

# California Production Cost Comparison

## California Production Cost Comparison, 2005

Production Cost Comparison 2005 <sup>1/</sup>	2004 Average	North Coast	North Valley	South Valley	Southern California	2005 Average	Percent Change
<b>Number of Herds</b>	<b>196</b>	<b>17</b>	<b>90</b>	<b>60</b>	<b>13</b>	<b>179</b>	
<b>1. Feed Costs</b>							
a. Dry Roughage	\$30.17	\$39.08	\$30.81	\$31.23	\$36.92	\$31.66	4.9%
b. Wet Feed & Wet Roughage	\$17.64	\$8.36	\$21.89	\$20.42	\$13.46	\$20.18	14.4%
c. Grain	\$55.91	\$61.72	\$57.79	\$59.63	\$52.23	\$58.53	4.7%
d. Minerals & Supplements	\$6.47	\$1.77	\$7.19	\$6.07	\$6.30	\$6.38	-1.4%
e. Pasture	\$0.42	\$11.72	\$0.34			\$0.49	15.8%
<b>Total Feed Costs</b>	<b>\$110.62</b>	<b>\$122.65</b>	<b>\$118.02</b>	<b>\$117.34</b>	<b>\$108.90</b>	<b>\$117.24</b>	<b>6.0%</b>
<b>Total Feed Costs (% of total cost)</b>	<b>49.5%</b>	<b>51.0%</b>	<b>49.8%</b>	<b>48.6%</b>	<b>48.0%</b>	<b>49.1%</b>	
<b>2. Total Labor</b>	<b>\$26.84</b>	<b>\$31.70</b>	<b>\$29.04</b>	<b>\$25.90</b>	<b>\$28.68</b>	<b>\$27.46</b>	<b>2.3%</b>
<b>Total Labor Costs (% of total cost)</b>	<b>12.0%</b>	<b>13.2%</b>	<b>12.3%</b>	<b>10.7%</b>	<b>12.6%</b>	<b>11.5%</b>	
<b>3. Herd Replacement</b>	<b>\$29.11</b>	<b>\$24.36</b>	<b>\$31.31</b>	<b>\$34.05</b>	<b>\$31.44</b>	<b>\$32.54</b>	<b>11.8%</b>
<b>Total Replacement Costs (% of total cost)</b>	<b>13.0%</b>	<b>10.1%</b>	<b>13.2%</b>	<b>14.1%</b>	<b>13.9%</b>	<b>13.6%</b>	
<b>4. Operating Costs</b>							
a. Utilities	\$4.33	\$5.69	\$4.73	\$4.15	\$4.66	\$4.45	2.6%
b. Supplies	\$7.94	\$10.35	\$7.81	\$8.52	\$8.50	\$8.30	4.6%
c. Veterinary & Medicine (incl. rBST)	\$6.38	\$7.09	\$7.82	\$7.41	\$4.34	\$7.37	15.5%
d. Outside Services	\$3.16	\$2.94	\$3.55	\$3.41	\$2.77	\$3.41	7.8%
e. Repairs & Maintenance	\$4.72	\$6.45	\$5.14	\$4.75	\$6.65	\$5.07	7.4%
f. Bedding & Manure Haul	\$1.35	\$2.41	\$1.55	\$0.93	\$2.81	\$1.33	-1.6%
g. Tractors, Trucks, Fuel & Oil	\$3.31	\$4.14	\$3.48	\$3.77	\$1.45	\$3.52	6.5%
h. Miscellaneous	\$1.13	\$1.28	\$1.03	\$1.32	\$1.25	\$1.20	6.1%
i. Interest	\$6.09	\$2.22	\$3.16	\$10.01	\$5.78	\$6.88	13.0%
j. Lease Expense	\$2.49	\$3.01	\$3.31	\$2.56	\$4.43	\$2.98	19.4%
k. Depreciation	\$6.39	\$4.82	\$6.10	\$7.42	\$3.83	\$6.61	3.4%
l. Taxes & Insurance	\$1.54	\$1.76	\$1.95	\$1.80	\$1.87	\$1.86	20.8%
<b>Total Operating Costs</b>	<b>\$48.85</b>	<b>\$52.18</b>	<b>\$49.64</b>	<b>\$56.04</b>	<b>\$48.33</b>	<b>\$52.99</b>	<b>8.5%</b>
<b>Total Operating Costs (% of total cost)</b>	<b>21.8%</b>	<b>21.7%</b>	<b>21.0%</b>	<b>23.2%</b>	<b>21.3%</b>	<b>22.2%</b>	
<b>5. Milk Marketing Costs</b>							
a. Hauling	\$4.86	\$6.12	\$5.59	\$4.86	\$6.17	\$5.26	8.1%
b. State Assessments	\$2.35	\$2.44	\$2.39	\$2.32	\$2.28	\$2.35	0.0%
c. Federal Assessments & Misc. Ded.	\$0.95	\$0.82	\$0.92	\$0.96	\$1.01	\$0.95	0.0%
<b>Total Milk Marketing Costs</b>	<b>\$8.16</b>	<b>\$9.39</b>	<b>\$8.90</b>	<b>\$8.14</b>	<b>\$9.46</b>	<b>\$8.55</b>	<b>4.8%</b>
<b>Total Milk Marketing Costs (% of total cost)</b>	<b>3.6%</b>	<b>3.9%</b>	<b>3.8%</b>	<b>3.4%</b>	<b>4.2%</b>	<b>3.6%</b>	
<b>6. Total Milk Marketing Costs (\$/cwt.)</b>	<b>\$0.47</b>	<b>\$0.59</b>	<b>\$0.50</b>	<b>\$0.45</b>	<b>\$0.56</b>	<b>\$0.48</b>	<b>3.4%</b>
<b>7. Total Cost (\$/Cow/Month)</b>	<b>\$223.57</b>	<b>\$240.28</b>	<b>\$236.91</b>	<b>\$241.47</b>	<b>\$226.82</b>	<b>\$238.77</b>	<b>6.8%</b>
<b>8. Total Cost (\$/cwt)</b>	<b>\$12.75</b>	<b>\$15.03</b>	<b>\$13.35</b>	<b>\$13.42</b>	<b>\$13.37</b>	<b>\$13.43</b>	<b>5.4%</b>
<b>9. Milk Production Data</b>							
a. Adjusted Gross (\$/cwt.)	\$14.94	\$15.61	\$14.49	\$13.82	\$14.23	\$14.15	-5.3%
b. Milk Sold/Cow/Month (cwt.)	17.54	15.99	17.74	18.00	16.96	17.78	1.4%
c. Gallons sold/Milk Cow/Day	7.76	7.13	7.85	7.96	7.52	7.87	1.3%
d. Fat Test %	3.70%	3.81%	3.79%	3.64%	3.51%	3.70%	
e. SNF Test %	8.80%	8.82%	8.85%	8.79%	8.73%	8.81%	
f. Fat Sold/Milk Cow/Month (lb.)	75.09	71.00	77.90	75.80	69.12	76.05	1.3%
g. SNF Sold/Milk Cow/Month (lb.)	178.71	164.45	181.72	183.05	171.72	181.27	1.4%
<b>10. Related Data</b>							
a. Percent Dry Cows	14%	14%	14%	14%	14%	14%	
b. Yearly Cull Rate	35%	32%	34%	35%	34%	35%	
c. Avg. Value (\$/Drop Bull Calf)	\$102.78	\$113.58	\$115.12	\$151.38	\$129.22	\$135.28	31.6%
d. Milk Cow Alfalfa Hay Price (\$/ton)	\$142.87	\$164.97	\$170.24	\$160.45	\$152.25	\$163.79	14.6%
e. Grain, Mnrls & Splmnts (\$/ton)	\$161.65	\$206.64	\$167.65	\$160.30	\$150.86	\$163.57	1.2%
f. Grain, Mnrls. & Splmnts. (lbs/mc/day)	28.69	23.07	28.78	30.61	29.19	29.59	3.2%
g. Milkers (\$/hr with benefits & taxes)	\$13.19	\$12.57	\$14.30	\$12.40	\$16.72	\$13.33	1.1%
h. Total Feed Costs (\$/Milk Cow/Day)	\$3.92	\$4.39	\$4.18	\$4.14	\$3.86	\$4.15	5.7%
i. Milk Cow Feed Costs (\$/cwt.)	\$5.87	\$7.16	\$6.19	\$6.05	\$5.98	\$6.13	4.3%
j. Milk Cows (average herd size)	817	282	665	1,359	730	866	6.0%
k. Total Cows (average herd size)	946	329	770	1,573	847	1,002	6.0%
l. Mailbox Price (\$/cwt.)	\$14.79	\$15.26	\$14.35	\$13.60	\$13.89	\$13.95	-5.7%

<sup>1/</sup> All costs: per cow per month, unless noted  
 Definitions for line items see ( Appendix A )

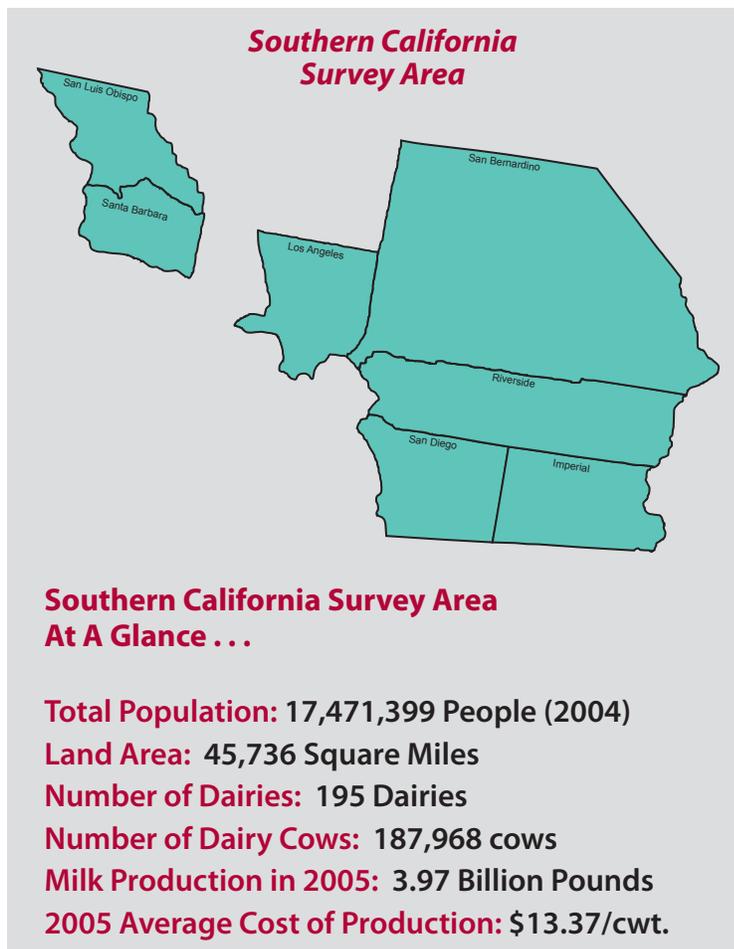
# Southern California Survey Area

## Southern California in 2005:

In 2005, Southern California saw many changes with lower overall milk production, fewer cows, fewer dairies, and more urban housing and development. California's production per cow increased but in Southern California it remained relatively flat, a result of wet weather. The year began with an abundant amount of rainfall approaching the limits of the California Regional Water Quality Control Board of the Santa Ana Region for general waste discharge for dairies and related facilities. The area almost exceeded the limits of a chronic or catastrophic excess of a 24-hour, 25-year rainfall event. This resulted in low milk production during the first quarter.

Southern California producers tend to feed more hay per cow, due to very limited silage production. Some producers altered their rations by feeding less alfalfa hay, due to high prices and limited supply of quality hay. Producers elected to feed less expensive wet feeds and grain byproducts since alfalfa hay prices increased by 18.5 percent per ton compared to a year ago. Feeds with high moisture content like brewer's malt and citrus pulp, were increased in the ration or added as a new component, resulting in the wet feed category rising by 29 percent. Four percent per cow more grains and grain byproducts were fed, while the cost per ton decreased by three percent. Overall, feed prices increased by 2.6 percent.

As urban housing developments grow in the Chino Basin, resulting in high land values, dairy producers continue to relocate. In past years, many dairy producers have entered into long-term escrows which generally cover two-to-three year periods for their land. In 2005, many of these escrows came due, which resulted in producers relocating to other areas of California or out of state. Producers that have wanted to continue to operate in the region faced the difficult task of finding a facility to rent. As for relocating to Northern California, it remains a popular destination, but with high land values, lengthy permitting process (for new or remodeling existing facilities) and unsettled environmental issues, producers are looking out of state. One of the popular places for producers to relocate is Texas, due to a friendlier permitting process for new dairies and lower land prices. Another is Idaho, due to the number of existing dairies for rent or sale. Washington, Colorado, and other states are also destinations of choice.



Total milk production in Southern California decreased by 11 percent compared to a year ago with approximately 25,000 fewer cows. When comparing this data to the year 2000, there is a decrease of 34 percent in milk production in this area with approximately 101,500 fewer cows. If the trend of the last few years continues, there could be little production by the year 2010 in the Chino Basin. The year 2000 started with 306 dairies, by the start of 2006 there were only 195 dairies with many of them in long-term escrow contracts.

