

Cheshire County Commission

Farm Business Consulting Report

Purpose of Report

The purpose of this report is to review and determine the economic viability of the farming operation at the Cheshire County Farm located in Westmoreland, New Hampshire and to make recommendations for the farm's future direction. It was noted that Cheshire County's objective for the farm is not to expect it to be a profit center, but that it operate without generating losses that are a financial burden to the county.

Scope

The scope of this review includes an analysis of the farm's income and expense reports for 1999, 2000, 2001 and year to date 2002. Crop and milk production records, including DHI herd summary information for 2002 and farm labor data was collected and used in the analysis. Current capital investment (machinery, equipment and real estate improvements) in the farm operation was also reviewed. All analysis was based on financial reports and production records supplied by Cheshire County and no audit of such reports has been completed.

Farm Description

The Cheshire County farm is located in southwest New Hampshire in the Town of Westmoreland. The farm consists of a total of 680 acres of which 50 acres are tillable. The farm grows 195 acres of cropland, most of which is rented from neighboring landowners. The farm manager is Dave Putnam. The farm staff includes two additional full-time employees, Terry Flood as Assistant Manager and Bob Simons as Herdsman. In addition, five inmates from the prison (located adjacent to the farm) work 12 hours per day, seven days per week. These young men are provided on a rotational schedule. The average inmate spends approximately two weeks working on the farm. They are limited to manual chores and tasks, as farm policy does not allow them to operate equipment or handle the milk directly. These workers do provide manual labor that allows for the facilities to be maintained in an exceptionally clean and presentable condition. However, due to lack of experience and the rapid turnover as well as the nature of their situation, they require very close supervision by the full time farm staff.

The farmstead is made up of a 62-cow tie stall barn with several box stalls used for close up cows and calves. The barn is equipped with a gutter cleaner and a ceiling ventilation system to provide fresh air to the milking herd. The cows are milked with an around the barn pipeline system equipped with automatic takeoffs on each milking unit. Milk flows from the cow into a bulk tank that is housed in the milkhouse adjacent to the dairy barn. Other facilities on the farm include a commodity shed to store feed, forage, and shavings for the milking herd. This structure has been recently remodeled to house close up dry cows. There is also a freestall style heifer barn and an older barn structure that houses feed, calves, and equipment. Forage (corn and grass silage) is stored in a 3 bay bunk silo on the facility. The farm also has access to a large farm shop and equipment storage shed adjacent to the prison facility.

The dairy operation includes 78 mature dairy cows and 62 head of replacement young stock. The DHI 12-month rolling herd average for 2001 was 26,344 pounds of milk per cow with a 3.6% butterfat test

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and a 3.06% protein test. The milk produced on the farm is sold to Crowley Foods Company. Cows culled from the milking herd are custom processed at an off site slaughterhouse and sold to the County owned nursing home for \$1.30 per pound of hanging dressed weight. The farm also markets some of the hay it produces to neighboring farms in the area. Firewood and timber is also marketed from the wood lots on the farm. The farm is open to public tours on a daily basis. This public service necessitates that the facilities are always maintained in clean and presentable condition.

General Observations

The farm is located in a rural community in western Cheshire County with frontage on the Connecticut River. Much of the farmland in the area is floodplain but very productive and well suited to the production of corn and hay for forage. Westmoreland is comprised of a compatible mix of rural residential property and primarily small family farms. Agriculture and most notably dairy farming, has been on the decline in the area over the past decade. Upon first visiting the farm it is immediately evident that the farm is maintained in excellent condition. Both the grounds around the buildings, the animal housing and milking areas inside the barns and the buildings themselves are all very clean and presentable. As previously noted, the farm is open daily for tours by the public. For this reason, a high standard of maintenance is important.

Cow care was observed to be excellent. Animal housing areas were observed to be very well maintained and clean. Productivity of the herd is well above average for Holstein herds in the northeast, further evidence that cow care is above average. It was immediately evident that the Cheshire County farm is unique among typical dairy operations for the following reasons:

1. The farm relies entirely on hired management whereas the typical dairy enterprise is owner/operated.
2. The farm does not need to rely on financing for making capital purchases since funding for such needs comes from County resources. Therefore no debt service (payments) is needed as would be typical for a dairy enterprise.
3. The farm is open for public tours on a regular basis, requiring that it be regularly maintained in very presentable condition. A typical dairy enterprise does not offer this public service.
4. The farm provides an environment for inmates from the County prison located adjacent to the farm to work. This was observed to be more of a "rehabilitative work program" rather than a valuable labor resource to the farm. While difficult to measure, my observation is that very high training and supervision is required from the farm staff due to the nature of these workers and the high rate of turnover.

Strengths and Weaknesses of the Farm

Strengths:

1. Buildings, facilities and most of the equipment are in excellent condition.
2. Genetic quality of the dairy herd is above average.
3. Milk production per cow, at 26,344 pounds per cow per year in 2001, is significantly (41%) above the 2001 average of 18,743 pounds of milk per cow per year for similar sized farms in the Northeast U.S. region.
4. Existing farm management is considered to be very strong.
5. The existing farm staff is very motivated to work hard to provide for a quality farm operation.

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Weaknesses:

1. Limited county-owned acreage of tillable land results in a high reliance on rented land to produce the forage needed by the herd. Rented land carries the risk of not being consistently available in the future.
2. The farm does not have manure storage capabilities to allow for maximum efficiency in manure nutrient management. There does not appear to be any significant detrimental environmental impact at this time. However, the ability to hold manure inside an approved storage system to avoid the need to spread on highly erodible land when it is frozen during the winter months is an important management consideration.

Farm Analysis

Please refer to the attached Dairy Farm Analysis worksheets (Exhibits A, B, C, & D). These worksheets show the financial results for the farm over the past three years on a total dollars basis, a per cow basis and a per CWT (100 pounds) of milk basis. These results are then compared with the 2001 Northeast Dairy Farm Summary Benchmark for farms of similar size.

The Northeast Dairy Farm Summary is a joint project of the four Northeast Farm Credit Associations. This database has been compiled for over 30 years and provides an excellent tool for developing dairy industry standards and for measuring the relative efficiency and productivity of an individual dairy enterprise. The 2001 data includes the financial results of 511 dairy farms throughout the northeast. This sample is believed to represent better than average, somewhat more progressive Northeast dairy farm businesses, most of which borrow from Farm Credit. More detailed data from the Northeast Dairy Summary are attached in the addendum of this report.

In order to provide for a comparable "apples to apples" analysis, the income and expense items provided in the Cheshire County records were re-categorized in order to line up with the income and expense categories in the Dairy Summary. The numbers indicated in the analysis are cash numbers as provided by the County. It was determined that cash and accrual results do not vary significantly since all expense accounts were maintained current at each year-end. Also, no expansion has been occurring on the farm that would result in accrual differing from cash (resulting from the building of cow and feed inventories).

The farms in the benchmark are typically family farms and are all presented in the data as if they were sole proprietors. For example, some are family corporations where the owner or owners are all paid a salary that would be included in the labor expense of the farm. In these cases one owner was viewed as the sole proprietor and his/her wage was re-allocated from labor expense to the "family living expense" category. To provide for comparability in my analysis, Dave Putnam's salary has been moved from labor to the family living category to present the County farm as if it were a sole proprietorship in the analysis.

Depreciation expense is indicated on the worksheet as a percentage of total equipment investment to reflect the annual level of equipment replacement that would be required to maintain the equipment line without expansion. This assumes that the existing level of investment is adequate to operate the farm at its present size. My analysis indicates that the existing equipment line is at least adequate for the present scope of the farm. The industry standard indicates that overall dairy farm equipment has an effective useful life of 8 years. This results in an annual straight-line depreciation of 12.5%. Current

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equipment investment at book value is \$191,467 times 12.5% is \$23,933 of annual investment needed to maintain based on an average useful life of 8 years. Therefore, \$24,000 (rounded) has been indicated as the annual depreciation allowance expense for the farm.

Actual capital purchases for 1999, 2000 and 2001 respectively were \$10,560, \$38,198 and \$32,275 or a three-year average of \$27,011. This is slightly higher (12%) than the calculated annual depreciation allowance. It is recognized that some years will exceed this level of purchase and some years will be below. An average of \$24,000 should be adequate.

There are two critical management considerations for the generation of profit on a dairy enterprise. These are production management and cost control. They are closely linked since improved production often results in reduced costs when measured on a per-unit of production basis (per CWT of milk). By monitoring per unit costs of production, we can determine when the point of diminishing returns has been reached. In some cases, achieving higher levels of productivity actually reduces profitability because the cost of the inputs begins to exceed the value of the added production.

Production Management:

The farm manager uses the Dairy Herd Improvement (DHI) program to monitor herd production and performance. The rolling yearly Herd Summary report for year-end 2001 is attached (Exhibit E). Some key management factors have been pulled from this report and summarized on the attached DHI Management Comparison report (Exhibit F). This worksheet compares herd-performance variables for the County farm against average results obtained by 2647 New York State Holstein herds broken down by milk production levels. The only data available is from 1997, however these standards do not change significantly from year to year within the production groups. Over time, more herds move into higher production classes as average production levels increase each year.

Some key herd-management conclusions are summarized below:

- Rolling Herd Average - As already noted, herd production is excellent on the farm. Production per cow is 29% higher than the average as indicated in the benchmark group. This places the herd into the highest production class noted on the worksheet.

Note that the DHI Rolling Herd Average for 2001 of 26,344 differs from the milk sold per cow for 2001 of 24,125 as indicated on the Dairy Analysis Worksheet. This is a typical variation (5-10%) resulting from the test day records for DHI indicating all milk produced by the cow. The milk sold number is actual milk that was shipped from the farm. Treated milk that is discarded and milk that is fed to calves makes up most of this variation.

- Reproductive Performance - Reproductive efficiency and performance is critical to the profitability of a dairy enterprise. "Percent cows in milk" indicates the percentage of the entire herd that are milking on average over the past year. The higher the percent in milk, the greater the production efficiency. The County farm has achieved 91% in milk on average in 2001. This is excellent and reflects good reproductive efficiency as cows are breed back in a timely manner and not held in the dry period for extended periods where they are not producing income. Average days dry of 62 is good. Extended dry periods reduce efficiency however if less than 60 days are provided performance can suffer due to an inadequate "rest period." This further supports good reproductive management that is critical to a profitable dairy enterprise. "Breeding per conception" is another measure of reproductive performance, and at 2.1 is average for the industry and supports that

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no challenges exist due to inaccurate heat detection or herd health issues that affect the cows' ability to conceive.

Days to First service measures how effective the heat detection process is. The County farm average first breeding is 95 days after calving. This compares well with the industry standard. Calving interval, or period (in months) between calvings, is 13.5 months, which is excellent especially compared to other high producing herds. High production frequently delays the ability to get cows bred back after calving and stretches out the calving interval. Overall, the reproductive efficiency of the County herd is excellent, which is a very positive reflection on the herd management.

- **Cull Rate** - The cull rate in the County herd was very high in 2001 at 52%. Industry standard is to be between 30-34%. The lower the involuntary cull rate in a herd, the greater the opportunity for internal growth which can either support herd expansion or generate a cash crop of surplus dairy animals. Since no herd expansion is desired on the County farm, this would result in potential sales of surplus dairy animals (either springing heifers or dairy cows). For example, if the cull rate had been maintained at 30%, then 11 dairy animals could have been potentially sold for \$1,500 or more per head instead of the average cull cow price of \$775. This would have generated an additional \$8,000 in revenue to the farm in 2001.

In my opinion, two factors affect the high cull rate:

- Culls are marketed through the County Nursing Home at \$1.30 per dressed pound. This is a value added market for cull dairy beef and results in greater income potential for cull cows, hence a somewhat greater financial incentive to cull more aggressively.
- The farm's high concentrate feeding program results in a higher degree of stress on the cows that contributes to the high cull rate. High cost per CWT of purchased concentrates indicates that the cows are on a "hot" (high concentrate to forage ratio) ration. This supports high production but stresses cows and contributes to a high cull rate. Voluntary culling (for low milk production) was minimal (only 1 animal in 2001), most animals were culled for stress related reasons (mastitis, ketosis, laminitis, acidosis etc.) that a "hot" ration will contribute to.

Cost Control (Per Unit Cost Analysis):

Cheshire County Farm's cost of producing milk was \$4.40 per CWT. (29%) higher than the benchmark in 2001. The following are key observations relative to the per unit cost analysis Refer to the Dollars per CWT. worksheet (Exhibit C):

1. **Milk Sales** - The County reports milk receipts on a net basis with all deductions for hauling and marketing (which are netted out of the milk check) not included. Your net milk price is comparable to the benchmark at only \$.02/CWT lower than the benchmark.
2. **Non Milk Income** - Cull cow sales are 86% over the benchmark at \$1.64/CWT. This is due to the higher price received for cull cows (as previously discussed) and to the high cull rate in 2001. Other misc. income sources are comparable to benchmark levels.
3. **Labor (includes payroll taxes and benefits)** - The County farm labor cost was \$5.23/CWT of milk sold in 2001. This is up from \$3.93/CWT in 2000 and \$3.42 in 1999. This increase is due to the decision to add the full time position of Terry Flood as Assistant Manger in 2001. The 2001 labor cost was \$4.07/CWT (350%) higher than the benchmark.

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A high labor cost is considered to be a fixed reality for a farm structured as the Cheshire County farm is. As County employees, the farm employees receive a higher level of benefits than are typically offered to farm employees, especially to employees of small farms (under 100 cows). It is also observed that farms relying entirely on hired labor have higher labor costs than do owner-operated farms since the employees hired must be more self-motivated and therefore more highly compensated.

Additionally, as has already been discussed, the Cheshire County Farm employees also are responsible to direct and oversee five full time inmates on the farm seven days per week. Because of the turnover of the prison inmate workforce, no significant training level can be established with the workers. This results in the farm staff being in a perpetual training and supervisory mode where overseeing tasks being done by others can actually be more time consuming than doing those tasks themselves.

4. Repairs - Equipment and building repairs total \$1.97/CWT or 48% higher than the benchmark. Real estate repairs and maintenance are high on the County Farm due to the higher than average degree of maintenance of the facilities. This will not change given the objective of maintaining a positive environment for public tours. Equipment repairs are the other component of this expense line. The equipment investment of the County Farm is at \$2,461 per cow that is 21% higher than the benchmark level of \$2,028 per cow. This high equipment investment contributes to a high repair expense. Minimizing equipment purchases by conducting a careful cost benefit analysis on all purchases will help to control equipment related costs including repairs.

It is noted that there is no reliable source of custom cropping services available in the area. This restricts custom cropping as an option to owning equipment and doing your own cropping. Efficiencies could be achieved from using custom services (if it were available) as an option to owning and maintaining equipment that you may not be large enough to use to capacity. When possible, renting equipment items that are needed seasonally or only occasionally should be considered as an alternative to purchasing.

5. Rent - Rent expense is \$.48 per CWT or 60% over the benchmark level. The limited amount of tillable acreage owned by the farm results in a higher reliance on rented land. This expense remains fixed unless the strategy moves away from growing all your forage. Purchasing forage would likely involve a significant trucking charge since no reliable local supply is available.
6. Feed - Your purchased feed cost was \$4.96/CWT in 2001. This is \$1.07/CWT or 27% higher than the benchmark level. Grain feeding levels appear to be very high.

Working to improve the timeliness of forage harvesting to maximize quality will support a reduced concentrate to forage ratio in the ration. This will help support milk production levels with less purchased concentrate in the ration. This will not only potentially reduce your purchased feed cost per CWT but will also have a positive impact on cow health (with more forage in the ration). Achieving the savings of \$1.07 needed to achieve the benchmark level feed cost will improve the net income of the farm by almost \$20,000.

7. Crop Inputs - Seed, fertilizer and spray expense for the County Farm was \$.82/CWT as compared to \$.90/CWT for the benchmark. Your costs are lower than the average for the industry.
8. Breeding Expense - Your breeding expense is \$.57/CWT which is almost double the benchmark level of \$.29/CWT. The County Farm uses above average quality genetics in your breeding program. This results in a high semen cost. This added investment contributes to a continually improved quality of genetics in the dairy herd. Very few dairy animals are marketed; therefore this investment is not showing a return in farm earnings. Breeding costs could be reduced through the

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use of young sires and less expensive proven sires without significantly impacting the future milk production capacity of the herd. If farm policy continues to drive the use of more elite sire selection, this expense should be viewed as an accepted investment in the future of the genetic quality of your herd.

9. Vet and Medicine - Your vet expense was \$.52/CWT in 2001 which is 79% over the benchmark level of \$.29/CWT. This is largely due to veterinary care needed for Displaced Abomasums (DA's) and other health issues that may be related to a high grain ration. As previously discussed, increasing the forage levels in the herd ration's will likely improve rumen function and result not only in reduced feed costs but also lower vet bills. With a focus on superior quality forage, high milk production levels can be maintained with high levels of forage in the ration (greater than 50% on a dry matter basis).
10. Taxes - This is a fixed expense that cannot be controlled without disposing of some real estate. The farm owns a large land base and this includes two houses. The tax expense for the County farm is \$.93/CWT or 121% over the benchmark level. I would suggest taking full advantage of any tax reduction opportunities (if any) that may be offered to farms in Westmoreland such as farm use value assessment.
11. Marketing and Hauling - The County Farm reports milk receipts on a net of hauling deduction basis, therefore no hauling expense is shown for the County Farm. As previously stated, the net (of marketing and hauling) milk price for the County Farm is only \$.02/CWT lower than the average net milk price indicated in the benchmark.
12. All Other Expense Categories - Other expense categories not specifically discussed were considered to be within normal levels relative to the benchmark and no significant opportunity for improvement was noted. Your "Other Expense" category is very low relative to the benchmark. This is considered to be due to more detailed bookkeeping by the County accounting staff that results in expenses being categorized in greater detail than on a typical farm.

"Big Picture" Considerations

The Cheshire County Farm is much more than a "stand-alone" dairy farm operation. The facility offers tremendous additional public benefits to the taxpayers of Cheshire County:

- The farm is open to the public for tours. This provides a facility for the public enjoyment with added agricultural educational benefits. An alternative public facility may be (for example) a historic property open to the public or a public park open for public use and enjoyment. Analysis of the cost of operating such an alternative facility and relating that cost to the degree of public usage is not within the scope of my analysis in this report. However, it is important to note that a significant cost would likely be associated with such a public facility. Given that consideration, the historic deficits associated with the farm facility may be low relative to the public benefit received.
- The farm appears to provide a very significant rehabilitative service to Many County jail inmates each year. Based on an average of two weeks per inmate working on the farm, this level of turnover provides an opportunity for up to 130 young men per year to spend a two-week period working on the farm. The nature of the work, caring for animals, seeing calves born, tending to sick animals, seeing how food is produced, all carry the potential to provide a positive rehabilitative influence on these young men. I am not an expert on this matter and analysis of the cost of a comparable program for the inmates is outside of the scope of this analysis and report. However, again there is a significant potential value received by the County that would likely carry a significant cost to reproduce elsewhere.

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With this in mind, I have conducted an analysis of the cost of continuing to carry the County Farm property without the dairy enterprise. This provides a look at the cost benefit comparison of operating the dairy enterprise on your farm property. If the dairy farm were to be discontinued there would be continuing overhead costs associated with the property. The attached Dairy Analysis Worksheet (Exhibit G) projects the impact of discontinuing the dairy farm enterprise but maintaining ownership of the property. The following assumptions were used in making this projection:

1. Income from the property is estimated to include rent from the 50 tillable acres at \$30/acre per year. The two houses were estimated to be rented for \$1,000 per month each less a 10% vacancy and loss allowance resulting in an effective rent of \$900 per month each. Potential to rent the dairy facility exists, however there is no rental income included since reliable and stable dairy farm tenants are very difficult to find. Most retired dairy farmers that do not sell their farm end up renting their land but not the facility for this reason.
2. The projection shows continuing overhead costs associated with the continued ownership of the farm property (taxes, building repairs, insurance, management fee, etc.).
3. The projection includes the opportunity income from investing the proceeds of selling the cows and equipment (for an estimated \$360,000) at 2.3% (current rate received on County funds). It is recognized that these funds would likely be consumed in some other County project, however for comparison purposes, this opportunity interest (\$8,280) shows as non-farm income on the worksheet.

Based on this analysis, the elimination of the dairy enterprise would result in a deficit to the County of \$8,289 per year. Relative to the farm history, this is an improvement of between \$17,000 and \$40,000 in the past three years or an average of \$25,000 per year. This 3-year average cost of \$25,000 per year represents the relative cost of providing the above two benefits to the taxpayers of Cheshire County. Could (would) these services be replaced at a cost of less than \$25,000 per year?

Conclusions and Recommendations

The following are my conclusions based on my cost benefit analysis of the management practices and related activities of the Cheshire County Dairy Farm Enterprise:

1. The nature of the County farm results in an inevitably high cost operation (currently \$4.40 above benchmark levels). Achieving the levels of efficiency found on owner-operated dairy farms is not considered to be realistic. However, there are areas in your present cost structure that can realistically be reduced. Your objective is to operate the farm at a break-even level. The net cost to the County for the farm has ranged from \$1.41/CWT to \$2.59/CWT over the past three years or an average of \$1.81/CWT. This represents the level of improved efficiency per unit of milk produced that must be achieved to accomplish your objective.
2. The cost of the farm to the county with was determined to be \$25,000 per year on average based on the past three years. This equates to \$1.36/CWT of improved efficiency needed based on the 2001 milk production level. If the farm achieved improved efficiency of \$1.36/CWT of milk produced, then the net cost of operating the dairy farm would be break-even as compared to the alternative of shutting down the farm enterprise and maintaining the property with rental income.
3. Farm performance is driven primarily by the quality of the farm management. There is currently a shortage of qualified Farm Managers available. Dairy operations seeking such individuals find it challenging to locate qualified applicants. It is my opinion that the Cheshire County Farm is

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fortunate to have high quality farm management in place which represents a significant benefit to the sustainability of the farm.

4. The farm facilities, while not the most efficient by modern dairy standards, are in good condition and can serve to house a dairy enterprise into the intermediate term future. The weakness of facility is in the lack of manure storage to provide opportunity for important manure nutrient management practices.
5. Closing the dairy enterprise offers opportunity to save \$25,000 per year to Cheshire County (based on the past three-year's performance). However, this would result in the elimination of a public farm facility available for public enjoyment and educational opportunity as well as the elimination of a work/rehabilitation program for the inmates at the Cheshire County Prison facility. The degree of priority given to these public services can only be addressed by Cheshire County officials. Analyzing the cost of replacing these services should the farm be closed is outside of the scope of my analysis. This cost would likely be significant.
6. Improved efficiency is frequently associated with expansion. For this reason I considered expansion an opportunity for your farm. You are currently using facilities to capacity; therefore any herd expansion would require building/facility expansion as well. To expand without addressing efficiency items noted would likely increase the financial deficit of the farm. Land base is already a limiting factor, expanding would increase your reliance on rented land. Given the opportunity for improved efficiencies within the existing operation that could achieve your financial objectives, I do not see benefit from expansion.

The following are my recommendations based on my analysis and conclusions:

1. I recommend that the dairy farm enterprise be continued with an efficiency goal implemented to improve the cost of milk production by at least \$1.36/CWT as identified in #2 above. While high production cost is viewed as inevitable for a County owned facility, this level of improved efficiency would achieve the objective of a break-even enterprise. I consider this level of improvement to be realistic based on the following recommended action plan to support this goal of reducing your cost of production by at least \$1.36/CWT:

Action Plan:	Savings/CWT	Total \$
<i>Reduce feed cost to benchmark level:</i>		
• Work with nutritionist to find alternative least cost rations		
• Improve forage quality to allow for higher forage in ration w/o losing production.	\$1.07	\$18,618
<i>Reduce vet cost to benchmark level:</i>		
• Higher forage in ration.	\$0.23	\$4,217
<i>Reduce breeding cost to benchmark level:</i>		
• Use young sires or lower cost proven sires (this decision depends on cattle merchandizing strategy)	\$0.28	\$5,133
<i>Reduce cull rate to 32% and sell surplus as dairy animals instead of as cull beef:</i>		
• Higher forage in ration to reduce stress of		

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"hot" ration on cows \$0.44 \$8,000

Total Savings Opportunity \$2.02/CWT \$35,968

2. I recommend investigating the cost of substituting the public services offered by the farm enterprise with alternatives. For example, the relative cost of maintaining a public park comparable to the public benefit of the farm open for tours. Also, assess the rehabilitative benefits the farm provides to the inmates and look at the cost of alternative programs that would provide comparable rehabilitative benefits. This analysis would be contingent on the determination that the Cheshire County policy objective is to offer such public services to the taxpayers.

If these services are identified as priorities for the County and alternatives prove to be costly, there may be reason to reassess the cost/benefit expectations for the farm. Understanding the value of these services and the cost of alternatives would also be valuable in making capital investment decisions for the farm that may increase the County's financial commitment to the farm enterprise.

3. I recommend that an updated comprehensive cost benefit analysis be conducted with all major farm decisions. For example, before major capital investment decisions are made, or if turnover should occur with farm management, etc.

I also recommend that the farm prepare on-going annual "report cards" on "per unit of production" performance relative to the industry standards and set and monitor progress on goals for areas of improved efficiency.