

CHIEF

Continued from Page 1

Co-op officials have searched for another lender, but most options have been exhausted and the chances of finding another lender are slim to none, Birdsall said. A third option — bankruptcy — is not being considered at this time.

"I'm still hopeful we'll find a way out, but my optimism is waning," he said.

If the co-op board decides to liquidate, CoBank would likely sell the co-op's assets and pay themselves first as the secured lender, Birdsall said. Co-op members would be paid with whatever's left over.

Bob Satrom with CoBank in Denver, declined to comment on Chief Wenatchee's position, citing client confidentiality. But he acknowledged there are widespread problems throughout the tree fruit industry.

Birdsall said he has been working with CoBank for more than a year, but at nearly every turn, the bank has declined to go along with the co-op's restructuring ideas.

"It's hard to see the growers who helped build this place filing bankruptcy," Birdsall said. "A co-op is only as strong as its grower base. It frustrates me no end that we're a victim of things outside of our control."

The prolonged recession in the tree fruit industry has many causes: continuing oversupply of apples, consolidation at the retail level, uncertain foreign markets.

"Most of those things we just can't change," he said.

The co-op had a long-range plan that foresaw a downturn, Birdsall said. Chief Wenatchee worked with investors to build tonnage and run its plants more efficiently. The co-op built a sufficient fruit mix to have a good marketing program.

But with returns to growers lower than break-even, investors lost interest, Birdsall said. The co-op couldn't get the financial support it needed to ride out the downturn. It doesn't look like it will be economically feasible for the co-op to continue operating.

If Chief Wenatchee can't find a way out, it could mean the loss of jobs for 200 employees and a payroll of \$3 million, Birdsall said. The co-op has sought help from local, regional, state and federal officials, but found indifference to the co-op's plight.

Most of the grower-owners of Chief Wenatchee have small- to medium-size operations, said Tom Bollinger, chairman of the board. The average age is about 55.

That makes Chief Wenatchee's problems all the more tragic, he said, since most of the growers are looking toward retirement. They face major financial losses that puts retirement security at risk.

"We'll try to persevere and carry on the best we can," said Bollinger, 66, a Quincy apple grower.

Co-op members shouldn't have

Growers sue Chief Wenatchee

At least two growers have filed complaints against Chief Wenatchee, alleging the fruit packing cooperative owes them money.

Donald C. Helgeson, representing the estate of Richard E. Helgeson, filed a complaint April 4 in Chelan County Superior Court alleging Chief Wenatchee owes the estate \$250,000 in investment certificates, \$370,000 for fruit sales held on open account, plus other amounts.

Robert E. and Janet M. Camp, doing business as Camp Orchard, Cherry Kingdom Orchard, Gold Orchard and Windsong Orchard, filed a complaint April 5, alleging Chief Wenatchee owes

them more than \$169,000 in certificates.

The certificates were a voluntary investment in the cooperative, said Brian Birdsall, Chief Wenatchee chief executive officer and president. The co-op offered the uninsured certificates, which Birdsall likened to certificates of deposit, to investors.

The repayment of the certificates will depend on Chief Wenatchee's lender, Denver-based CoBank, Birdsall said.

Greg Lair, Wenatchee attorney representing Helgeson and the Camps, declined to comment on the complaints while they are pending.

trouble finding another warehouse to handle their fruit, he said. The large number of acres being removed from production in response to the industry downturn means many warehouses are actively seeking tonnage.

Chief Wenatchee's woes are being experienced by many warehouses in the Northwest. Another grower-owned co-op, Chief Tonasket closed last year and Regal Fruit Co-op announced it will cease operations after it winds up packing the 2000 crop.

The blood on the floor isn't just from cooperatives — several private warehouses have also experienced financial difficulties and have closed or are downsizing.

The blood-letting is likely to continue, industry leaders said. In order for the tree fruit industry to reach a sustainable level, the oversupply of fruit will have to decline. That means more trees coming out of production, which in turn means more growers going out of business. A logical conclusion is that more warehouses will have to close as the fruit supply declines, sources said.

The industry acknowledges a need to restore balance between fruit supply and demand, said Jim Hazen, executive director of the Washington State Horticultural Association in Wenatchee. The tree fruit industry has been a vital part of north-

ington since the formation of the state, Hazen said. But it has largely been taken for granted.

"The industry hasn't done a good job of promoting the value of the tree fruit industry to the economy of rural communities," Hazen said.

The recession in the tree fruit industry, so apparent to growers and packers, is just now reaching the community level, he said. A domino effect from the problems facing Chief Wenatchee and other warehouses will have cities, counties and the state facing a devaluation of land, a shrinking tax base and lost jobs.

"There's a huge train wreck

QUICK READ

A look at some of the stories inside the Capital Press this week.

■ WASHINGTON APPLE COMMISSION CANCELS SPECIAL ASSESSMENT — The Washington Apple Commission pulled the plug on the goofy guy on the motor scooter whose antics were designed to increase apple sales and thus returns to the state's apple growers.

Page 4

■ AG CONTINUES TO FARE WELL IN WASH. LEGISLATURE — "People are interested in finding ways to help agriculture," said Linda Johnson, director of governmental affairs for the state's Farm Bureau. "They know the industry is going through hard times."

Page 5

■ OREGON ECONOMIC FORECAST ENVISIONS