

Oregon Sweet Cherry Commission
Regular Commission Meeting
Columbia Gorge Community College,
400 E. Scenic Dr., Bldg. 1, Rm. 1.354
The Dalles, OR
June 7, 2013 2:00 p.m.

Megan Thompson, Chairwoman, called the meeting to order at 2:00 P.M. The following Commissioners consisting of a quorum including Megan were present: Steve Agidius, Andrea Galloway, Dan Crouse, Jeff Heater, Jim Markman, Tim Ramsey and Bryce Molesworth. Brian Tuck, Mid-Columbia Area Extension & Experiment Center (MCAREC), Eric Shrum, Western Ag Improvement and Administrators Dana Branson and LeRoy Nickerson were present. Commissioner Stacey Cooper, Kris Anderson, ODA Commodity Commission Program Manager and Theresa Yoshioka, International Trade Manager from Oregon Department of Agriculture (ODA) joined the meeting within ten minutes of the call to order.

Minutes

The minutes of the April 11, 2013 meeting were emailed in advance and available at the meeting. *Jeff Heater moved and Bryce Molesworth seconded to approve the minutes as submitted. The motion carried unanimously.*

Financial Reports

The financial statements for April and May were emailed in advance and available at the meeting. Dana told the Commissioners that she will reclassify the amount that has been paid for website development from Office Expense to Grower Communications. She also informed the Commissioners that Cascade Central Credit Union has been approved by the state to hold public funds that will be insured for the full amount over the usual limit of \$250,000. LeRoy Nickerson, co-OSCC Administrator, is a volunteer on the Board of Directors for Cascade Central Credit Union and recused himself from the presentation to avoid a conflict of interest. Dana has transferred \$500,000 out of US Bank to Cascade Central to take advantage of a slightly higher interest rate. There were no questions. *Jim Markman moved and Jeff Heater seconded to accept the reports as submitted. The motion carried unanimously.*

Administrator's Report

Dana went over some information from a conference call that NW Horticultural Council (NHC) set up with various representatives of state water districts. She talked to Brian Nakamura regarding his impressions of the call. NHC was trying to encourage the water districts to take on the testing responsibilities, but with many open systems they were not agreeable to that suggestion and didn't think they could accept the responsibility. One concern regarding the proposed Food Safety Modernization Act (FSMA) rule around each grower having to test their own irrigation water is that there aren't enough labs in the area to handle all of that work, but with the possibility of more business that may change. Other concerns are the costs to the grower and the lack of control that individual growers have

over the water supply. The comment period for the FSMA rules has been extended to September 16 to give everyone more time to refine their comments.

Dana emailed a copy of the Operational Plan for the marketing plans received from NW Cherries and National Cherry Growers & Industries Foundation (NCGIF). There were no questions on the plan. There are no significant changes from previous years. *Dan Crouse moved and Steve Agidius seconded to approve and accept the plan as written. The motion carried unanimously.*

There are four open Commission positions and three applications from commissioners eligible for another term have been received by ODA. The last position is for the Willamette Valley. We will continue to look for a candidate and move forward with opening it up to other areas if a candidate is not found.

Each year the OSCC appoints representatives to the NCGIF board; they are authorized to have two representatives. In the past Bryce Molesworth and John Carter have been the representatives. Bryce is going off the commission, but will stay active as the NCGIF Promotions Committee Chair. Stacey Cooper attended the annual NCGIF meeting the last two years at John's request and she is willing to be an OSCC representative. *Andrea Galloway moved and Jeff Heater seconded to have John Carter and Stacey Cooper act as the OSCC representatives to the NCGIF for next year.*

The Budget hearing was opened at 2:15. The meeting continued with reports.

Chairperson's Report

Megan Thompson, Bryce Molesworth and Dana Branson attended the 5 State Cherry Meeting in Yakima on May 15th. The way crop estimates were handled was different this year in that each state broke out into it's own group and came up with a consensus. It was a little quicker to do it this way, but Megan missed hearing what the other states' growers had to say.

It appears that Oregon's crop looks better than some others with the exception of Eastern Oregon with an estimate of 36,500 tons compared to 38,676 last year. Andrea Galloway said the Milton-Freewater/LaGrande/Cove area had three different freezes with each successive one knocking the crop further off. There are some Royal Annes and Lamberts at the higher elevations that might have survived, but otherwise there will not be any significant fruit out of that area.

The Dalles crop looks good even though there has been damage to the early varieties, which were set light to begin with and then rained on. The estimate for the Northwest has been reduced to 18 million boxes and the early varieties in Washington were heavily damaged. California is finished for the season with about 8 million boxes.

Research Committee

Eric Shrum, Research Committee Co-Chair, went to the Prosser Experiment Station on Tuesday, June 4 and met with Dena Ybarra, WA Research Committee

Chair and Nnadozie Oraguzie, Researcher for WSU. They looked at the test plots of cherry varieties that have been grown for evaluation. Eric reported there are several horticultural practice issues that make it difficult to determine how the trees are doing. For example, the heading cuts were made too high. Also in the block where the crosses are planted those specimens that don't have any fruit have not been culled out and because the plantings were close some trees are being shaded. They have little chance of producing fruit to evaluate. Nnadozie admits that he is not a horticulturist and a committee (Dena Ybarra, Jeff Cleveringa and Dave Allen) is advising him on a regular basis. The trees are being evaluated and characteristics are being documented, however, Eric thinks some choices need to be made and some samples eliminated. For example, he noticed one tree that one flower bud per spur and that would seem to indicate poor production so perhaps we should focus on others with more potential. The test site is windy and it makes it difficult to evaluate potential fruit quality because many of the samples get damaged. The conclusion is that if the horticultural practices are not right it's difficult to tell if the cherry is any good and the specimens need to be culled or we need to reconsider the funding level.

Megan Thompson and Stacey Cooper also visited the site on Thursday, June 6th while in Prosser for the Washington pre-harvest orchard tour. They thought the plots had been improved over last year, but agreed that more needs to be done as mentioned above. The good news is that the program is ready to release 300 trees for on farm testing. Two Washington sites will be chosen for 100 trees each and we need to identify an Oregon location for the remaining 100 trees. It is an early ripening variety on Geisla 6 rootstock and it will either need to be planted close to Chelans or have some Chelans inter-planted with them. The ground should be fumigated. If you have suggestions, want more information or want to volunteer contact Eric Shrum or Megan Thompson. When the test plots in Prosser harvest promising fruit they will begin sending samples to Lynn Long, OSU Extension, for evaluation.

Tim Ramsey suggested that a letter should be sent to the appropriate management at WSU regarding the OSCC review on the test plots and cultivar development program. They need to be made aware of the concerns from the Oregon growers and that the funding may be in jeopardy.

The budget hearing was closed at 2:39 and the discussion continued.

Steve Agidius moved to have Dana work with Eric to draft a letter to the appropriate agency/person regarding specific improvement suggestions and concerns. Andrea Galloway seconded and the motion carried unanimously.

The other agenda item under the Research Committee was to set a date for the Research Priority Setting meeting. Washington wants to do it via email instead of a face-to-face meeting. The OSCC agreed to have Dana send out an email to the Research Committee members listing the prior year priorities and asking for responses. Another suggestion was to send out the same list using Survey Monkey. Dana will look into that option as well.

2013-2014 Budget Discussion

A draft budget was sent out to the Commissioners and to growers in a newsletter in early May. The cash reserves for the OSCC have grown over the last three years because of the large crop in 2009 and the lack of appropriate research projects that the Commission wanted to fund. Two budget drafts assuming different levels of reduction in the assessment rates were calculated and copies were distributed to everyone at the meeting for discussion. There was a time when the reserves were below \$100,000, which would not have been enough to continue normal operations if there was a poor crop. The Commissioners at that time decided that a minimum of one year's funding should be the goal for OSCC reserves. Assessment rates were adjusted upward at that time to help build reserves. There was discussion regarding the administrative work that's required, the timing of the change, how handlers would be notified and various rates were calculated to judge the effect. It is usually not hard to reduce rates, but can be messy to raise them again if the need arises and the same administrative work will have to be done to raise them again.

Tim Ramsey asked the question – is the OSCC waiting for “good” research projects to come in or are we actively looking for them? With a healthy reserve the OSCC could put out an RFP for specific research that had the potential to really impact the industry in a positive way. A small change in the rate doesn't impact each grower's bottom line as much as a meaningful project could impact the whole industry. Everyone is aware of the issues facing us – labor, SWD, BMSB, FSMA – Tim thinks it would be better to continue the rates at the current level for these reasons.

After more discussion Bryce Molesworth moved and Jim Markman seconded to reduce each category rate by \$2.00. The motion carried with one nay vote from Tim Ramsey. To clarify the rates will be revised as follows: Fresh Market \$25, Brine \$10.25, Frozen and Canned \$4.75 per ton.

Dan Crouse moved and Steve Agidius seconded to authorize Dana to start the Administrative Rules revision process. The motion carried with one nay vote from Tim Ramsey.

The changes were made to the proposed budget. *Jeff Heater moved and Bryce Molesworth seconded to adopt the 2013-2014 budget as revised during the meeting to \$2,231,787. The motion carried unanimously.*

The nominations for officers for next year were opened. *Jeff Heater moved and Stacey Cooper seconded to nominate the same slate of officers as last year. The motion carried unanimously. Officers are as follows: Megan Thompson, Chairwoman, Dan Crouse, Vice-Chairman, Mike Halliday, Secretary/Treasurer.*

Northwest Horticulture Council Report

Megan and Dan attended the NHC annual meeting on May 23. Dan has agreed to be the trustee on NHC for the OSCC for next year. NHC has hired a new

employee, Laura Grunenfelder, as part of their transition planning. It's a small organization and at least three of the staff are approaching retirement age. There are no firm dates set yet for anyone to retire, but this will help with continuity. Debbie Carter is working hard on the FSMA rules and NHC staff help keep us informed and up-to-date on the latest issues.

T-Revenues and Insurance Guarantees

Jim Markman noted crop insurance for sweet cherries produced in Oregon is not cost effective and there seems to be a wide variance in Transitional Revenue between Washington State and Oregon State. It was also noted many Oregon sweet cherry producers deliver and pack their fruit in Washington State which may contribute to wide variances when establishing Transitional Revenues in Oregon. It was suggested OSCC write a letter to Risk Management Agency with some supporting information, which illustrates the variance in an attempt to correct the situation. Jim provided a draft letter written with input from Drew Killian, RVP Northwest Farm Credit Services Insurance Agency. Dana will get it on OSCC letterhead for Megan's signature.

OSU Research & Extension Report

The cherry block planned and partially funded by OSCC has been planted at the station. Brian is still working on next year's budget and hoping to maintain the same level as last year. He has made some administrative staff adjustments to allow for hiring a farm manager, which will improve coverage if someone is out and improve safety. He handed out a flyer for the MCAREC 100th Anniversary Celebration event.

Old Business

There was no old business.

New Business

Kris Anderson said the DOJ is making some changes in the contracts for commission administrators and other independent contractors. The OSCC officers sign the contracts and agreements, not the contract administrators, so the OSCC may not need to make all the changes. Kris reminded the group that recent legislation allows commodity commissions to change their accounting year to a calendar year if it fits their cycle better. This was in response to the timing of approval of the Operations Plan and the budget.

Theresa Yoshioka talked about her background and her position as International Trade Manager at ODA. There are buyers/ and trade missions that sometimes like to come out and see where and how things are grown so she might call on us.

This is Bryce Molesworth's last meeting. His term expires as of June 30th. Thank you, Bryce, for your dedication and work as Research Committee Chair and other positions and projects. He will be missed.

The next regular meeting is scheduled for **Tuesday, August 13, 2013** beginning at 10:00 a.m. in Portland at the Food Innovation Center, 1207 NW Naito Parkway

in the upstairs classroom. Please note the date had to be changed from what we decided at the end of the meeting because the room was not available on August 15th.

The meeting adjourned at 3:59 p.m.