

Weather, low prices hamper PGG turnaround

Co-op admits challenges, but isn't in danger of closing

By ERIC MORTENSON
Capital Press

Pendleton Grain Growers in Eastern Oregon has "been through a real challenge" in recent years but is not in danger of going out of business, the company's general manager said.

Rick Jacobson, responding to community murmurs that bubbled up following what was a poor wheat harvest for some growers, said the co-op is "way ahead of where we were last year," when PGG lost nearly \$8 million.

The co-op sold or closed

several divisions, laid off employees, reduced excess inventory, restructured its debts into a new loan package and obtained a \$20 million line of credit in response to the financial problems. Jacobson said in June that PGG was positioned to make a profit in 2015.

But a lack of moisture and intense heat early in the season "pinched" dryland wheat crops for some PGG growers, resulting in yield reductions of 25 to 30 percent and protein levels higher than exporters prefer. Meanwhile, the price dropped and Gavilon, a grain handling company owned by the Japanese firm Marubeni Corp., opened a truck transfer station in Union County, giving growers another option for selling wheat.

Jacobson acknowledged the



Eric Mortenson/Capital Press

Extreme heat and a lack of moisture at a critical time reduced yields and quality for some dryland wheat growers in Eastern Oregon, and hampered Pendleton Grain Growers' economic comeback.

combination has complicated PGG's comeback. He is not sure the co-op will be profitable this year.

"It's not helpful to have an off crop and it's not helpful to have another grain company in our backyard, but that's the life

and times of a business," Jacobson said.

"We're not going to fold, that's not going to happen," he said.

Jacobson said the soft white wheat price is in the range of \$5.75 per bushel this year, compared to \$7 last year.

"Most businesses can't take those kinds of hits," he said. "When yields are off and the price is low, it puts a lot of pressure on the grower."

But Jacobson, a former NORPAC executive recruited out of retirement in 2012 to stabilize PGG, said the co-op is in the best cash flow position it's been in for a long time. The company recently signed an agreement with McCoy Grain Terminal to do some wheat marketing for PGG, he said.

An industry insider who

spoke on background said PGG and neighboring co-op Morrow County Grain Growers face increased competition from grain handlers with deeper pockets and that are looking to expand their territory. In tight years, companies that offer 10 cents more per bushel may attract growers even if those companies don't offer other services such as fuel and fertilizer, the insider said.

He asked not to be identified because he works with growers and co-ops.

Pendleton Grain Growers "didn't attend to business as well as they should have" in the past but appears to have made progress, he said.

"I don't think they're in danger of going under, they're better off now," he said.

Washington, California peach crops lighter

By DAN WHEAT
Capital Press

EAST WENATCHEE, Wash. — Emma Lybarger bought a box of nectarines at Feil Fruit Stand near East Wenatchee on her way home to Lowell, Ore., after visiting family.

"Every time, I stop here," she said at the fruit stand the morning of Aug. 17.

Octavio Torres, the stand manager, said business is down a little this year. "The hot weather keeps people from stopping as much," he said.

Smoke coming from wildfires to the north may be a factor, too.

Nonetheless, the peach crop is good, Torres said. He was also selling nectarines, plums, Italian prunes and six varieties of fresh crop apples and two varieties of pears.

People outside Washington don't always think of the state as producing soft fruit — peaches, nectarines and plums. It does, but not nearly the volume of California.

Washington is in the peak of harvesting 1 million boxes of peaches with the season likely to finish early, about the third week of September instead of going into



Dan Wheat/Capital Press

Octavio Torres, manager of Feil Fruit Stand north of East Wenatchee, Wash., adjusts peaches between nectarines, plums and Italian prunes on Aug. 17. Washington is in the thick of its peach harvest, which is a fraction of the size of California's peach crop.

October, said B.J. Thurlby, president of the Washington State Fruit Commission in Yakima.

California's crop is closer to 40 million boxes, down from 60 million several years ago, he said.

Growers replant older orchards with newer varieties for more color and size but many also end up planting nuts or other crops, he said.

Washington also has about a 1-million-box nectarine crop, but box weight

varies from 12 to 27 pounds, Thurlby said.

In terms of tons, Washington will have about 8,500 tons of fresh-packed nectarines and 8,500 tons of peaches, down from a more normal 9,000 tons, he said.

In utilized tonnage (fresh and processed), California had 616,000 tons in peaches in 2014, followed by South Carolina at 60,800 tons and Georgia at 33,000 tons, according to the USDA National Agricultural Statis-

tics Service. Washington, at 14,400 tons, trailed New Jersey and Pennsylvania.

California's peach crop for 2015 is forecast by NASS at 566,000 tons, down 8 percent due to variable fruit set and drought.

In Corning, Calif., Robert Mills, co-owner of R and K Orchards, said his peach season is wrapping up about three weeks earlier than normal.

"That's a good thing," he said, "because the kids are going back to school and I'm losing all my help."

Although the season started and ended early, it produced a lot of high-quality fruit, he said.

Washington packed 4,800 tons of apricots this year from late May to the third week of July. A few more finished the first week of August, Thurlby said. That was down from last year's record 7,385-ton crop and was about one-fourth the size of California's crop, he said.

Washington also produced about 1,000 tons each of plums and Italian prunes this year. The crops were lighter because of poor pollination, he said.

Capital Press staff writer Tim Hearden contributed to this report.

Oregon cranberry harvest gets an early start

By ERIC MORTENSON
Capital Press

At this rate, the Thanksgiving turkey will show up on Halloween.

At least one cranberry grower on the Southern Oregon coast began harvest this week, up to two or three weeks earlier than normal. Grower Charlie Ruddell of Randolph Cranberries Inc. believes his harvest will mark the earliest date commercial cranberries have ever left the Bandon receiving station, which he said wasn't scheduled to open until Sept. 21.

A spokeswoman for Ocean Spray, the cooperative of which Ruddell is a grower-member, said his harvest is the first in North America for 2015.

Spokeswoman Kellyanne Dignan said Ocean Spray has no issue with opening the receiving station so early. "If the berries are ready to come in, as a co-op we are open to receiving them," she said.

Cranberries are judged ready for harvest based on color, size, firmness and sugar content, which is expressed in the term "brix." The timing of reaching that stage varies, Dignan said. "Mother Nature makes that decision."

Ruddell attributes the ear-

ly harvest start to three things: The new variety he planted, Demoranville, which was developed by Rutgers University, is earlier than other varieties. Second, the plants are two and three seasons old, and young plants tend to bear fruit sooner than more mature cranberries. Finally, like many other crops in the Pacific Northwest, warm weather has pushed harvest up by a couple weeks.

Unlike many other parts of the Northwest, Bandon has adequate water this summer, Ruddell said. At harvest time, growers typically flood cranberry bogs with about 18 inches of water and churn the water to loosen the berries. The berries float to the surface, where growers gather them up.

After cleaning at Ocean Spray's Bandon receiving station, the cranberries will be trucked to a company processing plant in Markham, Wash. Dignan, the co-op spokeswoman, said they'll either be processed into "craisins," which are dried, sweetened cranberries, or used to make cranberry juice or sauce.

The USDA has projected strong cranberry harvests for Oregon and Washington. Oregon growers may top the



Courtesy of Randolph Cranberries Inc.

A cranberry bog along the Southern Oregon coast fills with water as harvest nears. Cranberries are a \$12 million annual crop in Oregon.

500,000 barrels they produced in 2014. Washington growers may produce 186,000 barrels, the most in a decade. A barrel equals 100 pounds of cranberries.

Prices vary, but Oregon's cranberry production is ranked 38th in value among the state's crops and was worth about \$12 million in 2013.

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