Union withdraws objection to NORPAC asset sale

New labor contract struck with Teamsters

By MATEUSZ PERKOWSKI
Capital Press

With a new labor contract in hand, a union representing food processing workers has dropped its objection to the bankrupt NORPAC cooperative's sale of three Oregon facilities.

Last month, a Michigan-based cold storage company, Linage Logistics, agreed to buy NORPAC's plants in Brooks, Salem and Stayton for $49 million.

Agribusiness entrepreneur Frank Tiegs plans to purchase the Brooks facility from Lineage Logistics and use it for food processing, while the future of the other properties remains unclear. Tiegs has said he also plans to buy the Stayton facility but may demolish it.

However, three local chapters of the International Brotherhood of Teamsters objected to the deal, arguing that Tiegs was a successor to NORPAC under their collective bargaining agreement with the cooperative.

According to the Teamsters, NORPAC could have been liable for damages to the union if Tiegs didn't abide by the terms of that labor contract — unless the earlier deal was properly nullified.

NORPAC countered that it was selling the facilities directly to Lineage Logistics — not Tiegs — which would merely act as a landlord and not a food processor, absolving the cold storage firm of complying with the labor contract.

The "successorship" provision also doesn't apply because the transaction was limited to real estate and equipment, not NORPAC's actual business, which is now defunct, the cooperative claimed.

Capital Press File

A worker checks mixed vegetables flowing toward bagging machines at a NORPAC plant.

U.S. Bankruptcy Judge Peter McKittrick approved the sale of NORPAC's assets on the condition that the dispute over the labor contract be resolved, with a court hearing on the matter scheduled for Jan. 24 in Portland, Ore.

The matter is now moot, though, since the Teamsters union has filed a court document withdrawing its objection to the transaction after striking a new deal with VEGCO, a subsidiary business owned by Tiegs.

NORPAC has agreed to notify the bankruptcy court when the transaction with Lineage Logistics is closed, which will mark the liquidation of virtually all of the farm cooperative's assets. The bankruptcy proceedings will then focus on disbursing the sale proceeds among NORPAC's creditors.

The $49 million generated by the sale of NORPAC's Oregon facilities is in addition to roughly $107 million raised from its sale of the cooperative's processing plant and crop inventory in Quincy, Wash., in December.

In earlier bankruptcy filings, NORPAC estimated the value of its assets at $315 million and the amount of its debt at $165 million, with about $125 million of that amount owed to CoBank, a major agricultural lender.

More than 1,400 workers have been laid off from NORPAC's Oregon facilities since the cooperative filed for bankruptcy last August. The food processing company's financial troubles also affect the 140 farmers who own the cooperative and the 220 contract growers in Oregon and Washington who supply it with crops.

Wafla summit focuses on managing labor unrest

Second meeting scheduled for Jan. 30 in Wenatchee, Wash.

By GEORGE PLAVEN
Capital Press

LAKE OSWEGO, Ore. — If agricultural employers feel like they have a target on their backs, Tim Bernasek can sympathize.

Farms and ranches are subject to wide scrutiny when it comes labor, said Bernasek, an attorney who focuses on agricultural and natural resources law at the Portland firm Dunn Carney.

Bernasek discussed labor unrest with farmers at the Wafla H-2A Workforce Summit on Jan. 16 in Lake Oswego, Ore. His presentation dovetailed with two other morning sessions about training managers to mitigate conflict with workers, and how mediation and arbitration can help to avoid more costly lawsuits.

In Oregon, Bernasek said, the union Pineros y Campesinos Unidos del Noroeste, or PCUN, is still a major player in the Legislature, though on-farm organizing appears to have diminished significantly over the last few decades.

Tim Bernasek

PCUN is the largest Latino organization in Oregon, with 6,500 members.

The Oregon Employment Department also has a state workforce advocate, Fernando Gutierrez, whose job is to visit farms that hire migrant and seasonal workers to ensure all laws are being followed. Farms that hire foreign workers through the H-2A visa program can expect Gutierrez and his staff to conduct both a scheduled field visit and an unannounced field check, Bernasek said.

While no one can avoid unannounced field checks, Bernasek said farmers can and should post where inspectors need to check in first when they arrive — potentially avoiding problems with violating certain provisions of the Food Safety Modernization Act, or Good Agricultural Practices rules.

"That's the resolution that we have come up with," Bernasek said. "We need to keep an eye on this."

Legal aid services such as the Oregon Law Center can pose challenges, Bernasek said, taking an aggressive posture on litigation. Unlike lawyers that work on contingency, legal aid is federally funded, providing less incentive to settle cases quickly and racking up court expenses for the farmer.

"That's why it's important to try and avoid that situation in the first place," Bernasek said. "They are very active in this state."

To avoid getting to that situation, Jeff McLean, regional field services manager for Wafla, said it is important to hire and train managers who can clearly coordinate worker interests with the farm's goals, while treating employees with fairness and respect.

Employees are no longer just working for a paycheck, McLean said.

"They want fair treatment, and they want to be respected," he said. "(Money) is an underlying element that motivates us. But what we do at work makes a difference."

In an era of increasing technology and cellphones, McLean added that news about on-farm conflicts can travel quickly if managers are unable to defuse the situation.

Meanwhile, Wafla rolled out its new mediation and arbitration agreement services last November and has started enrolling members. The goal is to resolve disputes outside a courtroom, which will be quicker and far less expensive for farmers.

Gregg Bertram, a professional mediator and founder of Pacific ADR Consulting in Seattle, helped Wafla to develop the agreement. He said litigation gets in the way of business, and takes away control of the outcome from farms.

"We have done our best to anticipate the kinds of disputes you may encounter," Bertram said. "It is very important to communicate this agreement to workers at the inception of their employment."

A second Wafla workforce summit for growers is scheduled for Jan. 30 at the Wenatchee, Wash., Convention Center. For more information, visit www.wafla.org.