



Aliya Hall/Capital Press
Organic Valley founder and CEO George Siemon speaks at the opening of the co-op's McMinnville, Ore., butter plant.

Organic Valley butter plant opens in W. Oregon

By ALIYA HALL
Capital Press

McMINNVILLE, Ore. — Organic Valley celebrated the grand opening of its new butter plant in McMinnville on Aug. 12. It bought the Farmers Cooperative Creamery facility last year.

The plant is the co-op's first brick-and-mortar facility outside Wisconsin, Hans Eisenbeis, director of Organic Valley public relations, said.

Organic Valley is the nation's largest cooperative of organic farmers, with 2,013 members, 77 of whom are in Oregon and Washington. After Wisconsin, Oregon produces the next largest volume of milk in the Organic Valley supply chain. The co-op's sales have topped \$1.1 billion a year, and in 2016 it saw a 15 percent growth in membership and 5.8 percent growth in sales, according to the co-op.

The plant will produce butter and skim milk powder, but in the future could expand to making buttermilk powder and other products.

The creamery has 37 full-time employees on two shifts.

Organic Valley's renovation of the former FCC plant was one of Oregon Gov. Kate Brown's business development reserve fund investments to support small business growth, according to her office. The facility received a \$350,000 check that Chris Cummings, deputy director of Business Oregon, presented during the opening ceremony.

"Organic Valley knew pretty quickly that McMinnville is the place to do business," he said.

The event included a tour of Dan Bansen's dairy, Forest Glen Jerseys. He was the first co-op member in the area.

In Oregon, about 20 percent of all dairies are organic, said co-op member Steve Pierson of Sar-Ben Farms.

George Siemon, Organic Valley CEO, was among the speakers.

He thanked FCC for giving them the opportunity to take over the plant, and said that McMinnville was among the "strongest regions for the Organic Valley brand."

Large apple crop, higher returns predicted

By DAN WHEAT
Capital Press

WENATCHEE, Wash. — Apple harvest is about to start in Central Washington, and while another large crop is forecast it could be a better year for grower returns.

The 2017 fresh crop is estimated at 130.9 million, 40-pound boxes, down about 1 percent from the nearly sold out 2016 crop, according to the Washington State Tree Fruit Association.

The total volume and volume by variety is adjusted from the start of packing in August through the year-long sales season, primarily for cullage.

While this fall's crop looms large, grower returns could improve because of fewer Red Delicious and more Honeycrisp and newer varieties and because crop forecasts are down substantially in Europe, Mexico and Canada, said Desmond O'Rourke, world apple market analyst and retired Washington State University agricultural economist.

"Those are all positives that should point to a better scenario for Reds globally, but I'm not sure it isn't still too much at 31 million boxes (the Red forecast)," said Tim Evans, general sales manager of Chelan Fresh Marketing, one of the state's larger marketers.

Evans is cautiously op-

2017 Washington apple forecast

(Millions of 40-pound boxes)

Variety	2016*	2017**	Percent change
Red Delicious	38.2	31	-18.8%
Gala	31.2	29.5	-5.4
Fuji	16.9	18.3	8.3
Granny Smith	14.9	16.6	11.4
Honeycrisp	8.4	10.5	25
Others ¹	7.7	9.7	26
Golden Delicious	6.7	6.9	3
Cripps Pink	6.1	6.5	6.6
Braeburn	1.5	1.2	-20
Jonagold	0.58	0.49	-15.5
Cameo	0.3	0.23	-23.3
Total	132.5	130.9	-1.2

*Close to final as of Aug. 1, 2017 **Forecast as of Aug. 1, 2017
¹Mostly club or managed varieties proprietary to certain companies.
NOTE: Totals may not equal 100 due to rounding.

Source: Washington State Tree Fruit Association

Capital Press graphic

timistic about exports but is concerned about another large crop, noting the industry average wholesale price was \$15 per box the week of Aug. 6 with \$18 to \$20 being breakeven for growers.

Europe's apple crop is down 21 percent because of frost damage and weather, O'Rourke said. Poland, Europe's largest producer, is down 29 percent. Mexico, the largest Washington export market, is down 30 percent in its production and Canada is down 5 percent. All of that along with a weakening dollar improves Washington's overseas market opportunities, he said.

"We have the same size

crop but a better varietal mix moving into more desirable varieties. Reds being down so much is a big help on the domestic picture," O'Rourke said.

Red Delicious, No. 1 in volume for 82 years, is forecast at 31 million boxes in the new crop, down 19 percent from 38.2 million in the 2016 crop.

That's a big help if that forecast holds, O'Rourke said.

A year ago, Reds were forecast at 33.7 million but ended up being 4.5 million boxes more, which surprised people because they were pulling out Reds, he said. Larger fruit size increased volume but also a lot of small growers, not selected

by companies to grow managed varieties, are stuck with Reds and poor returns until the new Cosmic Crisp takes off, he said.

The average wholesale price of standard grade, medium size Reds has been \$11 to \$14.90 per box for at least three months, down \$5 on the low end and \$4 on the high end since January, according to USDA tracking.

The tough thing for the start of the new season is that there's still 5.5 million boxes of Reds left to sell from the 2016 season, O'Rourke said. It may hamper marketers' ability to get premium prices at the start of the new season, he said.

"The cleanup on the other varieties is good, including Gala. But that's a lot of Reds. Whether you give them away, I don't know. We might be able to get more into India if competing suppliers like South Africa or Australia are late into market with new crop," O'Rourke said. Mexico may take more since its crop is down, he said. Reds are needed for exports since managed varieties are too expensive for foreign importers, he said.

The jury is still out on whether there will be a lot more Reds than forecast again this year, Evans said. Reds are forecast at 24 percent of the crop and need to be 20 percent to get better prices, he said.

Managed varieties and

Honeycrisp are the big money makers and still increasing in volume. The question, O'Rourke said, is when will the club or managed varieties will start "cannibalizing each other" or lose value from over supply.

Honeycrisp averaged about \$60 per box wholesale in the past year while Reds, Gala, Fuji, Braeburn, Jonagold and Cameo all averaged about \$22 per box and were "marginally profitable," he said.

The forecast for Golden Delicious is up slightly, but its volume has dropped a lot in the last three years. That drop improved pricing, Evans said.

Gala, second only to Reds in volume, are expected to be down slightly, which will be good, O'Rourke said. Like Reds, Gala have suffered in price from too much volume.

After a hit in 2016, Granny Smith is forecast back at normal at 16.6 million boxes. Fuji will be up, which could hamper its price a little.

Braeburn and Jonagold are forecast at half their volumes of three years ago. Cameo is close to the same. Acreage of all three is lessening and they will pretty much be gone in a few years with the advent of Cosmic Crisp, O'Rourke said.

The average wholesale price of Washington standard grade, medium size Gala was \$15 to \$20.90 on Aug. 11, unchanged from three months ago, according to USDA.

Ecology: No threat in biosolid use on ag lands

Citizen committee forms in opposition of permit request

By MATTHEW WEAVER
Capital Press

The state Department of Ecology says there's no risk to applying biosolids to an agricultural field in Eastern Washington despite the concerns of neighbors.

Fire Mountain Farms, of Onalaska, Wash., is seeking state permits to apply biosolids — treated solid waste from waste water treatment plants — to several sites, including Rosman Farms near Davenport, Wash. The company is already permitted in various counties in Oregon and Washington.

A committee of neighbors, called Protect Mill Canyon Watershed, formed to protest the requested permit.

"Nobody knows, really, what is in biosolids because it's impossible to know what somebody in some city somewhere far away happened to throw down their drain that day, that month or habitually," said Chrys Ostrander, a member of the committee.

Research indicates that biosolids do not pose a threat to human health or the environment when applied according

to permit requirements, said Joye Redfield-Wilder, communications manager for Ecology's central regional office.

"Our hydrogeologist has studied the proposal and finds that there are no threats to surface or groundwater," she said.

The source of the biosolids has not yet been identified, but would most likely be from the smaller rural towns within a 30-40 miles radius of the site, Redfield-Wilder said.

Ostrander isn't aware of any specific problem occurring as a result of the use of biosolids. The committee has posted several scientific documents supporting its views on its website, he said.

If municipal sewage sludge does not meet federal quality standards, it cannot be classified as biosolids and applied to the land, said Robert Thode, president and owner of Fire Mountain Farms.

"Their concerns are simply not founded in proven science," Thode said. "A recent risk assessment by Kennedy/Jenks (consultants) and the University of Washington found that you would have to work with biosolids for many, many lifetimes before you would even get one dose of ibuprofen. Most of us won't live that long."

Ostrander blames a political effort that promotes the use of biosolids. More definitive

research needs to be done, he said.

Bill Schillinger is six years into an eight-year biosolids research project at Washington State University's dryland research station in Lind.

Schillinger and colleagues plan to publish papers that say there's no significant difference in dust emissions and no new fungi added to the soil that were not already naturally occurring.

Negatives include an odor that lasts several days — "It's not that bad, in my opinion," Schillinger said — and the possibility of introducing heavy metals.

"You don't know what people are flushing down their toilet," Schillinger said. "But these are tested and approved by our own Washington State Department of Ecology and U.S. Environmental Protection Agency at prescribed rates. It's

gone through some pretty solid environmental scrutiny by the environmental agencies."

Ecology is developing a response to the group's comments and will make a determination on Fire Mountain Farms' application within the next 45 days, Redfield-Wilder said.

Thode's company is waiting for Ecology's response. If needed, the company will address any problems raised in comments, he said.

Washington Ecology defends CAFO permit's price tag

By DON JENKINS
Capital Press

The Washington Department of Ecology has asked an appeals board to dismiss claims by the dairy industry that the agency vastly underestimated the cost of complying with new manure-control rules.

A motion filed with the Pollution Control Hearings Board argues that Ecology met its duty to compare costs for small and large dairies. The analysis led Ecology to exempt dairies with fewer than 200 cows from the rules, which are meant to keep manure out of water.

Even if the numbers were off or the study didn't include all operating expenses and lost income, what's important, according to Ecology's motion, "is the proportional impact between small and larger businesses."

The regulations, contained in permits that Ecology issues to concentrated animal feeding operations, went into effect March 3. Previously, only about a dozen Washington producers were required to have CAFO permits. Ecology

broadened the permit to potentially apply to more than 225 dairies.

The revamped CAFO permit has come under attack from dairies as unreasonable and from environmental groups as too lenient. The Washington State Dairy Federation and the Washington Farm Bureau have appealed the permit, as have several environmental groups.

The appeals have been merged into one 19-complaint case. A hearing is set for December.

Ecology has moved to dismiss six complaints by environmental groups and three by the dairy industry, claiming the nine have no legal support.

All three dairy industry complaints are related to the federation's contention that Ecology understated the cost to producers. State agencies are required in some cases to do an "economic impact analysis" before adopting new rules. The analysis didn't pinpoint costs to producers, noting expenses could vary significantly from dairy to dairy.

The federation maintains that costs could total hun-

dreds of thousands of dollars for some dairies.

Ecology low-balled the expense of testing soils and maintaining manure lagoons, according to the federation, and didn't consider the effects of new limits on fertilizing with manure such as lower crop yields, loss of land, higher chemical costs, and either reducing herds or building larger lagoons to store manure.

As a result, according to the federation, Ecology has run afoul of a policy adopted by the Legislature that commits Washington to providing a stable business climate for dairies.

Ecology argues that policy statements by lawmakers do not eclipse federal and state pollution laws, and that the study wasn't intended to capture all expenses related to protecting water or to weigh the costs with the environmental benefits.

Ecology also moved to dismiss a complaint by environmental groups that Ecology failed to require the monitoring of water in ditches, streams and rivers that border dairies.



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