



DRAIN TILE STILL A GREAT INVESTMENT

Last year was one of the wettest years on record and it was very common to see water on many fields throughout the Corn Belt.

Excessive water can significantly reduce yields, increase soil erosion, cause nitrogen losses and inhibit other nutrient utilization. Besides delaying planting and harvesting, it can also cause compaction problems.

Having adequate drain tile really paid off last year. On our family farm in eastern Iowa, my father invested in a Vermeer tiling machine in 1965 and my brothers and I installed nearly 70,000 tiles over a 20-year period. Although I thought we had adequate drainage last year, we made a decision to add to the existing investment. We essentially pattern-tiled the whole farm.

Analyzing the yield map records convinced us to expand on what we'd done. The yields were 300 bu./acre over the tile lines and within several rods on either side the yield

would drop 100 bu. Drainage pays. Or said another way: Lack of good drainage limits profit.

Our farm is on the top of the drainage systems, so tiling costs less than on some farms where you would have large expenses to get adequate outlets. But a \$450-500/acre investment could pattern-tilde a farm with good outlets for the drainage lines.

To make a tiling decision, have a feasibility analysis done.

FOR OFFSETTING INCOME I used a 12-year study by Ohio State University that showed a 20-30 bu./acre increase in corn yields and 7-15 bu. increase in soybean yields.

Based on that data, I assumed a 25-bu. increase on corn and 10-bu. increase for soybeans. My grain price assumptions were \$5 corn and \$12.50 soybeans; both coincidentally figured to a \$125 revenue increase/year.

The net present value was \$185,

which means over a 10-year pay-back, the cost of the investment is returned and I increased my future wealth \$185/acre in today's dollars, assuming the opportunity cost on my investment was 10%.

The modified internal rate of return (MIRR) was 33.95%. That's a lot better than the stock market over the past year and better than the 10-12% return from stocks over a long period of time.

My MIRR goal on most projects is 20%, so this investment is one of the better ones we could make. **CSD**

TRY CONTROLLED DRAINAGE

Another alternative gaining a lot of traction is controlled drainage investments where the excess water is retained at certain times during the year to act as sub irrigation during dry times and reduce the nitrates entering surface water. Those investments show to return similar numbers.

An increasing number of farmers are tiling rented land and these numbers can apply to those cases, also. In those cases, you can have a lease agreement where if the tenant pays for the tile and the landowner rents the farm to someone else, the remaining value of the tile is returned to the tenant based on a 10-year amortization. ◀◀

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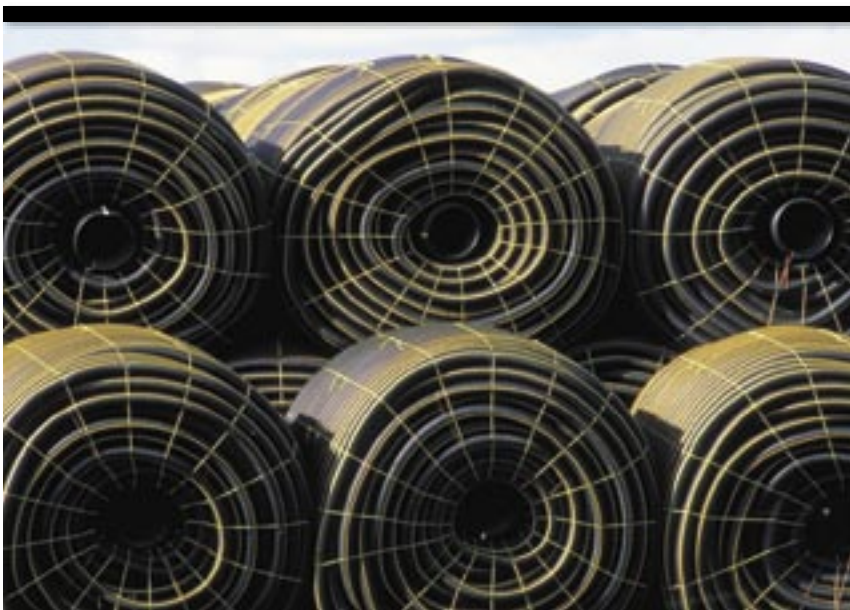


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