



In this 2014 file photo, Alfonso Martin helps pack apples for export at Valicoff Fruit in Wapato, Wash.

## Washington farmers are dumping unprofitable apples

SPOKANE, Wash. (AP)— A record crop of apples, coupled with the West Coast port slowdown earlier this year, is taking a toll on Washington apple growers.

Nearly \$100 million worth of apples that cannot be sold have been dumped into fields across central Washington, the nation's most productive apple region. The apples are being left to rot and compost in the hot sun, an unusual occurrence for an industry that has found ways to market ever-growing crops.

"If we wouldn't have had the port slowdown, we wouldn't have needed this," Todd Fryhover, president of the Washington Apple Commission in Wenatchee, said of the dumping.

He estimated that apple exporters lost at least three weeks of their season because of labor problems at West Coast ports. Along with a record supply of apples, that created surpluses that could not be shipped profitably to markets or processors, Fryhover said.

"It is unusual," Fryhover said.

The Washington State Tree Fruit Association estimated \$95 million in lost sales because of apples that could not ship, a figure Fryhover considers low.

Washington is by far the nation's largest producer of apples, a crop worth about \$2 billion a year to the state's farmers. The 2014 crop totaled a record 150 million boxes, which weigh about 40 pounds each. About a third of the apples each year are exported to more than 60 countries.

The labor dispute that hobbled international trade through West Coast seaports earlier this year didn't officially end until last week, when the union representing dockworkers announced its members had ratified a five-year contract. Union leaders had reached a tentative deal in February with the companies that own massive oceangoing ships that bring cargo to and from ports and operate the terminals where that cargo is loaded and unloaded.

Ports from San Diego to Seattle were all but shut down several months ago as the two sides haggled. Companies that accused workers of coordinated slowdowns decided to cut their shifts, shuttering ports on nights and weekends.

The tit-for-tat led to long lines of ships queueing outside of harbors, waiting for space at the docks.

Meanwhile, U.S. exporters complained that their goods — including apples — were stuck on the docks as foreign competitors filled orders that should be theirs.

The ports dispute created numerous problems for farmers. A big issue is that apples loaded into unrefrigerated containers sat on docks for weeks waiting to be loaded on a ship, Fryhover said.

The record crop also created a shortage of refrigerated storage space for the apples, which normally can be stored for months and sold year round.

The result is lots of apples became too ripe even to be diverted to juice.

## Treasurer: Pensions costs to raise due to inaction

By JONATHAN J. COOPER  
Associated Press

TIGARD — School districts and local governments will have to pay more for employee pensions because legislative leaders are blocking a bill to restructure the management of Oregon's investments, state Treasurer Ted Wheeler said Friday.

Wheeler has tried unsuccessfully for three years to convince lawmakers that his agency needs more independence from the Legislature to hire staff and make decisions about investments.

He says the current governance structure is too risky, and without more flexibility, investment managers will be forced to back away from Oregon's heavy exposure to private equity investments. Such a move would lower long-term investment returns in Oregon's \$70 billion pension fund — money that would have to be made up with higher contributions from taxpayers.

Wheeler, an elected Democrat, gave his warning in a joint meeting of the Public Employees Retirement System (PERS) Board and the Oregon Investment Council, which makes decisions on investment policy.

"The reality is ... more resources have to be squeezed out of our public education system and our municipal and county budgets," Wheeler said. "Here we have an opportunity to do something different, and the Legislature has chosen to squander it."

State and local governments are already looking at a steep hike in their retirement costs after a state Supreme Court

"The Legislature has ... squandered (the opportunity)."

— Ted Wheeler, Oregon Treasurer

decision in April that overturned the bulk of Public Employees Retirement System cuts that the Legislature approved in 2013. In a separate presentation Friday, PERS financial consultants said that the court decision will raise pension liabilities by \$5 billion. The court's decision allowed about \$1.3 billion worth of cuts to be preserved, the consultants said.

As a result of the court decision, the PERS experts expect that government employers will see their collective pension contributions rise \$690 million in the 2017-2019 budget cycle. On average, the cost will jump from an average of 18.2 percent of payroll to 21.2 percent, with more increases to come down the road.

The increases will be especially harsh for school districts. Compared with state and local governments, school districts have higher accrued retirement costs relative to the number of active employees.

Wheeler has pitched his "Investment Modernization Act" as a necessary step to avoid digging an even deeper hole. He says his agency spends too much on Wall Street investment managers because he lacks authority to hire staffers to do it. Money spent on managers can't be invested for growth.

He also says consultants have advised that Oregon can't properly manage the risk associated with complex investments if its budget and hiring are subject to the whims of legislators.

Senate President

Peter Courtney, a Salem Democrat who opposes Wheeler's initiative, said he's "not trying to stand in anybody's way," but he's reluctant to cede legislative oversight, particularly after he did so for Cover Oregon before it failed to launch a health insurance website.

Executive branch officials always complain they don't have enough autonomy, Courtney said. He has worked to get Wheeler more spending authority, he said, and the next treasury budget will allow for 24 more employees. The treasury's budget comes from investment earnings, not the general fund, but the Legislature imposes a spending and hiring limit.

"Like it or not, the legislative branch of government does exist in the Oregon Constitution," Courtney said in an interview. "I cannot just cut us loose from some kind of very serious oversight role in this."

A fifth of Oregon's pension fund is in private equity investments, which presents the opportunity for both high risks and high rewards. John Skjervem, the state's chief investment officer, said the Oregon Investment Council will meet next week to consider pulling about 2.5 percent of the pension fund out of private equity in favor of less risky — but also less lucrative — investments because of the Legislature's inaction.

"If we don't get the flexibility to staff the organization as it needs to be staffed, we will need to put limits on what we do," Skjervem said.

### BRIEFLY

#### Few Oregon community college students finish, audit shows

PORTLAND, (AP) — Only 24 percent of Oregon community college students reviewed in a state audit earned an associate degree or certificate within seven years.

The Oregonian reports that the audit, released Wednesday, found even lower completion rates for most students of color, with 15 percent of black students, 16 percent of Pacific Islanders, 19 percent of multi-racial students, 21 percent of Hispanics and 22 percent of Native Americans receiving degrees.

The Legislature has adopted a so-called 40/40/20 goal, meaning that 40 percent of adults would have at least a bachelor's degree by 2025. Another 40 percent would have at least an associate or technical degree, and 20 percent would have a high school diploma or equivalent. The audit didn't break out completion rates for individual community colleges.

#### OSU-Cascades weighs costs of campus plan

BEND (AP) — Oregon State University-Cascades has discovered it will take millions of dollars to make the 46-acre pumice mine on Bend's west side suitable land for a college campus.

The Bend Bulletin reports the costs to compact soil, reduce the slope of the mine's wall and haul in extra soil has been estimated at \$6.5 million to \$7.5 million.

A representative from the university says the decision on whether the costs are too high will be made by OSU.

Mike Walker graduated with an engineering degree from OSU and has lobbied against the OSU-Cascades' development plans. He says costs will be closer to \$10 million.

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