

# PGG: Co-op lost \$7.9 million in 2014

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Meanwhile, soft white wheat prices have fallen to \$5.69 per bushel in Portland, compared to \$7 last year. With such lean margins, farmers have started hedging their bets with other grain handlers in Umatilla County, including Gavilon, owned by the multi-billion dollar Marubeni Corporation.

"They can be pretty price-competitive," Jacobson said. "Some growers had that additional option."

Jeff Newton, who farms 7,500 acres around Helix, said he started using both PGG and Northwest Grain Growers, based in Walla Walla, to market and sell his club wheat. As rumors swirled around PGG over summer, he said some growers began forging relationships with other companies just in case something like this should happen.

"You see them selling off different parts of the business. We saw Gavilon and Northwest Grain Growers coming in and taking parts of the wheat harvest," Newton said. "The writing was on the wall there a little bit."

Umatilla County farmers grow the most wheat in Oregon by a wide margin. PGG was incorporated in 1930 after the stock market crash a year earlier, as local growers united to protect themselves against falling wheat prices.

But the co-op has suffered through difficult times in recent years. Jacobson was brought out of retirement to



EO file photo

**This 2014 file photo shows the PGG farm supply store in Athena. The property, along with numerous buildings in Pendleton, are headed to auction.**

manage PGG following the resignation of former CEO Allen Waggoner in May 2012. Waggoner's resignation came three months after the U.S. Department of Agriculture suspended PGG's warehousing license based on discrepancies found during a routine audit of grain transactions.

Waggoner, who now works for CHS Inc. in Pilot Rock and serves as president of the Agricultural Cooperative Council of Oregon, did not return messages seeking comment.

In an article published Aug. 27 in the *Capital Press*, Jacobson said PGG "didn't attend to business as they should have" in the past. The co-op recently overhauled its business model, slashing retail and agronomy divisions while laying off 158 employees.

Since last year, PGG closed all six of their retail stores across Eastern Oregon

as well as the automotive service center in Pendleton. It also sold the agronomy fleet to Crop Production Services based in Colorado.

All together, the co-op lost \$7.9 million in 2014. However, Jacobson remains optimistic, pointing out PGG's total earnings at the end of June were \$4 million better than last year.

PGG has consolidated its debt through CoBank and secured a \$20 million line of credit in June. Jacobson said other aspects of the business, including seed, energy and irrigation subsidiary Precision Rain, continue to do well.

PGG signed an agreement in June with McCoy Grain Terminal LLC, of Colfax, Washington, to market its grain handle for potentially higher bids. Selling the grain division is not a catastrophe, Jacobson said, but rather a prudent decision.

"You have to look at

the long term, not just the short term," he said. "We could either be a marginal company, or merge some of these assets and be a good, strong company."

Jim Williams, a third-generation Helix farmer, said his family has worked through PGG since the co-op's inception. He said the grain division is the hub of the company, and he's disappointed to see where the co-op stands today.

Williams said he has tried to stay away from the rumor mill, and refuses to place blame for what's gone wrong. He said he's always felt safe marketing his wheat through PGG, and will miss the local hands-on experience.

"This year especially, I felt it was important to support a company I had generations of equity in," Williams said. "I hope something comes of this that's positive for all the growers."

There is no timetable for a decision about the grain division. The PGG board will evaluate offers before bringing any proposal to a full vote of the members. Until then, PGG will continue to buy grain and operate as normal until a transaction is completed.

Williams said PGG has always done a great job of making money for local wheat farmers. It scares him to think that service could be lost.

"I hope it's not the end of the co-op," he said.

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# TAX: Umatilla County's largest taxpayer was Hermiston Power LLC

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fell to \$496,630. Chalmers said that value is based on what is happening in the real estate market, and it fluctuates considerably. The county, again, taxes the smaller of those values, thus the decrease in the tax bill.

Then this year, the real market value for the home increased to \$572,690 and the assessed value carried over from last year. Murdock's tax bill, then, shot up to \$9,828, about a 6 percent increase.

"There's lots of things I could do with that money besides paying taxes," Murdock said. "But taxes are the price of living in a civilized society."

New bonds also added to the bill. Voters last year passed a bond for Blue Mountain Community College at a rate of 23 cents per \$1,000 in assessed value. So a home with an assessed value of \$150,000, for example, would generate \$34.50 for the bond. In Murdock's case, the bond accounted for about \$123 of the bill.

Exemptions also play a role in property taxes, as Wynn Avocette of Pendleton found out. She saw her property taxes jump \$640 for a 1,300-square-foot manufactured home at Overlook Terrace. She said she bought the home in a private sale last year and found the \$1,788 property tax bill to be fair.

This year she was stunned to receive a bill for \$2,426.

After a lot of fretting, hand wringing and hair pulling, she said she talked to Chalmers, who explained the home had

previously belonged to a disabled veteran who had a tax exemption. She, however, did not qualify for that exemption.

Still, Avocette said, \$2,400 a year in taxes for a manufactured home with a yard that has erosion problems seemed high. Chalmers said the tax rate is the same across the board no matter the zone, from residential to commercial to industrial.

Farmland, though, is the exception. Chalmers said under Oregon law farmland is taxed on production values not on real market or assessed values.

And as usual, the largest taxpayers in the county are corporations, according to the assessment and taxation office. This year's top 10 and their tax amounts are:

- 1) Hermiston Power LLC — \$3,276,314
- 2) Hermiston Generating Co. — \$2,187,866
- 3) PacifiCorp — \$1,957,142
- 4) Union Pacific Railroad Co. — \$1,744,407.27
- 5) Wal-Mart Stores East LP — \$617,639
- 6) ConAgra Foods Lamb Weston Inc. — \$504,815
- 7) Snack Alliance Inc. — \$490,149
- 8) Charter Communications — \$464,153
- 9) Century-Link — \$424,152
- 10) Northwest Pipeline Corp. — \$401,472

And if you think there is a problem with your property value, Chalmers said the back of your tax statement explains appeal rights.

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# WHITE CASTLE: 10 other inductees also honored at dinner

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not like to eat anything but White Castle, so my mom and dad would take me there to make sure I ate," he said. "That's what started it."

When the family moved to the north side of the city, picking up a bag of White Castle sliders meant an hour-long drive, but that didn't stop them. Neither did an eventual move to Seattle, where the nearest White Castle was thousands of miles away.

"We would get freshly cooked White Castles and put them in our luggage and take them back to Seattle," Snyder said. "The smell would permeate the whole cabin."

His wife Karen said the tradition of bringing White

**"We would get freshly cooked White Castles and put them in our luggage and take them back to Seattle. The smell would permeate the whole cabin."**

— **Gene Snyder**, White Castle Cravers Hall of Fame

Castle sliders back from vacation continued after the couple married.

"We used to bring them home by the hundreds," she said.

He said out of all the foods that he missed after moving away from the Midwest, the reason he missed White Castle sliders the most was the restaurant's unique way of cooking the mini-burgers in a steamer surrounded by juicy onions.

"It's a whole different taste," he said.

Today the sliders are available in the frozen food section of some grocery stores in the Pacific Northwest, but it's not quite the same.

"I'm working on how to reconstitute these to make them taste like the new ones," Snyder said, holding up a box. "I'm really close."

When he saw a notice on one of the boxes calling for people to submit their stories of White Castle cravings he sent something in and then forgot about it,

figuring at most he would get a few coupons for free sliders.

Instead, the company contacted him with free round-trip tickets to the restaurant's headquarters in Columbus, Ohio, where Snyder and his wife were put up in a Hyatt hotel and treated to everything from a VIP museum tour to a buffet lunch of everything from White Castle's menu.

The trip culminated in a formal dinner where Snyder and 10 other inductees were honored by the restaurant and given a stack of gifts, including a book of recipes for White Castle menu items.

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# Army blimp breaks loose, floats over Pennsylvania

MUNCY, Pa. (AP) — An unmanned Army surveillance blimp broke loose from its mooring in Maryland and floated over Pennsylvania for hours Wednesday with two fighter jets on its tail, triggering blackouts across the countryside as it dragged its tether across power lines.

The bulbous, 240-foot helium-filled blimp eventually came down in at least two pieces near Muncy, a small town about 80 miles north of Harrisburg, as people gawked in wonder and disbelief at the big, white, slow-moving craft. No injuries were reported.

Fitted with sensitive defense technology, the radar-equipped blimp escaped from the military's Aberdeen Proving Ground around 12:20 p.m. and drifted northward, climbing to about 16,000 feet, authorities said. It covered approximately 150 miles over about 3½ hours.

As it floated away, aviation officials feared it would endanger air traffic, and two F-16s were scrambled from a National Guard base in New Jersey to track it. But there was never any intention of shooting it down, said Navy Capt. Scott Miller, a spokesman for the nation's air defense command.

The blimp — which cannot be steered remotely — eventually deflated and settled back to Earth on its own, according to Miller. He said there was an auto-deflate device aboard, but it was not deliberately activated, and it is unclear why the craft went limp.

# Iran to take part in Syria talks for first time

BEIRUT (AP) — Iran will take part in international talks on Syria for the first time this week, giving it a voice in the effort to find a resolution to the more than 4-year-old civil war that has so far defied even the slightest progress toward peace.

A crucial backer of Syrian

# WORLD BRIEFLY



Jimmy May/Bloomsburg Press Enterprise via AP

**An unmanned Army surveillance blimp floats through the air while dragging a tether line south of Millville, Pa., Wednesday. The 240-foot helium-filled blimp came down near Muncy, about 80 miles north of Harrisburg.**

President Bashar Assad, Tehran has been shunned from all previous talks on Syria. Its inclusion now marks recognition by the United States that no discussion on Syria's future can succeed without Iran at the table.

News of Iran's attendance outraged Syrian rebels, who said its participation will only prolong the conflict.

The gathering, which takes place Thursday and Friday in Vienna, will also put Iran in the same room with its most bitter regional rival, Saudi Arabia, raising the potential for tensions. The kingdom, along with other Gulf countries, has been funneling weapons to rebel factions, while Iran has sent financing, weapons and military advisers to ensure Assad's survival.

Iran's participation reflects its newfound place in the international community following the nuclear deal reached with world powers earlier this year. It also shows the seismic shift brought about by Russia's direct military involvement in Syria since launching a campaign of airstrikes on behalf of Assad last month. That intervention has emboldened Assad's supporters.

# Austria to build fence along parts of border

VIENNA (AP) — Austria, a strong critic of fences built to cope with Europe's migrant influx, on Wednesday announced it is joining other nations that have either already erected border barriers or are planning to do so.

Austrian Interior Minister Johanna Mikl-Leitner insisted the move was aimed solely at bringing order to the unrelenting influx of people entering the country, telling parliament there were no plans "to build a fence around Austria."

Still the project is a major shift for the country, which has preached the sanctity of unimpeded internal EU borders since the migrant crisis intensified earlier this year, and Mikl-Leitner herself used the word "fence" in earlier comments announcing construction plans at the border.

Slovenia, the main entry point into Austria, also said it was ready to build a fence, while Hungary has been championing the success of its razor-wire border fences with Serbia and Croatia and plans another one with Romania.

# SCHOOL: Teachers and staff received 3,318 stars

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In addition to submitting comments, survey takers were also allowed to rate the comments of other participants using a star system.

The district received a strong sample size, with 730 people participating in the survey, three-quarters of which were parents and the rest mostly school staff.

Survey takers deemed class sizes the biggest issue facing the district, with parents and teachers of primary school students expressing the most displeasure.

"I started the school year with 30 second graders," a Sherwood Heights Elementary School teacher wrote. "Last year I had 24 students. It is surprising what a difference 6 students can make. I believe we accomplished more last year and students had a better understanding of material."

Student behavior and discipline was also a large area of concern for participants, many of whom felt behaviorally challenged children were disrupting class to the detriment of other students and not enough was being done to address bullying.

"We are getting increasingly large amount of students with severe behavior issues," one commenter wrote. "These issues make it very hard to teach that student along with the other students. I feel there is very little support from parents and administration and teachers are left to handle it on their own."

The Smarter Balanced test and Common Core took a particular beating from parents, who felt teachers were dedicating far too much class time to testing and test preparation rather than teaching other academic subjects like social studies and science.

The comments directed toward the school district weren't all critical.

The top subject of praise by an overwhelming margin was the quality of teacher and staff, which received 3,318 stars.

Almost every school in the district received strong praise from parents, with Sherwood Heights Principal Theresa Owens, former McKay Creek Elementary School Principal Aimee VanNice and the front office staff at Sunridge Middle School singled out especially. VanNice has since become the principal of Washington Elementary School.

To a lesser degree, parents were also grateful for the variety of ways staff and administration communicate with them, which now includes email, text message and online access to report cards.

Superintendent Jon Peterson said in a statement that the survey gave the district some valuable input.

"These results help us identify those areas that people appreciate about our schools and what is working well and give us insight into areas for improvement," he said.

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**HALLOWEEN COSTUME CONTEST**

**OCT. 31<sup>ST</sup> 10:00 PM**

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