

Perennial Ryegrass Bargaining Council Subcommittee Workgroups

1. Data Subcommittee:

Objectives:

- a) Develop **definitions for reporting inventory** and discuss need to validate data;
- b) examining the need for **additional sources of data** and potential partners in gathering data, such as the USDA Farm Service Agency, Oregon State University, or the Oregon Agricultural Statistics Service;
- c) discussions of **other data issues** the parties feel appropriate, e.g., cost of production/operation for grower & dealers, etc.).

Subcommittee Membership:

Bill Gallagher, Lesco
Troy Kuenzi, Mt. View Seeds
Duane Klundt, Turf-Seeds
Steve Tubbs, TMI
Jack Sayer, PRBA Grower
Mark Reiling, PRBA Grower
Ron DeConnick, PRBA Grower
ODA staff assisting: Jim Cramer, Brent Searle

The Data Subcommittee developed the following recommendation for reporting of inventory seed by dealers:

Parameters/Guidelines:

- applies to all contracted seed
- dealers have "ownership" of all contracted seed
- "ownership" is transferred once a lot has been invoiced
- applies to all dealer transactions

Reporting categories:

1. sold, unshipped
2. unsold, unshipped
3. Other: outside Oregon/forwarded, including imports and distribution centers

These three categories should capture seed, whether at the farm level, at the seed dealer warehouse, or further out in movement to the distribution center level.

Inventory data would be reported in conjunction with filing of movement/assessment data to the Ryegrass Commission, i.e., quarterly.

Inventory as of September 30, 2005 should be reported to ODA by October 28, 2005.

Inventory as of December 30, 2005 should be reported to ODA by January 27, 2006.

Inventory as of March 31, 2006 should be reported to ODA by April 28, 2006.

Inventory as of June 30, 2006 should be reported to ODA by July 28, 2006.

Inventory as of September 29, 2006 should be reported to ODA by October 27, 2006.

2. Process Issues Subcommittee:

Objectives:

- a) Evaluate options (pros and cons) for **when** pricing negotiations might occur, and bring recommendations back to the Council;
- b) evaluate **participation** of grower-owned seed dealers in PRBC and possible guidelines for participation;
- c) examine options for **communicating with growers and dealers** who are not involved in the Council bargaining process.

Subcommittee Membership:

Mike Baker, Pennington Seed
Rich Underwood, Innovative Seed Marketing
Chris McDowell, Pickseed West
Scott Harer, Columbia Seeds
Al Pohlschneider, PRBA Grower
Dan Sandau, PRBA Grower
Ron Quiring, PRBA Grower
Tim Butler, PRBA Grower
ODA staff assisting: Brent Searle

The discussions were broad ranging and several items will be carried into the Long-range Subcommittee meeting. Recommendations of the subcommittee:

1. Timing

Negotiate 100% of the 2006 crop around August 15, 2006.

Negotiate 50% of the 2007 crop prior to planting in August or September 2006.

Negotiate 50% of the 2007 crop by August 15, 2007.

The subcommittee felt that pricing is best set prior to planting or after harvest; the "prior to planting" window is past for this year, so best to leave the negotiations to post-harvest when we have good inventory data from the improved reporting and we know production info. Then, moving into 2006 crop, set half the price prior to planting and half again after harvest.

This is only a recommendation and should be discussed by the full Bargaining Council in the not-too-distant future.

2. Grower-dealer participation: the subcommittee believes that inclusion and participation is a desired part of the Bargaining Process (the more parties involved, the better). The committee developed recommendations for a "participation declaration" to ensure there is no conflict of interest and to clearly delineate how the parties are participating. This was distributed to all dealers and grower-dealers.

3. Invite any growers and dealers (whether they have PRBA membership or not) to attend the Bargaining Council meetings as observers if they so desire.

b. Distribute the minutes of the Bargaining Council more widely, including through OSTA, the Ryegrass Commission, PRBA's website and distribution to its membership, and any other method that has merit.

3. Long-range Market Structure Subcommittee:

Objectives: Evaluate long-term industry structural issues, such as various options to balance production needs with demand, new marketing initiatives, new product uses, alternative cropping options, etc., with the goal of increasing demand and economic viability of the industry.

Subcommittee Membership:

Greg Riches, Lesco

Trevor Abbott and Terry Ross, Pennington

Bill Dunn, Seed Research

Jay Burr, Scotts

Bob Vanderzanden, PRBA Grower

Terry Etzel, PRBA Grower

Dave Vanasche, PRBA Grower

ODA staff assisting: Dalton Hobbs (or other ADMD staff), Brent Searle

Have met twice with several invited guests.

- The industry has developed markets for the increase in grass seed production that has occurred over the past decade (GOOD NEWS), but it also appears that the current market segments are getting saturated and that market demand is leveling off due to a number of trends (BAD NEWS).
- Oregon holds the premier status as a grass seed production area (GOOD NEWS), but the industry is fragmented, doesn't have a good sense of broad trends in the consumer/demand areas, and may be subject to similar influences that affected the strawberry industry -- producing a top quality product that the public/food industry tired of -- new trends were leading the market a different direction and the Oregon industry did not respond (BAD NEWS).
- The subcommittee feels there is a need for a **comprehensive industry market analysis** to determine significant market trends, key demand characteristics in different market segments and how the industry matches up to these traits, and to evaluate whether plant breeding programs are in step with these trends.
- The **Bargaining Council could serve as a forum for industry leadership** in bringing the various fragments of the industry together to evaluate opportunities to collaborate, rather than chasing after low-cost production economics. The nursery industry is a good example of an ag sector that is acting as a "cluster," looking collectively at big picture items (like fuel/transportation costs), identifying value-added opportunities, and working collectively to address such.
- One potential **value-added opportunity** with increasing public interest centers around environmental stewardship and products that are "certified" in some manner. While this can be viewed as a niche market, even Wal-Mart and other big-box stores are recognizing the trend and seeking products that evidence good stewardship or "sustainable" production. A program could be developed to enhance the branding of Oregon grass seeds to evidence they are produced in a sustainable fashion.