Farm Bureau applauds Washington 'Hirst' fix

By DON JENKINS
Capital Press

TVW

Washington Farm Bureau associate director of government affairs Evan Sheffels speaks Jan. 16 before the House Agriculture and Natural Resources Committee on legislation responding to the Hirst court decision.

OLYMPIA — The Washington Farm Bureau's water-policy expert said Friday that the Hirst bill passed by the Legislature and signed by Gov. Jay Inslee will allow farmers to drill wells for homes and worker housing.

The bill attaches "strings and extra process," but averts building moratoriums, the Farm Bureau's associate director of government relations, Evan Sheffels, said.

"This is a fix. This is a real Hirst fix," he said. "While it's not a perfect bill, it is a good bill for Washington farmers, and fish."

The bill that emerged from back-to-back votes in the Senate and House Jan. 18 was a compromise between lawmakers who wanted to repeal the state Supreme Court's Hirst decision and those who wanted to implement it.

The bill's prime sponsor, Senate Agriculture, Water and Natural Resources Chairman Kevin Van De Wege, D-Sequim, called it a "fragile agreement" with something for everyone to dislike. Most of the "no" votes, however, came from pro-Hirst legislators, who said it wasn't respectful enough of tribal treaty rights.

Snohohmish County Sen. John McCoy, a member of the Tualip Tribes, warned that water shortages will come from "unfettered drilling."

"I'm extremely discouraged," he said. "The tribes have tried to work with others to come to a reasonable solution. In my opinion, they were ignored."

The lead negotiator for Senate Republicans, Judy Warnick of Moses Lake, said in an interview that she hopes the bill will be a long-term solution to allowing rural landowners to build.

She noted that the deal includes $300 million to be spent over the next 15 years on fish projects. Tribes will have a say in how the money is spent. Watershed plans will be updated or drawn up to protect streams.

"We did our best to try to include tribal interests," Warnick said. "We certainly made a commitment with the money."

The Hirst decision pointed to a well-by-well approach to keeping growth from lowering streams. Senate Bill 6091 will focus on watersheds that need the most attention, Sheffels said. "The bill takes us to a much more logical approach."

The bill's effect will vary in the state's 62 watersheds. In more than 40 watersheds, the bill affirms that pre-Hirst rules will prevail. Landowners will not face new fees or lower limits on daily withdrawals.

"It's a big win to get that cloud of uncertainty removed from those watersheds," Sheffels said.

In seven watersheds, landowners will pay a new $500 fee to drill a well. Average annual withdrawals will be limited to 3,000 gallons a day. There is no prohibition on watering outdoors, as proposed in earlier Democratic versions.

The seven watersheds are the Nooksack, Nisqually, Lower Chehalis and Upper Chehalis in Western Washington; and the Okanogan, Little Spokane and Colville in Eastern Washington. They already have watershed-management plans, though the plans must be updated.

In eight watersheds, the new fee will apply and the withdrawal limit will be 950 gallons a day. Committees made up of state and local governments, tribes and interest groups, including agriculture, will recommend fish projects and could change fees and withdrawal limits.

"We're going to work with tribes and work with the agencies to see that these groups deliver the best possible outcomes for everyone," Sheffels said.

The eight watersheds are all in Western Washington: Snohomish, Cedar-Sammamish, Duwamish-Green, Puyallup-White, Chambers-Clover, Deschutes, Kennedy Goldsborough and Kitsap.

Study: Wine appellations boost prices

Price-to-quality ratios increased by American Viticultural Area designation

By MATEUSZ PERKOWSKI
Capital Press

Mateusz Perkowski/Capital Press File

Winegrapes grow in the Willamette Valley. A university study looked at the impact of American Viticultural Area appellations and sub-appellations on wine price.

Convincing the federal government to officially recognize a wine region's unique "terroir" can substantially boost the price per bottle, according to a recent study.

The study found that certain geographic regions within Oregon's Willamette Valley saw statistically significant wine price premiums due to their federal designation as "American Viticultural Area" appellations.

Average prices and wine rankings were compared across six sub-appellations within the overall Willamette Valley AVA as part of the research, which was headed by economics professor Omer Gokcekus of Seton Hall University in New Jersey.

After obtaining their sub-appellation designations, wines from four of those areas — Chehalem Mountains, Dundee Hills, Ribbon Ridge and Yamhill Carlton — saw their price-to-quality ratio outpace the rest of the Willamette Valley.

All other things being equal, the sub-AVA designations contributed to higher prices ranging from $1.43 to $14.13 for a bottle with a 90-point score from Wine Spectator, an industry publication that rates wines.

Price premiums for wines produced in the Dundee Hills AVA were the highest found in the study.

Russell Gladhart, whose family owns Winter's Hill Estate, said the Dundee Hills AVA benefits from being densely planted with vineyards within a relatively compact area.

The resulting lack of variation makes wines from the region more distinct, he said. "The customer knows more precisely where the wine came from."

Gokcekus, the study's author, said he became intrigued by the phenomenon while attending an academic conference in Oregon.

"There should be a reason for this," he said.

For wineries to petition the U.S. Alcohol and Tobacco Tax and Trade Bureau for a sub-AVA, there must be an economic motivation, Gokcekus said.

"I was expecting to see an increase, otherwise, why should you bother?" he said.

Even so, Gokcekus said he was surprised by the size of price premiums some wines commanded solely due to their appellation.

The range of grape-growing conditions is narrower within a smaller appellation, leading consumers to believe they're at less risk of buying a lower-quality wine from that region, he said.

There's also a sense of exclusivity that comes from purchasing wine from an area that only has a limited number of bottles available, Gokcekus said.

"We are talking about wine. In my mind, we are talking about perceptions," he said.

Creating ever-smaller appellations probably stops making economic sense at some point, though.

As the number of wineries within each area shrinks, they must each spend more money to promote the region and can't pool their resources as effectively, Gokcekus said.

"On the one hand, there is exclusivity. On the other hand, there is cost," he said. "It's a kind of balancing act."

Wineries won't gain much from a sub-AVA designation if they're located within a larger appellation that hasn't won many accolades, he said. In this case, the Willamette Valley had already established a solid footing in the wine industry.

"It's a prerequisite," Gokcekus said. "The AVA you are in should already have a certain reputation."

Although a sub-AVA designation may boost prices higher than they'd rise based on quality alone, it's also necessary for wines from the region to stand out, he said.

For example, the price-to-quality ratio for two sub-AVAs, Eola-Amity Hills and McMinnville, did not meaningfully surpass the rest of the Willamette Valley despite the designations, he found.

While the price-to-quality ratios increased in both regions, they largely kept pace with the larger appellation — probably because their average wine ratings didn't exceed the Willamette Valley's average, Gokcekus said.

Being located within a well-known sub-AVA, such as Dundee Hills, is associated with a premium but winemakers must source 95 percent of their grapes from that appellation to promote it on their label, said Denise Flora, co-owner of the Native Flora winery.

That requirement isn't a problem for Native Flora, which is a boutique winery that relies entirely on the 16 acres of vineyards growing on its estate, she said. "It fits our business model."

Whitgro to merge with Northwest Grain Growers

By MATTHEW WEAVER
Capital Press

Whitgro Inc. will merge with Northwest Grain Growers in May as part of a plan to update facilities and move grain using 100-car shuttles.

"Market economics is a big reason," said Heath Barnes, general manager of Whitgro Inc. "Really, (it's the) same reason all the other co-ops are consolidating — mainly market economics, a shift in some of our freight options and our ability to remain competitive for our members."

Whitgro has 390 members. Northwest Grain Growers has 1,700 members.

Chris Peha, general manager of NWGG, said the companies have worked together for a long time. The majority of Whitgro's facilities are on a short-line railroad owned by the state. NWGG has an agreement with the short-line operator to move and load grain at Whitgro's facilities and ship it to NWGG's facilities along the river, to load onto barges.

The railroad has approached NWGG about using 100-car shuttles on the short-line railroad, which will require a $6 million to $8 million investment to update facilities and receive the railroad's proposed lower rate, Peha said. The company plans to make the changes in the next 12 to 24 months, he said.

Whitgro and NWGG's boards determined the best move was to merge the companies, Peha said.

Barnes and Peha did not provide an estimated value of the combined businesses.

Barnes doesn't expect farmers to see much impact as a result of the move.

"They're going to continue to remain at a competitive freight rate and competitive patronage levels," he said.

Peha said the change will also provide administrative efficiency and savings on insurance and banking.

NWGG has five barge-loading facilities, but members are "river captive" with aging infrastructure and occasional river closures for lock maintenance, he said. The merger will allow the flexibility to ship by rail or barge, he said.

Tires LES SCHWAB Weekly fieldwork report

Item/description	Ore.	Wash.	Idaho	Calif.
• Snow water equivalent*	46.1%	94.8%	82.8%	39%
• Percent area in drought	65.4%	9.5%	1.2%	46.8%
• Avg. temperature, 6-10 day outlook (Percent chance deviation from normal)	33% below/ Normal	40% below/ Normal	40% below/ 33% above	Normal/ 50% above
• Precipitation, 6-10 day outlook (Percent chance deviation from normal)	40% above/ Normal	50% above	50% above/ Normal	Normal (north)/ 50% below (mid)
• Soil moisture anomaly (Monthly deviation from normal)	Normal/ Below normal	Normal/ Above normal	Normal/ Above normal	Below normal

*Aggregate average percent of median as of Jan. 16. Medians calculated for the period from 1981-2010.
Sources: USDA, NRCS; NOAA, www.ca.gov/; www.drought.gov/