The Alfalfa Marketing Initiative

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Introduction....
This project was funded through an Agricultural Development and Diversification (ADD) Program grant from the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) to address the rising need of Wisconsin’s expanding dairy producers to purchase quality hay off the farm. The grant was awarded to and administered by the Golden Sands Resource Conservation and Development (RC&D) Council, Inc., a 501(C)3, non-profit corporation working in nine Central Wisconsin counties since 1972. Andrea Oppermann served at Project Leader.

History...
In March, 1998, a small group of dairy farmers, custom hay operators and irrigated vegetable growers were assembled in Stevens Point to brainstorm on this initiative. They discussed the demand for hay; hay quality, moisture content, bale size and weight; transportation costs; manure bartering; contract development and the exchange of vegetable by-products and cover crops. They concluded that it was a worthwhile project to pursue.

Goal...
The goal of the project is to provide a link between 1) Wisconsin’s expanding dairy operators who purchase hay off the farm, often from as far away as Nebraska, Manitoba and South Dakota, 2) irrigated vegetable growers who may be interested in adding a few years of alfalfa to their rotation to improve soil health and break pest cycles, and 3) custom hay producers who provide establishment, harvesting and transportation services.

Project Description...
At the March, 1998 brainstorming session, the group agreed that the following five-step process be taken. It became the methodology for this initiative:

1. Conduct a market analysis survey via direct mail to irrigated vegetable growers and expanding dairy operators within reasonable distance of Central Wisconsin to determine the quantity and quality of alfalfa hay supply and demand.

2. Implement two “Alfalfa Marketing Seminars” where farmers can learn about the market analysis, pros, cons and challenges of alfalfa in a vegetable rotation; legal aspects of developing farmer-farmer contracts; and share their personal concerns with one another.

3. Hold a follow-up meeting for seminar participants where specific information about each dairy producer’s hay and haylage needs is made visible and available to attending irrigated vegetable growers. They can then discuss and give further consideration to producing hay to fulfill those needs.

4. Present the results of all three meetings at the Central Wisconsin Area Potato Growers Meetings, to be held in February, 1999, in Stevens Point.

5. Create an electronic bulletin board on the Internet where buyers, growers and custom operators can connect with one another.
Results...
The market analysis survey was mailed to 291 dairy producers and 187 irrigated vegetable growers, whose names were provided by County Extension Agriculture Agents. The purpose of the survey was to determine the interest irrigated vegetable growers had in adding alfalfa to their crop rotation and the interest of expanding dairy producers in purchasing that product. The survey also addressed issues related to costs, contracts, and the trade or sale of vegetable by-products and manure. Eighty-seven surveys were returned, for a response rate of 18%. Some of the survey results are as follows:

→ 59% of dairy and 91% of vegetable growers responding expressed an interest in the project.

→ Both parties were concerned with the economics involved with alfalfa marketing. Average prices reported for various contract lengths were as follows:

<table>
<thead>
<tr>
<th>Contract Length</th>
<th>Vegetable</th>
<th>Dairy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>$95.00/ton</td>
<td>$103.00/ton</td>
</tr>
<tr>
<td>2 Year</td>
<td>$102.00/ton</td>
<td>$90.00/ton</td>
</tr>
<tr>
<td>3 Year</td>
<td>$80.00/ton</td>
<td>$100.00/ton</td>
</tr>
</tbody>
</table>

→ Contract length was a concern for both parties. 66% of dairy respondents preferred a 1 year contract vs. 6% of vegetable growers. Vegetable growers preferred a 3 year contract at 56% vs. 7% for dairy producers.

→ 100% of vegetable growers and 88% of dairy producers responded favorably toward establishing one-on-one relationships between buyer and seller.

→ Both groups saw benefits in bartering for manure. 76% of vegetable producers and 63% of dairy producers expressed an interest in this possibility.

→ As far as rye forage and other vegetable by-products were concerned, 72% of dairy farmers and 55% of vegetable producers were not interested in buying or selling rye forage. In contrast, 73% of dairy farmers and 58% of vegetable farmers were interested in vegetable by-products.

→ Most vegetable growers agreed that adding alfalfa to their rotation would be consistent with the World Wildlife Fund’s holistic Integrated Pest Management recommendations.

→ 88% of respondents showed interest in a “risk-sharing” partnership with municipalities, should such an opportunity present itself.

→ The majority of dairy farmers desired low moisture hay, with Relative Feed Values of 150 or higher, and large square bales, with 3’ x 3’ x 8’ being the most often mentioned size.
In total, ten dairy farmers, thirteen vegetable producers, and eight custom haulers/harvesters attended the two one-day Alfalfa Marketing Seminars, held on December 14, 1998 and January 11, 1999 in Waupaca and Hancock, respectively. Presentations were made by Stu Sorenson, O&S Harvesting on "Costs and Services of Custom Haulers"; Dr. Keith Kelling, UW-Madison Soils Department on "Impacts of Alfalfa on Potato Yield and Quality"; Kevin Erb, UW-Extension NPM Specialist - Green Bay on "Challenges of Alfalfa Marketing"; Deana Sexson, UW-Extension Agriculture Agent - Portage County on "Environmental Impacts of Alfalfa Production"; Joe Stellato, UW-Extension Agriculture Agent - Shawano County on "Contract Feed Production Arrangements"; Greg Blonde, UW-Extension Agriculture Agent - Waupaca County on "Challenges for Expanding Dairies" and Tom Bertz, Attorney at Law on "Constructing Contracts". Following the presentations, farmers engaged in an open forum where numerous questions were addressed between the dairy farmers and vegetable growers present. Upon request, a copy of the sign-in sheets from both seminars was sent to all in attendance, with no objections.

The consensus of both groups attending the seminars was to meet again in Stevens Point in early February, 1999, where names and specific information about the needs of dairy farmers will be made available. This summary will go to press before this meeting takes place, but the results will be shared verbally with those present at the Central Wisconsin Area Potato Growers Meeting on February 17, 1999, in Stevens Point.

Efforts will be taken, beginning in March, 1999, to build an electronic bulletin board on the World Wide Web. This will allow interested dairy farmers and vegetable producers to log on if they are interested in either buying hay or producing it for sale. This site should be available in April.

Conclusions...
Evidence shows that this initiative has potential and significant interest in Wisconsin, but will probably not establish itself and accelerate until a few individuals develop one-on-one contracts and strive to make it work. Once a few irrigated vegetable growers realize they can improve soil quality, break pest cycles and put more money in their pockets than they can growing sweet corn or snap beans, they can meet the demand for quality hay in Wisconsin.

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