

Wheat prices to remain low, economist predicts

By **MATTHEW WEAVER**
Capital Press

SPOKANE — Washington farmers aren't likely to see wheat prices rebound substantially for the next three to five years, an economist says.

Washington State University small grains economist Randy Fortenbery and Glen Squires, CEO of the Washington Grain Commission, delivered a joint economic forecast Feb. 8 at the Spokane Ag Expo and Pacific Northwest Farm Forum.

Record global wheat production and "huge" world stocks that are growing faster than demand will continue to depress commodity prices,



Matthew Weaver/Capital Press

Randy Fortenbery, Washington State University small grains economist, and Glen Squires, CEO of the Washington Grain Commission, chat before speaking Feb. 8 at the Spokane Ag Expo and Pacific Northwest Farm Forum.

Fortenbery said.

"The real problem has been not only have we done well, most of our global com-

petitors have done well also," Fortenbery said. "Unfortunately, without some sort of a production problem some-

where in this coming crop year, that's not going to go away."

If the situation continues, low prices will lead to stressed margins, impacting land rental rates and farm assets, Fortenbery said.

Wheat prices received in Washington state are generally a little higher than U.S. average prices, Squires said. The U.S. average price is roughly \$3.80 per bushel, and the Washington average is roughly \$4.29 per bushel.

Because of low wheat and corn prices, across the U.S. more farmers will shift into soybeans, whose price is doing relatively well, Fortenbery predicts.

Lower prices also mean the U.S. Department of the Treasury will pay more in crop insurance claims than anticipated, Fortenbery said.

"If you remember back in 2014, a lot of the discussion was, 'This has to be a budget-reducing farm bill,'" Fortenbery said.

The industry will likely push for increased flexibility and a better safety net in the next farm bill, but Fortenbery said it isn't likely to be a top priority in Washington, D.C.

Commodity groups will need to build strong coalitions to get farm bill discussions on lawmakers' agendas, he said.

Red Delicious prices dropping with two-thirds still unsold

By **DAN WHEAT**
Capital Press

WENATCHEE, Wash. — As sales of the 2016 Washington apple crop approach the midway point, the price of Red Delicious is dropping significantly.

The average asking price of extra fancy (standard) grade, medium size (80 to 88 apples per 40-pound box) in Wenatchee and Yakima dropped \$3 on the low end and \$2 on the high end in one month, according to USDA tracking. The prices were \$13 to \$16.90 on Feb. 8, down from \$16 to \$18.90 on Jan. 9.

All of those prices are below grower costs, said Desmond O'Rourke, world apple market analyst and retired Washington State University ag economist in Pullman. The price of Reds likely will go lower, he said.

"About two-thirds of the total Red crop remain to be sold and they're 34.6 percent of what's left in storage," he said. "But with prices this low that will help them sell in major markets like Mexico and India."

Tom Riggan, general manager of Chelan Fresh Marketing in Chelan, said some super efficient growers may still be making money on Reds but that Reds and Gala are both selling below cost and make up 55 percent of what's left of the 2016 crop to sell.

The total fresh crop shrank 1.34 million boxes from Jan. 1 to Feb. 1, from 137.1 million to 135.7 million, according to the latest industry report.

Unfortunately, only 23,000 boxes of the shrink was in Reds but they likely will shrink more in coming months as more large size, of which there is an abundance, are diverted to processing, Riggan said.

As of Feb. 5, 60.9 million boxes had been sold versus 54.7 last year at this time and 64.3 two years ago from the record 2014 crop.

Of the 76 million boxes left to be sold, 26.5 million of them are Reds and 15.8 million are Gala. Eventually all the Reds and Gala will move on the fresh market or to processing, Riggan said.

Reds sell better in the Midwest than on the coasts, he said.

Growers and shippers are doing well on managed varieties but they make up smaller volume, he said.

Total national fresh holdings are at 85.7 million boxes, up 13 percent from a year ago and 9 percent from the five-year average, according to the U.S. Apple Association.

Sales of Granny Smith in Washington is 9.6 percent ahead industry sales volume targets and Golden Delicious is ahead by 7.9 percent, Riggan said.

But Fuji and Gala are behind by 10 percent and Reds by 4 percent, he said. Fuji will catch up as a later variety, but Gala and Reds are a concern, he said.

"It's definitely not a train wreck but it's nice if we're ahead by mid-season and not too far behind," Riggan said.

Large snowpack triggers cloud seeding suspension

By **JOHN O'CONNELL**
Capital Press

BOISE — Idaho water users have suspended an effort to increase precipitation from winter storms by seeding clouds with silver iodide to form additional ice nuclei.

The program, led by Idaho Power in cooperation with state irrigators and the Idaho Department of Water Resources, was put on hold Feb. 8 based on the abundant mountain snowpack.

"The water supply all over Southern Idaho is looking really good," said Brian Sauer, water operations manager with the Bureau of Reclamation. "If there is too much snow, they don't want to cause any flooding with their cloud seeding operations."

Idaho Power spokesman Brad Bowlin said it's likely snowpack may dip below the program's threshold soon and justify resuming cloud seeding around Island Park and in the Payette Basin.

"I don't know if we've ever stopped across the whole territory. This might be a first," Bowlin said.

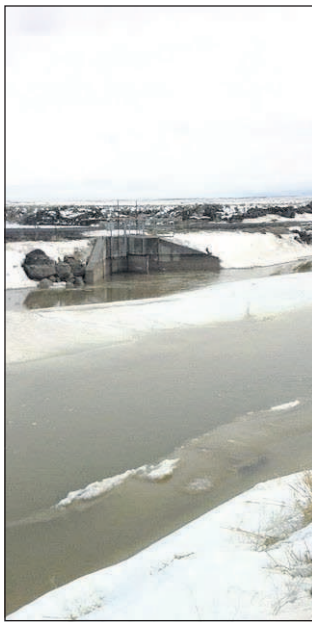
The program incorporates 55 ground-based generators and three aircraft that seed clouds from the sky. Based on current conditions, Bowlin said continuing operations would likely produce no return on investment, as storage water may ultimately be released for flood control.

Bowlin said the program's suspension is a setback for research funded by the National Science Foundation to better understand the physics of cloud seeding.

But the hiatus is a good sign for irrigators, who hope to start the season with full reservoirs, despite entering winter with little storage carryover.

"The projections are if we keep getting even a little bit of snow for the next six weeks, I think you'll have to do some flood control at this point," said Lyle Swank, watermaster for the water district that includes the Upper Snake reservoir system.

Swank emphasized flood control releases aren't an exact science, and reservoirs don't always refill after space



Courtesy of Wes Hipke

Ice restricts the aquifer recharge flow on Feb. 10 at the Milepost 31 site on the Northside Canal. The state has fallen behind in its winter recharge effort but is optimistic flood-control releases will support Upper Snake recharge.

is freed.

Wes Hipke, IDWR's recharge program coordinator, has already started making contracts with canal managers, anticipating he'll get to test new infrastructure the department helped finance to conduct managed aquifer recharge in the Upper Snake. Recharge involves injecting surface water into the aquifer through unlined canals or spill basins to replenish declining groundwater levels.

Water rights for Upper Snake recharge are only in priority during spring flood-control releases. Hipke said IDWR has the capacity to recharge up to 430 cubic feet per second of water in the Upper Snake, which equals 25,000 acre-feet over the course of a month.

A recharge water right in the Lower Snake remains in priority throughout winter, but Hipke said the department has fallen well short of its Lower Valley goal, recharging 43,450 acre-feet thus far. He said ice in the Northside Canal has reduced the program's recharge capacity since early December, but he's optimistic the ice will soon be cleared and the Lower Valley program will reach 80,000 acre-feet before winter's end.

effectively prevents workers from filing lawsuits when employers have paid less than the minimum wage or made improper wage deductions.

"It serves as a real deterrent for low-asset households to proceed with legitimate claims," said Michael Dale, executive director of the Northwest Workers' Justice Project, during a Feb. 13 committee hearing.

Judges would still retain the right to penalize plaintiffs and their lawyers for cases that are deemed frivolous, Dale said. "I think it balances out."

Attorneys who represent workers in labor disputes said



Don Jenkins/Capital Press

Small railroads in Washington state are lobbying the Legislature to revise a new Department of Ecology rule that threatens to make transporting vegetable oils unprofitable.

Train exec rails against Ecology oil spill rule

State agencies defend new rule

By **DON JENKINS**
Capital Press

OLYMPIA — A small railroad that makes about \$4,000 a year hauling soybean oil and mineral oil will have to spend several times that amount to meet the Washington Department of Ecology's rule on preparing for oil spills, a railroad executive told legislators this week.

The soybean oil goes to feed cattle and the mineral oil goes to orchards as a pesticide, Central Washington Railroad Chief Operating Officer Tim Kelly told the House Environment Committee on Feb. 6.

Ecology's new rule treats those oils the same as crude oil transported across state lines by BNSF Railway and Union Pacific Railroad.

Ecology estimates that making plans, holding drills and keeping clean-up crews on standby will cost railroads between \$12,000 and \$39,000 a year.

Kelly, who's also COO of the Columbia Basin Railroad, said the expense will fall most heavily on the small railroads, which don't even haul explosive petroleum oils. Combined, the two railroads have 46

employees and annual revenues of under \$10 million, he said.

"We consider ourselves small businesses, and we're serving small business customers, principally supporting agriculture," Kelly said.

"We are responsive to any accidents on our line anyway, but these are administrative costs above the actual costs of having to deal with anything," he said.

For the second straight year, several small railroads are trying to persuade lawmakers that safety legislation passed in 2015 wasn't intended to regulate vegetable oils.

Lawmakers declined to act last year. The deadline for railroads to submit spill-response plans is March 30, so there is more urgency this year.

The crude oil boom and fears of fiery derailments motivated the legislation. The derailment of a Union Pacific crude oil tanker last June in Mosier, Ore., reinforced those fears.

Ecology acknowledges Washington has not experienced disastrous vegetable oil spills from trains. The department cites recent vegetable oils released from a burning warehouse and a tortilla factory as proof that plant-based oils can menace waterfowl and fish.

The state Department of

Fish and Wildlife and Puget Soundkeeper Alliance, an environmental group, joined Ecology in defending the rule.

"In our experience, the contingency planning, the planning upfront, pays off in huge ways," Ecology spill response manager Dale Jensen told the House committee. "We've worked really, really hard to have a smart rule, and I just ask you to give us a chance to implement it."

Kelly said the Columbia Basin Railroad hauls 800 to 900 carloads of canola oil a year.

"It certainly doesn't have any of the properties that the Union Pacific and the city of Mosier had to deal with. The concern would be dealing with waterways. I think that's Ecology's take," he said. "On that line, we cross no waterways. We don't go near any waterways. The Columbia Basin is primarily desert region."

The Central Washington Railroad hauled 25 carloads of mineral oil and five carloads of soybean oil in 2016, Kelly said. As a common carrier, the railroad can't discriminate against cargo, he said.

"If we had the freedom to act, we would choose not to haul these products at all because they're uneconomical to haul under these conditions," Kelly said.

Bill would prevent employers from recovering attorney fees in wage disputes

Other changes to labor litigation rules also proposed in Oregon Legislature

By **MATEUSZ PERKOWSKI**
Capital Press

SALEM — Oregon farmers would be stripped of the ability to recoup attorney fees if they win a wage and hour lawsuit under a bill before state lawmakers.

Only employees who file and win such cases would be entitled to attorney fees under House Bill 2169, which is being considered by the House Committee on Business and Labor.

Currently, either workers or employers can recover costs if they win legal disputes over wage and hour claims.

Proponents of HB 2169 argue the current system ef-

fectively prevents workers from filing lawsuits when employers have paid less than the minimum wage or made improper wage deductions.

"It serves as a real deterrent for low-asset households to proceed with legitimate claims," said Michael Dale, executive director of the Northwest Workers' Justice Project, during a Feb. 13 committee hearing.

Judges would still retain the right to penalize plaintiffs and their lawyers for cases that are deemed frivolous, Dale said. "I think it balances out."

Attorneys who represent workers in labor disputes said

their clients are typically unwilling to risk paying tens of thousands of dollars in attorney fees over disputes involving several hundred dollars in wages.

"It guarantees bankruptcy for the individual," said attorney David Schuck.

Opponents of HB 2169 argue the law should remain impartial as to who can recoup attorney fees in wage and hour lawsuits.

"We don't think Oregon law should stack the deck against one side or the other," said Anthony Smith, state director for the National Federation of Independent Business.

Tim Bernasek, an attorney representing the Oregon Farm

Bureau, said judges ultimately decide whether such awards are appropriate, so workers don't necessarily have to pay the opposing side's attorney fees when they lose a dispute.

The prospect of being liable for attorney fees has a "sobering effect" on both parties in such disputes, Bernasek said. "It's important to keep that balance."

Representatives of Oregon's business community testified they were also troubled by other proposals aimed at strengthening the position of workers in litigation against employers.

"Wage theft is already illegal and none of the bills before you make it any more

illegal," said Betsy Earls, vice president of Associated Oregon Industries.

Under House Bill 2180, workers who file a complaint over unpaid wages can file a lien against their employer's property.

Supporters of HB 2180 say the change is necessary because companies can transfer assets or change their names, preventing employees from collecting unpaid wages even when they've won court judgments.

Opponents of the bill question its fairness, since a lien can impede the ability to sell property, hurt a company's creditworthiness and otherwise disrupt business transactions, even if the wage claim is unfounded.

"The due process concerns

are significant," said Bernasek.

Similarly, under House Bill 2181, if a worker is fired within 90 days of filing a wage claim, the employer faces the "rebuttable presumption" that the termination was intended as retaliation.

According to proponents, this revision levels the playing field.

"Proving retaliation is very difficult," said Dale. "You have to get in someone's head based on something they did in the past."

Critics of HB 2181 maintain it's just as difficult for employers to prove they were not retaliating against workers.

"You're telling me I'm guilty until I prove I'm innocent," said Smith.