

# Railroad told co-ops to build facility or pay higher rates

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Some wheat is also transported on barges to ports along the lower Columbia River.

The stakes are high. Washington farmers grew 122.4 million bushels of wheat in 2015, according to the USDA National Agricultural Statistics Service. That's enough wheat to fill a line of railcars 371 miles long that would stretch from San Francisco to the Los Angeles suburb of Anaheim.

Representatives of all the companies agree: The new facilities allow the companies to move huge volumes of wheat quickly and efficiently using the shuttle trains, which translates into significant savings in freight costs to growers.

## HighLine facility

In 2014, the Almira Farmers Warehouse Co., Central Washington Grain Growers, Davenport Union Warehouse Co., Reardan Grain Growers Inc. and Odessa Union Warehouse Cooperative joined forces to build the HighLine Grain facility, at the urging of the BNSF Railway.

The railroad told the co-ops to build the shuttle-loading facility or pay higher single-car rail shipping rates, said Kevin Whitehall, general manager of Central Washington Grain Growers in Waterville, Wash.

"That wasn't an option that our growers were willing to accept," he said.

Freight rates are lower for the 110-car trains that shuttle between West Coast ports and Eastern Washington, Whitehall said.

Whitehall estimates transportation costs would have been 12 to 15 cents per bushel higher without the terminal. The co-ops pass the savings on to farmers.

"It's more dollars back in the grower's pocket," he said.

HighLine managers plan to begin receiving grain in late January and load the first 110-car shuttle train in late February.

The state-owned short-line railroad that serves as a feeder for the shuttle-loading facilities cannot handle the new generations of hopper cars or the six-axle locomotives, said Courtney Wallace, regional director of public affairs for BNSF.

The HighLine terminal allows wheat to arrive from the country elevators in the smaller, lighter cars and then be transferred to 110-car trains that deliver it to the export market "in a much more efficient and economical unit size," Wallace said.

The five co-ops have a total of more than 3,000 members. The \$30 million facility can store more than 2 million bushels.

The HighLine terminal loads a shuttle train at roughly 80,000 bushels per hour, Whitehall said.

"We should be able to load 110 cars in eight hours or less," he said.

One railcar holds 3,750 bushels.

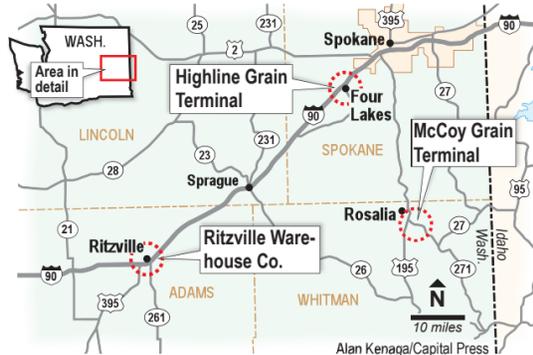
"We'll load that in less than five minutes, probably," Whitehall said.

In comparison, the Cen-



Matthew Weaver/Capital Press

A 110-car train bearing grain moves past the intersection of Danekas Road and Sage Road near the Ritzville Warehouse Company's Templin terminal Nov. 9 outside Ritzville, Wash. The HighLine Grain terminal in Four Lakes, Wash., will be the third in a 70-mile radius in Eastern Washington. Company representatives say the close proximity and competition between shuttle car terminals will benefit farmers.



Alan Kenagal/Capital Press

tral Washington Growers elevator can load trucks and railcars at 16,000 bushels per hour, Whitehall said.

"(The speed increase) seemed a little mind-boggling for myself," Whitehall said. "But on the other hand, there are shuttle loaders all over the country. People can do it, and we'll do it also."

## Other facilities

AgriNorthwest built its Plymouth facility in 1979 and added a loop track for 110-car shuttle trains in 2002, said grain marketing manager Devin Lybbert. The facility stores 7.5 million bushels, and can load a train in 15 hours.

The facility handled equal amounts of corn and wheat last year, Lybbert said. He declined to identify the amount invested in the facility.

The amount of money farmers save depends on their location and where they would have to send the crop if there were no shuttle facility, he said.

The Ritzville Warehouse Co. built the Templin terminal in 2002 to provide an economic advantage for farmers, said grain manager Stacey Hunt. He also declined to provide the amount invested in the facility.

The co-op has 1,200 members who are landlords and 300 active farmers.

The Templin terminal has 710,000 bushels of upright storage, Hunt said.

The terminal can load 110 cars in roughly 10 hours, Hunt said, adding that's the industry standard.

Cooperative Agricultural Producers, or Co-Ag, and Pacific Northwest Farmers Cooperative built the McCoy terminal in 2012. The two co-ops have roughly 1,500 members, said Jay Rubin, operations manager for the terminal.

He said farmers invested \$24 million in the shuttle loader. Any profits Co-Ag and PNW Farmers Co-op see from the facility go back to farmer members, Rubin said.

The facility has licensed indoor storage capacity of 1.3 million bushels and outdoor capacity of 4.8 million bushels. McCoy handles wheat and small amounts of barley, Rubin said.

The McCoy terminal can load 60,000 bushels per hour.

The facility also reduces the number of trucks driving to terminals along the Columbia-Snake river system.

"If you've got a guy that's a mile away from where this facility is, five years ago he may have been going to the river, which is probably 40 or 50 miles away," Rubin said.



Matthew Weaver/Capital Press

Construction work progresses on the HighLine Grain terminal Nov. 6 in Four Lakes, Wash., south of Medical Lake, Wash. The terminal is slated to open in late January.

## Facilities offer options

In addition to shipping by BNSF shuttle, Hunt's facility can load wheat on trucks and send it to a barge-loading facility on the Columbia-Snake river system.

"If the BN freight market is too high, we can still go truck," he said. "We have another mode of transportation."

The option puts them in better shape compared to facilities in Montana and the Dakotas, Hunt said.

"They don't have a river facility until you get over to the Mississippi," he said.

Hunt said the 110-car shuttle trains offer timeliness and flexibility.

"We don't have problems getting cars when we want them," Hunt said. "Shuttle facilities versus 26-car units, the shuttles pretty much show up when you have them ordered, within a couple of days. With 26-car units, they may not bring them to you for two months, or they may cancel them on you. That doesn't happen with the shuttle."

## 'We all get along'

Representatives don't expect the facilities' close proximity to be a problem.

Whitehall said HighLine's business plan doesn't involve any territory shared by Ritzville or the McCoy terminals.

"Could there be fence jumpers on the borders? Yeah, I suppose so," he said.

In the Midwest, it's fairly common to have several shuttle facilities close together, Hunt said.

"A little bit of competition keeps everybody in line, I guess," he said. "We all get along pretty well out here in the country."

But Rubin said he was surprised by the decision to open the HighLine facility so close to his operation and the Ritzville terminal.

"To have three in a 70-mile stretch of road is interesting," he said. "For me, personally, I'm more involved with taking care of my own business. Where we're positioned, there's an awful lot of acres of farm-

land right around our back door."

Growers are poised to benefit, Rubin said.

"I would think it's probably going to help them out, because everybody's probably going to have to fall in line," he said.

The decision to build a facility is a case-by-case commercial decision, so BNSF cannot predict whether additional shuttle loaders will be built in the region, Wallace said.

Rubin doesn't expect additional facilities.

Hunt, however, sees the potential for more.

"If you get another one, there will be a lot more overlap," he said. "Competitive forces will be what drives another facility."

"I think we're pretty saturated," Lybbert said. "They're expensive to build."

I think we're at the point where we have enough capacity to handle all the rail cars coming in or going out. There's a point where there are too many or not enough, and I think we're at the sweet spot."

# Most of Eastern Washington remains in 'extreme drought'

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WSDA's estimate came before the state's hottest summer on record stunted fruits, wheat and other crops. Because of low streams statewide, DOE issued more than 900 curtailment notices

to irrigators.

WSDA will take a particularly close look at how the drought impacted farms in the Yakima Valley's 72,000-acre Roza Irrigation District, where growers received 47 percent of their normal water supplies.

Yakima Valley farmer Dennis

Jones last week told a legislative drought task force that he lost thousands of fruit trees that he planted in April. The drought was far worse than the 1977 drought, he said. "I've never seen anything like this drought."

DOE this year spent \$5.7 million on drought relief, with 44

percent of that going to increase water supplies for agriculture, the agency's water resources manager, Tom Loranger, said. The department spent \$1.5 million to help Yakima Valley farmers purchase water.

The DOE still has \$10.3 million that the Legislature appropri-

ated in case the drought extends into 2016.

Fall rain has eased drought conditions in Western Washington. Most of Eastern Washington remains in "extreme drought," according to the U.S. Drought Monitor. DOE says it's planning now for a second drought year.

# Bureau typically makes its first allocation of the season in mid-February

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of its historical average as of Dec. 1, the DWR reported. And Folsom Lake, a CVP reservoir, was holding a record-low 136,980 acre-feet of its 977,000 acre-foot capacity,

according to the agency.

So far, the state has promised 422,848 acre-feet of water — a small down payment on the nearly 4.2 million acre-feet requested by the 29 public agencies that receive

SWP water.

Last winter, state officials started with a 10 percent allocation and later boosted it to 20 percent as winter storms enabled the state to send water to storage south of the Sac-

ramento-San Joaquin River Delta.

In 2014, the state delivered just 5 percent of requested water to contractors after allocating as much as 80 percent three years earlier.

The state allocation comes as many farmers who rely on federal surface water have gone nearly three years without an allocation. In 2014 and 2015, the U.S. Bureau of Reclamation set

aside no water for agricultural land without senior water rights either north or south of the Delta.

The bureau typically makes its first allocation of the season in mid-February.