



Working Together
in Kandiyohi County

KANDIYOHI COUNTY & CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION

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**Kandiyohi County Agricultural
Business Retention & Expansion (BRE)
Strategies Program**

**Ag Producer
Research Report
April 2005**

**Prepared by:
Jim Molenaar
Regional Dean of Management Education Programs
(Agriculture and Farm Management)
Ridgewater College**

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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 (BRE) 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 start-ups 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

The idea of a BRE Program for Kandiyohi County Ag producers was initiated by Steve Renquist, Executive Director to the Kandiyohi County and City of Willmar Economic Development Commission. Mr. Renquist has in depth involvement with BRE Program efforts experienced through his previous position as Economic Development Director at Sibley County where the program was utilized as a model by state BRE promotional and instructional presentations.

Mr. Renquist spearheaded the planning and development of the BRE effort. Kim Larson, a Kandiyohi County Ag producer and agriculture consultant, coordinated the BRE program. In December 2004, Mr. Larson researched agricultural-related BRE programs previously utilized by Minnesota counties. At the same time, a Leadership Task Force was created. The task force consisted of three crop and livestock producers, two Ag-business representatives, two Ridgewater College Agriculture staff and one Kandiyohi County Extension educator.

The Leadership Task Force's first objective was to formulate the focus, goals, guidelines and schedule necessary to successfully execute the program. The outcome resulted in the following:

Focus

The BRE program focuses on the fact that that agriculture is an important sector of the Kandiyohi County 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.

Goals

Five goals for the BRE program were identified as follows:

1. To develop a vision for the future of agriculture in Kandiyohi County and the surrounding area.
2. To learn about the plans and concerns of agriculture producers in the area.
3. To assess the needs of agriculture producers and try to respond to them.
4. To educate the community about the role of agriculture in the economy.
5. To create a support base and a network among communities, agriculture, business and government.

Guidelines

The Leadership Task Force recognized the process must to be non-intimidating and must assure absolute confidentiality throughout the survey process, data summary phrase and final analysis, as well as the establishment and implementation of the strategic objectives.

The Leadership Task Force'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.

The task force's next assignment was to randomly select at least two producers from each township in the county. The selected agricultural producers included small, medium and large size operations with varying farm practices, diverse crops and contract operations. Sixty-two farm families agreed to take part in the survey process.

The final objective was to recruit thirty 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 farm families.

Task Force Orientation and Volunteer Training

In January BRE Coordinator Kim Larson conducted two training sessions to prepare the volunteer visitors for the farm family visits.

Farm Family Visits

Throughout the month of February, the visitation volunteers (paired in teams of two) conducted three to five farm family visits for completion of the 62 total commitments. Prior to the visits, the Leadership Task Force team forwarded copies of the survey to the farm families 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 farm family, 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, Regional Dean of the Management Education Programs (Agriculture and Farm Management) of Ridgewater College, tabulated, compiled and completed an initial analysis of the data. The Leadership Task Force under the direction of Mr. Molenaar reviewed the data and initial analysis and provided additional insight and direction. Cameron Macht, regional analyst for the Minnesota Department of Employment and Economic Development, provided supporting data necessary for the analysis.

Strategies and Future Projects for Consideration

Initial strategies for developing the projects for consideration have been identified by Jim Molenaar, the Leadership Task Force, and the Kandiyohi County and City of Willmar Economic Development Commission's Agribusiness/Renewable Energy Development Committee. The strategies were presented to the participants of the BRE program at an appreciation banquet with the intention of receiving additional feedback from the community.

Kandiyohi County Leadership's Commitment to the BRE Program

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

Kandiyohi County Agricultural BRE Appreciation Banquet

The BRE appreciation banquet celebrated the end of the visitation and planning phase and the beginning of the implementation phase. The Leadership Task Force members, Visitation Team volunteers, farm family participants and current sponsors were invited. Other local government, regional and state agency representatives were also invited.

Scope of involvement in the Kandiyohi County Ag Producer BRE Program

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

- 1) Participating Farm Families
- 2) Visitation Team Volunteers
- 3) Leadership Task Force
- 4) Kandiyohi County and City of Willmar Economic Development Commission

Kandiyohi County and City of Willmar Economic Development Commission Involvement

Steve Renquist – Executive Director
Kathy Schwantes – Assistant Director
Nancy Birkeland - Administration
Mary Brown - Administration
Jody Heuring - Administration
Kim Larson – BRE Coordinator

Kandiyohi County Ag Producer BRE Leadership Task Force

| | |
|---|--|
| Myron Behm – Ag producer, crops | Bob Meyerson – Ag business, finance |
| Paul Gjerde – Ag producer, livestock | Jim Molenaar – Ridgewater College, agriculture |
| Lyle Lange – Ag business, owner | Rhonda Wulf - County Ag Extension, adviser |
| Kim Lippert – Ag producer, livestock; Ridgewater College, agriculture | |

BRE Visitation Team Members

| | |
|-----------------|-----------------|
| Glenn Arfstrom | Paul Hedberg |
| Ken Behm | Ed Huseby |
| Myron Behm | John Madsen |
| Jon Bengston | Don Mathews |
| Don Boll | Steve Renquist |
| Rollie Boll | Bruce Reuss |
| Rollo Campe | Don Rinke |
| Gary Davis | Jill Schlueter |
| Doug Dorn | Duane Scholten |
| Obert Gjerde | Kathy Schwantes |
| Dennis Goehring | Dave Schwartz |
| Brant Groen | Kent Skogland |
| Doug Hanson | Jim Strouth |
| Shereen Hauge | Mary Swart |
| Denise Hedberg | Jeff Welker |

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 Business Retention and Expansion Survey Report 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 committee to provide the most current, relevant and accurate information that we have available.

A farm or business manager will complete 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 which 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 the middle of Minnesota. The total population of Kandiyohi County has surpassed 41,000 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 highly-skilled, available work force. This area has a healthy economic base with employment spread across several diverse industry sectors, including agriculture, educational services, health care 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 work forces 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.

From the Centennial History of Kandiyohi County

The first known inhabitants of this region are considered to be the Dahkotah or Sioux Indians. The name Kandiyohi is derived from the Sioux *Kandi* meaning “buffalo fish,” *y* euphonic and *ohi* “arrive in” or “abounding in.” It is believed that this name was applied to the group of lakes and area that forms the sources of the Crow River.

It should be noted that Kandiyohi County has been under the sovereignty of Spain and was transferred to France at the beginning of the 19th century. The area was ceded to the United States in 1803. Kandiyohi County has been part of the territory of the Upper Louisiana, the Michigan territory, Wisconsin territory and the territory of Iowa. The 1850's and the ratification of Minnesota as a state led

to the subsequent settlement of Kandiyohi County. It was the intent of early developers, that Kandiyohi County be the location of the Minnesota State Capital. Land was actually plotted for the capital and one could ponder what might have been if that proposal had been accomplished.

Agriculture Perspective

(This segment is a direct quote from several segments of Agriculture of the County, Centennial History Kandiyohi County, written by Ronald McCamus, agriculture extension agent in 1970.)

Quote: From the days of the horse as motive power to the present of relatively vast mechanized implements presents a picture of the steps which Kandiyohi County farmers have taken from the early 1900's to the 1970's. In all this the cooperative extension work has played its part. This extension program began in 1913 and the first county agent was Richard M. Poe.

It is interesting to note the report made by Richard M. Poe, relative to the crops in 1914; 100,000 acres of wheat, 60,000 acres oats, 60,000 acres corn, 7,000 acres clover and 800 acres alfalfa hay grown in the county. Ten tons of commercial fertilizers were used. Alfalfa seed was distributed to 185 farmers. Seed corn was selected from the farmer's own fields and he grew his own feed for cows, hogs, and poultry, which were found on practically every farm. The farmer was independent, that is, outside of markets and commercial items he had to buy for his operation.

The great Land-O-Lakes Cooperative was born in the Meeker County Extension Office in 1921 and directors of Kandiyohi, Atwater, Lake Elizabeth and Harrison Cooperative Creameries were among the parents. The 1936 County Extension report confirmed that –“Six hundred forty-two farmers have taken shares in the Kandiyohi Cooperatives Power Association during the past year” and “Andrew J. Anderson, John Kastel, John Teigland, Lester Johnson, and Bert Van Hevelen were encouraged to try a little of the new hybrid seed corn-just released by the University of Minnesota.” From that point on the head continued to gain over the back as the farmers' greatest asset.

Miss Cora Cooke, Extension Poultry Specialist, led a tour of the Albin Freed, William Biernbaum and Norling Bros. farm flocks on September 26, 1939. Little did the 175 participants realize that this was the beginning of the end of the small “pin money” poultry flocks. Federal A.C.P. and Tennessee Valley Authority teamed in distributing 83 tons of phosphate to 71 farmers in 1940 to renew County Agent Rodegeb's 1919 project. Fertilizer comes in by the trainload and is big business. Extension pushed alfalfa and acreage increased from 7,000 in 1940 to 35,000 in 1968. The 17 bushels of soybean seed he distributed to farmers in 1919 also came to life, so Kandiyohi County farmers planted 3,587 acres of beans in 1941, 13,400 in 1947 and 93,100 in 1968,

John O. Larson thought dairy cattle could be improved through the use of artificial breeding, so he was a leader with Extension in organizing an artificial breeding association in 1941. “If only we could find a chemical which would kill weeds without hurting crops” seemed like very wishful thinking from farmers of the 20's and 30's. But they came, and for years Extension has kept farmers up-to-date on their use. End Quote:

To learn more about the history of agriculture and Kandiyohi County, refer to the complete Centennial History which can be found at the Kandiyohi County Historical Society or the Willmar Public Library.

Census and Projected Population Change

A “snapshot in time” from the Minnesota State Demographer reveals that our population is changing. Based on the 2000 census and “extrapolated” for 30 years, the study gives a revealing view of the future people base. It is estimated that our population will grow to 47,680 people by the year 2030, or 118% of the 2000 census. These projections suggest that the number of people under age 18 will decline by 263 even as the number of people greater than age 75 increases by 2,321. The number of households in the county is projected to increase by 4,515.

Not all townships or cities in Kandiyohi County will grow. In fact many are projected to decline. The impact of these trends affects numerous aspects of our lives, not the least of which is agriculture. For some areas where the largest growth is anticipated, the effect on production agriculture can be significant. To form your own conclusions view the data in this chapter's appendix, which lists these projections by township and city. They are sorted from top to bottom based on the "projected change in population" from the 2000 census to the projected 2030 population.

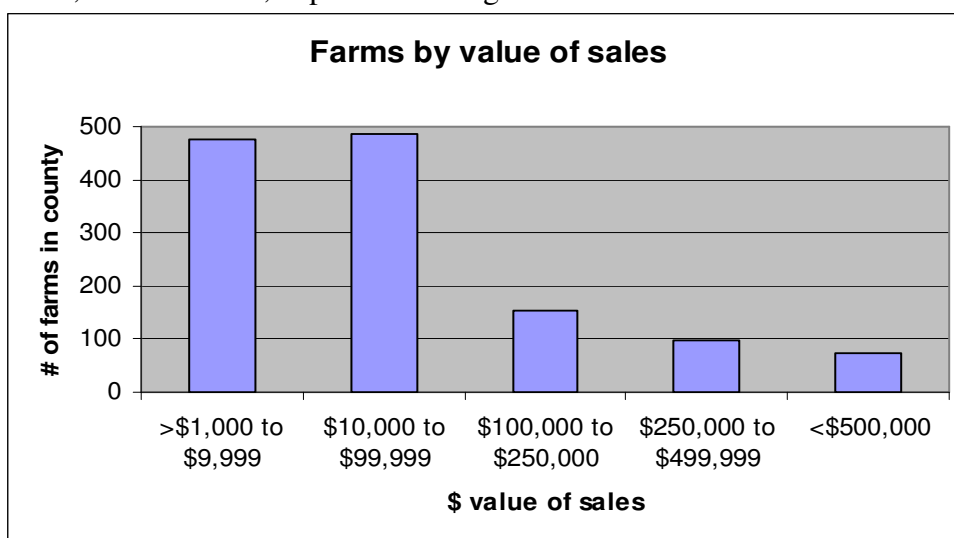
Agriculture Demographics/2002 Census

According to the 2002 Census of Agriculture, Kandiyohi County has 1,286 farms. This is an increase of 5% from 1,225 farms in 1997. There are 407,905 acres in farm land, with the average size being 317 acres. According to the 2002 Census, the average age of the Kandiyohi County farm operator is 54.9 years of age. Of the 1,286 farmers, 753 indicated that they consider farming their primary occupation while 533 said that they have another primary occupation.

The numbers of farmers who consider farming their primary occupation have declined from 901 to 752 since 1987. The number of farms who 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% 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 US Department of Agriculture 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% 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 2002 Census indicates that a high percentage of farm operators are male; however, it is important to note that beginning in 2003, the agriculture census allows the farm operator and spouse to indicate that "they are a farmer for the same farm operation." This most recent, more accurate data indicates that a high percentage of farm women are involved in the management and operation of the farm business. The 2002 Census reveals a growing number (19) of farm operators of Spanish, Hispanic, or Latino origin.

Kandiyohi County Agriculture Statistics

The Minnesota Agriculture Statistics Service, in cooperation with the Minnesota Department of Agriculture, issues an annual report of the Minnesota Agriculture Industry. Cameron Macht, Regional Analyst, Central & Southwest Region of the Minnesota Department of Employment and Economic Development, indicates that Kandiyohi County is noteworthy in several categories of the following report:

- Kandiyohi County was ranked 4th out of 87 counties in Minnesota in total Cash Receipts in 2002 (\$237.8 million in total cash receipts)
- Kandiyohi County was ranked 2nd in Livestock Cash Receipts in 2002 (\$147.9 million) (Stearns County was 1st with a larger land base and more than double the number of farm operations.
- Minnesota's turkey-raising and -processing business has increased by 35 percent since 1994, according to a new report by University of Minnesota economist Brian Buhr.
- Kandiyohi County ranks 4th nationally in the production of turkeys with 2,178,806 birds raised in 2002.
- Kandiyohi County was ranked 17th in Crop Cash Receipts in 2002 (\$83.05 million)
- Kandiyohi County was ranked 8th in Minnesota in the Production of Sugar Beets in 2003 (338,500 tons)
- Kandiyohi County was ranked 6th in Minnesota in the Production of Dry Edible Beans in 2002 (62,400 cwt)
- Kandiyohi County produced 119,000 Pigs in 2003, 3rd most in Central Minnesota
- Kandiyohi County has 113 Dairy Farms (103 Grade A;10 Grade B)

For a more complete view of this information view the report summary in the appendix of this chapter.

Agriculture Related Business in Kandiyohi County

Even as farming provides a strong base for our economy, agri-business is having a major impact on Kandiyohi County. As cited by the 2000 Annual Minnesota Sales and Use Tax Statistics from the Minnesota Department of Revenue: Ag production-livestock generated \$114.7 million in gross sales. It is noteworthy that this is the third largest industry classification in terms of gross sales in Kandiyohi County. Adding to that base was Agricultural Services generating over \$10.3 million in gross sales. Fishing, Hunting, Etc. generated over \$1.5 million in gross sales and MFG: Lumber, Wood Products generated over \$10.7 million in gross sales in 2000.

Employment and Wages

Minnesota covered wages and employment data reveals several key pieces of information regarding the agriculture/agribusiness contribution to the employment base. Those instances include:

- The Food Manufacturing industry provided 1,958 jobs and close to \$14.6 million in total wages in Kandiyohi County in the second quarter of 2004 (approx. \$58.4 million annual payroll).
- Jennie-O Turkey Store, now owned by Hormel Foods Corp. of Austin, Minnesota, is the nation's second largest U.S. turkey operation, just behind Minnetonka-based Cargill Inc., which has its biggest facility in Arkansas.
- Jennie-O processed 1.2 billion pounds to Cargill's 1.24 billion pounds, according to a 2002 industry report.
- The Animal Production industry provided 752 jobs and more than \$4.85 million in total wages in Kandiyohi County in the second quarter of 2004 (approx. \$19.4 million annual payroll).
- Poultry & Egg Production supplied 686 of the animal production jobs in Kandiyohi County.
- Farm Product Merchant Wholesalers provided 69 jobs at seven firms and more than \$450,000 in wages in Kandiyohi County in the second quarter of 2004.

Additional Ag-Related Industry Employment

The Department of Employment and Economic Development (DEED) lists industries by NAICS code. A summary provided by Cameron Macht and a report from DEED titled “Positively Minnesota” indicates a strong employment base in agriculture industry. Tables of this information are included in the appendix for this chapter.

It is difficult to determine the “true impact of agriculture” since many of the classifications include a large agriculture component, but include other “related industry” numbers as well. Examples include chemical manufacturing, fabricated metal product manufacturing and truck transportation to name a few. A second challenge is personified in classifications that have an agriculture component, but may not be primarily agriculture. Examples include finance, insurance, auto/truck retail and education. Data from these classifications is not represented in the table.

For these reasons, it is suggested that the agriculture-related industry employment information be viewed as an “example” rather than “exact.” Kandiyohi County data from the second quarter of 2004 (DEED) demonstrates a total employment base of 1,334 firms and average employment of 22,305 workers.

The “example” suggests that “agriculture-related” NAICS codes indicate at least 179 establishments offer agriculture-related employment to 4,734 workers. This calculates to 13.4% of the establishments, 21.2% of the average employment, and 23.1% of total wages paid in the county. It appears that the “Positively Minnesota” report from DEED casts a positive outlook on the Kandiyohi County agriculture industry”. This information is part of the supporting materials in the index of this chapter.

Land, Land Use and Change

Kandiyohi County has a variety of soil classifications varying from “loamy sandy soils” that are very well drained to “heavy clay loam soils” that are poorly to moderately well drained. Overall, Kandiyohi County has a good soil base for agriculture. A map of the soil associations is included in the appendix of this chapter.

The most recent study of land use in Kandiyohi County was conducted in 1990. At that time, 68.4% of the county’s land base was cultivated land and 3.2% of the land was considered urban/industrial, farmsteads, rural residences and other rural development. The remaining land base was considered grassland with a variety of forest, water and other non-agriculture uses.

It is unfortunate that at the present time the committee has not found a good comparative source of information on land use for the county. The best source of information available consists of the county zoning maps by township. These maps are available on the Kandiyohi County Economic Development website. Anecdotal evidence does suggest that there has been a great deal of change in the county’s land use patterns, especially in the development of rural residential complexes. Possibly a new source of information will become available; or perhaps, one should be sought by our county’s planning entities.

Land Rent Contracts

The University of Minnesota Extension Service conducts an annual survey of Minnesota land rent. This information is provided voluntarily by farm operators and gives an indication of the trends in land pricing for farm operators. From 162 respondents for 22,442 acres, the average 2003 land rent paid in Kandiyohi County was \$88.46 per acre. At the time of this study, responses suggested that a 1% increase in rental values could be expected for 2004. Rental agreements range from a low of \$45 per acre to a high of \$145 per acre.

Land rent is often highly competitive for farmers of this region. While 12.4% of the rental contracts were with family members, the remaining 87.6% of rental contracts were with non-family members. The average rent in these situations was reported to be \$97.77 per acre, nearly \$10 per acre higher than the county average. In many cases land rent is the highest single expense item for crop enterprises. Availability of rented land at profitable rates is often a key factor in the viability of a farm operation. Changes in mechanization and technology have increased pressure on rental rates as farmers have the ability to efficiently farm more acres and travel greater distances for their land base. The Land Rental Survey for Kandiyohi County is a part of the appendix for this chapter.

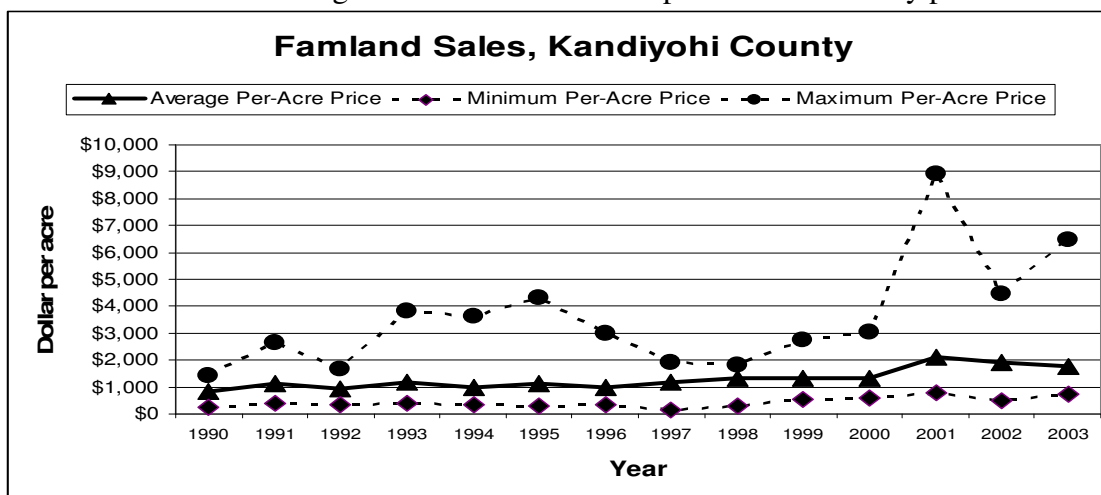
Land Values and Trends

It appears that after a period of declining land values in the 1980s, land values are once again trending higher. The information on land sales used in this report is provided in part by the Minnesota Board of Water and Soil Resources and by the University of Minnesota Extension Service. Data has been provided by the Minnesota Department of Revenue, the University of Minnesota's Department of Soil, Water and Climate, the USDA Natural Resources Conservation Service, and the USDA Farm Services Agency.

The following chart has been developed from actual land sales, averaged by year, for Kandiyohi County from 1990 to 2003. It appears that the trend is for higher prices across the board as evidenced by the average per acre land price for that timeframe. What is also significant is an upswing trend in the maximum price per acre. The location of those sales might indicate that many of the sales in the “max range” were going into development or non-agriculture uses.

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 cashflow on their own. For example, a \$2,000 an acre property purchased with an 8% interest loan amortized for 30 years would require \$157 dollars of interest and principal payments per year. That is nearly double the going cash rental rate 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.



Livestock Production - a Vital Part of Minnesota's Economy

A recent publication from the Minnesota Farm and Food Coalition suggests, "the livestock industry contributes more than \$10 billion annually to our state's economy and indirectly employs nearly 100,000 Minnesotans. That's more than Northwest Airlines, 3M and Medtronic combined. Animal agriculture generates value-added economic activity in many areas including production, animal and food sciences, distribution, packaging, crop production, financial services and retailing."

Some statewide trends that are concerning, if not alarming, indicate that in the last 10 years the state has lost 173,000 dairy cows which is more than 26% of the animals. In addition 21 processing plants have closed. It is estimated that by 2010 the dairy cow population will shrink by another 20%, as milk production is lured to other states. The impact to the state is in the hundreds of millions of dollars according to the Minnesota Farm and Food Coalition.

According to this coalition, "status quo scenarios suggest that excess swine processing capacity will grow to 31,000 head per day by 2010. This unused capacity equals \$2.85 million in value-added losses per day." We market five times the number of cattle as are processed in the state. This is another 1.3 billion dollars in lost value for Minnesota.

The sum of lost opportunities in Minnesota livestock production are estimated to be greater than \$2.85 billion dollars from pork, beef and dairy value-added processing by the year 2010. While Minnesota continues to have a strong animal agriculture base, we should consider what will be needed to stay competitive and grow this industry in Kandiyohi County.

Kandiyohi County Livestock Trends

In no area is change more evident than in the Ag Census Highlights for livestock in Kandiyohi County. Other than a few exceptions, Kandiyohi County is following the state trend. The number of farms raising beef cattle has declined from 498 in 1987 to 318 in 2002. Along with the decline in farm numbers, the number of cattle has decreased from 31,768 to 25,782. The number of farmers raising beef cows and the number of beef cows on inventory has been steady.

Dairy has shown a large decline. In 1987, there were 275 dairy farmers. In 2002, that number shrunk to 104. The number of milking cows also declined from 10,190 to 6,647. The same trend occurred in hog production with the biggest decline occurring between 1992 and 1997. In 1987, there were 505 hog producing farms in the county. In 2002 that number had declined to 75. However, changes in the industry are evident, with an actual increase in the number of hogs and pigs on inventory increasing from 78,076 in 1987 to 91,670 in 2002.

The production of sheep and lambs experienced a slight increase from 40 farms in 1987 to 43 farms in 2002. However, while the number of sheep and lambs increased from 1987 to 1992 (5,955 head), the number had declined to 4,372 in 2002.

The turkey industry continues to be a mainstay for our agriculture base in terms of use of grain products, employment and economic opportunity for our county. It should be noted once again, that Kandiyohi County ranks as the fourth largest county in the United States for turkey production, and our turkey processing industry is one of the largest in the United 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 BRE committee 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 farmers of the county. The respondents had some interesting things to say!

| MN State Demographer projections for Kandiyohi County | Adjusted 2000 Census | 2005 Extrap- olated | 2010 Extrap- olated | 2020 Extrap- olated | 2030 Extrap- olated | 2002 to 2030 |
|--|-------------------------------------|------------------------------------|---|------------------------------------|------------------------------------|-----------------------------|
| Total Households | 15,936 | 16,690 | 17,520 | 19,140 | 20,450 | 4,514 |
| Number of people age birth to 18 | 10217 | 9965 | 9824 | 10021 | 9954 | -263 |
| Number of people older than 75 | 3219 | 3230 | 3200 | 3740 | 5540 | 2321 |
| % of 2000 census pop. Kandiyohi County | 40338 | 105% 42460 | 108% 43670 | 114% 45980 | 118% 47680 | projected change |
| Willmar township | 524 | 502 | 474 | 425 | 384 | -140 |
| Edwards township | 304 | 288 | 269 | 238 | 213 | -91 |
| Holland township | 369 | 348 | 334 | 309 | 285 | -84 |
| Kandiyohi township | 600 | 590 | 577 | 550 | 519 | -81 |
| St. Johns township | 386 | 374 | 363 | 341 | 318 | -68 |
| Prinsburg city | 458 | 450 | 440 | 421 | 399 | -59 |
| East Lake Lillian township | 225 | 215 | 204 | 185 | 168 | -57 |
| Genessee township | 458 | 450 | 441 | 425 | 405 | -53 |
| Mamre township | 384 | 380 | 372 | 354 | 334 | -50 |
| Arctander township | 401 | 392 | 385 | 371 | 354 | -47 |
| Lake Lillian township | 221 | 211 | 204 | 190 | 176 | -45 |
| Roseland township | 477 | 472 | 469 | 464 | 456 | -21 |
| Lake Elizabeth township | 277 | 276 | 273 | 267 | 259 | -18 |
| Regal city | 40 | 37 | 35 | 31 | 28 | -12 |
| Sunburg city | 110 | 108 | 107 | 104 | 100 | -10 |
| Norway Lake township | 284 | 285 | 283 | 281 | 276 | -8 |
| Blomkest city | 186 | 187 | 188 | 189 | 190 | 4 |
| Atwater city | 1079 | 1089 | 1098 | 1113 | 1121 | 42 |
| Lake Lillian city | 257 | 261 | 270 | 288 | 300 | 43 |
| Pennock city | 504 | 523 | 537 | 563 | 580 | 76 |
| Kandiyohi city | 555 | 566 | 584 | 615 | 635 | 80 |
| Colfax township | 557 | 572 | 595 | 637 | 667 | 110 |
| Whitefield township | 571 | 585 | 608 | 652 | 683 | 112 |
| Fahlun township | 412 | 436 | 465 | 523 | 570 | 158 |
| Harrison township | 665 | 690 | 723 | 787 | 836 | 171 |
| New London city | 1066 | 1105 | 1143 | 1214 | 1263 | 197 |
| Burbank township | 510 | 552 | 590 | 665 | 724 | 214 |
| Spicer city | 1126 | 1174 | 1219 | 1304 | 1363 | 237 |
| Raymond city | 803 | 838 | 889 | 988 | 1068 | 265 |
| Roseville township | 570 | 637 | 683 | 772 | 845 | 275 |
| Green Lake township | 1473 | 1554 | 1640 | 1808 | 1941 | 468 |
| Irving township | 787 | 874 | 966 | 1145 | 1293 | 506 |
| Dovre township | 1968 | 2074 | 2197 | 2437 | 2629 | 661 |
| Lake Andrew township | 1051 | 1165 | 1290 | 1536 | 1740 | 689 |
| New London township | 3057 | 3277 | 3458 | 3811 | 4092 | 1035 |
| Willmar city | 18488 | 18918 | 19297 | 19977 | 20468 | 1980 |
| MCD = Minnesota County Data | | | | | | |
| MCD extrapolated population, based on State Demographic Center county projections. | | | | | | |
| Based on 2 middle values of 4 extrapolation methods. | | | | | | |
| 28-Jun-04 | | | http://www.demography.state.mn.us/countyprof.html | | | |
| Incorporates CQR corrections for 2000 | | | Appendix 1 | | | |

2002 Census of Agriculture County Profile

Kandiyohi, Minnesota

Number of farms

1,286 farms in 2002, 1,225 farms in 1997, up 5 percent.

Land in farms

407,905 acres in 2002, 394,915 acres in 1997, up 3 percent.

Average size of farm

317 acres in 2002, 322 acres in 1997, down 2 percent.

Market Value of Production

\$230,896,000 in 2002, \$225,909,000 in 1997, up 2 percent.

Crop sales accounted for \$83,050,000 of the total value in 2002.

Livestock sales accounted for \$147,845,000 of the total value in 2002.

Market Value of Production, average per farm

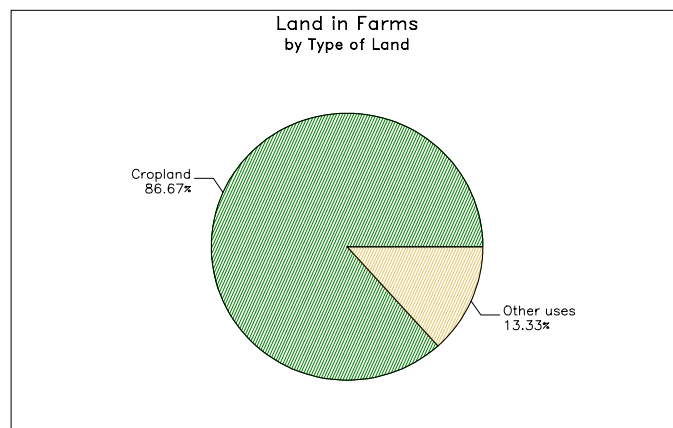
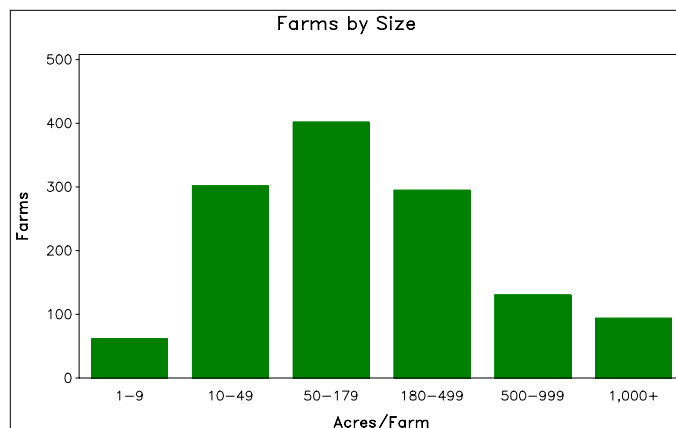
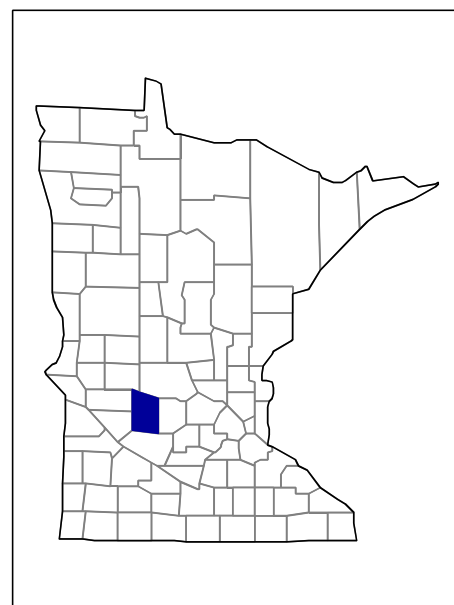
\$179,546 in 2002, \$184,416 in 1997, down 3 percent.

Government Payments

\$6,904,000 in 2002, \$6,715,000 in 1997, up 3 percent.

Government Payments, average per farm receiving payments

\$7,935 in 2002, \$7,363 in 1997, up 8 percent.



2002 Census of Agriculture
County Profile
United States Department of Agriculture, Minnesota Agricultural Statistics Service

Kandiyohi, Minnesota

Ranked items among the 87 state counties and 3,078 U.S. counties, 2002

| Item | Quantity | State Rank | Universe ¹ | U.S. Rank | Universe ¹ |
|---|-----------|------------|-----------------------|-----------|-----------------------|
| MARKET VALUE OF AGRICULTURAL PRODUCTS SOLD (\$1,000) | | | | | |
| Total value of agricultural products sold | 230,896 | 4 | 87 | 119 | 3,075 |
| Value of crops including nursery and greenhouse | 83,050 | 17 | 87 | 199 | 3,070 |
| Value of livestock, poultry, and their products | 147,845 | 2 | 87 | 104 | 3,070 |
| VALUE OF SALES BY COMMODITY GROUP (\$1,000) | | | | | |
| Grains, oilseeds, dry beans, and dry peas | 67,863 | 18 | 85 | 119 | 2,871 |
| Tobacco | - | - | - | - | 560 |
| Cotton and cottonseed | - | - | - | - | 656 |
| Vegetables, melons, potatoes, and sweet potatoes | 3,041 | 30 | 86 | 423 | 2,747 |
| Fruits, tree nuts, and berries | 63 | 36 | 83 | 1,475 | 2,638 |
| Nursery, greenhouse, floriculture, and sod | 72 | 65 | 81 | 2,178 | 2,708 |
| Cut Christmas trees and short rotation woody crops | 2 | 58 | 62 | 1,577 | 1,774 |
| Other crops and hay | 12,008 | 9 | 87 | 119 | 3,046 |
| Poultry and eggs | 106,807 | 1 | 87 | 43 | 2,918 |
| Cattle and calves | 8,368 | 37 | 86 | 1,124 | 3,053 |
| Milk and other dairy products from cows | 12,471 | 22 | 84 | 315 | 2,493 |
| Hogs and pigs | 18,075 | 30 | 87 | 172 | 2,919 |
| Sheep, goats, and their products | 619 | 5 | 85 | 149 | 2,997 |
| Horses, ponies, mules, burros, and donkeys | 161 | 32 | 85 | 1,326 | 3,014 |
| Aquaculture | 1,175 | 2 | 46 | 156 | 1,520 |
| Other animals and other animal products | 168 | 33 | 85 | 667 | 2,727 |
| TOP LIVESTOCK INVENTORY ITEMS (number) | | | | | |
| Turkeys | 2,178,806 | 1 | 82 | 4 | 2,328 |
| Hogs and pigs | 91,670 | 29 | 86 | 172 | 2,926 |
| Broilers and other meat-type chickens | (D) | 7 | 84 | (D) | 2,599 |
| Cattle and calves | 25,782 | 30 | 87 | 1,199 | 3,059 |
| Sheep and lambs | 4,372 | 6 | 85 | 254 | 2,867 |
| TOP CROP ITEMS (acres) | | | | | |
| Corn for grain | 134,171 | 18 | 84 | 115 | 2,592 |
| Soybeans | 119,066 | 25 | 84 | 168 | 2,076 |
| Forage - land used for all hay and haylage, grass silage, and greenchop | 21,171 | 37 | 87 | 1,051 | 3,059 |
| Sugarbeets for sugar | 14,049 | 9 | 32 | 30 | 158 |
| Dry edible beans, excluding limas | 4,978 | 9 | 41 | 76 | 571 |

Other County Highlights

| Economic Characteristics | Quantity | Operator Characteristics | Quantity |
|---|----------|---|----------|
| Farms by value of sales | | Principal operators by primary occupation: | |
| Less than \$1,000 | 475 | Farming | 753 |
| \$1,000 to \$2,499 | 75 | Other | 533 |
| \$2,500 to \$4,999 | 47 | | |
| \$5,000 to \$9,999 | 57 | Principal operators by sex: | |
| \$10,000 to \$19,999 | 90 | Male | 1,190 |
| \$20,000 to \$24,999 | 33 | Female | 96 |
| \$25,000 to \$39,999 | 57 | | |
| \$40,000 to \$49,999 | 35 | Average age of principal operator (years) | 54.9 |
| \$50,000 to \$99,999 | 92 | | |
| \$100,000 to \$249,999 | 154 | All operators ² by race: | |
| \$250,000 to \$499,999 | 99 | White | 1,781 |
| \$500,000 or more | 72 | Black or African American | - |
| Total farm production expenses (\$1,000) | 198,491 | American Indian or Alaska Native | - |
| Average per farm (\$) | 153,512 | Native Hawaiian or Other Pacific Islander | - |
| | | Asian | 1 |
| Net cash farm income of operation (\$1,000) | 41,067 | More than one race | 1 |
| Average per farm (\$) | 31,761 | All operators ² of Spanish, Hispanic, or Latino Origin | 19 |

(D) Cannot be disclosed. (Z) Less than half of the unit shown. See "Census of Agriculture, Volume 1, Geographic Area Series" for complete footnotes.

¹ Universe is number of counties in state or U.S. with item.

² Data were collected for a maximum of three operators per farm.

Ag Census

<http://www.nass.usda.gov/census/>

Kandiyohi County Summary Highlights: 1987, 1992, 1997, 2002

| Item | 2002 | 1997 | 1992 | 1987 |
|--|---------|---------|---------|---------|
| Farms (number) | 1,286 | 1,131 | 1,113 | 1,219 |
| Land in farms (acres) | 407,905 | 378,831 | 360,500 | 377,392 |
| Land in farms - Average size of farm (acres) | 317 | 335 | 324 | 310 |
| Estimated market value of land and buildings 1/ - Average per farm (dollars) | 488,220 | 464,543 | 316,539 | 217,366 |
| Estimated market value of land and buildings 1/ - Average per acre (dollars) | 1,602 | 1,412 | 1,015 | 762 |
| Estimated market value of all machinery and equipment 1/ - Average per farm (dollars) | 93,135 | 82,810 | 70,767 | 59,663 |
| Farms by size - 1 to 9 acres | 62 | 58 | 73 | 79 |
| Farms by size - 10 to 49 acres | 302 | 194 | 146 | 137 |
| Farms by size - 50 to 179 acres | 402 | 329 | 288 | 311 |
| Farms by size - 180 to 499 acres | 295 | 320 | 392 | 463 |
| Farms by size - 500 to 999 acres | 131 | 152 | 145 | 164 |
| Farms by size - 1,000 acres or more | 94 | 78 | 69 | 65 |
| Total cropland (farms) | 1,181 | 1,011 | 1,010 | 1,112 |
| Total cropland (acres) | 353,536 | 326,925 | 314,802 | 329,055 |
| Total cropland - Harvested cropland (farms) | 797 | 852 | 960 | 1,084 |
| Total cropland - Harvested cropland (acres) | 308,266 | 292,516 | 275,617 | 254,422 |
| Irrigated land (farms) | 40 | 38 | 37 | 50 |
| Irrigated land (acres) | 11,599 | 8,932 | 6,618 | 7,223 |
| Market value of agricultural products sold (see text) (\$1,000) | 230,896 | 223,670 | 186,168 | 155,102 |
| Market value of agricultural products sold (see text) - Average per farm (dollars) | 179,546 | 197,763 | 167,267 | 127,237 |
| Market value of agricultural products sold (see text) - Crops (\$1,000) | 83,050 | 72,709 | 48,301 | 40,820 |
| Mkt. value of ag products sold (see text) - Livestock, poultry, and their products (\$1,000) | 147,845 | 150,961 | 137,867 | 114,282 |
| Farms by value of sales - Less than \$2,500 | 550 | 286 | 149 | 142 |
| Farms by value of sales - \$2,500 to \$4,999 | 47 | 69 | 83 | 81 |
| Farms by value of sales - \$5,000 to \$9,999 | 57 | 68 | 82 | 115 |
| Farms by value of sales - \$10,000 to \$24,999 | 123 | 125 | 135 | 175 |
| Farms by value of sales - \$25,000 to \$49,999 | 92 | 125 | 156 | 179 |
| Farms by value of sales - \$50,000 to \$99,999 | 92 | 118 | 192 | 259 |
| Farms by value of sales - \$100,000 or more | 325 | 340 | 316 | 268 |
| Total farm production expenses 1/ (\$1,000) | 198,491 | 189,760 | 157,855 | 121,740 |
| Total farm production expenses 1/ - Average per farm (dollars) | 153,512 | 167,337 | 141,828 | 99,950 |
| Net cash farm income of operation (see text) 1/ (farms) | 1,293 | 1,134 | 1,113 | 1,218 |
| Net cash farm income of operation (see text) 1/ (\$1,000) | 41,067 | 30,581 | 27,416 | 32,796 |
| Net cash farm income of operation (see text) 1/ - Average per farm (dollars) | 31,761 | 26,967 | 24,632 | 26,926 |

Ag Census

<http://www.nass.usda.gov/census/>

Kandiyohi County Summary Highlights: 1987, 1992, 1997, 2002

| Item | 2002 | 1997 | 1992 | 1987 |
|--|-----------|-----------|-----------|-----------|
| Principal operator by primary occupation - Farming (number) | 753 | 655 | 769 | 901 |
| Principal operator by primary occupation - Other (number) | 533 | 476 | 344 | 318 |
| Principal operator by days worked off farm - Any (number) | 663 | 597 | 484 | 525 |
| Principal operator by days worked off farm - Any - 200 days or more (number) | 460 | 378 | 278 | 257 |
| Livestock and poultry - Cattle and calves inventory (farms) | 318 | 398 | 452 | 498 |
| Livestock and poultry - Cattle and calves inventory (number) | 25,782 | 26,894 | 33,582 | 31,768 |
| Livestock and poultry - Cattle and calves inventory - Beef cows (farms) | 128 | 155 | 144 | 135 |
| Livestock and poultry - Cattle and calves inventory - Beef cows (number) | 2,563 | 2,817 | 2,727 | 2,483 |
| Livestock and poultry - Cattle and calves inventory - Milk cows (farms) | 104 | 159 | 201 | 275 |
| Livestock and poultry - Cattle and calves inventory - Milk cows (number) | 6,647 | 7,819 | 9,277 | 10,190 |
| Livestock and poultry - Cattle and calves sold (farms) | 278 | 385 | 435 | 505 |
| Livestock and poultry - Cattle and calves sold (number) | 13,681 | 14,575 | 15,346 | 14,467 |
| Livestock and poultry - Hogs and pigs inventory (farms) | 75 | 98 | 219 | 250 |
| Livestock and poultry - Hogs and pigs inventory (number) | 91,670 | 90,620 | 85,072 | 78,076 |
| Livestock and poultry - Hogs and pigs sold (farms) | 81 | 102 | 245 | 265 |
| Livestock and poultry - Hogs and pigs sold (number) | 225,397 | 189,303 | 167,824 | 168,452 |
| Livestock and poultry - Sheep and lambs inventory (farms) | 43 | 38 | 49 | 40 |
| Livestock and poultry - Sheep and lambs inventory (number) | 4,372 | 4,828 | 5,955 | 2,054 |
| Livestock and poultry - Layers 20 weeks old and older inventory (farms) | 25 | 21 | 32 | 42 |
| Livestock and poultry - Layers 20 weeks old and older inventory (number) | 675 | 400 | na | na |
| Any poultry, turkeys (farms) | na | 16 | 14 | 15 |
| Any poultry, turkeys (number) | 2,178,806 | 2,769,678 | 2,116,454 | 1,743,173 |

Ag Census

<http://www.nass.usda.gov/census/>

Kandiyohi County Summary Highlights: 1987, 1992, 1997, 2002

| Item | 2002 | 1997 | 1992 | 1987 |
|---|------------|------------|------------|------------|
| Selected crops harvested - Corn for grain (farms) | 522 | 640 | 734 | 876 |
| Selected crops harvested - Corn for grain (acres) | 134,171 | 129,068 | 125,008 | 102,694 |
| Selected crops harvested - Corn for grain (bushels) | 21,503,223 | 15,242,715 | 12,856,095 | 12,495,833 |
| Selected crops harvested - Wheat for grain, All (farms) | 78 | 129 | 183 | 460 |
| Selected crops harvested - Wheat for grain, all (acres) | 4,473 | 5,952 | 7,219 | 19,979 |
| Selected crops harvested - Wheat for grain, all (bushels) | 161,518 | 190,867 | 296,093 | 765,890 |
| Selected crops harvested - Oats for grain (farms) | 93 | 135 | 216 | 439 |
| Selected crops harvested - Oats for grain (acres) | 2,782 | 4,509 | 6,399 | 130,005 |
| Selected crops harvested - Oats for grain (bushels) | 170,862 | 234,453 | 401,304 | 776,569 |
| Selected crops harvested - Barley for grain (farms) | 9 | 21 | 13 | 17 |
| Selected crops harvested - Barley for grain (acres) | 128 | 427 | 487 | 213 |
| Selected crops harvested - Barley for grain (bushels) | 5,470 | 19,023 | 22,615 | 10,974 |
| Selected crops harvested - Soybeans for beans (farms) | 481 | 552 | 661 | 724 |
| Selected crops harvested - Soybeans for beans (acres) | 119,066 | 104,884 | 93,643 | 78,123 |
| Selected crops harvested - Soybeans for beans (bushels) | 5,319,596 | 3,791,471 | 2,767,376 | 2,935,492 |
| Selected crops harvested - Dry edible beans, excluding limas (farms) | 20 | na | na | na |
| Selected crops harvested - Dry edible beans, excluding limas (acres) | 4,978 | na | na | na |
| Selected crops harvested - Dry edible beans, excluding limas (cwt) | 97,685 | na | na | na |
| Selected crops harvested - Sugarbeets for sugar (farms) | 42 | na | na | na |
| Selected crops harvested - Sugarbeets for sugar (acres) | 14,049 | na | na | na |
| Selected crops harvested - Sugarbeets for sugar (tons) | 261,434 | na | na | na |
| Selected crops harvested - Vegetables harvested for sale (see text) (farms) | 40 | na | na | na |
| Selected crops harvested - Vegetables harvested for sale (see text) (acres) | 4,525 | na | na | na |
| Selected crops harvested - Land in orchards (farms) | 10 | na | na | na |
| Selected crops harvested - Land in orchards (acres) | 40 | na | na | na |

*na In some cases the trend information was not available for a specific item.



Highlights of Agriculture-related Business in Kandiyohi County

Minnesota Agriculture Statistics

Source: <http://www.nass.usda.gov/mn/agstat03/agstat03.htm>

- Kandiyohi County was ranked 4th out of 87 counties in Minnesota in total Cash Receipts in 2002 (\$237.8 million in total cash receipts)
- Kandiyohi County was ranked 2nd in Livestock Cash Receipts in 2002 (\$147.9 million)
- Kandiyohi County was ranked 17th in Crop Cash Receipts in 2002 (\$83.05 million)
 - Kandiyohi County was ranked 8th in Minnesota in the Production of Sugar Beets in 2003 (338,500 tons)
 - Kandiyohi County was ranked 6th in Minnesota in the Production of Dry Edible Beans in 2002 (62,400 cwt)
 - Kandiyohi County produced 119,000 Pigs in 2003, 3rd most in Central Minnesota
 - Kandiyohi County has 113 Dairy Farms (103 Grade A; 10 Grade B)

Minnesota Tops in Turkey Production

Source: <http://www.startribune.com/stories/535/4231986.html>

- Minnesota is the nation's biggest grower of turkeys, a sector that experts say contributes about 10,000 jobs and generates \$507 million in total economic activity to the state each year.
- Minnesota's turkey-raising and -processing business has increased by 35 percent since 1994, according to a new report by University of Minnesota economist Brian Buhr.
- Kandiyohi County ranks 4th nationally in turkeys.
- Jennie-O Turkey Store, now owned by Hormel Foods Corp. of Austin, Minn., is the nation's second largest U.S. turkey operation, just behind Minnetonka-based Cargill Inc., which has its biggest facility in Arkansas.
- Jennie-O processed 1.2 billion pounds to Cargill's 1.24 billion pounds, according to a 2002 industry estimate.

2000 Annual Sales and Use Tax Statistics

Source: http://www.taxes.state.mn.us/legal_policy/research_reports/revenue_by_county/kandiyohi.pdf

According to 2000 Annual Minnesota Sales and Use Tax Statistics from the MN Dept. of Revenue:

- Ag Production-Livestock generated \$114.7 million in gross sales, making it the 3rd largest industry classification in terms of gross sales in Kandiyohi County
- Agricultural Services generated over \$10.3 million in gross sales in 2000
- Fishing, Hunting, Etc. generated over \$1.5 million in gross sales in 2000
- MFG: Lumber, Wood Products generated over \$10.7 million in gross sales in 2000

2nd Quarter 2004 Covered Employment & Wages Data

Source: <http://data.mnwfc.org/lmi/es/>

- The Food Manufacturing industry provided 1,958 jobs and close to \$14.6 million in total wages in Kandiyohi County in the 2nd Quarter of 2004 (approx. \$58.4 million annual payroll)
- The Animal Production industry provided 752 jobs and more than \$4.85 million in total wages in Kandiyohi County in the 2nd Quarter of 2004 (approx. \$19.4 million annual payroll)
 - Poultry & Egg Production supplies 686 of the animal production jobs in Kandiyohi County
- Farm Product Merchant Wholesalers provided 69 jobs at 7 firms and more than \$450,000 in wages in Kandiyohi County in the 2nd Quarter of 2004

2000 U.S. Census Data

Source: http://factfinder.census.gov/servlet/QTTable?ds_name=D&geo_id=05000US27067&qtr_name=DEC_2000_SF3_U_DP3&lang=en

- Of the employed civilian population aged 16 years and over in Kandiyohi County, 5.8 percent - or 1,226 - worked in the Agriculture, Forestry, Fishing and Hunting, and Mining industry in 2000
- Forty-six percent of the Kandiyohi County population is considered Rural (rather than Urban)

| Agriculture and Related Employment by NAICS code Kandiyohi County | | | | | | |
|--|--|-------|----------------|------------|---------------|-----------|
| 2nd Quarter | | NAICS | Avg. # of | Avg. | Total | Avg. week |
| Year | NAICS, Industry Title | code | establishments | employment | wages | wage |
| 2004 | Total, All Industries | 0 | 1334 | 22305 | \$151,417,133 | \$522 |
| 2004 | Oilseed and Grain Farming | 1111 | 6 | 40 | \$161,039 | \$307 |
| 2004 | Animal Production | 112 | 16 | 752 | \$4,852,833 | \$497 |
| 2004 | Poultry and Egg Production | 1123 | 10 | 686 | \$4,541,697 | \$510 |
| 2004 | Food Manufacturing | 311 | 11 | 1958 | \$14,596,059 | \$573 |
| 2004 | Chemical Manufacturing | 325 | 3 | 23 | \$232,472 | \$789 |
| 2004 | Fabricated Metal Product Manufacturing | 332 | 11 | 246 | \$2,432,760 | \$762 |
| 2004 | Machinery & Supply Merchant Wholesalers | 4238 | 16 | 211 | \$1,772,519 | \$647 |
| 2004 | Farm & Garden Equip Merchant Wholesalers | 42382 | 13 | 146 | \$1,232,822 | \$651 |
| 2004 | Farm Product Merchant Wholesalers | 4245 | 7 | 69 | \$457,596 | \$513 |
| 2004 | Misc Nondurable Goods Merchant Whsle | 4249 | 17 | 192 | \$1,920,101 | \$768 |
| 2004 | Lawn & Garden Equipment/Supplies Stores | 4442 | 6 | 142 | \$675,053 | \$365 |
| 2004 | Truck Transportation | 484 | 52 | 186 | \$1,429,646 | \$591 |
| 2004 | Veterinary Services | 54194 | 6 | 50 | \$271,003 | \$420 |
| 2004 | Agricultural Commodity/Market Regulation | 92614 | 5 | 33 | \$442,867 | \$1,022 |
| Total of agriclutre related industries | | | 179 | 4734 | \$35,018,467 | |
| Percentage of Kandiyohi County Total | | | 13.4% | 21.2% | 23.1% | |

Note: This information was made available from Cameron Macht, Regional Analyst, Central & Southwest Region MN Department of Employment and Economic Development. (DEED)

It should be noted that some of the NAICS could be considered 100% agriculture, while others such as "truck transportation" may be highly dependent on agriculture, but are not a 100% agriculture industry. It is also noteworthy that several NAICS code areas may have an agriculture component or may be agriculture dependent, but are not listed as agriculture related. Examples include the finance industry, insurance, education.

<http://data.mnwfc.org/lmi/es/>

appendix 8

LEGEND*



NEARLY LEVEL TO VERY STEEP, LOAMY, SANDY, AND MUCKY SOILS ON UPLANDS

- 1** Regal-Osakis association: Nearly level, poorly drained and moderately well drained, loamy soils that formed in glacial outwash; on outwash plains
- 2** Estherville-Hawick-Lena association: Nearly level to very steep, well drained and excessively drained, loamy and sandy soils that formed in glacial outwash and nearly level, very poorly drained, mucky soils that formed in organic deposits; on outwash plains and ground moraines

UNDULATING TO VERY STEEP, LOAMY AND SANDY SOILS ON UPLANDS

- 3** Koronis-Hawick-Sunburg association: Undulating to very steep, well drained and excessively drained, loamy and sandy soils that formed in glacial till and outwash; on ground moraines and outwash plains

NEARLY LEVEL TO VERY STEEP, LOAMY SOILS ON UPLANDS

- 4** Wadenill-Sunburg-Delft association: Nearly level to very steep, well drained and poorly drained, loamy soils that formed in glacial till and local alluvium; on ground moraines and till plains

NEARLY LEVEL TO HILLY, LOAMY AND CLAYEY SOILS ON UPLANDS

- 5** Guckeen-Marna association: Nearly level to hilly, moderately well drained to poorly drained, loamy and clayey soils that formed in lacustrine material and in the underlying glacial till; on ground moraines and till plains

NEARLY LEVEL TO HILLY, LOAMY AND SILTY SOILS ON UPLANDS

- 6** Harps-Okoboji-Seaforth association: Nearly level and undulating, poorly drained, very poorly drained, and moderately well drained, loamy and silty soils that formed in glacial till and lacustrine sediments; on till plains
- 7** Normania-Canisteo-Harps association: Nearly level and undulating, moderately well drained, poorly drained, and very poorly drained, loamy soils that formed in glacial till; on till plains
- 8** Ves-Normania-Webster association: Nearly level to hilly, well drained, moderately well drained, and poorly drained, loamy and silty soils that formed in glacial till; on till plains

NEARLY LEVEL, LOAMY SOILS ON UPLANDS

- 9** Fieldon-Coriff association: Nearly level, poorly drained, loamy soils that formed in glacial outwash or deltaic sediments and in glacial till; on lake plains, outwash plains, and moraines

NEARLY LEVEL AND UNDULATING, LOAMY AND SILTY SOILS ON UPLANDS

- 10** Canisteo-Nicollet association: Nearly level and undulating, very poorly drained to moderately well drained, loamy and silty soils that formed in glacial till; on till plains

*The texture terms in the descriptive headings refer to the surface layer of the major soils in the associations.

Compiled 1985

SECTIONALIZED TOWNSHIP

| | | | | | |
|----|----|----|----|----|----|
| 6 | 5 | 4 | 3 | 2 | 1 |
| 7 | 8 | 9 | 10 | 11 | 12 |
| 18 | 17 | 16 | 15 | 14 | 13 |
| 19 | 20 | 21 | 22 | 23 | 24 |
| 30 | 29 | 28 | 27 | 26 | 25 |
| 31 | 32 | 33 | 34 | 35 | 36 |

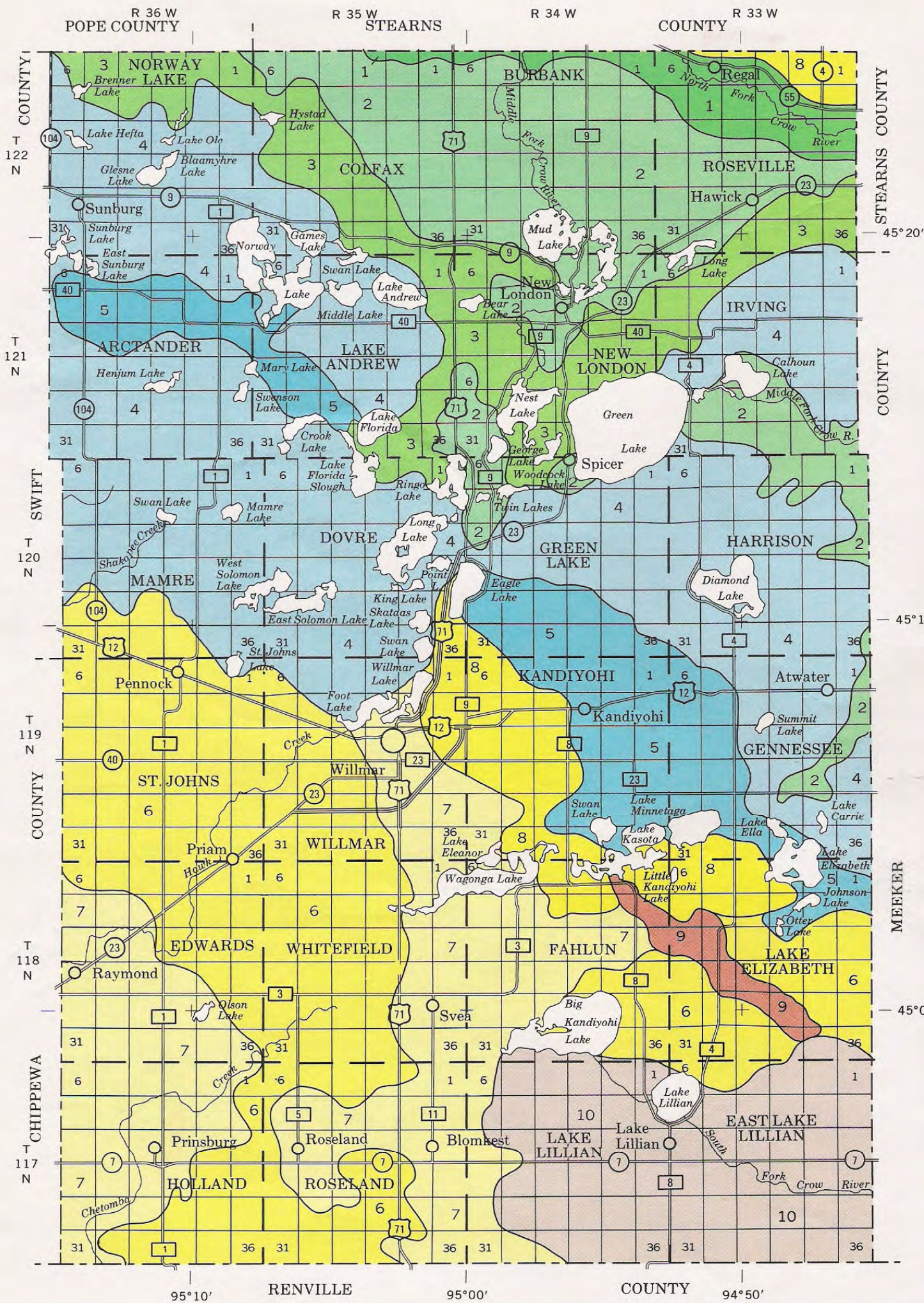
Each area outlined on this map consists of more than one kind of soil. The map is thus meant for general planning rather than a basis for decisions on the use of specific tracts.

UNITED STATES DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE
MINNESOTA AGRICULTURAL EXPERIMENT STATION
GENERAL SOIL MAP
KANDIYOHI COUNTY, MINNESOTA

Scale 1:253,440

1 0 1 2 3 4 Miles

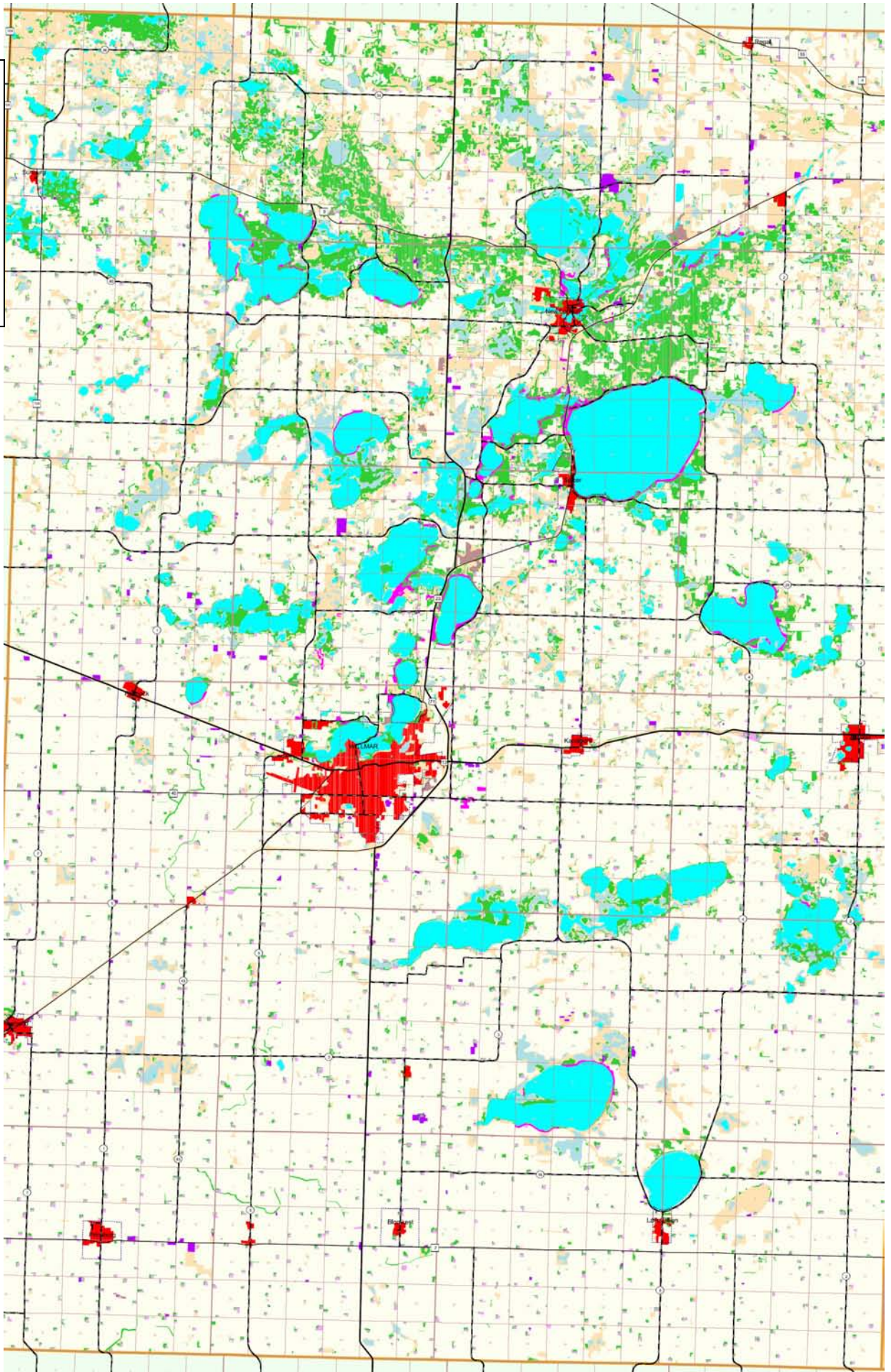
1 0 4 8 Km



1990

Census of
Kandiyohi
Agriculture
Land Use

See next
page for
map key

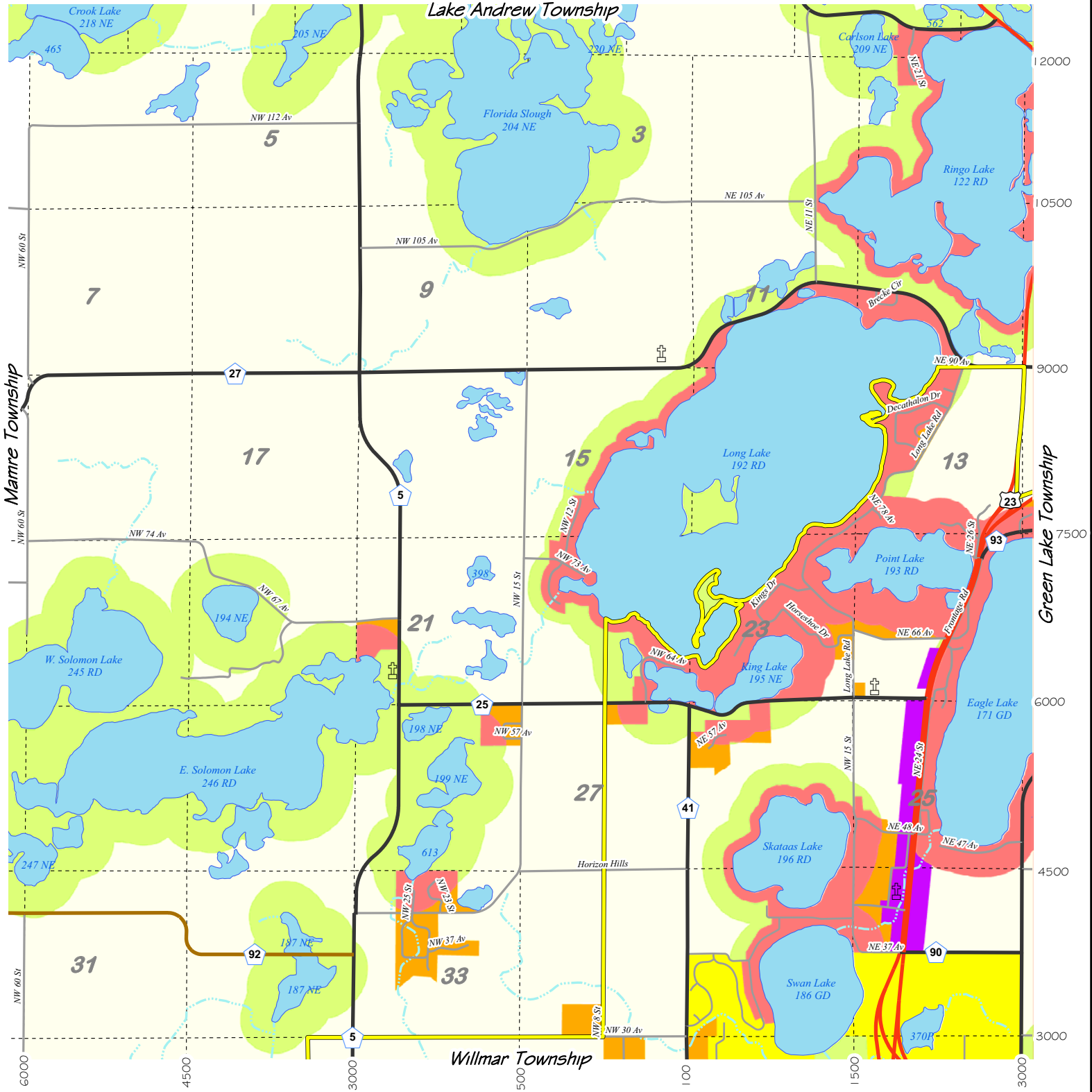


KANDIYOHI COUNTY LAND USE STUDY - 1990

Source: The Land Management Information Center

| Land Use | | |
|----------|-------|--|
| 5861 | 1.1% | Urban and Industrial |
| 7706 | 1.4% | Farmsteads and Rural Residences |
| 1939 | 0.4% | Rural Residential Development Complexes |
| 1563 | 0.3% | Other Rural Developments |
| 377217 | 68.4% | Cultivated Land |
| 200 | 0.0% | Transitional Agricultural Land |
| 60564 | 11.0% | Grassland |
| 1225 | 0.2% | Grassland-Shrub-Tree Complex (Deciduous) |
| 0 | 0.0% | Grassland-Shrub-Tree Complex (Coniferous) |
| 37360 | 6.8% | Deciduous Forest |
| 0 | 0.0% | Coniferous Forest |
| 39158 | 7.1% | Water |
| 18396 | 3.3% | Wetlands |
| 609 | 0.1% | Gravel Pits and Open Mines |
| 1.2 | 0.0% | Bare Rock |
| 45.9 | 0.0% | Exposed Soil, Sandbars, and Sand Dunes |
| 0 | 0.0% | Unclassified/Unlabeled/Outside State or County |
| 551845 | 100% | Total Land |

Dovre Township Zoning Districts



Zoning Districts

- | | |
|-----------------------------------|-----------------------|
| A-1 Agricultural Preservation | Lakes/Wetlands |
| A-2 General Agriculture | Rivers & Streams |
| R-M Resource Shoreland Management | County Ditches |
| R-1 Shoreland Residential | Railroads |
| R-2 Community Residence | Urban Growth Boundary |
| C-1 Commercial/Industrial | Church |
| Incorporated Cities | |



**Kandiyohi County
Planning & Zoning**



CASH RENTS FOR 2003 - 2004

SURVEY RESULTS & SUMMARY

The University of Minnesota Extension Service is often looked to by landlords, tenants, and ag professionals for advice and information about land rental rates. To get more accurate cash rent data for our area, the University of Minnesota Extension Service has conducted a Cash Rent Survey. The survey results include data from Blue Earth, Brown, Carver, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Jackson, Kandiyohi, Le Sueur, Lincoln, Lyon, Martin, McLeod, Mower, Nicollet, Redwood, Rice, Rock, Scott, Sibley, Steele, Wabasha, Waseca, and Winona Counties.

We received 3,689 responses representing a total of 521,958 acres of land. Of these responses, 264 were flexible cash rental arrangements. A total of 343 responses were share rent arrangements. Township data is listed individually for each specific township. The data includes the number of parcels represented in that township, the number of tillable acres from responses, the actual average 2003 rent for the township, estimated average 2004 rent for the township, and the estimated 2004 rental range. Cash rents are calculated as weighted averages so data between two or more parcels can be compared. **This rental data is to indicate trends in rental rates and nothing more. The data is NOT meant to establish, determine, set, or fix rental rates.**

Crop Equivalency Rating (CER values) can be an indicator for land quality and can be used as a factor in rent determination. The average CER value for each township in the survey is listed with each set of county data. Average rent per CER value is calculated by dividing the township weighted average cash rent for 2003 and 2004 by the township CER value. Both landlords and tenants may secure CER values on individual parcels of land at their local county Natural Resources Conservation Service office.

USE OF THE SUMMARY

It is important to remember that no survey is perfect. These cash rent report results should be used only as a guideline when discussing land rental rates. Actual cash rental rates should be based on projected returns from crop production, typical cash rent rates in the area, and other factors. Items such as use of buildings, upgraded drainage systems, and rent to family members can influence cash rental rates. Be sure to value these factors accordingly when establishing rental agreements. See page 59 for a complete list of factors.

Farm rental rates are more accurate if they are individualized rather than generalized. Try to use all available data, such as CER values, historical production, drainage, soil fertility, production economics, etc. in determining cash rental rates. Some landlords utilize a flexible cash rental arrangement to help account for wide variability of prices, yields, and weather.

When using the cash rental rate map for a specific township from pages 3-56, be sure to look at the number of responses and number of acres reported for that township. If there are fewer than 3-5 responses, be a bit cautious about the land rental rate number. Remember, the numbers are only a guide and not an absolute.

We hope the data in this land rent report will be helpful in determining equitable cash rental arrangements. If more information or individual assistance is needed, contact your local University of Minnesota Extension Service office listed on page 67.

KANDIYOHI COUNTY

| <u>Number of Responses</u> | <u>Total Acres</u> | <u>Actual 2003 Ave. Rent/Tillable Acre</u> | <u>Estimated 2004 Ave. Rent/Tillable Acre</u> | <u>Percent Change</u> |
|----------------------------|--------------------|--|---|-----------------------|
| 162 | 22,442 | \$88.46 | \$89.34 | + 0.99% |

- All rental rates shown for Kandiyohi County are based upon tillable acres. For farms with non-productive acres included in the rental acres, appropriate adjustments in rental rates should be made. Rental rates are calculated based upon a weighted average.
- Rental rates are based upon actual responses from landlords and operators in Kandiyohi County. Of those responding, 50.6 percent were operators, 41.4 percent were landlords, and 8.0 percent indicated they were both. Average rental rates reported by these categories were as follows: Operators - \$100.50, landlord - \$93.38, and both - \$78.83.
- In addition to the 162 responses, 27 respondents indicated they had a crop share rental arrangement and 41 indicated they had a flexible cash rental arrangement.
- For Kandiyohi County, 12.35 percent of all rental contracts were between family members with an average rent of \$85.74. The remaining 87.65 percent were among non-family members with an average rent of \$97.12 per acre.
- Land that was 100 percent tilled rented for an average rent of \$98.47. Land that was 0 percent tilled rented for \$79.34, 25 percent tilled for \$100.39, 50 percent tilled for \$93.60, and land 75 percent tilled rented for \$97.77.
- Timing of rent payments in Kandiyohi County was as follows: ½ spring/ ½ fall – 66.7%, spring 17.3%, fall – 12.3, and tri-annually – 3.7%.
- A total of 16.05 percent of all rental contracts included some facility use while the remaining 83.95 percent did not. Average rent including facilities was \$93.15 while average rent without facilities was \$96.25.
- Below are listed Crop Equivalent Ratings (CER) for each township in Kandiyohi County. Comparing Rent Per CER Value is one way of determining a cash rental rate. The higher the CER value the greater the potential for crop yield and thus financial return. Rent Per CER Value is calculated by dividing the average township rent by the township CER.

| <u>Township</u> | <u>Avg. CER Value</u> | <u>2003 Rent Per CER Value</u> | <u>2004 Rent Per CER Value</u> |
|-------------------|-----------------------|--------------------------------|--------------------------------|
| Arctander | 74 | \$1.07 | \$1.12 |
| Burbank | 34 | \$1.57 | \$1.57 |
| Colfax | 37 | \$2.03 | \$2.11 |
| Dovre | 70 | \$1.09 | \$1.11 |
| East Lake Lillian | 76 | \$1.40 | \$1.40 |
| Edwards | 70 | \$1.66 | \$1.68 |
| Fahlun | 69 | \$1.36 | \$1.39 |
| Genessee | 69 | \$1.11 | \$1.13 |
| Green Lake | 69 | \$1.08 | \$1.04 |
| Harrison | 70 | \$1.12 | \$1.14 |
| Holland | 76 | \$1.41 | \$1.40 |
| Irving | 66 | \$1.39 | \$1.41 |
| Kandiyohi | 75 | \$1.10 | \$1.10 |
| Lake Andrew | 67 | \$1.00 | \$1.00 |
| Lake Elizabeth | 72 | \$1.21 | \$1.21 |
| Lake Lillian | 73 | \$1.52 | \$1.52 |
| Mamre | 71 | \$1.13 | \$1.14 |
| New London | 71 | \$0.68 | \$0.68 |
| Norway Lake | 67 | No Data Reported | No Data Reported |
| Roseland | 74 | \$1.47 | \$1.47 |
| Roseville | 42 | \$2.18 | \$2.98 |
| St. Johns | 70 | \$1.50 | \$1.53 |
| Whitefield | 70 | \$1.41 | \$1.43 |
| Willmar | 71 | \$1.33 | \$1.33 |
| Average Values: | 67 | \$1.37 | \$1.39 |

KANDIYOHI COUNTY

2003 –2004 Land Rental Survey

KEY

No. of Parcels
Tillable Acres
2003 Average Rent
Est. 2004 Average Rent
2004 Rent Range

COUNTY AVERAGES

Parcels..... 162
Tillable Acres 22,442
2003 Average Rent \$88.46
2004 Est. Rent..... \$89.34
2004 Rent Range..... \$45 - \$145

| | | | |
|--|--|---|--|
| Norway Lake NO DATA REPORTED | Colfax 1 67 \$75.00 \$78.00 \$78 - \$78 | Burbank 3 345 \$53.26 \$53.26 \$50 - \$55 | Roseville 1 350 \$125.00 \$125.00 \$125 - \$125 |
| Arctander 5 639 \$78.89 \$83.05 \$70 - \$95 | Lake Andrew 2 97 \$66.76 \$66.76 \$60 - \$68 | New London 1 75 \$48.00 \$48.00 \$48 - \$48 | Irving 6 797 \$91.46 \$93.07 \$70 - \$115 |
| Mamre 5 650 \$80.33 \$80.88 \$60 - \$100 | Dovre 2 56 \$76.07 \$77.73 \$65 - \$88 | Green lake 10 908 \$74.19 \$72.10 \$45 - \$103 | Harrison 5 1,093 \$78.21 \$79.63 \$68 - \$105 |
| St. Johns 12 1,705 \$105.19 \$106.96 \$71 - \$145 | Willmar 7 876 \$94.45 \$96.38 \$55 - \$114 | Kandiyohi 15 2,508 \$82.19 \$82.78 \$70 - \$103 | Genessee 13 1,685 \$76.51 \$78.04 \$50 - \$115 |
| Edwards 11 1,902 \$116.47 \$117.65 \$95 - \$135 | Whitefield 13 1,033 \$98.55 \$100.03 \$80 - \$119 | Fahlun 4 430 \$93.86 \$95.72 \$88 - \$100 | Lake Elizabeth 7 1,119 \$87.24 \$87.24 \$75 - \$95 |
| Holland 12 1,809 \$107.34 \$106.71 \$75 - \$130 | Roseland 8 1,041 \$108.85 \$108.85 \$80 - \$126 | Lake Lillian 8 1,582 \$110.70 \$110.70 \$100 - \$125 | East Lake Lillian 11 1,675 \$106.14 \$106.19 \$85 - \$125 |

MN Livestock MATTERS

A periodic update about issues concerning Minnesota's animal agriculture industry.

ISSUE 1, MARCH 2005

Why Does Animal Agriculture Matter in Minnesota?

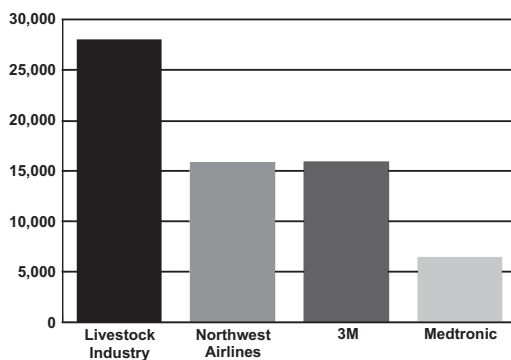
This is the first in a series of informational sheets on Minnesota's livestock industry from the Minnesota Farm and Food Coalition. For more information, go to www.mnfarmandfood.org.

A Vital Part of Minnesota's Economy

The livestock industry contributes more than \$10 billion annually to our state's economy, and directly and indirectly employs nearly 100,000 Minnesotans. That's more than the direct employment of Northwest Airlines, 3M and Medtronic combined. Animal agriculture generates value-added economic activity in many areas, including production, processing, animal and food sciences, distribution, packaging, crop production, financial services and retailing.

Providing Jobs for Minnesotans

The livestock industry directly employs more Minnesotans than several of the state's largest employers.



Factoring in indirect employment generated by additional business activity, the animal agriculture industry is credited with supporting nearly 100,000 jobs in Minnesota (directly and indirectly).

- Many of these jobs are located in economically stressed rural areas.

Animal Agriculture is Important—No Matter Where You Live

In rural Minnesota, animal agriculture is a viable source of income and profit for farmers, supporting a way of life linked to our region's agrarian roots. Livestock feed is an important market for major Minnesota crops including corn, soybeans and alfalfa.

Clearly, Minnesota's tradition of animal agriculture helps make up the fabric of hundreds of our state's smaller communities.

In urban communities, animal agriculture supplies a wide variety and abundance of safe and affordable foods, ranging from steak to cheese to ice cream—produced locally, not overseas. The livestock industry also supports thousands of "city" jobs, ranging from biotechnology and pharmaceuticals to marketing, processing and nutrition.

Also, of the nearly 400,000 agriculture jobs in Minnesota, 75 percent of them are off-farm jobs. So there is a chance that one in every 10 people you know works in an agriculture-related job.

Did You Know?

One out of every three bushels of Minnesota grown soybeans are used for feeding Minnesota livestock, and, 95 percent of all soybean meal processed in Minnesota is used to feed livestock. The success of Minnesota soybean farmers is closely linked to the success of livestock in our state.

Upcoming Events:

Midwest Poultry Federation Convention

St. Paul RiverCentre (March 15-17)

Minnesota Grown Marketing Conference

St. Paul (March 15)

Animal Agriculture Alliance Symposium

Washington, D.C. (March 21-23)

Southeastern Minnesota Dairy Conference

Rochester, MN (March 29)

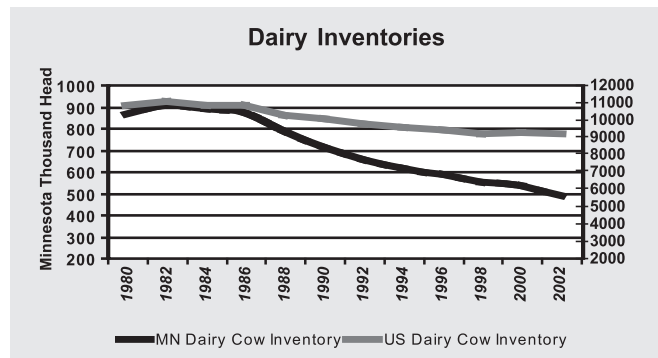
Minnesota Farm and Food Coalition: Keeping Minnesota's dairy, poultry, pork, cattle and crop farming strong.

413 South 28th Avenue • Waite Park • MN • 56387 • www.mnfarmandfood.org • Tel: 612-386-4070

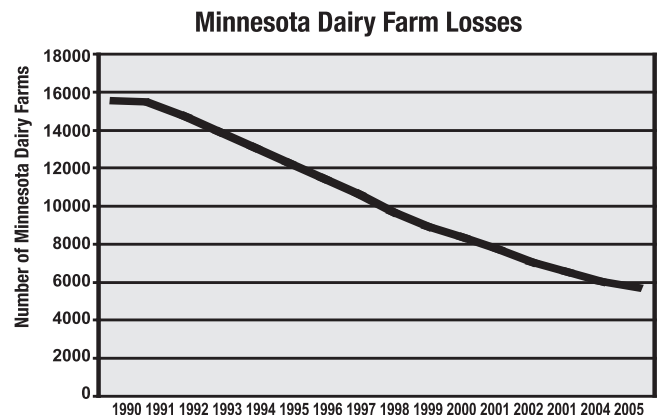
Current Trends Threaten Future Vitality

Minnesota's dairy industry is declining at an alarming rate:

- In the last 10 years, the state has lost 173,000 dairy cows (more than 26 percent of Minnesota's dairy population) and 21 dairy processing plants have closed. The impact to the state has been hundreds of millions of dollars in lost economic activity.
- Current trends indicate that by 2010, the state's dairy cow population would shrink by an additional 20 percent, as milk production is lured to other states. California, for example, has added 500,000 dairy cows and 10 billion pounds of new milk production since 1993. This is one billion pounds of milk more than Minnesota's total annual milk production!
- Each lost dairy cow represents approximately \$5,000 in lost economic activity for Minnesota. If the derived and induced economic effects are factored in, the number grows to \$14,000 per cow.
- Under status quo scenarios, excess swine processing capacity is slated to grow to 31,000 head per day by 2010. This unused capacity equals \$2.85 million in value-added losses per day.
- Minnesota markets more than five times the number of cattle per year than the number slaughtered (only 155,000 head). In 2010 "lost marketings" could grow to \$1.3 billion in missed value-added processing.
- Declining livestock markets for farmers are driving down crop values. If current trends continue, the value of crops fed to livestock in Minnesota will decline by \$338 million annually by 2010.
- Minnesota processors are facing \$2.85 billion per year in lost opportunities from pork, beef and dairy value-added processing by 2010. Growth opportunities are being lost as Minnesota producers and processors are lured to invest in other states.



Source: USDA, National Agricultural Statistics Service



If Animal Agriculture Leaves, Minnesota will Suffer

While Minnesota has a strong animal agriculture foundation, we must adapt in order to stay competitive and keep the livestock industry from leaving our state. Thousands of jobs throughout Minnesota's economy depend on a healthy livestock industry.

Just as technology changes, the face of agriculture is changing. If Minnesota fails to remain competitive, the animal agriculture industry will continue to move to other states – and take along with it the jobs and economic activity it produces.

Resources

The Minnesota Farm and Food Coalition:
www.mnfarmandfood.org

Governor Pawlenty's Livestock Advisory Task Force Report:

<http://www.governor.state.mn.us/documents/MNAgricultureReport.pdf>

U.S.D.A.– National Agriculture Statistics Service:
www.usda.gov/nass

2003 MN Livestock Industry Benchmark Report:
www.agrigrowth.org/livestock.html

Chapter III

Survey of Kandiyohi County Agriculture Producers Business Retention and Expansion Program

1. How old are you?

| Age of KCO Farmers | Self | Spouse |
|--------------------|------|--------|
| Younger than 25 | 0 | 1 |
| 25-34 | 5 | 5 |
| 35-44 | 13 | 13 |
| 45-54 | 30 | 29 |
| 55-64 | 13 | 11 |
| 65-74 | 2 | 2 |
| 75 or older | 0 | 0 |
| Total Responses | 63 | 61 |

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

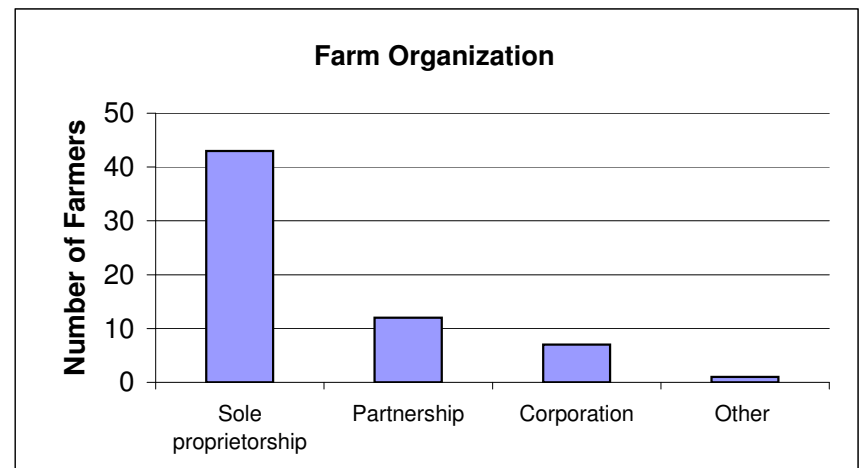


2. How many years have you and your spouse derived income from farming?

| Total Yrs | Avg. |
|-----------|------|
| 1626 | 26 |

3. How is your farm organized?

| Type of Farm Organization | Number |
|---------------------------|--------|
| Sole proprietorship | 43 |
| Partnership | 12 |
| Corporation | 7 |
| Other | 1 |
| Total Responses | 63 |



4. Why did you start farming?

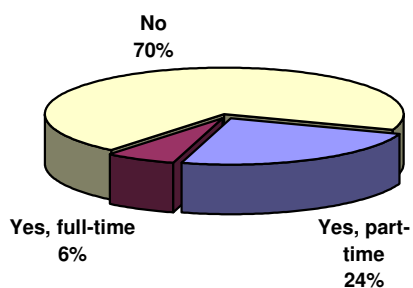
| Why Started Farming? | Number |
|----------------------|--------|
| Personal choice | 59 |
| Family pressure | 1 |
| Other | 2 |
| Total Responses | 62 |



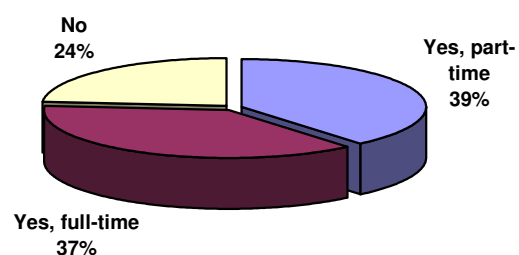
5. Are you or your spouse employed off the farm?

| Off Farm Employment? | You | Spouse |
|----------------------|-----|--------|
| Yes, part-time | 15 | 23 |
| Yes, full-time | 4 | 22 |
| No | 44 | 14 |
| | 63 | 59 |

Off Farm Employment? SELF



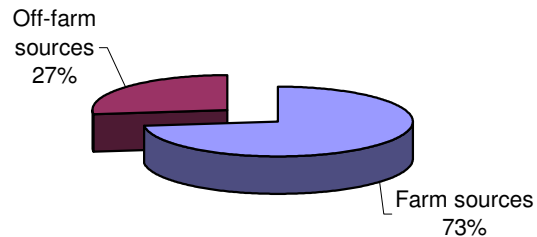
Off Farm Employment? SPOUSE



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

| Where Does Your Income Come From? | |
|-----------------------------------|-------|
| Farm sources | 73.1% |
| Off-farm sources | 26.9% |

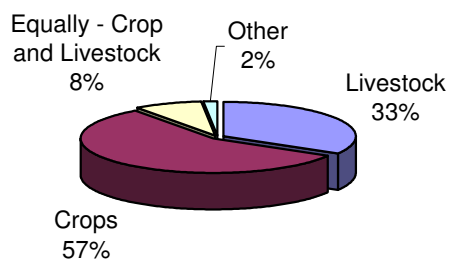
Where does your income come from?



7. Where does most of your gross farm income come from?

| Source of Farm Income? | |
|------------------------------|----|
| Livestock | 20 |
| Crops | 34 |
| Equally - Crop and Livestock | 5 |
| Other | 1 |

What is the source of your farm income?



8. Do you raise any livestock or poultry under management contract for someone else?

Livestock under a management contract?

| | |
|-----|----|
| No | 55 |
| Yes | 5 |

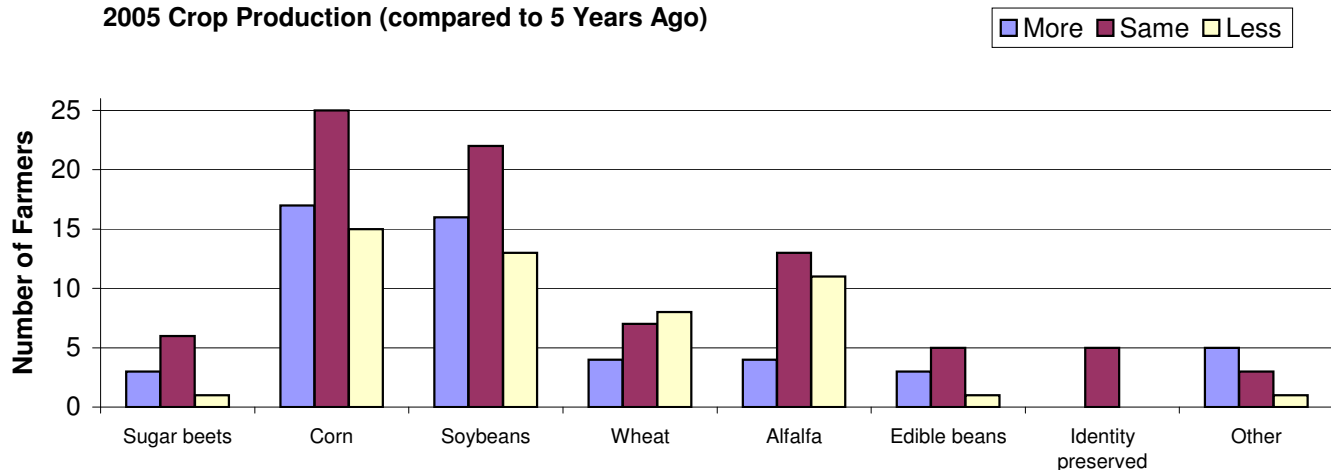
9. How many acres of each of the following crops did you have this year?

Is that more or the same number you had five years ago?

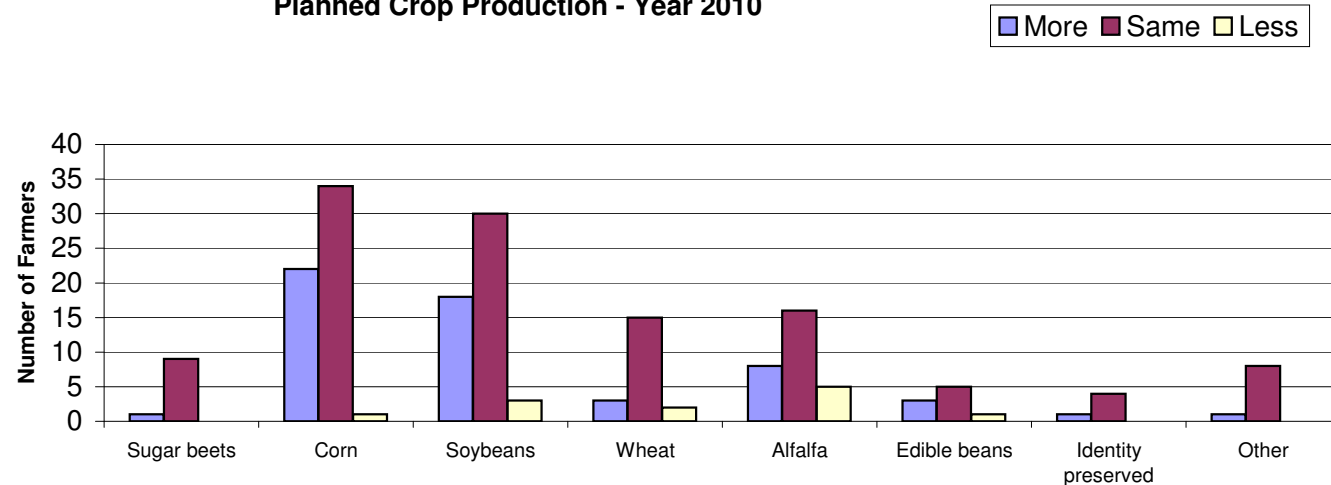
Do you expect to have more, less, or the same of each in five years?

| Crops in KCO <i>Actual Responses</i> | Total Acres | Acres Compared to 2000 | | | Acres in 2010 | | |
|---|----------------|------------------------|------|------|---------------|------|------|
| | | More | Less | Same | More | Less | Same |
| Sugar beets | 509 | 3 | 1 | 6 | 1 | 0 | 9 |
| Corn | 530 | 17 | 15 | 25 | 22 | 1 | 34 |
| Soybeans | 429 | 16 | 13 | 22 | 18 | 3 | 30 |
| Wheat | 117 | 4 | 8 | 7 | 3 | 2 | 15 |
| Alfalfa | 101 | 4 | 11 | 13 | 8 | 5 | 16 |
| Edible beans | 436 | 3 | 1 | 5 | 3 | 1 | 5 |
| Identity preserved | 310 | 0 | 0 | 5 | 1 | 0 | 4 |
| Other | 48 | 5 | 1 | 3 | 1 | 0 | 8 |

2005 Crop Production (compared to 5 Years Ago)

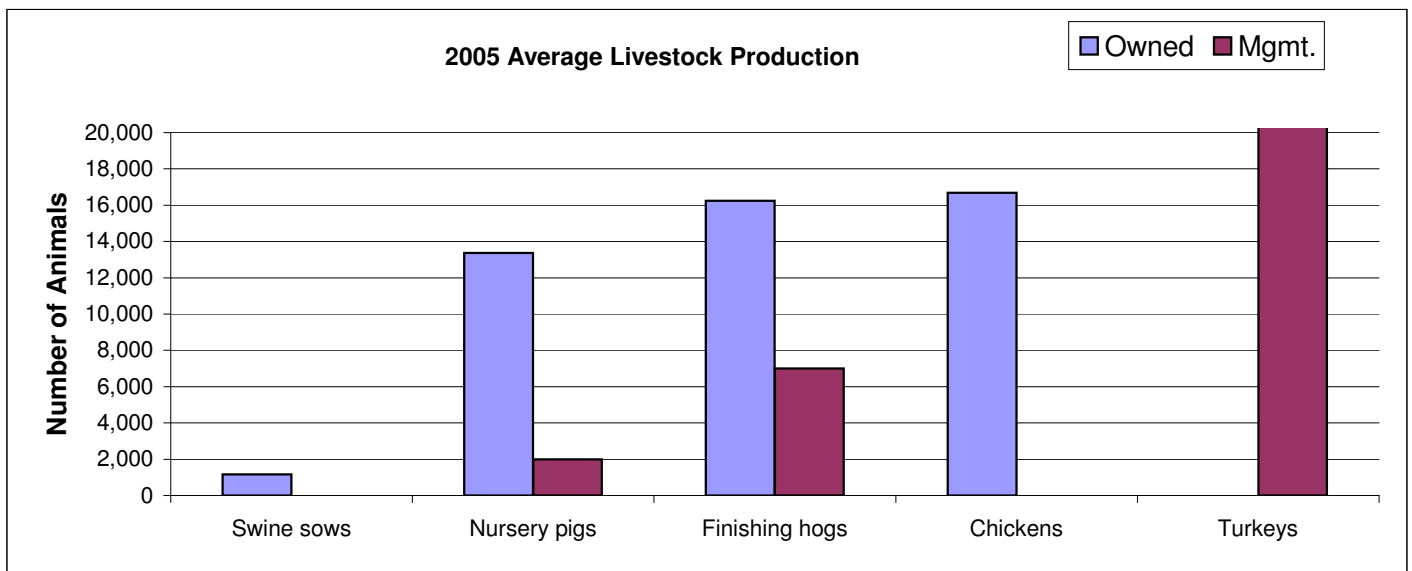
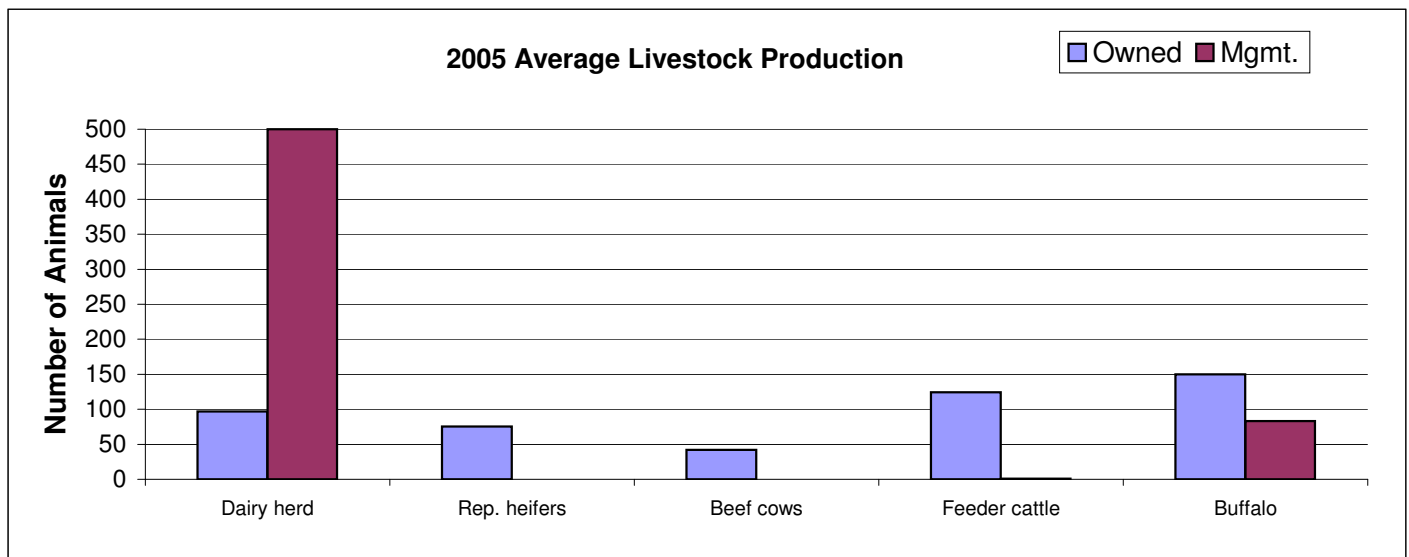


Planned Crop Production - Year 2010



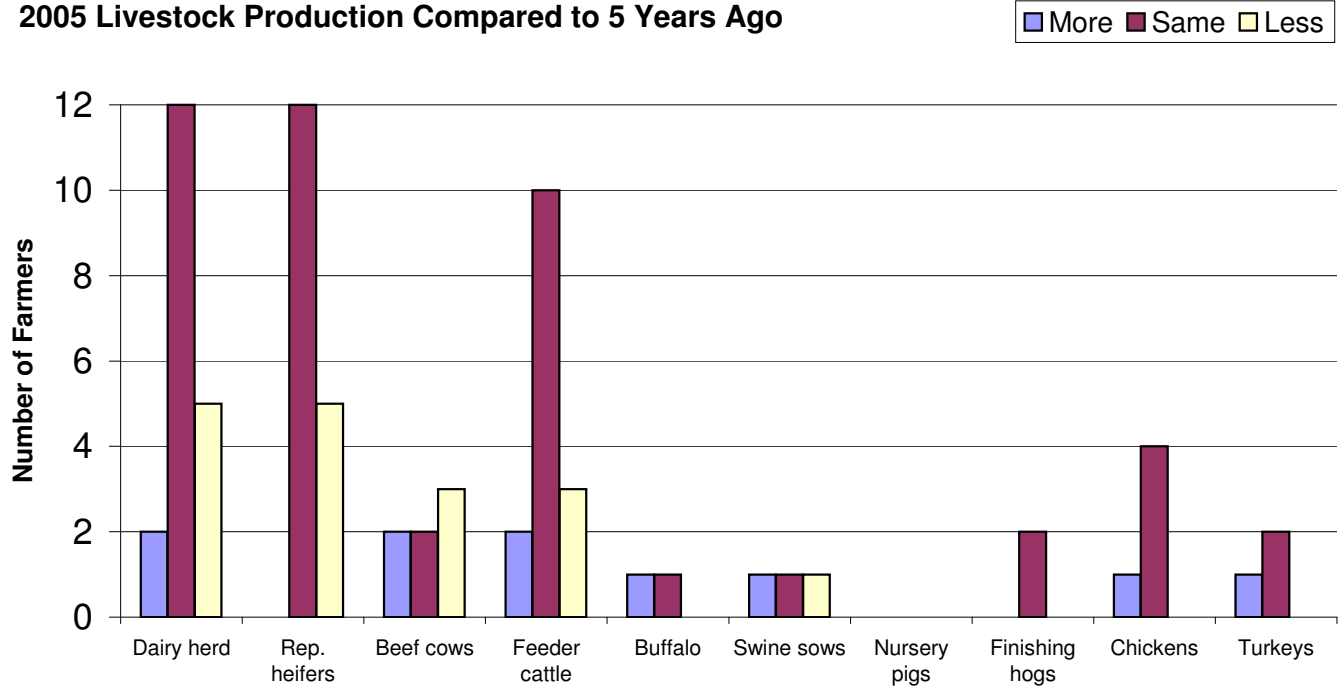
10. If you raise livestock, how many of each type did you have this year?
 Is that more, less or the same number you had five years ago?
 Do you expect to have more, less or the same of each in the five years?

| Livestock Average | Owned 2005 | Mgmt. Contract | Number compared to 2000 | | | Number in 2010 | | |
|----------------------|---------------|-------------------|-------------------------|------|------|----------------|------|------|
| | | | More | Less | Same | More | Less | Same |
| Dairy herd | 97 | 500 | 2 | 5 | 12 | 6 | 2 | 12 |
| Rep. heifers | 75 | 0 | 0 | 5 | 12 | 5 | 4 | 9 |
| Beef cows | 42 | 0 | 2 | 3 | 2 | 4 | 2 | 0 |
| Feeder cattle | 124 | 1 | 2 | 3 | 10 | 5 | 3 | 9 |
| Buffalo | 150 | 83 | 1 | 0 | 1 | 0 | 0 | 2 |
| Swine sows | 1,163 | 0 | 1 | 1 | 1 | 1 | 0 | 1 |
| Nursery pigs | 13,375 | 2,000 | 0 | 0 | 0 | 0 | 0 | 1 |
| Finishing hogs | 16,250 | 7,000 | 0 | 0 | 2 | 0 | 1 | 3 |
| Chickens | 16,685 | 0 | 1 | 0 | 4 | 1 | 0 | 2 |
| Turkeys | 1.1 mil | 215,000 | 1 | 0 | 2 | 0 | 1 | 3 |

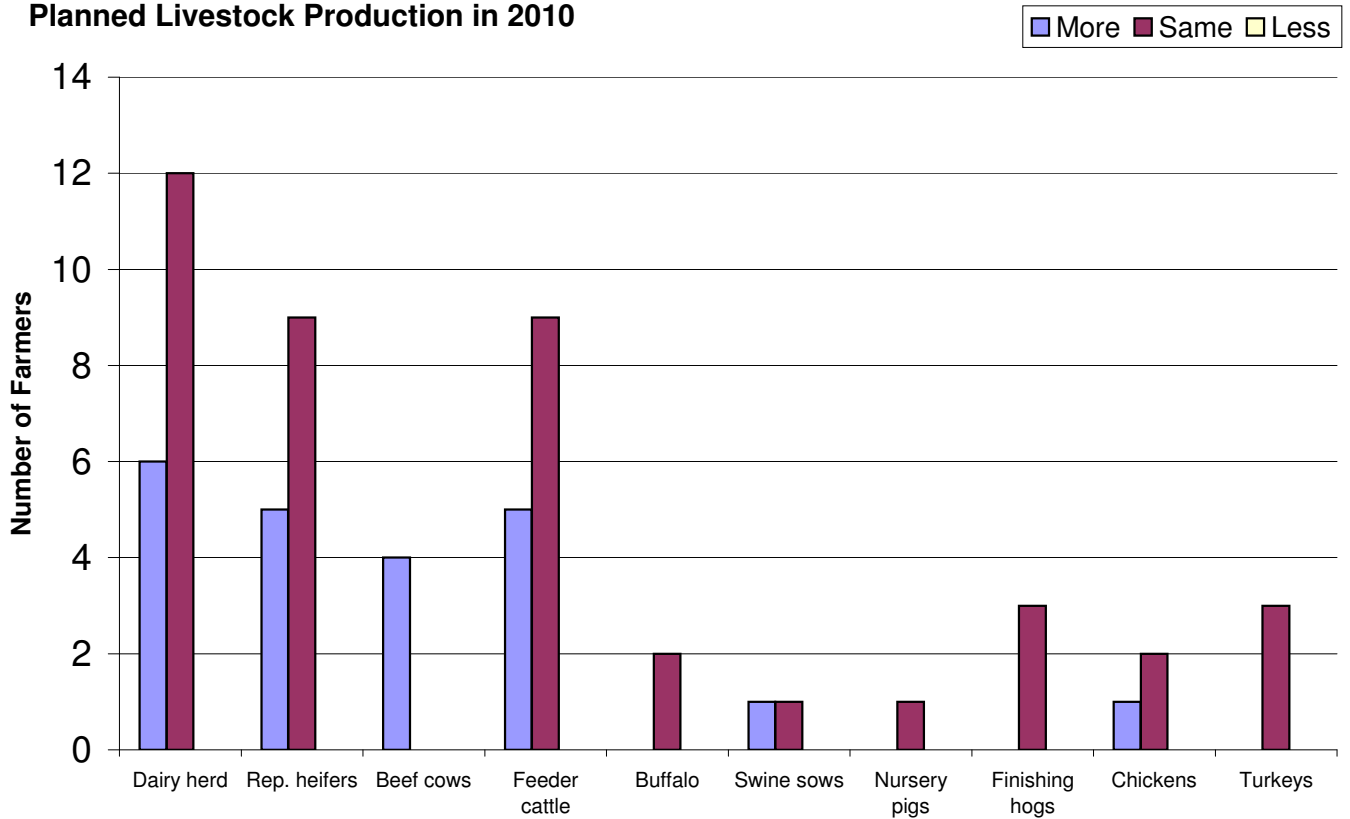


Note: Turkeys are off the chart - see data

2005 Livestock Production Compared to 5 Years Ago

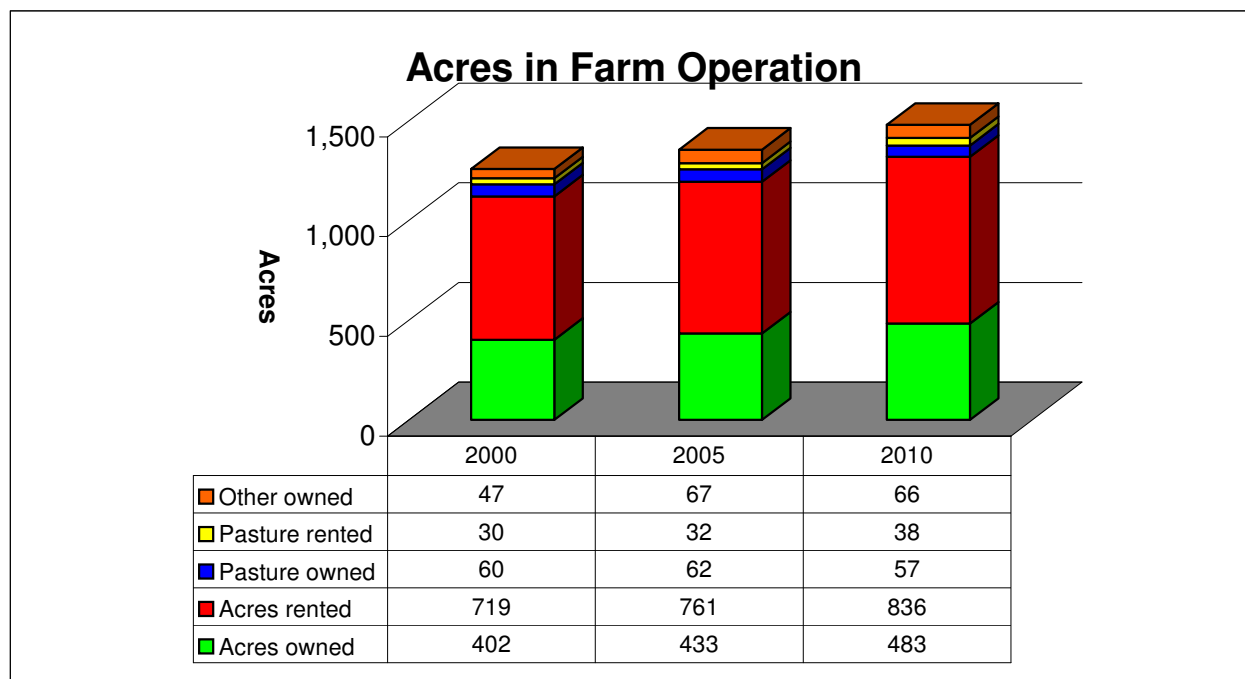


Planned Livestock Production in 2010



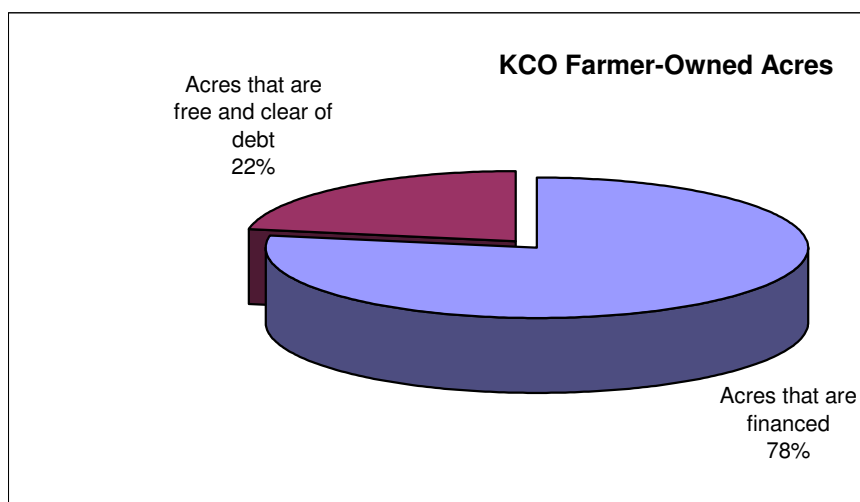
11. How much land - tillable acres, pasture and other - is included in your operation?
 How much was in your operation five years ago?
 How many will be in your operation in five years?

| Acreage in Farm | 2000 Total | 2005 | 2010 | 2000 Average | 2005 | 2010 |
|---------------------------------|---------------|--------|--------|-----------------|------|------|
| Number of tillable acres owned | 22,905 | 25,567 | 27,052 | 402 | 433 | 483 |
| Number of tillable acres rented | 38,092 | 40,313 | 45,148 | 719 | 761 | 836 |
| Number of pasture acres owned | 722 | 867 | 737 | 60 | 62 | 57 |
| Number of pasture acres rented | 150 | 190 | 190 | 30 | 32 | 38 |
| Number of other acres owned | 1,128 | 1,746 | 1,510 | 47 | 67 | 66 |
| Number of other acres rented | 5 | | | | | |



12. **Of the Acres Owned:**

| | Total | Percent |
|---------------------------------------|--------|---------|
| Acres that are financed | 17,304 | 78% |
| Acres that are free and clear of debt | 4,907 | 22% |



13. 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 | 5.1 |
| Average age of your landlords | 80 |

14. Do you have any plans to change your operation within the next 2, 5 or 10 years from now?

| 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 | 13 | 18 | 4 | 26 |
| Decrease some acres | 1 | 1 | 1 | 47 |
| Start raising different crops | 5 | 4 | 3 | 39 |
| Increase livestock numbers | 8 | 2 | 3 | 34 |
| Decrease livestock numbers | 4 | 1 | 1 | 37 |
| Raise different livestock | 2 | 0 | 0 | 42 |
| Change to contract production | 2 | 1 | 1 | 41 |
| Hire additional workers | 5 | 2 | 4 | 36 |
| Rent out all or part of the farm | 2 | 3 | 0 | 44 |
| Seek business partner(s) | 5 | 2 | 1 | 40 |
| Other: | 0 | 1 | 1 | 15 |

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

| Marketing Tools | Total | Percent |
|----------------------------------|--------------|----------------|
| Cash forward market contracts | 37 | 39% |
| Futures market for locking price | 24 | 25% |
| Options market | 10 | 10% |
| Other | 12 | 13% |
| None of the above | 13 | 14% |

16. Where do you purchase a majority of your farm supplies?

| Purchase Farm Supplies? | Kandiyohi County | Neighboring County | Elsewhere in Minnesota | Outside Minnesota |
|-------------------------------------|-----------------------------|-------------------------------|-----------------------------------|------------------------------|
| <i>Responses</i> | | | | |
| Seeds | 40 | 20 | 1 | 0 |
| Fertilizer | 44 | 16 | 0 | 0 |
| Crop protection products | 43 | 16 | 2 | 0 |
| Farm machinery | 43 | 16 | 3 | 0 |
| Livestock equipment | 33 | 7 | 1 | 0 |
| Feeds | 28 | 8 | 1 | 0 |
| Forages | 25 | 4 | 0 | 0 |
| Veterinary supplies and/or services | 36 | 3 | 1 | 0 |
| Equipment repair and/or service | 52 | 8 | 2 | 0 |
| Banking services | 54 | 7 | 1 | 0 |
| Insurance | 50 | 10 | 1 | 0 |
| Market/Accounting services | 44 | 10 | 6 | 0 |
| Gas, fuel and oil | 46 | 13 | 0 | 0 |

17. What could local suppliers of the goods and services listed in question #16, do to get you to spend more of your money in Kandiyohi County?

| | |
|----------------------|--|
| Service | <p>Spend time with a little personal contact</p> <p>Service and competitive pricing</p> <p>Personal contact!</p> <p>Lower prices, better service (3)</p> <p>Lack of available service with truck</p> <p>Know what they are doing, be informed</p> <p>Continue to provide good service; custom application</p> <p>Better service (4)</p> <p>Source of new information on goods and services</p> <p>Have accounts set up with suppliers</p> |
| Price | <p>Supply lower price</p> <p>Stay competitive on price and service</p> <p>Provide competitive price</p> <p>Price must be competitive and they must be competitive</p> <p>Price competitiveness, live close to Chippewa county</p> <p>Keep prices competitive and have agri-business close to Willmar</p> <p>Insurance could be more competitive</p> <p>Competitive pricing of forages and feed supplies</p> <p>Competitive pricing and services</p> <p>Best price and availability of product</p> <p>Be as competitive as possible</p> <p>Purchase feed items in bulk</p> <p>Price is extremely important</p> <p>We have the county seat; only leave for good deals</p> <p>* First District Litchfield and distiller grain from Benson/Buffalo Lake (Bushmills will lower trucking cost)</p> |
| Product availability | <p>There are very few suppliers for us to buy from</p> <p>Out-of-county purchases are due to location</p> <p>Nothing, some seed not available locally</p> <p>Mills Fleet Farm</p> <p>Feed, there is nothing else available in our area</p> <p>Feed, no one grinds feed</p> <p>Can't get all of the equipment in the county</p> <p>Accountant lives in neighboring county</p> <p>Purchases weren't because the equipment was not available</p> <p>Need a real good farm supply store</p> <p>Marketing is NFO (national)</p> <p>Market club started by someone outside of our area; not available locally</p> <p>Kandiyohi County, doesn't have the products we need</p> |
| Already buy local | <p>We don't purchase out of the county</p> <p>We are blessed with some of the best equipment dealers</p> <p>This is why we buy local; availability of credit, no finance charges</p> <p>The only things we buy outside of the county are not available in the county</p> <p>Pleased with services (2)</p> <p>Most of my purchases are from Kandiyohi County; a couple of large purchases are made out of county</p> <p>Already spend all in Kandiyohi County (3)</p> <p>All supplies purchased in county</p> <p>Lange, Gillis, PALS provide for our needs</p> |
| Location | <p>Nothing; we live on the county line so it is closer to go into Stearns Co. rather than Kandiyohi</p> <p>Neighboring county is more convenient</p> <p>Lives on southern county line and is closer to communities in neighboring counties</p> <p>Due to the location of our business in Kandiyohi County, it is more convenient to access businesses in Stearns County</p> <p>Dollars are spent outside county when there is a processor link</p> |
| Other | <p>With more livestock in the county this will improve</p> <p>Pay all bills on 20th</p> <p>Northern Kandiyohi County is not supportive of agriculture</p> <p>Buy seed from the processor of the product (SMBSC)</p> |

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

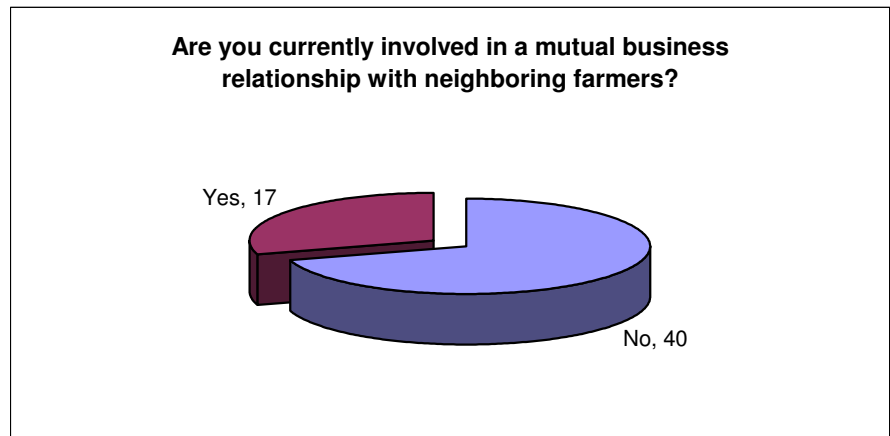
| Purchase Family Supplies? | Kandiyohi County | Neighbor County | Elsewhere in MN | Outside MN |
|----------------------------------|-------------------------|------------------------|------------------------|-------------------|
| Responses | | | | |
| Food | 59 | 2 | 0 | 0 |
| Clothing | 51 | 7 | 4 | 0 |
| Household items | 59 | 1 | 0 | 0 |
| Healthcare | 57 | 3 | 0 | 0 |
| Automobiles | 47 | 13 | 2 | 0 |
| Durable goods | 57 | 2 | 1 | 0 |
| Banking | 54 | 7 | 0 | 0 |

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

| | |
|----------------------|---|
| Service | <p>Times when I don't buy it local stop relying on the "you owe it to me because we have a business here" attitude</p> <p>Since Willmar has been expanding with more services, we have made less trips to the cities, St. Cloud, etc.</p> <p>Reason for buying in Kandiyohi County is the service</p> <p>Prefer to shop local</p> <p>Lower prices, better service</p> <p>Longevity of relationship with auto dealer</p> <p>Has personal relationship with auto dealer outside of county</p> <p>Continue selection and quality of goods available to buy</p> <p>Compete with large supplier (price and service)</p> <p>They have to be friendly, knowledgeable, and close on price and selection</p> <p>More service</p> <p>Have good variety of product available at competitive prices</p> |
| Price | <p>Supply lower price</p> <p>Provide competitive price</p> <p>Cut prices</p> <p>Autos - be more competitive</p> |
| Product availability | <p>Supply what wife is looking for</p> <p>Only go to St. Cloud for Sam's Club and Mills Fleet Farm</p> <p>Offer more selection on sizes and styles of clothing items</p> <p>Offer more choices</p> <p>Larger variety of clothes stores</p> <p>Have large clothing stores in Kandiyohi County, ex. Old Navy, Gap, etc.</p> <p>Have good choice of stores that meet their needs</p> <p>Have a store open in northern Kandiyohi County</p> <p>Don't always have the clothes we are looking for</p> <p>Have more choices to compare with</p> |
| Already buy local | <p>Kandiyohi County has more than enough retail</p> <p>Except for banking, happy with local</p> <p>Don't go to Sam's; not a traveler</p> <p>Already purchase the majority of farm supplies in Kandiyohi County</p> <p>All in Kandiyohi County</p> <p>Spend more in gas than savings</p> |
| Other | <p>Dairy farmers don't have time to go all over</p> <p>Pay a little more here than spend the gas to go to St. Cloud</p> <p>Nothing; we live on the county line so it is closer to go into Stearns Co. rather than Kandiyohi</p> <p>Not have extra taxes</p> <p>Drink more milk</p> |

20. Are you currently involved in a mutual business relationship with neighboring farmers?

| | |
|------------|-----------|
| No | 40 |
| Yes | 17 |

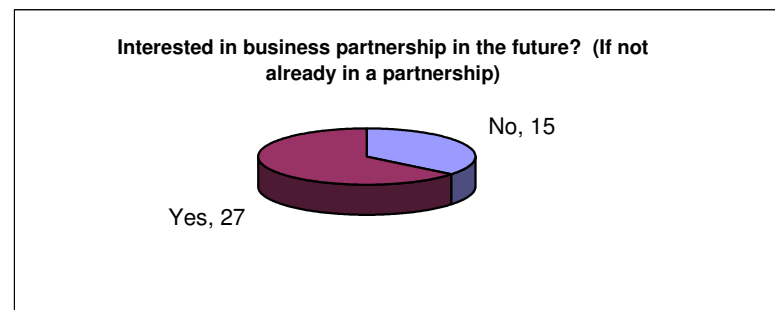


What Type?

| | |
|------------------|--|
| Share machine | <p>Hay equipment</p> <p>I rent equipment from my brother</p> <p>Machinery expenses causes us to share manure handling, forage harvesting equipment and combine labor to maximize earning potential</p> <p>We own hay equipment and some livestock equipment</p> |
| Mutual livestock | <p>Livestock coop</p> <p>Neighbor is raising replacement heifers for us</p> <p>Using four different farmers to finish swine for them</p> |
| Mutual crop | <p>Buy corn and trade for manure disposal</p> <p>Exchange trucking for combining in fall</p> <p>Harvest together</p> <p>Neighbor sprays, I harvest their crop (corn and beans)</p> <p>Plant with one farmer and harvest with another</p> <p>Rent land on 50/50 share basis</p> <p>Trade labor - own machinery together</p> |
| Custom work | <p>Custom farming</p> <p>Custom farming beets and edible beans, land exchange for rotations, equipment sharing</p> <p>Hire custom combining</p> <p>Neighbor harvests our beets and plants them</p> <p>Some custom work for neighbors</p> |
| Other | <p>With brother and mother. Share equipment and labor</p> <p>Past joint ownership of equipment is not an experience they want to repeat</p> <p>Work with a neighbor; it is a good relationship</p> |

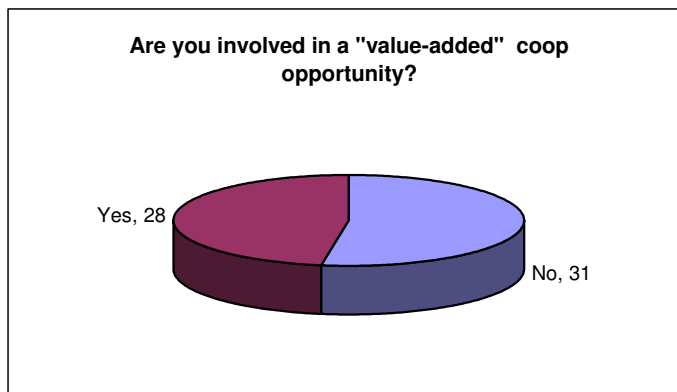
If no, would you be interested in doing so in the future?

| | |
|------------|-----------|
| No | 15 |
| Yes | 27 |



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

| | |
|------------|-----------|
| No | 31 |
| Yes | 28 |



21. If yes, what type of cooperative?

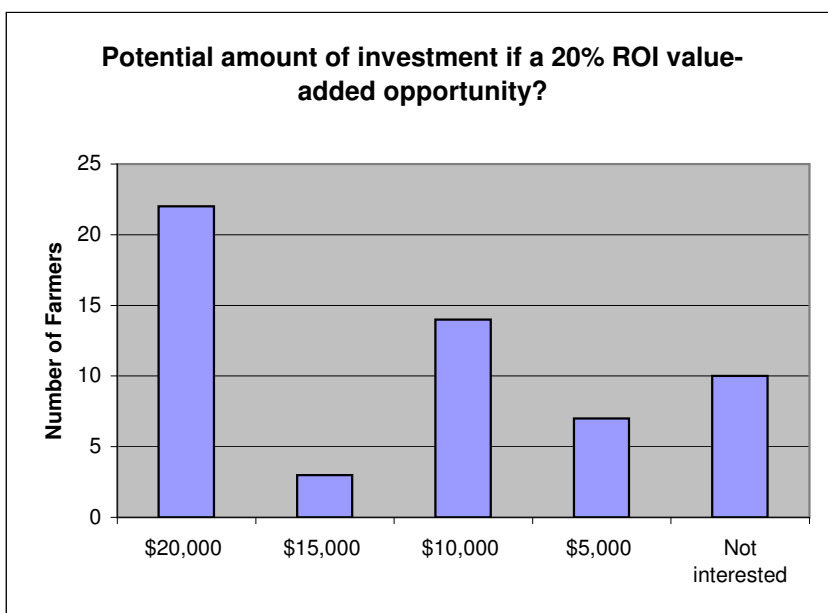
| | |
|---------------|---|
| Ethanol | Bushmills (14) CVEC - Benson Corn ethanol Corn Plus LLC CVEC Ethanol Ethanol Ethanol Ethanol Ethanol Ethanol |
| Livestock | Two livestock ventures First District First District Assn Golden Oval Eggs MN Bison Marketing Multi-owned hog operation North American Bison Coop North American Bison Coop Prefer investing in our livestock operation |
| Soybean Proc. | SoDak Soybean Processors Soybean processing Soy processing |
| Sugar | Also is a shareholder in the Southern MN Beet Coop (SMBSC) SMBSC SMBSC SMBSC SMBSC SMSBC Sugar Coop |
| Other | Am a member (20%) of an LLP that has purchased a turkey and grain farm in another county Bird Island Bean Co. |

21. If no, why not?

| | |
|---------------------|--|
| Invest in own farm | <p>Better return for money in my own business</p> <p>Invest in dairy operation instead of value-added crops</p> <p>We add value to our crop by feeding it to turkeys</p> <p>We need all of our crop production for our livestock operation</p> <p>Working to pay off own farm first</p> |
| Uncertain economics | <p>Conservative nature</p> <p>Don't feel comfortable with something we don't understand</p> <p>Don't like to have all eggs in one basket</p> <p>Economics not feasible</p> <p>Felt that the cooperative "Bushmills" had too lucrative an arrangement for the board members</p> <p>Investment was too high</p> <p>Many value-added have failed</p> <p>Was in a value-added coop that was too big and not managed well</p> |
| Lack of capital | <p>It takes all of our finances to operate our operation</p> <p>Lack of capital to invest</p> <p>Money is the issue, 2 kids in college</p> <p>No money available</p> |
| Other | <p>Close to retirement</p> <p>I am a very small farmer; crops are more of a hobby for me</p> <p>It would strongly depend on what the investment was</p> <p>Like being my own boss</p> <p>Need something for soybeans and livestock</p> <p>No need to</p> <p>We need more choice and opportunity; we have only had Bushmills</p> |

22. If a value-added cooperative (with projected ROI of 20% or greater) was proposed for Kandiyohi County, what would be your highest level of investment?

| Potential amount of investment if a 20% ROI value-added opportunity? | |
|--|----------|
| \$ Amount | Response |
| \$20,000 | 22 |
| \$15,000 | 3 |
| \$10,000 | 14 |
| \$5,000 | 7 |
| Not interested | 10 |



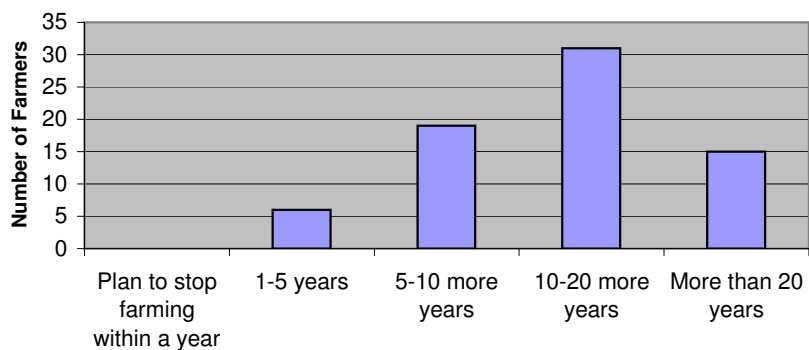
23. What could be done in the community to develop "niche" marketing of your crops and/or livestock?

| | |
|----------------------------|---|
| PR & marketing | <p>Advertising</p> <p>Community leaders could identify themselves with a segment of ag production so that greater MN knows</p> <p>Continue to develop brochures etc. to promote local products</p> <p>Direct marketing web site possibly on county level; if people wanted beef or produce they could look there and hookup with the right producer</p> <p>Lots of talking</p> <p>Make public aware of other uses for corn (such as corn burning stoves)</p> <p>Make public more aware of ethanol</p> <p>Marketing crops through livestock, for example, organic dairy processing</p> <p>Promote alternate fuels such as ethanol</p> <p>Public needs the true story of agriculture</p> <p>Media in Kandiyohi County could be encouraged to support the dairy princess program by giving access to publicity in their medium through articles and pictures of events happening in the county</p> <p>Where to get the product or learn more about the product</p> |
| Organization and support | <p>The niche coop would have to have a guarantee of some type</p> <p>County could help develop something that would really make a difference</p> <p>Develop a group of organic farmers</p> <p>Help establish an organic market, also a market for specialty crops</p> <p>I don't have the expertise</p> <p>Interaction and cooperation among farmers</p> <p>Less bureaucracy</p> <p>Many farmers involved (volume) and a marketplace for it to go</p> <p>Possible establishment of ethnic markets?</p> <p>Possibly look at energy production from animal waste</p> <p>Support similar to JOBZ program</p> <p>County should provide staff support to help organize interested farmers so a commitment to help is proven</p> <p>The value of our crops and forages would be increased by the addition of additional dairy operations</p> <p>What can we come up with?</p> |
| New products or processing | <p>Biodiesel, soybeans (2)</p> <p>Ethanol</p> <p>Feel that with Bushmills, turkeys, corn market will be strong</p> <p>High oil corn or high protein soybeans</p> <p>Niche market development starts with individual ideas</p> <p>Niche marketing/diversification doesn't seem to work; ROI is not enough</p> <p>Soybeans, value-added, food grade/export</p> <p>Specialty harvest a designated custom harvester</p> <p>Type of soybean processing plant nearby; make crop more valuable (have a source of feed supplement-soy meal closer)</p> <p>Would be interested in a soy diesel plant</p> <p>Bring dairy operations to Kandiyohi County</p> <p>Four-lane highway to Minneapolis</p> <p>No milk coop in Kandiyohi County</p> <p>Open to any value-added business locally; not if it goes coast-to-coast</p> |
| Other | <p>Corn is taken care of, we already have ethanol plants and feed mills in our area (2)</p> <p>Did the farmers market; was a good thing; just ran out of time</p> <p>Do not have an idea for new approaches (3)</p> <p>If you have the right product and you don't have to be concerned about community help in marketing</p> <p>Jennie-O does about all that they can</p> <p>Low prices were good for selling</p> <p>Lower taxes</p> <p>Nothing, does identity preserved to Japan already</p> <p>Selling pork, we couldn't sell as cheap as store when prices were high</p> <p>There is not a great deal of pricing difference between organic and regular products</p> <p>Turkeys are my main product</p> |

24. How long do you plan to continue farming?

| Years to Farm? | Response |
|------------------------------------|----------|
| Plan to stop farming within a year | 0 |
| 1-5 years | 6 |
| 5-10 more years | 19 |
| 10-20 more years | 31 |
| More than 20 years | 15 |

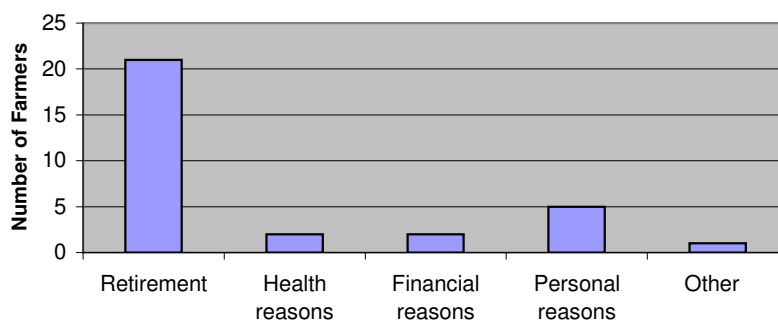
How many additional years do you plan to farm?



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

| Reason to Discontinue Farming | Response |
|---|-----------|
| Retirement | 21 |
| Health reasons | 2 |
| Financial reasons | 2 |
| Personal reasons | 5 |
| Other | 1 |
| Number who plan to discontinue in next 1 to 10 years | 31 |

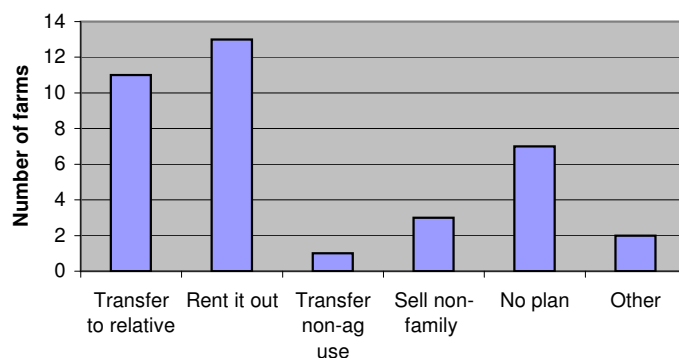
Reason to Discontinue Farming



26. 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 | 11 |
| Rent out some or all of the farm land | 13 |
| Transfer some or all to non-ag purposes | 1 |
| Sell farm to a non-family member | 3 |
| Have no plan | 7 |
| Other | 2 |

Plans if Farming is Discontinued



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

| KCO Agriculture Trends | Potential | No | Potential |
|--|------------------|---------------|--------------------|
| <i>Responses</i> | <i>Threat</i> | <i>Impact</i> | <i>Opportunity</i> |
| Decline in county's population | 38 | 10 | 13 |
| Growth in larger-sized farm operations | 39 | 14 | 5 |
| Increased concern over the environment and activists | 50 | 5 | 5 |
| Mergers among agriculture supply companies | 41 | 15 | 5 |
| Contracting for crops and livestock | 15 | 19 | 25 |
| Phasing out of government commodity programs | 41 | 8 | 8 |
| Securing adequate credit | 12 | 44 | 2 |
| Residential sprawl in agriculture zones | 47 | 11 | 4 |
| Increased regulations on the farm | 55 | 4 | 1 |
| Concerns of food safety/bio-security | 36 | 18 | 4 |
| Changes in healthcare coverage | 49 | 7 | 3 |
| Other | 9 | 0 | 0 |

28. Please describe why you see some of the trends listed in question #27 as potential threats.

Residential sprawl

People should build on poor farm land
 Encroachment of housing and impact on livestock operation
 Example of people moving from large communities on to farm building sites
 I only see sprawl as a chance to sell land for ridiculous prices
 I see increase in residential sprawl as a potential threat
 I was just informed by one of my landlords last fall that the property our family had rented for the last 40 years was going to be sold to a housing developer
 People moving to the country is a real threat.
 Prime ag land should be protected from spreading of residential

Residential sprawl - don't realize that living in the country; there are odors, equipment on highway, etc.
 Residential sprawl - not receptive to farm environment
 Residential sprawl in our area is the greatest impact on our future.
 Residential sprawl may eventually reduce food supply
 Residential sprawl puts pressure on our farming practices. It does increase the value of our farm for potential sale to developer
 Residential sprawl, brings conflict with need so farms and farm growth
 Residential sprawl, hard to be side-by-side with people who expect no noise and smells
 Residential sprawl, land along highway is becoming more valuable
 Residential sprawl is a major concern for expansion intentions
 Rural housing having more say in land use and farming practices
 The traditional dairy areas in the county are in townships that are not zoned agriculture
 Threat: Non-farmers living in the country
 Urban sprawl
 Urban sprawl activists and regulations are a potential threat because they have a different agenda or don't care
 Urban sprawl and population development along lakes regarding environmental issues
 Urban sprawl coming into ag zones, lose opportunity to purchase land due to increase of value
 Urban sprawl means we have that many more people to educate the importance of our farm in the economic importance of our county
 Urban sprawl, creates zoning challenges, creates false inflation driving land values
 Urban sprawl
 With lakeshore on property there could be some potential opportunities

28. Please describe why you see some of the trends listed in question #27 as potential threats.

(continued)

| | |
|------------------|--|
| Regulations | <p>Address regulations on a county level</p> <p>Believe this will be addressed by government agencies</p> <p>Bio-security may be something farmers here could provide; better security in "fly over land" away from the big city</p> <p>Concern over environment, regulation and extremism causes knee-jerk reactions in legislation and county growth</p> <p>Concern of being over regulated</p> <p>Concerned about excessive government control</p> <p>Dust and odor; we need some regulation, but not overburdened</p> <p>Environment concerns bring increased costs</p> <p>Environmental and food safety restriction add to our cost of doing business</p> <p>Environmental concerns and urban sprawl, make it difficult to do business</p> <p>Farm regulations make it hard financially for the small farmer</p> <p>Imports regulations different than exports</p> <p>Increased regulations can be time consuming and add extra cost</p> <p>Increased regulation is harder on small and medium operators than larger; will hasten demise of small farms</p> <p>Increased regulations make operating more difficult</p> <p>Increased regulations passed by those without knowledge of what goes on in agriculture</p> <p>It seems farmers are spending more time trying to justify what they do and why</p> <p>Local control of zoning; can't have one individual block us from getting a permit, if we meet all of the state's requirements</p> <p>Located close to city - education on late night harvest and manure handling</p> <p>Location, city limits across the road</p> <p>People who make rules need to get information from farmers</p> <p>Pollution control threats will force us to discontinue our dairy operation in 2009</p> <p>Regulations for processing</p> <p>Some of the threats; people can use more common sense and less government regulation</p> <p>The feedlot rules have basically ruined us financially</p> |
| Health care cost | <p>Being self-employed and changes in healthcare cost</p> <p>Concerned about healthcare cost impact</p> <p>Cost of healthcare</p> <p>Cost of healthcare - have a group health policy with farmers only, like the teachers do</p> <p>Healthcare - keep a lid on it!</p> <p>Healthcare concern</p> <p>Healthcare cost becoming prohibitive</p> <p>Healthcare is a problem for all; people from town think they own the whole country when they move to a rural area</p> <p>Healthcare, the lack of control in premium costs</p> <p>Healthcare costs are critical to small farmers; we need help from someone</p> <p>High expense of healthcare coverage</p> <p>Where is the end of the increase in healthcare that we will be able to afford?</p> |
| Activists | <p>Activists could be a problem</p> <p>Activists - farmers are capable of protecting the environment and farm well</p> <p>Lack of understanding</p> <p>People are too far from the production to understand</p> <p>Radical activists being too disruptive</p> <p>Threat to our way of life, but also can provide opportunity to teach them our point of view</p> <p>We want to maintain the environment - some activist groups could have a negative impact</p> |

28. Please describe why you see some of the trends listed in question #27 as potential threats. (cont.)

| | |
|---------------------------------|--|
| Mergers/growth/large operations | <p>As farm size continues to increase, smaller operations like ours could be placed in a competitive disadvantage, i.e., cash rent and land purchase cost</p> <p>As there are fewer farmers, the understanding of agriculture is diminished</p> <p>Big companies gain control of market or inputs</p> <p>Bigger farms able to buy commodities cheaper</p> <p>Complete integration of the turkey industry</p> <p>I plan to be a large operation, growth is deemed positive</p> <p>If we lose farmers, we lose income for the county</p> <p>Increased cattle numbers - there might be opportunity to contract/market milk</p> <p>Land rent goes up; larger farms</p> <p>Large farmers increase land rent bids (4)</p> <p>Larger mergers reduce competition; can increase input costs</p> <p>Less competition is a problem (3)</p> <p>Less farmers, less people understand our business</p> <p>Less supply companies means higher prices</p> <p>Margins of large operators is smaller, tougher competitions (5)</p> <p>Must haul large loads to be efficient; however, there is risk involved with hauling large livestock loads</p> <p>Credit, less banks with knowledge and understanding</p> <p>Small operators have a hard time competing with large operators to rent additional land (2)</p> <p>Some large operations will pay much higher rent than our operation can justify</p> <p>Some larger operations 3,000-4000 acres have no consideration for smaller farms (bid up land prices/rents)</p> <p>Too many large livestock farms causing pollution problems</p> <p>Continue off farm income</p> |
| Other | <p>Contracting crops and livestock seems to be a potential threat but is also an opportunity</p> <p>Contracting may potentially do to dairy industry what it did to the swine industry</p> <p>Contracting prevents peaks and valleys in pricing and ideally promotes a mutual understanding between end user and producer</p> <p>Contracting to raise crops and livestock is the future for small farms</p> <p>Cost of living is going up faster than our commodity prices (2)</p> <p>Dealing with low farm prices</p> <p>Decline in county population lack of potential workers and agribusiness</p> <p>Decline in farm population erodes the number of partners that we have to work with in a business relationship</p> <p>Decline in population makes it difficult to find help</p> <p>Decline, if other farm operations quit, it opens up potential land acquisitions</p> <p>Decreased farm land/high priced land and increased regulations</p> <p>End user control of price for final product</p> <p>Farm program provides a safety net for farming</p> <p>Faze out government program, income threat</p> <p>Government payments; losing them would be an immediate threat, but longer period would probably be ok</p> <p>Growth in larger size - it squeezes the smaller operator</p> <p>Growth insures trucks available for transportation</p> <p>Growth, not feeling as competitive as before</p> <p>Higher taxes</p> <p>Keeping an adequate supply of milk for our local plants is a big concern</p> <p>Keeping competitive to other counties</p> <p>Opportunity: added value in contracting crops</p> <p>Phase out family farm</p> <p>Population decline-less people to do the work, less people have knowledge of what is going on in production of agriculture</p> <p>We continue to look for better ways to handle our livestock</p> <p>Population decline, short-term opportunity because of land availability, long-term threat because of lost services, etc.</p> <p>Potential threat limits chance for new people to start</p> <p>Pressure to expand more difficult for older farmers</p> <p>As farm population declines, my competition decreases</p> |

29. What do you do on your farm that will help you succeed in the future?

| | |
|---|---|
| Technology - innovation | <p>Add new technology (4)</p> <p>Adopt new ideas that have been tested (2)</p> <p>Try to look at future trends</p> <p>Willing to try new technology in farming operation with a return to use it</p> |
| Financial management and sound business practices | <p>Assume the worst can and will happen</p> <p>Being careful in spending money</p> <p>Buy needed equipment</p> <p>Buy within our means</p> <p>Conservative and not to take on a lot of debt</p> <p>Cut expenses and sell at the high price</p> <p>Diversified: cows, grain, custom work</p> <p>Diversify a lot; work with other framers to share machinery and labor</p> <p>Do not place yourself in a bad financial position</p> <p>Family partnerships can be an advantage</p> <p>Keep debt low, spend on income-producing assets (2)</p> <p>Keep price of inputs down, reduce expenses (3)</p> <p>Limit wants in life</p> <p>Maintaining a healthy debt to asset ratio</p> <p>Make more money then we spend; a farmer needs to be optimistic</p> <p>Make purchases based on definite needs and not "would be nice to have"</p> <p>Making good business decisions in general</p> <p>Manage finances to keep bottom line positive</p> <p>Never build our plans based on hopeful expectations</p> <p>Off-farm employment - possible new business venture in the future</p> <p>Pay attention to the details; cost control</p> <p>Rent from family members</p> <p>Sell assets that are not contributing to the wellness of our operation</p> <p>Stay profitable, manage better, stay fully employed</p> <p>Stay small and be somewhat diversified</p> <p>To be more efficient and borrow less money</p> <p>Trucking business provides other income</p> <p>Try hard to get highest return on investment</p> <p>Try not to spend more than income (2)</p> <p>Watch cost of inputs (2)</p> |
| Marketing | <p>We think of farming as a business, like other corporate settings</p> <p>We think outside of our farm and look at the world around us</p> <p>Aggressive marketing at a profit</p> <p>Efficiency and marketing (3)</p> <p>Strive for better marketing; possibly develop a niche market</p> <p>We try to move up the marketing ladder to get closer to the end user</p> |
| Information management | <p>Getting accurate benchmarking information for the industry</p> <p>Good management practices</p> <p>Hire a crop consultant (2)</p> <p>I use common sense, there seems to be a shortage of that these days</p> <p>Improve record management</p> <p>Keep up on regulations</p> <p>Listen to others</p> <p>Look for outside management experts or dairy herd specialists such as Land O' Lakes</p> <p>Proactive when considering neighbor's rights and desires as business decisions are made</p> <p>Research ideas</p> <p>Set up monthly family business meetings</p> <p>Stay positive in our day-to-day business</p> <p>Suppliers help adopt new ideas</p> <p>Use University of Minnesota Extension Service</p> |

29. What do you do on your farm that will help you succeed in the future? (continued)

| | |
|--------------------------------------|--|
| Production management and efficiency | Alfalfa works well with off-farm job; done harvesting in September |
| | Be efficient |
| | Be efficient in raising crops |
| | Expand dairy operation |
| | Hay twice the value of corn and soybeans |
| | Keep nose to grindstone |
| | Market crops at a profit |
| | No till to reduce costs |
| | Operate as efficiently as possible |
| | Plant proven varieties |
| | Produce a lot of bushels |
| | Raise high-quality specialty crops |
| | Raise seed soybeans for Behm Seed Co. and Garst |
| | Rather milk 80 cows with a high herd average and sell breeding stock |
| | Rebuild equipment and modify or build equipment |
| | Stress genetics in dairy herd |
| | Take care of what we have |
| | Try to pay attention to detail |
| | Use best management practices |
| | With reduced acres, produce more and higher value product |
| | Work hard |
| Stewardship | Work with neighbor farmers |
| | Work with other farmers, collaborate |
| | Conserve land |
| | Protect our children (without them there is no future in any farm) |
| Other | Protect our land (without it there is no future in any farm) |
| | Protect our water (without it there is no future in any farm) |
| | Have time for church, school, fishing |
| | Small farms can do things more timely |
| | Whenever possible, business is done within the county |
| | Continue off-farm income |

30 How many fulltime, part-time, seasonal workers and/or family members do you employ on your farm this year?

| Change in Employees Within the Next 3 Years | | | | |
|---|-----------|----------|----------|------|
| | # in 2005 | Increase | Decrease | Same |
| Full-time | 82 | 5 | 0 | 30 |
| Regular part-time | 46 | 5 | 2 | 24 |
| Seasonal | 82 | 4 | 2 | 30 |
| Migrant workers | 98 | 1 | 3 | 22 |
| Family (not spouse) | 65.5 | 4 | 4 | 26 |

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

| Employment Problems | Response | Percent |
|---|----------|---------|
| Finding employees | 13 | 28% |
| Retaining employees | 6 | 13% |
| Managing employees | 3 | 7% |
| Training employees | 5 | 11% |
| Paying employees the prevailing wage rate | 9 | 20% |
| Providing off-season employment | 8 | 17% |
| Other | 2 | 4% |

32. What information on any of the following topics would be of interest to you?

| Interest in Topics | Response | Percent |
|--------------------------------------|----------|---------|
| Business records systems | 13 | 7% |
| Farm business enterprise analysis | 12 | 6% |
| Business financial planning | 15 | 8% |
| Strategic planning | 13 | 7% |
| Exporting | 9 | 5% |
| Marketing | 27 | 14% |
| Organic agriculture | 6 | 3% |
| Environmental regulations | 15 | 8% |
| Employee management | 6 | 3% |
| Starting an agri-related venture | 11 | 6% |
| Job retraining for yourself | 3 | 2% |
| Farm ownership transfer | 20 | 10% |
| Estate planning | 28 | 15% |
| Alternative agricultural enterprises | 11 | 6% |
| Other <i>See description list</i> | 2 | 1% |

33. What are farmers in our area doing to successfully protect the quality of surface and ground water?

Conservation Tillage

Alfalfa as rotational crop for controlling soil erosion
 Minimum tillage system for crops
 Better tile intakes and more grass strips near drainage ditches (2)
 Biggest and most recent has been no-till and reduce tillage crops
 Buffer strips (7)
 Changes in tillage practices; chisel plow versus moldboard plow
 Chisel plow high ground and eliminate wind erosion
 Chisel plowing
 Chisel plowing, residue on fields, waterways
 Conservation practice - filter strips (3)
 Conservation tillage (5)
 Cover crop with sugar beets (3)
 Eliminate intakes
 Farmers are conscientious about water quality issues
 Filter strips/ grass buffer strips (13)
 Less farm tillage (6)
 Less fertilizer (beets mostly)
 Less tillage (10)
 Looking at alfalfa
 Maintain drainage ditch banks
 Managing soils better
 Minimum tillage (29)
 More conservation tillage (2)
 More residue, less tillage and better nitrogen management
 Native grass seeding, more grassland (2)
 No till (2)
 Our family is doing everything possible to protect the land
 Planting trees/windbreaks (2)
 Ravines and ditches into alfalfa
 Realizing the effects of erosion and trying hard to control it
 Reducing runoff using holding ponds and pattern tiling without inlets
 Residue

Best management practices

Also using better crop rotation
 Be careful with herbicides and insecticides
 Best management practices (3)
 Better chemicals and chemical application - also applies to fertilizer
 Better rural sewer systems
 Better spraying methods (4)
 Bio tech; spray less insecticides
 Certified pesticide applicators
 Changes crop protection chemicals; post emerge herbicides
 Crop rotation (3)
 Extending crop rotations, minimizing commercial fertilizers, using no-till to stop erosion
 Fertilizer management
 FSA signed up 250 acres for ridge till and increase profit \$30/acre in 3 years
 Good farming tools and practices
 Grid soil sampling
 Less chemicals (3)
 Terraces (3)
 Limiting fertilizer and chemical use to what producer needs
 Livestock producer doing a good job of manure management
 Manage chemicals and fertilizer
 No-till soybeans into corn ground
 Nutrient management, phosphorus runoff
 Participating in continuous CRP - buffer strips, follow recommended rates, conservation tillage
 Phosphorus management (4)
 Practice no-till on rolling ground
 Properly apply fertilizer and chemicals (2)
 Round Up products (4)
 Soil sampling, fertilizer rates, keep P levels under control
 Some conservation tillage
 Some no-till
 Some should be doing more than what they are
 Spraying according to regulations and labels
 Strips on drainage ditches
 Using dollars wisely and not over applying inputs such as fertilizer and chemicals
 Use crop residue, less wind erosion
 Use crop residue, less wind erosion
 Use field drainage and erosion control protection, grass waterway sediment blocks
 Using agronomic rates of fertilizer
 Using chemicals and seed properly
 Using fertilizer more efficiently
 Using good farming practices
 Using good tillage tools
 Using more BMP
 Using smallest rates for chemical application
 Water control structures
 Water run-off control
 Wetland left
 We've been here for over 100 years/5 generations; I don't want to be the last
 What are farmers doing to protect and preserve the land?
 Yield guard

33. What are farmers in our area doing to successfully protect the quality of surface and ground water? (continued)

| | |
|---|--|
| Manure management | Build better manure storage and feedlots |
| | Build better manure storage and feedlots |
| | Careful with manure application |
| | Careful with manure management |
| | Don't manure around open tiles and/or by lakes |
| | Education whether you are applying manure as a custom applicator or a farmer |
| | Feedlot regulations, runoff, filter strips, lower amounts of fertilizer applications |
| | Grass around cattle yards/runoff control |
| | Manure management (6) |
| | Plant grass around water areas and feedlots |
| | Spreading manure more carefully on sensitive areas |
| | Use less chemicals, manure management |
| | Use less chemicals, manure management |
| | Using BMP's for manure management |
| | Using manure and fertilizer wisely/spreading evenly |
| | Using manure pits instead of open lots |
| | Using manure pits instead of open lots |
| | Waste management programs |
| Use conservation programs/land protection | Comply with FSA and regulations |
| | Everything required by MPCA |
| | Farm programs CRP |
| | Placed highly erodable land into CRP program |
| | In one instance the farmer bought land from a developer to keep homes from being built |
| | Not developing marginal lakes into housing |
| | Not selling 5 acres to country wannabes |
| | Not selling to developers - retain ownership of land for farming |
| | NRCS and SCS programs(2) |
| | Putting in buffer strips and CRP |
| | Putting in CRP acres and planting trees (2) |
| | CRP/RIM (12) |
| | Some land in CRP, conservation till, no till |
| | Use conservation program where needed |

35. Which best describes how technology transfer has been adopted in your operation?

| How Has Technology Been Adopted? | Responses | Percent |
|---|-----------|---------|
| Does not represent a competitive advantage | 1 | 1.7% |
| I adopt technology faster than most, but not the last | 11 | 18.6% |
| Technology is applied with the masses, majority opinion | 9 | 15.3% |
| I am not hesitant to adopt | 35 | 59.3% |
| I am the innovator | 3 | 5.1% |

36. Please rate each of the following community services.

| Rate Your Community Services | Excellent | Good | Fair | Poor | Very Poor |
|---------------------------------------|------------------|-------------|-------------|-------------|------------------|
| Elementary and secondary schools | 28 | 29 | 3 | 0 | 0 |
| Area technical and community colleges | 28 | 30 | 0 | 0 | 0 |
| Adult farm management program | 14 | 24 | 7 | 1 | 0 |
| Day care | 11 | 20 | 5 | 2 | 0 |
| Recreation facilities | 20 | 35 | 5 | 0 | 0 |
| Healthcare/hospitals | 29 | 28 | 0 | 3 | 0 |
| Ambulance services | 22 | 32 | 3 | 0 | 0 |
| Fire protection | 26 | 27 | 6 | 0 | 0 |
| Road maintenance | 10 | 28 | 17 | 3 | 1 |
| Planning and zoning | 8 | 24 | 14 | 7 | 3 |
| County economic development | 9 | 19 | 17 | 6 | 1 |
| Building code | 4 | 23 | 22 | 3 | 1 |
| Other: | 1 | 2 | 0 | 0 | 1 |

37. Rate the following groups as to how much you think they care about the success of your business.

| Your Perception of "How Much Others Care About Your Business" | Very Concerned | Somewhat Concerned | Indifferent or Unaware | Don't care At All |
|--|-----------------------|---------------------------|-------------------------------|--------------------------|
| Local agribusiness | 38 | 20 | 2 | 0 |
| Local non-agricultural businesses | 5 | 19 | 30 | 6 |
| Local officials | 8 | 38 | 13 | 0 |
| State environmental agencies | 10 | 20 | 20 | 11 |
| MN Department of Agriculture | 21 | 36 | 2 | 0 |
| Agribusiness interests | 27 | 28 | 4 | 1 |
| University of Minnesota | 10 | 35 | 11 | 1 |
| Rural non-farm residents of your area | 1 | 20 | 29 | 11 |
| City residents of the region | 3 | 3 | 37 | 17 |
| Livestock farmers | 35 | 18 | 3 | 3 |
| Crop farmers | 29 | 24 | 2 | 4 |
| Farmers with small operations | 25 | 24 | 4 | 6 |
| Farmers with large operations | 11 | 25 | 9 | 14 |
| Other | 0 | 0 | 0 | 1 |

38. How would you rate the following business factors associated with Kandiyohi County?

| Rate KCO Business Factors | Excellent | Good | Fair | Poor | Very Poor |
|---|------------------|-------------|-------------|-------------|------------------|
| Availability of financing | 31 | 26 | 2 | 0 | 1 |
| Availability of healthcare | 32 | 24 | 4 | 0 | 0 |
| Availability of labor | 2 | 33 | 20 | 0 | 1 |
| Availability of housing | 5 | 31 | 14 | 4 | 0 |
| Availability of land for crop production | 1 | 8 | 23 | 23 | 5 |
| Availability of markets or places to sell | 11 | 27 | 14 | 7 | 1 |
| Property taxes | 1 | 11 | 35 | 11 | 2 |
| Wage rates | 1 | 17 | 34 | 5 | 1 |
| Zoning | 4 | 19 | 24 | 10 | 1 |
| Environmental regulations | 2 | 18 | 29 | 10 | 1 |
| Other: | 0 | 2 | 2 | 0 | 0 |

39. Which of the factors in question #38 are the most critical to your operation and why?

| | |
|---------------------------|---|
| Financing | <p>Financing, in order to continue operation</p> <p>Financing, being sensitive to the farmer's current and future needs and looking toward long-term goals</p> <p>Financing availability</p> <p>Financing and land availability</p> <p>Financing (2)</p> <p>Availability of financing - costs a lot to farm</p> <p>Availability of financing</p> |
| Healthcare | <p>Healthcare availability and cost</p> <p>Healthcare - costs are going up</p> |
| Labor | <p>You need good employees and a place to market</p> <p>Low wages</p> <p>Labor and markets; need qualified help</p> <p>Availability of labor</p> <p>All are very important, but #3 and # 6 labor and markets are the top of my list</p> |
| Land for crop production | <p>Would like to farm more land, but can't find affordable rents</p> <p>Lose land in bidding war, but some landlords care about more than money</p> <p>Less land for farming each year</p> <p>Landlords are old and land prices are very high for rent or sale when land passes to next generation</p> <p>Land, markets, zoning, environmental regulations</p> <p>Land availability - price, availability, competition (12)</p> <p>Lack of cropland to increase farm size or maintain</p> <p>I have a 28 year old son; my brother and I farm 630 acres; will that be enough for him in the future?</p> <p>Cropland - CRP, etc. and CREP could be used for farm land</p> <p>1031 land exchanges causing inflated land values</p> <p>Absentee landlords don't have the same concerns as local farmers</p> |
| Markets or place to sell | <p>Need for markets</p> <p>Markets, reflect to bottom line</p> <p>Markets, land, financing, available elevators</p> <p>Markets, variety of places to sell</p> <p>Markets to sell product</p> <p>Markets or places to sell</p> <p>Markets are the lifeline of our operation</p> <p>Marketing maintain local markets</p> <p>Market and land; need for operation to grow production</p> <p>Kandiyohi County does not have cattle or milk markets; we must go to other counties to do this kind of business</p> <p>Available markets</p> <p>Availability of markets and places to sell</p> |
| Property taxes | <p>Real estate taxes are too high (2)</p> <p>Property taxes, increasing because of non-farm uses of land</p> <p>Property tax too expensive for ag land</p> <p>Property tax - make it equitable based on income</p> <p>Property tax</p> |
| Zoning | <p>Zoning: some non-farm residents don't have tolerance for farming</p> <p>Urban sprawl</p> <p>Zoning; people want to live in the country and bring their prejudices with them</p> <p>Zoning</p> <p>New zoning and environmental rules all the time</p> <p>Housing development moving out to rural</p> |
| Environmental regulations | <p>Some don't allow land improvement such as tiling</p> <p>Environmental, being close to lakes is restrictive to farms</p> |
| Other | <p>Environmental regulations (manure plan, expense, restrictive, a burden for farms) (4)</p> <p>Investors with money to get rid of</p> <p>All are very important</p> |

40. Are you involved in any agricultural organizations?

| | | | |
|-----------|-----------|------------|-----------|
| No | 14 | Yes | 44 |
|-----------|-----------|------------|-----------|

40a. If yes, please state the organizations you are a member of.

| | |
|--------------------------------------|---|
| Commodity organizations | ADA (2) |
| | Charlais Association |
| | Corn Growers (21) |
| | DHIA and MN Holstein |
| | Holstein Association |
| | Kandiyohi County Corn and Soybean Growers as well as national organizations |
| | Kandiyohi County Corn and Soybean Growers |
| | Midwest Dairy Association |
| | Mn Buffalo Association |
| | Mn Turkey Growers |
| | Mn Turkey Growers Association |
| | National Bison Association |
| | National Bison Association |
| | Soybean Growers (21) |
| Professional association & marketing | 1st District |
| | Cooperatives |
| | Farm Bureau (10) |
| | Farmers Union (9) |
| | NFIB |
| | NFO (4) |
| | North Harvest Bean Growers (2) |
| Information | North State Commodities |
| | DHIA |
| | Farm Business Management Ridgewater College |
| | Genex |
| | Irrigation Association (3) |
| | Kandiyohi County Soil and Water Conservation District |
| | MCIA |
| | 4-H (2) |

41. What benefits do you receive through your membership in these organizations.

| | |
|-----------------------------|--|
| Voice in policy/government | <p>A voice at the state and federal government</p> <p>Available to voice opinions on issues, for example, ethanol and biodiesel</p> <p>Farm policy and communicate what is going on</p> <p>Government representation</p> <p>Indirect - lobby efforts</p> <p>Lobbying in state and federal legislatures/education on government issues (7)</p> <p>Political voice stronger than individual alone</p> <p>Represent our views to the government</p> <p>State and federal ag lobbying</p> <p>They provide a voice</p> <p>They represent the farmer at all levels of government</p> |
| Information/education | <p>Awareness tool</p> <p>Communication and updates</p> <p>Data to keep pace with the country</p> <p>Discuss issues</p> <p>Disease alerts</p> <p>Disease research</p> <p>Education</p> <p>Education, ethanol, biodiesel, political impact</p> <p>Information</p> <p>Interaction and communication with other producers</p> <p>Keep up on regulations</p> <p>Magazines</p> <p>More information, magazines, try to get higher prices</p> <p>Newsletters that keep growers informed (2)</p> <p>Peer knowledge</p> <p>See what everyone else is thinking</p> <p>Updates on new programs</p> |
| Product marketing/promotion | <p>Cheaper registration if a member</p> <p>Contacts with markets and other producers</p> <p>Grain marketing</p> <p>Help market our product</p> <p>Kandiyohi County Fair</p> <p>Marketing tools</p> <p>Mass advertising</p> <p>Professional Dairy Heifer Growers Association</p> <p>Promoting of dairy products</p> <p>Promotion of industry</p> <p>Promotion of product</p> <p>Selling cattle, sheep, hogs through them</p> <p>Trade show/networking</p> |
| Other | <p>Insurance coverage (3)</p> <p>Not sure, insurance?</p> <p>Record keeping</p> <p>Develop new products</p> <p>Indirect through product development - test plots</p> <p>Research</p> <p>Research through checkoffs</p> <p>Church</p> <p>I get to pay dues</p> <p>Kids show cattle</p> <p>No comment</p> <p>No opinion</p> <p>Not much</p> |

42.

Do you make efforts to contact county, state or federal policy makers about agriculture issues?

| | Often | Some | Never |
|----------|-------|------|-------|
| Township | 11 | 37 | 11 |
| County | 8 | 45 | 7 |
| State | 2 | 38 | 19 |
| Federal | 1 | 28 | 29 |

43. **How much quality information on agriculture issues have you received from the following sources within the last year or two?**

Please indicate whether you have received a lot, some or no useful information.

| Source of Quality Information | A lot | Some | No Useful |
|------------------------------------|-------|------|-----------|
| Extension Service/University of MN | 9 | 45 | 6 |
| USDA agencies | 19 | 39 | 2 |
| MN Department of Agriculture | 7 | 47 | 5 |
| Computer/Internet | 13 | 32 | 13 |
| Farm magazines and books | 23 | 35 | 2 |
| Input suppliers | 27 | 32 | 1 |
| Conversations with other farmers | 24 | 36 | 0 |

44. **Which of the above source, in question #43, do you rely on the most for agriculture information and resources?**

| | |
|--------------------------|--|
| O. Farmers | Conversations with other farmers (3) Farmer to farmer Neighboring farmers Other farmers (7) Other farmers and would like more direct contact as a group to discuss concerns |
| Input suppliers/industry | Agribusiness people Basic information from magazines and suppliers Consultants Input suppliers (20) Their livelihood depends on keeping me in business Their livelihood depends on keeping me in business |
| Magazine s/books | Farm consultants, top notch vet and marketing professional Farm magazines/books (13) Magazines and extension services Magazines, books, advertising, conversations with other farmers |
| Government Agencies | MN Department of Agriculture (2) USDA (13) |
| Mn Extension | Extension - not slanted - not local, but still good Research through the University of MN U of M and with other farmers U of M Extension Service |
| Internet | Computer and internet Internet (5) Internet and magazines Computer and internet |
| Other | I found that my own judgment on deciding what to do is best to follow County leaders with ideas Little bit from every one of them (2) |

45. 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 | 7 | 28.5 | 18.5 | 5 |
| Percentage | 1.7% | 11.7% | 47.5% | 30.8% | 8.3% |

46. What do you believe needs to be done to maintain or enhance agriculture's role in Kandiyohi County/west central Minnesota?

Promotion/public awareness of agriculture

A respect of ag by the non-farming community, the press and rural-city dwellers
 Adds a lot to the economy of county
 Agriculture spends a lot of money in town
 We need to promote election of individuals who understand ag production and formulate good agriculture policy
 Better relationships and understanding between city and farm
 City of Willmar should identify this major industry as important part of its makeup
 Continue and increase education and awareness of production
 Continue to educate the non-ag community as to the importance of ag production
 Continue to work together with county fair, chamber office, dairy days, ag banquets
 County hire a full-time promoter
 Educate non-farmers about agriculture; need awareness
 Education and cooperation within ag groups
 Emphasize the importance of ag production and processing here
 Food does not come from the store
 Good roads and maintained
 Information is put to good use
 Keep promoting agriculture for non-farm people
 Keep public informed with accurate information
 Keep uninformed public off our back
 Keep using ag products
 Let public know how important it is
 Livestock issues - be aware of economic impact to county
 Make people aware of what agriculture does in county
 Make people more aware of what is going on in agriculture
 More public awareness of how important agriculture is

Most farm families tend to be more involved in community boards and functions than the general public
 Promote ag products more
 Protect the small operator; this includes small towns and rural churches
 Public relations - how public views agriculture and impact on area
 Support of the ag area; keep it going
 Support for livestock industry
 The city of Willmar needs to realize they are not the county
 The county needs to provide the leadership for ag
 The local lake residents of the county may not be promoting growth in the ag sector
 The perception that farm programs are welfare payments is prevalent and many think that all will be fine on the farm
 There is a lack of understanding of farming by the non-farm public
 Understanding of the economics or don't know that we eat cheap food because (partly) of the support farmers receive
 This includes other government agencies
 Try to educate the masses that ag is not a third world economy
 A survey such as this is beneficial, but it is also important that the people of Kandiyohi County understand what it means
 With loss of County Extension Kandiyohi County must show staff commitment to follow up ideas.
 Work together
 Young people need to stay on farm

46. What do you believe needs to be done to maintain or enhance agriculture's role in Kandiyohi County/west central Minnesota? (continued)

| | |
|-------------------------------------|--|
| Value-Added | <p>Bringing in ethanol production</p> <p>Encourage livestock enterprises</p> <p>Ethanol plant in Atwater and turkey production will use up a lot of corn which results in higher prices</p> <p>Find more uses for products we grow</p> <p>Find or develop market that would benefit farmers of the county</p> <p>Invite value-added business into county</p> <p>More knowledge of alternative agriculture products in county</p> <p>More off-farm opportunities with good to high wages</p> <p>More value-added processing facilities</p> <p>Need to have more elevators to sell grain</p> <p>Value-added ethanol, etc.</p> |
| Profitable industry/cost management | <p>Better business-related information to fit needs of specific farmers (dairy, crops, beef, etc.)</p> <p>Control agriculture taxes</p> <p>Farmers should not rely on getting help for public entities to bail them out</p> <p>Good zoning and policies, protect right to farm</p> <p>Government grants such as manure management for dairy</p> <p>Grants for environment improvements</p> <p>Healthcare costs as it relates to farms and small business</p> <p>Higher commodity prices</p> <p>Increase labor availability specific to agriculture</p> <p>infrastructure of roads, etc.; job in the country should be as valuable as job in town</p> <p>Keep roads up</p> <p>Keep strong livestock presence for feed use</p> <p>Land cost control</p> <p>Land values in our area are not realistic and 1031 exchanges are not good</p> <p>Lower land costs</p> <p>Need competition among ag-related suppliers</p> <p>Need good prices</p> <p>Reduce insurance premiums</p> |
| Discourage non-farm development | <p>Be able to keep rural in regards to livestock permitting</p> <p>Keeping rural, RURAL!</p> <p>Limit our non-ag rural residents to city limits</p> <p>Preserve ag land for agriculture</p> <p>Right to farm as residential sprawl increases</p> <p>Slow the use of ag land for residential use</p> <p>Zoning for ag needs</p> |
| Regulation | <p>Allow operators to be competitive (regulations) and who implements them</p> <p>CRP proper use of land</p> <p>Environmental laws that we can live with</p> <p>MPCA, state level too much regulation seem to lack common sense</p> <p>Regulations have discouraged livestock expansion</p> <p>Regulatory people that want to work with you to see a win: win outcome</p> |
| Other | <p>Lack of livestock dealers hurts cooperation</p> <p>Maintain or increase the number of farmers</p> <p>More flexible business hours</p> <p>Not sure</p> <p>Not sure</p> <p>Seeing less farmers in the area is sad</p> |

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

| | |
|--|---|
| Provide Education/public awareness | <p>Ag classes , Ridgewater Ag (2)</p> <p>Chamber of Commerce has been supportive; has given us some business</p> <p>Corn/soybean banquets</p> <p>Dairy Association banquet, West Central Ag Show, Kandiyohi County Fair</p> <p>Dairy Days in June (2)</p> <p>Education of issues</p> <p>Farm show also promotes</p> <p>June dairy month to promote growth</p> <p>Make personal contact to us as farmers, the available programs providing opportunities for farmers</p> <p>Most agribusiness shows an interest, some could do better</p> <p>Occasionally mention programs that they have that I could be eligible for</p> <p>Product shows</p> <p>Promotion of getting an ethanol plant in our area</p> <p>Quality of life is excellent in this county</p> <p>Radio programs</p> <p>The consumer needs to know our expenses and what we receive for our products</p> <p>There are no tax incentives for ag or positive communications about our business</p> <p>This process is a nice start - BRE (5)</p> <p>Willmar Ag Show</p> <p>Willmar Tribune through advertising to promote products (buffalo meat)</p> |
| Attract value added business | <p>Ag processing in our area; turkey and ethanol</p> <p>Bushmills project was supported/promoted by Kandiyohi County and City of Willmar EDC (9)</p> <p>Encourage livestock enterprises and other value-added</p> <p>Grain buying station locally</p> <p>Keep ag business here to keep money local for economy growth</p> <p>Keep competition in the marketplace</p> <p>One of our neighbors is on the KCO Agribusiness/Renewable Energy Task Force</p> <p>Processing of products is good; Jennie-O, feed mills</p> <p>Provide low-interest loans to promote farm-related business</p> <p>Using the products we produce locally</p> <p>Value-added efforts (2)</p> |
| Supportive policy/organization support | <p>Ag Task Force</p> <p>Be careful where you allow urban growth</p> <p>County Commissioners efforts in preserving farmland by limiting urban sprawl (2)</p> <p>Highway to cities</p> <p>Lately, with all the negative groups and press against the livestock industry, it makes you feel like the bad guy and all you are doing is trying to provide cheap food for the public and make a living</p> <p>Livestock-friendly county</p> <p>Local, county and state officials and doing a good job of promoting growth</p> <p>Made concessions on tax dollars to bring in value-added ag business (Bushmills)</p> <p>Non-ag has done nothing</p> <p>Ag-related businesses help support ag-related functions, such as Kandiyohi County</p> <p>Borrow money</p> <p>Grain buyers, soil center (CLC), implement dealer, bankers, all help to promote local growth</p> <p>Local business marketing assistance</p> |
| Other/nothing | <p>Competitive pricing for both selling and buying (2)</p> <p>Do not see much concern for the farming community, negative comments (2)</p> <p>Groups working together</p> <p>Growth in retail in Willmar has helped promote this as a good place to live</p> <p>Nothing/don't know (5)</p> <p>Promotes quality of life</p> <p>They seem to be doing more to discourage growth in our business than promote it</p> <p>With Willmar being the major business area we are able to get what we need in crop inputs</p> <p>The community does not seem as negative towards hogs as they were 10 years ago</p> |

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

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| Economic development | <p>Accentuate successful initiatives that demonstrate, that they will improve water quality If you would like some high-paying jobs in the community just promote ag, ex. Sioux Center, IA Attract more businesses that can utilize our production Attract value-added business to our area Attracting ag and ag business brings better expertise in those areas Business is self driven; community has taken no role; no role they could take Competitive pricing for both selling and buying Don't put us at a disadvantage Ensure the viability of smaller family farms, i.e. 1,500-2,000 acres Land stewardship project (neighboring county would like to help develop this) Liability laws, i.e., tire, large implements, changes and repairs More incentives similar to Bushmills to encourage value-added processing More training available on high tech equipment repair Politics in bison production Production of products that ag producers can utilize locally, i.e., Bobcat, spray manufacturing Provide better internet access Provide projects for farmers to work together Spring road restrictions could be made more flexible Stop passing tougher laws for livestock producers and make it easier to sell livestock Value-added and renewable energy Value-added university at the Treatment Center Farm Credit has developed into too much of an influential business that at time shades promoted or restricted in the wrong direction</p> |
| Promotion | <p>Advertising Apply ideas and objectives for the future Making people aware what ag does for the urban people; cheap food, more value-added markets Promote ag to the different leadership groups of the county so they can expand on the county's intentions Promote agriculture; would a stranger moving into town know that we are or were an ag community? Promote crop and livestock issues and benefits year round We have to be competitive on a national basis</p> |
| Public awareness | <p>Ag career college with statewide promotion Ag-friendly community Be a lot more understanding that farmers are just trying to make a decent living with what resources they have and can make use of Community needs an open mind toward new ag business ideas or plans to stay strong financially Community to understand the values and importance of agriculture County officials need to focus on agriculture more Educate farmers in regards to series and opportunities in this area Educate the consumer on the benefits of having a well-regulated safe supply of locally grown food Education A farm corporation or LLC can still be a family operation if family members contribute the labor and management of the farm operation. Get involved in community speaking up for county agriculture Help them understand our business Information, awareness, education of value of ag, both economic and environment Kandiyohi County - public needs to understand today's farms are run/managed the same as any. . . Keep non-ag people informed of where food comes from Larger business in our county and the government's subsidy is a very small part of our income More good press on the livestock industry More interaction between non-farm and farm families to enhance understanding and appreciation of each other Need to inform public that each dollar a farm operation purchases turns over how many times Need to provide public awareness to the economic importance of farming in the county Provide public education immediately Serve alternative local products at chamber events</p> |

48. What additional community efforts could be made to ensure the viability as well as promote the growth and productivity of your business? (continued)

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|----------------------|---|
| Minimize development | <p>Help save farm land for farmers</p> <p>How about those of us who are consumed by development?</p> <p>It is my understanding that the county decided that north of highway 12 should be developed and south of highway 12 preserved for farming</p> <p>Keep land in hands of local owners so local products and businesses can be used</p> <p>Northern Kandiyohi is being bought up by investors who have no children for our churches and schools (and that is what makes a community)</p> <p>Organize the growth in Kandiyohi County to separate agriculture areas and residential areas more effectively</p> <p>Urban sprawl</p> |
| Quality of life | <p>Control of healthcare costs, insurance costs, explore more uses for their products</p> <p>Daycare in small towns</p> <p>Professionals who live in small towns are taking their children to large towns for school</p> <p>We want to continue farming the family farm concept and be able to transition to the next generation</p> <p>Allow for retirement for the current parents and not be penalized for being profitable</p> <p>Pay a high rate of federal/state income tax, including property tax</p> |

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

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|---------------------------------|---|
| Services/ infrastructure/policy | <p>1031 exchange is making it hard on people who actually work to farm (2)</p> <p>All this places an undue burden on us, who pay health insurance premiums through private pay</p> <p>Clarify the rules on road ditch cutting</p> <p>Could be doing everything wrong and still have problems (manure disposal)</p> <p>Equal representation so that decisions are not skewed to only one viewpoint</p> <p>Ensure that there is a good cross section of people represented (rural and city) so that decisions to aid agriculture are being fairly represented</p> <p>Environmentalists</p> <p>Expanding livestock operations could do a better job of communicating with neighbors before permitting</p> <p>Farm program changes</p> <p>Have the ability to mow road ditches sooner; state says August 1 to mid-July</p> <p>Healthcare for farm families; premiums should be lowered</p> <p>How to keep quality schools in small towns</p> <p>I work in the healthcare field and see too many patients who are on medical assistance</p> <p>Farm program changes</p> <p>It has been difficult getting road improvements because the local government is concerned that there will be public outcry</p> <p>Kandiyohi County has been in the past, and continues to be, very positively proactive in its approach to the ag producers of the county and the county's ag industry</p> <p>Language and culture issues for the Hispanics who are helping us out</p> <p>Law uninformed; some get out there earlier (haying road ditches)</p> <p>Limit all of extra fees, i.e., manure management, pollution control, septic system</p> <p>Local community will give tax breaks to a new business like Cabella's</p> <p>Local control for manure, etc., is a concern</p> <p>No four-lane service in Willmar</p> <p>Payments based on so many acres per farm</p> <p>Property taxes need to be fair</p> <p>Regulations for livestock "having it less intensive"</p> <p>Regulations of PCA on Willmar water treatment less strict than other cities or agriculture areas</p> <p>Small towns are going to have a hard time keeping their schools</p> <p>State controls bypass - August 1 - ditches in country are cut sooner</p> <p>To make the farmers who have been farming for years meet the same regulations that the "new" farmers have to face (after conditional use expansion creates a county regulator review) - zoning</p> <p>Utilize crop insurance the way it was meant to be used</p> <p>We installed a waste system four years ago with NRCS, the engineers overlooked the cost of the system by \$50,000</p> <p>Would like to see moratorium on updating individual sewer systems in unincorporated communities (2)</p> <p>Would like to see more county road repairs</p> |
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49. Are there any other issues you would like to see addressed? (continued)

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| Economic development | <p>Another Bushmills opportunity</p> <p>Promotion of other manufacturing industries in Willmar that have higher paying jobs</p> <p>Provide an atmosphere whereby businesses would like to move here - not bought to come here</p> <p>The shifting of livestock production out of county</p> <p>We need to help out Kandiyohi County - not just Willmar</p> <p>We need young people to stay on the farm</p> <p>Why are salaries in Kandiyohi County so cheap?</p> |
| Farm transfer | <p>Encourage and assist the next generation of small family farmers to carry on the farm operation</p> <p>Getting the next generation into farming</p> <p>Have a 17 year old son who would like to farm; he recognizes he will probably need off-farm income to make it work</p> <p>Lack of ability to get a young person involved in farming</p> <p>Purchase of land by absentee buyers or for residential use</p> |
| Education/promotion | <p>As fewer and fewer people are involved with agriculture production and each generation gets farther from the farm, people do not care about ag's impact</p> <p>Communication to educate general public about impact of agriculture</p> <p>County-sponsored workshops would be a reasonable beginning to this process; this is especially important to the next generation of farmers</p> <p>It is suggested that a personal "one-on-one" approach would best provide successful results</p> <p>Media impact on people's understanding of farm programs, reactions to subsidy to farmers</p> <p>Need to promote better cooperation and communication between farmers and residents/cabin owners</p> <p>Need to summarize all 60 surveys and publish a series of articles in the Willmar paper</p> <p>People off farm do not understand that farmers farm because it is in their hearts</p> <p>People will feel it was done to benefit our cooperative and they will resent it</p> <p>Review the effect of lawn versus farm chemicals; lawn and farm, failing septic systems, etc.</p> <p>The county should set up workshops to help farmers with county-supported projects like was done in Swift County after this survey was processed</p> <p>The EDC would be an obvious choice to follow this up</p> <p>The provision of a county consultant who could identify the opportune business working relationships for ours and our neighboring area operations would be invited</p> <p>There is a concern that Kandiyohi County is short on financial knowledge on ag producer's needs when at a time the producers most need a proactive approach to help advance both livestock and crop</p> |
| Profitable - agriculture | <p>All people want a cut, can be cheaper on the farm</p> <p>Cost of land is too high</p> <p>Create an interest in alternative agriculture products</p> <p>Crop inputs keep going up</p> <p>Farmers working together using machinery, land rotations marketing commodities, etc.</p> <p>Fund for expansion</p> <p>High rent for land</p> <p>If we are to keep farming, we need good prices, good crops and good landlords</p> <p>If you do not have some value, best not to offer it at all</p> <p>Land prices are high - good for sellers - bad for buyers</p> <p>People want things very convenient, will buy at farmers market, but will not come to farm</p> <p>Provide opportunities for value-added markets for farmers</p> <p>Retraining farm families who need good part-time jobs, if the county does not provide those things in</p> <p>Questions 46-48</p> <p>Volume premiums paid to large dairy producers continue to clash between small and large producers</p> |

Chapter IV

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

Finding - Our Greatest Asset

When former Kandiyohi County Extension agent, Ronald McCamus said, “From that point on the head continued to gain over the back as the farmer’s greatest asset,” his statement described the dramatic farming changes that were part of the 1930s and 1940s of Kandiyohi County. This is also a good challenge for the assessment of the research information gained in Chapters I, II and III of this project. It is now time to consider, analyze and formulate responses to this valuable information.

This is the best attempt of the Kandiyohi County BRE (Business Retention & Expansion) Team to complete this stage of the process. We may have missed some important trends or over-analyzed some others. By the time you read this report, some of the factors that we considered important may have changed. We are part of a dynamic, changing, global economy. Develop your own thoughts; challenge our thinking; form your own conclusions; tomorrow will soon be here!

Finding – Agriculture is Key to Kandiyohi County

While the activity of business 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 (ag processing, retail, transportation, regulation, education and service to name a few) are dependent upon each other.

Chapter II highlights the contribution to our county and that information is detailed on the pages and appendices of that segment of this report. We should recognize that we are very fortunate to be home to the second largest turkey processing facility in the United States, as well as a number of quality agriculture finance organizations, crop and livestock research firms, cooperatives, private firms that market grain and livestock, and agriculture-related products. 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 investment 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?

Sixty-two farms/farmers (may have been completed by the farm couple or partnership) completed the survey. It is likely that the survey pool does not contain many hobby-type farms.

Sixty-eight percent of the farms are sole proprietors; 19% are partnerships and 11% are incorporated ownership. It is encouraging that 95% of those surveyed are farming because it was their personal choice. Fifty-seven percent of Kandiyohi County farmers indicated they consider themselves a crop farm, while 33% were livestock. Eight

percent said they receive income equally from crops and livestock. This report should be considered a representative sample of the county's farm population.

Finding – Increasing Farmers/Spouses With Off Farm Employment

An increasing number of farmers consider something other than farming as their primary source of income. As of 1987, the number of farms increased from 318 to 533. The BRE survey indicated that 6% of farmers held full-time, off-farm employment and 24% held part-time employment. Thirty-seven percent of farm spouses had full-time, off-farm employment and another 39% worked part-time. Farmers in the BRE survey responded that on average 73% of their family income came from the farm while 27% came from off-farm sources.

There are two factors that seem to contribute to this trend. For an increasing number of small and mid-sized farms, farm income has not kept up with inflating family living expenses. Off-farm income supplemented farm earnings and allowed those operations to stay in the farming business. A second factor was the rising cost of health insurance and health care. For the self-employed, health care costs amount to the largest single expense item for the family. Forty-nine farmers in the BRE survey reported that health care and health care costs were a “threat” to the future success of their farming operation. Nell Preisler, State Director of the Farm Mediation Program, reported a declining number of farm operations in farm mediation when the operation was located within a reasonable distance of an employment center. While deriving 100% of income from farming operations may be a desirable goal, Kandiyohi County is fortunate in that there are many opportunities for off-farm employment.

Finding – Loss of the “Tweeners Farm”

Data since 1987 supports the premise that the number of farms in the middle categories of size and income are diminishing. The term “tweener” has been coined to describe those between the smallest farms and the largest operations. The numbers of farm operations in Kandiyohi County from 1987 to 2002 increased slightly. Good news for the county – right? The largest increase (400 farms) occurred in the category of sales of \$2,500 or less. An increase also occurred in the largest farm operations. The loss of the mid-sized farm operation is a trend that is well under way and has significant implications for our rural communities. It is the opinion of this committee, that without a significant change in policy or economics, this trend will continue well into the future.

Finding – Farmers Anticipate Growth

A major finding of the BRE study indicates that slightly less than one half of the farm operators farm more crop acres and raise greater numbers of livestock than they did five years ago. A similar number of farmers anticipate that their crop operation will expand by the year 2010. A smaller percentage of livestock operations (20%) anticipate expanding their livestock base while the bulk of the remaining farm operations anticipate staying “the same size.” A handful of operators anticipate a smaller operation in 2010. Even as they report these plans for growth, a number of farmers indicated that they see “large farms” and farm expansion as a threat. The availability of farm land is a limiting factor for future farm success. And understandably, rising land prices and rental expenses are a major concern in the farm community.

Finding – Inflation is a Threat

Perhaps no factor is shaping the agriculture scene more than the impact of inflation. Information from the Ridgewater College West Central MN Farm Business Management Area Report indicates that while living costs and farm input costs continue to increase with the cost of inflation, per acre or per head profits on crop and livestock remain static. In 1987, a new 150 hp tractor cost roughly \$68,000; in 2002, a similar sized tractor cost \$140,000. A 1987 bushel of corn, adjusted for inflation to current dollar value, is worth over \$3.67 per bushel. A 1973 bushel is worth over \$10! Of course, current cash prices essentially are the same as they were in the 1980s. In 1950, a farm family needed \$23,781 for living and taxes; in 2002, \$48,823 was needed. The examples go on and on.

How does a farm family cope with these dynamics? In the BRE survey responses, farm families told us that they continue to use sound financial management; make good choices between wants and needs; adopt new technology; utilize the best information available; and seek production efficiency as much as possible.

Recognizing those management factors, it seems clear that the subsequent loss of the “tweener farm” and increasing “off-farm income” is due in part to the impact of inflation on our farm economy.

Finding - Farms Purchase Locally, Good for Economy

Perhaps no trend was more surprising than the level of farm and family goods and services purchased locally. With the increasing pressures of farm economics and increasing farm sizes, it might seem logical that farmers would look elsewhere for a “better buy.” However, exactly the opposite is true. Roughly two-thirds of those surveyed reported that they purchased their goods and services locally. The remaining purchases are made in a neighboring county. According to the responses in the BRE survey, service, price and product availability are the key factors in their buying decisions. A number of responses indicated a high level of satisfaction with our local farm and family retail businesses.

Ridgewater College West Central MN Farm Business Management Area Reports reveals that on average, one area farm may contribute \$400,000 to the local economy. 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.

Finding – Opportunity in Mutual Business, Value-Added

Twenty-seven percent of BRE surveyed farms indicated that they participate in a mutual business relationship with another farm. The most common type of mutual arrangement included sharing machinery; working together in crop operations; raising livestock in a custom arrangement or cooperative; and doing custom work for other farmers. Of the 33% that indicated they did not participate in a mutual business relationship, 40% indicated they might be interested in doing so in the future.

Twenty-three farmers responded that they participate in a corn ethanol value-added venture. Nine farms were part of a value-added livestock growing or processing value-added venture. Seven invested in the Southern Minnesota Sugar Beet Cooperative and a handful of farms invested in a soybean processing facility. When asked as a part of the BRE survey, 22 farmers responded that they might be willing to invest \$20,000 or

more if a solid investment opportunity were to become available. Another 14 suggested they might invest \$10,000 and seven were willing to spend \$5,000. Ten farms indicated they were not interested. The most common reason for not investing was uncertain economics, a lack of capital and a desire to invest in their existing operation.

Finding – Niche Marketing Opportunity is Varied

“Niche” has been a catch phrase in agriculture for several years. For farmers it may mean different things. When asked “What could be done in the community to develop “niche” marketing?” Farmers responded in a variety of ways. One series of responses indicated that farmers hoped that publicity and marketing would help to interest consumers in high value products such as organics, locally grown products, or even alternative products such as corn burning stoves. Others suggested that organization and support by a community organization would help develop markets and provide information and grower education. One farmer suggested that a program similar to JOB-Z be developed for niche products. A third response grouping indicated that niche farming could find growth through research and development of new products, value-added processing opportunities, the development of processing (such as soy-diesel or ethanol) or by bringing new livestock operations to the county. A few respondents suggested they tried “niche” opportunities, but were not satisfied with the results. However, an equal number of farmers reported they found success and saw a bright future in this area.

Finding – An Aging Industry, Farm Transfer on the Horizon

The average age of all farmers in Kandiyohi County is 54.9 years. The results from the BRE survey indicated that by far the largest group of farmers was in the 45 to 55 years of age grouping. The survey also indicated that the average farmer rented land from 6.5 landlords, of whom 5.1 live in the county. However, the average age of the landlords was 80 years of age. Twenty-five of the 63 farmers indicated that they intend to discontinue farming (mostly because of retirement) in the next ten years. Another 31 will retire within the next 20 years. Eleven farms indicated that when they discontinue farming, they will transfer their farm to a relative. Thirteen 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.

Do you see a trend developing here? Should we be concerned? It seems clear that a large portion of Kandiyohi County’s farm land will be transferred to other owners within the next 20 years.

Because of tax laws, a high percentage of farm land does not transfer to another person until death of the owner. One reason for this trend is the opportunity to “step up the basis” at the death of the owner. One noted national agriculture economist suggests that 80% of farm land in the United States is owned by widowed farm spouses.

Predicting the future is difficult. However, with the average age of landlords at 80 years, and approximately 80% of the BRE farmers indicating they plan to retire in the next 20 years, there is cause for concern. Increasing land values may create difficulty for farm “renters” when faced with the opportunity to purchase land that will have a much higher cashflow requirement. This raises numerous questions.

Is another generation ready to take up the farming occupation? Will this trend result in fewer but larger farm operations? Have the existing farm operators made plans for retirement income? Will they use the cash flow and asset value of their farm to pay for healthcare and retirement living? Or will they be able to assist the next generation in their start with this business? These are concerns of which each farm and community member needs to be aware. The impact upon our county is great!

Finding – Threats and Opportunity on the Horizon

There are a number of threats on the horizon and farmers are concerned with them. Responses suggested that farmers see (55) increased regulations, (50) concern over the environment and activists, (49) changes in healthcare coverage, (47) urban sprawl, (41) mergers and (41) phasing out of government commodity programs as their biggest threats. Items such as county population, contracting of crop and livestock production and credit were seen by many as both threats and opportunities. When given an opportunity to explain their ranking, farmers responded in great numbers. In fact, this question has three full pages of comments.

Many comments suggested that farmers believe that urban sprawl, environmental activists and regulations threaten their future. Much of that concern is related to a perceived lack of understanding or willingness to cooperate with farming operations. Farms are concerned that land prices will be driven higher by purchases for non-farm use. One farmer reported that a farm he had rented for 40 years was sold to a real estate developer. Another suggested that people moving to the country should be aware that agriculture makes noise, can create dust, uses roads and sometimes creates odors. Residents must be aware of these issues before they build their dream home next to an existing farm.

Finding – Farmers are Good Stewards of the Land and Water

When asked by the BRE survey team, “What are you doing to protect the quality of the land as well as surface and ground water,” farmers responded in large numbers. When the numbers of written responses were tallied, it was clear that nearly 100% of farmers adopted the soil conserving techniques of reduced and minimum tillage, leaving greater residue on the soil surface. The use of conservation techniques such as buffer strips along ditches and waterways, utilizing land set-aside programs such as CREP, CRP and RIM were also widely utilized. Farmers were more careful and accurate in their use of fertilizers and chemicals. Farmers reported that they adopted new products of agriculture chemicals that are safer to the user and the environment. While field drainage is prevalent, many farms reported that they closed off or relocated open intakes and utilized drainage methods less likely to cause “fast runoff” of surface water. Manure management education and manure management practices have been accepted and are being adopted by livestock operations. While farmers are using greatly improved practices in this area, a concern remains. One farmer reported that a pollution control project he was required to implement ruined him financially. Others were concerned that regulations would force small to medium sized livestock operations out of business because they would not have the economy of size to implement the equipment and construction needed to comply.

Finding - Quality of Life; Associations; Not Bad!

When asked about the community, farmers responded that most services are excellent or good. Our communities schools, college programs, recreation, healthcare and fire protection all were given high marks. Areas receiving 10 or more responses of “poor” include planning and zoning, road maintenance, county economic development and the building code.

Farmers 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 large farm operations were pointed out for this concern. Farmers recognize that local agri-business, local officials, the University of Minnesota, and other farmers (especially small farmers) were very or somewhat concerned with their success. It is nice to be appreciated!

Farmers like doing business in this county as evidenced by their rating of availability of financing, healthcare and labor. Of concern were property tax rates, wage rates, zoning and environmental regulations.

Kandiyohi County farmers were active in farm organizations with a large percentage participating in commodity organizations such as corn and soybean growers as well as professional associations such as Farm Bureau, Farmers Union, NFO and cooperatives. Most indicated that their membership provides them with a voice in government and a good source of industry information. Farmers were more likely to contact township officials than other policy makers, hence the reliance on their organizations in this area.

Farmers need information from a variety of sources. They value most sources of information, but believe that communication with other farmers, farm magazines and books were the most used resources.

Finding – Farmers are Neutral to Slightly Optimistic about the Future

The BRE team asked farmers to rate from 1(pessimistic) to 5(optimistic) the economic outlook for Kandiyohi County agriculture. The largest groups, 47.5% of the respondents, were neutral. However, an additional 30.8% rated 4 or slightly optimistic. Only 8% were very optimistic and 13.4% were pessimistic or very pessimistic.

When asked what could be done to improve the outlook of the industry, by far the largest number of responses suggested that agriculture should be promoted to the non-farm public and the industry should be promoted. Other responses suggested additional value-added opportunities, improved profitability of the farming industry, realistic regulations and discouragement of non-farm development in rural areas as key strategies.

Recognizing that much has already been done, farmers are appreciative of many of the efforts of the community in promoting and creating public awareness. Examples include the June Dairy Days event, the Chamber of Commerce Ag Committee, West Central Ag Sales and the Farm Show. The Kandiyohi County and City of Willmar Economic Development Commission was given high marks for assisting in the promotion and development of the Bushmills Ethanol project. They are appreciative of the efforts of the Agriculture and Renewable Energy Committee as well. Having said those remarks, farmers commented that more efforts are welcomed and needed.

Finding – There are Issues to Address

As a general rule farmers are optimistic, but by the very nature of their business they have concerns and issues regarding the future. A host of issues arose and most are significant. We suggest you read the detail summary for Chapter III questions 47 through 49 to get a feel for their concerns.

In summary, farmers in the BRE study asked that we consider how our infrastructure and policies are affecting their future. Increased economic development in agriculture processing, addressing agriculture education needs, promoting the industry and continually seeking ways to help the industry be profitable were listed.

Technology and Change

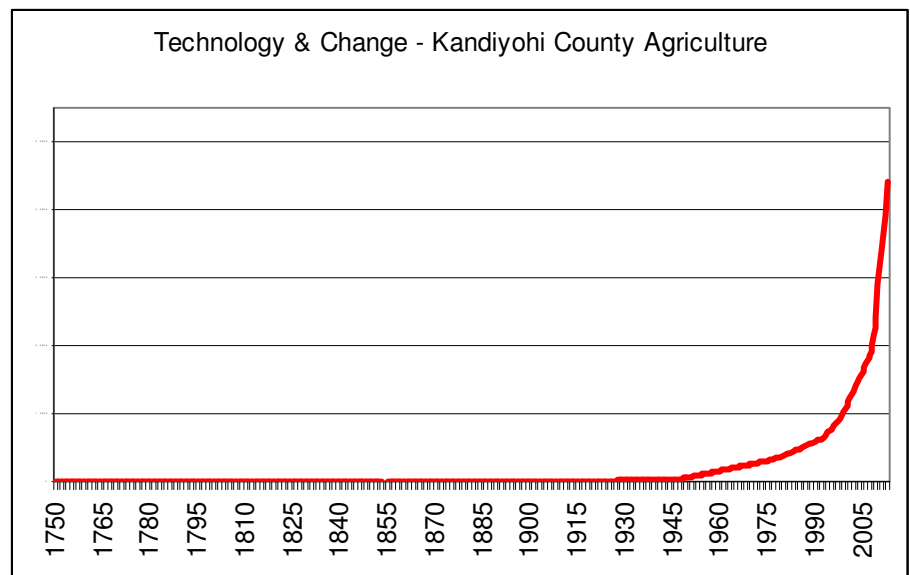
In no industry is the impact of technology more evident than agriculture. When asked in the BRE study, 65% of the farmers responded that they see themselves as willing to adopt new technology based on their own assumptions and if the adoption makes sense to their farm operation. The remaining percentage of farmers was willing to adopt technology. They just needed a bit more time to see how the idea developed. It is fortunate that this trait is present in our farm population.

The graph in this paragraph is a representation of how technological change has been adopted in Kandiyohi County. A fairly flat line would be represented from pre-settlement until the early 1900s with few changes in agriculture practices. In the early 1900's the introduction of fertilizer, hybrid seed corn, new crops such as alfalfa hay and soybeans cause our technology curve to increase slightly.

Mechanization and labor saving devices were adopted in agriculture in the 1930s and 1940s. In the 1950s and 1960s increasingly efficient powered farm equipment replaced labor in the agriculture scene. Researchers were developing new seed varieties and the use of fertilization, herbicides and pesticides were becoming more common. The first tractor with a cab was introduced. (However, farmers were reluctant to purchase the model fearing that their neighbors would consider them “soft.”) Our technology curve has now increased more in the past 10 years than in the previous 100 years.

The 1970s realized the introduction of larger amounts of capital into the agriculture industry. Increasing optimism and investment in agriculture caused our technology curve to increase even faster.

The financial setback of the 1980s caused a retreat in farm values, profits and the number of farm operators. Increasing use of technology allowed the remaining farmers



to farm more efficiently, be more cost effective and in effect survive in a rapidly changing industry. Farmers in the 1990s observed the introduction of bio-technology as evidenced in genetics and herbicide resistant crops. The first word of “livestock cloning” reached our ears and embryo transfer became common. The rate of change and adoption of technology is occurring faster in one year, than all the previous years of agriculture in the county.

In the new century, there is little room for error in the operation. Farmers, who have been adopting technology to reduce risk, understand the global market and manage their farm by the “foot” rather than the acre. Instant communication is possible with cell phones, auto steer farm equipment, internet connectivity and more.

Farming has transitioned through a process of an industry based on labor, transitioning to mechanization then capitalization. While those factors are still important in agriculture, the farming industry is rapidly transforming to the information and technology age. Our technology curve has increased from a steep incline to “pointing almost straight up!”

Summary – BRE Findings

With the close of this chapter we have reached an important step in the BRE process. We have planned, organized, collected information and developed conclusions. The next step is the most important one. It is the key to this process and project.

In the next chapter we need to make use of this report to further our agriculture industry. Chapter V is about strategies for implementation and development. What will we do with all of this information? What types of actions should we take? Who will do it? These are all questions to be answered in the next chapter and the months and years ahead.

Chapter V

Strategies for Development and Implementation

During a trip to town, Ole and Lena were pleased to discover that a troop of acrobats were performing. In fact they had a tight-rope stretched across the waters of the Mill Pond in New London. A handful of people were enthusiastic as they observed the performer make his preparations to cross the rope with only the waters of the Crow River below him. Ole and Lena were amazed when the acrobat deftly walked from one end of the rope to the other. Our performer made a second trip across the waters, only this time he walked backwards and did a handstand in the middle. A crowd had gathered and applause was expressed for this amazing act! Our performer waved to the crowd and asked a question, “Does anyone have a bicycle that I could ride for my next trip across the rope?” It appeared that no one in the crowd had a bicycle, but a quick thinking Ole offered his wheelbarrow. “Try this” he laughed, “I seem to have trouble pushing this thing on dry level ground.”

The acrobatic tight-rope performer was poised and ready with wheelbarrow in hand. However this time he stopped and addressed the crowd. “Have you enjoyed the show?” Ole and Lena clapped and whistled. “Do you believe I can cross the rope, with this wheelbarrow?” asked the performer. Though normally reserved, the crowd came to life with cheers and applause. “We believe in you. Cross the rope!” yelled the crowd.

“I am pleased to hear you are supportive and have faith in my ability,” responded our performer. “For on my next trip across, I need one of you to be a passenger in the wheelbarrow. Who in this crowd is willing to get in the wheelbarrow?”

Strategies

The purpose of this chapter is to identify potential strategies to develop and implement the “findings” of the Business Retention and Expansion 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 Agriculture and Renewable Energy Committee, as well as the Kandiyohi County and City of Willmar Economic Development Commission. This support should be provided in financial support, staffing and resources to develop and implement the strategies of the BRE process.
- ✓ Form partnerships to communicate, promote and educate both the farm and non-farm public in understanding our agriculture industry. This strategy should not be seen as a “stand alone” strategy, but one that integrates into each potential strategy that is developed in this process.

- ✓ Address the impact of development and urban sprawl on agriculture. Consider the development of a “rural understanding” related to the development of farm land for non-agriculture purposes. Seek further development of existing technology to improve our GIS mapping capabilities and our information database regarding county resources and development.
- ✓ Develop partnerships and strategies to address the rising costs of healthcare to farmers.
- ✓ 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.
- ✓ Prioritize the support and enhancement of existing agriculture farms and entities in Kandiyohi County.
- ✓ Continue to support the development of “value-added” agriculture in the county. These include growth and enhancement of the livestock industry, further processing of agriculture crops and development of renewable energy initiatives.
- ✓ Development of an “Agriculture and Renewable Energy Center” in an appropriate Kandiyohi County Location.

Development and Implementation

The Agriculture and Renewable Energy Committee of the Kandiyohi County and City of Willmar Economic Development Commission has agreed to be the “steering body” for the process of further developing and implementing the strategies of the BRE project. The work of this process will now transfer to that group for future action and development.

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 can not end up on a shelf waiting to collect dust!

The wheelbarrow is on the tight-rope. Are we willing to get in for the ride? Or will we stand on the sidelines and cheer?

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