



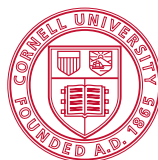
# LERGP Crop Update

## December 18, 2015



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## Success: Beyond Tons and Gallons

Perhaps your interests were based in viticulture, with a strong desire to grow vines. Perhaps, instead, your interest was chemistry or enology. There is something rewarding and tangible about taking grapes and turning them into juice or wine. These are challenges that winery and vineyard owners romanticize. For most, running a business is the downside, a necessary evil, if you will. Balancing liquidity, solvency, profitability and efficiency to create long-term profitability. Some financial ratios can help you assess each of these categories of financial health. If you haven't heard, the Federal Reserve announced that setting record low prices for access to cheap capital have likely come and gone. If you're new to agriculture or borrowing money to survive a period of low prices, this article is for you. While we will not be setting records, credit remains nearly as cheap as ever. It has been shown that understanding business health improves access to more affordable credit. Here's a basic primer on what many lenders look for.

### Current Ratio

The Current ratio is a measure of liquidity. To determine the current ratio take current assets and divide by current liabilities. Current assets include cash, inventory and receivables. Current liabilities include short-term debt and payables. Most growers carry little inventory or short-term debt. A receivable would include the amount a processor owed the grower for a particular month but has not yet been received. Thus, this particular ratio is made relatively straightforward and it is something most growers consider. Basically the balance in the checking account, or other liquid accounts, need to be greater than bills for that period. While the current ratio should, at all costs, remain above 1, a lower value does not necessarily mean impending bankruptcy. While it does mean that the fiscal health of the operation is poor and corrective action should be taken. Corrective action includes delaying investment opportunities and increasing cash reserves in the event that liabilities become due early or are called upon for various reasons. While such events are unlikely, it gives the grower flexibility in the event of other unforeseen financial circumstances.

### Debt/Assets Ratio

The debt to asset ratio is a measure of solvency. The debt to asset ratio of a vineyard needs to be lower than other industries. This ratio is calculated by taking total debt and dividing by the value of assets. Due to relatively high land values, as compared to total revenue, Concord assets cannot be as productive as other assets. As such, a sustainable vineyard operation will have a low debt/assets ratio. A Debt/Assets ratio needs to be less than 1, and working toward .5. The most sustainable vineyards maintain Debt/Assets ratios under .25. These general guidelines may not be very useful for individual operations. To be a little more specific this ratio should be related to age. As a grower gets older the need for growing the business diminishes. As such, the Debt/Assets Ratio should fall. If your ATR is much higher than average, this would indicate you've found ways to make your assets more productive than other growers. In doing so you can justify a higher Debt/Assets Ratio to leverage your success.

### Return on Assets

Return on Assets (ROA) is a measure of profitability. Determine this ratio by taking net farm income and dividing by total assets. When determining the "net farm income", subtract a reasonable hourly rate for unpaid labor. Most growers do not pay themselves a salary and I think this flexibility gives them a competitive edge. However, for calculating this ratio, you'll need to assume that you are getting paid a salary to separate your earnings from your labors and earnings from your assets. Trying to figure out how much the business

should be paying you for your labor can be challenging. Keep in mind the tasks you normally complete and try to estimate what the labor expenses would be to contract the work done.

Flexibility in family budgeting is a key criterion for success that most growers embrace. Many growers take care of their farms and use the rest to purchase basic family necessities. In a good year, perhaps there is enough left over to make a vehicle purchase, take a vacation or put a new roof on the house. This flexibility might be generational; another school of thought is to pay you a salary first. Profits after that salary are a measurement of ROA. However, farmers are not alone in flexible family budgeting. This is a common trait for small business owners. So then, what good is the ROA? As a measure of fiscal health it is good to separate out your pay from your business profits. This is an accounting measure to determine if your assets are working well for you. It does not have to impact the flexibility you've embraced in family budgeting.

Wineries and vineyards are asset intensive. As an industry, returns on assets are low. In other industries it is an important metric to compare yourself to your peers. In this industry it is important to keep this ratio from going negative. We see success at less than 3%, but becoming successful is a whole lot easier if you can do better than that.

### **Asset Turnover Ratio**

The asset turnover ratio (ATR) is a measure of investment efficiency. To determine your ATR take total revenue and divide by the value of assets. The value of land assets will be two to three times larger than total revenue. Relative to other businesses, Concord growers will have a poor ATR because of land value. Beyond that the ATR can be controlled through yield, equipment, barns, and shops. If, for the last five years, your asset turnover ratio averages less than .25, that should cause concern. When calculating the ATR make sure values for structures and equipment are current. Also, make sure to value land accurately. Low yields should not significantly impact this ratio because low yields will decrease the value of most land. Inversely, high prices also have little impact on the ATR because land values often increase proportionally to price.

### **Interest/Revenue**

The Interest ratio is a measure of interest efficiency. It is calculated by taking all interest expenses and dividing by farm revenue. This is related to the debt ratio but takes into account the motivation behind carrying additional debt. Low interest rates, when managed correctly can be a good thing to take advantage of and possibly time growth when leverage costs are lower.

### **Putting it all together**

Have you made it this far, or are you already out in the snow pruning vines? Variability in practices amongst wineries and vineyards is easily observable. The impact on the bottom line is much more opaque. Something as simple as leaf pulling or bladder pressing could improve wine quality. Without an understanding of business health, the impact of these investments on the bottom line cannot be measured. In truth, there is a tendency in the region to over-invest in the product. While the product becomes better, the consumer behavior often does not match the cost relative to the improvement.

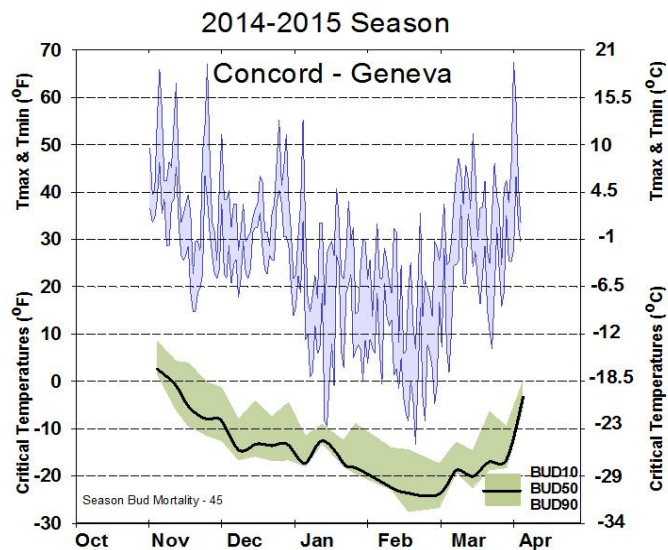
One of the real advantages of understanding business terminology and applying it to your organization goes beyond decision-making. Many wineries and vineyards struggle with scale. There is never profit in a thirty-vine vineyard. Understanding the application of business health metrics will increase your access to capital. Merely being able to communicate with lenders in their language has been demonstrated to improve loan application results across all industries.



## Are the Vines Ready for Cold Temps?

With unseasonably warm weather I've had numerous inquiries regarding how the vines will fare if temperatures drop dramatically. Dramatic changes in temperature are never good for plants, as most have adapted to a slow decrease in temperature that prepares them for low temps in January and February. To this point in the season we've had very little cold temps to acclimate them for the winter months.

One way to determine hardiness is to calculate the lethal temperature of grape buds. Reporting on bud hardiness for Lake Erie, Finger Lakes, and Hudson Valley will start on the first of the year. Reports out of Geneva started in November, giving us some indication of what is currently happening here. To the right is the 2014-15 bud hardiness graph for Concord. With the mild temperatures I was surprised to see the current LT<sub>50</sub> (temp when 50% buds freeze) for Concord in Geneva is -14°F and very comparable to where we were last year at this time.



Through acclimation, carbohydrates have moved to various areas of the vine and mainly to the roots. These carbohydrates are moved by water. Once completed, the canes and trunk dehydrate to protect the cells from rupturing when the temperature drops. I've cut canes and a few trunks to see how much water/sap is present, and I've found very little in the canes. Looking at last year's cold damage, there was more trunk damage in wet spots where vines were unable to dry out. These are the areas I would worry about if there is a sudden downward shift in temperature.





# NDVI Survey

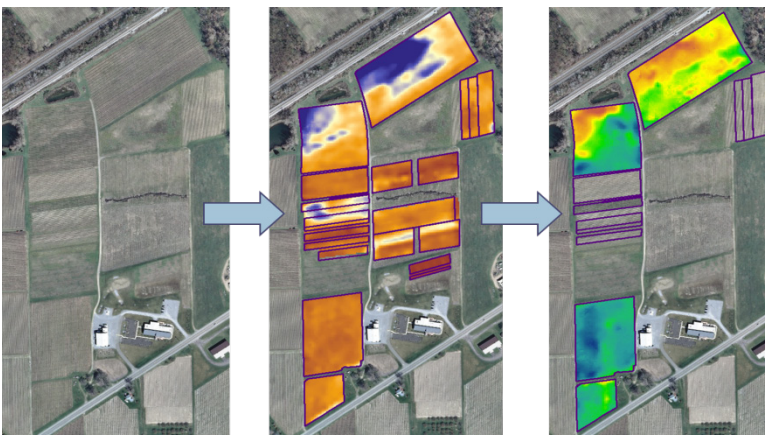


Now that the 2015 growing season is behind us and everyone is hopefully looking forward to 2016, I would first like to thank you all for participating in the 2015 NDVI collection and ongoing interest.

We have put together a short survey as we finish up one of our sensor technology projects. Completing the survey will serve 3 purposes. First, it provides us with important information on current interest you have incorporating sensor technology into your vineyard. Second, it gives you the opportunity to provide us with suggestions on how to improve our programming for your operation and third, it provides us with valuable information that we can share with the funders of this project which will hopefully continue to fund the project and allow us to continue to provide this service at no charge to participants in 2016.

So please take a few minutes to provide your input by answering 5 short questions. The survey can be found at <https://www.surveymonkey.com/r/29BQ25P>

I thank you in advance for your participation in the project and in completing the survey.



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Agriculture



## Updating and Calibrating NEWA stations in the Lake Erie region

In an effort to increase the reliability and accuracy of the weather and pest model information that you find on the Network for Environment and Weather Applications website, the Lake Erie Regional Grape Program team has undertaken a project to calibrate and update the Rainwise weather stations found in our region. This will require the systematic removal of stations that will then be sent in to Rainwise to allow their technicians to do what is necessary under controlled conditions. We are taking down three stations at a time spread out across the belt. If you are accessing the NEWA website you should not see an interruption in data as we are removing stations in a manner that will allow data to be accessed from the sister station of the site that has been removed. For example, when we pull the Portland station (CLEREL), weather information from Portland Route 5 will be used to fill in the weather information.

The first three sites affected by this will be Versailles, Portland and the North East Lab. We will let you know when these stations are back and on-line, as well as, the next three that will be sent in. Our hope is to get these done as quickly as possible to make sure they are available prior to the start of the growing season.

Scott Ebert, our newly hired technician for the LERGP extension team, is heading up this project. Scott has also been working with Rainwise to get the Ransomville station back on line. It appears that we have a problem with the transmitter having enough power to get the signal from the station to the receiver which then relays the info for posting on NEWA. We hope to have a solution and Ransomville up and running again in the near future. If you have any questions about NEWA instruments in the Lake Erie Region you can give Scott a call at (716) 792-2800 X208.



# Employment Opportunity

LERGP is hiring. We currently have 3 part time temporary positions open. The full job descriptions can be found at the following link:

<https://cornellu.taleo.net/careersection/10165/jobsearch.ftl>

the Job titles and Numbers are as follows:

Videographer – Job Number 30204  
Program Aide II – Project Research – Job Number 30203  
Extension Aide I – Web Maintenance – Job Number 30205

The application process can be completed on-line at the above link.

## LERGP MEMBERSHIP 2016:

Important changes, please take note!

Enrollment is shifting back to being managed by the CCE office of Chautauqua County. You will have received or, soon will receive, the combined enrollment form in the mail. The form has been reorganized and is very easy to understand and utilize. There are just 2 lines to mark for LERGP members. You will see that the base fee is already pre-filled, then you can opt for LERGP membership and if you want hard copy mailings, you will opt to pay the extra \$35.00 fee. Total the columns, make the check out to CCE-Chautauqua County and mail it to them (not the LERGP Office) at 3542 Turner Rd, Jamestown NY 14701.

You will still have the opportunity to order Guidelines for Grapes through CCE- Chautauqua County as well. As indicated on the enrollment form, they will send out an order form once the guideline booklets are available. (look for this in January) This will be conducted completely through the Chautauqua county office as well.

If you have any questions, please feel to contact me by phone at 716-792-2800 ext. 202, or e-mail me at [kjr45@cornell.edu](mailto:kjr45@cornell.edu).



# 2016 Winter Grape Growers Conference

## Tuesday, March 22, 2016

### 8:00am- 4:00pm

*Tentative schedule of topics- more information to follow as it becomes available*

7:50 AM Welcome  
8:00 AM Overview of SCRI  
8:30 AM Grape Berry Moth from A to Z  
9:30 AM Worker Protection Standard Updates  
10:00 AM Break  
10:30 AM Update - Waters of the US  
11:00 AM Control of Perennial and Invasive Weeds  
11:30 AM Modes of Action  
Noon Lunch - Visit Trade Show  
1:30 PM Breakout sessions

#### Breakout session 1

1:30 PM Cover crops and EQUIP  
2:45 PM Frost Protection and Delaying Budbreak

#### Breakout Session 2

1:30 PM Workforce development and acquisition  
Labor Efficiency  
2:45 PM Health Insurance options for vineyard operations

#### Breakout session 3

1:30 PM Invasive Species - So What?  
Grape Rootworm  
How to use NEWA in a Vineyard IPM Strategy  
2:45 PM Grower experience with using NDVI

Save the date





# LAKE ERIE REGIONAL GRAPE PROGRAM

## 2016 GRAPE GROWERS' CONFERENCE REGISTRATION FORM

to be held at SUNY Fredonia Williams Center

on Tuesday, March 22, 2016

**Deadline for registration is Friday, March 4, 2016.**

Name (1<sup>st</sup> attendee) \_\_\_\_\_ \$ \_\_\_\_\_

Farm Name \_\_\_\_\_

Address, City, State, Zip Code \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Are you enrolled in Lake Erie Regional Grape Program (LERGP)? Yes \_\_\_\_\_ No \_\_\_\_\_

REGISTRATION FEES	
LERGP Member 1 <sup>st</sup> attendee	\$ 50.00
Additional attendee on same farm	\$ 40.00
Non- member	\$100.00

### Additional Attendees:

	\$
	\$
	\$
	\$
	\$

\*Please add a **\$25.00 late fee** for each reservation made after March 4, 2016

**TOTAL \$** \_\_\_\_\_

Please make check payable to **LERGP (Lake Erie Regional Grape Program)** and mail to: Kate Robinson  
*(US funds only)* LERGP  
 6592 W Main Rd  
 Portland NY 14769

Name \_\_\_\_\_ NY DEC/PA PDA NUMBER \_\_\_\_\_

Name \_\_\_\_\_ NY DEC/PA PDA NUMBER \_\_\_\_\_

Name \_\_\_\_\_ NY DEC/PA PDA NUMBER \_\_\_\_\_

<u>Date Ck. Rec'd</u>	<u>Amount</u>

Call Kate at 716-792-2800 ext 202 with any questions.



Cornell University  
Cooperative Extension  
Chautauqua County

3542 Turner Road  
Jamestown, NY 14701-9608  
t. 716.664.9502  
f. 716.664.6327  
e. [chautauqua@cornell.edu](mailto:chautauqua@cornell.edu)  
[www.cce.cornell.edu/chautauqua](http://www.cce.cornell.edu/chautauqua)

December 2015

## **Commercial Driver's License (CDL) Training for Agricultural Producers and Employees**

**3-Day classroom training (20 hours) followed by  
individual scheduled drive-time (20 hours for Class B or 25 hours for Class A)**

**-Tuesday, February 16, Wednesday, February 17, Thursday, February 18, 2016-  
8:00 AM to 4:00 PM each of the three days w/ permit testing on Thursday afternoon.**

Training location: Lake Erie Regional Grape Program Office, 6592 West Main Road  
Portland, NY 14769

This CDL training (Class A or B License) is being organized by Cornell Cooperative Extension of Chautauqua County and will be taught by CDL instructors from Erie 2-CC BOCES, Ashville, NY.

The cost of the training is \$1125.00 per person for Class B or \$1250.00 for Class A, which includes the classroom training and the individual drive-time (scheduled individually following the classroom training and after obtaining the CDL permit). The cost of the CDL permit, road test and DOT physical will be an additional cost paid by each participant. Each person should also bring a bag lunch, beverages, and snacks each day. To register for this CDL Training, please complete the registration form, make check payable to Cornell Cooperative Extension, and send full payment to or deliver to:

Cornell Cooperative Extension of Chautauqua County, 3542 Turner Road, Jamestown, NY 14701.

**Please Note: Registration will be accepted on a first-come first serve basis (maximum of 12 participants) by date payment is received. Full payment must be received at the Cornell Cooperative Extension of Chautauqua County office by January 20<sup>th</sup> to participate in this CDL training program. Once payment is received, additional details will be provided regarding the DOT physical which is required before the first class on February 15th.**

If you have specific questions about the CDL training program and license, please contact Steve Hayes, CDL Instructor at Erie 2-CC BOCES at 716-763-9457 X 3028. If you have questions about registering for the training, please contact Lisa Kempisty, Cornell Cooperative Extension of Chautauqua County at 716-664-9502 Ext. 203.

*Lisa H. Kempisty*

Lisa H. Kempisty  
Extension Community Educator  
Dairy/Livestock



**Please Note date change  
for CDL Course**

*Building Strong and Vibrant New York Communities*

Cornell Cooperative Extension in Chautauqua County provides equal program and employment opportunities.

**Commercial Driver's License (CDL) Training for  
Agricultural Producers and Employees  
Registration**

Tuesday-Thursday- February 16, 17 and 18, 2016 at the  
Lake Erie Regional Grape Program Office, 6592 West Main Road, Portland, NY 14769

Name(s): \_\_\_\_\_

\_\_\_\_\_

Farm or Business Name: \_\_\_\_\_

Mailing address: \_\_\_\_\_

Town: \_\_\_\_\_

Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_

Cell Phone: \_\_\_\_\_

E-mail address: \_\_\_\_\_

Please check one: \_\_\_\_\_ Class B License      \_\_\_\_\_ Class A License

Please include payment of \$1125.00 (Class B) or \$1250.00 (Class A) per person made payable to "Cornell Cooperative Extension".

Fee must be paid by check or cash in full by January 20<sup>th</sup> on a first come–first serve basis to participate in this CDL training. Please mail or deliver to Cornell Cooperative Extension of Chautauqua County, 3542 Turner Road, Jamestown, NY 14701.



## **LERGP Website Links of Interest:**

Check out our new Facebook page!!

Cornell Lake Erie Research & Extension Laboratory Facebook page

<https://www.facebook.com/pages/Cornell-Lake-Erie-Research-Extension-Laboratory/146971918664867>

Table for: Insecticides for use in NY and PA:

<http://lergp.cce.cornell.edu/submission.php?id=69&crumb=ipm|ipm>

Crop Estimation and Thinning Table:

[http://nygpadmin.cce.cornell.edu/pdf/submission/pdf65\\_pdf.pdf](http://nygpadmin.cce.cornell.edu/pdf/submission/pdf65_pdf.pdf)

Appellation Cornell Newsletter Index:

<http://grapesandwine.cals.cornell.edu/cals/grapesandwine/appellation-cornell/>

Veraison to Harvest newsletters:

<http://grapesandwine.cals.cornell.edu/cals/grapesandwine/veraison-to-harvest/index.cfm>

Go to <http://lergp.cce.cornell.edu/> for a detailed calendar of events, registration, membership, and to view past and current Crop Updates and Newsletters.





**Lake Erie Regional Grape Program Team Members:**

Andy Muza, (ajm4@psu.edu) Extension Educator, Erie County, PA Extension, 814.825.0900

Tim Weigle, (thw4@cornell.edu) Grape IPM Extension Associate, NYSIPM, 716.792.2800 ext. 203

Kevin Martin, (kmm52@psu.edu) Business Management Educator, 716. 792.2800 ext. 205

Luke Haggerty, (llh85@cornell.edu) Grape Cultural Practices, 716.792.2800 ext. 204

This publication may contain pesticide recommendations. Changes in pesticide regulations occur constantly, and human errors are still possible. Some materials mentioned may not be registered in all states, may no longer be available, and some uses may no longer be legal. Questions concerning the legality and/or registration status for pesticide use should be directed to the appropriate extension agent or state regulatory agency. Read the label before applying any pesticide. Cornell and Penn State Cooperative Extensions, and their employees, assume no liability for the effectiveness or results of any chemicals for pesticide usage. No endorsements of products are made or implied.

Cornell University Cooperative Extension provides equal program and employment opportunities.

Contact the Lake Erie Regional Grape Program if you have any special needs such as visual, hearing or mobility impairments.

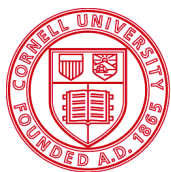
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THE LAKE ERIE REGIONAL GRAPE PROGRAM at CLEREL

6592 West Main Road

Portland, NY 14769

716-792-2800



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