

Oregon

Coba: Debate isn't solely an urban vs. rural issue

By ERIC MORTENSON
Capital Press

Oregon agriculture emerged from the recession into an era of good prices, high quality and expanding markets, but challenges over pesticide use and GMO crops dog the industry and will feature prominently in the 2015 Legislature.

In her annual in-house interview carried on the Oregon Department of Agriculture website, Director Katy Coba noted the narrow defeat in November of a measure that would have mandated labeling of products containing genetically engineered material. Although urban residents heavily supported the measure and rural farming regions opposed it, Coba said the issue shouldn't be defined solely in terms of urban vs. rural.

The tight farming confines of the Willamette Valley complicate the issue, she said.

"Our diversity of crops makes this more challenging and there are also some geographic locations that have a mixture of small operations, medium operations, and large operations, organic, conventional, and genetically-engineered agriculture," Coba said in an interview with de-



Courtesy of the Oregon Department of Agriculture
Katy Coba, director of the Oregon Department of Agriculture, says challenges over pesticide use and GMO crops dog the industry and will feature prominently in the 2015 Legislature.

partment spokesman Bruce Pokarney.

"It's that kind of mix on the production side that tends to create more potential challenges for co-existence. The Willamette Valley is a prime example. We have organic producers of all sizes, conventional producers of all sizes, and a growing number of genetically engineered producers all in the Willamette Valley with that diversity of product.

"Frankly, it's a relatively

small geographic area, which causes more pressure than, perhaps, you would find in Northeastern Oregon. The growing region of Morrow and Umatilla County has agricultural diversity, but because the acreage is much bigger, you have the potential to do more kinds of production practices that allow co-existence, including isolation distances.

"So we are struggling, frankly, in the Willamette Valley about how to embrace our

philosophy of supporting all kinds of agriculture regardless of size, regardless of production practices. How do we go about doing that when you have such a mixture in a relatively small geographic area? We will continue to work on the issue in 2015."

For the full interview, go to <http://odanews.wpengine.com/oda-director-reflects-on-agriculture-at-years-end/>. An audio version is available as well.

Judge's decision puts brakes on forest thinning in NE Oregon

By MATEUSZ PERKOWSKI
Capital Press

The U.S. Forest Service has suspended timber sales in a 29,000-acre thinning project in Northeast Oregon due to an unfavorable court decision.

The agency's decision to effectively stop logging in the Snow Basin project in the Wallowa-Whitman National Forest comes after a federal judge found its analysis of environmental impacts was deficient.

Because the project's approval was declared unlawful, U.S. District Judge Marco Hernandez has ordered the environmental plaintiffs, the Forest Service and other affected parties to devise a remedy until the government's environmental analysis is corrected.

In the meantime, the Forest Service has suspended existing contracts in the project area, said Rob Molinelli, an attorney for the American Forest Resource Council, which represents Boise Cascade Wood Products and local county governments in the case.

"Basically, nothing is happening in the Snow Basin project," Molinelli said.

The outlook for the thinning project will depend on how much additional analysis the Forest Service will have to do, and the parties will probably continue negotiations into 2015, he said.

Aside from the "landscape size" project's economic benefits, thinning is necessary to mitigate wildfire risks and insect infestations in the region's forests, Molinelli said.

"The general consensus is they're in an unhealthy state," he said.

The League of Wilderness Defenders/Blue Mountains Biodiversity Project, the lead environmental plaintiff, does not object to thinning for



Capital Press graphic

forest health but is "totally opposed" to the commercial aspects of the project, said Tom Buchele, attorney for the group.

"It was a pretty sweeping win," he said of Hernandez's recent ruling.

Buchele said he would not speak publicly about negotiations over the scope of the remedy, which will affect future logging levels.

"We're still talking about that with the other side," he said, noting that they hope for a resolution in January 2015.

In the ruling, Hernandez said the Forest Service didn't properly analyze the project's "cumulative impacts" and failed to sufficiently explain why the agency exempted certain sites from an earlier prohibition against the logging of large trees.

He also faulted the Forest Service for not making certain forest specialists' reports available to the public in the process of approving the thinning project.

The adverse ruling is a reversal of fortunes for the agency and other affected parties in the case, which initially convinced Hernandez not to enjoin the project.

Earlier this year, however, the 9th U.S. Circuit Court of Appeals overturned that decision and ordered the judge to reconsider the case.

S. Oregon farm faces family feud

Generational disputes not uncommon in family firms, experts say

By MATEUSZ PERKOWSKI
Capital Press

A family feud has broken out among the owners of a 3,400-acre diversified farm operation in Southern Oregon, a case experts say illustrates the kind of disputes that can develop when members of multiple generations own fractional shares of a farming business.

Minority shareholders of Henry Enterprises Inc., which

owns farm, pasture and forest land in Douglas County, claim some of the company's leaders misappropriated about \$1.8 million to fund their separate winery venture.

Leslie Scallon and Jay Gairson, who together own less than 2 percent of the firm, are pursuing a federal lawsuit against several other owners, including Calvin "Scott" Henry III, who is the largest shareholder and

owns the winery in Umpqua, Ore.

The firm has 16 shareholders split among three family groups, the complaint said.

The plaintiffs, who live in the Los Angeles and Seattle areas, claim that Scott Henry entered into a farming partnership with their family in the 1970s but has since neglected maintaining the property, hindering its potential value, while drawing wages for his management.

The complaint alleges that Scott Henry instead focused his attention on developing a winery and vineyard on the company's land without paying rent and otherwise used its assets to pay for the expenses of his side venture.

A change in the overall company's board led to the hiring of a new accountant who found that Scott Henry had appropriated about \$1.8 million for his own uses, and owed about \$1.7 million in interest on that amount, the plaintiffs claim.

Other board members haven't been able to resolve the dispute, which prompted the two plaintiffs to file a lawsuit demanding the repayment of about \$3.5 million in principal and interest as well as the eviction of the winery from the company's property, the complaint said.

Capital Press was unable to reach Scott Henry or the winery for comment as of press time.

While they may not always end up in federal court, such disputes are unfortunately quite common in family companies as ownership passes to splintered new generations, experts say.

"Family unity is so critical to the success of the business," said Sherri Noxel, director of the Austin Family Business Program at Oregon State University.

"When a family starts to branch out and divide, you have to reconnect and help them understand how important that common vision is," she said.

Roughly 70 percent of family businesses don't make the transition from the first to the second generation, and 90 percent fail to survive from the second to the third generation, said Eugene Wallace, a business adviser and board member of the International Succession Planning Association.

"It's a lack of trust," he said. "Once your trust is diminished, you go to war."

For shareholders not involved in farm operations, it's important to realize they're supposed to set strategic goals but not interfere in day-to-day activities, Wallace said. "The non-working owners have a very different role than the working owners."

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**Three Rivers Convention Center & Toyota Center
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Monday, January 26
10:00 a.m. - 4:00 p.m. Booth Move In
6:00 p.m. - 9:00 p.m. Early Bird Reception @ Red Lion Columbia Center

Tuesday, January 27
8:30 a.m. - 2:00 p.m. Spanish Language Session
9:00 a.m. - 5:00 p.m. Trade Show
1:30 p.m. - 5:00 p.m. Cultivar Performance Workshop
5:00 p.m. - 8:00 p.m. Trade Show Reception & Potato PAC Auction @ TRCCI

Wednesday, January 28
7:30 a.m. Continental Breakfast
8:00 a.m. - 11:00 a.m. General Session
9:00 a.m. - 5:00 p.m. Trade Show
10:00 a.m. - 2:30 p.m. Ladies Program
11:00 a.m. Keynote Address - Charles Fishman, *The New Age of Water*
12:00 p.m. - 1:30 p.m. Potato Bar
1:00 p.m. - 4:10 p.m. General Session
6:00 p.m. - 9:00 p.m. Leadership Recognition Banquet @ Red Lion Columbia Center

Thursday, January 29
7:30 a.m. Continental Breakfast
8:00 a.m. - 12:00 p.m. General Session
9:00 a.m. - 2:00 p.m. Trade Show
12:00 p.m. - 1:00 p.m. Hosted Lunch, Three Rivers Convention Center
1:00 p.m. - 3:45 p.m. General Session

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Specialty crop grant funding proposals being accepted

By ERIC MORTENSON
Capital Press

The Oregon Department of Agriculture is accepting proposals for funding under the 2015 federal specialty crop block grant program. Producers, entrepreneurs, commodity groups, nonprofits and others must submit their ideas online by Feb. 24.

Oregon is expected to have about \$1.5 million available to help fund projects relating to the production, development and marketing of fruit, nuts, vegetables and nursery plants. Funding priority this year is aimed at projects relating to market development, food safety compliance, labor and tools, training the next generation, pest and disease management, productivity improvements, distribution system improvements and food-related priorities identified by Oregon Solutions Network Regional Solutions Centers.

Funding requests should be in the range of \$25,000

to \$100,000 and for projects that can be completed within two years. Applicants are strongly encouraged to provide a dollar-for-dollar match of the grant amount. Funding comes from the USDA.

The state ag department wants to see six-page concept proposals that describe the project. Directions for submitting concept papers, writing grant proposals and other information is available at <http://www.oregon.gov/ODA/programs/MarketAccess/SpecialtyCrop/Pages/SpecialtyCrop.aspx> or by contacting ODA's Agricultural Development and Marketing Program at (503) 872-6600.

An industry advisory board will evaluate proposals in March and make recommendations on the top-ranked applicants. The finalists will then be asked to submit full grant proposals for a second round of evaluation. Projects chosen to receive funding will be announced in November 2015.

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