

# NORPAC reaches \$4.5 million settlement deal with growers

By **MATEUSZ PERKOWSKI**  
Capital Press

About 100 farmer-members of the NORPAC cooperative would be paid \$4.5 million for last year's crop deliveries under a proposed settlement deal with the bankrupt food processor.

The cooperative has submitted the compromise agreement for approval to U.S. Bankruptcy Judge Peter McKittrick, who is scheduled to hear the matter on Sept. 11.

Earlier this year, the cooperative — now called North Pacific Canners & Packers after selling its name and intellectual property — filed a lawsuit against several growers who demanded payments for 2019 crops.

The complaint sought a declaration that 10 farmer-members



Capital Press File

**Workers at NORPAC Foods prepare onions for processing. Under a settlement deal, the cooperative will pay some compensation to member farms for crop deliveries.**

were not entitled to any payment for last year's crop deliveries because as cooperative owners they're subordinate to all other creditors who

are owed money by NORPAC. The 10 farmer-members claimed to be owed \$2.3 million for corn, bean, cauliflower and

broccoli crops that were secured with agricultural liens, which would place them at the front of the line for repayment.

However, the lawsuit was considered a test case that would affect NORPAC's other farmer-members with similar bankruptcy claims, which the cooperative estimated to be worth between \$16 million and \$18 million.

The farmer-members filed a countersuit arguing they were no longer barred from filing agricultural liens against NORPAC after it became a "debtor in possession" and "failed to operate as a cooperative" after filing for bankruptcy last year.

To further complicate matters, a committee representing unsecured creditors wanted to file a test lawsuit against the 10 farmer-mem-

bers seeking repayment of \$5.3 million they'd received in past crop payments, which would also have implications for NORPAC's other growers.

Under the proposed settlement, the litigation between NORPAC, farmer-members and unsecured creditors will be dropped if growers who would receive 85% of the deal's \$4.5 million economic value opt-in to the agreement.

The settlement deal should be approved because the litigation involves "novel issues of Oregon law and the Bankruptcy Code, untested Oregon statutory provisions, a complex web of corporate documents and agreements, and detailed factual issues for each of the Named Defendants," according to the cooperative.

## Pandemic expected to fuel more dairy volatility

By **CAROL RYAN DUMAS**  
Capital Press



Peter Vitaliano

opened at the same time dairy farmers were expanding milk production, further depressing prices, he said.

Dairy cooperatives and farmers responded quickly with significantly lower production. At the same time, the federal government stepped in with large-scale purchases of dairy products, expanding demand and sending prices upward.

A second wave of the pandemic is now starting to affect foodservice again. Government purchases are continuing but not with the same initial rush. Farmers are starting to expand milk production, and some of the supply measures are coming off, he said.

Now schools are looking at not reopening fully in person. That's casting an additional negative on the situation as school milk purchases will likely be smaller than normal, he said.

"So the bottom line is we have seen ... record-high monthly increases (and) monthly high record decreases in a number of the major pricing categories," he said.

The COVID-19 pandemic has taken dairy markets on a wild ride, and it's not over yet, an economist says, adding that a second wave of the pandemic will likely cause more volatility.

Dairy is notoriously price inelastic, meaning that small changes in demand or supply can cause large price movements, Peter Vitaliano, chief economist for National Milk Producers Federation, said in the latest "Dairy Defined" podcast.

"We've seen over the last several months an unprecedented series of major changes in both supply and demand that have whipsawed prices both down and up," he said.

Prices are now heading back down again, obeying the laws of supply and demand, he said.

The start of the pandemic brought a sudden loss of demand, particularly from foodservice as consumers shifted away from restaurants, shopped more at supermarkets and ate at home, he said.

"But the increase in retail sales did not overcome the loss of foodservice sales," causing prices to drop, he said.

That lost demand hap-

## Inslee sets up COVID-19 fund for farmworkers

By **DON JENKINS**  
Capital Press



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**Washington Gov. Jay Inslee speaks at a press conference Aug. 13 in Olympia. Inslee has set up a fund to give farmworkers sick with or exposed to COVID-19 paid medical leave.**

Washington farmworkers forced to isolate by COVID-19 will be eligible for paid medical leave beginning next week.

Gov. Jay Inslee issued a proclamation Aug. 13 allowing domestic and foreign farmworkers to collect benefits, even if they wouldn't normally qualify. Paid leave will encourage workers to quarantine, rather than risk infecting co-workers, Inslee said.

"We have heard about folks who have been unable or unwilling to isolate, even though they were positive because they had to feed their family," Inslee said at a press conference in Olympia.

Earlier in the day, Inslee went to Okanogan County in north-central Washington and met with local officials, growers and farmworker representatives. COVID-19 cases there have soared in recent weeks. Two infected Gebbers Farms workers, one from Mexico and one from Jamaica, have died.

Okanogan Public Health on Aug. 14 encouraged all county residents to be tested. The tests are free. A National Guard unit will go the county to help with testing.

Inslee said he hoped more testing, better access to medical care and paid leave will slow the rate of infection in Okanogan County, espe-

cially among farmworkers in labor-intensive agriculture.

"You recognize that in the real world, there isn't something called zero risk. If we're going to eat, there is going to be some risk. And it's a hard thing to realize, but it is the circumstance," he said.

Farmworkers infected with COVID-19 or quarantined because they've been exposed will be eligible for up to \$860 over two weeks, according to the proclamation.

Employers will pay workers and be reimbursed from a \$3 million fund, a governor's spokeswoman said. The money will come from the federal CARES Act. Foreign workers, as well as U.S. workers, are eligible.

United Farm Workers

National Vice President Erik Nicholson said paid leave will keep the agricultural workforce healthier. "It's in all of our interest," he said.

"It's been something we've been advocating for for months. It's been a big hole," Nicholson said. "It (the lack of paid leave) has been putting workers in a horrible situation in making a decision they never should have had to make."

The Inslee administration also has set aside \$40 million from the CARES Act for payments to people who are

not in the country legally and not eligible for federal stimulus checks.

Some 38,000 people will receive \$1,000 checks in October, totaling \$38 million. The other \$2 million will go to a contractor and at least five subcontractors for distributing the money. The state has not yet picked the contractor.

"This immigrant relief fund is going to help workers who are the backbone of our agricultural economy and many other parts of our economy," Inslee said.

Okanogan County's infection rate in the past 14 days has been 395 COVID-19 cases per 100,000 people, county health officials reported Aug. 14. The rate is roughly triple the state average.

Before his Olympia press conference, Inslee held a separate phone call with reporters to talk about his trip to Okanogan County. "It's no secret that labor-intensive agriculture presents environments that are just ripe for high transmission rates," he said.

Lowering transmission rates will require workers taking precautions off the job, Inslee said.

## Forecasters: Odds improve for La Nina weather pattern by fall

By **DON JENKINS**  
Capital Press

Odds increasingly favor a La Nina weather pattern taking hold by fall, upping the chances for a cold and wet Northwest winter, the National Weather Service's Climate Prediction Center says.

The center pegged at 60% the chances of a La Nina prevailing in November, December and January. A month ago, the center put the chances at 53%.

Since then, the Pacific Ocean has resumed a cooling trend that started last spring but paused in June

and early July, according to the center.

A cooler-than-average ocean, especially along the equator in the mid-Pacific, triggers atmospheric changes to form a La Nina.

Its opposite, El Nino, is caused by higher-than-average ocean-surface temperatures and is linked to warm Northwest winters and below-average snowpacks.

Currently, the ocean and atmosphere temperatures are neutral, indicating neither a La Nina nor El Nino.

The center predicted a 36% chance conditions will still be neutral next

winter. The center rated the chances of an El Nino forming at only 4%.

The last La Nina reigned

in the winter of 2017-18. Washington's snowpack that winter was 113% of normal.

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