

# Producers look ahead to New Year filled with uncertainties

## Resolutions, some tongue-in-cheek, on the farm

By CAROL RYAN DUMAS  
Capital Press

The new year is a symbol of new beginnings in farm country, a time to look ahead to what the future may bring and to engage in that age-old tradition of making resolutions.

Eastern Oregon wheat farmer Tyson Raymond has some tongue-in-cheek resolutions for 2016, starting with, "Get a little more rain, particularly in April and May."

Raymond, a member of the Oregon Board of Agriculture, also vows to pay closer attention to what successful farmers are doing and "do more of that."

Beyond that, he resolves: "Don't buy my fuel and fertilizer at their yearly highs (again)" and "Don't sell my wheat at yearly lows (again)."

In addition, he said he'll "try not to buy a tractor in August if they sell for \$40,000 less in December" and he's going to "try to grow wheat that weighs 60 pounds (a bushel) and is below 10 percent protein."

"If I can stick to these, I'm sure to have a better year than last," he said.

The staff at Our Table Cooperative, a 58-acre farm near Sherwood, southwest of Portland, put their heads together and came up with collective resolutions.

"Feed more people and fewer deer. Invite more people to share meals with us on the farm. Grow the best tomato crop this region has ever known," are on their list.

### Good cheer aside

But good cheer aside, falling commodity prices, higher labor costs, tight water supplies and tighter regulations have for some producers set up 2016 to be more a matter of seeking resolutions instead of making them.

In California, farmers will be honing their strategies to deal with new state wage-and-hour laws.

Although most farmers pay more than minimum wage, the Jan. 1 increase from \$9 to \$10 an hour will have many making a comparable increase in what they pay their workers.

"We've been paying well above the minimum wage for a long time, but it moves up the bottom," said Michael Vasey, manager of Lindauer River Ranch, a prune and walnut operation in Red Bluff, California.

"If your strategy is to pay \$1 or \$2 above the minimum wage, it moves up your wages more. ... I'm having to pay more to a vast majority of my employees," he said.

Another recently passed law requires growers to pay workers for required breaks even when they're paid at a piece rate.

"You have to pay them at the rate they're earning" while they're picking, pruning or doing some other work. "It's very complicated keeping track

of the hours. It's an individual calculation for each guy," said Vasey, who is also president of the Tehama County Farm Bureau.

A similar formula is applied to paid sick leave for piece-rate workers, which employers also must provide, he said.

### Water worries

Coming off a four-year drought, California producers say they will also be more efficient with water — and pray the December deluge across much of the state will continue through the winter and into spring.

"I do the rain dance. ... It's all about water and rain, and we're off to a good start," said Marysville, California, rice grower Charley Mathews, a member of the USA Rice Federation's executive committee.

He's hoping California will receive at least average precipitation this year to ease drought fears, although forecasters say more than one wet winter is likely needed to end the drought.

"Hopefully we'll get a good couple of years," he said.

### Regulatory rigors

Dave Dashiell, a rancher in northeastern Washington state, has lost hundreds of sheep to predators in the past couple of years. He said state officials paid for 24 confirmed wolf kills in 2014 and attributed his 2015 losses to cougars, leaving the future of his ranch in doubt.

"You can make long-term plans and to a certain extent we've kind of done that, but then all of a sudden the state decides we need to be out of the sheep business — that is the biggest thing holding us up right now, and I'm not in a very good mood about it," he said.

He also pointed to regulations regarding sage grouse, waters of the U.S. and labor, saying, "They're working pretty hard to put everybody out of business that they can."

Dashiell said he and the Cattle Producers of Washington plan to emphasize to lawmakers the need for regulatory relief in 2016.

Eastern Washington farmer Aaron Golladay, first vice president of the state Farm Bureau, also said he hopes to slow the tide of federal and state regulation.

"We're going to get steamrolled on a lot of regulations coming. There's something new almost weekly right now," he said.

He said he wishes he could get environmental groups to understand that farmers "believe in the environment more than probably anybody else" and that regulations can have unintended consequences.

For example, "no-touch" riparian zones turn into kindling boxes that burn hot enough to wipe out all vegetation, opening the way for noxious weeds and poor water quality, he said.

### Projects and plans

Nicole Berg, a Paterson, Washington, wheat farmer and former president of the Washington Association of Wheat Growers, resolves to continue to tell agriculture's story to legislators in the year ahead and to see the various organizations in the wheat industry focus on the industry's strategic plan to move forward.

"With farming, change can be difficult, but it is always exciting to see some of the new things you can do with policy," she said.

As for resolutions, she said her family typically sticks with what they intend to do.

"Farmers, all in all, what we say is what we do," she said.

Ritzville, Washington, wheat farmer Mike Miller said he plans to be more conservative on the farm as margins shrink.

He also hopes to adopt a different marketing philosophy, to take better advantage of the highest prices possible.

As an officer on the board of U.S. Wheat Associates and member of the Washington Grain Commission, he also wants to see the industry focus on overseas markets.

In Oregon, nursery owner Angela Bailey believes 2016 will be a year of opportunity and resolves to be open to whatever change may accompany it.

"Just because we've always done something one way, doesn't mean we need to continue to do so," she said.

Bailey, second vice president of the Oregon Farm Bureau, owns Verna Jean Nursery east of Portland, and with her husband, Larry, sells specialty trees. She said 2015 was "great" for nursery sales, and that in itself poses some challenges.

"I will need to be deliberate, in the new year, in how I perform my duties in order to maximize my effectiveness in meeting all of our commitments. This will require some change in how I have historically operated," she said.

In addition, all Oregon agricultural employers will have to come up with creative solutions to issues such as a possible minimum wage increase, paid sick leave and other labor issues, she said.

"Don't even get me started with regulatory issues," she said.

With the average person now three generations removed from the farm, producers must engage and inform legislators regarding ag issues, she said.

"Engage with state and national lawmakers. En-

gage with the public. Each of us has the opportunity to affect change," she said.

### Business sense

Whether farmers and ranchers ultimately abide by their New Year's resolutions, they might want to take a little advice from an agricultural economist.

"No. 1, they've got to get their financials together to just see where they are," said Dave Kohl, professor emeritus of agricultural and applied economics at Virginia Polytechnic Institute and State University and a longtime partner in Northwest Farm Credit Services' development program.

A lot of producers don't like to do it, but it's the No. 1 priority. In this time of economic reset in agriculture, it'll be important to try to get a handle on projected cash flow, he said.

They should also schedule a meeting with their lender, and not wait too long to do that. With great wealth in the agriculture sector primarily in the rear view mirror, it's going to be critical to work side-by-side with their lender to gain flexibility and options, he said.

If the operation is showing negative margins, they better be prepared to build their case for financing, he said.

"Regulators kind of gave ag a pass last year, but I don't think it's going to happen this year. Building that case is going to be very, very crucial for some producers," he said.

On the positive side, there's opportunity if they've positioned for it, he said.

"If they set some cash aside, they're going to be able to get pretty good deals on equipment," he said.

In addition, some older farmers are thinking maybe it's time to cash in following that so-called "super cycle" of wealth; some pretty good assets are starting to soften, he said.

"Producers who have positioned themselves are going to be able to grow," he said.

But he cautions producers to get efficient before they get bigger.

"Bigger isn't better; better is better," he said.

He also advises producers to take a note from top-flight managers and sign up for three or four educational and training events and to network.

And they should make sure they take care of themselves — exercise, read, take time off, he said.

"I think that's imperative, especially where there's a lot of stress," he said.

The year ahead is going to be leaner in most commodities, and agriculture is operating in more challenging times than in the past. Producers can't control everything, but they are getting better at managing what they can, he said.

"Good times don't last forever, nor do bad times last forever. Things can change in a New York minute," he said.

Producers should keep that in mind and keep their chin off the ground during the year ahead, he said.

Capital Press reporters Matthew Weaver in Washington, Tim Hearden in California and Eric Mortenson in Oregon contributed to this story.

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Dave Kohl

professor emeritus of agricultural and applied economics at Virginia Polytechnic Institute

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