Producer Update

Idaho Dairy Turns Manure into Compost for Regional Crops

On the dairies owned by John Reitsma, Jerome, ID, manure may someday be an asset, not a liability. Manure from 7,000 cows on Reitsma's dairies is processed and marketed to crop producers and other customers. Reitsma's compost company, Compost West, is four years old and its product, Nu Earth, is gaining widespread acceptance as a soil enhancer, explains Sean Mallet, Reitsma's son.

"Our product is generally used on land for row-crop production. Up to a 25% yield improvement is possible; on average ten to fifteen percent," he says. Annual application of compost reduces the cost of commercial fertilizer and tillage. Weed seeds, odor, and fly larvae found in raw manure are virtually eliminated. Nu Earth contributes organic matter to the soil, reducing irrigation needs on crop land.

"We began composting because local, state and federal regulators were coming down hard on manure management in this area," says Mallett. "John teamed up with a composter in Nampa, Idaho who showed us how to compost and to develop markets here," says Mallett. The venture reduced the volume and cost of hauling manure; 60,000 tons of manure generated annually on the dairies is reduced to 30,000 tons.

Composting methodology is influenced by climate and season. A proper carbon to nitrogen ratio is essential to the process. In Idaho, where annual rainfall totals eight to nine inches, manure is hauled out of drylot corrals twice a year. Manure and straw from winter bedding are hauled together in the spring. Straight manure is hauled in the fall and bulking agents such as moldy hay or straw and used feed from bunks are added.

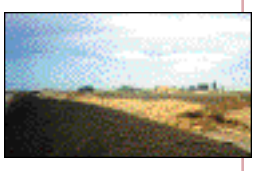
Once manure is hauled out of corrals it is placed in windrows on a firm surface. A Frontier self-propelled compost turner handles 1,500-2,000 yards per hour, or the equivalent of 100 manure trucks per hour with each truck holding fifteen yards.

The turner, a $250,000 piece of equipment measuring sixteen feet wide by six feet high, aerates the material as it blends and turns the windrows. The compost is turned six to eight times, with a finished product available for marketing in three months.

Compost West composts for four other dairies and has about one hundred compost customers who haul the finished product off-site themselves or have it delivered and custom spread.

Compost West markets its products in two ways: making cold calls to potential customers, and working with agencies and organizations to get the word out. The company is involved in a four-year crop rotation study with the University of Idaho to show the benefits of compost to crop yields, quality and soil condition improvements," says Mallet. "It's definitely a hard-sell, but there's interest and acceptance."

Two self-propelled turners aerate the compost.



Windrows of finished compost (left) and the raw product (right)

Compost is loaded into a spreader truck for field application.

Compost is spread on an Idaho field.

Crops lsuch as organic Idaho potatoes thrive in compost-enriched soil.

We believe the success of dairying depends on an awareness of the forces at work in the marketplace and our ability

Evaluate Your Dairy's Insurance Coverage

Damage caused by the tornado that swept through southern Minnesota on March 29, 1998 has caused regional residents to evaluate the extent of their personal insurance coverage. Dairy owners, among others, have come face to face with the need for coverage that will adequately replace damaged facilities, repair equipment, and meet expenses that continue when loss of income occurs.

Bank on Success

Tom Rekstein of Reidman Insurance in Mankato, Minnesota believes that dairy owners should ask three basic questions when purchasing insurance:

1. *What are the operation's most valuable assets?*
2. *What expenses continue if production comes to a standstill?*
3. *What is the potential environmental liability of this business?*

Rekstein advises milk producers to work with an insurance agent who evaluates the policy annually, asks questions that prioritize needs, and clearly outlines coverage options (such as the difference between actual cost and replacement value insurance).

During the annual review, ideally done in person, the agent should ask:

1. *How has your operation changed during the past year?*
2. *Have you taken on more debt?*
3. *Have you added employees to the operation?*
4. *Has environmental liability insurance become a necessity?*

It's important to have in hand current facility reconstruction costs at the time of the annual review. When making decisions, Rekstein advises that the most valuable assets be insured for replacement cost and smaller assets at actual cost if economy is important. Larger deductibles can also be considered. It is also important to remember that the rate for actual cost and replacement value insurance is the same per hundred dollars. The total coverage amount is increased to obtain replacement cost coverage.

Do you manage for optimum profits?

Look around for low feed prices. Ask questions. Evaluate costs per cow, per day/feed cost/cwt.

Minnesota	Spot Load	JFM	
Cottonseed	$194	$199	
Hay	$90-100		(RFV 150-160)
Distillers	$85		
Corn Gluten	$75		
Corn	$1.80/bushel		
Soy Meal 44%	$133	$135	
Soy Meal HP	$142	$142	

Feed for milk component value, not volume.

Work creatively with your nutritionist to match feed price and nutrient content with component value results.

Working the Numbers

Le Sueur Cheese Company, November 1997

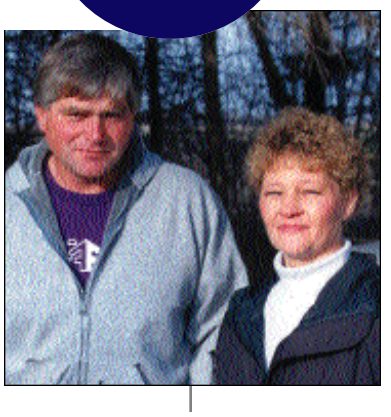
Butterfat (Value on Surplus Fat)	$0.273/point/cwt
Protein	$0.21/point/cwt
Somatic Cell Count	$0.08/cwt per 100,000 below standard of 350,000

Jerome Cheese Company, November 1997

Butterfat (Value on Surplus Fat)	$0.2489/point/cwt
Protein	$0.191/point/cwt
Somatic Cell Count	Bonuses ranging from $.04 to $.45/cwt are given for counts 0-500,000. $.04-$.45 is deducted for counts 501,000-1,000,000

Point= 1/10 of % (For example:3.2-3.1=1 point)
Note: Each dairy is individually evaluated. This is a simple overview of point value.

Producer Profile



Lyle & Val Thompson

Nicollet, Minnesota

When Lyle and Val Thompson look at their 26 years as dairy farmers they see two goals as driving forces. The first: to raise their family in the country and successfully put three children to school. The second: to build a high-producing, profitable herd. The Thompsons have achieved both.

Except for the first seven months of their marriage the Thompsons have produced milk and farmed the land where Lyle grew up in Nicollet County. They moved back to the Thompson farm in 1972. Lyle, Harley and brother, Larry, farmed together for 12 years and were one of the first in the area to switch from a tie-stall barn to a free-stall and parlor set-up. They eventually built the herd to 80 cows. In 1989 the herd was split between Lyle and Larry, and Lyle and Val have since built their herd from 40 to 80 cows.

The farm is operated by Lyle, Val, and a high school senior, Louis Krohn. Krohn works weekdays after school and on weekends. "Louis is a big part of this operation. I remind him of that often.," says Val. By employing Krohn and finding extra help the Thompsons find it possible to get away occasionally.

Lyle produces forage, cash beans and corn on the land; he started collaborating this year with a neighbor to complete crop production tasks.

Lyle and Val were recognized by the DHIA for having the herd which produced the highest dollar value of milk in Nicollet County during 1997. They were thrilled with the honor, but do not consider it their most important achievement; that place is reserved for the family they raised. "When we think back now to all we did from 1980-1996 — all the football, basketball, wrestling, volleyball, softball, baseball and 4-H — we sometimes wonder how we kept our dairy farm going," says Val. "We couldn't have done it without our children. They learned a very important lesson — by working hard together as a family and completing the necessary daily tasks, we were able to have fun together as a family. We sacrificed very little, which goes to prove that you can run a dairy farm and have a social life." The three Thompson children, Chris (26), Shawn (23) and Nikki (20) all went on to college and now reside in Minnesota.