Pismo-Oceano Vegetable Exchange, a multi-generation grower-shipper family business going back to the 1920s.

We are located along the Central Coast of California. We farm 5,000 acres annually specializing in the production of Asian vegetables, leafy greens, and herbs. Our production line up consist of Nappa Cabbage, Bok Choy, Shanghai Bok Choy, Broccoli, Romaine and Iceburg Lettuce, Green Leaf, Endive, Escarole, Kale, Cilantro, Parsley, and Italian Parsley.

I have recently been selected as Chairman of the California Leafy Greens Marketing Agreement Advisory Board. The California leafy Greens Marketing Agreement (LGMA) is a food safety program representing 99% of the leafy greens growers in California. The LGMA requirements meet or exceed the Produce Rule requirements within the Food Safety Modernization Act (FSMA). Members of the LGMA have met PSR requirements for 11 years now.

I have also been extensively involved with Farm Bureau. Farm Bureau represents more than half of growers and producers within California amongst all agricultural commodities. I have served as Past-President of San Luis Obispo County Farm Bureau, and still am on the Board of Directors. I have also served the California State farm Bureau federation as an alternate delegate to national conferences, as a delegate to the state conferences, and as Chairman of the Federal Poly Issues Advisory Committee (IAC).

So that we're all on the same page, specialty crops are defined under federal law as "fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops." All types of agriculture are important, but specialty crops account for more than 25 percent of the value of U.S. crop production and do so on a relatively small amount of land (USDA).

The issues I want to discuss today will not be a surprise to many of you. The three greatest challenges that specialty crop producers face are water, labor and food safety.

Before we dive into these, I need to explain how significant specialty crops are to our local community, to the State of California, and to the United States.

- Of the \$924 million annual agriculture sales in San Luis Obispo County, \$860 million comes from specialty crops (SLO County).
- 75 percent of America's lettuce and leafy greens are grown in California, and the vast majority come from the six counties that comprise California's Central Coast region (LGMA).
- California is the top producer of nearly every specialty crop commodity in the nation (USDA).
- California has more specialty crop farmers than the next four largest states – Florida, Texas, Washington and Pennsylvania – combined (USDA).
- California alone accounts for \$30 billion of the \$83 billion U.S. specialty crop market (USDA).

These statistics are even more impressive when you consider the daunting challenges our farmers face to supply the three most essential inputs in specialty crop production – water, labor, and food safety..

## **WATER**

California actually has enough water to meet the needs of its people, for wildlife habitat, and for agriculture, but we refuse to make balanced, reasonable policy decisions to let farmers access it. Even as we make investments to grow crops “drop by drop” in the most sustainable way in human history, misguided regulations and demands of a growing population have forced more farmers to fallow their fields and cut back production.

Climate change is a very real factor in California agriculture, and we know our water crisis has no easy solution. But if we continue to reduce agricultural water sources, specialty crop production will largely disappear from California, and from the United States. Ask yourselves this question: Do we want to depend on foreign nations to grow all of our food?

In California, there are two major water systems. Water that is provided and allocated through the State of California and water that growers have “rights” to from underground sources. California’s water infrastructure is old and outdated. As we look for ways to improve the State water system, difficulty lies in finding a solution that is acceptable to all parties. Water storage is imperative in our State water system to get our State through years of drought. Rehabilitating old reservoirs and dams is difficult through our State policies. Creating new opportunities with reservoirs and dams is even more difficult. Being smart with our State’s water infrastructure will allow for the continued success of the abundance of specialty crops our State grows.

This past winter we were pleased and grateful that we had above average rainfall. When our creeks flow, we re-charge our aquifers where private water sources are used. Above average rainfall does not occur every year. In an effort to manage our private water supply, the best technology and practices are used. Our water supply is so important to the success and production of our specialty crops. Several current pieces of regulation within California are limiting the ability of producers to effectively manage their valuable resource.

### **Labor**

Even if we are lucky to get enough water for our crops in a given year, chances are we can’t find enough workers. Just last month, a study conducted by the University of California, Davis and the California Farm Bureau Federation found that 56 percent of farmers were unable to hire enough workers at some point during the past five years (CFBF). And things are getting worse; of the farmers reporting employee shortages, 70 percent had more trouble hiring people in 2017 and 2018.

We’re often asked in agriculture, “Why don’t you just pay higher wages?”. Well, we have been. 86 percent of farmers with labor shortages increased wages, but to no avail. Our employees currently earn at least two dollars above our State’s minimum wage requirement. Even while increasing wages, we are still not able to achieve our workforce needs. In California, our minimum wage will be \$15.00/hour in 2022. While our minimum wage increases by a \$1.00/hour every year, our AG overtime is decreasing by 30 minutes per year or 25%. In California, agriculture in the past has had an overtime exemption where farm workers are allowed to work for ten hours prior to receiving overtime. In our peak seasons, these workers depend on the fact that they would work 60 hours per week. With wages increasing and overtime going down, we are having to make very difficult business decisions that reduce the number of hours worked by our employees.

In many California communities like San Luis Obispo, the local cost of housing is so expensive, that the H-2A Guest Worker Program’s requirement for employers to provide housing makes using the program unpractical. Our broken immigration system is well known to everyone here, but I doubt you can appreciate the frustration farmers feel when we have a willing workforce in neighboring countries, but a federal government that can’t figure out how to get them here.

The H-2A program continues to be the only option we have to fulfill our labor requirements. This year, our company will utilize the H-2A program more heavily than ever before. Our produce still requires a "personal touch" when harvested. This year 85% of our harvest labor needs will fall under the H-2A program. As part of the H-2A program, the Adverse Effect Wage Rate (AEWR) wage, currently at \$13.92/hr., transportation, and housing must be paid by the holder of the contract. With all of these costs factored in, the rough cost per H-2A employee is \$16.24/hr.

With the H-2A program being costly, but our only option at this time, we are looking very intently into mechanization for our harvest and other processes involved in our growing program. This is a very rapidly expanding area in our industry that is quite costly. The cost of this equipment provides us with a barrier into this area. I imagine that the price point will eventually come down for this technology, but how long will it take? Can we wait that long?

### **Food Safety**

We know too well that a food safety incident on a single farm can shut down an entire commodity. In December of 2018, the discovery of E. coli on Romaine lettuce effectively shut down all Romaine lettuce sales in the nation. In time, the economic impact of the Food and Drug Administration's (FDA) Romaine advisory in November of 2018 will be estimated. Without an exact dollar amount available the impacts were significant. Many farms in California that had to cease operations. Harvest crews were not working, investments in the crop were lost, trucks were not carrying our products to markets, processors of these products were not operating, rural communities suffered, and ultimately our nation was not seeing the healthy consumer choice of romaine on the store shelves. California produces 90% of the nation's romaine. In another way of explaining the significance of that statistic, there are 130 million servings of leafy greens coming out of California every day to the nation.

Recently, our leafy greens community in California came together to update more stringent water standards for the growing of leafy greens. After the two outbreaks related to romaine in 2018, we realized that reviewing and revising the use of our water was the place to start. After discussions with FDA, FDA's investigation reports, the academic community, and growers, the most stringent water standards have been approved and will be in use shortly. I mention this because I am so proud to be part of a farming community that puts the safety of our products at the forefront. Through the LGMA, we are able to update the food safety requirements as new science becomes available. We are also able to do this very quickly. Other food safety programs are unable to change as quickly as the LGMA.

As growers of specialty products, especially leafy greens, we realize the importance and necessity of producing and providing a safe food to our nation and consumers. My family consumes the produce we grow at home. I want what I bring home to be safe for my family, I also want the same products I'm consuming to be safe for every family in our nation. Most companies now employ food safety staff who help that ensure that best practices are followed from germination to the shipment of our product distributed to our customers. Food safety programs like the LGMA have raised the standard in regards to food safety. Under the LGMA, we undergo five-six government audits each year to ensure we are adhering to the science based requirements of the program. In addition, the LGMA requires a traceback program requiring all of its members be able to track their produce back to the farm level.

As a grower of leafy greens, I am subject to 3<sup>rd</sup> party private audits, customer audits, government audits, and now FSMA inspections. Recently, FDA has recognized the LGMA inspections as demonstrating compliance with Produce Rule requirements. This is a start, but finding solutions to relieving the audit fatigue of our specialty crop producers, will become increasingly more important in the future.

Food safety, labor and water are not just issues faced by large farming businesses. Our community is blessed with a variety of farming operations, both big and small. I hope you understand that these challenges are shared by specialty crop producers who farm on 5 acres as well as for those with 5,000 acres. We accept that our farms are held to a higher standard because of the number of families we feed, we know the stakes are high. But please respect the essential role larger farming businesses like ours play in the vitality of local economies and in preserving the food security we are blessed with in this nation.

Thank you for the opportunity to submit this testimony. I am honored to testify and hope my comments have raised awareness of the significance and challenges the specialty crop industry faces in California.

Regards,

Dan Sutton  
General Manager  
Pismo Oceano Vegetable Exchange

Works Cited:

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## Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)\*, of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: Agriculture

Subcommittee: General Farm Commodities and Risk Management

Hearing Date: May 9, 2019

Hearing Title :

Reviewing the State of the Farm Economy

Witness Name: Daniel James Sutton

Position/Title: General Manager - Pismo Oceano Vegetable Exchange

Witness Type:  Governmental  Non-governmental

Are you representing yourself or an organization?  Self  Organization

If you are representing an organization, please list what entity or entities you are representing:

If you are a **non-governmental witness**, please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current calendar year and previous two calendar years. Include the source and amount of each grant or contract. *If necessary, attach additional sheet(s) to provide more information. House Rules do NOT require disclosure of federal payments to individuals, such as farm program payments or assistance to agricultural producers.*

N/A

If you are a **non-governmental witness**, please list any contracts or payments originating with a foreign government and related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current year and previous two calendar years. Include the amount and country of origin of each contract or payment. *If necessary, attach additional sheet(s) to provide more information.*

N/A

# Daniel J. Sutton

**Experience** 9/2007 – Present Pismo Oceano Vegetable Exchange Oceano, CA

## General Manager

- Responsible for the day to day operations of the company.
- Supervise up to 42 employees including sales, accounting, operations, and safety departments.
- Plan, coordinate, and execute bi-monthly Board of Director meetings.
- Responsible for the hiring, termination, recognition, and reprimanding of employees.
- Negotiate in good faith with Employee Union.
- Proposed, budgeted, and implemented state of the art Ice Plant Facility and Cooling System for cold storage at a cost of \$2.5 million.
- Manage operations of two separate cooling facilities in two different locations.
- Communicate on a daily basis with owners, growers, sales, accounting staff, and employees.
- Effectively communicate both verbally and literally in Spanish.
- Implemented, managed, and enforced food safety programs including GAP, GMP, Trace Recall, and CA Leafy Greens.
- Review and approve monthly, quarterly, and yearly financial reports.
- Provided direction, leadership, and a team building atmosphere to enable a shift in company sales.
- Maintained all roles and responsibilities of the Plant Manager position concurrently.
- Assisted in production activities with scheduling and quality for large contract commitments.

8/2002 – 9/2007 Pismo Oceano Vegetable Exchange Oceano, CA

## Plant Manager

- Responsible for all warehouse, cooling, and inventory management of facility.
- Directly supervised up to 34 employees related to cooler operations, dispatch, receiving, and bell pepper packing line.
- Participate in Union Negotiations.
- Inventoried and purchased necessary supplies and materials for the cooling facility and growing operations.
- Effectively communicate with sales, accounting, and safety departments on a daily basis.
- Maintained facility cleanliness to GMP and HACCP standards.
- Handled customer complaints related to facility operations.

- Responsible for the hiring, termination, recognition, reprimanding of all facility employees.
- Direct point of contact with Union representatives.

9/2001 – 2/2002      Moody Western Cooling      Guadalupe, CA

### **Night Manager of Cooler Operations**

- Responsible for night operations of cooling facility for Apio Inc.
- Supervised and directed 12 employees.
- Managed the receipt, cooling, rotation and loaded produce inventory to protocols.
- Communicated with sales staff on a daily basis.
- Attended Cal Poly San Luis Obispo concurrently.

6/1998 – 9/2001      Phelan & Taylor Produce Company      Oceano, CA

### **Assistant Manager of Cooling Operations**

- Assisted the manager in all cooler operations of the facility.
- Supervised and directed eight employees.
- Developed a working rapport with sales staff.
- Managed produce inventory.
- Ensured proper rotation utilizing FIFO.
- Attended Cal Poly San Luis Obispo concurrently.

6/1997 – 9/2001      Amaral's Produce      San Luis Obispo, CA

### **Grower Relations**

- Coordinated and safely transported produce from the field to cooler.
- Relayed inventory and market conditions to growers.
- Discussed quality issues with growers.
- Served as a liaison between growers and sales departments.
- Attended Cal Poly San Luis Obispo concurrently.

**Education**      9/1993 – 6/2001      California State Polytechnic University, San Luis Obispo

### **Bachelor of Science in Agribusiness**

- Concentration in Farm and Ranch Management

### **Awards & Honors**

- 2005 – Roberth H Janseen Award

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- 2010 – Top 20 under 40 in San Luis Obispo County
- 2011 – Graduate of the California Ag Leadership Program
- Commissioner for Babe Ruth Baseball
- Chairman of the California Leafy Greens Marketing Agreement
- Past - President of the San Luis Obispo County Farm Bureau.
- Past - Chair of the Federal Policy IAC for California State Farm Bureau Federation
- Advisory Board Member for the Cal Poly Agriculture Communications Program
- Speaking engagements with Cal Poly San Luis Obispo

**Interests**

Currently serving as a District Commissioner representing the central coast for Babe Ruth Baseball for 12 years. I am a member of the San Luis Obispo Elks #322. I have served as a volunteer firefighter for Cal Fire in the San Luis Obispo unit. I enjoy the outdoors and spending my time with my wife April and three children London (9), Danica (7), and Bronson (5).