



## JEFF GAMACHE FARMS, INC.

6509 Gamache Rd  
Moxee WA. 98936-9741  
Phone (509) 452-3404  
Fax (509) 457-5787

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October 23, 2003

My Name is Dale Gamache.

My reasons for my being here are, because the family members of our farm believe that a Hop Marketing Order (HMO) is good, not only for our farm, but the Hop industry as well; because we believe that a HMO board will collectively read and understand the market better than each of us individually; and because we are a small family farm and would like our voice to be heard.

Our family began farming in the Moxee valley in the late 1800s. Beginning with my great grand-father, Charles Gamache in 1897. My grand-father, George Gamache, purchased his first property in 1910. That property was a planting of hops that is still being farmed in hops today. My father, Jeff, began farming with his father in 1933 at the age of 17.

In 1934, my recently married parents (Jeffrey & Vivienne) purchased their first tract of land and home. This first purchase of 39.25 acres is where they began, raising cattle, chickens, and pigs; and cultivating potatoes, carrots, sugarbeets and of course Hops. This was the first of many small purchases over the years. This 101 year old main structure with its many additions is what my wife and I now call home.

Today, six generations and 106 years later, with my brothers, Lee and Gene, and my nephew J. Edward St Mary and his son, Benjamin, are now farming 900 Acres. Our acreage is down about 100 acres from the high in 1997-98. Over the years our farm diversified into apple production, hauling business, and very recently into alfalfa production.

Our hop acreage and production over the years had increased incrementally until 1997, with only 3 small declines in production. Those small declines were: 1983-84 with the failure of a handler that left us 100% uncontracted. 1989 with the failure of a second handler that left us 45% uncontracted. We were able to recontract with different handlers most of our acreage those years of the handler failures. In 1995 we cancelled a contract because of the poor yielding tettnang variety. My brother had no tolerance for low yields no matter what variety. During those years with the last HMO, our farm had steady growth and fair contract pricing.

In 1997 our hop acreage and production made a large jump. This is based on two events. December 31 1996 a heavy snow and rain caused our hop kiln to collapse. To justify a major expense of reconstruction we knew that we would have to expand our acreage. It just so happened that a hop producer approached us with his intent to retire and we were able to agree to terms rather quickly.

During the last HMO we enjoyed the ability to expand our acreage with steadily increasing demand along with increase of pricing on forward contracting. Since 1998 our farm's forward contracting has diminished to the level of 1965. On my hop acreage history that I have presented you will note that our hop production in 1965 was from 141 acres. You will also note that our highest production years 1997-98; our hop production was from 467 acres. Would you also please note that our hop production for 2003 was at the same level as 1965, 140 acres? Those acres of production every year from 1965 through 2003 were entirely contracted with the exception of 2001 which was only 55% contracted. We will not do that again I hope??? Returns were not what we had hoped they would be when we made the decision to grow those spot hops. Any spot hops that our farm produced from any other year were from higher than anticipated production only. We have enjoyed all our acreage fully contracted until 1998.

New contract pricing of alpha varieties has also diminished to a point of below growing costs and offers from handlers have been few. I feel this is a strong indication alpha is over produced and that the grower has a very poor understanding of the soft alpha market. The grower's understanding of the alpha market is so poor that they will keep producing alpha until the industry as a whole dies. Pricing from brewer direct future contracts still remains strong with good pricing. I only wish brewer direct contracting were more of our farms total production.

It has become increasingly more difficult to prepare budgets for securing operational financing with the many unknowns of what our farm will grow in hops or remove from production temporarily, or permanently, and to plant or not plant to an alternative crop.

Since the year 2000 we on our farm have removed from production 90 acres permanently. We have also not renewed leases for an additional 50 acres and half of that trellis has been removed. We feel that we have done enough. It is now time for those who have not removed alpha from production to do so until the balance in supply and demand is met.

Let the record also show that we on our farm want one vote for common ownership of multiple entities, and that we strongly believe that the representative base period should be production years 1997 through 2001.

Thank you very much.

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Phone: (509) 452-3404

*Dale Gamache*

Fax: (509) 457-5787

EX 55

## HOP ACREAGE HISTORY JEFF GAMACHE FARMS

YEAR	HOP ACRES GROWN
1965	140.77
1966	132.92
1967	132.92
1968	132.92
1969	132.92
1970	150.98
1971	150.98
1972	184.21
1973	184.21
1974	184.21
1975	184.21
1976	218.79
1977	218.79
1978	218.79
1979	225.93
1980	225.93
1981	237.38
1982	237.38
1983	219.32
1984	214.05
1985	237.38
1986	237.38
1987	237.38
1988	254.88
1989	237.38
1990	237.38
1991	276.18
1992	317.18
1993	317.18
1994	278.38
1995	317.18
1996	317.18
1997	467.42
1998	467.42
1999	395.25
2000	387.41
2001	379.09
2002	208.05
2003	140.49

HOP ACREAGE HISTORY JEFF GAMACHE FARMS  
TOTAL

