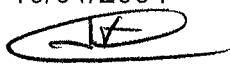


**Olympic Region Clean Air Agency
Penalty Assessment Recommendation
Economic Benefit Worksheet**

Name: Ostroms Mushroom Farm
NOV # 2198

Type of violation: Failure to file an NOC

Date worksheet completed: 10/01/2004

Completed by: JTK 

Economic benefit for this violation consists of the amount of avoided NOC fees.
Ostroms installed a 260,000 gallon open-air leachate tank and two aerated bunkers
without filing an NOC.

Applicable Fees

Filing fee	\$100.00
<u>Plan examination and inspection fee (odor source)</u>	<u>\$500.00</u>
Total avoided fees	\$600.00

ENF. HIST

32 NOV'S SINCE

~~LYNA~~

\$1,000 LEVEL IN 1985

\$10,000 IN 1993

?

1993(?) ICF PROPOSED

COMPLAINTS

PROCESS

CS - NEVER > 9 DAYS OUTSIDE
- SEE DATA SHEETS.

~~LYNDEN FACILITY~~ = ~~EVERSON~~?

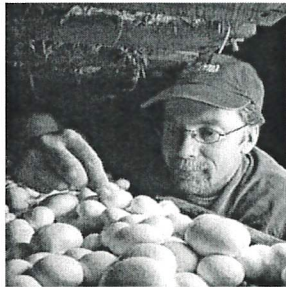
11 - 12,000 TONS STRAW - BOTH FACILITIES
COM R111/FA

COOPERATIVE PARTNERS ONLINE

[Home](#) [Member Services](#) [Search/Site Map](#) [Our Cooperative Sites](#)

[Send to a friend](#) [Print](#)

Partners Recipes



October 8, 2004

Mushroom Magic By Lani Jordan

Mushrooms may seem to appear by magic. A moist, shady spot, the right temperature and suddenly mushrooms materialize on your lawn and under your trees.

But when it comes to commercial mushroom production, the magic is in the painstaking process of consistently creating a fungus-friendly environment that results in a steady harvest that meets consumer preferences.

Tracking Perfection

Like all crops, quality is the key with mushrooms, says Clay Frederick, chief financial officer for Ostrom Farms, a commercial mushroom grower located on the fringes of Olympia, Wash. That process begins well before "planting."

Ostrom Farms holds a 60 percent share of the Pacific Northwest mushroom market, raising white agaricus and brown crimini mushrooms. The farm also markets the increasingly popular portabella mushrooms and other gourmet varieties raised by contract growers. While primarily serving the densely populated corridor from Portland to Seattle, Ostrom Farms ships as far away as Hawaii and Alaska. Customers range from retail consumers to pizzerias and other restaurants.

"The customer's idea of the perfect mushroom keeps changing," Frederick says. "A year ago, people wanted large, fresh, whole mushrooms. In the last few months, we've seen a shift to requests for medium-sized mushrooms."

The once-popular self-select bulk mushroom bins are disappearing from grocery retailers for both safety and quality reasons. Dropped mushrooms bruise and can pose a slipping hazard for shoppers, Frederick adds.

From Compost to Market

Good mushrooms begin with good compost, Frederick explains. It takes 21 days of near-constant attention to produce the perfect compost blend of dried poultry waste and wheat straw brought in from central and eastern Washington. The components are mixed with water, then regularly moved and "turned" on a massive conveyor belt system to ensure even, thorough composting.

Recently, Ostrom Farms expanded its business by not only preparing the 1,200 yards of compost it needs each week, but selling another 800 yards weekly to other growers as far away as Canada.

Following the compost process, mushroom production moves indoors. While most people associate mushroom growing with caves, Ostrom Farms produces its crop inside thick-walled buildings with precise temperature control. Large wooden trays are filled with perfected compost and sprinkled with mushroom "spawn," the equivalent of seeds, along with a nutritional supplement. After about a week, a layer of soil — a mixture of peat, sugar beet lime, linsate and water — is applied to each tray.

Inside a growing room, trays are stacked several high like mushroom bunk beds. There the trays form a mold layer and are treated with cool, oxygenated air to shock the spores into forming tiny mushrooms known as pinnings. Then it's on to the 5,400-square-foot picking room where mushrooms can grow to market size in a matter of hours.

In all, it's a nine-week journey from compost preparation to the third and final picking for each compost-filled tray. Each tray produces six to seven pounds of mushrooms per square foot, depending on compost and other conditions. The

Partners recipes

Find a recipe

Recipe archives

Contact us

Land O'Lakes Kitchens

- [Gold-N-Soft Apricot Butterscotch Cookies \(1/16/2002\)](#)
- [Gold-N-Soft Chocolate Chip Cookies \(1/16/2002\)](#)
- [Great Winter Warm-Up \(2/10/2003\)](#)
- [GREEK FETA CHEESE ROLL-UPS \(5/12/2004\)](#)
- [Grilled Steak with Tex-Mex Pasta \(7/1/2002\)](#)
- [Guacamole-topped Tortilla Chips \(1/31/2002\)](#)
- [Hearty Turkey Divan Bake \(6/10/2002\)](#)
- [Herb Buttered Corn \(7/1/2002\)](#)
- [Italian Spiced Meatloaf \(3/11/2002\)](#)
- [Key Lime Bars \(3/31/2004\)](#)
- [Lively Lemon and Lime \(3/31/2004\)](#)
- [Low-Carb Tortillas Track Consumer Trend \(5/12/2004\)](#)
- [Make-Ahead Ranch Mashed Potatoes \(3/11/2002\)](#)
- [Maple Pecan Danish Kringle \(1/13/2002\)](#)
- [Maple Pecan Pumpkin Pie \(11/26/2002\)](#)
- [Maple Walnut Creams \(1/13/2002\)](#)
- [Midwestern Chowder \(2/4/2003\)](#)
- [Missouri Cookies \(2/11/2002\)](#)
- [Mom's Butter Toffee \(1/2/2002\)](#)
- [Mushroom Magic \(12/8/2003\)](#)
- [No-bake Chocolate Drop Cookies \(6/10/2002\)](#)
- [Old-Fashioned Bread Pudding \(3/11/2002\)](#)
- [Orange Breakfast Scones \(6/4/2002\)](#)
- [Peppermint Brownies \(6/10/2002\)](#)
- [Philly Steak and Cheese Wrap \(6/4/2002\)](#)
- [Picnic Potato Salad \(6/3/2002\)](#)
- [Pumpkin Patch Treats \(10/20/2003\)](#)
- [Pumpkin Squares \(1/14/2002\)](#)
- [Ready-To-Go Bars \(7/8/2003\)](#)
- [Red Velvet Cake \(2/11/2002\)](#)
- [Rich Snowflake Bread \(1/2/2002\)](#)
- [Risotto 'n Stir-Fried Beef \(2/17/2004\)](#)
- [Sensational Salads \(7/2/2002\)](#)
- [Slice & Bake Lemon Crisps \(3/31/2004\)](#)
- [Snowball Cookies \(1/14/2002\)](#)
- [Soothing Soups \(1/10/2003\)](#)
- [South of the Border Burgers \(7/1/2002\)](#)
- [Stovetop Macaroni & Cheese \(3/12/2002\)](#)
- [Summer-Fresh Fruits \(7/7/2004\)](#)
- [Testimony to Hard Work and Heritage \(12/1/2002\)](#)
- [Tortilla Pinwheel Appetizers \(1/31/2002\)](#)
- [Tortilla Tailgating \(9/4/2003\)](#)
- [Turkey Club Roll-up \(6/4/2002\)](#)
- [Ultimate Chewy Brownies \(1/2/2002\)](#)
- [Ushering in Spring \(3/12/2003\)](#)
- [Walnut Banana Bread \(1/2/2002\)](#)
- [Winter Vegetable and Rice Soup \(2/1/2003\)](#)
- [Wrap and Roll \(9/15/2002\)](#)
- [Zesty Cheese Enchiladas \(6/4/2002\)](#)

[top](#)

Seed

- ['A' Students of Alfalfa \(1/14/2002\)](#)
- [Alfalfas of the Future \(10/20/2003\)](#)
- [Family Affair \(7/1/2002\)](#)

ATTACHMENT B

III. Whether Ostroms has substantially altered or expanded their operation after residential development has occurred.

Residential Development

The vast majority of the complaints that resulted in the issuance of NOV # 2172 came from the Christa Heights subdivision, which lies approximately two miles north of the Ostroms facility. The Thurston County Assessor's office website was consulted to obtain data on when these homes were built. All but one of these homes were built prior to Ostroms expansion, described below:

Complainant Address	Number of Complaints	Year built
3000 Hanna Ct. NE	1	1997
3001 Hanna Ct. NE	1	1997
3005 Hanna Ct. NE	1	1997
3009 Hanna Ct. NE	1	1997
8616 Sebastian Dr NE	2	2000
8635 Christa Dr NE	14	1998

Ostroms Expansion

The expansion of the Ostroms business in general the past few years is described in documentation included with Attachment A above.

The following are details on physical and operational changes to Ostroms operation of the Lacey site since 1999. Please refer to the enclosed aerial photographs, downloaded from the Thurston County Geodata website, which also illustrate these changes over the course of time.

1999 - Ostroms begins construction of the Phase 1 indoor composting facility under ORCAA NOC # 99NOC023. This project dramatically changed the way Ostroms produces mushroom substrate. Previously the Phase 1 composting was performed outdoors without a lot of control. This phase was moved indoors to a controlled environment with aerated slabs, automated tunnel filling conveyors and an extensive exhaust ventilation system.

2001 - Construction of two aerated bunkers and a 260,000-gallon open-air leachate holding tank. This equipment did not go through permitting by ORCAA and is the subject of NOV #2198. The new bunkers represented a significant increase in available wharf square footage for substrate production. Staff has identified the open-air tank as a significant contributor to off site odors.

Aerial Photos

The attached aerial photos illustrate the physical expansion of Ostroms Lacey site.

1992 - Before expansion.

2000 - After completion of the Phase 1 building.

2002 - After installation of the aerated bunkers and the leachate tank.

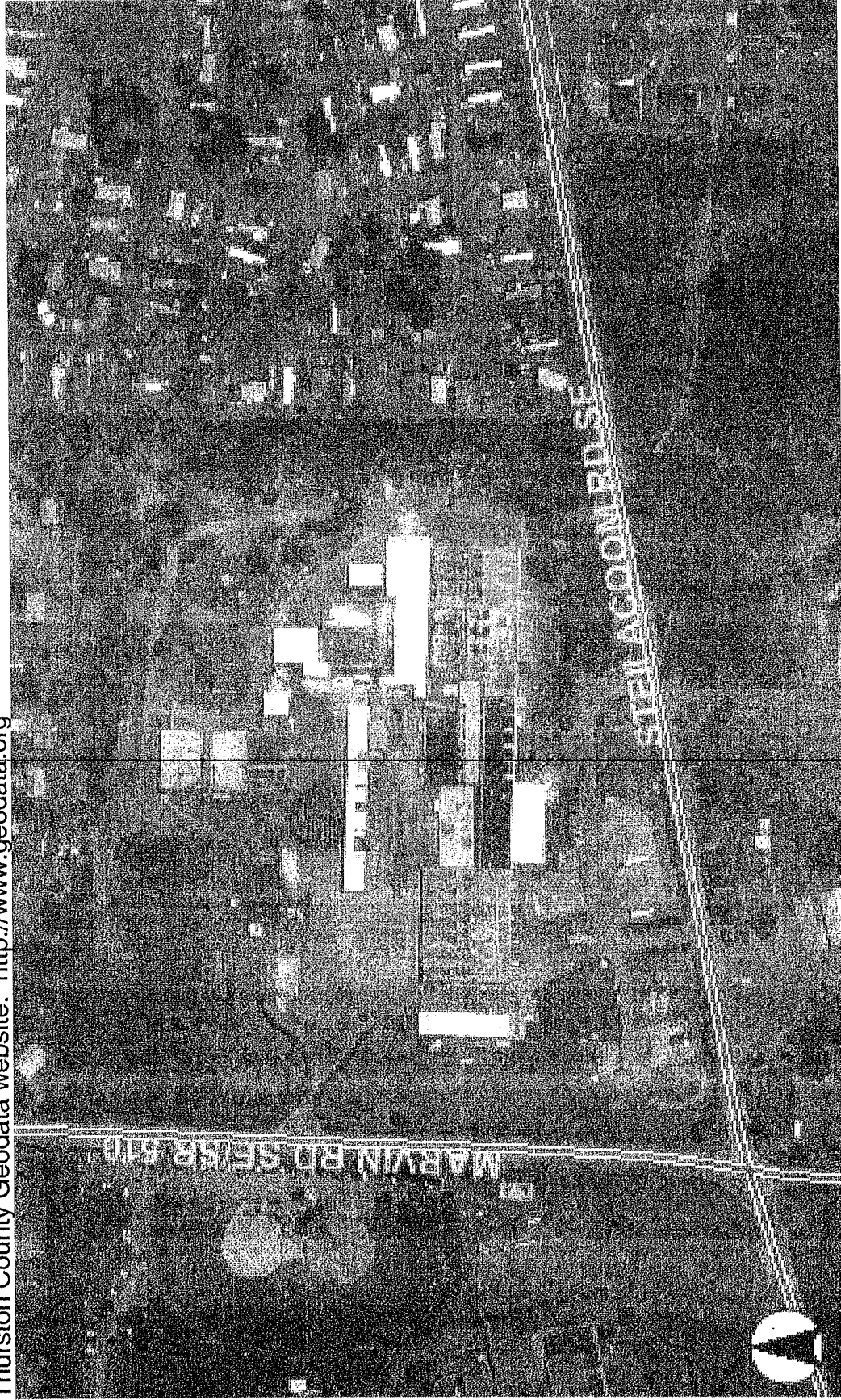
Ostroms Mushroom Farm 1992
Thurston County Geodata website: <http://www.geodata.org>



AerialPhoto1992

Ostroms Mushroom Farm 2000

Thurston County Geodata website: <http://www.geodata.org>



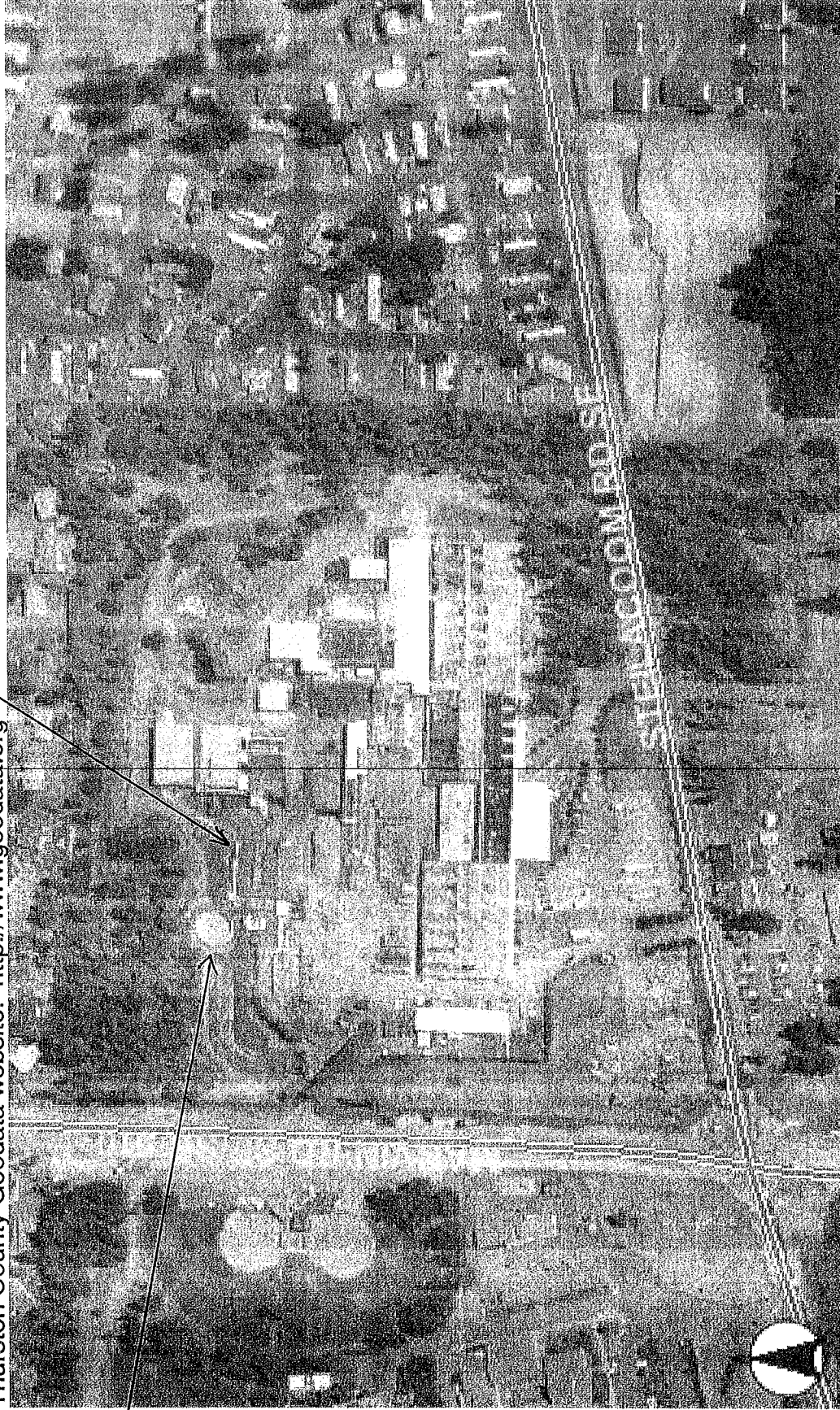
AerialPhoto2000

Ostroms Mushroom Farm 2002

Thurston County Geodata website: <http://www.geodata.org>

AERATED BUNKERS

LEACHATE
TANK



AerialPhoto2002



October 13, 2004

Mr. Fred Gentry
Bean and Gentry
PO Box 2317
Olympia, WA 98507

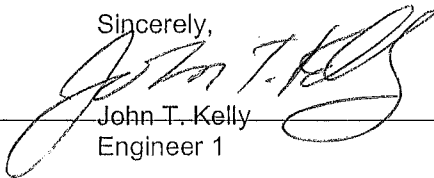
RE: Ostroms Mushroom Farm's appeal of NOV #s 2172 and 2198

Dear Mr. Gentry,

Enclosed are some more legible copies of materials previously submitted for your consideration. Mr. Greg Barlean, who can be contacted at (360) 966-5619, provided the new copies. "Sticky notes" attached to the documents were written by Mr. Barlean.

If you have any questions, please give me a call at (360) 586-1044, ext. 109.

Sincerely,



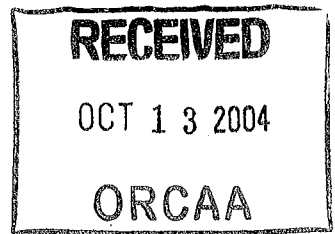
John T. Kelly
Engineer 1

OLYMPIC REGION CLEAN AIR AGENCY

Document 1
2940 B Limited Lane NW Olympia, Washington 98502 • Telephone: (360) 586-1044 • Toll free in WA: (800) 422-5623 • FAX: (360) 491-6308 • info@orcaa.org • <http://www.orcaa.org>

Executive Director: Richard A. Stedman

10/10/04



John:

~~Sorry~~ I am so
late with this. If
your attorney needs my
testimony or more information
please have him (or her) contact
me.

Sincerely,
Guy Bouteau

360 966-5619

Marilyn,
Please see me.
Roland 12/28/00



December 28, 2000

Mr. Roland Middleton
Division Manager
Whatcom County
Planning and Development Services

WCC 20.40.051
Permitted → Raising mushrooms
Accessory → Traying facility

Conditional Use → Compost
WCC 20.40.162

Dear Mr. Middleton,

We are interested in gathering information about what will be required of Ostrom's to be able to secure a permit for expanding the composting facility at our Everson farm. Ostrom Farms has been asked by a group of Canadian mushroom growers to consider preparing and shipping compost to their farms in British Columbia. We are aware of the composting situation in British Columbia and see this project as an opportunity for us as well as the BC growers.

Currently about 7,000 cubic yards of compost are delivered to the BC growers each week from several sources. The primary supplier is Money's Mushrooms, which is operating a new indoor composting facility in Hope, BC. There are some farms that are making compost for their own use. Another supplier is International Mushroom Services, which is also producing compost from an indoor facility located in Ferndale. Both Money's and IMS's indoor operations have had difficulty in producing a quality compost that meets the needs of their customers, which is the reason the growers are looking to Ostrom's as a better option. These growers have visited both of our farms in Everson and Lacey and believe we can improve their growing with better compost.

Ostrom's also makes compost utilizing the new indoor technology at our Lacey farm, and at this time we are preparing and shipping 400+ cubic yards per week for this group of Canadian growers. However, this project is only feasible if the compost is made at our Everson farm because of the high cost of shipping from Lacey. We make "conventional" compost for use only by that farm but do not have the space available to make additional yardage without expanding the composting wharf.

At this point we do not have a design for the project, but we do have some idea of what it is we would like to do at our Everson farm:

1. Keep the construction costs down by building a conventional composting facility.
2. Expand our existing composting wharf at the Everson farm to a compost production capacity of 2,000 cubic yards per week. This expansion would be located to the south of the existing wharf.

Ostrom Farms
Mushroom Growers and Packers
Since 1928

8323 Steilacoom Road South East, Olympia, Washington 98513, Telephone 360.491.1410, Fax 360.438.2594

3. To improve the composting process by supplying air to the material through air pipes with high pressure nozzles. The use of air has at least two benefits in that it reduces the time required to make the compost which means there is less straw in process at any given time, and it reduces odors because there is less material in process.
4. Build a roof over the compost that is only in its' final week of preparation before delivery.
5. To improve the water drainage situation by capturing all runoff water from the concrete floor in a large storage tank, from which the water is re-used by applying it to the pre-wet stage at the beginning of our composting process.
6. We anticipate additional electrical service may be needed to run the equipment such as pumps and fans.
7. Use the existing concrete for raw materials storage and staging of finished compost for filling into growing trays for the Everson farm.

We are interested in moving forward on this project as quickly as we can and do not anticipate any difficulty in meeting the requirements of those who ultimately will be making decisions about granting a permit.

We are available for answering any questions or concerns at any time. Contacts at Everson:

Mike Underwood
Farm Manager
(360) 966-5915 office
(360) 920-5900 cell

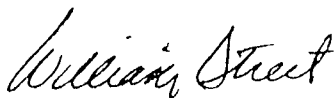
Lacey contacts:

Bill Street
President
(360) 491-1410 ext. 244 office
(253) 988-5755 cell

Chris Street
Farm Manager
(360) 491-1410 ext. 246 office
(360) 402-8119 cell

We look forward to working with you throughout the permitting process.

Sincerely,



William Street
President



The British Columbia Mushroom Marketing Comm

HOME INDUSTRY CONSUMERS EDUCATION NEWSLETTERS CONTACT US

INDUSTRY

Announcements and Notices

Publications

Decisions

Governance

About Us



*Ostroms Farmers
Fresh Milestone*

*begin on
page #5*

Decisions

February 28, 2003

DELIVERED BY FAX

Mr. F. Moscone
All Seasons Mushroom Farms Inc.
Truong Mushroom Farm Ltd.
108 - 6375 - 202nd Street
Langley, B.C. V2Y 1N1

Mr. K. Luu
KT Mushroom Farm Ltd.
28727 Elsie Road
Abbotsford, B.C. V4X 2P2

Mr. H. Quach
Nuu Quach
Champ's Mushrooms Inc.
Fairway Venture Mushroom Farm Ltd.
29020 Fraser Highway
Abbotsford, B.C. V4X 1G8

Mr. V. Quach
Newland Mushroom Farm Ltd.
28345 King Road
Abbotsford, B.C. V4X 1C9

Mr. D. Truong
Truong Holdings Inc.
26638 - 58th Avenue
Langley, B.C. V4W 1V6

Mr. T. Lam
Thanh Trang Mushroom Farm
23825 - 32nd Avenue
Langley, B.C. V2Z 2J2

Ms. H. Quach
Bradner Mushroom Farm Ltd.
27882 Township Line
Abbotsford, B.C. V4X 1P5

Ms. P. Tang
4 Season King Mushroom Farm Ltd.
28345 King Road
Abbotsford, B.C. V4X 1C9

Mr. S. Trummler
Monterey Mushrooms
(a division of Amycel-Distributing Inc.)
31083 Wheel Avenue
Abbotsford, B.C. V2T 2H1

Mr. T. Nguyen
Farmers' Fresh Mushrooms Inc.
3878 - 256th Street
Aldergrove, B.C. V4W 2A4

Mr. T. Truong
Milestone Farm Management Inc.
3555 Ross Road
Abbotsford, B.C. V4X 1T1

Dear Sirs/Mesdames:

Re: **Joint Applications for Marketing
Allocation Pursuant to Order 1/98
(Hearing of February 5, 2003)**

**Decision of British Columbia Mushroom
Marketing Commission**

On Wednesday, February 5, 2003 a panel of the British Columbia Mushroom Marketing Commission ("Commission") met with the industry to hear several applications for increased marketing

allocations from three different agencies and eight associated producers. The panel also heard one application to transfer production pursuant to Order 2/98.

All eight applications for increased allocation were made pursuant to Commission Order 1/98, which requires that any producer who wishes to increase the quantity of regulated product previously marketed by it must:

- i. have a written agreement with an existing agency which specifies the quantity to be marketed annually; and
- ii. jointly apply with the agency, in writing, to the Commission for approval.

In the last several months, the Commission received eight Order 1/98 applications for a total of 14,116,000 pounds of increased marketing allocation, spread over three different agencies. The applications received were as follows:

1. All Seasons Mushroom Farms Inc. ("All Seasons") and Bradner Mushroom Farm Ltd. ("Bradner") for an increase of 2 million pounds;
2. All Seasons and Truong Mushroom Farm Ltd. for an increase of 3 million pounds;
3. Champ's Mushrooms Inc. ("Champ's") and Newland Mushroom Farm Ltd. ("Newland") for an increase of 1 million pounds;
4. Champ's and Fairway Venture Mushroom Farm Ltd. ("Fairway") for an increase of 2.5 million pounds;
5. Champ's and 4 Season King Mushroom Farm Ltd. ("4 Season") for an increase of 1 million pounds;
6. Champ's and KT Mushroom Farm Ltd. ("KT") for an increase of 1,016,000 pounds;
7. Farmers' Fresh Mushrooms Inc. ("Farmers' Fresh") and Truong Holdings Inc. for an increase of 1.4 million pounds; and
8. Farmers' Fresh and Milestone Farm Management Inc. ("Milestone") for an increase of 2.2 million pounds.

The Commission considers such applications in accordance with its Marketing Expansion Policy and Procedure. Pursuant to that procedure, the Commission forwarded written summaries of each application to all agencies and producers and invited written comments. Comments were received from Monterey Mushrooms ("Monterey"), All Seasons and Farmers' Fresh.

Because of the volume of marketing allocation being requested and the number of parties involved, the Commission also decided to hold a public hearing to provide an opportunity for further representations from the applicants, and from growers and agencies in response to the applications. That hearing took place on February 5, 2003.

At the hearing the panel heard from representatives of each applicant agency, as well as several of the applicant producers,

including representatives of Bradner, Truong Mushroom Farm Ltd., 4 Season, Newland, Fairway, KT, Milestone Farm and Truong Holdings Inc. Comments on the applications from Monterey and Thanh Trang Mushroom Farm were also received at the hearing.

This letter sets out the Commission's decision on each of the applications.

In considering the applications, the Commission noted that the total volume requested represents a significant increase over the volume of regulated product currently being marketed by the British Columbia industry. Commission records show that last year approximately 50 million pounds of regulated product were marketed through B.C. agencies. This total volume has not changed appreciably over the past three years although the apportionment between agencies has been changing. If all the supply requested in the present applications were marketed, the volume of regulated product marketed in British Columbia would increase by 14.116 million pounds, or approximately 28%.

One of the requirements for requests to increase marketing allocation is evidence that a new or expanded market actually exists for the increased quantity of product to be marketed and a business or other plan for securing that market. While the panel did receive some evidence of increased market demand, as will be discussed further in respect of each application, no convincing evidence that a market exists for a further 14 million pounds was received.

A further factor considered by the Commission is the quantity of outstanding marketing allocation that is not being filled or used by producers and agencies – in 2002, approximately 30 million pounds of available marketing allocation was not used. Failure to use marketing allocation has implications for orderly marketing. If that quantity of product were to suddenly appear in the market, with or without the additional 14 million pounds of allocation requested here, the industry could find itself in a serious oversupply situation. The mushroom industry has suffered serious economic consequences from oversupply in the past; a fact the Commission has considered in rendering its decision.

As an aside, it should be noted that approximately half of the unused allocation has been issued to Money's Mushrooms Inc. ("Money's") and its associated producers. Money's did not apply for increased allocation and was not represented at the hearing. The Commission will deal separately with the issue of unused allocation in the future.

Finally, pursuant to section 5(2)(f) of the Mushroom Scheme, the Commission has broad discretion to "issue, permit disposition of, revoke or reduce allocations... and to establish the terms and conditions of the issue, revocation, reduction and disposition of allocations". The Commission has exercised that discretion, and its knowledge of the industry, in considering these applications and making the following decisions.

1. All Seasons Mushroom Farms Inc.

All Seasons submitted two applications totalling requests for 5 million pounds of allocation – 2 million with Bradner Mushroom Farm Ltd. and 3 million with Truong Mushroom Farm Ltd.

(a) All Seasons and Bradner – 2 million pounds

Bradner has previously marketed through Champ's, from a different farm location, and had a historical allocation of 1.016 million pounds

All Seasons advised that part of the reason for this request, and its other application, is a need to replace some 2.8 million pounds of production of white mushrooms that was lost when Then Mushrooms, a producer contracted with All Seasons, switched to the production of brown mushrooms to take advantage of a perceived market opportunity.

Bradner advised that the construction of its new farm facilities is underway, and it will be capable of producing between 2 and 3 million pounds annually.

The Commission has decided to approve this application for 2 million pounds. Part of this allocation will be a transfer of Bradner's historical allocation 1.016 million pounds from Champ's to All Seasons, pursuant to Order 2/98. At the hearing, Champ's advised it did not object to this transfer provided its joint application with KT Mushrooms (described below) for a like amount of allocation was approved.

(b) All Seasons and Truong Mushroom Farm Ltd. – 3 million pounds

This application was supported with respect to market demand on the same basis as the All Seasons and Bradner application. The panel did not receive any specific evidence of any other immediate market demand for this quantity of product.

Truong Mushroom Farm has an outstanding allocation of 6.6 million pounds, but it has not historically come close to using that entire amount. Commission records show that in 2002 Truong Mushroom Farm marketed approximately 4.67 million pounds through All Seasons, leaving just under 2 million pounds of allocation unused. With this quantity of unused allocation outstanding, the Commission does not consider it warranted to issue an additional 3 million pounds to Truong Mushroom Farm.

The Commission has, however, decided to issue an additional 1 million pounds to Truong Mushroom Farm and All Seasons. If they can show the Commission that they are using the allocation they have been granted and have a market for more, the Commission would consider issuing additional allocation in the future.

2. Champ's Mushrooms Inc.

(a) Champ's and KT Mushrooms Farm Ltd. – 1.016 million pounds

KT purchased a mushroom growing facility from Bradner in late 2002. As discussed earlier, Bradner had marketed its production from that location through Champ's prior to the sale, with a joint allocation of 1.016 million pounds. Bradner has constructed a new farm and applied to transfer its historical 1.016 million pounds of allocation to All Seasons. Champ's does not object to the transfer, provided it continues to receive 1.016 million pounds of product from

KT.

Champ's has a clearly demonstrated market for the 1.016 million pounds of production and in this circumstance, the Commission grants this allocation. In doing so the Commission reminds all producers that allocation is not a saleable asset – it remains at all times within the control of the Commission and can only be re-issued to the purchaser of a farm with Commission approval. Anyone who purchases farm facilities prior to securing allocation from the Commission does so at their own risk.

- (b) Champ's and Newland Mushroom Farm Ltd. – 1 million pounds
- Champ's and Fairway Venture Mushroom Farm Ltd. – 2.5 million pounds
- Champ's and 4 Season King Mushroom Farm Ltd. – 1 million pounds

Champ's applied for a total of 4.5 million pounds with these three farms. During the hearing, Champ's advised that it has an immediate market for 3 million pounds with Westfair Foods and that a contract to that effect is nearing completion. Accordingly, the Commission has decided to issue joint allocation to Champ's and its producers in the amount of 3 million pounds. The issuance of this allocation is conditional upon Champ's delivering the final Westfair contract to the Commission.

The Commission does not feel that it has sufficient information to determine how the 3 million pound allocation should best be distributed among the three farms. Accordingly, Champ's and the three producers are requested to reach an agreement on distribution, subject to the Commission's approval. Failing such an agreement and advice of it in writing to the Commission by March 31, 2003, the Commission will issue further directions on how the 3 million pounds of allocation is to be distributed.

3. Farmers' Fresh Mushrooms Inc.

- (a) Farmers' Fresh and Truong Holdings dba Central Mushrooms – 1.4 million pounds

The Commission was advised that Truong Holdings purchased the assets of the former Tran Mushroom Farm. Tran had an historical allocation of 1.23 million pounds. Shortly before the hearing, we were provided an acknowledgement signed by the former owners of Tran to the effect that they had no intention of using that allocation in the future. Accordingly, the 1.23 million pounds of allocation issued to Tran is hereby revoked and allocation in the same amount is issued to Truong Holdings.

Truong Holdings requested 1.4 million pounds, however, we were provided no evidence of a market for the additional 170,000 pounds. Truong Holdings' allocation will be limited to 1.23 million pounds for the time being.

- (b) Farmers' Fresh and Milestone Farm Management Inc. – 2.2 million pounds

Milestone is a new farm and currently holds no marketing allocation.

Note
Ostrons shipped
800 cu yds of
substrate/mo
to the same
address listed
for milestone
in the summer
& fall of 2002 &
discontinued in
Jan 2003

Farmers' Fresh advised that it has contracts with Ostrom's and with Monterey. According to Farmers' Fresh, there is a market available for all of the Milestone supply under these two contracts. V.T. Truong of Farmers' Fresh offered to submit the Ostrom's contract to the Commission in confidence.

In Monterey's written comments on the requested Farmers' Fresh allocation, mention was made of a potential contractual dispute between Monterey and Farmers' Fresh, although the possibility of such a dispute was not raised at the hearing. Nothing in the Commission's decision flows from that information.

Although Milestone currently holds no marketing allocation, other mushroom producers associated with Farmers' Fresh do hold allocation. Specifically, H.V. Truong, one of the producers contracted with Farmers' Fresh, holds a total of approximately 5 million pounds in allocation. This allocation was granted to H.V. Truong in July 2001. Since that time, however, H.V. Truong has marketed less than 1.5 million pounds per year. The other 3.5 million pounds in unused allocation is said to be required for a new farm that H.V. Truong plans to build. Farmers' Fresh has no concrete marketing plan for that as yet unavailable supply.

The evidence presented to the panel did not provide a cogent market justification for an overall increase in the amount of allocation held by Farmers' Fresh jointly with its producers. Accordingly, the Commission grants the joint application of Farmers' Fresh and Milestone for 2.2 million pounds, subject to the following conditions:

- a. Farmers' Fresh must provide to the Commission the final contract between Farmers' Fresh and Ostrom's described above, and that contract must be acceptable to the Commission as evidence of a new market demand; and
- b. the amount of the allocation issued to Milestone may be changed by the Commission following further consultation with Farmers' Fresh, H.V. Truong, Milestone and other affected producers, as described below.

The Commission has attached conditions to Milestone's allocation in part because the issuance of new allocation to Milestone does not address the panel's concern that Farmers' Fresh holds marketing allocation that appears to greatly exceed its current capacity to market product. As noted above there is 3.5 million pounds of unused allocation still held by H.V. Truong. That unused allocation was issued more than a year and a half ago and there is currently no facility available to produce it. The Commission has grave concerns about the continued existence of this unused allocation, and about the possibility of over-supply if this quantity of product appears on the market. The Commission has the power under section 5(2)(f) of the Scheme not only to issue marketing allocation, but also to revoke or reduce it, and will do so in appropriate circumstances.

H.V. Truong was not a party to the joint applications before the Commission and did not appear at the February 5, 2003 hearing. Accordingly, under separate cover the Commission will serve notice on H.V. Truong, Farmers' Fresh, Milestone, and other affected producers of a new hearing. At that hearing, the Commission will hear from Farmers' Fresh and its affected producers as to whether part or all of the unused marketing allocation should be revoked. As part of this consideration, the Commission will re-visit the quantity of joint allocation issued at this time to Milestone. Following the hearing,

NOTE: In our market, the marketer (Ostrom's in this case) is responsible for the supply of substrate to the farmer (Farmers' Fresh, H.V. Truong, Milestone etc) with the understanding that the mushrooms grown in that substrate will be returned to the supplier for marketing.

Farmers' Fresh advised that it has contracts with Ostrom's and with Monterey. According to Farmers' Fresh, there is a market available for all of the Milestone supply under these two contracts. V.T. Truong of Farmers' Fresh offered to submit the Ostrom's contract to the Commission in confidence.

In Monterey's written comments on the requested Farmers' Fresh allocation, mention was made of a potential contractual dispute between Monterey and Farmers' Fresh, although the possibility of such a dispute was not raised at the hearing. Nothing in the Commission's decision flows from that information.

Although Milestone currently holds no marketing allocation, other mushroom producers associated with Farmers' Fresh do hold allocation. Specifically, H.V. Truong, one of the producers contracted with Farmers' Fresh, holds a total of approximately 5 million pounds in allocation. This allocation was granted to H.V. Truong in July 2001. Since that time, however, H.V. Truong has marketed less than 1.5 million pounds per year. The other 3.5 million pounds in unused allocation is said to be required for a new farm that H.V. Truong plans to build. Farmers' Fresh has no concrete marketing plan for that as yet unavailable supply.

The evidence presented to the panel did not provide a cogent market justification for an overall increase in the amount of allocation held by Farmers' Fresh jointly with its producers. Accordingly, the Commission grants the joint application of Farmers' Fresh and Milestone for 2.2 million pounds, subject to the following conditions:

- a. Farmers' Fresh must provide to the Commission the final contract between Farmers' Fresh and Ostrom's described above, and that contract must be acceptable to the Commission as evidence of a new market demand; and
- b. the amount of the allocation issued to Milestone may be changed by the Commission following further consultation with Farmers' Fresh, H.V. Truong, Milestone and other affected producers, as described below.

The Commission has attached conditions to Milestone's allocation in part because the issuance of new allocation to Milestone does not address the panel's concern that Farmers' Fresh holds marketing allocation that appears to greatly exceed its current capacity to market product. As noted above there is 3.5 million pounds of unused allocation still held by H.V. Truong. That unused allocation was issued more than a year and a half ago and there is currently no facility available to produce it. The Commission has grave concerns about the continued existence of this unused allocation, and about the possibility of over-supply if this quantity of product appears on the market. The Commission has the power under section 5(2)(f) of the Scheme not only to issue marketing allocation, but also to revoke or reduce it, and will do so in appropriate circumstances.

H.V. Truong was not a party to the joint applications before the Commission and did not appear at the February 5, 2003 hearing. Accordingly, under separate cover the Commission will serve notice on H.V. Truong, Farmers' Fresh, Milestone, and other affected producers of a new hearing. At that hearing, the Commission will hear from Farmers' Fresh and its affected producers as to whether part or all of the unused marketing allocation should be revoked. As part of this consideration, the Commission will re-visit the quantity of joint allocation issued at this time to Milestone. Following the hearing,

the Commission may reduce or re-distribute the total allocation issued to Farmers' Fresh. As part of any reduction or re-distribution, the amount of allocation issued to Milestone or to H.V. Truong may change.

The Commission is of the view that the new marketing allocations issued by way of these decisions will enable the mushroom industry to supply current market needs. On the evidence presented, the Commission is of the view that to issue all the new marketing allocation requested could lead to an over-supply situation, and it has therefore declined to do so. Finally, the Commission notes again that the existence of large quantities of unused marketing allocation is an industry wide problem, and one the Commission intends to address further in the near future.

Yours very truly,
B.C. Mushroom Marketing Commission

Marie McKercher
Acting Chair

[HOME](#) | [DISCLAIMER](#) | [PRIVACY](#) | [FEEDBACK](#) | [SITE INDEX](#) | [ABOUT THE COMMISSION](#)

© 2002, The British Columbia Mushroom Commission

GIRoux - SEPT 97 → PRESENT

ODORS FIRST NOTED @ WINTER 2002 (?)

ASPGREN - IMPACTED 8/7/03

LUNDSTEN - DRIVEN INTO HOUSE

COMMENTS BY GUESTS

GARDENING -

WEST. 4:45 PM (?)
