



HAY NEWS

OFFICIAL PUBLICATION OF THE WASHINGTON STATE HAY GROWERS ASSOCIATION

PRESIDENT'S LETTER – FUEL COST CONSIDERATIONS

Dear Members – I have compiled below some fuel cost comparisons and some thoughts on the type of costs to keep in mind before you negotiate price on your hay.

SWATHING

1 Rotary Swather

	2006 \$2.65/gal	2004 Fuel Price \$1.43/gal
	\$/gal/ton/gal	
1 st	2.65/21.75 = 0.12/ton	.065/ton
2 nd	2.65/19.66 = 0.13/ton	.07/ton
3 rd	2.65/13.9 = .19/ton	.10/ton
4 th	2.65/16.74 = 0.18/ton	.085/ton
	.62/ton	.32/ton

Difference of \$0.30

RAKING

	2006	2004
1 st	17.04 ton/gal of fuel 2.65/17.04 = \$0.15/ton	.08/ton
2 nd	14.2 ton/gal of fuel 2.65/14.2 = \$0.186/ton	.10/ton
3 rd	11.36 ton/gal of fuel 2.65/11.36 = \$0.233/ton	.125/ton
4 th	8.52 ton/gal of fuel 2.65/8.52 = \$0.31/ton	.167/ton
Fuel Cost	\$0.879	0.472

Difference of \$0.407/ton

(If you only have to rake once per cutting)

BAILING BIG BALES

	2006	2004
30 tons/hr 8 gal/hr 3.75 tons/gallon	2.65/3.75=\$0.706/ton	1.43/3.75=\$0.38/ton
Subtotal	\$1.879/ton	\$1.172/ton

Difference of \$0.326/ton

Difference of \$0.702/ton

If you are planting new hay each year then you could have fuel costs that come out of cash flow or your operating loan of \$0.33/ton at \$2.65/gal fuel and a 8 ton/ac. 1st year.

Planting fuel costs of \$0.164/ton based on \$2.65/gal fuel and a 8 ton/ac. 1st year.

Joe Owner operator pickup fuel cost/ton varies on tons of hay produced. But let's say Joe Owner puts up 6,000 tons/yr in 2004, his fuel cost could have been \$0.227/ton. Now in 2006 his fuel cost could be \$.46/ton based on \$3.17/gal diesel. Doesn't count for Mrs. Joe Owner's car.

What about any support equipment: Employees pickup fuel cost/ton? Telihandler fuel cost/ton? If you don't know this per equipment, take your total yearly fuel cost/total tons paid for if you only do hay and you will get total fuel cost/ton. If you do other crops or custom work for other people it gets more complicated.

Think about other production cost: Twine cost/ton@ (total \$ spent on twine/total tons sold and paid for); Equipment replacement costs/ton? (equipment \$ spent/total tons paid for); Parts cost/ton\$ (total parts expenses/total tons paid for); Tarping cost/ton? (total tarping cost/total tons paid for, not produced there is a difference); Labor cost/ton? (total labor cost/total tons paid for, not produced this can be different. Kick outs.) Labor costs also includes owners personal draw or expenses; Interest? (total interest paid to everyone/total tons paid for).

So all you hay growers, please have these costs in mind before you negotiate price on your hay. If you do it after, it is too late. I know this seems simple, but how many of you really do this before you negotiate the price of your hay. Do some of you think about it once a year? I hope you do it every cutting at minimum and hopefully 2 times that.

If you don't know your costs, how do you know if you are going to have a net return. Breakeven does not replace equipment or give you vacations or buy your wife diamonds. **By knowing your costs, it helps take the guess work out of making those financial decisions.**

Darin Michel, President, WSHGA

WSHGA ANNUAL CONFERENCE AND TRADE SHOW – JANUARY 17-18, 2007
THREE RIVERS CONVENTION CENTER, KENNEWICK WA

NEW SALES TAX EXEMPTIONS FOR FARMERS IMPLEMENTED BY THE DEPARTMENT OF REVENUE

Many of you are already aware that during the 2006 Legislative Session, the Legislature adopted and Governor Gregoire signed SHB 2457 and ESHB 3222. SHB 2457 provides retail sales and use tax exemptions for replacement parts for farm machinery and equipment. ESHB 3222 provides retail sales and use tax exemption for property and services used exclusively to maintain livestock nutrient equipment and facilities. Both bills take effect July 1, 2006 and will be administered by the Department of Revenue.

For more information: JoAnne Gordon, Department of Revenue (360) 570-6121

SCLEROTINIA CROWN AND STEM ROT OF ALFALFA

Sclerotinia crown and stem rot (SCSR) is considered to be one of the most destructive diseases of alfalfa in many parts of the USA. Some years it can be severe, resulting in thinning or destruction of stands and reduced yields, and other years it is uncommon. This year could be considered as a severe year in the Columbia Basin. In the Basin, SCSR appears to be most severe in alfalfa seeded in late summer or early fall. Fields, seeded after September 1st, have been hit the hardest. Some fields seeded in late September have lost more than 50% of their stand. The disease usually causes most of its damage in fall-seeded stands, but single or groups of plants in stands of any age can be killed. Sclerotinia in alfalfa is favored by cool, wet weather in the late fall. Sometimes, only scattered plants or small patches in fields are killed, and could be overlooked or may be mistaken for winterkill.

Sclerotinia crown and stem rot of alfalfa is fairly easy to recognize. If you see dead plants or wilting or dead stems as early as February and through April, look for white moldy growth and sclerotia.

Also, look for sclerotia on infected tissue. Sclerotia are small, hard, black fungal structures about 1/8 inch in diameter and nearly round or elongated, up to 1/4 inch or more. On non-decomposed plants, you may be able to find white moldy growth and sclerotia on the dead tissues. The infection may be in the crown but not killed the plants and can cause yield decline.

In the Basin, infection will start by mid October. If your seedings are completed 10 weeks prior to this infection date, plants are large enough to tolerate the disease. Just another reason to plant on optimum planting dates, which would be the first 3 weeks in August.

William T. W. Woodward

**WASHINGTON STATE HAY
GROWERS ASSOCIATION
100 N. Fruitland, Suite B
Kennewick, WA 99336
(509) 585-5460**