



Kandiyohi County & City of Willmar  
ECONOMIC DEVELOPMENT COMMISSION

# AG PRODUCER BRE REPORT APRIL 2017



**Prepared by  
Jim Molenaar**

Agriculture is an important sector of the Kandiyohi County economy. We believe the vitality of agriculture is important to the future economic stability of our area. The purpose of this program is to develop a vision for agriculture as a cornerstone in the economic foundation of Kandiyohi County and the surrounding area.

The EDC extends its thanks to the following:

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## **51 Ag Producers and 30 Volunteers**

### **EDC Ag Producer BRE Survey Subcommittee:**

Rollie Boll  
Ian Graue

Kim Larson  
Dan Lippert

Kim Lippert  
Keith Poier

Connie Schmoll  
Pauline Van Nurden

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March 2017

Congratulations to Kandiyohi County and its Business Retention and Expansion Study Committee for initiating this important project. At a time when land use and environmental issues may pit our cities against our rural areas, a study of this kind underscores that business leaders in this county know the importance of agriculture and its contributions to our quality of life.

Minnesota is an agricultural powerhouse and Kandiyohi County is no exception. Our farmers produce high quality products that are in demand around the world. Yet farming is a challenging way to make a living – low commodity prices, high input costs, weather, disease – any number of factors can determine whether farmers will make it or break it in a given year. Rural Minnesotans know that when the ag economy booms our towns boom, and when ag economy suffers our towns suffer.

Kandiyohi County farmers know what it takes to bounce back. When turkey growers here dealt with the 2015 outbreak of High Path Avian Influenza, they worked day and night monitoring the health of their birds, tightening up their biosecurity plans, and evaluating their operations for the long term. Their work paid off and Minnesota remains the number one turkey producer in the U.S.

However, success isn't built solely on the backs of individuals. A prosperous Kandiyohi County will be formed by farmers, city residents, businesses, and local governments. By combining our efforts, we can all work toward a greater good. This project will be the start of major efforts that will have benefits for years to come. I applaud your work and look forward to the success stories that will come from it.



Dave Frederickson, Commissioner  
Minnesota Department of Agriculture

# Chapter I

## Background on the Project

The purpose of this chapter is to provide an overview of the Kandiyohi County Agriculture Business Retention and Expansion Program. The first section of this chapter explains briefly the role of business retention and expansion as an economic development strategy. The second section addresses the Kandiyohi County Agriculture BRE Program's focus, goals and objectives followed by highlights of the key steps involved in conducting the program. The third section includes the names of people involved in the Kandiyohi County Agriculture BRE Program.

### The Importance of Business Retention and Expansion

Business Retention and Expansion (BRE) has become a key element of local economic development efforts. While the attraction of new businesses and the encouragement of new business startups are important, many communities now recognize the need to assist existing businesses to survive and grow.

Another benefit of a BRE Program is the information provided by the survey on the community's strengths and weaknesses. The strengths can be highlighted in promotional pieces, while the weaknesses give the community an opportunity to make important changes and show businesses it is responsive. By acknowledging its weaknesses, a community also shows it is trustworthy.

A final benefit of a BRE visitation program, like the one conducted in Kandiyohi County, is the team of local leaders it builds. The team is much broader than many other local economic development teams since it includes representatives from education, finance and government in addition to business and economic development leaders. Because of its diverse membership, the local BRE team is able to bring more resources, ideas, and contacts to address problems identified in the survey process.

### Program Organization

This BRE Study program for Kandiyohi County agriculture producers was initiated by the EDC's Agriculture and Renewable Energy Development (Ag) Committee. A subcommittee was formed to initiate the study under the direction of Connie Schmoll, Business Development Specialist for the Kandiyohi County and City of Willmar Economic Development Commission (EDC). The BRE Survey Subcommittee consisted of crop and livestock producers, representatives from ag business, agriculture education and the University of Minnesota Extension Agriculture.

The BRE Survey Subcommittee's first objective was to formulate the focus, goals, guidelines and schedule necessary to successfully execute the program. A previous Ag BRE study was conducted in 2005 under the direction of Steve Renquist, EDC Executive Director and Kim Larson, a Kandiyohi County farmer and agriculture consultant.

### Focus

The BRE Program focuses on the fact that agriculture is an important sector of Kandiyohi County's economy and is critical to the future economic stability of this area. The purpose of this program is to develop a vision of agriculture as a cornerstone in the economic foundation of Kandiyohi County and the surrounding area. The goal of the 2017 Agriculture Producers' BRE Survey Program is to discover what can be done to assist agricultural producers/businesses today that will be helpful for the next ten years. The following objectives were outlined by the Ag BRE Subcommittee:

1. Demonstrate support for our area agriculture producers and related businesses.
2. Conduct interviews to identify the issues that are most pertinent for agriculture producers today.
3. Use research and interview data to determine possible strategies to assist area agriculture producers.

4. Develop and implement a strategic plan for economic development related to agricultural producers/businesses.

## **Guidelines**

The Ag BRE Subcommittee recognized the process must be non-intimidating and must assure absolute confidentiality throughout the survey process, data summary phase and final analysis, as well as the establishment and implementation of the strategic objectives.

The Ag BRE Subcommittee's second objective was to identify the scope of survey. This process evaluated the questions from previous surveys and modified them for relevance, as well as added new questions that were specific to Kandiyohi County. Two stakeholder meetings were conducted in 2016 to secure input from ag producers, ag business leaders, Ridgewater College Farm Business Management Program instructors, and other community leaders invested in the agriculture economy. Participants reviewed the 2005 Ag Producers survey process, report, findings and projects and provided important information about issues for today's agriculture economy. The input was used for planning the 2017 survey process and to decide on relevant information to include in the survey.

The subcommittee's next assignment was to select ag producers to interview from each township in the county. The leadership team requested assistance from township board members to try to identify two to three agriculture producers that would be a good representation of each of the townships. The selected ag producers included small, medium and large-sized operations with varying farm practices, diverse crops and contract operations. Fifty-one ag producers agreed to take part in the survey process.

The final objective was to recruit 30 volunteers for the visitation team. The task of the visitation team was to be an ambassador on behalf of the community to express our appreciation for the ag producers' role and contribution to the county's economy. The second task was to personally conduct the interview with the participating ag producers.

## **Subcommittee Orientation and Volunteer Training**

In January, the BRE coordinator conducted two training sessions to prepare the volunteer visitors for the ag producer visits.

## **Ag Producer Visits**

During the months of January through early March, the visitation volunteers (paired in teams of two) conducted three to four ag producer visits for completion of the 51 surveys. Prior to the visits, the Ag BRE Subcommittee forwarded copies of the survey to the ag producers for their review.

## **Red Flag Reviews**

One of the important facets of the BRE Program is the identification of "Red Flag" issues. Any critical issues discussed during the interview that required immediate attention were forwarded, with the consent of the interviewed ag producer, to the organization or individual who could assist in addressing the critical issue.

## **Tabulation, Computation and Analysis of the Completed Surveys**

Upon completion of the interview process, Jim Molenaar, Farm Business Management Instructor at St. Cloud Technical and Community College, (former) Regional Director of Farm Business Management for Ridgewater College and Central/West Central Minnesota, Kandiyohi County farm landowner and lifetime resident, compiled and completed an initial analysis of the data. The Ag BRE Subcommittee under the direction of Mr. Molenaar reviewed

the data and initial analysis and provided additional insight and direction. Additional information for the report was provided by the United States Department of Agriculture (USDA) Agriculture Statistics Bulletin, University of Minnesota Extension and the Minnesota Department of Employment and Economic Development (DEED).

### **Strategies and Future Projects for Consideration**

Initial findings have been identified by the Ag BRE Subcommittee, and the Kandiyohi County and City of Willmar Economic Development Commission's Ag Committee. The findings will be further developed as they are presented to the participants of the BRE Program at two meetings with the intention of receiving additional feedback from the community. Future efforts will identify strategies to use the findings to assist ag producers in retention and expansion efforts in Kandiyohi County.

### **Kandiyohi County Ag BRE Subcommittee's Commitment to the BRE Program**

The overall success of the Kandiyohi County Ag Producers' BRE Program is linked directly to a commitment to provide adequate staff and funding in order to accomplish the expected goals and objectives established through this process.

### **Kandiyohi County Agricultural BRE Workshops**

The BRE workshops signify the end of the visitation and planning phase and the beginning of the implementation phase. The Ag BRE Subcommittee members, visitation team volunteers, ag producer participants and current sponsors were invited. EDC board members, agriculture business leaders, local government, legislators and regional and state agency representatives were also invited.

### **Scope of involvement in the Kandiyohi County Ag Producers' BRE Program**

Four groups were instrumental to the success of the BRE Visitation Program. These include:

1. Participating Ag Producers
2. Visitation Team Volunteers
3. EDC's Ag BRE Subcommittee
4. Kandiyohi County and City of Willmar Economic Development Commission

### **Kandiyohi County and City of Willmar Economic Development Commission Involvement**

Aaron Backman—Economic Development Director  
Connie Schmoll—Business Development Specialist and BRE Coordinator  
Nancy Birkeland—Administration

### **Kandiyohi County Ag Producers' BRE Survey Subcommittee**

Rollie Boll—Ag Business/EDC Joint Operations Board member and EDC Ag Committee member  
Ian Graue—Ag Business and EDC Ag Committee member  
Kim Larson—Crop Producer and EDC Ag Committee member  
Dan Lippert—Crop and Livestock Producer and EDC Ag Committee Chairperson  
Kim Lippert—Crop and Livestock Producer and Ridgewater College Agriculture Department  
Keith Poier—Ag Business and EDC Ag Committee member  
Pauline Van Nurden—University of Minnesota Extension

## **BRE Program Sponsors**

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Harvest Bank, Kandiyohi  
Heritage Bank, N.A.  
Jennie-O Turkey Store  
Lake Region Bank  
North American State Bank  
Willmar Farm Center

## **BRE Visitation Team Members**

Aaron Backman, EDC Executive Director  
Andy Zuidema, Bremer Bank  
Angelica Hopp, Anez Consulting  
Brad Erickson, Heritage Bank, N.A.  
Chris Petersen, North American State Bank  
Connie Schmoll, EDC Business Development Specialist  
Dan Lippert, Farmer/Lippert Lamb  
Dan Tepfer, Kandiyohi Power Cooperation/EDC Ag Committee Chairperson  
Doug Hanson, Retired Ag Teacher  
Doug Lind, Ridgewater College Farm Business Management Instructor  
Dustin Kotrba, Christianson PLLP/EDC Ag Committee member  
Erik Hoff, Ridgewater College  
Greg Ervin, Ridgewater College  
Heidi Weller, North American State Bank  
Ian Graue, PACT 4 Families Collaborative/EDC Ag Committee member  
Jim Ellingson, Allergy & Asthma Specialty Clinic/EDC BRE/R Committee member  
Jon Folkedahl, Folkedahl Consulting, Inc./EDC Ag Committee member  
Kami Schoenfeld, Ridgewater College Farm Business Management Instructor  
Karissa Fettig, United FCS  
Keith Poier, Ag Business/EDC Ag Committee member  
Kent Gjerde, United FCS  
Kim Larson, Farmer/Meadow Star Dairy, LLP/EDC Ag Committee member  
Kim Lippert, Ridgewater College Agri-Business Instructor  
Loren Molenaar, Farmer/Farm Bureau  
Pauline Van Nurden, University of Minnesota Extension  
Phil Hoffer, Retired Farmer and Farm Bureau Leader  
Rollie Boll, Retired Banker/EDC Joint Operations Board Member/EDC Ag Committee member  
Ross Hebrink, United FCS  
Sarah Schieck, University of Minnesota Extension  
Susan Brugger, Heritage Bank, N.A.

## Chapter II

### Profile of Kandiyohi County and the Agriculture Industry

#### Purpose

The purpose of this chapter is to provide an overview of the agriculture industry of Kandiyohi County. This chapter is intended as background and perspective for the BRE Survey Report and a profile of the county agriculture industry. A variety of public and private resources have been utilized in full or in part to comprise this chapter. It is the desire of this subcommittee to provide the most current, relevant and accurate information that we have available.

A farm or business manager often completes a balance sheet of their business that evaluates their assets and liabilities at a specific moment in time. In a similar fashion, this profile should be viewed as a “snapshot inventory” of our county at this moment in time. This information should provide a valuable benchmark view of our agriculture industry that will serve as a valuable tool for present decision making, as well as for future planning.

#### Kandiyohi County—Background

Kandiyohi County is a vital, growing regional center in Midwest Minnesota. The total population of Kandiyohi County has surpassed 42,000 and is growing rapidly both through a healthy, aging population and increased in-migration. Family incomes are increasing for area residents, providing area businesses with a steady consumer base and a skilled workforce. This area has a healthy economic base with employment spread across several diverse industry sectors, including agriculture, educational services, healthcare services, manufacturing, financial services and construction. Plentiful lakes and other recreational amenities draw many workers, shoppers and tourists from communities and counties across the state and region. The area is known for quality primary, secondary and post-secondary education institutions. These institutions continue to provide one of the most well-educated, technical workforces in a state that is well-known for educational excellence.

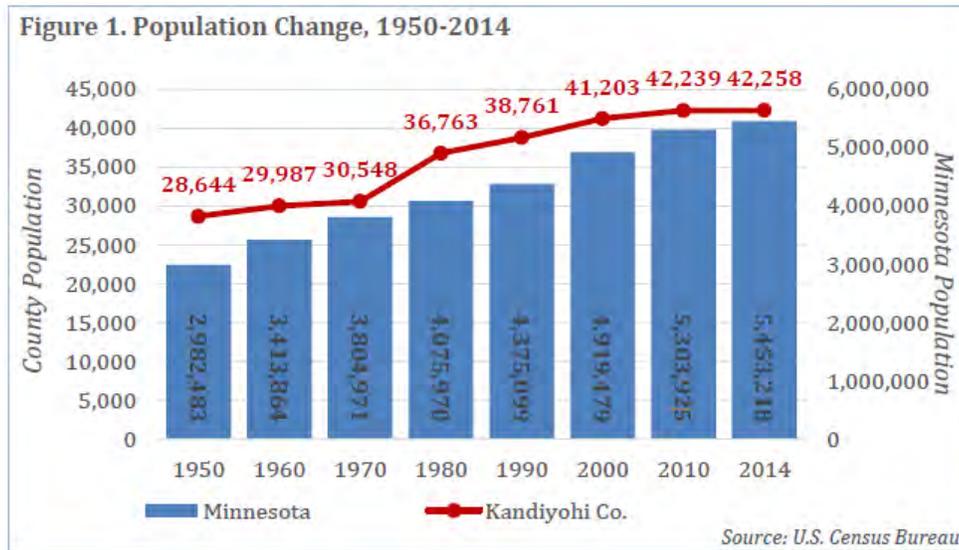
Less than 90 miles from the Twin Cities and 45 miles from St. Cloud, Kandiyohi County allows easy access to important markets, including one of only seven new airports in the entire United States. Kandiyohi County is centrally located in the heart of west central Minnesota and is easily accessed by several major highways. Burlington Northern Santa Fe Railroad has a major switching yard handling the area's freight with the mainline connecting Chicago with the Pacific coastal states.

Agriculture has been an important part of the development of the cultural and economic base of Kandiyohi County and will continue to play a significant role in the future of the area. The strength, vitality and diversity of our agriculture production, processing, retail and agribusiness economy is virtually unmatched. Understanding the scope and nature of this Kandiyohi County industry, along with recognizing the challenges and opportunities facing agriculture, is one of the key purposes of this study.

#### Census and Projected Population Change (Minnesota State Demographer, 2014 data)

The population of Kandiyohi County has been steadily increasing since at least 1950 when the county had just under 29,000 residents. In the last decade and a half Kandiyohi County's population growth held steady at +2.6 percent from an additional 1,055 net new residents. In comparison, the overall population growth for Minnesota was +10.8 percent from 2000 to 2014 from 533,739 new Minnesota residents.

The latest projections from the Minnesota State Demographic Office gives Kandiyohi County a growth rate of 10.6 percent from 2015 to 2035 with an additional 4,577 residents. Much of the population growth is anticipated to happen in the 75 and older age cohort.



### Employment and Workforce Demographics (DEED Minnesota)

Kandiyohi County is home to 1,347 business providing 22,804 jobs. Total annual payroll in the county topped \$802 million in 2014 with average annual wages of \$35,177. In the last year, employment increased by +1.3 percent from an additional 291 new jobs. The largest Industry in Kandiyohi County is healthcare and social assistance, however, due to confidentiality laws employment statistics are not disclosable. The super sector, education and healthcare combined, does have public data available with 153 establishments providing over 7,000 jobs. Manufacturing, the second largest disclosed industry gained 86 new jobs from 2013 to 2014, for a growth rate of +2.6 percent.

**Table 2. Employment Characteristics, 2014**

	Kandiyohi Co.			Minnesota	
	In Labor Force	Labor Force Partic. Rate	Unemp. Rate	Labor Force Partic. Rate	Unemp. Rate
<b>Total Labor Force</b>	<b>23,149</b>	<b>69.1%</b>	<b>6.2%</b>	<b>70.1%</b>	<b>6.5%</b>
16 to 19 years	1,102	50.2%	14.6%	51.1%	18.7%
20 to 24 years	2,544	86.1%	10.6%	81.8%	10.2%
25 to 44 years	8,427	88.6%	7.4%	88.1%	5.8%
45 to 54 years	5,045	87.2%	3.2%	87.3%	5.0%
55 to 64 years	4,728	79.9%	3.8%	71.8%	4.9%
65 to 74 years	1,036	28.9%	4.3%	26.6%	4.1%
75 years & over	263	7.4%	0.8%	5.9%	3.5%
<b>Employment Characteristics by Race &amp; Hispanic Origin</b>					
White alone	21,470	68.7%	5.9%	70.2%	5.6%
Black or African American	687	80.3%	14.6%	68.0%	16.4%
American Indian & Alaska Native	120	83.3%	8.3%	59.4%	17.4%
Asian or Other Pac. Islanders	125	74.0%	10.4%	70.6%	7.2%
Some Other Race	566	67.8%	9.0%	76.2%	11.0%
Two or More Races	176	71.8%	2.8%	69.5%	13.2%
Hispanic or Latino	2,160	73.2%	16.6%	75.0%	10.1%

The demographics of Kandiyohi County are very diverse, especially when compared to neighboring counties. Sixty-eight percent of Kandiyohi County’s workers are white compared to 70 percent for the state. Although the region and county has a low rate of unemployment (6.2%), pockets of underutilized labor can be found with youth, minorities, people with disabilities, and people with less than a high school diploma all having much higher rates.

## Cost-of-Living and Wages in Kandiyohi County (DEED Minnesota)

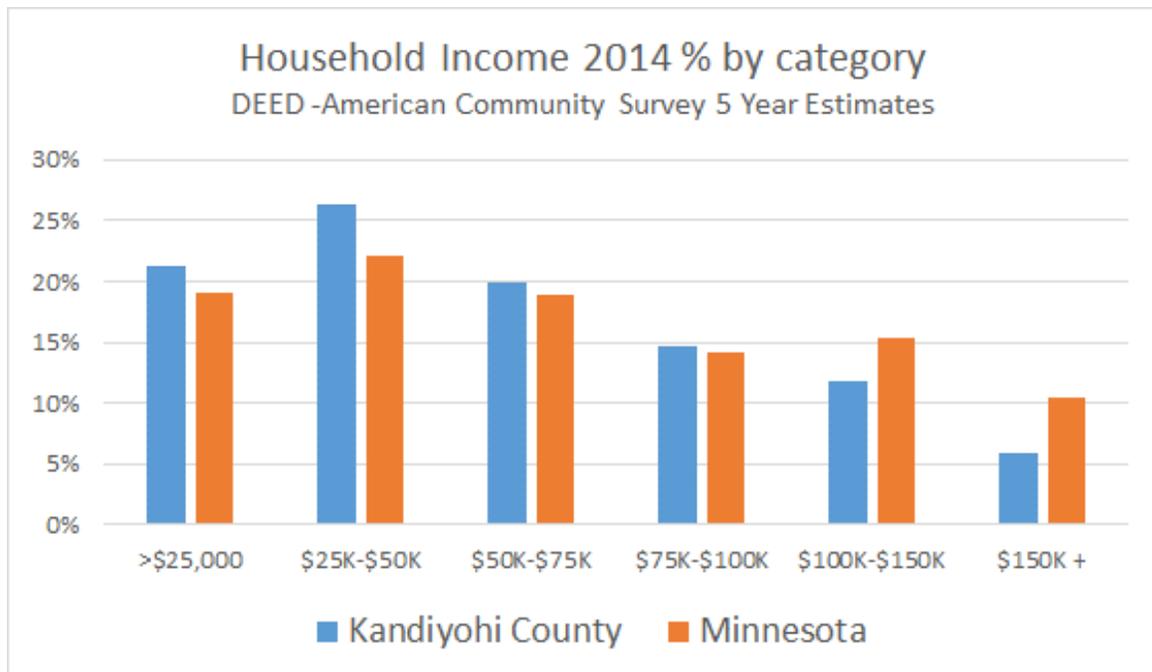
The cost-of-living in Kandiyohi County is significantly lower than the state and similar to the surrounding region. The average family in Minnesota has two adults, one working full-time and one part-time, and one child. This family would need an annual income of \$40,987 to maintain a safe, independent, and healthy lifestyle in Kandiyohi County. Compared to Minnesota, Kandiyohi County costs about 20 percent less to live.

**Table 4. Family Yearly Cost, Worker Hourly Wage, and Family Monthly Costs, 2015**

	Family Yearly Cost of Living	Hourly Wage Required	Monthly Costs						
			Child Care	Food	Health Care	Housing	Transportation	Other	Taxes
Kandiyohi Co.	\$40,987	\$13.14	\$217	\$766	\$400	\$668	\$937	\$201	\$227
Minnesota	\$50,988	\$16.34	\$443	\$772	\$405	\$907	\$1,039	\$235	\$448

*Source: DEED Cost of Living tool*

Although the cost-of-living is lower, so is income for residents of Kandiyohi County. Most of the differences in Kandiyohi County can be found at the top and bottom ends of the household income distribution. Over 21 percent of households earn less than \$25,000 per year compared to 19 percent statewide. There are also far fewer households in the top income bracket (\$150,000+) with almost half the share seen statewide.



## Agriculture Demographics 2012 Agriculture Census

Unfortunately, the scheduled 2017 Ag Census timing is not soon enough to utilize in this study, however the 2012 Ag Census Report does provide a good deal of useful information. According to the 2012 Census of Agriculture, Kandiyohi County has 1,310 farms. This is a decrease of 5 percent from 1,386 farms in 2007, but an overall increase from the 1997 census. There are 415,090 acres in farm land, with the average size being 317 acres. According to the 2012 census, the average age of the Kandiyohi County farm operator is 58.9 years of age. Of the 1,310 farmers, 586 indicated they consider farming their primary occupation while 724 said they have another primary occupation.

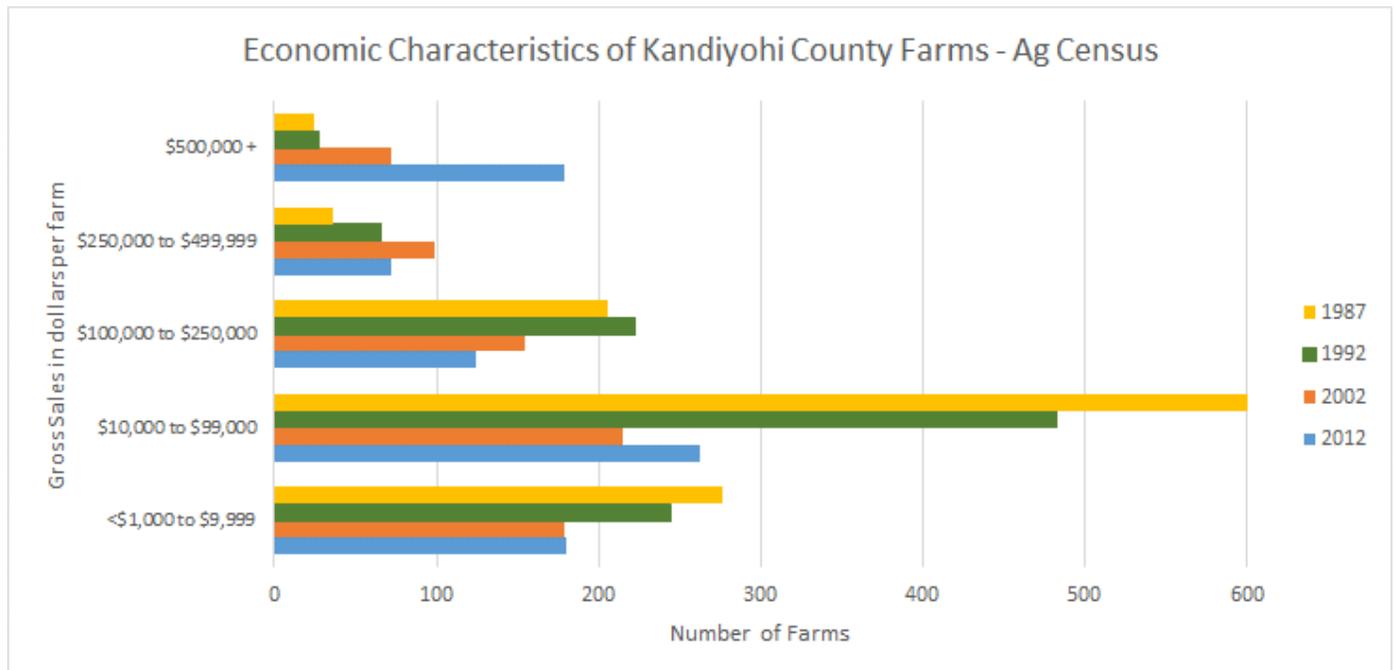
The numbers of farmers who consider farming their primary occupation have declined from 901 to 586 since 1987. The number of farms that sell less than \$2,500 of product has increased the most dramatically from 142 in 1987 to 550 in 2002. The number of farms in the category of selling \$100,000 or more has increased from 268 to 325 as well.

A good measure of farm size is the total value of farm sales. It is important to note that farm sales are not the same as “farm profit.” On average, farm expenses can range from 80 to 95 percent of farm sales. In some cases, expenses are lower and, in other cases, expenses are larger than sales. While there are more opinions about what constitutes a “large farm” than there are farms, it should be noted that the USDA uses a benchmark (of greater than \$350,000 of sales) for the classification “large farm operation.” Based on that consideration, less than 200 farms (or less than 15%) are considered commercial or large in this county. On the other hand, 36 percent of the farms sell less than \$10,000 of product. It is very likely that these farmers rely on off-farm income and might indicate that they have a primary occupation other than farming.

**The Ag Census Trend**

An observation of the farm data over ten year increments depicts a fairly significant trend for our county’s farms. When categorized by dollars of sales, one might note that small farms (those that sell less than \$10,000 of product in a year) saw a decrease in the past 40 years. The number of farms selling over \$500,000 of farm products is trending higher. The farm size of \$250,000 to \$500,000 of sales has increased since 1987, but declined in the time period from 2002 to 2012. The number of farms in the “middle size” from \$10,000 to \$250,000 of sales are showing a definite trend towards decrease.

There may be many explanations for the trend occurring in our county farms. Possible clues may be found in economic change, agriculture commodity prices and margins, the development of farmers markets, specialty crop production, the use of agriculture technology and the changing age demographics of agriculture. The data holds significant findings for ag producers, but also the agriculture and community businesses that rely on the agriculture economy.



## **Kandiyohi County Agriculture Statistics**

The most recent Census of Agriculture for Minnesota, 2012, indicates that Kandiyohi County is noteworthy in several categories and rankings for agriculture production. It is noteworthy that Kandiyohi County ranks high in many categories given that the geographic size of the county is smaller than many other locations in Minnesota.

Out of 87 counties in Minnesota, Kandiyohi County ranked:

- 8<sup>th</sup> in total cash receipts (\$495.3 million in total cash receipts)
- 7<sup>th</sup> in livestock cash receipts (\$211.2 million)
- 1<sup>st</sup> in production of turkeys (2.55 million birds raised)
- 3<sup>rd</sup> in the production of poultry and eggs (\$144 million) in 2012
- 6<sup>th</sup> in the production of sheep (4583 head)
- 20<sup>th</sup> in the production of dairy milk (424.5 million gallons)
- 33<sup>rd</sup> in the production of hogs/pigs (27,909 head)
- 12<sup>th</sup> in crop cash receipts (\$284.1 million)
- 9<sup>th</sup> in the production of sugar beets (18,475 acres)
- 11<sup>th</sup> in the production of vegetable crops (6807 acres)
- 15<sup>th</sup> in the production of corn (173,617 acres)
- 36<sup>th</sup> in the production of soybeans (87,896 acres)

## **The Mid-Minnesota Report**

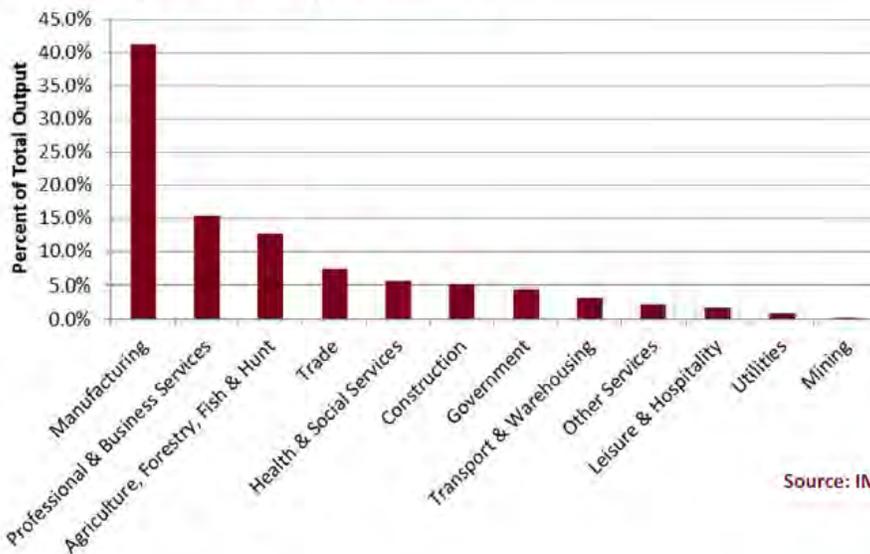
A 2015 report published by University of Minnesota Extension, Center for Community Vitality, provides some excellent information on the economic composition of the Mid-Minnesota Region. The Mid-Minnesota Region includes Kandiyohi, McLeod, Meeker and Renville Counties. Credit should be given to authors Brigid Tuck, Senior Economic Impact Analyst, with assistance from Adeel Ahmed, Extension Educator in South Central Minnesota, and Neil Linscheid, Extension Educator in Southwest Minnesota. The following excerpts of the Mid-Minnesota report are being used with permission, and the entire report should be essential reading for anyone who seeks to understand the regional economy that includes Kandiyohi County.

### **Industry Output Mid-Minnesota—Agriculture Output is Key**

Output is an important factor to consider when assessing the economic composition of a specific geography. Output provides information about the economic activity of a region and also is directly tied to employment. In 2012, businesses and industries in the Mid-Minnesota region produced \$12.6 billion in goods and services, according to estimates from the IMPLAN economic model. Output in the Mid-Minnesota region accounts for approximately 2 percent of Minnesota's \$567.8 billion economy and approximately 6 percent of Greater Minnesota's \$218.8 billion economy. In 2012, according to the IMPLAN model, the manufacturing industry created over 40 percent of total output in the Mid-Minnesota region, and is the dominant source of output in the region. The professional and business services industry produced 15 percent of output and the agriculture, forestry, fishing and hunting industry produced nearly 13 percent. The top three industries in the region account for 69 percent of output.

Chart 1 (following page) shows output by major industry category helping to frame discussions about output in the region. However, examining output by sector can be valuable as well. Sectors are a more refined level of analysis. Individual sectors form industries. For example, crop production and animal production are sectors within the industry of agriculture.

**Chart 1: Industry Share of Total Output Mid-Minnesota**



Source: IMPLAN

Beyond the major industry categories, the top ten sectors in the Mid-Minnesota region produce an estimated \$5.2 billion of output (Table 1 below). Computer storage device manufacturing is the largest sector, measured by output, in the Mid-Minnesota region. The Mid-Minnesota region is responsible for 97 percent of computer storage device manufacturing production in greater Minnesota. Poultry processing is the second largest sector.

Grain farming, including corn and wheat production, is the third largest sector in the region. Manufacturing produces over 40 percent of output. Within the manufacturing industry, the largest sectors, according to the IMPLAN model, are computer storage device manufacturing (\$1 billion); poultry processing (\$797 million); and coated and laminated paper, packaging paper and plastics film manufacturing (\$465 million). “Other” animal food manufacturing and beet sugar manufacturing are also in the top ten individual manufacturing sectors. Clearly food processing is important to the Mid-Minnesota regional economy.

**Table 1: Top Ten Sectors in Mid-Minnesota Region, Sorted by Output**

Sector	Total Output (millions)	Output per Worker
Computer storage device manufacturing	\$1,006.3	\$1,065,465
Poultry processing	\$797.2	\$439,959
Grain farming	\$600.2	\$171,611
Housing market	\$510.4	N/A
Wholesale trade businesses	\$482.2	\$193,127
Coated and laminated paper, packaging paper and plastics film manufacturing	\$465.0	\$447,047
Monetary authorities and depository credit intermediation activities (banks)	\$390.4	\$417,415
Other animal food manufacturing	\$379.3	\$1,377,310
Beet sugar manufacturing	\$320.1	\$723,482
State and local government, education	\$270.1	\$60,225
<b>Top ten total</b>	<b>\$5,221.2 (41%)</b>	
<b>Total output in region</b>	<b>\$12,618.0</b>	

Source: IMPLAN

## Agriculture Manufacturing in Mid-Minnesota is Significant

Measured by employment, manufacturing is the second largest industry in the Mid-Minnesota region. In 2013, according to the EMSI database, McLeod County was home to just over 5,000 manufacturing jobs; Kandiyohi County was home to over 3,000 jobs; Meeker County was home to over 1,000 jobs; and Renville County was home to just under 1,000 manufacturing jobs. In 2013, the largest manufacturing sector in the region was food manufacturing with 3,461 employees. Animal slaughtering and processing (poultry processing) is one of the biggest food manufacturers in the region. However, the region is also home to sugar product manufacturing, fruit and vegetable canning and preservation, and animal food manufacturing, among others. Fabricated metal manufacturing is the second largest sector, employing 1,546 workers in 2013. Other major manufacturing sectors include computer and electronic product manufacturing (1,375); machinery manufacturing (1,263); and paper manufacturing (1,259). Of these major manufacturing sectors, food manufacturing, fabricated metal manufacturing, and machinery manufacturing grew between 2003 and 2013.

## Kandiyohi County Output

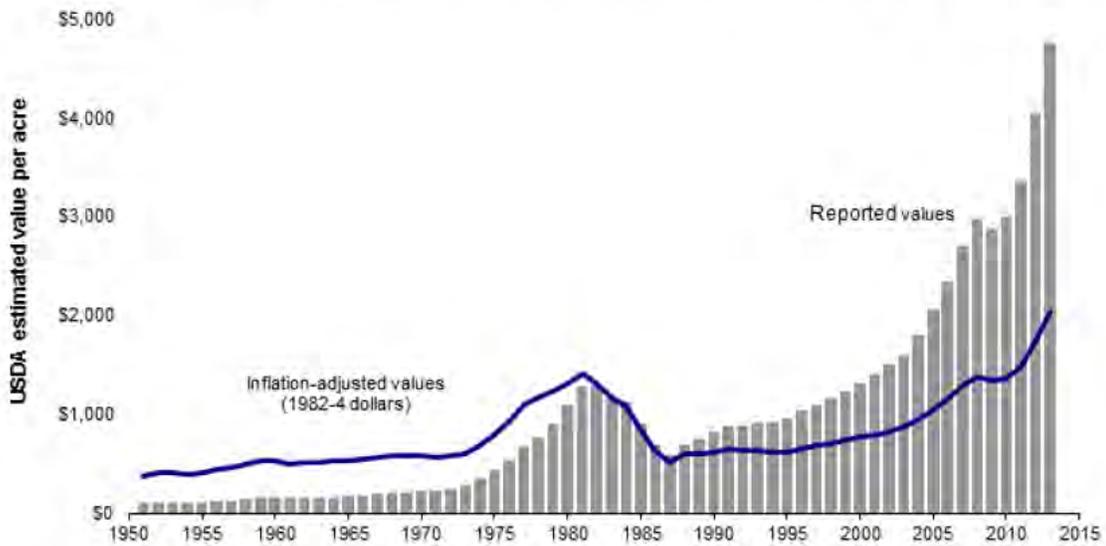
Further refining the data, Brigid Tuck provided a report of the top ten industries of 2015 by output in Kandiyohi County. In her report, Ms. Tuck identifies four that relate directly to agriculture (poultry processing, animal food manufacturing, other basic organic chemicals—which is ethanol production, and grain farming). Several listed industries have strong ties to agriculture—wholesale trade (includes grain elevators) and rail transportation (much of what is moved by rail is agricultural products).

	<b>Description</b>	<b>Output</b>
1	Poultry processing	\$567,904,053
2	Wholesale trade	\$197,537,811
3	Owner-occupied dwellings	\$182,656,418
4	Plastics pipe and pipe fitting manufacturing	\$157,215,027
5	Religious organizations	\$141,509,369
6	Other animal food manufacturing	\$135,044,189
7	Other basic organic chemical manufacturing	\$124,741,814
8	Grain farming	\$118,571,892
9	Rail transportation	\$101,985,954
10	Offices of physicians	\$99,051,453

## Minnesota Farm Land Valuation and Trends

A staff paper written by Steven Taft, Department of Agriculture Economics University of Minnesota, highlights the long-term trend of statewide estimated farm real estate values from 1950 to 2013. A single line on the chart demonstrates the inflation adjusted value of farm real estate for the same timeline. A review of this data (graph on following page) indicates a steady upward trend since 1950, with the exception of a strong “uptick” in the 1970s followed by significant decline in land values in the 1980s. The 1970’s uptick was influenced by a period of strong agriculture commodity prices. The 1980’s decline was predicated by agriculture commodity surplus and weaker prices. Rising interest rates, well into double digits, also had a very strong impact on the decline in agriculture real estate values in the 1980s.

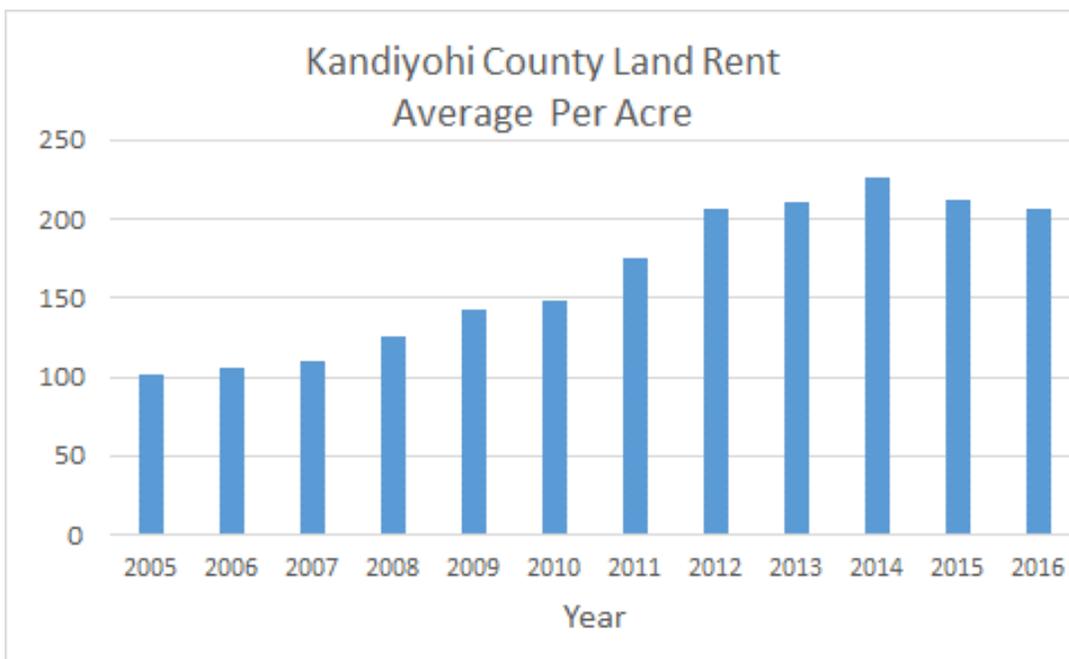
**Average USDA estimated Minnesota farm real estate values**



**Kandiyohi County—Land Rent**

The University of Minnesota Extension annual report of land rent (chart below) demonstrates the recent trend for Kandiyohi County. This information is provided by farm operators through participation in the FINBIN database. Rental agreements in 2016 ranged from a (10% low percentile) of \$148 per acre to a (90% high percentile) of \$250 per acre.

Keep in mind that these rental rates include both family and unrelated party land rental contracts, as well as long-term rental contracts. Rental rates between family members can be lower than those between unrelated parties. Long-term rental contracts generally do not change dramatically during the length of the contract and, therefore, may affect the weighted average numbers used in the data calculations. Please note that the land rental rates shown here may not align with rents being paid for new land coming on the market. In addition, these rates do not indicate any future trends related to cash rent in Kandiyohi County.

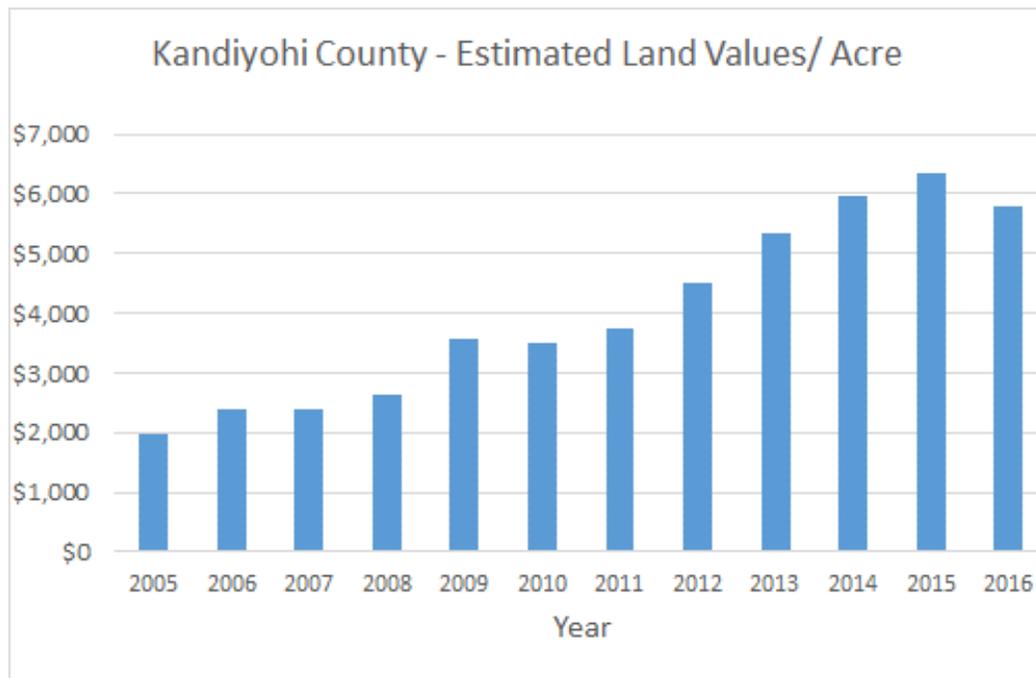


## Minnesota Land Economics

A Minnesota Land Economics website is maintained by the Department of Applied Economics at the University of Minnesota. Data is obtained from the Minnesota Department of Revenue, the Minnesota Board of Water and Soil Resources, the University of Minnesota's Department of Soil, Water and Climate, and the USDA Natural Resources Conservation Service. The following chart has been developed from estimated land values as provided by the county assessor and is available for Minnesota entities.

Rising land values can be a two-edged sword for many farmers. Rising land prices can improve the market value net worth for some farmers and improve their financial position. The other edge of the sword recognizes that increasing land values also can lead to increases in real estate taxes. A high percentage of land in the county is actually owned by someone other than the farm operator. Increasing land sale values may actually lead to higher rental contracts as landlords compare the value of their asset to their return from renting the land. Competition from non-farm uses has increased. This competition includes development, recreation and 1031 land exchange investments.

Many production agriculture farm land purchases do not cash flow on their own. For example, a \$5,000 per acre property purchased with a 5 percent interest loan amortized for 30 years would require \$325 of interest and principal payments per year. That can be much higher than cash rental rates and does not include real estate taxes or insurance expenses. Farm operators can purchase land, but they likely will need other farm earnings and assets to make the purchase financially possible.



## Land Valuation, Rent and Future Trends

A look at the charts for Kandiyohi County indicate a 2016 decline in agriculture real estate values, and a two-year slight decline in farm land rental rates. Kandiyohi County ag producers are experiencing a period of lower commodity prices and greatly reduced farm profitability in most commodities. Agriculture real estate interest rates remain historically low, however, some wonder if this trend will change. These factors fuel a great deal of discussion in agriculture circles. Are we about to re-experience the 1980s or will agriculture real estate continue to strengthen in value?

## **Agriculture Industry, Development and Change**

An informal review of the agriculture industry over the previous ten-year period and concluding today, might reveal some interesting changes in the landscape. This final section of the background information for this study is not intended to be all encompassing, and it is not our intention to leave important agriculture businesses and entities unmentioned. However, there are some key changes that you may have noticed and we believe they should be mentioned in this chapter.

### **Bushmills Ethanol**

Bushmills Ethanol, Inc. is a cooperative made up of 415 local ag producers/investors with an interest in making an economic impact in their regional community. Bushmills Ethanol is a dry mill plant that produces 65 million gallons of ethanol per year. An expansion to 100 million gallons of ethanol is in the planning permitting stages.

### **Christianson Systems Inc.**

Christianson Systems, Inc. is a leading manufacturer of ship-unloaders and pneumatic conveying systems for a wide range of bulk materials, including feed and cereal grains, plastics and chemicals. The company's equipment operates in agriculture, commercial bulk handling, and marine port industries worldwide.

### **Jennie-O Turkey Store**

A company snapshot of Jennie-O Turkey Store indicates the company is based in Willmar and is owned by Hormel Foods Corporation. Jennie-O Turkey Store produces 1,500 plus products that are distributed in more than 70 countries. Jennie-O Turkey Store employs nearly 7,000 employees and has been a recognized leader in the turkey industry for more than 70 years.

### **Meadow Star Dairy**

Located near Pennock, Meadow Star Dairy opened in the fall of 2016. This 8,500 dairy with local ag producers as investors, is also part of Riverview LLP, a partnership with over 300 owners, 70% of the owners are employees. Riverview LLP celebrated June Dairy Month with an open house at Meadow Star Dairy with 5,000 visitors attending. Meadow Star Dairy provides an opportunity for neighboring producers to market forages/grain, provides a source of manure/fertilizer, an opportunity to provide machinery custom work and labor resources. The dairy is also a significant user of DDGs a byproduct of the area ethanol industry and supports regional milk processing, hauling and suppliers.

### **MinnWest Technology Campus**

Developed from the former Minnesota State Hospital campus, the MinnWest Technology Campus is a business community located in the heart of Minnesota's lakes country. MinnWest Technology Campus is currently home to 31 companies that create a rich network of talent and expertise in the areas of agribusiness, bioscience and technology. Among them are national and global leaders in their industries. The following list is an example of companies that have developed and are located on the MinnWest Technology Campus.

**Anez Consulting Inc.**—Source of information for agronomy, engineering, permitting and environmental services.

**Epitopix, LLC**—Discovering, developing, manufacturing and selling veterinary vaccines based upon proprietary SRP® Technology.

**Life-Science Innovations (LSI)**—LSI, in conjunction with Epitopix, developed the first sustained release vaccine (SRV) platform. The SRV allows day-of-age vaccinations to be administered and then proceeds over several weeks to release antigens as each bird’s immune system matures.

**Nova-Tech Engineering, LLC**—An integrated design, manufacturing and customer support company that combines the talents of engineers, machinists, technicians and support personnel to provide innovative robotic systems.

**University of Minnesota**—Mid-Central Research and Outreach Center/University of Minnesota Extension.

### **Prinsco, Inc.**

Prinsco, Inc. is a third-generation, family-owned company committed to providing quality, water management solutions. It started in 1975 as a manufacturer of cement pipe, but quickly transitioned to HDPE plastic products to better serve the needs of the Midwestern agricultural market. Prinsco’s flagship manufacturing facility, located in Prinsburg, Minnesota, is still in operation and remains a vital part of a growing, 11-plant network throughout the United States and Canada.

### **Select Genetics (formerly Willmar Poultry Company/Ag Forte)**

The company was recently established through a merger of Valley of the Moon Commercial Poults (VOMCP) and Willmar Poultry Company/Ag Forte. Select Genetics supplies high-quality Nicholas commercial poults and eggs to the global turkey industry. Based in Willmar, its operations include farms and hatcheries spread across nine states.

## **Summary**

With the variety and amount of information that is available about agriculture, it is difficult to know where to start and where to stop with a chapter such as this one. It is the intent of the Ag BRE Subcommittee to provide enough information to give a solid background of our agriculture industry. We also hope we have been concise and direct so that the average public reader will find the report useful and interesting. Consider this background our “Best Snapshot Effort.” The next chapter is a summary of the survey responses from Kandiyohi County ag producers. The respondents had some important and interesting things to say!

## Chapter III

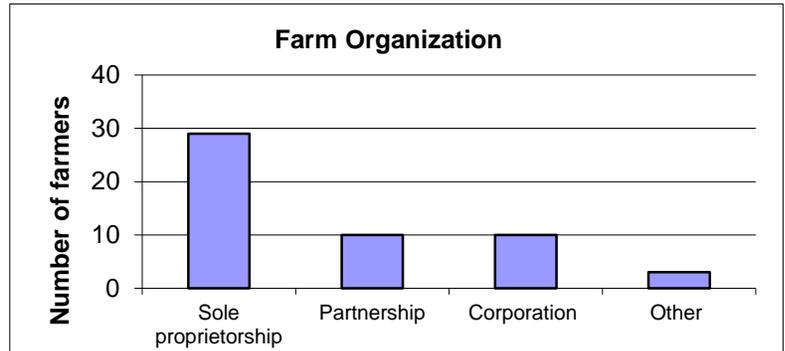
### Survey of Kandiyohi County Ag Producers

#### Business Retention and Expansion (BRE) Program

### Background on Your Farm and Operation

#### 1. How is your farm organized?

Type of Farm Organization	Number
Sole proprietorship	29
Partnership	10
Corporation	10
Other	3
Total Responses	52



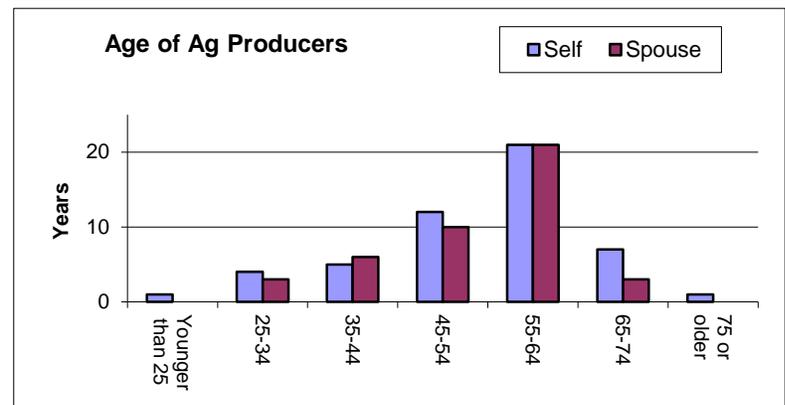
#### 2. How many years have you and your spouse derived income from farming?

Number of Years	Number
1 to 10 years	6
11 to 20 years	3
21 to 30 years	8
30 or more years	26
Average	31.1

#### 3. How old are you?

Age of Ag Producers	Self	Spouse
Younger than 25	1	0
25-34	4	3
35-44	5	6
45-54	12	10
55-64	21	21
65-74	7	3
75 or older	1	0
Total Responses	51	43

Note: For a few selected questions there may be a more responses than ag producers surveyed. (62) Reason, a partnership may have answered some questions twice.



#### 4. Why did you start farming?

Why Started Farming?	Number
Personal choice	49
Family pressure	4
Other	2
Total Responses	55



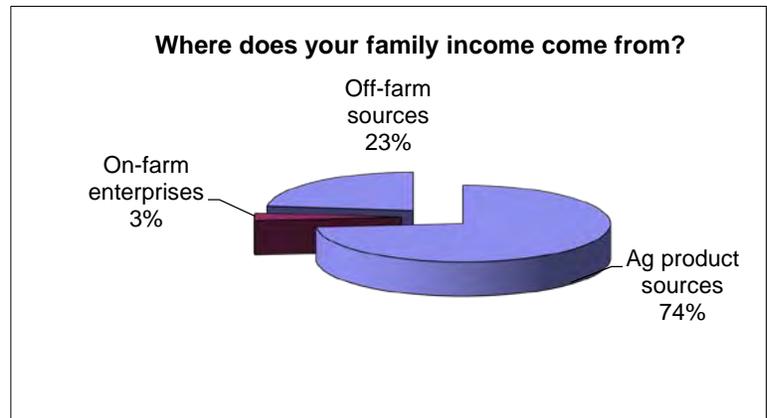
**5. Are you or your spouse employed off the farm?**

Off Farm Employment?	You	Spouse
Yes, part-time	4	16
Yes, full-time	4	11
No	42	14



**6. What percentage of your family's income comes from farm products, on-farm enterprises, or off-farm sources, such as off-farm jobs held by you and/or other members of your family?**

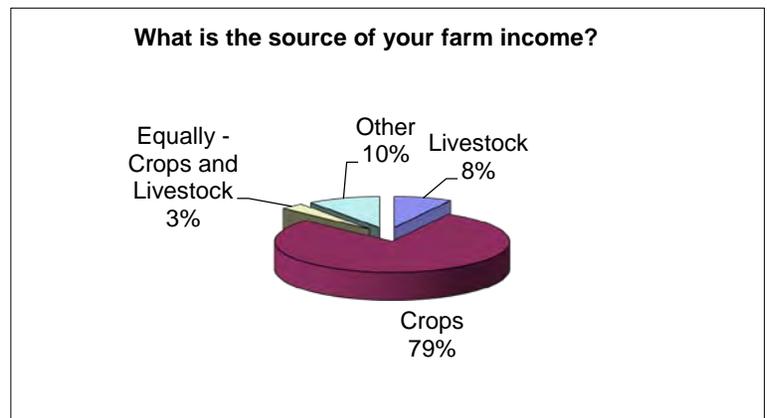
Where Does Your Income Come From?	Percentage
Ag product sources	73.6%
On-farm enterprises	3.2%
Off-farm sources	23.2%



**7. From where does most of your gross farm income come?**

Source of Farm Income?	Count
Livestock	12
Crops	119
Equally - Crops and Livestock	5
Other	15

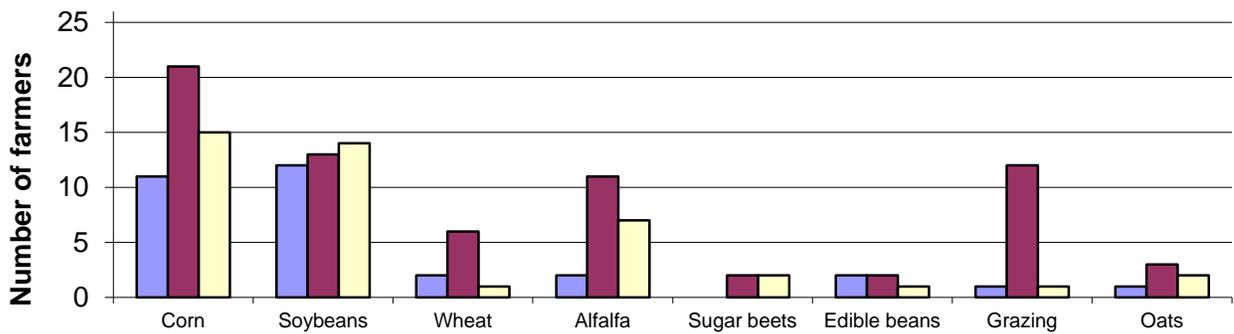
Note: "Other" may include crops or livestock grown under as contracted production, or some type of value-added farm production that may not fit the definition of crop and livestock production.



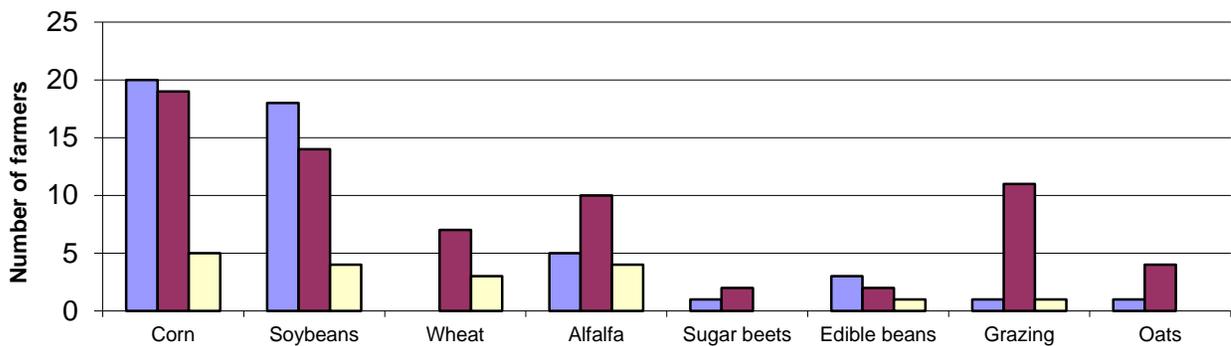
8. How many acres of each of the following crops did you have this year?  
 Is that more, less or the same number as you had five years ago?  
 Do you expect to have more, less or the same of each in five years?

Crops in KCO <i>Average per farm</i>	Total Acres	Acres compared to 2012			Acres in 2022		
		more	less	same	more	less	same
Corn	592	11	15	21	20	5	19
Soybeans	456	12	14	13	18	4	14
Wheat	84	2	1	6	0	3	7
Alfalfa	92	2	7	11	5	4	10
Sugar beets	653	0	2	2	1	0	2
Edible beans	446	2	1	2	3	1	2
Grazing	90	1	1	12	1	1	11
Oats	25	1	2	3	1	0	4
Sweet Corn or Peas	159	2	2	0	0	0	4
CRP	110	0	0	2	0	0	2

**2017 Crop Production (compared to 5 years ago)**

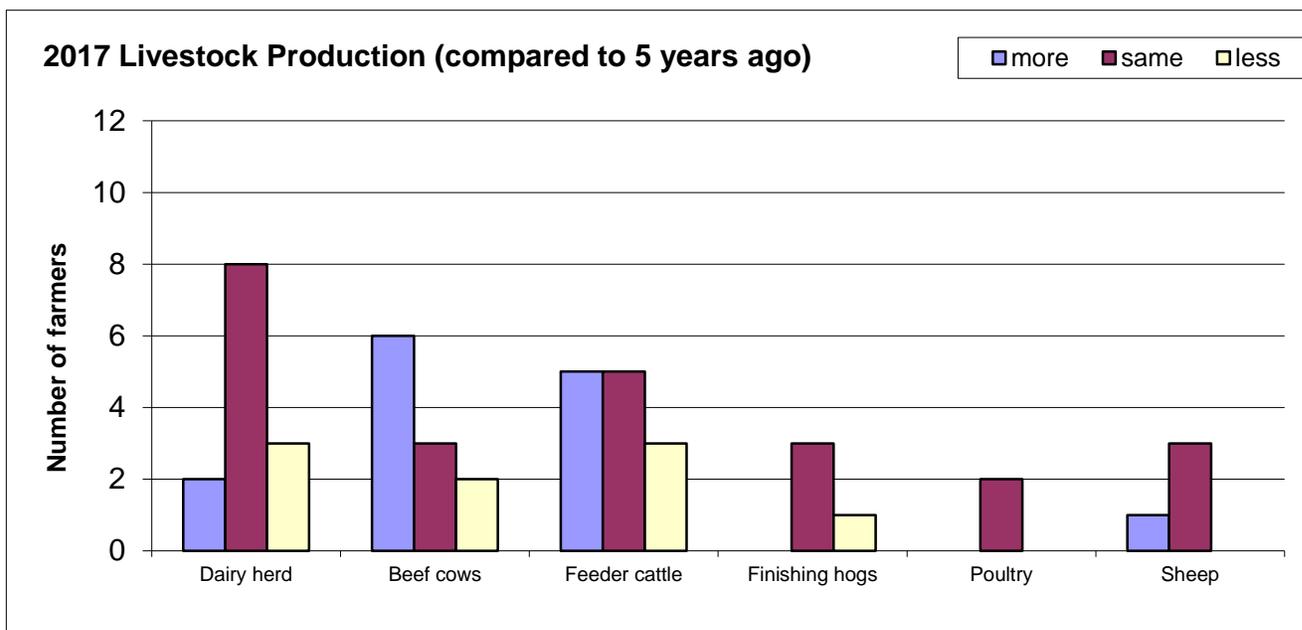
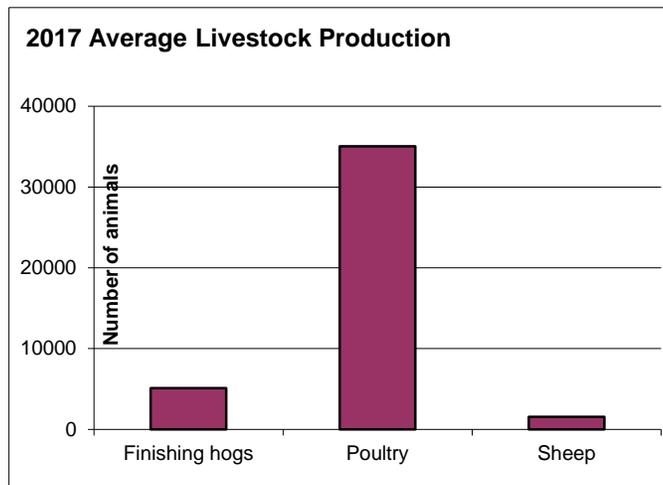
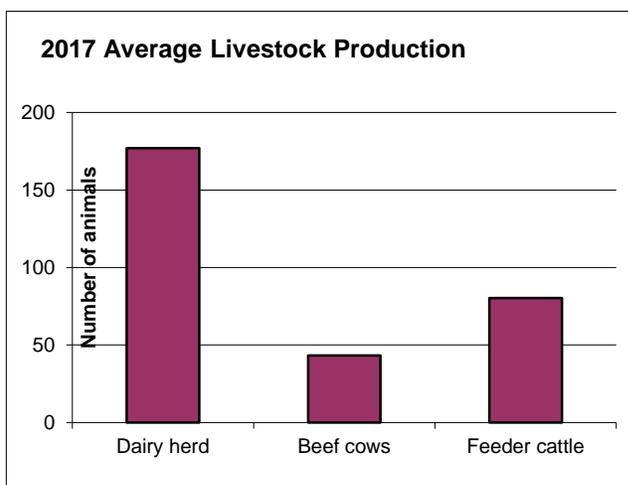


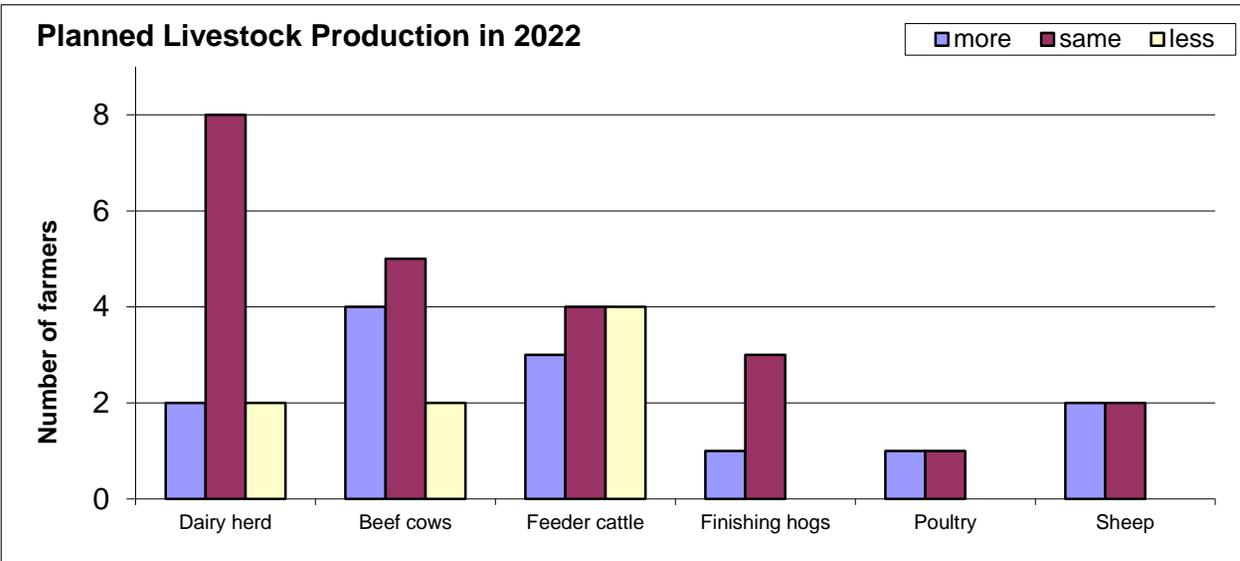
**Planned Crop Production in 5 years - 2022**



9. If you raise livestock, how many of each type did you have this year?  
 Is that more, less or the same number you had five years ago?  
 Do you expect to have more, less or the same of each in five years?

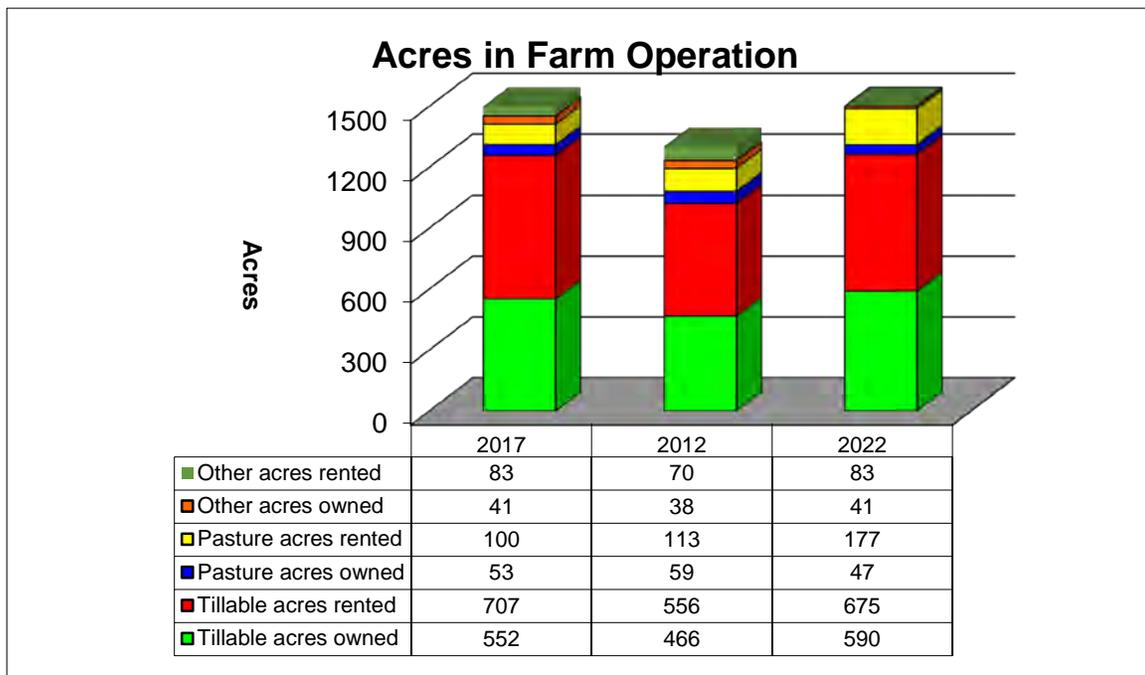
Livestock Average	Owned 2017	Number compared to 2012			Number in 2022		
		more	less	same	more	less	same
Dairy herd	177	2	3	8	2	2	8
Beef cows	43	6	2	3	4	2	5
Feeder cattle	80	5	3	5	3	4	4
Finishing hogs	5100	0	1	3	1	0	3
Poultry	35022	0	0	2	1	0	1
Sheep	1546	1	0	3	2	0	2



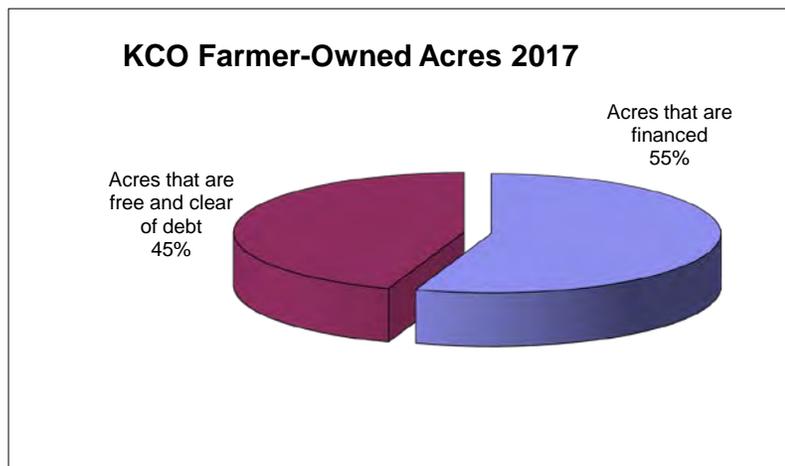


10a. How much land—tillable acres, pasture and other—is included in your operation?  
 How much was in your operation five years ago? 2012  
 How many will be in your operation in five years? 2022

Acreage in Farm	2017	2012	2022	2017	2012	2022
	Total			Average		
Tillable acres owned	26510	22390	28297	552	466	590
Tillable acres rented	31103	24446	29690	707	556	675
Pasture acres owned	1163	1293	1028	53	59	47
Pasture acres rented	300	340	530	100	113	177
Other acres owned	734	679	729	41	38	41
Other acres rented	250	210	250	83	70	83



10b.	Of the acres owned:	Total	Percent
	Acres that are financed	15236	55%
	Acres that are free and clear of debt	12310	45%



10c. Of the acres rented, how many people do you rent land from and do they live in Kandiyohi County?

Landlord Information for KCO	Average
Number of people (landlords)	6.5
Number of landlords who live in Kandiyohi County	4.2
Average age of your landlords	66.4

11. Do you have any plans to change your operation within the next two, five or ten years?

Plans for your operation	Within 2 years	Within 3-5 years	Within 5-10 years	No change
<i>Number of responses</i>				
Increase some acres	17	13	9	20
Decrease some acres	2	3	3	30
Start raising different crops	8	0	0	29
Increase livestock numbers	9	3	3	24
Decrease livestock numbers	3	5	1	30
Raise different livestock	1	0	0	35
Change to contract production	0	1	0	35
Hire additional workers	5	2	5	26
Rent out all or part of the farm	0	1	10	29
Alternative on-farm enterprises	1	0	4	32

12.	Do you grow crops or livestock under contract for someone else?	
	No	39
	Yes	11

13. Which of the following marketing tools do you use in your farming operation?

Marketing Tools	Total	Percent
Cash forward market contracts	39	41%
Futures market for locking price	21	22%
Options market	14	15%
Direct market	13	14%
Other	4	4%
None of the above	4	4%

14. Where do you purchase the majority of your farm supplies or services?

Purchase Farm Supplies? Responses	Kandiyohi County	Neighboring County	Elsewhere/ MN	Outside/MN	Internet/ Online
Seeds	33	16	1	0	0
Fertilizer	30	19	0	0	0
Chemicals	27	22	1	1	0
Farm machinery	27	17	4	1	2
Livestock	13	10	3	3	0
Feeds	14	14	2	1	0
Forages	16	4	2	2	0
Veterinary supplies and/or services	26	4	2	0	0
Equipment repair and/or service	34	14	1	0	0
Banking services	43	7	1	0	0
Insurance	43	7	0	0	0
Accounting services	39	12	0	0	0
Gas, fuel and oil	33	18	0	0	0
Ag consulting services	22	15	3	0	1

15.

Do you participate in group purchasing?	
No	46
Yes	5

a. If yes, what products have you purchased?
Seed, fertilizer, chemicals. Specialty machinery that is shared. Have discussed with neighbors, but have not done it yet.

b. How does purchasing through a group or online affect you?
Economics of better pricing. (5)

c. Is the availability of consulting services a consideration as you purchase farm inputs?
Yes, consulting is an important consideration. (5) Some have private consulting services so it is less a consideration.

16. What could local suppliers of the goods and services listed in question 14, do to get you to buy more of your inputs and supplies in Kandiyohi County?

Service	Customer service, salesperson (7) They do a good job now. Able to return exchange products, etc. easier (2) Provide same discounts and service no matter the farm size (2) Stop trying to upscale, selling ploys for things we do not need Competitive price and service are both important Advice, price discounts for shopping locally.
Proximity/ Product	Live near another county, but consider that a local business (5) Local coop has good service and personnel Convenience and location of suppliers relative to area operated is important If a needed product is not available the producer may go outside the local area for purchases Not enough alfalfa for purchase in the county Online machinery purchases are being used more often
Price	Competitive pricing is key (6) Local coops to merge locally to be able to purchase in bulk to give efficiency and lower cost Coop mergers should be a good idea (like Central Lakes) for buying in bulk Price is important so I can manage my profit margin
Local	Already buy everything local (16) Buy as much as I can locally, if they stocked the specialty items I need I would do more

17. **Where do you purchase the majority of your family's supplies?**

<b>Purchase Family Supplies?</b> Responses	<b>Kandiyohi County</b>	<b>Neighbor County</b>	<b>Elsewhere in MN</b>	<b>Outside MN</b>	<b>Internet/ Online</b>
Food	49	3	0	0	0
Clothing	39	6	3	0	3
Household items	46	4	0	0	0
Healthcare	46	3	2	0	0
Automobiles	28	18	7	0	3
Durable goods	46	4	0	0	0
Banking	44	6	1	0	0

18. **What could local suppliers of the goods and services listed in question 17, do to get you to spend more of your money in Kandiyohi County?**

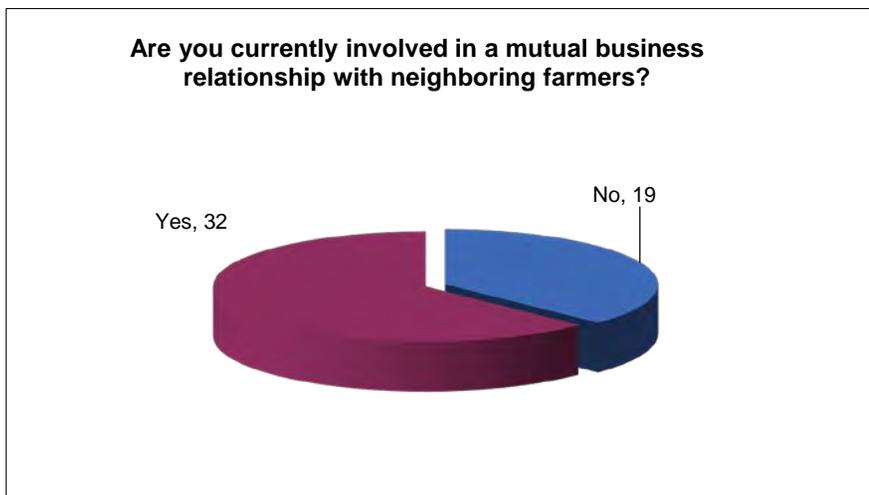
People are loyal to local business now, it is important to them (6)  
 Selection for type, price, better selection of automobiles (3)  
 Variety (bigger inventory) of products (2)  
 We are doing more online shopping with certain food products, clothing (mostly kids) and household items  
 Offer more specialty medical services

19. **Are there new market outlets or community resources that might improve the marketing of your crops and/or livestock?**

Ethanol plant expansion in Atwater (5)  
 Additional soybean market or processing options, compared to Mankato or Dawson (3)  
 Local facility to slaughter dairy cull cows or dairy beef (3)  
 Producer would prefer more cooperatives to increase competition (2)  
 Community awareness of local ag products could improve (2)  
 USDA certified processing plant for lambs and/or goats  
 There is no local market for wheat and oats  
 Producers feel there is good market opportunity now (3)  
 More outreach efforts at county fair

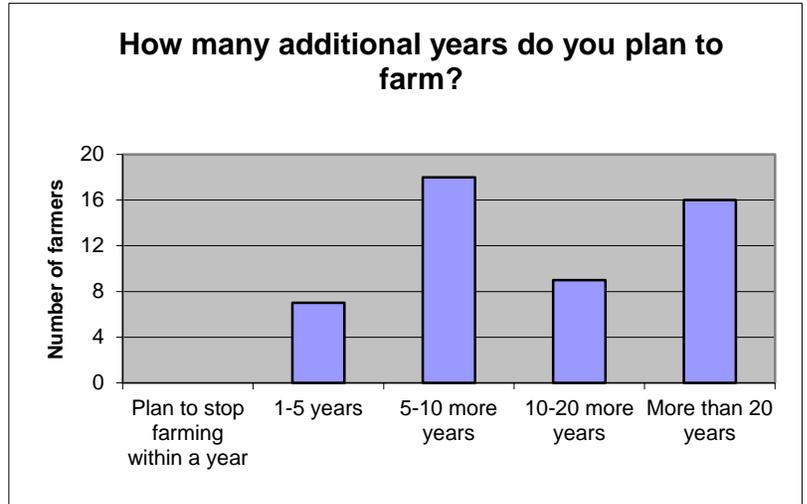
20. **Are you currently involved in a value-added cooperative(s) (limited liability, partnership or corporation)?**

No	19
Yes	32



**21. How long do you plan to continue farming?**

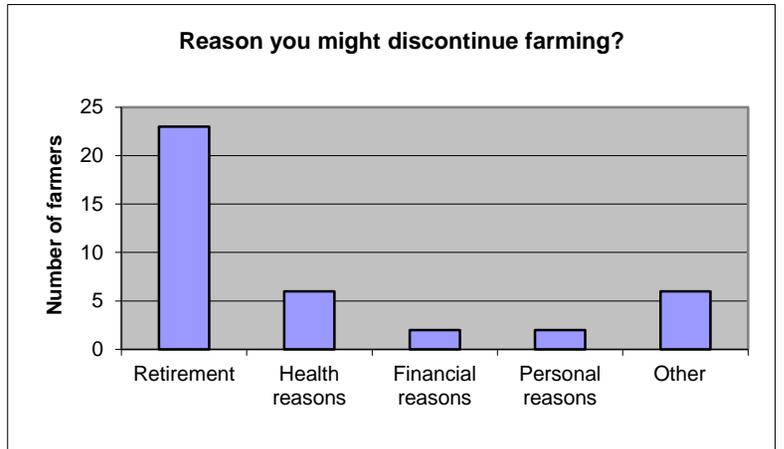
Years to Farm?	Response
Plan to stop farming within a year	0
1-5 years	7
5-10 more years	18
10-20 more years	9
More than 20 years	16
<b>Number who plan to discontinue in next 1 to 10 years.</b>	<b>25</b>



**22. If you plan to stop farming within the next one, five or ten years, identify the reasons.**

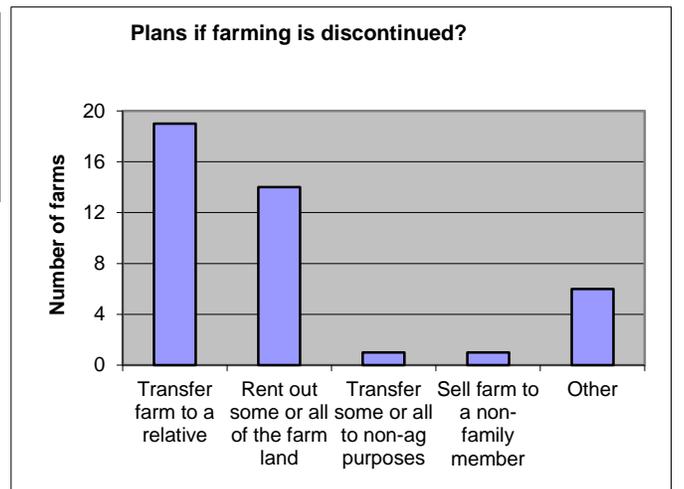
Reason to discontinue farming?	Response
Retirement	23
Health reasons	6
Financial reasons	2
Personal reasons	2
Other	6

Several farmers commented that they see farming as a lifetime occupation. (6)



**23. If you plan to stop farming within the next one, five or ten years, what do you plan to do with your farm after you stop farming?**

Plans if farming is discontinued?	Response
Transfer farm to a relative	19
Rent out some or all of the farm land	14
Transfer some or all to non-ag purposes	1
Sell farm to a non-family member	1
Other	6



24. Consider each of the following current trends. Rate each one as to its impact on your operation.

Kandiyohi County Agriculture Trends <i>Responses</i>	Potential	No	Potential
	Threat	Impact	Opportunity
a. Decline in county's farm population	24	17	12
b. Growth in larger-sized farm operations	42	6	4
c. Increased environmental regulations	46	4	1
d. Mergers among agriculture supply companies	35	15	8
e. Changes in government commodity programs	30	14	10
f. Securing adequate credit	17	29	3
g. Concerns of food safety	26	23	3
h. Changes in healthcare coverage	45	5	2
i. Cost of healthcare coverage	48	3	0
j. Livestock/Poultry/Crop diseases	41	9	1
k. Herbicide resistant weeds	38	12	0
l. Securing/maintaining reliable farm employees	25	25	0
m. Other	4	0	0

25. Please describe why you see some of the current trends listed in question 24 as potential threats or opportunities.

- a. Some see declining farm population as an opportunity to expand their operation (3)
- a. There is a concern that smaller rural population will result in a smaller voice for agriculture, less rural voters (4)
- b. Farmers express concern that larger farms have advantage over smaller (8)
- b. Government regulations, one size fits all, or regulation without science or data—is seen as negative (8)
- c. Some farms report the negative impact of feedlot regulations and interaction as negative (3)
- c. CRP land rent offers, use of Legacy Funds to take farm land out of production is seen as a threat (3)
- c. Concern that public perception of GMO crops will negatively affect the useful benefits to farming (3)
- d. Mergers of supply companies and cooperatives may negatively affect price and competition (10)
- d. Mergers may provide better markets, more product choices (5)
- e. The future of government commodity programs are uncertain. It may be a threat or an opportunity (10)
- e. More programs to help beginning farmers are needed
- g. General public, not understanding farming operations is a concern (food safety, GMO vs. non-GMO) (7)
- h & i. Healthcare cost, availability are listed as threats (16)
- j. While livestock disease is a concern, most practice good stewardship to protect animals (5)
- l. Finding both seasonal and full-time labor is a concern (3)
- m. One survey reported the value in using wisdom in reactions and decisions
- m. One survey suggested that we step out of our comfort zone to realize our potential
- m. One survey suggests that change is instant, we need to adapt
- m. Population is 2 to 3 generations from the farm, we need to educate

26. How many full-time, part-time, seasonal workers and/or family members did you employ on your farm this past year? (Do you expect a change in the next three years?)

Farm Employees	# in 2017	Change in next 3 years		
		Increase	Decrease	Same
Full-time	54	5	0	18
Regular part-time	34	7	2	10
Seasonal	69	2	0	20
Migrant workers	13	0	1	8
Family (not spouse)	59	5	0	19

27. Do you have any of the following employment problems?

Employment problems?	Yes	No
Finding employees	13	24
Retaining employees	5	31
Managing employees	7	27
Training employees	7	27
Paying employees the prevailing wage rate	7	28
Other	4	10

28. Please describe what you do on your farm that will help you succeed in the future?

<b>Conserve resources</b>	Using conservation practices in manure application (4) Use no-tillage and minimum tillage practices (3) Improving farm drainage practices (2) Being good stewards of the land (4)
<b>Diversify</b>	Having livestock allows us to diversify and conserve (6) Crop rotations and raise hay or other conservation crops (4) Diversify with value-added cropping and marketing Raise value-added crops
<b>Education</b>	Use the Adult Farm Business Management Education Program at the college (6) Learn, attend meetings to help me to use the latest conservation practices (5) Use consultants to implement BMPs (Best Management Practices) (4) Membership in farm groups (3) Being involved in a cooperative has provided educational services that are being used on my farm
<b>Manage</b>	Pay down debt, manage debt levels (8) Use BMPs (Best Management Practices) in all farm production, fertilizer rates, chemical use (5) Manage profitability, keep costs down (9) Manage marketing and marketing tools (5) For the next generation, building a new team of consultants, lenders, advisors, peers and family Trying to be more thoughtful and wise in decisions Make plans, plan for the future, thinking all of the time (3) Positive attitude about future, reward employees Try to do as much as we can ourselves Cautious in machinery purchases, buy used equipment when possible Be hands-on in everything! Bringing in the new generation!
<b>Technology</b>	Use variable rate technology for seed, fertilizer and chemical. (5) Precision farming technology (5) Use genetics to improve yields and improve efficiency (5) More productive equipment (robotics, larger tractors with fewer employees) (2) Maintain irrigation equipment, use latest technology

29. **Would you like information on any of the following topics?**

Interest in Topics?	Response	Percent
Business records systems	8	7%
Farm business enterprise analysis	7	6%
Business financial planning	8	7%
Strategic planning	7	6%
Exporting	3	3%
Marketing	14	13%
Organic agriculture	2	2%
Environmental regulations	8	7%
Employee management	5	5%
Starting an agri-related venture	5	5%
Job retraining for yourself	0	0%
Farm ownership transfer	12	11%
Estate planning	17	15%
Agriculture technology	10	9%
Alternative agricultural enterprises	4	4%
Other	0	0%

30. **What are producers in the area doing to protect the quality of surface, ground water and land?**

<b>Buffers</b>	<p>Buffer strips (9)</p> <p>Not affected by buffer laws - already have buffer strips (3)</p> <p>Follow laws in place for buffering (2)</p> <p>Buffer strip land should not be taxed at the same rate as productive ag land</p> <p>Buffer maps are out of date and hard to change</p>
<b>Conservation</b>	<p>Use minimum tillage, maintain surface residue (25)</p> <p>Use drain tile, dikes and berms to prevent soil erosion (16)</p> <p>Farmers invest in improved drainage practices to increase soil water holding capacity (12)</p> <p>Farmers remove or modify tile water inlets to reduce runoff and erosion (12)</p> <p>Practice well head protection</p> <p>Use Conservation Stewardship Program (CSP)</p> <p>Use Conservation Reserve Program (CRP or CREP) (6)</p> <p>Plant cover crops after fall harvest (5)</p> <p>Use crop rotations(10)</p> <p>Plant tree lines</p>
<b>BMPs in crop/livestock</b>	<p>Adhere to setbacks on chemical/fertilizer applications</p> <p>Use a crop consultant to manage nutrient, chemical rates (6)</p> <p>Variable rate application rates vs. lower amounts of chemical and fertilizer (12)</p> <p>Use precision technology to ensure proper rates and application (5)</p> <p>ESM time release fertilizer</p> <p>Follow chemical labels and regulations, train people to follow them (3)</p> <p>Auto steer, auto shutoffs allow less chemical, fertilizer application (5)</p> <p>Proper timing and rates are being used by most producers</p> <p>A lot of work already done grid sample, auto shutoffs on planters and sprayers</p> <p>Use BMPs with alfalfa hay and grass waterways</p> <p>Manure management, incorporate manure, timing of application (5)</p>

**31. What could producers in our area do to protect the quality of ground and surface water?**

Be a good steward, do what you need to do  
 CRP or CREP where needed  
 Crop rotations with alfalfa hay  
 Control amounts of fertilizer, chemical applications  
 Crop rotations with alfalfa hay  
 ESM fertilizer—a great product, but expensive—more competition needed  
 Leave residue on the fields, minimum tillage (15)  
 Make conservation a voluntary effort  
 Research on BMPs for tile drainage  
 Some things have been tried, some work, some do not  
 Stay away from open water and tile intakes when applying chemical and fertilizer  
 Stay away from well heads when applying farm chemicals and fertilizer  
 Use buffers, filters in erodible areas (8)  
 Use consultants to make sure BMPs are in place (10)  
 Use cover crops (10)

**32. What are producers doing to protect and preserve the land?**

\* Most of the responses listed in question 31 are repeated again as responses for question 32.  
 Each generation has a chance to learn and understand more about the land  
 Many of the producer groups and organizers look for new and better best practices to reduce soil erosion  
 Most farmers are doing their part; majority are doing their part  
 Not enough, as an industry we can do more in the future  
 The land is how we make our living, ag has made great strides  
 Using more precision ag to apply fertilizer and chemical  
 We are trying to protect our investment more than the consumer realizes

**33. Please rate each of the following community services.**

<b>Rate your community services.</b>	<b>Poor</b>	<b>Fair</b>	<b>Good</b>	<b>Excellent</b>	<b>Not sure</b>
Elementary and secondary schools	0	5	27	15	5
Area technical and community colleges	0	2	29	16	4
Day care	1	5	11	4	26
Recreation facilities	1	8	26	9	6
Healthcare/hospitals	1	9	33	7	1
Long term care	0	4	30	10	8
Ambulance services	0	2	25	18	6
Fire protection	1	2	24	20	4
Road maintenance	4	15	25	8	0
Planning and zoning	5	15	20	3	9
Building code	5	17	15	3	9
Broadband service	21	15	10	2	2
Broadband speed	22	17	7	2	2
Other	2	1	0	0	0

34. Rate the following groups as to how much you think they care about your survival during difficult economic times.

Your perception of "how much others care about your business"	Don't care at all	Indifferent or unaware	Somewhat concerned	Very concerned
Local agricultural-related businesses	0	4	16	30
Local non-agricultural businesses	6	29	12	4
Local officials	5	12	22	11
State environmental agencies	21	18	9	2
MN Department of Agriculture	3	7	27	14
Agribusiness interests	7	9	25	8
University of Minnesota	2	15	25	9
Rural non-farm residents of your area	10	29	10	2
City residents of the region	14	27	8	2
Livestock producers	1	5	15	29
Crop producers	1	4	20	26
Producers with small operations	3	2	17	28
Producers with large operations	11	7	18	13
Other	0	0	1	1

35. Rate each of the following factors affecting your business.

Rate Kandiyohi County business factors	Very Poor	Poor	Fair	Good	Excellent
a. Availability of financing	0	0	1	28	22
b. Availability of healthcare	3	8	9	21	11
c. Availability of labor	1	7	18	17	2
d. Availability of housing	0	2	13	27	2
e. Availability of land for crop production	5	23	14	5	4
f. Availability of markets or places to sell	1	4	12	30	5
g. Availability of community amenities	1	4	11	27	4
h. Property tax structure	13	17	15	4	1
i. Wage and compensation	1	7	26	12	1
j. Zoning of agriculture property	3	9	18	16	1
k. Other	0	0	1	0	0

36. Which of the factors in question 35 are the most critical to your operation and why?

- a. Availability of financing—need to borrow money to operate (13)
- a. As small farmer, budgets are smaller, it is hard to find financing for equipment, hard to buy big equipment when you
- b. Farmers are concerned regarding healthcare - affordability, insurance and quality of local medical
- c. Quality of labor, reliable labor and sometimes availability of seasonal labor are concerns (5)
- e. Farmers are concerned with the amount of available land and competition for that land (16)
- e. CRP and conservation program are taking land out of production, creating higher land rental rates and
- e. Farmers are concerned that land rental rates are higher than breakeven levels (3)
- f. Having markets for product is very important to producers (6)
- f. Concerned that markets are not available for specialty or organic items
- f. Available markets - another outlet for soybeans (value-added more local)
- g. Community amenities - nice to have something to do
- h. Property tax rate, structure for ag land are not seen as fair or equitable in county (13)
- h. Property tax rate affects ag land rental rates as landlord property tax rates increase
- h. School levies are a burden on farmers (3)
- j. Concern with reclassification of farmland to residential (3)
- j. Concern with the amount it takes to get building permits
- k. Cost of health and human services are high in this county

**37. Are you involved in any agricultural organizations?**

No	12	Yes	39
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**37a. If yes, please state the organizations you are a member of.**

American Dairy Association Board Member	Kandiyohi County Water Planning Task Force
American Soybean Association	Local cooperative for marketing and/or purchasing (3)
Cattlemen's Association	MN and National Pork Producers Association
Chamber of Commerce Agri-Business Committee	MN Hereford Breeders
Commodity checkoff - new markets and products	MN Milk Producers Association
Corn Growers Association (27)	MN Turkey Growers Association
Dairy Herd Improvement Association (3)	National Corn Growers Association
Edible Bean Growers Association	National Federation of Independent Business (4)
Farm Bureau (14)	Northarvest Bean Growers Association
Farmers Union (17)	Ridgewater Agriculture Alumni
Holstein Association (3)	Soil and Water Conservation District (SWCD)
Irrigation Association (3)	Soybean Growers Association (22)
American Dairy Association of Kandiyohi County	United FCS

**37b. What benefits do you receive through your membership in these organizations?**

- They are a voice and advocate for agriculture (7)
- Lobby for ag policy at state and national levels (7)
- These are important organizations that represent our values and beliefs
- Promotion, education, inform public about agriculture (3)
- Collaborative voice and research benefits
- Provide opportunities for education (5)
- Networking and connections with other farmers (4)
- Provide insurance, discounts on some purchases or other services (4)
- Research and development of new products (3)

**38. Have you contacted local, county, state or federal policy makers about agricultural issues?**

	Never	Sometimes	Often
Township	14	28	8
County	13	35	3
State	20	21	7
Federal	25	20	3

**39. During the past two years, which of the following sources have provided useful information?**

	A lot of useful info	Some useful info	No useful info
University of Minnesota Extension	7	35	9
USDA agencies	6	39	6
MN Department of Agriculture	6	32	12
Computer/Internet	25	22	4
Farm magazines and books	17	30	4
Newspapers	8	34	7
Television/Radio	10	33	7
Conversations with other producers	27	22	2
Consultants/Professional Services	25	25	1
Other	3	3	0

**40. Which of the above sources, in question 39, do you rely on the most for agricultural information and resources?**

Producers report that they rely on consultants and professional resources (28)  
 I have come to rely on consultant expertise, practical and focused on my specific needs  
 Comments that they use internet, email lists, etc. for information and to communicate (5)  
 Producer uses "Ag Talk Blog" as a source of information  
 Some report that they use farm magazines and books (5)  
 Other producers are a valued source of information (5)  
 Dad provides a lot of information, you can learn a lot from previous generations  
 Conversations with other ag producers (4)  
 Radio and Linder Farm Network (2)  
 The USDA and related agencies are a good source (3)  
 University of Minnesota Extension (2)  
 Not one specifically, a little from everything

**41. How would you rate your optimism or pessimism regarding the economic outlook for agriculture in Kandiyohi County?**

Future Outlook Rating	Very Pessimistic			Very Optimistic	
	1	2	3	4	5
Responses	1	4.5	20.5	17	9
Percentage	1.9%	8.7%	39.4%	32.7%	17.3%

**42. What do you believe needs to be done to maintain or enhance agriculture's role in Kandiyohi County/West Central Minnesota?**

Address the ag land property tax issue, tax burden on ag land (7)  
 Better soybean market opportunities, possible processing locally (2)  
 County overall is doing well agriculturally  
 Desire improved communication between regulatory staff and ag producers (2)  
 Desire to see education efforts with a purpose of public knowledge, perception of ag (5)  
 Expansion of the cooperative model in the county  
 Ag producers desire less regulation, more common sense in rules and obstacles to farming (7)  
 Greater efforts to help young people return to the farm, maintain rural communities (7)  
 Healthcare is an important issue to be worked on  
 Increase broadband and internet access to rural locations (5)  
 Maintain roads and transportation infrastructure (5)  
 More clear rules on regulation and zoning (2)  
 Provide strong markets to sell agriculture products (4)  
 Recognize the need for each other - farm/city interests, improved communication (2)

**43a. What is the community doing to help you stay in agriculture and promote growth and productivity in your business?**

Bushmills has been a positive for county ag  
 County helped Bushmills get started - help with financing big projects like that (3))  
 Ethanol expansion - that's where my crops go 1/2 corn to ethanol, 1/2 to turkey feed  
 Farm accountants (support businesses here)  
 Farm Business Management Program at Ridgewater College is extremely valuable, high benefits  
 Farmers market, opportunity to direct market ag product  
 Overall the community does a lot of things right  
 Promoting the continued development of Highway 23  
 Radio ad to promote farm safety in the fall  
 Radio (KWLM) promote and celebrate ag in the county  
 Ridgewater College is a big plus  
 Roads and infrastructure are important to ag (3)  
 Surveys like this appreciate us - finding out issues and concerns (2)  
 Turkey lab in Wilmar helps our turkey producers  
 Using the Willmar Convention Center for Ag Show, meetings  
 We have strong markets, retailers, machinery and finance options (4)  
 Working on broadband access, internet speed in rural areas

**43b. What additional community efforts could be made to ensure the viability, as well as promote the growth and productivity of your business?**

- Access to quality affordable healthcare
- Continue to promote animal agriculture (2)
- Educate and understand GMO products and role in ag
- Fair tax structure for farms and business
- Getting high-speed internet in rural areas
- Have farmers serve in elected positions, leadership
- Identifying consumer needs and wants - then find solutions
- Look for new value-added businesses, ways to improve local ag economy
- Maintain good roads and infrastructure
- Maintain good roads to market and business (4)
- Make sure community is informed about agriculture (10)
- Promote agri-tourism opportunities in county
- Promotion of alternative farming methods and products
- Property tax abatement
- Regulations that make sense
- Zoning to protect ag land for ag purposes

**44. How likely are you to encourage the next generation to return to your farm?**

Rating	Not likely			Very likely	
Responses	3	3	16	11.5	15.5
Percentage	6.1%	6.1%	32.7%	23.5%	31.6%

**45. Are there any other issues you would like to see addressed?**

- Animal diseases, especially in poultry (return of Avian influenza)
- Business is very intimidating for the next generation, overwhelming amount of money needed, hard to
- Challenge of helping young people return to farming (2)
- Complete the bypass from west Highway 12 and west MN 40 to 23, then to 71
- Continue efforts to develop broadband and internet services
- Farm shows are struggling
- Frightening for the future of the industry
- Hard to give smaller farms an opportunity even though such a passion for those farms
- Have partnered some with fish and wildlife to still graze our livestock
- How to actually get young people into farming
- I am frightened for the future of the industry
- More opportunity for young people - not only jobs, but socializing and recreation
- Need processes in place to develop good policies and regulations (7)
- Next generation of landlords not as connected to farming issues and history of lease relationships
- Participant indicated that this was a good survey
- Private conservation groups offer good things, but affect ability to secure land for production
- Some township roads are underfunded and not well maintained
- The railroad spur/WYE is important and could improve ag product hauling around Willmar
- Water issues: I would like to know where/how water sampling works and related test sites for quality
- We need a long-term vision at state level
- We need help working against organizations like PETA, HSUS and we need help informing the public as to
- Would like more community support for 4-H, FFA and ag education programs

## Chapter IV

### “Findings” of the Kandiyohi County Business Retention and Expansion Project

#### **Finding—Agriculture is Key to Kandiyohi County**

While the activity of businesses related to agriculture was not the primary focus of this report, it would not be complete without recognizing the importance and impact of one of the largest industries in our county, both in terms of economic activity and employment. Farming and agriculture-related industries (agriculture processing, manufacturing, retail, transportation, government agencies, education and service (to name a few) are dependent upon each other. We are fortunate to have regional partners in our neighboring counties with strong agriculture and value-added industries as well. The list is long, and so, let it suffice to say, our county is harvesting the rewards of the investments we have made in the agriculture industry.

#### **Finding—Representative Sample of Farms**

Before we can begin to analyze the data we need to know and understand, what is our sample? Who completed this report?

Fifty-one ag producers completed the survey (may have been completed by the farm couple or partnership). Over one-half of the farms are sole proprietors, with the remaining farms being equally divided as partnerships or incorporated ownership. It is encouraging that almost all of those surveyed are farming because it was their personal choice. The highest percentage of survey participants indicated they are age 55 to 64, followed by the age 45 to 54. Only five operators completing this survey were under the age of 34.

Seventy-nine percent of Kandiyohi County ag producers surveyed indicated they consider themselves a crop farm, while eight percent were livestock. Three percent indicated they receive income equally from crops and livestock and ten percent considered themselves “other” (may include crops or livestock grown under contract or some other type of value-added farm production).

Ag producers in the BRE Survey responded that on average 74 percent of their family income came from an agricultural product(s), while 23 percent came from off-farm sources. Eighty-four percent of the surveys completed indicated that their primary job is the farm operation while 66 percent of spouses indicated part or full-time employment off the farm.

It may be noteworthy to compare the current study to the 2005 Ag BRE report. We can note that the highest category of responses increased by ten years of age. The makeup of farms by ownership type indicates a slight decrease in sole proprietorships and slight increase in the percentages of partnerships and incorporated businesses. A few less farms report the primary operator having off-farm employment while spouses’ off-farm employment has remained at largely the same level. The most significant change in farms participating in the survey: in 2005 43 percent of ag producers indicated either all or part of their farm income came from livestock. In 2017, only 11 percent report livestock income as part of their farm income. A high percentage of ag producers in both reports reply that they made a personal choice to become ag producers and that is a good thing!

#### **Finding—Declining Numbers of Small Farms, Increase in Larger Farms**

The Ag Census data indicates that the number of small farms (less than \$99,000 of sales) has decreased in the last 40 years. The mid-sized category (\$250,000 to \$500,000) has mostly held steady while the number of farms with over \$500,000 of gross sales has increased. Some of the changes in farm numbers might be attributed to

increasing agriculture commodity prices, thus leading to additional dollars of farm sales. It is important to note that increasing sales volume is not necessarily the same as increasing farm profit.

Another explanation for the trend in number of farms can be explained by a study conducted by the University of Minnesota using data from the Minnesota State Colleges Farm Business Management Program and FINBIN. The study concludes that the number of units of farm production required to earn a living is growing. A recent report demonstrated that a farmer would need 436 acres of corn, or 905 acres of soybeans, or 445 dairy cows in order to cover the non-farm living costs of the farm family. These numbers are averages; the number of acres or animals will vary from year to year as farm profits increase or decrease over time.

### **Finding—Ag Producers and Change in Operations**

A major finding of the Ag BRE study indicates an increase in both the number of acres owned and rented compared to 2012. Ag producers also hope to increase their farmed acreage by the year 2022. Even though study participants indicate they would like to increase some acres in the next five to ten years, there were 43 responses suggesting that the availability of land for cropping is fair, poor or very poor.

One-fifth of livestock operations anticipate expanding their livestock base, while the bulk of the remaining farm operations anticipate staying “the same size.” Only a handful of operators anticipate a smaller operation in 2022. It is noteworthy that we have significantly less number of livestock operations than what was reported in 2005.

In 2005, only 22 percent of land was debt free and today responses indicate that 45 percent of land is free and clear of debt. It is possible that reduced debt is a function of time and loans have matured, or recent years of farm profits have allowed ag producers to reduce land debt levels. Whatever the reason, having land that is not financed provides for a more stable farm economy and reduced risk for the individual farmer.

The average farm now has 6.5 landlords, of which 4.2 live in Kandiyohi County. The age of the landlord has decreased from an average of 81 in 2005 to 66 in the 2017 study. Will a younger generation of landlords create new opportunities or challenges for Kandiyohi County ag producers?

### **Finding—Dairy Farming in Kandiyohi County**

The 2005 Kandiyohi County Ag Producer Survey revealed that the number of dairy cows was on the decline. In fact, some sources indicated that cow levels had declined by as much as one-half of the cow numbers existing in the previous ten-year period. Some of the concerns expressed by dairy producers were related to the expense of updating or remodeling dairy facilities, retirement of existing dairy farmers, a limited number of young people willing to return to dairy farming, the challenge of maintaining dairy supply companies and availability of milk hauling/processing cooperatives in the area.

It is noteworthy to realize that the trend has reversed and dairy cow numbers in the county have increased to almost double what existed in 2005. It is unfortunate that the 2017 Ag Census data is not available to demonstrate the data at this time, but the increase in cow numbers is certainly evident to those in county agriculture.

This reverse in trend can be credited to a number of small, medium and large producers, who have all invested in dairy production. While the expansion and renewal of dairies range in size, business model and ownership structure, the benefits are clear. The benefit of dairy to the county and region can be found through improved crop rotations with alfalfa hay, the conservation benefits of livestock fertilizer applications to the soil, a source of employment, an opportunity for local ag producers to market grain, the continued opportunity for milk

processing and milk markets, support of local vendors and suppliers in the dairy industry. Dairy is important to Kandiyohi County and it is good to see a trend in the positive direction.

### **Finding—Farms Purchase Locally, Good for Economy**

Ag producers in Kandiyohi County are very loyal and purchase a majority of their farm supplies locally. With the increasing pressures of farm economics and increasing farm sizes, it might seem logical that ag producers would look elsewhere for a “better buy.” However, exactly the opposite is true. Many ag producers did respond that they consider a neighboring county “local” as they live close to another county. When that geographic factor is given consideration, more than 90 percent of those surveyed reported that they purchased their farm supplies locally. A small number of ag producers report buying machinery, livestock, feed or forage out of the immediate area because of product availability and a few have used internet services to buy machinery. Almost all of those who responded indicated they do not participate in group purchasing. Those that do indicate that the primary products are seed, fertilizer and chemicals and pricing is the primary reason for that decision.

When queried about purchases of family goods and supplies the participants were highly loyal to Kandiyohi County. Over 90 percent make all of their purchases locally. A few report buying clothing or an automobile out of the area or via the internet and the primary reason was finding the product or model they desired.

A Ridgewater College Farm Business Management Program study reveals that on average, one area farm may contribute over \$800,000 to the local economy in its annual farm and family spending. Considering a dollar may circulate or grow five to seven times, a strong farm-retail relationship is important to the overall economy of Kandiyohi County.

According to the responses in the Ag BRE survey, service, price and product availability are the key factors in their buying decisions. A number of respondents indicated they are loyal to local business and it is important to them.

### **Finding—Opportunity in Marketing and Value-Added**

Sixty-two percent of ag producers report they participate in a value-added cooperative and that is an increase from 27 percent in 2005. A number of ag producers responded that they participate in a corn ethanol value-added venture. Several respondents indicate they appreciate the efforts that Kandiyohi County made to help the launch of the Bushmills Ethanol Plant in Atwater in 2005 and they are hopeful for the successful planning stages of the future expansion of that industry.

Some ag producers report a limited number of market outlets for soybeans in the area, most reporting that they deliver to Mankato or Dawson. Producers also site a lack of livestock slaughter options for dairy cull cows and/or dairy beef. One respondent indicated a desire for a USDA certified processing plant for lambs and/or goats. Others suggest there is a lack of options for the sale of wheat and oats.

### **Finding—An Aging Industry, Farm Transfer on the Horizon**

The average age of all ag producers in Kandiyohi County is 58.9 years. The results from the Ag BRE survey indicated that by far the largest group of ag producers was in the 55 to 64 years of age grouping. Only 10 of the 51 participants in the study are under the age of 45.

While some ag producers hope to continue farming as long as they can, 18 of the participants indicated that they intend to discontinue farming (mostly because of retirement) in the next ten years. Another nine will retire within the next 20 years. Nineteen ag producers indicated that when they discontinue farming, they will transfer

their farm to a relative. Fourteen plan to rent their farm to someone else. A handful indicated they would transfer their farm to non-ag purposes, sell to a non-family member or have no plan at all.

A number of study participants indicate they would like additional information or training in how to conduct a farm transfer or plan for farm succession. We discussed farm succession at length in the 2005 Ag BRE study. While some transitions may have taken place, it also appears that there may be an even bigger change in the next 10 to 20 years. Ag producers contribute a great deal to the economic and social climate of our county. Many ag producers desire to transfer their farm to a relative. The importance of providing the tools for successful farm successions seems to grow in importance.

### **Finding—Opportunity and Threats**

This study highlights a number of opportunities, as well as threats, that concerned our ag producers. Twelve of the responses indicate that a decline in the county population may create an opportunity for expansion. Ten responses concerning changes in government commodity programs and eight responses about mergers among agriculture supply companies were seen as potential opportunities. Potential threats were noted as follows: 49 responses indicate a potential threat in the area of environment and activists; 48 responses indicate healthcare and 45 changes in healthcare coverage as potential threats; 42 responses indicate that growth in larger-sized farm operations could be a potential threat and 41 responses indicate livestock/poultry/crop diseases are a potential threat.

When given an opportunity to describe their responses, the study participants suggest they are subject to increasing levels of regulation and possibly a non-farm public that does not understand agriculture, food products and food safety. Healthcare was considered a top threat in 2005, and it is an even greater concern today. Ag producers express concern that larger farms have an advantage over small farms.

It is disconcerting that our ag producers see a much greater number of threats than what they view as potential opportunities. Yet it is heartening that one respondent suggested “it is important to use wisdom in reactions and decisions.” Another offers that “it is important that we step out of our comfort zone to reach our potential.” Farming has always been an occupation that is unpredictable, changing and challenging. Yet agriculture is still vibrant in Kandiyohi County. Some of the potential opportunities and threats may be out of our ability to control. Wisdom, leadership and courage will be key attributes as we go forward.

### **Finding—Success in the Future**

When asked, our study participants indicate a number of things that they believe will help them succeed in the future. Key among the responses is a desire to be a strong manager by managing debt levels, using BMPs (best management practices), utilizing marketing tools and making plans. One respondent suggested that the next generation of ag producers will need to develop a new team of consultants, lenders, advisors, peers and family.

Ag producers are actively and voluntarily participating in stewardship practices that will conserve the land and protect their animals. Some suggest they are diversifying their operation with new marketing opportunities or agriculture enterprises. Education is seen as key factor in future success and several gave a thumbs up to the Ridgewater College Adult Farm Business Management Program. Our ag producers are using the technologies of grid soil testing, variable rate application of fertilizer and chemicals, robotics, auto steer farm equipment, and genetics to improve their farming operations.

When this study was last completed in 2005, we asked questions about intended internet use. Today, ag producers are savvy managers, better stewards and adopters of improved farming methods. Many of the genetics and technologies of today were non-existent or just emerging in 2005. Many of the characteristics of successful

farms have not changed. The response “I am hands-on in everything” and another “I roll out of bed in the morning thinking about the future” seem to fit all ages, all types of farms and a positive farming future.

### **Finding—Ag Producers Are Good Stewards of the Land and Water**

When asked by the Ag BRE survey team, “What are you doing to protect the quality of the land, as well as surface and ground water,” ag producers responded in large numbers.

When the numbers of written responses were tallied, it was clear that a high percentage of ag producers use reduced and minimum tillage, leaving greater residue on the soil surface. Ag producers are increasingly using fall and spring cover crops to protect against soil erosion. The use of conservation techniques, such as buffer strips along ditches and waterways, as well as utilizing programs such as CREP, CRP and CSP are providing benefits. Ag producers are careful and accurate to use label recommendations (and train their employees) in the use of fertilizers and chemicals. Farms report they have a market for alfalfa hay and are including this conservation crop in their rotation.

Many ag producers reported they have closed off or relocated open intakes and are utilizing drainage methods that create greater soil water holding capacity and reduce the “fast runoff” of surface water. Manure management education and manure management practices have been accepted and are being adopted by livestock operations.

While ag producers follow the rules, regulations and laws as they are in place, they find that a “one-size fits all” approach and government-mandated regulations without local understanding, as burdensome and expensive. New funds available for the expansion of CRP, CREP and other conservation programs can create increased rental rates and competition for the remaining available land. Even with these concerns, ag producers are working to protect the soil and water of our county. Much has been done, hopefully we can do more in the future.

### **Finding—Community and Success**

When asked about the community, ag producers responded that most services are excellent or good. Our community’s schools, college programs, day care, recreation facilities, healthcare/hospitals and fire protection all were given high marks. Areas receiving 10 or more responses of “fair or poor” include road maintenance, planning and zoning, building codes, and broadband service/speed.

Ag producers were concerned that some groups were indifferent or did not care about the success of their business. State environmental agencies, non-farm rural residents, city residents and larger farm operations were pointed out for this concern. Ag producers recognize that local agri-business, local officials, the Minnesota Department of Agriculture, and other ag producers (crop, livestock small and even larger operations) were very or somewhat concerned with their success. It is nice to be appreciated!

Ag producers like doing business in this county as evidenced by their rating of availability of financing, healthcare, labor, amenities and housing. Property tax structure was listed as a very high concern. Availability of land for crop production was also listed as a major concern. Broadband speed and access are also very high concerns for ag producers as they are important to their continued success in this age of technology.

Kandiyohi County ag producers were active in farm organizations with a large percentage participating in commodity organizations, such as corn growers, soybean growers, Minnesota Milk Producers and the Cattleman’s Association. Professional associations, such as Farm Bureau, Farmers Union, NFO and cooperatives were also listed. Most indicated that their membership provides them with a voice in government and a good source of industry information. Ag producers were more likely to contact township and county officials than other policy makers, even though many actively discuss issues with their state and national policy makers.

Ag producers utilize information from a variety of sources. They value most sources of information, but believe that communication with other ag producers, farm magazines and books were the most used resources.

### **Finding—Ag Producers Are More Optimistic**

The Ag BRE visitation team asked ag producers to rate from 1 (pessimistic) to 5 (optimistic) the economic outlook for Kandiyohi County agriculture. Compared to our last study more respondents replied (50 percent) that they are optimistic or very optimistic about the future. The remaining responses were neutral (39 percent) and pessimistic (11 percent).

When asked what could be done to improve the outlook of agriculture in the county, by far the largest number of responses suggested that agriculture land property tax structure and rates must be addressed. Broadband availability and speed are important to ag producers and people who live in rural areas. The present efforts of our leaders to make improvement in this area are appreciated.

Ag producers are frustrated by the level of rules and sometimes confusing regulations to which they are subject. Study participants suggested that they desire to see more young people return to the farm. Responses suggest that our county can benefit agriculture by maintaining our roads and infrastructure. Some responses indicate that they hope the county will continue the support of the ethanol industry and seek new agriculture and value-added opportunities for our agriculture products.

Recognizing that much has already been done, ag producers are appreciative of many of the efforts of the community in promoting and creating public awareness. Examples include the Willmar Ag Show at the Civic Center and the radio ads that promote farm safety and inform the public about agriculture. Two people responded that this study is a positive effort for our county. One suggestion includes a desire for ag producers to serve as elected officials.

### **Finding—Final Words “Likely to Return”**

Our heritage in Kandiyohi County is strongly based in our friendships and family relationships. It was this author’s suggestion to add a final question that was not a part of the 2005 survey. I believe the answer is very telling and gives us a final thought to ponder as we consider strategies on how to take the background information, survey data and findings and move them from words to action.

The final question is “How likely are you to encourage the next generation to return to your farm?” Fifty-five percent indicated they are likely or very likely to do so. While 33 percent remain neutral on the question, only 12 percent were not likely to encourage a return. Are we satisfied with this response? Can we do better?

## **Conclusion**

On behalf of the EDC’s Ag Committee and Ag BRE Survey Subcommittee, we thank you for your efforts and participation in this study. There is quite a bit of information in the report and perhaps there are other findings and conclusions to be reached. The next step is to consider the information and develop a strategic plan to assist area ag producers. We encourage you to become more involved in the process.

## Chapter V

### Potential Strategies for Kandiyohi County and the Agriculture Industry

The purpose of this chapter is to identify potential strategies to develop and implement the “findings” of the BRE process. Unlike the information in the previous four chapters, this is not a “snapshot” or a specific moment in time. This chapter should be viewed as an ongoing process. The strategies listed here should not be viewed as the final product, or a complete list. We have compressed the timelines for completing the first phase of this project. The final chapter should not be rushed. Many of the strategies will develop over the year ahead, but some of the findings in this report may develop over a longer period of time.

#### Potential Strategies

- ✓ Continued support of the EDC’s Ag Committee, as well as the EDC. This support should be provided in financial support, staffing and resources to develop and implement the strategies of the BRE process.
- ✓ Communicate, promote and educate both the farm and nonfarm public in understanding our agriculture industry. Work in cooperation with the media in sharing the agriculture “story” of Kandiyohi County. Develop a list of agriculture issues and opportunities to be shared in the form of a press release or other communication devices.
- ✓ Share the Kandiyohi County Ag Producer BRE Report with community stakeholders and agriculture organizations. This could take place in group or one-on-one settings. Key audiences could include legislators, county commissioners and elected leaders. Other groups to consider are the Willmar Lakes Area Chamber of Commerce, West Central Ag Sales Association and various farm organizations. Sharing this report through traditional news sources has already occurred. What additional media outlets might be available? Should a “social media” platform be explored?
- ✓ Seek partnerships and develop programming to educate and address the growing concerns of an aging farm population, including farm transfer, estate planning and strategic planning and preparation for retirement. This partnership could be accomplished with both the Ridgewater College Farm Business Management and Agriculture Program, as well as the University of Minnesota Extension. It may be possible to use local private services as well in this education opportunity.
- ✓ Continue to support the development of “value-added” agriculture in the county. This includes growth and enhancement of the livestock industry, further processing of livestock and agriculture crops, and development of renewable energy initiatives. There are some new initiatives on the horizon to bring additional value to Kandiyohi County commodities and products. The EDC, through its Ag Committee should serve as the forum and leadership group to forward these discussions and initiatives.
- ✓ Serve as a leader in promoting discussion and advocacy to address the threats that were expressed by our agriculture producers. Key among those issues are healthcare, property tax rates and structure, agriculture regulation and policies, competition for agriculture land, including competition converting land to non-farm uses such as CRP. This list is only an example; the key point is that the EDC will serve as the catalyst to promote policy discussions to address the issues that are present or will emerge.
- ✓ Fully recognize the economic impact that agriculture producers and the agriculture industry have on Kandiyohi County and the region. Understand that a vibrant agriculture industry requires that our leadership be aware and engaged in helping the economy continue to grow.

It is important to recognize that one group will not be able to do all that is needed to retain and expand our agriculture industry. We will need the concerted efforts of our governing officials and community organizations as well as the public. The entire business community needs to recognize the vested interest they have in a thriving agriculture economy, not just those who deal in agriculture products. Information, education and open communication will be a critical part of this future. We encourage you to make use of the resource in as many ways as possible. It should not end up on a shelf waiting to collect dust!

Consider carefully and look to the future. There is great potential in the agriculture industry in Kandiyohi County. Thank you for participating in this process.