

CHECK LIST FOR PROSPECTIVE OLIVE OIL PROCESSORS

BUSINESS PLANNING *3 - 5 years in advance of processing*

- ❑ **Volunteer at an existing processing plant** for actual work, not observation, during the processing season. Be sure to participate in a wide range of activities, including the cleaning required at the end of the day.
- ❑ **Consider other options for getting into the olive oil business** such as by having your olives processed for a fee at an existing plant or by buying olive oil for private-label packaging.
- ❑ **Write a [business plan](#) that describes the [olive oil business](#) you envision.** In particular, consider providing fee-based processing to other growers as part of the financial plan (which will add complications to the business but may be necessary for the enterprise's viability), and consider whether the plant will be used for other products such as production of avocado oil. Know who will buy the olive oil before you buy a mill or plant a tree – farmers' markets may not have room for another olive oil vendor, acting as your own distributor is time-consuming, contracting with a distributor reduces your return and still obligates the processor to market the product, and supermarket shelf space is intensely competitive. If planning to be an olive grower, consider varieties that ripen at different periods of the season to manage demand on processing, and consider varieties that allow the brand to differentiate from other oils on the market. Review the most recent UC Davis [cost and return study](#) on olive oil production and modify the assumptions in that study to fit your own situation. Be realistic about personnel costs to carry out your business plan, which may require more personnel than you first think; and will also require policies, insurance, accounting, etc. For example, you will not be able to rely solely on friends and family to help with harvesting and processing. Update business plan every six months.

INFRASTRUCTURE AND BUSINESS PERMITS *3 - 4 years in advance of processing*

- ❑ **Contact the local Planning, Building and Environmental Health Departments to review local zoning, building, and health department requirements**, including whether there are restrictions on processing facilities or tasting rooms. The size and design of the operation (strictly processing vs. "agro-tourism component") will be key for obtaining feedback from the local agency with respect to permits and processing schedule. For example, in Yolo County an olive mill that has no tasting or sales in a facility that is less than 60,000 square feet is an allowed use that may not need any planning permit in certain agricultural-zoned areas. On the other hand, an olive mill with tasting and sales in a facility 15,000 square feet or greater is subject to the approval of a "use permit" - which may be more difficult to obtain than you expect and will require public notice, in California, review under the California Environmental Quality Act (CEQA), and approval at a public meeting (in California, check with the city or county planning department and building department). Initial contact with the local agency will also allow you to determine "big picture" items such as building height limitations, setbacks, fees, and general turnaround times for plan reviews, in addition to health department requirements for water and wastewater. Some jurisdictions, such as Yolo County, have industry-specific liaisons ("farmbudsman") who assist ag-related businesses in navigating the local regulatory waters.

- ❑ **Determine suitable processing site(s).** If the business plan assumes that the plant will offer fee-based processing for other growers, consider the extent that existing processors already serve the available demand in an area and consider processing sites that provide convenient transportation access (such as by major freeways). The site needs an adequate supply of potable water to wash olives and clean the processing plant. Test the water to ensure that it will not require a water softener to avoid mineral build up that can be ruinous to the processing equipment.
- ❑ **Determine whether the processing plant will use an existing building or new construction** (existing building is generally less time-consuming and expensive than new construction).
- ❑ **Choose and register the business name.** In California, this is handled by the county and will require publication of a “fictitious name statement” in the legal notices section of a newspaper for four consecutive weeks.
- ❑ **Apply for a business license** (in California, through the city or county).
- ❑ **Design the processing plant** based on expected production capacity and code requirements. Hire a licensed architect or civil engineer to prepare construction plans and drawings. Design the plant carefully to ensure efficient operation – larger facilities in particular may want to hire design personnel who have a track record in the efficient design of olive oil processing plants. A poorly designed plant will increase operational costs unnecessarily for the life of the plant. Design may need to meet requirements of the Americans with Disabilities Act (ADA) and seismic considerations. Allow include storage space for empty bottles, pails, jugs, barrels, labels, etc., a minimum of a pallet of each for very small processors. Allow storage space for incoming olives, if you plan to do fee-for-service milling. Allow temperature-controlled storage space for the oil. See *Quality Management Guide for Olive Oil Industry: Mills* for (International Olive Council), which provides general requirements for properly designed olive oil processing plants.
- ❑ **Develop an olive mill waste management plan** (olive pomace, wastewater and other waste products), which includes storage and disposal or reuse. Waste management is among the least-considered aspects of processing that can lead to great heartache and expense. Thoroughly research how the site will manage the waste stream. See UC Davis Olive Center [summary of olive mill waste management options](#). Determine if your waste management volume requires a state permit (in California obtained through the [Regional Water Quality Control Board](#)).
- ❑ **Apply for local building and use permits** (in California, city or county building department).
- ❑ **Prepare a detailed description of processing operation** for local permit officials.
- ❑ **Prepare a Q&A sheet for local permit officials** that clarifies that extra virgin olive oil production is minimally processed fruit juice that does not use solvents, salt, or lye, is not an explosive like petroleum, and that a [UC Davis literature review](#) found that foodborne pathogens are not likely to occur in extra virgin or virgin olive oils. Make it as easy as possible for local officials to get the necessary information about the project, build a friendly relationship with the officials, and if you perceive excessive roadblocks, connect with your representative on the city council or county board of supervisors to explain the situation and see if they can help keep the process moving.

- **Schedule extension of utilities** (electrical, sewer, water, and waste disposal.) Be certain you have calculated proper sizes and capacities. In determining power requirements: check with utility company for both the set-up charge to hang a 3-phase transformer, and the 'stand-by charge' (= monthly minimum, which could be \$300 or more). Consider a propane-powered generator or a rotary phase converter (that makes 3-phase power from single phase) as less expensive alternatives.
- **Implement construction plans** when permits are approved.

EQUIPMENT PURCHASE 2 - 3 years in advance of processing

- **Assess processing equipment capacity needs** based on expected daily harvest load. Recognize that the working capacity of the decanter will be about 60 – 75 percent of the capacity stated by the manufacturer. Also, recognize that most of the equipment is produced in European countries where specifications for electrical, water, and other utilities are different from American standards. In addition, the manufacturer may recommend different equipment than those in the specifications (for example, one processor said that the specifications required a 80,000 BTU boiler, but then was told by the manufacturer that the boiler needed to be 200,000 BTU, at more than double the cost.)
- **Consider whether to purchase new or reconditioned processing equipment.**
- **Discuss with existing processors the service responsiveness of processing equipment manufacturers.** Recognize that the manufacturers serve other industries besides olive oil, and service much larger olive oil processors outside the United States, which may effect the resources that they allot to service needs in the US.
- **Discuss with existing processors the extent that the manufacturer keeps essential spare parts readily available in the United States.**
- **Arrange financing for processing equipment** if necessary. Recognize that even though the payment may be to a company located outside the United States that you will still need to pay California sales and use tax.
- **Sign purchasing contract** for equipment, spare parts and maintenance support.
- **Purchase additional equipment, which add up to about 40 - 50 percent to the processing equipment price.** Be sure to purchase essential spare parts to minimize stoppages during processing season. Essential spare parts include pump stators (mandatory!), bearings, electric heating elements for the malaxer, and hoses (e.g. from malaxer to decanter). Also purchase settling tanks, storage tanks, a transfer pump, an air compressor, and a hot-water or steam pressure washer. If using macro-bins, purchase a forklift and a bin-dumper. The bin-dumper can either be an attachment to the forklift (cost about \$4,000) or a ground-mounted device in front of the receiver hopper. A wet/dry shop vac and oil-absorbant granules (available at an auto supply retailer) are essential for cleaning up oil spills.

- Schedule shipping** of processing plant, recognizing that the plant will be held by US Customs for a short period. In taking delivery on your mill, hire a customs broker to move it through US customs (it is not easy to do this yourself).
- Arrange for delivery of** processing plant by scheduling a forklift or crane to remove the plant from the truck.
- Buy a type-approved weighing scale** if providing contract milling services (in California, register it with the [county sealer of weights and measures](#)).
- Purchase bottling equipment** suitable to your production size, and determine with bottle manufacturers the advance time necessary to order and receive bottles sufficient for each season's production.
- Apply for a [weighmaster license](#)** and have it reviewed by the county sealer of weights and measures or applicable state representatives prior to mass printing (in California, from the California Department of Food and Agriculture).

PERMITS AND FOOD SAFETY *6 months to 1 year in advance of processing*

- Apply for state [Processed Food Registration](#)** if required (in California, Department of Public Health). Selling "on premises" also requires a local health permit for kitchen and bottling that will impose potentially expensive conditions for floor drains, air vents, etc., treating your operation the same as a restaurant or commercial kitchen.
- Apply for a [seller's permit and/or use tax account](#)** (in California, Board of Equalization).
- Apply for the following permits/registrations if an organic producer** and required in your jurisdiction: [Organic producer and/or processor registration](#) (in California, the California Department of Food and Agriculture, an organic amendment to the Processed Food Registration (in California, Department of Public Health), and organic producer and/or processor certificate from an independent certifying agency such as California Certified Organic Farmers or Oregon Tilth Certified Organic). Total cost a minimum of \$1,000 annually.
- Apply for a [state license to handle farm products](#)** if you will be handling olives from other growers (in California, California Department of Food and Agriculture).
- Write the processing plant's Good Manufacturing Practices** (see, for example, [guidelines from the California Almond Board](#)), and if the product will be sold to major wholesale and retail buyers, consider also writing a [Hazard Analysis and Critical Control Point Systems \(HAACP\) plan](#), which currently is required only for seafood and juice processors but large buyers may prefer the processor have a HAACP.
- Apply for [Food Facility Registration](#)** with the Food and Drug Administration (FDA).
- Hire a graphic designer for logo and label design.** If producing in California, make sure that the designer observes [California labeling requirements](#).

OPERATIONS 3 – 6 months in advance of processing

- ❑ **Establish procedures for plant operations** including grower contracts, fruit receiving documentation, forklift training and safety procedures, employee hiring and training, accounting, and billing.
- ❑ **Assign an employee to market the product.** It is difficult for even long-time olive oil processors to sustain and grow product sales. Establish social media presence.
- ❑ **Order bottles or other packaging.**
- ❑ **Purchase General Business Liability and Product Liability insurance.** You may be able to get a better coverage and rate from a standard broker than from a fruit grower insurance company.

Sources: Shawn Addison ([Olive Oil Source](#), [Figueroa Farms](#)), Denis Animalì ([Pieralisi](#)), Caroline J. Beck ([CJ Beck Strategic Advisory](#)), Karen Bond ([Bondolio Olive Oil](#)), Thom Curry ([Temecula Olive Oil](#)), Taro Echiburú, ([Yolo County Department of Planning, Public Works, and Environmental Services](#)), Dan Flynn ([UC Davis Olive Center](#)), David Garci-Aguirre ([Corto Olive](#)), Chris Gilmore ([The Olive Press](#)), Mike Madison ([Yolo Press](#)), Cosimo Pecchioli ([Alfa Laval](#)), Nick Sciabica ([Sciabica's Olive Oil](#)), Mark and Ann Sievers ([Il Fiorello Olive Oil Company](#)), Bob Singletary ([California Olive Ranch](#)), John Young ([Yolo County Agricultural Commissioner](#))