

This week

California



California State Fair officials are saying a schedule shift is coinciding with boosted numbers of livestock competitors. After running many years of occupying the two weeks before Labor Day, fair staff voted in 2009 to shift this year's fair to July. **Page 9**

Idaho



Agents with Immigration and Customs Enforcement arrested 22 people in south-central Idaho during a three-day operation. The agency said it arrested 22 immigration fugitives, including one at a dairy. **Page 10**

Oregon

■ **As the local food movement has progressed**, more restaurants have turned to local and regional products to serve in their establishments, but few grow their own food. Meriwether's Restaurant in northwest Portland is exploring both options. **Page 11**

Washington

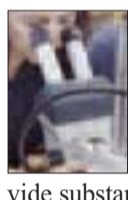


After overcoming neighbors' complaints of smell, Ostrom's mushroom farm is now dealing with wastewater discharge. In May, the state Department of Ecology fined the company \$88,000, citing 48 violations of groundwater pollution. **Page 12**

Profit Center



The price of Weyerhaeuser stock recently plunged as the market reacted to the timber company's upcoming stock-and-cash dividend. Though analysts say the transaction will basically be a financial wash for the shareholders, they will be taxed on the dividend. **Page 13**



A researcher at Oregon State University has developed a test kit that can dramatically shrink the cost and turn-around time for onion producers to learn if onions qualify as "sweet." The kit could provide substantial savings to growers in packing and storage costs and potentially increase access to some markets. **Page 13**

Orchards, Nuts & Vines



The increasing availability and emphasis on fresh foods is taking a toll on canned foods, including canned pears. The decline is mostly occurring in supermarket sales — use of canned pears through food service like restaurants, schools and prisons continues at a good pace. **Page 15**

Dairy & Livestock



Livestock groups and lawmakers are assailing a U.S. Environmental Protection Agency proposal to halve the level of dust allowed at farms and other businesses. Ranchers fear the lower level would be virtually unsustainable for many U.S. industries — particularly in arid climates such as in parts of the West, where dust levels are high. **Page 16**

Carbon legislation loses steam

Cap and trade boosters may regroup for another attempt later this year

By **WES SANDER**
Capital Press

While Senate Democrats have introduced a stripped-down energy bill because they didn't have support for a cap and trade system, supporters may try to get a

more comprehensive measure through Congress this year.

President Barack Obama, while criticized by environmentalists for not having pushed it hard enough, said this week he continues to support a price on carbon emissions, despite the concept having dwindled in popularity to the



U.S. Capitol

point that the latest Senate bill omits any climate-oriented proposals at all.

On July 27, Senate Majority Leader Harry Reid, D-Nev., introduced a bill that lacked both a cap and trade proposal and a renewable-energy standard. Instead it addresses energy efficiency and mitigation of the Gulf oil spill.

The bill expands the liabilities and financial burdens on oil companies, creates incentives for mak-

ing homes efficient and increases conservation funding.

Meanwhile Rep. Henry Waxman — the California Democrat and energy committee chair who co-authored the bill narrowly approved by the House of Representatives last year — has said he will try to insert a cap and trade provision into a reconciliation between Senate and House bills this year.

Turn to **CARBON**, Page 8

CSAs nurture farmers' links with customers

Farming operations cultivate subscribers, variety of vegetables

By **MITCH LIES**
Capital Press

Elizabeth Miller knew early in life that farming was in her blood.

After graduating from a small liberal arts college in Colorado, she interned for a year on an organic farm in California and made her way back to the family farm in Oregon's Willamette Valley.

"I always knew that I wanted to move back to the farm and farm," she said, "but I didn't know what direction it would take."

Miller's idea of farming didn't include growing the mint, alfalfa and carrot seed produced by her father, Rob Miller. Nor did it coincide with the size of her father's farm.

Enter community-supported agriculture, or CSA, and the local food movement. The movement blossomed about the time Miller was entering the workforce.

"It seemed like the perfect time and the perfect situation for the kind of person I am, and the kind of person my partner is," Miller said.

Three years into operating Minto Island Growers CSA, Miller and her partner, Chris Jenkins, are developing a niche and farming in the manner they prefer.

"My dad thinks we're kind of crazy in seeing the detail that goes into farming like this," Miller said. "But it's very rewarding."

Farmers have operated community-supported agriculture operations in the U.S. since 1986, but only since the turn of the century has the movement gained prominence.

By 2007, according to the USDA, more than 12,500 farms in the U.S. were selling products in CSAs.

"It is a growing trend in Idaho," said Lacey Menasco, trade spe-



Mitch Lies/Capital Press

Chris Jenkins and Elizabeth Miller grow a wide variety of vegetables on about 30 acres of the family farm reserved for farm-direct and CSA production.

cialist with the Idaho Department of Agriculture. "Farmers are always looking for a new niche in the market, and there is consumer demand for local products."

"It's a very steady way to have income and a known market base," said Patrice Barrentine, direct marketing coordinator for the Washington State Department of Agriculture. "The number of CSAs in Washington are growing substantially as more farmers are finding it is a viable way to offer what they produce directly to consumers."

In CSAs, customers pay in ad-

vance for a season's worth of fresh fruits and vegetables that are delivered weekly.

CSAs typically run 25 weeks, and cost consumers about \$20 a box. Some CSAs deliver as long as 42 weeks.

Minto Island, which has 100 customers and delivers for 25 weeks, include staples in boxes each week, such as potatoes, and tops off boxes with a mixture of vegetables.

The farm produces 30 different crops on about 30 acres, Miller said, not all of which are in production at any one time.

"The hardest part is planning out in advance to have a continuous harvest," Jenkins said. "It's hard to have the diversity as well as a continuous harvest so that there are no gaps in abundance of harvest."

"You're dealing with a diversity of crops and a diversity of life cycles," he said. "The management of our 30 acres is almost like running 500 acres of a monoculture farm."

The CSA movement includes experienced and new farmers.

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Federal subsidy sparks blowup over bark dust

Inflated biomass demand leaves nursery industry holding the bill

By **MATEUSZ PERKOWSKI**
Capital Press

Nursery producers are attacking a federal renewable energy subsidy that benefits forestland owners and others in the timber industry.

The USDA's Biomass Crop Assistance Program, or BCAP, aims to increase the amount of energy generated from agricultural and forestry wastes.

By artificially inflating the demand for woody materials, the program has driven up the cost of bark dust — a key component in soil mixes, according to a nursery industry group.

"It affects the whole supply chain, from growers to retailers to landscape supply companies," said Corey Connors, legislative relations director for the American Nursery and

Landscape Association.

The added expense is taking a financial toll on nurseries, which are already ailing from the housing downturn, he said. "BCAP could well be a job killer."

Friction over renewable energy is nothing new in the agricultural industry.

For years, livestock producers have blamed federal ethanol policies for boosting corn prices. The corn industry, not surprisingly, supports more ethanol production.

Similarly, biomass energy is seen as a new revenue source for the timber industry. For nurseries, however, rising demand for wood waste equates to reduced supplies.

"We've seen prices tick up and availability become an issue in the past several years," Connors said.

A representative of the nursery group recently testified at a House subcommittee hearing, alerting members of Congress to the "unintended consequences" of the subsidy.



Mateusz Perkowski/Capital Press

Angel Pacheco prepares to load bark dust into a mixer at the Alpha Nursery near Salem. A federal renewable energy subsidy has driven a wedge between nurseries, which need bark dust for soil substrates, and the timber industry, which sees biomass energy as a new revenue source.

The organization has also urged the USDA to exclude "bark, bark-based materials, landscape mulching materials, softwood chips and forest thinnings" from eligibility for

BCAP.

USDA pays biomass producers \$1 for every \$1 of material they sell to energy facilities, resulting in about \$245 million worth of payments

since BCAP was implemented in mid-2009.

The program was established by the 2008 Farm Bill and enacted by USDA last year on an interim basis. The agency is currently working on the final regulations for BCAP, which are expected to be completed by autumn.

Subsidies are needed to "jump-start" the biomass energy sector, since extracting woody material from the forest would otherwise be uneconomical, said Dan Whiting, communications director for the National Alliance of Forest Owners.

"It's critical because it helps to support the infrastructure and jobs needed to get more biomass into the supply chain," Whiting said.

Once a solid foundation has been established for the biomass energy sector, forestland owners will extract more material and alleviate any supply shortages, he said.

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Couple builds vigorous venture

Now in their second year of operation, couple makes plans to expand acreage

By WES SANDER
Capital Press

Fairfield, Calif. — Lily Schneider and Matthew McCue believe in farming.

They believe it brings people together, and they believe that although it's tough, it's a viable business for any young upstart.

"There's the myth, lots of people say you can't make a living farming," Schneider said. "Everyone has just (bought) into this idea. But thankfully we've had mentors who have helped us along the way and we've been able to have a business model that allows us to support ourselves." Schneider and McCue, both

in their mid-20s, run Shooting Star CSA, a community-supported agriculture operation in the Suisun Valley near the San Francisco Bay Area. Their 10-acre, leased farm is certified organic.

They are partners personally as well as in business, and much of their life together grows from a shared passion for growing food.

Schneider earned an agriculture degree at University of California-Santa Cruz. McCue spent time in South Korea and Iraq with the U.S. Army, worked in commercial fishing in Alaska and went to Niger with the Peace Corps.

They both had jobs on small farms in California when they met and sparked the idea. They chose the Suisun Valley just outside Fairfield, seeing an open niche.

They found themselves to be the first CSA in the area, and



Wes Sander/Capital Press
McCue works on the farm at Shooting Star CSA. The couple have had their operation for two years.

now claim status as the largest at their distance — less than an hour driving time — to the San Francisco Bay Area.

"It's actually been amazing how much support there has been from the farming community and people who like to eat vegetables," McCue said. "It's been a really good connection with the Bay Area and Fairfield."

They delight in offering obscure items, like the small, green, slightly spicy Padron chiles they're growing this season. They market their 28-week CSA subscription as a "seasonal adventure."

"People like to eat a lot of different things," McCue said. "It's kind of a culinary journey." Upon starting out, the couple received rejections from several banks before turning to USDA's Farm Service Agency, which extends loans to farmers encountering financial roadblocks.

The pair are now in their second year of operation, and are looking to expand next year to 12 acres from their current 10.

They can lease up to 20 acres from their landlord, but say they're working their way up by increments.

They don't have outside jobs to help support themselves. Instead, they put all their efforts into making their farm a success.

"I feel it's a luxury to be able to put my all into it," McCue said. "I see the day when we'll be able to loan ourselves the money for next season."

They started a website and blog, but made more traditional efforts, too. They handed out fliers, spoke with other business owners, started an open-house event. Now their subscribers number about 160.

They work in the fields and the adjoining barn, where they wash the produce and fill boxes for delivery. They hire some help through the year, and sometimes get help from friends.

Audit faults NCBA expenses

Organization promises to address accounting issues

By TIM HEARDEN
Capital Press

The National Cattlemen's Beef Association may be forced to return Beef Checkoff money after an audit documented improper travel and consulting expenses.

An independent audit done for the Cattlemen's Beef Board in February found many NCBA expenditures that either shouldn't have been billed to the checkoff or were insufficiently documented, the panel reported in a media release July 26.

For instance, the audit found NCBA billed as checkoff expenses the domestic and international travel costs of employees' spouses and travel for the purpose of setting up an insurance program for members, the release stated.

In addition, the audit claimed NCBA billed for time spent on non-checkoff revenue development and consulting fees relating to the organization's policy division.

Under a 1985 law, checkoff fees are paid by producers and buyers when cattle are sold and must be used strictly for research and promotion but not for advocacy.

As a result of the findings, the board will begin a more comprehensive review of the NCBA for fiscal years 2009 and 2010 and start reviewing the organization's spending monthly, beef board secretary-treasurer Robert Fountain said in a statement.

The more detailed review will determine how much money the NCBA will have to return, beef board spokeswoman Melissa Slagle said. She would not give an estimate of how much is owed.

"That amount has not been determined," she said.

Neither NCBA president Steve Foglesong nor a spokeswoman could be reached early Wednesday, July 28. In a statement issued July 27, Foglesong said the NCBA will correct any mistakes that were made.

"A compliance review has been conducted every year of NCBA's 14-year existence," Foglesong said. "There has been a transparent as well as full reconciliation of expenses when warranted. Every time there is a review, there are lessons, and we consider those an opportunity to fine-tune our processes going forward."

Further, Foglesong said the NCBA agrees with the beef board and its accounting firm, Clifton Gunderson LLP, that more specific guidelines are needed for all checkoff contractors.

"The accountant's inability to determine compliance on select items does not mean non-compliance," he said. "Rather, it is an indication that written guidelines are needed to achieve compliance."



Mitch Lies/Capital Press
Elizabeth Miller and Chris Jenkins grow a wide variety of vegetables on about 30 acres of the family farm reserved for farm-direct and CSA production. Their CSA operation has grown from serving less than 10 customers when they started three years ago to 100 customers today.

CSA offers option for newcomers, veteran farmers

CSA from Page 1

Jason Salvo and his wife, Siri Erickson-Brown, have operated Local Roots Farm in Carnation, Wash., since 2007. Their sole farming experience before was an inner-city vegetable garden.

"We sent out an e-mail to people we know and said: 'Hey, we're starting a farm. We're going to have a CSA.' And before we ever put a seed in the ground, we signed up 70 people who paid us \$300 each," Salvo said.

Salvo graduated from Seattle University law school and worked for an attorney for eight months before leaving the legal profession for farming.

"One of the reasons I didn't want to be a lawyer," Salvo said, "is because I wasn't interested in working 70 to 80 hour weeks. So instead I work 80 to 90 hour weeks."

"That part of it isn't the best," he said. "But owning your own business and being responsible for all the outcomes you are producing feels very satisfying."

Salvo and Erickson-Brown sell at four Seattle-area farmers' markets in addition to operating their CSA.

Jeff Bramlett and Carri

Heisler, who operate Pitchfork and Crow CSA near McMinnville, Ore., are similar to Salvo and Erickson-Brown. They, like the Carnation, Wash., couple are college graduates that grew disillusioned with their careers.

The CSA model — supplemented with farmers' markets — fit their dreams, and the two 28-year-olds last year decided to make a go of farming.

The couple leases 1.7 acres from an organic farm. Next year they hope to expand to 2.7 acres.

The farm currently pays for itself, they said. "We're trying to make the transition to where it pays for us, too," Bramlett said.

The couple both work off the farm during days and work the farm nights and weekends. They hope to buy their own farmland within five years.

"The fact that we have our jobs means we can always step back," Heisler said. "But we're going to stick with it."

On the other end of the spectrum, Carl and Nancy Hendricks are long-time farmers who operate Fresh to You Produce CSA in Stayton, Ore.

The family this year dedicated 15 acres of their fourth-generation farm to the CSA

CSA startups face hurdles

While CSAs are growing in popularity, the decision for producers to start one of their own requires some special consideration, said Larry Lev, professor in agricultural and resource economics at Oregon State University.

One consideration is that the farmer is signing a contract with the customers, and they are expecting their products weekly.

An operation considering becoming a CSA also needs a diverse set of products to offer their customers. With diversity comes the need for knowledge in growing different products and scheduling so customers will get their produce every week.

"Compared to a farmers' market, you need to be really sure you know what you're doing to meet the needs of the customer," Lev said. "In a farmers' market, if your

and pre-sold 25 weeks of fresh fruits and vegetables to 34 customers.

Nancy Hendricks said she decided to try the CSA mod-

crop fails you just don't show up."

Many CSA farms use additional marketing channels, like farmers' markets and restaurants, which can help provide additional income for the operation.

However, a viable business model can be constructed for a stand-alone CSA operation, which brings in a couple of other considerations.

CSAs are typically vegetable based, so producers need to consider the climate in their location and the size of their potential customer base.

"Many CSAs are not large in terms of acreage, but they are large in terms of sales," Lev said. "Some operations are huge based on production, which gives the notion that a CSA can be a serious business."

— Anna Willard

el after tiring of selling at farmers' markets.

"I got kind of burned out after eight years of that," she said. "I decided last year that

Elections likely to change lawmaker mix

CARBON from Page 1

Sen. John Kerry, who recently proposed legislation that included a scaled-down version of cap and trade, said after Reid introduced his bill that he'll likewise continue pushing for a comprehensive bill.

Most observers have yet to give the effort much of a chance.

"The major thing would be the outcome of the election," said Rick Krause, senior director of Congressional relations with the American Farm Bureau Federation.

If Democrats lose seats in the November elections, those voted out may feel little inhibition in pushing for unpopular climate measures, Krause said.

"I would say it probably won't happen," he said. "But by the same token, we've got

an eye out. The possibility for mischief is there."

A cap and trade system would limit the pollutants an operation could emit, but allow emitters to purchase carbon offsets to help meet those targets. An offset is a unit of carbon savings produced through emissions-reduction practices, including reduced tillage and other carbon-sequestering projects on farmland.

While many producers of orchard and row crops find relief in the fact that cap and trade seems dead for now, some in agriculture consider it a setback.

It was a disappointment to California dairy operators, who see opportunity for profit by selling power produced from methane digesters.

Cap and trade "is something we have to have," said

Michael Marsh, CEO of Western United Dairywomen in the dairy-rich San Joaquin Valley. "You've got to be able to pay for infrastructure for these digesters."

That's because investment and financing depends on the promise of strong markets for renewable power and carbon offsets that a national cap and trade system would provide, Marsh said.

Marsh agrees passage of the concept appears unlikely if a reconciliation effort fails this year.

"It's going to be tougher in the next Congress to get (a bill) out," Marsh said.

There currently exist few ways for specialty-crop producers to capitalize on a carbon market, and growers have expressed little faith that carbon-seque-

stration techniques would be developed soon, despite legislative proposals to charge USDA with boosting their development.

Manuel Cunha, president of the Nisei Farmers League, says producers can't afford more costs while air, water and labor rules have made compliance ever more expensive.

"Right now we can't afford to hurt business any more than we're doing," Cunha said.

The Farm Bureau says cap and trade would increase fuel, transportation and other input costs.

But the National Farmers Union says it supports cap and trade. Although it would cost industry in the short term, studies have shown cap and trade would prove profitable in the long run.

Timber companies defend subsidies

BARK from Page 1

"What we hope that would do is increase the total amount of biomass available in the marketplace," Whiting said. "You're creating incentives to push more product onto the marketplace."

The side effect of the subsidy is that bark dust prices get pushed up as the overall market finds its legs, said Roger Lord, a forest economist at the Mason, Bruce & Girard consulting firm.

A lot of woody material — such as branches and tree tops — is currently left behind by loggers due to difficulties with processing and transport, Lord said.

Subsidies will provide loggers with an economic reason to collect that material, prompting them to invest in mobile grinders and chippers that improve hauling efficiency, he said.

Transporting unprocessed forest slash is impractical, Lord said. "You end up hauling a bunch of air and water, which you don't want to do."

As processing equipment becomes more prevalent, waste materials would no longer be prohibitively expensive to extract from the woods — particularly as loggers hone their skills at such operations, he said.

"Given enough time, they'll make it economical," Lord said.