

# Wilco, Hazelnut Growers of Oregon propose merger

Members scheduled to vote on combination on June 7

By MATEUSZ PERKOWSKI  
Capital Press

Members will vote on June 7 whether to merge Wilco's farm supply business with Hazelnut Growers of Oregon's processing facilities.

The boards of directors of the two Oregon cooperatives have already approved the combination, which they believe would create "synergies," such as spreading administrative costs across addi-

tional business units.

Doug Hoffman, Wilco's CEO, said the merger would further diversify his cooperative, insulating it from the ups and downs experienced by any one sector.

"It has served us well over the years not to have all our eggs in one basket," he said. "It spreads our risk."

Apart from its seven agronomy centers, which sell fertilizers and pesticides, Wilco also provides fuel services and owns 17 retail stores, with total annual revenues of about \$220 million.

Wilco's consumer-oriented farm stores are currently growing faster than its farmer-focused supply business, so the merger provides an

opportunity to provide more services to grower-members, Hoffman said.

"It's more of a vertical integration," he said.

The merger would also provide HGO with more financial stability when the cooperative must cope with volatile hazelnut volumes or prices.

HGO is considering relocating from its current facility in Cornelius, Ore., to a plant that's more geographically accessible, so the combined balance sheet will help with that investment.

The existing processing facility owned by HGO is food-grade and shells nuts, but needs a quality upgrade to better serve the domestic mar-

ket, said Hoffman. "It needs to be bigger and more automated."

The two cooperatives have scouted a location for the new facility near Donald, Ore., and are in negotiations with the property owner, but plans to build the plant in time for the 2018 harvest are contingent on the merger's approval, he said.

Members of Wilco currently earn equity in the cooperative based on their purchases, while those in HGO gain equity based on hazelnut deliveries.

Those two modes of earning equity — and thus dividends — would remain distinct under the merged cooperative.

"Two separate pools, two separate checks," Hoffman said.

Under the terms of the proposed deal, the two would simply merge and no money would change hands.

The current CEO of HGO, Jeff Fox, would head the hazelnut unit and report to Hoffman, who would be at the helm of the combined cooperative.

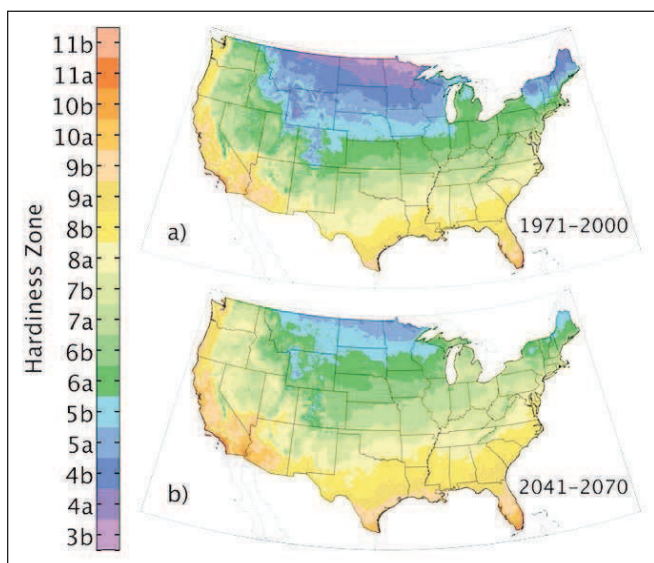
Roughly half of the 150 farmers who belong to HGO are already members of Wilco, which has 3,000 members in Oregon's Willamette Valley and was created in 1967 from the merger of four smaller cooperatives.

The two companies combined have 900 employees,

though some administrative positions will likely be eliminated if the merger is completed as planned in August and some of HGO's office functions are eventually shifted to Wilco's headquarters in Mt. Angel, Ore.

While Wilco's current agronomy stations wouldn't likely begin cleaning or processing hazelnuts, they may serve as transfer stations for the crop during harvest.

Wilco and HGO currently each have a nine-member board of directors, with farmer Ben Coleman serving on both boards. The combined board would have 17 members, which would be whittled down to 12 as they come up for re-election.



Courtesy of University of Idaho

A University of Idaho doctoral student's research shows the winter hardiness zones could shift nationwide by the year 2050 because of climate change, with milder low temperatures allowing new crops to thrive in different regions.

## Researcher predicts cold hardiness zone shift

By JOHN O'CONNELL  
Capital Press

MOSCOW, Idaho — Researcher Lauren Parker predicts a time when the almond orchards of California could expand northward into Oregon and the fruit farms and specialty crops common in Western Idaho may also thrive in the state's eastern region.



Lauren Parker

Based on the average of 20 predictive climate models, Parker, a University of Idaho doctoral student, has calculated how climate change might affect winter hardiness zones throughout the U.S. by the year 2050.

Parker emphasizes winter hardiness is but one factor in determining the agronomic viability of raising a crop in a given region, along with considerations such as market demand and water availability.

But when considering winter hardiness alone, her map of the U.S. a few decades into the future shows widespread potential for farmers to introduce new crops into their rotations without fear of winter kill.

However, the warmer zones will also benefit pests and weeds, she said.

"Across the country, these coldest temperatures are going to be warming in the future, and that results in an upward shift in the hardiness zones," Parker said, adding that when she started the project she was surprised to learn that other researchers hadn't already modeled hardiness zone changes.

Her paper, funded with USDA's Regional Approaches to Climate Change grant, was published in a recent edition of the journal Environmental Research Letters.

Parker's research focused on the potential expansion of the growing area of three crops — almonds, oranges and kiwis — predicting a much broader footprint in each case. She's preparing a more in-depth look at the potential to raise almonds beyond California's Central Valley, factoring in other production-related considerations.

Parker explained that zones range from 1 in cold regions to 13 in the hottest areas, with each zone's coldest temperature 10 degrees apart. Zones are further subdivided into "A" or "B" areas, representing 5-degree differences.

Her model shows the inland Northwest would shift from 6A to 7A, and Twin Falls County, Idaho, should shift from 6B to 7B — more like current growing conditions in the Nampa area.

The greatest changes are predicted in the Upper Midwest, which could move up a zone and a half.

Cathy Wilson, the Idaho Wheat Commission's research collaboration director, believes market opportunities play a greater role in crop choices, and drive breeding efforts that can also expand growing zones for crops. She said water availability will also limit crop choices.

"While we've been in a warmer cycle over the last 10 years, whether or not that will continue is based on models that may or may not actually happen," Wilson said.

Parker's adviser, UI climatology professor John Abatzoglou, has conducted research showing the coldest nights of winter have warmed 3 to 4 degrees during the past 45 years across the Northwest.

He said a student's previous research finds climate change should also reduce the prevalence of false springs, which result in premature blossoms that are killed by frost, in most of the U.S.

## Boarding school will host firefighters this summer

By ERIC MORTENSON  
Capital Press

BURNS, Ore. — If wildfires erupt in the dry range and timber of southeast Oregon or southwest Idaho again this summer, firefighters will have a ready-made place to rest, shower, eat and stage for suppression work.

Crane Union High School, one of a handful of public boarding schools in the U.S., has signed a contract to allow Bureau of Land Management and U.S. Forest Service firefighters to use its facilities. Firefighters will be able to sleep in the school's dorms, shower, eat in the cafeteria and even shoot hoops in the school gym, Crane Union Superintendent Matt Hawley said. Firefighters will be able to park trucks, tanker and dozers on the school grounds, as well. Usually, crews live in tents while staging to fight fires.

The contract pays for use of the facilities for a minimum of 14 days, even if crews don't stage there, Hawley said. The district will be compensated for any additional days of use beyond the initial two weeks, he said.



Courtesy of U.S. Fish and Wildlife Service

A "Hotshot" firefighter gestures during the Soda Fire rangeland blaze southwest of Boise in August 2015. Crane Union High School east of Burns, Ore., has signed a contract that allows federal fire crews to bunk, shower, eat and stage at the school during fire season this summer.

Like most small school districts, Crane Union could use the money, Hawley said.

"We've lost population out here so this is a partnership that benefits both entities," he said. "It generates some revenue."

The school will be available to firefighters from June 10 to Aug. 6, after which the district needs to get ready for the 2016-17 school year.

In a news release, the BLM said the staging area will put

teams and equipment in a strategic location to fight fires in Southeast Oregon, Southwest Idaho and Northern Nevada. Public safety remains the top priority, but crews also will be pre-positioned to protect sage grouse habitat in the Burns and Vale BLM districts and nearby communities, BLM Fire Operations Specialist Sam DeLong said in a prepared statement.

Crane Union is 30 miles east of Burns. The district

has 54 students in kindergarten through eighth grade, and 52 students in grades nine through 12. Boarding is available for the high school-aged students, and 28 students lived in the dorm this past year. The high school draws from elementary schools in a 10,000 square mile area, Superintendent Hawley said. Of the 28 boarders, 10 come from families in which the parents also were boarding school students, he said.

## Farmers to own Puget Sound food-distribution network

Growers can buy in for \$250

By DON JENKINS  
Capital Press

A grower cooperative has been formed to assume ownership of the Puget Sound Food Hub, a distribution network that allows farmers to sell directly to wholesale customers.

The hub was started in 2012 by the Northwest Agriculture Business Center, in partnership with 21 Acres Center for Local Food and Sustainable Living.

The hub's manager, Terri Hanson, said rapidly growing sales led the hub's advisory board to opt for a change in ownership, transferring control from the business center to member farmers.

"We're not a distribution company," she said. "From a business standpoint, to continue to expand, it needed to be on its own, and the most



Courtesy of Northwest Agriculture Business Center

Skagit County, Wash., blueberry farmer Harley Soltes maneuvers a forklift as workers load farm goods onto a delivery truck at a Puget Sound Food Hub center. A farmer co-op has taken ownership of the hub, which allows about 60 farmers to sell directly to wholesale customers.

logical thing is to put it in the hands of the farmers."

About 60 small to mid-sized farms in Whatcom, Skagit, Snohomish, King and Pierce counties sell their products through the hub to about 220 customers.

Sales quadrupled in 2015 to nearly \$1 million from the year before. The hub hopes sales will reach \$1.4 million this year, said Hanson, who

works for the business center and will continue to manage the hub for the co-op.

So far, about a dozen farmers have paid the one-time \$250 fee to buy into the co-op, Hanson said. But the co-op was formed only recently, she said.

"My guess is 90 percent of those (60) farmers will become members," she said.

Farmers have until Nov.

30 to join. Until then, a seven-member board will direct the co-op, and farmers can continue selling through the hub without joining the co-op.

A new board will be elected in December, Hanson said.

The hub's customers include restaurants, grocery stores, hospitals, daycares, food banks, food co-ops and the food service company that supplies Amazon's worker cafeterias, she said.

Farmers post their prices and unit sizes online. Farmers package and deliver the orders to distribution centers in Everson, Mount Vernon, Woodinville and Tacoma.

The customer receives one weekly delivery and a single invoice.

The Northwest Agriculture Business Center was formed in 2006 to serve farms in Northwestern Washington. It receives funding from the U.S. Department of Agriculture, the state and several foundations.

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