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### MINUTES

March 26, 2025

<https://us02web.zoom.us/j/82239894144>

#### Present

Kevin Klein, District VII-Barley / Chair  
Ty Jessup, Position 2-Wheat Industry Rep / Vice Chair  
Brit Ausman, District III-Wheat / Treasurer  
Mike Carstensen, District I-Wheat  
Ben Barstow, District II-Wheat  
Ben Adams, District IV-Wheat  
Nicole Berg, District V-Wheat  
Art Schultheis, District VI-Barley  
Brian Liedl, Position 1-Wheat Industry Rep  
Scott Steinbacher, WA ST Dept. of Agriculture Rep

#### Staff:

Casey Chumrau, Chief Executive Officer  
Mary Palmer Sullivan, Vice President  
Lori Maricle, Director of Communication  
Jake Liening, Market Development Specialist  
Sheila McCrea, Finance & Administrative Specialist  
Parker Dawson, Systems & Data Processing Specialist  
Shari McCarthy, Receptionist/Accounts Specialist

#### Visitors:

Industry, general public and media

#### Absent

Barley Industry Rep - *Vacant*

**Call to Order** – Chair Kevin Klein called the regular meeting of the Washington Grain Commission (WGC) to order at 9:00 a.m. on March 26, 2025.

#### Administrative

1. Additions to Agenda
2. Introductions and Roll
3. Open Forum – Public Comment Period. No visitors addressed the board.
4. Approval of Minutes – February 21, 2025. The minutes of the special meeting were circulated to the members of the WGC prior to this meeting.

Motion was moved, seconded and passed to approve the minutes of the special February 21, 2025 meeting as recorded.

5. Approval of Financials – Chair Kevin Klein reviewed the WGC financial statement for the month of February 2025 with the board as follows:

BALANCE SHEET FOR THE GENERAL FUND

February 28, 2025

Assets:	
Checking – US Bank	93,569.36
Petty Cash	188.47
W – US Bank Saving	1,148,638.19
B – US Bank Savings	44,227.19
W – Robert W. Baird Mmkt Acct	7,465.36
W – Robert W. Baird Investments	18,313,059.39
B – Robert W. Baird Mmkt Acct	232.68
B – Robert W. Baird Investments	244,580.74
Assessments Receivable	<u>133,980.47</u>
Total Assets:	<u>\$19,985,941.85</u>
Liabilities:	
Accounts Payable	22,561.26
ID Withholding Payable	366.00
WA Cares Fund	738.90
Paid Family Medical Leave	924.62
L&I Premium Payable	670.04
Unearned Assessments Revenue	133,980.47
Unearned Revenue (Renter Deposit)	<u>3,000.00</u>
Total Liabilities:	\$162,241.29
Equity:	
Retained Earnings-Current Year	1,499,144.65
Fund Balance (Unassigned)	11,424,555.91
Reserved Fund Balance (Assigned)	5,400,000.00
Marketing Reserved Fund Balance (Assigned)	<u>1,500,000.00</u>
Total Equity:	\$19,823,700.56
Total Liabilities & Equity	<u>\$19,985,941.85</u>

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Transfers and disbursements were reported to the board for the period of February 2025 and it was recommended that all transfers and disbursements be approved and authorized for payment. There were no voided checks.

Motion was moved, seconded and passed to approve ACH Transfers 393 - 409 and Checks #33222 – #33237 representing February 2025 expenditures.

- Assessment Collections / Investments – CEO Casey Chumrau presented the Analysis of Assessment Collection report which showed that as of March 17, the following amounts were received: barley assessments \$98,943; and wheat assessments \$4,751,240. Barley assessments are decreased by about half from the previous year at this time. It is anticipated that the earlier conservative target of \$4.8 million in wheat assessment income will be reached. It is estimated that another \$700,000 in wheat assessments will be collected over the next three months.

Current investment details of certificates of deposit and federal notes for barley and wheat, which are tracked separately per RCW 15.115.280, were communicated to the board. Combined CD and FN investments for barley totaled \$248,576; and wheat investments totaled \$20,054,064. Interest rates for new investment offerings with Robert W. Baird & Co. (RWB) are sinking lower. Some



investments have been called due before maturity (both FNs and CDs). Reinvestments are being secured but at longer maturity dates.

### **District Reports**

- Mike Carstensen (District 1: Ferry, Lincoln, Pend Oreille, Spokane, Stevens) – The crop looks fairly good in the whole area. Sprouted, with fairly good moisture. Some counties of the southern part of the district have seen the best conditions in the past 5-7 years, but in recent years, they have cut back on inputs to save money due to the low price of wheat.
- Ben Barstow (District 2: Whitman) – There are still areas that show signs of rain on frozen ground.
- Brit Ausman (District 3: Asotin, Columbia, Garfield, Walla Walla) – For the most part, the crop is there and made it through winter. People will make seeding decisions based on what will lose the least amount of money; they won't make money regardless.
- Ben Adams (District 4: Adams, Chelan, Douglas, Grant, Okanogan) – Snow is gone except in the Northern areas of the district. The wheat that is still covered in snow is mostly dead with snow mold. The crop looks good. People are starting to think about working ground, but not yet, due to it being so wet.
- Nicole Berg (District 5: Benton, Franklin, Kittitas, Klickitat, Yakima) – Seems the crop came through winter fine. If deep seeded, it looks better than direct seeded. In the irrigated parts, some are already planting peas as it's been 75 degrees the past few days. Things are growing, and people are scrambling to put spring wheat in the ground. People are working the ground in the area.
- Art Schultheis (District 6 Barley: Asotin, Benton, Columbia, Franklin, Garfield, Klickitat, Walla Walla, Whitman, Yakima) – The Colton, Pullman area received above a 1 ½ " above normal for moisture. Crop has taken off over the last couple of days. Food barley will be planted in the spring, but no malt barley. The crop looks good, the edge of the rim of the area, and nothing has been planted yet.
- Kevin Klein (District 7 Barley: Adams, Chelan, Douglas, Ferry, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens) – Most of the winter wheat is looking good. There is more juvenile (smaller, less mature) wheat in the area due to runoff from the end of February precipitation. People are still just getting started in the field.

### **Industry and WSDA Reports**

- Brian Liedl (Position 1-Wheat Industry Rep) – The world trading report has gone topsy-turvy with the moving goalposts, i.e., trade regulations. The USTR Section 301 review of Chinese vessels has brought trade to a halt. Tenders coming through are not getting as many bids. The trade for business for June 1 and beyond is at the slowest pace he has ever seen. Wheat prices are competitive, but they've slowed down due to the freight situation, which is impacting trade. Regular tenders for the North Asians and the Philippines are still coming through. The whole world is waiting to see what will happen with the USTR 301—waiting and watching. Russia and the Black Sea had very frigid winter weather with threats of winterkill.
- Ty Jessup (Position 2-Wheat Industry Rep) – Prices are seeing the impact of weather. It was dry in Kansas, the market went up, and then the market went down. It's a weather market. People have started to sell some of their crops. Farmers are further sold at this time than last year. Usually, people down the river sell faster than people up North, but this year seems to be flipping. Growers are selling faster paced this year but have slowed down in March, which is historically normal with faster pacing in February. There are no concerns with supply and new crop. He said that club plantings last year were roughly the same as the year prior, but that the supply should be bigger given the weather. If we have a normal crop, we should carry on just fine into the next year.



- Scott Steinbacher (Eastern Washington manager of the Warehouse Audit/Grain Inspection Programs, Washington State Department of Agriculture) – Deferred his time to WSDA Director Derek Sandison who was present.

### **Grower Services**

1. WAWG Update – Jeff Malone, Washington Association of Wheat Growers president, reported that staff attended Ag Day in Olympia on March 18. Ryan Poe testified on behalf of WAWG for HB1912. They are discussing dates for Wheat/Potato ag tours for the members of the legislature once the session is over. During their D.C. trip in March, the WAWG executive director Michelle Hennings met with the Office of Liaison in the Administration to discuss Lower Snake River Dams; potential tariff implications; and the Farm Bill. The National Association of Wheat Growers (NAWG) has not renewed their CEO's contract effective July 1, and it is unknown what the plan is for filling the position. Michelle Hennings has also been asked to participate on Congressman Baumgartner's Energy and Infrastructure Advisory Committee. WAWG worked with the WGC on tariffs and current U.S. Trade Representative (USTR) proposal section 301 regarding U.S. shipbuilding. They provided comments to USTR on March 24 with the WGC. WAWG will be hosting the annual Wheat College on June 4 in Ritzville at the Fairgrounds, featuring Wheat Pete.
  - a. Torrey Advisory Group – Tara Smith, executive vice president of Torrey Advisory Group, provided an update on what they do as a firm and their contract work with the Washington wheat industry, as well as an overview of what is presently happening with the new administration.
2. State Legislative Update – Mark Streuli, Streuli Public Relations, LLC, and Diana Carlen, Gordon Thomas Honeywell Governmental Affairs, reported that they wrapped up the 10<sup>th</sup> week of the legislative session. This past week, committees focused on hearing bills passed by the opposite chamber. The next deadline is April 2 when all bills must pass out of their policy committees. A lot of focus has been on the Agricultural Fuel Exemptions (Engrossed Second Substitute House Bill 1912), in which it makes it easier for farmers to receive the exemptions they were promised under the Climate Commitment Act for fuel used for agricultural purposes. Another bill they are watching closely includes Senate Bill 5360 concerning environmental crimes.

Legislators have now shifted to budget mode. Earlier this week, the Washington State Economic and Revenue Forecast Council released its latest revenue forecast, projecting a decrease of \$845 million in state revenue through 2029. Estimates of the state's actual budget deficit for the next four years range between \$7 billion and \$15 billion, depending on whether new proposals such as the state employee collective bargaining agreements are included that former Governor Inslee negotiated last fall. The Senate and House Democrats each unveiled their proposed revenue packages, including record tax increases, to deal with the budget shortfall. Senate Democrats went first proposing a \$17-billion revenue package, followed by House Democrats with a \$15-billion revenue package. The Senate plans to pass their budget on the floor on March 29 and the House on March 31. The proposed capital budget is slated to be released on March 31.

3. Industry Relations – Mike Miller, Washington Genetics, LLC, provided a report from representing WSU while attending the Council for Agricultural Research, Extension and Teaching (CARET) meetings the week of February 24 held in Washington, D.C. Mr. Miller also provided an update on the status of the USAID; USDA-ARS; and the administration's threat for tariffs. There is much uncertainty, and many don't know how things will be finalized but he encouraged the WGC to keep engaged. Many of the agencies are still not fully staffed and the employees there are trying to get up to speed. Implications of the new administration's course are being divulged on a daily basis.



**Market Development**

1. U.S. Wheat Associates – Mike Carstensen stated that USW is very grateful for the funding that the Washington wheat industry provides to their overseas offices. Most recently, the equipment purchase for the laboratory in South America. A string of generational retirements has started in USW throughout the world, and they are looking to conduct executive leadership training for those stepping into senior roles, which will require funding. The program is \$175,000. After some discussion, commissioners indicated they would like USW to seek additional state support, but would fund the program out of the market development special projects line item.
  - a. Southeast Asia Board Team Report – Ben Barstow related the purpose of the trip was to gather information on potential market opportunities and to strengthen existing trade relationships. To that end, the board team personally expressed the appreciation of U.S. wheat farmers for the continued purchase of U.S. wheat and they conveyed their commitment to providing wheat that gives excellent performance and value to the end user. Overall, his impression is that Thailand is becoming a milling and baking leader in Southeast Asia, similar to the position of Japan in the north. They are leading in the region in the consumption of Western White wheat flour for their high-quality products, and by example and demand, raising the sophistication of millers and bakers throughout the region. However, unlike Japan, these Southeast Asian countries present much more favorable demographics. The demand for soft white (SW) wheat, available only from the U.S., often spurs sales of other classes which are then co-loaded with partial cargos of SW. This is especially prevalent in the Philippines where many products are made with a flour made from a combination of SW and hard red winter or spring. Mr. Barstow was impressed by the cooperation among Philippine millers to equitably share cargos of U.S. wheat, lowering shipping costs for all. In all three countries visited, the leadership of milling and baking companies is constantly shifting and changing, requiring regular education efforts to re-demonstrate the value of generally higher priced U.S. wheat. The delegation was treated as high level dignitaries everywhere, but especially in the Philippines where he was asked to address the crowd at the opening ceremony of the Filipino Chinese Baking Association's Bakery Fair. While touring the product lines at URC (Thailand) and discussing some of the energy efficiencies achieved in those processes, it occurred to him that, to the extent that those efficiencies have been coached or suggested by USW personnel, the wheat industry and WGC have a great carbon reduction story to tell.
2. Barley Update – Mary Palmer Sullivan related that she participated in the National Barley Improvement Committee meetings in Washington, D.C. earlier this month and her trip report was previously emailed to the WGC.
3. Wheat Marketing Center – Brit Ausman said no meetings have been held since the WGC's last meeting, but that they are continuing to work on a method that will help their board navigate its building and business.
4. USTR 301 Rule Proposal – Presentation by Jay O'Neil, update from WA Genetics – Jay O'Neil presented information on the USTR rulemaking proposal related to the Section 301 investigation into Chinese shipbuilding.  
 Proposed Rule has two parts:
  - a. Port fee charged to companies with Chinese built vessels in their fleet Fee: \$500,000 - \$1 million depending on number of vessels in their fleet.
  - b. Statutory requirement that a certain percentage of shipping volume must be on U.S. flagged vessel, starting with 1% next year and increasing each year.
  - c. Fee to party who is charting ship – US company or otherwise.
 The proposed rule would be devastating for U.S. agriculture, and especially for wheat and Washington state which are heavily trade dependent.



The U.S. only has 4 commercial shipbuilding yards and 2-3 for military shipbuilding. China has over 45+ shipbuilding yards that do both military and commercial. Approximately 40% of the dry bulk fleet is built in China. The container fleet, 28-30%, is built in China. Ownership, 68-70% of dry bulk owners own Chinese-built ships. In the last 20 years, if you wanted to build a commercial ship, you went to China. The U.S. has less than 1% of the global fleet being built here.

While the underlying issue is real, this proposal is problematic.

- Encourages grain production elsewhere.
- Encourages ship building elsewhere.
- At end of day—still haven't accomplished the goal → don't raise enough money to expand our fleet.

#### Issues with Shipping on U.S. Flagged Ships

- a. Is a U.S. ship available? We don't have a large commercial fleet (68 vessels – need fact check)
- b. Cost is 4 times that of a world-flagged vessel.  
No one will choose U.S. vessel without a legal requirement to do so.

#### Other Considerations:

- When you build it, who will use it? That is a big challenge. Shipping would have to be highly subsidized - no one will pay 4 times the cost.
- We don't currently have the fleet to handle 2% of all commercial cargo; much less increase it by 1% each year.
  - 4-5 year wait for one new ship.
  - Only 2 merchant marine academies, most go into other industries. Don't have the crews.
- Panamax-\$30-40 million to build in China. Building in the U.S. is much more expensive.
- 85% of container carriers coming to U.S. have Chinese vessels in their fleet.
  - Fee would be charged at each port entry. If ship stops at multiple ports, there are multiple charges.
  - For large container ships like 15,000-20,000 containers typical of Longview, increase price \$75/container. Can absorb that.

Right now, the proposal is affecting the charter freight market as just like the grain market, the freight market looks forward to the future. The charter freight market is vying away from the U.S. due to this. They are wary of the uncertainty of what will happen in the coming months in terms of placing orders for the coming months. Some are asking for a risk premium to offset the risk of the levies incurring if they do go into place. Right now, in the U.S. flag fleet, even smaller sized vessels, we have 148. Not all those are operable. Some of them are 45-50 years old. For bulk carriers, for U.S. flagged vessels there are only 14 on the ocean right now.

- Mike Miller – This proposal is being driven by a few people, and they have a lot of sway with the White House. Hopefully, it's not the May deadline. It's being asked to be extended to the summertime.
- While USDA is willing to push back on this policy, they are not operating with a full team yet pending confirmations, and they are buried with everything right now. It's dismal, but the PNW is doing a decent job of making themselves heard. USTR is not fully staffed yet, either and they are buried in everything else that is going on, i.e., tariffs.

Washington Genetics Update – The push to place Food Aid under the USDA has seen a lot of failures. You have USAID, you have Food Aid, then you have DoD weighing heavily on what they will enforce. It is a struggle with knowing if Food Aid is in a good position. They want to keep Food Aid at the Secretary of State because of corruption. USDA doesn't have the bandwidth to do that, but the Secretary of State does with their global operations. He recently traveled to D.C. as the



cuts were taking place. There weren't a lot of visits on the Hill, but they had a meeting in the Canon Building where people would come to them to meet for two days. Research-wise, brutal discussions during the cuts and how it impacts WSU and WA farmers. Some federal workers are taking early retirement or other job offers.

### **Communications and Education**

1. Washington Grown – Executive Director Chris Voigt, Washington Potato Commission, provided a presentation on Washington Grown TV, currently airing its 12<sup>th</sup> season. The WGC provided sponsorship support to Season 11, which received a regional Emmy award. In 2024 the content also expanded to a print magazine circulated to a mailing list of 50,000 in the greater Seattle area and available at select grocery stores across the state. Total impressions of digital assets in 2024 are close to 24.5 million. With the expiration of USDA specialty block grant funding in September, Washington Grown TV is looking for additional partners at various levels of support to continue the program. The TV show production budget is approximately \$500,000. An exclusive offer for the WGC is to backstop the program funding with the Washington Potato Commission as co-producers. Mr. Voigt will follow up with specific details.

### **Research**

1. WSU Report – Dr. Rich Koenig, Department of Crop and Soil Sciences professor, Washington State University, informed the board that due to the President's executive orders, probationary employees that were terminated have now been rehired. There are still a lot of unknowns regarding the USDA related government grants, hirings, and programs and whether they will continue or be cut. WSU's new president, Dr. Elizabeth Cantwell, will start on April 1 and the College of Agricultural, Human, and Natural Resource Sciences (CAHNRS) dean search is ongoing. WSU is anticipating a 3%-cut to their budget from the legislature, however the CAHNRS is preparing their budget for up to a 10%-reduction scenario. Implementation will likely occur under the leadership of the new dean. They are also anticipating that they may have specific cuts to research, including the Soil Health Initiative. This is a long-term soil health research project that may get cut entirely. In addition, they are concerned about the federal funding of capacity funds. These include Hatch and Smith Lever funding that supports extension and land grant universities.

The USDA-ARS building construction progress is on schedule and is now fully enclosed, with the focus now on internal construction. As they move forward on the design and furnishings, WSU has been tasked with finding sponsors for the estimated \$1.05 million needed for completion. The plan will be to provide opportunities for individuals and organizations to sponsor rooms, offices and labs and includes name recognition. Dr. Koenig asked the WGC if they would consider funding this effort and the deadline for committing to this is July 1. Completion and occupancy of the building will be in March 2026.

2. WSU/ARS Committee Reports – Mary Palmer Sullivan reported that the WSU Cereal Variety Release Committee met and approved Mike Pumphrey's SW spring variety WA8327 for release and it was approved by the Agricultural Research Center's associate dean. In addition, she related that she continues to closely monitor the implementation of the President's executive orders and their impacts relative to WSU and USDA-ARS.
3. Evergreen Grain Consortium – Dr. Mike Pumphrey, WSU spring wheat breeding and genetics program professor, updated the WGC on the Washington Research Foundation's (WRF) grant opportunity to fund a transformational project in developing and improving grain products for human health. They are still working out the details on the grant submission, but he explained that the WGC could leverage the funding that they currently provide as leverage for the required match in funding. In addition, the WGC could consider providing a cash amount to be matched by the WRF as well. Dr. Pumphrey and Dr. Kevin Murphy are working on the details and will provide



a written proposal to the WGC for their budget meeting consideration. The total project would be for five years at levels of \$5 to \$10 million.

4. Vogel Endowed Chair – Dr. Arron Carter asked the WGC for feedback regarding the next steps with innovative technology and the winter wheat breeding program. He has incorporated some herbicide resistance and developed recent technology to combat herbicide resistant weed issues. Other areas of emphasis include improving quality, nitrogen use efficiency and nutritional value. He welcomed comments and suggestions from growers and encouraged them to reach out to him.

#### **Other Topics**

1. Derek Sandison, director of the Washington State Department of Agriculture, provided a state and federal update:
  - On the state level, both legislative houses have released budgets, with partial cuts to the soil health initiative that they hope to restore. Some form of pay reduction for state employees, possibly furloughs, is expected but has not been confirmed.
  - Regarding health and safety, there have not been any recent outbreaks in chickens or cows within the state.
  - At the federal level, the Biden administration previously cut \$900,000 from food safety, which, combined with recent state cuts, may affect inspections. Further reductions are expected for APHIS and food safety services, though Washington's lack of a meat inspection program offers some relief.
  - Significant funding cuts include \$9 million from the Local Food Purchasing Assistance Program, which supports food banks by sourcing from WA producers. WSDA is looking for alternate ways to fund and continue that program. Local sourcing for food assistance became a priority during the pandemic, with WSDA providing over \$1 million to keep food banks open. They are working with USDA to convert TFAP into a block grant, allowing the state to purchase food directly and reduce transportation costs.
  - Pre-2025 funding has been restored, with a possible extension to 2026, and resilient food systems grants have been reinstated. Conservation funding of \$19 million is potentially being shifted into a future Farm Bill baseline to aid its passage. Trade mitigation funds are also being pursued.
  - WSDA signed onto comments addressing Chinese shipping regulations, with modifications expected.
  - The state legislature eliminated funding for the WSDA brand promotion program, but efforts are underway to reallocate unused specialty crop funds to maintain a scaled-down version. Unresolved nuances remain in the attestation program, such as determining points of origin for commodities like cattle.

The board thanked Director Sandison for facilitating access to the governor's office to advance agriculture education among state stakeholders and for maintaining strong connections with commodity groups.

2. Budget Discussion – Chair Kevin Klein and CEO Casey Chumrau briefly outlined the expenditures to date highlighting areas of possible non-expenditures in some categories. WAWG Executive Director Michelle Hennings provided an overview of their budget request, which remains at the same amount. The proposed projects presented at this meeting were discussed; whether to fund, and if so, whether from this year's unspent line items or to draft for next year's consideration. All four projects were deemed important and the consensus of the board was to try to fund them all at some level: Washington Grown TV; USW executive training; WSU project funding; and USDA-ARS building furnishings. The board also considered the balance between market development



and research priorities, noting that the WGC maintains a marketing reserved fund to address issues like Section 301. It was stated that there was no need to add to any reserved funds. The commissioners were referred to WAWG's ranking of WSU research projects from the Review of the Review, which would be strongly weighed in the final passage. After some discussion, the following motion was made:

Motion was moved, seconded and passed to fund up to \$175,000 to U.S. Wheat Associates for their Executive Training project, empowering the two WGC representatives (Mike Carstensen & Ben Barstow) to ask other member states to support as well.

Kevin Klein related that this would be the last board meeting for Lori Maricle, whose last day will be April 4. He recognized and thanked her for her four years of superior service to the small grains industry as the Director of Communication for the WGC.

#### **Calendar & Travel Authority**

1. Approve Travel Authority

Motion was moved, seconded and passed to approve and authorize travel and virtual attendance as follows:

#### **Future Travel**

July 14-18

U.S. Wheat Associates Board Meeting, WA, D.C.

Mike Carstensen, Ben Barstow, Casey Chumrau, Jake Liening,

#### **Executive Session**

Motion was moved, seconded and passed to adjourn the public meeting at 4:05 p.m. and go into Executive Session for 40 minutes.

Motion was moved, seconded and passed to adjourn the Executive Session at 4:45 p.m.

Motion was moved, seconded and passed to convene and then to adjourn the public meeting at 4:50 p.m.

No action was taken following this Executive Session.

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#### **Date/Place Next Meeting**

Chair Kevin Klein designated May 14-15, 2025 as the dates of the next annual board meeting of the commission to be held at the commission office.

#### **Adjourn**

There being no further business before the commission, this meeting was adjourned at 4:50 p.m.

#### **Minutes Approval Signature**

Upon passage of minutes by board at subsequent meeting



Kevin Klein, Chair

Date