

2010 Idaho Livestock Costs and Returns Estimate



EBB-D4-10

Holstein Dairy Enterprise Annual Cow Budget

2,500-head herd 22,650 lb milk per cow
 Free stall housing Milking 2X per day
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University of Idaho Extension

Agricultural Economics & Rural Sociology

Background and Assumptions

Economic costs are used in the University of Idaho costs and returns estimates. All resources are valued based on market price or opportunity cost. This budget represents the average costs and returns per cow associated with a 2,500-cow free stall dairy. The rolling 365-day 3.5% fat-corrected milk for the year is the 2010 state average of 22,650 pounds. The herd is milked two times daily. The dairy uses a double-36 herringbone parlor with a 300-cow per hour throughput.

The herd consists of 2,500 cows total with 87 percent of cows in milk (2175 milking + 325 dry). The herd replacement rate is 35.8% annually (cull loss and mortality) with ready-to-calve heifers used as replacement (\$1,226 per head). The herd has a 5% mortality rate on mature cows and an average 12-month calving interval.

The milking cows have free stall housing with mechanical vacuum manure removal. All pens have lock-type stanchions for herd management. An average investment value of \$2,248 per cow is based on the best estimate of current cost and the average value of each component over its useful life.

Operating input costs are based on actual herd survey data, herd-based information, or both.

Waste Management

A flush-type system is used for cleaning stalls. Liquid manure goes out through the center pivot. Solid waste is spread on fields when conditions are right. The dairy also splits costs of hauling waste with local farms.

Feeds

Feed is mixed on site using a blend that is customized based on current costs and nutritional requirements by stage of production, whether high production, low production, fresh, dry, or close up (CU) to calving. The ration in this budget consists of alfalfa and other hay, corn silage, beet pulp, corn, and other feed and mineral items (see table below). Cows are grouped in five production strings, barn-fed 10 pounds of concentrate, and top-dressed the balance outside. Feed components and quantities will change if relative prices of components change, with the goal of optimizing nutritional requirements at least cost.

RATION (LB/COW)	Pen:					Cost/Ton	All Cows Cost/Day
	HI	LOW	FRESH	DRY	CU		
NUMBER OF COWS	1432	521	130	326	91	2500	
PERCENT OF HERD	57%	21%	5%	13%	4%	100%	
Alfalfa hay, dairy	15.00	15.00	13.50	0.00	0.00	\$153	\$0.95
Feeder hay	0.00	0.00	0.00	29.10	0.00	\$115	\$0.22
Close-up hay	0.00	0.00	0.00	0.00	10.00	\$136	\$0.02
Straw	0.00	0.00	0.00	3.00	0.00	\$55	\$0.01
Corn silage (32% DM)	37.00	36.00	23.00	17.00	32.00	\$35	\$0.58
Beet pulp	2.50	3.35	2.00	0.00	3.00	\$130	\$0.15
Corn	11.00	10.00	7.50	0.00	3.25	\$192	\$0.86
Barley	0.00	0.00	0.00	0.00	0.00	\$173	\$0.00
Canola	3.00	2.00	2.75	0.00	0.55	\$245	\$0.28
Distillers	5.45	5.40	4.00	0.00	0.65	\$165	\$0.37
Cottonseed	6.00	4.00	3.50	0.00	0.00	\$260	\$0.58
Molasses	2.00	2.00	1.50	0.00	0.00	\$155	\$0.13
Mineral, fresh cows	0.00	0.00	1.75	0.00	0.00	\$875	\$0.04
Mineral, lactating cows	1.30	1.00	0.00	0.00	0.00	\$515	\$0.25
Mineral, dry cows	0.00	0.00	0.00	0.25	0.00	\$1,284	\$0.02
Mineral, close-up cows	0.00	0.00	0.00	0.00	1.60	\$850	\$0.02
						Cost/day-->	\$4.49

Note: HI = high producers; LOW = lower producers; CU = close-up (typically 14-21 days before calving)

Table 1: Annual Enterprise Budget for a 2500-Head Free Stall Dairy

Item	Quantity Per Head	Unit	Price or Cost	Value or Cost/Dairy	Value or Cost/Head/Yr	Value or Cost/Cwt
Income:				\$8,800,125	\$3,520.05	\$15.54
Milk	226.5	cwt	\$14.50	\$8,210,625	\$3,284.25	\$14.50
Bull Calves	0.51	head	\$35.00	\$44,625	\$17.85	\$0.08
Heifer Calves	0.51	head	\$135.00	\$172,125	\$68.85	\$0.30
Cull Cows	0.30	head	\$497.00	\$372,750	\$149.10	\$0.66
Operating Costs:						
Feed (ton/head/yr):				\$4,088,385	\$1,635.35	\$7.22
Alfalfa hay, dairy	2.27	head	\$153.00	\$867,125	\$346.85	\$1.53
Feeder hay	0.69	head	\$115.00	\$198,807	\$79.52	\$0.35
Close-up hay	0.07	head	\$136.00	\$22,622	\$9.05	\$0.04
Straw	0.07	head	\$55.00	\$9,802	\$3.92	\$0.02
Corn silage (32%DM)	6.07	head	\$35.00	\$531,377	\$212.55	\$0.94
Beet pulp	0.43	head	\$130.00	\$139,014	\$55.61	\$0.25
Corn	1.62	head	\$192.00	\$779,161	\$311.66	\$1.38
Barley	0.00	head	\$173.00	\$0	\$0.00	\$0.00
Canola	0.42	head	\$245.00	\$256,951	\$102.78	\$0.45
Distillers	0.82	head	\$165.00	\$337,217	\$134.89	\$0.60
Cottonseed	0.81	head	\$260.00	\$528,252	\$211.30	\$0.93
Molasses	0.30	head	\$155.00	\$116,023	\$46.41	\$0.20
Mineral, fresh cows	0.02	head	\$875.00	\$36,387	\$14.55	\$0.06
Mineral, lactating cows	0.17	head	\$515.00	\$223,955	\$89.58	\$0.40
Mineral, dry cows	0.01	head	\$1,284.00	\$19,070	\$7.63	\$0.03
Mineral, close-up cows	0.01	head	\$850.00	\$22,622	\$9.05	\$0.04
Other costs:				\$3,732,500	\$1,493	\$6.59
Labor, including fringe costs	1.00	head	\$359.00	\$897,500	\$359.00	\$1.58
Herd replacement costs	1.00	head	\$287.00	\$717,500	\$287.00	\$1.27
Veterinary, breeding, testing	1.00	head	\$87.00	\$217,500	\$87.00	\$0.38
Supplies	1.00	head	\$171.00	\$427,500	\$171.00	\$0.75
Repairs and maintenance	1.00	head	\$147.00	\$367,500	\$147.00	\$0.65
Utilities	1.00	head	\$54.00	\$135,000	\$54.00	\$0.24
Milk hauling	1.00	head	\$61.00	\$152,500	\$61.00	\$0.27
State & association charges	1.00	head	\$50.00	\$125,000	\$50.00	\$0.22
Miscellaneous (fuel, insur., etc.)	1.00	head	\$160.00	\$400,000	\$160.00	\$0.71
Interest	1.00	head	\$117.00	\$292,500	\$117.00	\$0.52
Total Operating Costs				\$7,820,885	\$3,128.35	\$13.81
Net Returns Above Variable Costs				\$979,240	\$391.70	\$1.73
Fixed Costs:				\$1,550,956	\$620.38	\$2.74
Capital recovery*	1.00	head	\$529.09	\$1,322,721	\$529.09	\$2.34
Insurance*	1.00	herd	\$32,712.56	\$32,713	\$13.09	\$0.06
Overhead (2.5% Oper Costs)	1.00	herd	\$195,522.12	\$195,522	\$78.21	\$0.35
*See Table 2.						
Total Costs (Operating and Fixed)				\$9,371,841	\$3,748.74	\$16.55
Net Returns Above Total Costs				-\$571,716	-\$228.69	-\$1.01

Breakeven Price and Yield

The first breakeven analysis below presents breakeven milk prices (\$/cwt) that will cover operating costs, ownership costs, and total costs for the base yield in the enterprise budget above, as well as for milk yields that are 10% above and below the base yield. The second breakeven analysis below presents breakeven yields that will cover operating costs, ownership costs, and total costs for the base price in the enterprise budget above, as well as for milk prices that are 10% above and below the base yield. In the spreadsheet version (Excel), you can change the numbers in the percentages in the orange cells and all values will be updated. Costs, prices, and yields in this breakeven table are all linked to values in the budget above, so any changes in the budgets will be automatically updated in these breakeven analyses.

Breakeven Milk Prices (\$/cwt):

	Less: 10%	Base Yield (cwt/hd/yr):	Plus: 10%
	\$203.85	\$226.50	\$274.07
Operating Cost Breakeven	\$15.35	\$13.81	\$11.41
Ownership Cost Breakeven	\$3.04	\$2.74	\$2.26
Total Cost Breakeven	\$18.39	\$16.55	\$13.68

Breakeven Yields (cwt/hd/year):

	Less: 10%	Base Price (\$/cwt):	Plus: 10%
	\$13.05	\$14.50	\$17.55
Operating Cost Breakeven	239.7	215.7	178.3
Ownership Cost Breakeven	47.5	42.8	35.4
Total Cost Breakeven	287.3	258.5	213.7

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Table 2. Capital Costs for 2500-Head Free Stall Dairy in Southern Idaho

Item	Quantity Per Dairy	Unit	Price or Cost	Value or Cost
Initial Capital Outlays:				
Cattle:				\$3,062,500
Initial cow purchase	2,500	hd	\$1,225	\$3,062,500
Land:				\$1,787,500
Land purchase	150	ac	\$4,000	\$600,000
Site Prep: Permits, well, roads	2,500	hd	\$475	\$1,187,500
Feeding Facilities:				\$211,710
Scales	1	farm	\$100,000	\$100,000
Commodity shed, 7 bays	1	farm	\$105,000	\$105,000
Hay storage (1,200 tons)	2	farm	\$2,680	\$5,360
Hay tarps, 50' x 50'	3	stack	\$450	\$1,350
Freestall Barn				\$3,750,000
Stalls, in 5 barns, 525' x 210'	2,500	stall	\$1,500	\$3,750,000
Milking Barn				\$1,181,000
Building	3,500	sq ft	\$70	\$245,000
Double 36 parallel stalls	72	stall	\$13,000	\$936,000
Hospital Barn				\$226,000
Building	1,000	sq ft	\$70	\$70,000
Double 6 parallel stalls	12	stall	\$13,000	\$156,000
Machinery:				\$1,208,503
Generator	1	farm	\$45,000	\$45,000
Farm pickups, new	1	farm	\$40,000	\$40,000
Farm pickups, used	1	farm	\$20,000	\$20,000
4-wheelers	1	farm	\$6,000	\$6,000
10-wheel truck (manure removal)	2	farm	\$60,000	\$120,000
Tractor-125 HP	1	farm	\$95,000	\$95,000
Tractor-75 HP	1	farm	\$55,000	\$55,000
Tractor-60 HP	1	farm	\$41,000	\$41,000
Straw Spreader	2	farm	\$35,000	\$70,000
Loaders, used	2	farm	\$74,000	\$148,000
Skid steer loader	2	farm	\$35,000	\$70,000
Telehandler loader	1	farm	\$50,000	\$50,000
Semis, with feedbox mixers, new	1	farm	\$125,000	\$125,000
Semis, with feedbox mixers, used	1	farm	\$95,000	\$95,000
Dump truck	2	farm	\$16,188	\$32,376
Vacuum tank	1	farm	\$64,500	\$64,500
Backhoe	1	farm	\$45,000	\$45,000
Boxscraper	1	farm	\$3,000	\$3,000
Brush hog, 10'	1	farm	\$9,127	\$9,127
Gooseneck trailer, 28'	1	farm	\$24,500	\$24,500
Miscellaneous	1	farm	\$50,000	\$50,000
Insurance:				\$32,713
Insur., facilities @ \$5 per \$1,000	1	farm	\$26,844	\$26,844
Insur., machinery, @ \$4 per \$1,000	1	farm	\$4,834.01	\$4,834
Liability Insur. (\$1 million coverage)	1	farm	\$1,035	\$1,035
Total Capital Costs				\$11,459,926
Capital Costs per Unit				\$4,584
Average Capital Costs (Purchase - Salvage Value)/2				\$5,621,235
Average Capital Costs per unit				\$2,248
Total Capital Recovery Costs				\$1,322,721
Capital Recovery Costs per Unit				\$529

Table 3: Monthly Summary of Returns and Expenses for a 2500-Head Free Stall Dairy in Southern Idaho

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Production:													
Milk	\$656,719	\$656,719	\$656,719	\$656,719	\$656,719	\$656,719	\$656,719	\$656,719	\$656,719	\$656,719	\$656,719	\$656,719	\$7,880,622
Bull Calves	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$23,658
Heifer Calves	\$7,323	\$7,323	\$7,323	\$7,323	\$7,323	\$7,323	\$7,323	\$7,323	\$7,323	\$7,323	\$7,323	\$7,323	\$87,876
Cull Cows	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$5,873	\$70,476
Total Receipts	\$671,886	\$671,886	\$671,886	\$671,886	\$671,886	\$671,886	\$671,886	\$671,886	\$671,886	\$671,886	\$671,886	\$671,886	\$8,062,632
Operating Inputs:													
Alfalfa hay, dairy	\$70,844	\$70,844	\$70,844	\$70,844	\$70,844	\$70,844	\$70,844	\$70,844	\$70,844	\$70,844	\$70,844	\$70,844	\$850,122
Feeder hay	\$12,246	\$12,246	\$12,246	\$12,246	\$12,246	\$12,246	\$12,246	\$12,246	\$12,246	\$12,246	\$12,246	\$12,246	\$146,946
Close-up hay	\$1,663	\$1,663	\$1,663	\$1,663	\$1,663	\$1,663	\$1,663	\$1,663	\$1,663	\$1,663	\$1,663	\$1,663	\$19,956
Straw	\$817	\$817	\$817	\$817	\$817	\$817	\$817	\$817	\$817	\$817	\$817	\$817	\$9,804
Corn silage (32%DM)	\$44,282	\$44,282	\$44,282	\$44,282	\$44,282	\$44,282	\$44,282	\$44,282	\$44,282	\$44,282	\$44,282	\$44,282	\$531,378
Beet pulp	\$11,585	\$11,585	\$11,585	\$11,585	\$11,585	\$11,585	\$11,585	\$11,585	\$11,585	\$11,585	\$11,585	\$11,585	\$139,014
Corn	\$64,930	\$64,930	\$64,930	\$64,930	\$64,930	\$64,930	\$64,930	\$64,930	\$64,930	\$64,930	\$64,930	\$64,930	\$779,154
Barley													
Canola	\$21,413	\$21,413	\$21,413	\$21,413	\$21,413	\$21,413	\$21,413	\$21,413	\$21,413	\$21,413	\$21,413	\$21,413	\$256,956
Distillers	\$28,101	\$28,101	\$28,101	\$28,101	\$28,101	\$28,101	\$28,101	\$28,101	\$28,101	\$28,101	\$28,101	\$28,101	\$337,212
Cottonseed	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$528,246
Molasses	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$116,028
Mineral, fresh cows	\$3,032	\$3,032	\$3,032	\$3,032	\$3,032	\$3,032	\$3,032	\$3,032	\$3,032	\$3,032	\$3,032	\$3,032	\$36,384
Mineral, lactating cows	\$18,664	\$18,664	\$18,664	\$18,664	\$18,664	\$18,664	\$18,664	\$18,664	\$18,664	\$18,664	\$18,664	\$18,664	\$223,962
Mineral, dry cows	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592	\$1,592	\$19,104
Mineral, close-up cows	\$1,887	\$1,887	\$1,887	\$1,887	\$1,887	\$1,887	\$1,887	\$1,887	\$1,887	\$1,887	\$1,887	\$1,887	\$22,644
Supplies	\$35,626	\$35,626	\$35,626	\$35,626	\$35,626	\$35,626	\$35,626	\$35,626	\$35,626	\$35,626	\$35,626	\$35,626	\$427,506
Utilities	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$135,000
Labor, including fringe costs	\$74,793	\$74,793	\$74,793	\$74,793	\$74,793	\$74,793	\$74,793	\$74,793	\$74,793	\$74,793	\$74,793	\$74,793	\$897,510
Herd replacement costs	\$59,792	\$59,792	\$59,792	\$59,792	\$59,792	\$59,792	\$59,792	\$59,792	\$59,792	\$59,792	\$59,792	\$59,792	\$717,504
Repairs & maintenance	\$30,625	\$30,625	\$30,625	\$30,625	\$30,625	\$30,625	\$30,625	\$30,625	\$30,625	\$30,625	\$30,625	\$30,625	\$367,500
Milk hauling	\$12,709	\$12,709	\$12,709	\$12,709	\$12,709	\$12,709	\$12,709	\$12,709	\$12,709	\$12,709	\$12,709	\$12,709	\$152,502
State & association charges	\$10,417	\$10,417	\$10,417	\$10,417	\$10,417	\$10,417	\$10,417	\$10,417	\$10,417	\$10,417	\$10,417	\$10,417	\$125,004
Misc. (fuel, insur., etc.)	\$33,334	\$33,334	\$33,334	\$33,334	\$33,334	\$33,334	\$33,334	\$33,334	\$33,334	\$33,334	\$33,334	\$33,334	\$400,002
Interest	\$24,375	\$24,375	\$24,375	\$24,375	\$24,375	\$24,375	\$24,375	\$24,375	\$24,375	\$24,375	\$24,375	\$24,375	\$292,500
Veterinary Medicine	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$217,500
Machinery (Fuel,Lube,Repair)	\$2,501	\$2,501	\$2,501	\$2,501	\$2,501	\$2,501	\$2,501	\$2,501	\$2,501	\$2,501	\$2,501	\$2,513	\$30,024
Vehicles (Fuel and Repair)	\$1,497	\$1,497	\$1,497	\$1,497	\$1,497	\$1,497	\$1,497	\$1,497	\$1,497	\$1,497	\$1,497	\$1,504	\$17,965
Equipment (Repair)	\$305	\$305	\$305	\$305	\$305	\$305	\$305	\$305	\$305	\$305	\$305	\$305	\$3,654
Housing, Improvements (Repair)	\$10,668	\$10,668	\$10,668	\$10,668	\$10,668	\$10,668	\$10,668	\$10,668	\$10,668	\$10,668	\$10,668	\$10,719	\$128,061
Taxes and Insurance	\$45,676	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,676
Total	\$706,432	\$660,756	\$660,756	\$660,756	\$660,756	\$660,756	\$660,756	\$660,756	\$660,756	\$660,756	\$660,756	\$660,826	\$7,974,818

Table 5: Investment Summary for a 2500-Head Free Stall Dairy in Southern Idaho

Item	Value or Cost	Years of Life (n)	Salvage Value (\$/head)	Salvage Value (\$/herd)	Discount Rate (i)	Capital Recovery Factor	Capital Recovery Value
Initial Capital Outlays:							
Cattle:	\$3,062,500						
Initial cow purchase	\$3,062,500	3	\$525	\$1,312,500	5.00%	0.3672	\$708,225
Land:	\$1,787,500						
Land purchase*	\$600,000	30			7.50%		\$45,000
Site Prep: Permits, well, roads**	\$1,187,500	30	\$0		6.00%	0.0727	\$86,272
Feeding Facilities:	\$211,710						
Scales	\$100,000	30	\$0		6.00%	0.0727	\$7,265
Commodity shed, 7 bays	\$105,000	30	\$0		6.00%	0.0727	\$7,628
Hay storage (1,200 tons)	\$5,360	30	\$0		6.00%	0.0727	\$389
Hay tarps, 50' x 50'	\$1,350	5	\$0		6.00%	0.2374	\$320
Freestall Barn	\$3,750,000.00						
Stalls, in 5 barns, 525' x 210'	\$3,750,000.00	30			6.00%	0.0727	\$272,438
Milking Barn	\$1,181,000	30	\$118,100	\$0	6.00%	0.0727	\$85,800
Building	\$245,000						
Double 36 parallel stalls	\$936,000						
Hospital Barn	\$226,000	30	\$0		6.00%	0.0727	\$16,419
Building	\$70,000						
Double 6 parallel stalls	\$156,000						
Machinery:	\$1,208,503					Total:	\$173,434
Generator	\$45,000	25	\$4,500	\$4,500	6.00%	0.0782	\$3,438
Farm pickups, new	\$40,000	8	\$4,000	\$4,000	6.00%	0.1610	\$6,036
Farm pickups, used	\$20,000	8	\$2,000	\$2,000	6.00%	0.1610	\$3,018
4-wheelers	\$6,000	10	\$600	\$600	6.00%	0.1359	\$770
10-wheel truck (manure removal)	\$120,000	10	\$6,000	\$12,000	6.00%	0.1359	\$15,397
Tractor-125 HP	\$95,000	20	\$9,500	\$9,500	6.00%	0.0872	\$8,024
Tractor-75 HP	\$55,000	20	\$5,500	\$5,500	6.00%	0.0872	\$4,646
Tractor-60 HP	\$41,000	20	\$4,100	\$4,100	6.00%	0.0872	\$3,463
Straw Spreader	\$70,000	10	\$3,500	\$7,000	6.00%	0.1359	\$8,982
Loaders, used	\$148,000	10	\$7,400	\$14,800	6.00%	0.1359	\$18,990
Skid steer loader	\$70,000	3	\$3,500	\$7,000	6.00%	0.3741	\$23,989
Telehandler loader	\$50,000	3	\$5,000	\$5,000	6.00%	0.3741	\$17,135
Semis, with feedbox mixers, new	\$125,000	4	\$12,500	\$12,500	6.00%	0.1610	\$18,863
Semis, with feedbox mixers, used	\$95,000	2	\$9,500	\$9,500	6.00%	0.1610	\$14,336
Dump truck	\$32,376	20	\$1,619	\$3,238	6.00%	0.0872	\$2,735
Vacuum tank	\$64,500	10	\$6,450	\$6,450	6.00%	0.1359	\$8,276
Backhoe	\$45,000	20	\$4,500	\$4,500	6.00%	0.0872	\$3,801
Boxscraper	\$3,000	20	\$300	\$300	6.00%	0.0872	\$253
Brush hog, 10'	\$9,127	10	\$913	\$913	6.00%	0.1359	\$1,171
Gooseneck trailer, 28'	\$24,500	8	\$2,450	\$2,450	6.00%	0.1610	\$3,697
Miscellaneous	\$50,000	10	\$5,000	\$5,000	6.00%	0.1359	\$6,416
Total Capital Costs/Salvage Value	\$11,427,213		\$217,457				
Capital Costs/Salvage Value per Head	\$4,571		\$87				
Average Capital Costs	\$5,822,335						
Average Capital Costs per Head	\$2,329						
Total Capital Recovery Costs	\$1,403,190						\$1,403,190
Capital Recovery Costs per Head	\$561						\$561

*Opportunity cost on land investment is calculated as land value multiplied by the interest rate. Land is not depreciable.

**Site preparation charges include nutrient management expenses.