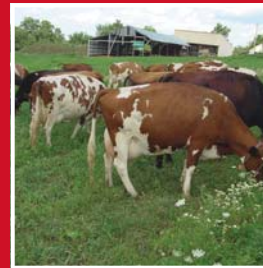


FIELD & FEEDLOT



NORTHWEST AREA EXTENSION

JANUARY

Is it Time for a Flexible Lease?

By Ron Hook, ISU Extension Farm Management Field Specialist

The recent dramatic increase in grain prices have led to speculation that some lease arrangements are being renegotiated for the 2007 crop year and a significant increase in rental amounts is likely for the 2008 crop year. Considering this volatility, it may be a good time for landlords and tenants to explore putting a flexible lease arrangement in place. Flexible leases allow for the final rent amount for a given year to be determined by the actual prices and yields that exist in that year.

There are several types of flexible leases discussed in Ag Decision Maker File C2-21, "Flexible Farm Lease Agreements." This article will focus on the "Base Rent plus Bonus" arrangement. Under this type of flexible lease a minimum base rent is specified, plus the landowner receives a share of the gross income in excess of a certain base value which may be the tenant's cost of production. The bonus is usually one-third to one-half of the amount of the income over the base value. The parties must agree on the cost of production to be used as well as how to calculate gross income.

Gross income is generally price times yield plus other payments. A method for determining the price and yield to be used must be determined. Actual yields can be determined by: weight tickets, combine yield monitors, weigh wagons, or storage bin capacity. Adjustments can be made on the rent the following year if the actual yield varies from the estimated yield. Other payments to include in gross income must also be agreed upon.

The price used to calculate the final rent payment can be the cash price at a local elevator or processor on a specified date or an average of prices on several dates. Prices chosen should be available before the time the final rent is paid. For example, if the final rent payment is due December 1, then the price used could be the local elevator price on November 1 or an average of prices on September 15, October 15 and November 15.

Another feature that may be desirable in the agreement is to have a minimum and maximum rent established. This keeps the actual rent paid each year within a desirable range. If the lease requires a portion of the rent to be paid in advance, the advance portion may be fixed while the final payment flexes to reflect the impact of price and yield levels for the year. It is very helpful to create a matrix which would show the various rental amounts that would be paid given various price and yield combinations.

The Ag Decision Maker website:

<http://www.extension.iastate.edu/agdm/> contains the article mentioned above as well as a spreadsheet that will calculate flexible rental amounts using five different methods. The spreadsheet output is a matrix of rental amounts for a range of prices and yields. If you have any questions about flexible leases or would like to see an example of a flexible lease, contact Extension Farm Management Specialist Ron Hook at rhook@iastate.edu or 712-754-3648 or Tom Olsen at tolsen@iastate.edu or 712-732-5056.

Dairy Producers Learn to *SPEAK OUT!*

By Chris Mondak, ISU Extension Dairy Field Specialist

A Report on a Workshop presented by Midwest Dairy Association

"*It's not self-promotion – It's self-preservation!*" is the message a group of dairy producers and professionals heard from Donna Moening, VP of Industry Promotion and Marketing for Midwest Dairy Association, at a dairy industry public relations training workshop on December 7 in NW Iowa. This article highlights the key messages presented at the workshop.

If you are in dairy production agriculture, it is not enough to be good at managing your cows, your land, your family and your workers. It is also vitally important to be involved in managing the messages that are delivered by and about our dairy industry.

We must be ambassadors and educators for our industry, and we need to learn how to deliver the accurate, right message, with the right words, and the right simple delivery.

We often lament about how a reporter or news broadcast presents a negative message about agriculture, including dairy production. Why does this negative press happen?

Moening's explanation sheds light on this: Less than 2% of the US population lives on a farm, and more than 98% have little knowledge about how food is produced. In this information vacuum, the greater part of the population is likely to be influenced by the emotional, passionate, and often inaccurate messages delivered by anti-agriculture activists.

What's a dairy producer to do? Moening provided a quote from John Stossel, ABC's 20/20 News Magazine correspondent to answer this question. Stossel said, *"Here's how you (in agriculture) are getting rolled. You don't talk as well as they (activists) do. You're busy running your business or farm...and until you get up and start saying loudly, 'Reporter, you got that wrong! Here's the truth!' Until you start speaking up, defending what you believe, you'll keep getting rolled in the debate."*

So how can we do better at "speaking out" our story? Moening instructed that we have to give a "Winning Message" – a message that addresses the fears and concerns of consumers, and that uses the right words and simple delivery style. For example, top concerns of consumers right now are Animal Care, Food Safety, Environment, and Nutrition. Here are demonstration answers Moening provided to serve as examples of ways to answer questions on these hot button issues:

Animal Care: "Dairy cows must be healthy and well-cared for in order to produce pure, wholesome milk."

Food Safety: "Milk and dairy products undergo a number of safety, quality and sanitation procedures such as pasteurization, making them amongst the most highly regulated and safest foods available to consumers."

Environment: "As dairy farmers who live on or near the land that our families farm, we understand the importance of protecting our natural resources. We depend on this land for our business and quality of life."

Nutrition: "Milk offers a powerful package of calcium and eight other essential nutrients for you and your family to enjoy."

By reading these few paragraphs, you are already more informed and equipped to speak out for your industry than you were a few minutes ago. Want to learn more? You have several avenues to take to become more informed and skilled at message delivery to a reporter, your neighbors, a community group, or to a group of friends at church or other local organization.

1. Contact MDA – Midwest Dairy Association for more information and resources. Visit them at www.mda.com or www.3aday.org
2. Contact Chris Mondak, ISU Extension Dairy specialist in NW Iowa, to learn more about accessing materials you can use for a presentation to a local group.
3. Look for an opportunity to take part in the 3-hour Speak Out workshop presented by MDA. This is an excellent way to learn information, practice skills, and build confidence in your ability to deliver a simple, effective message. ISU Extension is planning to host the MDA workshop again in the near future. Contact Chris Mondak to get your name on the list for the next session: 712-737-4230 or cmondak@iastate.edu

Upcoming Sheep Meetings

By Dennis DeWitt, ISU Extension Livestock Field Specialist

Sheep Education

Thursday January 4, 2007 at 6:30pm

Primghar Community Building

Leg of Lamb Dinner \$5/person

Program speaker:

Dr. Larry Holler and his wife Susan raise sheep near White, South Dakota. They have approximately 200 ewes, many of which are carriers for a genetic disease that has been the focus of their own personal sheep research project for the past 15 years. The genetic disease is called GM1 gangliosidosis and has been studied for the past 25 years as an animal model of a similar genetic disease that affects humans. The major interest in recent years has focused on the primary chemical that accumulates in the brain of lambs affected with this disease, GM1 ganglioside. This chemical has been investigated as a treatment for a variety of neurological disorders including spinal cord injury and Parkinson's disease. Currently, GM1 ganglioside from these sheep is marketed to researchers

worldwide. Dr. Holler will talk about the ups and downs of an unusual attempt at value added agriculture while covering a few of the mistakes and successes they have made along the way. Contact Julie Hofland at djhland@evertek.net for further information.

Lambing Time Management Workshop

Saturday January 20, at 10-12 p.m. or 1:15-3:15 p.m.
Lambing barn location is the Kevin & Rebecca Goeken farm, 1563 350th Street, Everly (on B24 blacktop between Everly and Spencer). Dr. Larry Holler, SDSU Diagnostic Laboratory, Brookings, SD and Dennis DeWitt, ISU Extension Livestock Specialist will be present to answer ALL your lambing time questions. Fee \$15/person.

Sheep Production Education Seminar

Wednesday January 31, 2007 at 9:45 a.m. – 3:15 p.m.
Community Building, Hartley
Speakers are Dr. Kraig Leymaster, U.S. Meat Animal Research Center, Clay Center, Nebraska; Dr. Dan Morrical, ISU Extension Sheep Specialist and Dennis DeWitt, ISU Extension Livestock Field Specialist. Fee \$15/person.

Profitable & Sustainable Meat Goat Enterprise Seminar

Saturday February 3, 2007 at 9:45 a.m. – 3:15 p.m.
Community Building, Royal
So you want to get in the meat goat business. Are you really, really, really sure? Speakers are the Eric & Deb Finch, President of the Iowa Meat Goat Association, State Center; Dave & Lori Abel, Royal; Dan Morrical, ISU Extension Sheep & Goat Specialist and Dennis DeWitt, ISU Extension Livestock Field Specialist.
Fee \$15/person. Contact dewitt@iastate.edu for further information or to register for any of the above events.

Soybean Seeding Rates

By Joel DeJong, ISU Extension Crop Field Specialist

Seed costs in soybeans have risen by over \$12 per acre in the last 15 years, according to Iowa Farm Business Association numbers. Having too few seeds per acre can cause a significant loss of yield, but dropping a lot of extra seeds just to make certain we have enough isn't as cost effective as an "insurance policy" as it used to be. Maybe the ideal seeding rate needs to be re-evaluated.

Palle Pedersen, ISU Extension Soybean Specialist, has been comparing 15" and 30" row spacing the last four years, under a wide range of population levels.

He learned that 100,000 plants per acre spread out uniformly was an adequate population to not limit top end

soybean yields, for both of the row widths he has studied. Of course, that means we likely have to plant more seeds, typically 15 to 30% more, to insure we get the final stand we need. Based on that data he has changed ISU Extension soybean planting recommendations to a range of 125,000 to 140,000 seeds per acre, from previous recommendations for narrow rows that went all the way up to 175,000 seeds per acre for 15" rows. Palle has a much more thorough discussion of this topic and management suggestions located on the soybean management web page: http://extension.agron.iastate.edu/soybean/production_plantpopulation.html.

A suggestion – if seedbed conditions are perfect, and your planter places the seed exactly where it needs to be, then getting to the lower part of the suggested range is a good target population. However, anything that causes seed placement to be less accurate might be good reason to start moving that target rate a little higher in the suggested range. And, if placement is really poor – like we sometimes see in drilled beans in a very high residue situation – then maybe the old numbers still remain pretty good. Some situations where seeding rates should change include raising the population if seed conditions are not optimal; maybe increasing some as row spacing decreases; raising seeding rates if germination of the seed is low; higher seeding rates if speed is too high due to poor seed placement; higher seeding rates if not treated with a fungicide seed treatment; or maybe lowering seeding rates and using tolerant varieties if white mold has been an issue on this field.

Is there any data in NW Iowa showing that this might work? Yes! We did a comparison on 125,000, 150,000 and 175,000 seeds per acre at the NW Research Farm near Calumet in O'Brien County. They all yielded within 1.5 bushels of each other with no statistical difference. Additionally, in Lyon, Sioux and Osceola Counties a project being done in conjunction with the NW Iowa Research Association has conducted 30 on-farm trials this year with 16 different cooperators. Nine of these projects were soybean seeding rate comparisons, looking at targeted planting rates of 125K vs. 175K seeds per acre. Row spacings used by cooperators included 15", 22" 30" and 36". None had a statistically different yield at any of the sites. Average yield for the 125,000 populations over all sites was 60.8 bushels per acre; average for the 175,000 seeds per acre planting rate was 61.4 bushels per acre. For more information and details of the data, check out the NW Iowa On-Farm research Project web page at <http://ofr.ag.iastate.edu/>.