

## **Penn State Cooperative Extension Capitol Region Dairy Team**

**ESTABLISHING** RENTAL RATES Roland P. Freund **Regional Farm Management Agent** Carlisle

There is no easy "rule" to tell us what rate we should charge (or expect to pay) for the rental of a particular item. Ultimately it is the amount of money that one person is prepared to give for its use that sets the rate. That amount usually depends on the supply and demand in a particular location. But it is helpful to use a systematic approach when evaluating a "deal" so that we can compare different situations and different "offers."

• "What should I charge to rent my dairy farm?" This seems like a simple question, but before we can begin to answer we need to divide the "dairy farm" into its component parts. There are the dairy buildings, the feed storages, the utility buildings, the cropland, the pasture, and the residence. The use value of each of these contributes to the utility value of "the farm" and hence the rent value.

• Dairy facilities. In a dairy situation, we often consider the first three items as a packaged deal. The items that have the biggest impact are the cow housing and milking system, because they impact the potential milk productivity and the labor requirement per cow. Where we have comfortable stalls, great ventilation, and an efficient milking system, a dairy producer could afford to pay up to \$250 per cow housed per year. For this the producer should expect good dry cow and heifer housing, plus easily accessible feed storage to be included. Unfortunately, rental facilities that meet all these qualifications are few and far be-

Renters should avoid any facility that fails the cow comfort and ventilation tests. But if they are willing to compromise on any or all of the other traits, the rental rate should be lowered accordingly. Very "basic" facilities are probably only worth \$120 per stall per year. So a good 80 tiestall facility might be worth \$150 per stall or \$12,000 a year.

• Land. Cropland values depend upon soil type and location. Shale or "slate" land is droughty and often rents for \$15 to \$50 per acre per year. Deep loams or "limestone" soils run from \$50 to \$100 an acre. In some specific locations, severe competition has raised the amount people are willing to pay to more than double the above rates. Pastureland normally rents for about 50 percent of the comparable cropland. So 100 acres of cropland at \$80 would be \$8,000 and 10 acres of pasture at \$40 another \$400.

• Residence. Housing values depend upon the local demand. As part of a "farm package," expect the house to bring about 60 percent of the local going rate. If the market rate is \$500 a month, the "farm" value might be \$300 a month or \$3,600 per year.

• Farm rental value. Combining the example values used



Roland P. Freund

above we have: Dairy facilities: \$12,000. Cropland: \$8,000. **Pasture: \$400.** Residence: \$ 3,600.

Total per year: \$24,000, or \$2,000 per month.

These figures are used only to illustrate the process. Landlords and dairy renters should together discuss each component of a package and agree upon a rental

 Other situations. Sometimes a landowner has unused facilities that another farmer would like to use. If the farmer built his own, similar facility, his annual ownership costs for depreciation, interest, taxes, and insurance might run 15 percent of the construction cost. So it would be reasonable to negotiate a rental rate between 5 percent and 10 percent of replacement cost for the facility. Repair costs and electric charges would be additional to the rental.

• Silo storages. Another approach might be to look at the convenient alternative. For example, if it would cost \$4 per ton to store feed in an ag plastics tube, then that would be a starting point to arrive at a rental price per ton on the storage capacity of an upright silo.

• Repair charges. Routine maintenance costs are always the responsibility of the renter, and major repairs such as re-roofing the barn come from the landlord's pocket. It is the in-between items such as electric motors or refrigeration compressors that cause arguments.

A compromise that seems to be reasonable and fair is to have in the rental agreement a clause which states something like this: "Repairs — The first \$100 of any repair event shall be paid by the tenant. The next \$400 shall be shared equally by the landlord and tenant. Any amount greater than \$500 shall be the responsibility of the landlord." With this kind of arrangement, tenants don't end up taking a milk cooler compressor with them when they leave the farm.

• Agreements. Before making any agreement, always negotiate the details. Prepare a draft agreement. Have an attorney draft the legal document, which should then be reviewed by legal counsel for the other party and signed before witnesses.

## Schuylkill County Youth Take Center Stage at 4-H Achievement Night

SCHUYKILL HAVEN (Schuykill Co.) — On November 21, more than 100 4-H members, leaders, and supporters gathered here at The Parish Center of St. Ambrose Roman Catholic Church, to celebrate the close of the 4-H year and to honor the 4-H members.

Among those recognized were the winners of the following

The Schuylkill County 4-H Public Speaking Contest was Aug. 1. Corporate sponsor Empire Beauty School contributed \$500 to the event, providing savings bonds, plaques, and trophies to participants. Participants are listed below.

Junior division first place, Rebeccah Leiby, 12, Schuylkill Haven; second place, Darla Romberger, 12, Klingerstown; and third place, Robert Leiby, 13, Schuylkill Haven.

Senior division first place, Scarlett Hester, 15, Pine Grove; and second place, Jessica Stemmler, 15, New Ringgold.

The public speaking contest grand champion title went to Rebeccah Leiby. Reserve grand champion was Scarlett Hester.

Schuylkill County 4-H Teen Council members who met the club's annual attendance, community service, and participation requirements were recognized at Achievement Night.

Active Teen Council members are Roby Dippel, 18, Schuylkill Haven; Marissa Frompovicz, 17, Auburn; Scarlett Hester, 15, Pine Grove: Kara Noecker, 14, Auburn; Jeremiah Roeder, 17, Auburn; Paul Shealer, 19, Auburn; Crystal Smith, 19, Auburn; and Sarah Zimmerman, 15, Pine Grove.

The Pennsylvania 4-H Junior Dairy Show was Sept. 22 at the Farm Show Complex in Harrisburg. Schuylkill County winners are listed below.

Andrew Daubert, 19, Pine Grove; David Dunn, 18, New Ringgold; James Dunn, 11, New Ringgold; Joshua Dunn, 14, New Ringgold; Rosie Moyer, 18, Bernville; Wynonna Moyer, 10, Bernville; Shelly Rex, 12, Andreas; Erica Rhein, 13, Pine Grove; and Aissa Schaeffer, 12, Pine Grove.

The Pennsylvania State 4-H Horse Show was Oct. 24-26 at Harrisburg's Farm Show Complex. Winners from Schuylkill County are listed below.

Ashley Dippel, 19, Schuylkill Haven; Leighana Ginther, 14, Schuylkill Haven; and Allison Greco, 16, Schuylkill Haven.

The Penn State 4-H Achievement Days contest was July 30 at Penn State University's Main Campus. The Schuyl-kill County 4-H Horse Bowl Team placed third in the state.

Team members were Rebecca Cunningham, 15, Pine Grove; Nicki Davis, 16, Port Carbon; Katie Degler, 17, Schuylkill Haven; and Allison Greco, 16, Schuylkill Haven. Greco was also the First Place Individual in the contest.

Schuylkill County's Outstanding 4-H'er Award Winners were recognized at Achievement Night. Winners wrote essays about their 4-H experiences and the life skills they'd learned, provided details on their 4-H involvement at county, regional, state, and national levels, and discussed their community service experiences.

Katharine Yuengling, 11, Orwigsburg, was named 2003 Schuylkill County Junior Outstanding 4-H Member. Yuengling is a member of the C. C. Riders 4-H Horse and Pony Club and the Wilderness Explorers 4-H Club. She attends sixth grade at Blue Mountain Middle School. Along with being active in two 4-H clubs, she takes karate lessons, plays the piano, and enjoys creating art.

Kellilyn Greco, 12, Schuylkill Haven, was named 2003 Schuylkill County Intermediate Outstanding 4-H Member. Greco is a member of the C. C. Riders 4-H Horse and Pony Club. She is a seventh grader at St. Ambrose School, where she serves as a student council representative, is a member of the Pep Club, and works on the In-School Publicity Committee. Greco is serving a term as 2003 Schuylkill County fair princess.

Allison Greco, 16, Schuylkill Haven, was named 2003 Schuylkill County Senior Outstanding 4-H Member. Greco belongs to the C. C. Riders 4-H Horse and Pony Club and is a member of the Schuylkill County 4-H Teen Council. She attends Nativity of the Blessed Virgin Mary High School, where she is completing eleventh grade. Greco volunteers her time at the 4-H/United Cerebral Palsy Therapeutic Riding Program. She also belongs to her school's Spanish Club, Interact Club, and Math Club; and she attended the 2003 Hugh O'Brian Youth (HOBY) Conference.

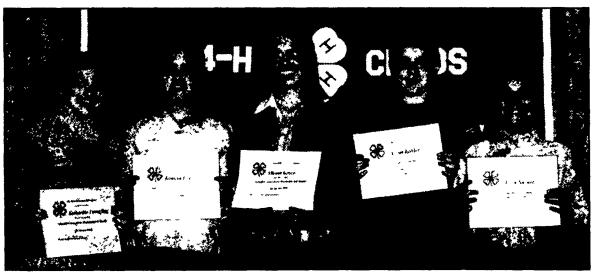
Two Outstanding 4-H Member applicants were recognized for noteworthy achievement in their specific areas of 4-H involvement.

Evan Snyder, 11, Pitman, was recognized for Outstanding Achievement in the 4-H dairy project area, junior division. Snyder is a member of Grassy Meadows 4-H Club. He attends fifth grade at Mahantongo Elementary School.

Adam Kahler, 12, Pitman, was recognized for Outstanding Achievement in the 4-H dairy project area, intermediate division. Kahler is a member of Grassy Meadows 4-H Club and is completing the seventh grade at Tri-Valley High School.

Retiring 4-H leader Doreen Smith was also honored. Smith, a resident of Auburn, helped to found the Blue Mountain 4-H Livestock Club and has served for several years as secretary of the Schuylkill County 4-H Development Board.

She was the first recipient of the new Claude Riegel Memorial Outstanding 4-H Leader Award, an honor sponsored by Jefferson Grange # 1384 in honor of former Worthy Master of the Grange Claude Riegel. Riegel was a former resident of Orwigsburg and lifelong 4-H supporter.



Recognized for their achievements were Schuylkill County Outstanding 4-H Members, from left, Katharine Yunegling, Kellilyn Greco, and Allison Greco. Also honored for achievement in the 4-H Dairy Project Area were members Adam Kahler, second from right, and Evan Snyder, right.

## Passing on Farm Workshop Dec. 16

CHAMBERSBURG (Franklin eration, should attend. Beginning Co.) — Pennsylvania Farm Link and Penn State Extension will conduct a Passing on the Farm workshop at the Lighthouse Restaurant, 4301 Philadelphia Avenue in Chambersburg, Dec. 16, from 9:30 a.m. to 3:30 p.m.

Farmers seeking ideas for successfully passing their farm to family members, or those interested in locating interested, unrelated farmers to take over an opfarmers are also urged to participate to glean ideas for building their businesses.

Topics covered will include: bringing the next generation into the farm business; business planning for a farm transfer; financing for new farmers; crop insurance; estate planning and legal implications; and farmland preservation.

The workshop will conclude

with a panel of local farmers discussing how they transferred their own farms.

Lunch at a cost of \$10 per person will be served in the restaurant. Reservations are required by Dec. 9. Pease mail your reservations to Pennsylvania Farm Link, 2708 N. Colebrook Road, Manheim, PA 17545. Questions about this workshop or farm transfer issues can be answered at (717) 664-7077.