

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 met on Monday, September 26, 2005 and 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.

Reporting quarterly will help in tracking inventory throughout the year and assist in data

evaluation in comparison to the Commission report on movement from growers to dealers. All company data would be reported to ODA and kept confidential; only aggregate data would be shared with the Council at large.

The Subcommittee also felt it would be helpful to have Chemeketa data on grower cost of production, and a summary of dealer costs of operation (royalty costs, transportation, etc.) as a reference point for the PRBC to track over time.

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 Process Subcommittee October 26, 2005 (thank you to the growers and dealers who participated, including Rich Underwood, Chris McDowell, Scott Harer, Dan Sandau, Tim Butler, and Ralph Fisher).

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 recommendations include:

a. Grower/dealers who are PRBA members who do not contract with any other growers for production (market only their own seed) can participate only as a grower in the bargaining process if they are on the PRBA board (any grower, member of PRBA or not, is welcome to attend the Bargaining Council process as an observer -- see item #3 below).

b. Grower/dealers who are PRBA members who do have contracts with other growers (at least one of whom must belong to PRBA), can have their marketing/dealer representative who is a separate legal entity/company participate in the Bargaining Council as a dealer, and that participant must always stay with the dealers -- no back and forth.

3. At the Bargaining Council we've frequently mentioned the need to broaden the involvement of more dealers and growers, or at least to make the information / process of the Council available to them. The subcommittee makes the following recommendations:

a. 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.

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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.

Subcommittee Membership:

Greg Riches, Lesco
Trevor Abbott, Pennington (Terry Ross, Pennington alternate)
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

The Subcommittee looking at long-range issues met on October 31, 2005 and had a very good, far ranging discussion. Present were:

Trevor Abbott, Pennington
Jay Burr, Scotts
Ralph Fisher, PRBA
Bob Vanderzanden, PRBA

Dave Vanasche, PRBA
Terry Etzel, PRBA
Dalton Hobbs, ODA
Brent Searle, ODA
Dr. Bill Young, OSU

ODA welcomed the group and initiated the discussion with some data from Dr. Young that displayed the dramatic increase in grass seed produced in the Willamette Valley over the past two decades.

The good news is that the industry has developed markets for the increase in production, 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.

A key point of the discussion noted that despite Oregon's premier status as a grass seed production area, 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 didn't want; they were looking for a fresh market berry for longer periods of market availability and the Oregon industry did not respond.

Recommendations:

- 1) While there are distinct differences with strawberries, there are also lessons to be learned. The subcommittee feels there is a need for a comprehensive industry market analysis conducted by Oregon State University, 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.
- 2) The group felt that 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. In looking at an industry cluster it is important to recognize economic sustainability for both producers and dealers.
- 3) 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. ODA has developed voluntary certification programs for fresh produce called "Good Agricultural Practices" (producers) and "Good Handling Practices" (processors/dealers) which receive an ODA inspection and certificate that follows the products to the end of the retail chain. This program has opened doors for Oregon products and even created premiums in some cases. A similar program (whether through ODA or other providers) could be developed to enhance the branding of Oregon grass seeds to evidence they are produced in a sustainable fashion.