

THINGS TO CONSIDER WHEN LOOKING  
AT A GRADE A DAIRY  
IN SHASTA COUNTY

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Farm Advisor  
1969

PRODUCTION BASE

Under the pooling order in California, you must have a production base either established by you or purchased from another dairyman.

CONTRACT

This is an agreement between you and the processor to whom you ship milk. It can be either granted outright by the processor or purchased from another producer shipping to that processor. This purchase is usually made with the permission of the processor.

FACILITIES

Class 1 milk must be produced under rather strict conditions specified by the processor, County Health Department, and State Department of Agriculture. Make sure your facilities meet their requirements.

FEED

Dairy cattle feed is expensive and seasonal in production. Be sure and check your feed early in the season to avoid seasonal high prices.

LABOR

Good milkers are hard to find and keep in this area. Make sure you have one.

FINANCING

More dairies go out of business because of lack or adequate financing than any other cause. Make sure you're covered here.

HERD HEALTH, BREEDING, TESTING, AND VETERINARY SERVICES

A contract for these is generally the best procedure to follow. Have confidence in and follow the directions of your professional advisor.

SAMPLE PRODUCTION COSTS OF MILK  
 IN A GRADE A DAIRY  
 SHASTA COUNTY  
 1968

PRODUCTION DATA:

Cows: 125  
 Production Per Cow      13,618 lbs. milk  
                                      3.6% test  
                                      490 lbs. butterfat

Milk Sold:      1,702,245 lbs.  
 Contract:      80% Class I  
 Mortality:      2%  
 Calf Crop:      95%  
 Replacement:   38%

INCOME

Milk Sales

Contract

Class I	1,244,625 lbs.	\$68,250
Class II	200,750 lbs.	9,875

Over Contract

Class II	242,375 lbs.	7,250
Class III	<u>14,495 lbs.</u>	<u>3,250</u>

Total	1,702,245 lbs.	\$ 88,625
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Stock Sales

Cull Cows	44 @ \$170	\$ 7,480
Vealers	59 @ \$30	1,770
Heifers	59 @ \$40	<u>2,360</u>

\$ 11,610

TOTAL INCOME

\$100,235

# INVESTMENT

		<u>Depreciation</u>	<u>Interest</u>	<u>Cost</u>
Land - 4 Acres	\$ 4,000		\$ 320	\$ 320
Milk Parlor - 4 unit side open	8,000	\$ 400	640	1,040
Milking Equipment: (Pipeline, vacuum system, 4 milking units, milk tank, refrigeration system, washup system and heater)	12,500	1,250	1,000	2,250
Corral and Washer	6,000	600	480	1,080
Manuare Pit & Distribution	6,000	600	480	1,080
Feed Storage	15,000	750	1,200	1,950
Class 1 Contract	50,000		4,000	4,000
Loafing Shed	8,500	425	680	1,105
Office	1,500	75	120	195
Cattle 125 @ \$350	<u>43,750</u>	<u>          </u>	<u>3,500</u>	<u>3,500</u>
<b>Total</b>	<b>\$155,250</b>	<b>\$4,100</b>	<b>\$12,420</b>	<b>\$16,520</b>

Repairs - 2% of investment less land and cattle 3,105

Total Interest, Depreciation, and Repairs \$19,625

Taxes -  $\$111,500 \times 25\% = \$278.75 \times \$7.50/\$100 =$  \$ 2,091

MANAGEMENT 5% of gross income \$ 4,953

## EXPENSES

### Feed:

Pasture	5.0 AUM/Cow @ \$5/AUM	\$ 3,125	
Hay	4.5 Ton/Cow @ \$38/Ton	21,375	
Concentrate	2 Ton/Cow @ \$70/Ton	<u>17,500</u>	
Total Feed			\$42,000

### Labor:

Milker		\$ 6,000	
Feed and Clean Up		4,000	
Clip 2 times @ \$ .75/cow 1 clip		<u>187</u>	
Total Labor			\$10,187

Replacement Heifers 47 @ \$350 \$16,450

### Miscellaneous:

Milk Haul	1,702,245 lbs. @ \$ .21/cwt	\$ 3,404	
Breeding Fees	\$8/cow	1,000	
DHIA, CMT, EDP	\$4.62/cow	577	

#### Dues and Assessments:

Market milk	\$1.39		
Dairy Council	\$1.00		
ADA	\$2.60		
NVMPA	\$.82	750	
Dairy Inspection	\$2.75/cow	344	
Bedding	\$1/cow	125	
Veterinary and Medicine		1,250	
Electricity		916	
Supplies	\$5.75/cow	719	
Insurance		719	
Tractor	650 hours @ \$3	1,950	
Taxes	\$4.50/cow	563	
Miscellaneous	\$10/cow	<u>1,250</u>	
Total Miscellaneous			\$13,567

TOTAL EXPENSES

\$82,204

TOTAL COSTS		% Total Cost	Per Cow
Feed	\$ 42,000	39	\$336
Labor	10,187	9	81
Replacements	16,450	15	132
Management	4,953	4	40
Miscellaneous	13,567	13	109
Depreciation, Interest & Repair	19,625	18	157
Taxes on Investment	<u>2,091</u>	<u>2</u>	<u>16</u>
TOTAL	\$108,873	100	\$871
TOTAL INCOME	\$100,235		\$802
LOSS	\$ 8,638		\$ 69

#### OWN VS. RENT

TOTAL COSTS	<u>OWN</u>	<u>RENT</u>
Feed	\$ 42,000	\$42,000
Labor	10,187	10,187
Replacements	16,450	16,450
Management	4,953	4,953
Miscellaneous	13,567	13,567
Depreciation, Interest & Repair	19,625	170
Taxes on Investment	2,091	19
Rent		9,000
Manure Haul		<u>900</u>
	<u>\$108,873</u>	\$97,246

\$11,627

## WHAT ABOUT INCREASING PRODUCTION?

Production Per Cow on Project Dairy - 12,618 lbs.

Increase Production	No. of Cows	Production	Saving
100 lbs.	1		\$ 483
200 lbs.	2		966
300 lbs.	3		1,449
400 lbs.	4		1,932
500 lbs.	5		2,415

### Savings Per Cow Equivalent Represents

Feed	\$336
Replacement	132
Miscellaneous (clipping, breeding, DHIA, etc., bedding, Vet., supplies, insurance, taxes)	50
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
	\$518
 Less Calf Sale	 <u>35</u>
	\$483

INCOME DATA SHEET  
GRADE A DAIRY  
SHASTA COUNTY

Milk Sales	1966					1967				
	Production	Income Pounds	125 Cows Receipts	Per Cow Lbs.	Per Cow Receipts	Production	Income Pounds	125 Cows Receipts	Per Cow Lbs.	Per Cow Receipts
Contract										
Class I										
FAT	37,375	@ .94	\$35,132	299	\$281	42,125	@ .91	\$38,375	337	\$307
SNF	97,125	@ .21	\$20,396	777	\$163	109,750	@ .24	\$25,875	878	\$207
FLUID	<u>976,875</u>	@ .36/cwt	<u>\$ 3,517</u>	<u>7815</u>	<u>\$ 28</u>	<u>1,092,750</u>	@ .37/cwt	<u>\$ 4,000</u>	<u>8742</u>	<u>\$ 32</u>
	1,111,375	@ 5.31/cwt	\$59,045	8891	\$472	1,244,625	@ 5.48/cwt	\$68,250	9957	\$546
Class II										
FAT	11,250	@ .76	\$ 8,550	90	\$ 68	8,875	@ .76	\$ 6,750	71	\$ 54
SKIM	<u>252,125</u>	@ 1.54/cwt	<u>\$ 3,883</u>	<u>2017</u>	<u>\$ 31</u>	<u>191,875</u>	@ 1.63/cwt	<u>\$ 3,125</u>	<u>1535</u>	<u>\$ 25</u>
TOTAL	263,375	@ 4.72/cwt	\$12,433	2107	\$ 99	200,750	@ 4.91/cwt	\$ 9,875	1606	\$ 79
TOTAL CONTRACT	1,374,750	@ 5.20/cwt	\$71,478	10998	\$571	1,445,375	@ 5.40/cwt	\$78,125	11563	\$625
Over Contract										
Class II										
FAT	3,750	@ .77	\$ 2,887	30	\$ 23	4,375	@ .77	\$ 3,375	35	\$ 27
SKIM	<u>198,750</u>	@ 1.57/cwt	<u>\$ 3,120</u>	<u>1590</u>	<u>\$ 25</u>	<u>238,000</u>	@ 1.63/cwt	<u>\$ 3,875</u>	<u>1904</u>	<u>\$ 31</u>
TOTAL	202,500	@ 2.97	\$ 6,007	1620	\$ 48	242,375	@ 2.99/cwt	\$ 7,250	1939	\$ 58
Class III										
FAT	4,000	@ .72	\$ 2,880	32	\$ 23	4,245	@ .74	\$ 3,125	34	\$ 25
SKIM	<u>20,375</u>	@ 1.23/cwt	<u>\$ 251</u>	<u>163</u>	<u>\$ 2</u>	<u>10,250</u>	@ 1.22/cwt	<u>\$ 125</u>	<u>82</u>	<u>\$ 1</u>
TOTAL	24,375		\$ 3,131	195	\$ 25	14,495		\$ 3,250	116	\$ 26
TOTAL OVER CONTRACT	226,875		\$ 9,138	1815	\$ 73	256,870		\$10,500	2055	\$ 84
TOTAL MILK SALES	1,601,625		\$80,616	12813	\$644	1,702,245		\$88,625	13618	\$709