

# 'Don't even get me started with regulatory issues'

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But good cheer aside, falling commodity prices, higher labor costs, tight water supplies and tighter regulations have for some producers set up 2016 to be more a matter of seeking resolutions instead of making them.

In California, farmers will be honing their strategies to deal with new state wage-and-hour laws.

Although most farmers pay more than minimum wage, the Jan. 1 increase from \$9 to \$10 an hour will have many making a comparable increase in what they pay their workers.

"We've been paying well above the minimum wage for a long time, but it moves up the bottom," said Michael Vasey, manager of Lindauer River Ranch, a prune and walnut operation in Red Bluff, Calif.

"If your strategy is to pay \$1 or \$2 above the minimum wage, it moves up your wages more. ... I'm having to pay more to a vast majority of my employees," he said.

Another recently passed law requires growers to pay workers for required breaks even when they're paid at a piece rate.

"You have to pay them at the rate they're earning" while they're picking, pruning or doing some other work. "It's very complicated keeping track of the hours. It's an individual calculation for each guy," said Vasey, who is also president of the Tehama County Farm Bureau.

A similar formula is applied to paid sick leave for piece-rate workers, which employers also must provide, he said.

## Water worries

Coming off a four-year drought, California producers say they will also be more efficient with water — and pray the December deluge across much of the state will continue through the winter and into spring.

"I do the rain dance. ... It's all about water and rain, and we're off to a good start," said Marysville, Calif., rice grower Charley Mathews, a member of the USA Rice Federation's executive committee.

He's hoping California will receive at least average precipitation this year to ease drought fears, although forecasters say more than one wet winter is likely needed to end the drought.

"Hopefully we'll get a



Gresham, Ore., nursery co-owner Angela Bailey resolves to be more ready for change in 2016. The nursery specializes in unusual trees such as monkey puzzle and Japanese maples.

Eric Mortenson/Capital Press

good couple of years," he said.

## Regulatory rigors

Dave Dashiell, a rancher in northeastern Washington state, has lost hundreds of sheep to predators in the past couple of years. He said state officials paid for 24 confirmed wolf kills in 2014 and attributed his 2015 losses to cougars, leaving the future of his ranch in doubt.

"You can make long-term plans and to a certain extent we've kind of done that, but then all of a sudden the state decides we need to be out of the sheep business — that is the biggest thing holding us up right now, and I'm not in a very good mood about it," he said.

He also pointed to regulations regarding sage grouse, waters of the U.S. and labor, saying, "They're working pretty hard to put everybody out of business that they can."

Dashiell said he and the Cattle Producers of Washington plan to emphasize to lawmakers the need for regulatory relief in 2016.

Eastern Washington farmer Aaron Golladay, first vice president of the state Farm Bureau, also said he hopes to slow the tide of federal and state regulation.

"We're going to get steamrolled on a lot of regulations coming. There's something new almost weekly right now," he said.

He said he wishes he could get environmental groups to understand that farmers "believe in the environment more than probably anybody else" and that regulations can have unintended consequences.

For example, "no-touch" riparian zones turn into kindling boxes that burn hot enough to wipe out all vegetation, opening the way for noxious weeds and poor water quality, he said.

## Projects and plans

Nicole Berg, a Paterson, Wash., wheat farmer and former president of the Washington Association of Wheat Growers, resolves to continue to tell agriculture's story to legislators in the year ahead and to see the various organizations in the wheat industry focus on the industry's strategic plan to move forward.

"With farming, change can be difficult, but it is always exciting to see some of the new things you can do with policy," she said.

As for resolutions, she said her family typically sticks with what they intend to do.

"Farmers, all in all, what we say is what we do," she said.

Ritzville, Wash., wheat farmer Mike Miller said he plans to be more conservative on the farm as margins shrink.

He also hopes to adopt a different marketing philosophy, to take better advantage of the highest prices possible.

As an officer on the board of U.S. Wheat Associates and member of the Washington Grain Commission, he also wants to see the industry focus on overseas markets.

In Oregon, nursery owner Angela Bailey believes 2016 will be a year of opportunity and resolves to be open to whatever change may accompany it.

"Just because we've always done something one way, doesn't mean we need to continue to do so," she said.

Bailey, second vice president of Oregon Farm Bureau, owns Verna Jean Nursery east of Portland, and with her husband, Larry, sells specialty trees. She said 2015 was "great" for nursery sales, and that in itself poses some challenges.

"I will need to be deliberate, in the new year, in how I perform my duties in order to maximize my effectiveness in meeting all of our commitments. This will require some change in how I have historically operated," she said.

In addition, all Oregon agricultural employers will have to come up with creative solutions to issues such as a possible minimum wage increase, paid sick leave and other labor issues, she said.

"Don't even get me started with regulatory issues," she said.

With the average person now three generations removed from the farm, producers must engage and inform legislators regarding ag issues, she said.

"Engage with state and national lawmakers. Engage with the public. Each of us has the opportunity to affect change," she said.

## Business sense

Whether farmers and ranchers ultimately abide by their New Year's resolutions, they might want to take a little advice from an agricultural economist.

"No. 1, they've got to get their financials together to just see where they are," said Dave Kohl, professor emeritus of agricultural and applied economics at Virginia Polytechnic Institute and State University and a long-time partner in Northwest Farm Credit Services' development program.

A lot of producers don't like to do it, but it's the No. 1

priority. In this time of economic reset in agriculture, it'll be important to try to get a handle on projected cash flow, he said.

They should also schedule a meeting with their lender, and not wait too long to do that. With great wealth in the agriculture sector primarily in the rear view mirror, it's going to be critical to work side-by-side with their lender to gain flexibility and options, he said.

If the operation is showing negative margins, they better be prepared to build their case for financing, he said.

"Regulators kind of gave us a pass last year, but I don't think it's going to happen this year. Building that case is going to be very, very crucial for some producers," he said.

On the positive side, there's opportunity if they've positioned for it, he said.

"If they set some cash aside, they're going to be able to get pretty good deals on equipment," he said.

In addition, some older farmers are thinking maybe it's time to cash in following that so-called "super cycle" of wealth; some pretty good assets are starting to soften, he said.

"Producers who have positioned themselves are going to be able to grow," he said.

But he cautions producers to get efficient before they get bigger.

"Bigger isn't better; better is better," he said.

He also advises producers to take a note from top-flight managers and sign up for three or four educational and training events and to network.

And they should make sure they take care of themselves — exercise, read, take time off, he said.

"I think that's imperative, especially where there's a lot of stress," he said.

The year ahead is going to be leaner in most commodities, and agriculture is operating in more challenging times than in the past. Producers can't control everything, but they are getting better at managing what they can, he said.

"Good times don't last forever, nor do bad times last forever. Things can change in a New York minute," he said.

Producers should keep that in mind and keep their chin off the ground during the year ahead, he said.

*Capital Press reporters Matthew Weaver in Washington, Tim Hearden in California and Eric Mortenson in Oregon contributed to this story.*

## NRCS maintains 730 SNOTEL monitoring sites in 11 states, 82 of them in Oregon

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who works with the USDA's Natural Resources Conservation Service in Portland. "This is such a relief from last year."

As of Dec. 29, nearly 7 feet of snow had accumulated at Timberline Lodge, elevation 5,960 feet, and it contained 21.5 inches of water, Koeberle said. The water content now is greater than the 20 inches measured at the peak annual snowfall in April 2015. The past season's Northwest snowpack was largely gone by May.

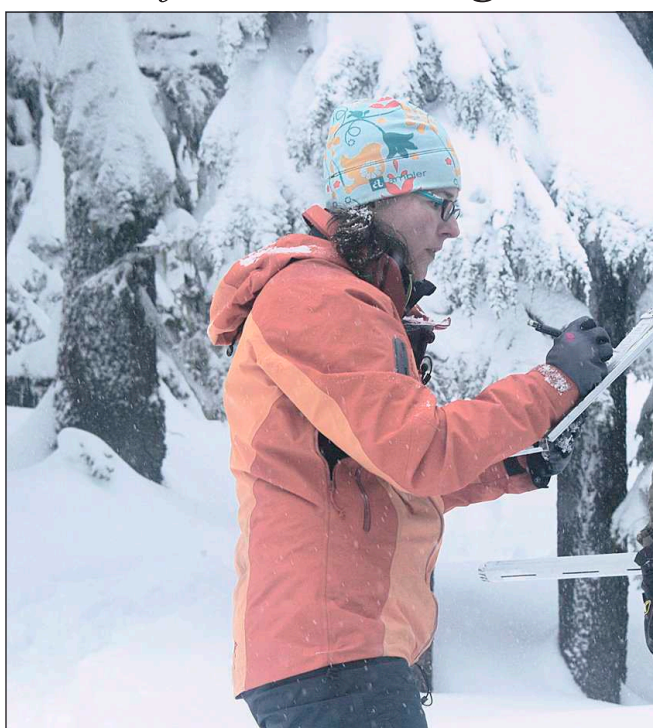
With three to four months of additional snowfall possible this season, the region may ease the grip of drought that's stunted crops, killed fish and left forests and rangeland dry and vulnerable to fierce fires.

"This is a great way to start," Koeberle said. "To be already better than last year is a little bit comforting."

The NRCS maintains 730 SNOTEL monitoring sites in 11 states, 82 of them in Oregon, that electronically report snowfall and water content information. The Oregon sites as of the end of December were reporting water levels that were 150 percent of normal for that date.

Last year, nearly half of Oregon's long-term monitoring sites measured the lowest snowpack level on record.

Koeberle led a news media tour Dec. 29 of the SNOTEL site near Timberline, and demonstrated how hydrolo-



Julie Koeberle, left, and Dan Fries, both with the U.S. Natural Resources Conservation Service, record snow depth and water content readings taken Dec. 29 near Timberline Lodge on Mount Hood.

Eric Mortenson/Capital Press

gists take samples of the snow and weigh it to measure water content. The same information is available electronically, but the annual media event gives hydrologists an opportunity to discuss the water supply outlook.

Because of the December snow, the water supply in most of the state is likely to improve this coming year. But Koeberle said it's too early to declare the drought over.

Some complications remain. The National Weather Service's Climate Prediction

Center (CPC) said the rest of the season will be warmer than normal in the Pacific Northwest and Northern California.

Koeberle said the region may have "dodged the El Niño bullet" for now.

"Normally, during most El Niños, it would be warm and dry and we just would not have gotten any precipitation at all," she said by email. "I am concerned that January could bring us warm and dry conditions based on the CPC forecast."

## 'I don't know why we're suddenly the bad guys'

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the county seat of Harney County, where the Hammonds live. Bundy said the Hammonds are being persecuted by a land-grabbing federal government and that their case was "in many ways more important than the Bundy Ranch."

In an earlier video, Ammon Bundy said, "I feel justified in defending the Hammonds, even they don't have the strength and courage right now to stand for themselves."

The Hammonds' attorney, Alan Schroeder, said Wednesday that the Hammonds appreciate the support they've received from groups and individuals, but reaffirmed that militia members do not speak for them and that they intend to serve their time.

Montana resident Ryan Payne, an associate of Bundy's and who participated in the tense standoff with federal officials at the Bundy Ranch, said Wednesday he hoped the Hammonds will reconsider and accept "protection."

"They're not in prison yet," Payne said.

Payne said he expected "a lot" of protesters Saturday. Organizers have asked protesters to bring pennies, nickels and dimes to toss at a county office building to symbolize how county authorities have "sold out" the Hammonds by not offering refuge.

Harney County Judge Steve Grasty said he's highly sympathetic to the Hammonds and believes their sentence was too severe. But militia groups' anger at county officials over a feder-

al prosecution is misplaced.

"It doesn't make sense to me. I don't know why we're suddenly the bad guys," he said.

He said militia members have come into the county, openly carrying firearms and creating an intimidating atmosphere.

"I can't get in and out of Safeway in less than an hour because people are stopping and asking me about it," Grasty said. "I just can't discern local support for what they're doing, with very little exception."

Payne and Ammon Bundy recently spoke at a meeting in Harney County attended by about 60 people, mostly local residents. From that meeting emerged a new group, the Harney County Committee of Safety, with the stated mission of safeguarding individual liberties.

Committee member Melodi Molp, a Harney County rancher, said Bundy "kind of woke a bunch of us up."

The committee, however, planned to meet Wednesday evening to discuss its relationship with outside militia members.

"The Bundy group seems to be rubbing quite a few people the wrong way," she said.

Their tactics may be too aggressive for a county heavily dependent on government employment, Molp said. "Bundy's direction would put more than half of the people in this county out of a job," she said.

Molp said she planned to watch but not take part in Saturday's rally. "I'm hesitant to participate. I've never been to

one of their rallies. It might be a little more aggressive than I'd like to see," she said.

Payne said that if the local committee asks outside groups to leave, "I think we'd have to have a conversation."

Payne said the issue was important to the entire country, not just Harney County residents.

"If we allow this to happen then the federal government will be encouraged to label anyone a terrorist," he said.

The Hammonds were convicted of arson in 2012 after a two-week jury trial. Both were found guilty of starting a 139-acre fire in 2001. According to the U.S. Justice Department, Steven Hammond said he started the fire on private land to burn invasive plants and it spread to public lands. Prosecutors said the fire was set to cover up deer poaching on BLM land. Dwight Hammond also was convicted of setting a backfire in 2006 that burned 1 acre of public land.

The Hammonds originally received much shorter sentences from a U.S. District Court judge, who said the mandatory minimum sentence of five years was far too long. The lenient sentences, however, were overturned by the U.S. 9th Circuit Court of Appeals, leading to the Hammonds' resentencing.

Harney County Farm Bureau President Rusty Inglis said he doubts outside militia groups will generate much local enthusiasm.

"We don't support them, simple as that," he said. "I hope they have their little rally and it stays peaceful and nobody gets hurt," he said.