

## **Minutes of the Bargaining Council, Perennial Ryegrass Price Negotiations**

Supervised by the Oregon Department of Agriculture

April 5, 2004

The meeting began at 1:30 p.m. on April 5, 2004 at the Oregon Department of Agriculture headquarters in Salem, Oregon.

Brent Searle, Special Assistant to the Director, acting as the Director's designee, supervised the negotiations.

### In attendance:

Perennial Ryegrass Bargaining Association (PRBA): Jim Carnes (Ex. Director); Board Members -- Ron DeConinck (President), Phil Hawman (Vice President), Don Fisher (Secretary/Treasurer), Dan Sandau, Ron Quiring, Dave Vanasche, Dick Lundy, Dave Malpass, Mark Reiling.

### Seed Dealers:

Steve Tubbs (TMI), Greg Hagen (Cascade International Seed), Roeland Kapsenberg (Barenbrug USA), Dick Olson (ProSeeds Marketing), Bill Dunn (Seed Research of Oregon), Mike Baker (Pennington Seed), Bill Gallagher (LESCO, Inc.), Crhis Claypool, Steve Rusconi (Simplot/Jacklin Seed), Pat McClain (Burlingham Seeds), Kevin Turner (Scotts Seed), Chris McDowell (Pickseed) Gary Cooper (Production Service), Mike Berger (AMPAC Seed Co.), Rich Underwood (Innovative Seed Marketing), Gordon Zielinski (Turf-Seed, Inc.), Scott Ross (Forbes Seed), Claus Sass (DLF International), Todd Bond and Troy Kuenzi (Mountain View Seeds).

### **Proceedings:**

Following introductions, Brent Searle, ODA representative supervising the meeting, began by stating the role of the Oregon Department of Agriculture is to actively supervise the discussions and facilitate dialogue to assist the parties in discussing price-related factors for Tournament Quality perennial ryegrass under contract between dealers and PRBA grower members. It is the intent of ODA to consider the recommended negotiated price, if reached, in setting the established price as provided for pursuant to HB 3811 (2001 Legislature).

All dealers present at the negotiations meet the definition of "dealer" as contained in ORS 646.515, pursuant to HB 3811, and are licensed seed dealers in Oregon. All dealers present are involved with grower contracts of members of the Perennial Ryegrass Bargaining Association cooperative.

The PRBA read and submitted into the discussion record the following statement:

"Representatives of the PRBA are attending this bargaining session to discuss the potential 2004 crop year production of turf type perennial ryegrass seed, projected carryover as of July 1, 2004, export and imports of turf type perennial ryegrass seed, and to consider and negotiate a PRBA member grower price for Tournament® Quality perennial ryegrass under various seed

production service agreements for the crop year 2004, in accordance with legislation HB 3811 (2001).

“Under legislation passed in the 2001 legislative session and signed by the Governor in May 2001, the Oregon Department of Agriculture is directing the discussions and bargaining between the PRBA and dealer representatives, who represent those companies producing and marketing the majority of the production of Tournament® Quality turf type perennial ryegrass seed produced by members of the PRBA; and the Department of Agriculture is directing the negotiating parties to use criteria which the department has drawn from HB 3811 (2001).”

(Dealers present represent more than 90% of contracted PRBA grower production. The PRBA represents 115 growers who are members of the bargaining cooperative.)

The agenda for the meeting was distributed and included the following:

1. Discussion of factors affecting potential acreage and yields of the 2004 crop
2. Contracted acreage estimates for turf perennial ryegrass, certified & uncertified
3. Projected carryover into July 1, 2004
4. Imports/Exports and production in other growing areas
5. Movement of seed for 2003 and expected demand/movement for 2004 crop
6. Cooperative efforts to increase demand
7. Contract issues
8. Price negotiations for the final 50% of the 2004 crop -- today or another meeting?

ODA distributed acreage information from 15 dealers, which indicated that approximately 85,000 acres were under contract for certification, and another 54,000 was under contract for non-certified perennial ryegrass production. Additional non-contracted acreage and transitional acreage added to these produced an estimated 150,547 acres for the dealers who voluntarily provided this information to the department.

The amount of certified acres as a percentage of reported contracted acres is higher than historic standards, and this may be due to fields being registered to gain field history data, but not accurately reflecting what will ultimately be certified.

Discussions between the participants placed estimated acreage for all dealers in the 170,000 to 180,000 range for the 2004 crop.

Proposals relating to better reporting were discussed, ranging from mandatory field registration by variety type to voluntary reporting by growers. It was suggested that a subgroup of interested parties could pursue these ideas to see what options might be available to enable a better reporting of actual acreage. ODA will work with interested parties to examine these options.

Projected carryover into 2004 is minimal.

PRBA distributed historical and projected data for perennial ryegrass seed production in Oregon (1989-2004) as compiled by Oregon State University Extension Service. It was acknowledged that these estimates are based on field observations, discussions with growers, and experience interacting with industry, but the production and carryover estimates are questionable. The data shows an estimated 186 million lbs. of carryover that would be present using this figures, which doesn't fit with what is actually available (very little).

It is acknowledged that turf type perennial grass seed production is taking place in Canada, Minnesota, Europe and other locations, but the yields are considerably lower than in Oregon. PRBA distributed import and export data. Imports are up slightly from 2002-03, but lower than in the prior 5 years. The decoupling of subsidy payments in Europe and the lower dollar bode well for Oregon production. Exports are trending upward.

PRBA distributed its TQ tag logo and related marketing information, indicating the grower organization interest in working with dealers to identify and "brand" their premium quality seed. A dealer who is participating in this effort stated his results were positive. Another dealer noted that there is more seed being marketed as tournament quality than is being labeled with the TQ tags that are registered by PRBA. In response to a question by a dealer, PRBA indicated that TQ tagged seed is increasing and presently represents about 16 million lbs. of production.

ODA distributed a guidance document developed to assist growers and dealers address contract language and pricing issues to minimize confusion between PRBA grower members and non-member growers.

The parties moved into discussions about whether to negotiate the remaining 50% of the 2004 crop. It appeared all parties wanted to take some action at this meeting of the Council.

The group split into caucuses so the dealers could discuss their position and pricing interests. ODA was present and supervised the dealer's discussions.

Several options were examined, including:

- 1) leaving the first half of the 2004 crop as already negotiated (\$51/52/cwt.) and negotiating the remaining 50% at a later date;
- 2) negotiating the remaining 50% of the 2004 crop so that the entire crop was priced and recommended to the director for review and certification;
- 3) renegotiating the first 50% of the crop from \$51/52 to a price level that more accurately reflects current and expected market conditions; and
- 4) renegotiating some portion of the first 50%.

Options 1 and 2 were ruled out by the majority of the dealers; most favored option 3. A proposal was developed to revise the first 50% of the crop to \$59/60/cwt. for uncertified and certified, respectively, with another 25% of the crop negotiated within 60 days, and the final 25% negotiated by August 15, 2004.

The parties reconvened and this proposal was presented to the growers.

Another caucus was held to allow the growers to discuss the proposal.

After reconvening, PRBA indicated that their Board had voted to concur with the proposal to revise the initial 50% of production to \$59/60/cwt. and negotiate the remaining 50% in two installments, as indicated.

The meeting was adjourned at approximately 3:35 p.m.

The negotiated pricing structure agreed to be the Bargaining Council was drafted into minutes and presented to the Director with accompanying data and documentation.

The director reviewed and certified the negotiated price as the established price on April 7, 2004.