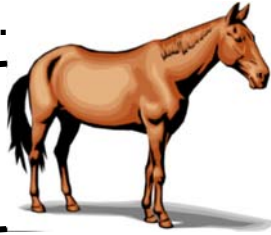


Notes from....



Serrano Creek Ranch Equestrian Center

JANUARY 2018

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Effective March 1, we are changing our rate structure to reflect the new economics of stabling. Here is a summary, with a detailed explanation for those who might be interested is on page 2.

The effect for the vast majority of boarders will be minimal. Essentially we are instituting a \$15/month manure disposal fee, as well as increasing the labor portion of boarding by \$18/month. To offset these increases, we are lowering the prices for feeding, and reducing the price of shavings. We've chosen the most typical stall/feed combinations as a test. Here are the current charges for our "typical boarders".



Current Rates

Stall Type	Stall Rate		Feed: 1/2 Alfalfa 1/2 Alfalfa 1 Alfalfa	Feed: 1/2 Orchard 1/2 Orchard 1 Orchard	2 Bales Shavings / Week	Monthly Cost With Alfalfa	Monthly Cost With Orchard
24 x 24 ½ Cover	405		158	213	67	630	685
12 x 24 ½ Cover	290		158	213	67	515	570
Breezeway	315		158	213	67	540	595

With the new rates, the bill will look a little different, but the net result will be mostly the same. Here are the revised rates:

March 2018 Rates

Stall Type	Stall Rate	Manure Disposal	Feed: 1/2 Alfalfa 1/2 Alfalfa 1 Alfalfa	Feed: 1/2 Orchard 1/2 Orchard 1 Orchard	2 Bales Shavings / Week	Monthly Cost With Alfalfa	Monthly Cost With Orchard
24 x 24 ½ Cover	423	15	137	192	58	633	688
12 x 24 ½ Cover	308	15	137	192	58	518	573
Breezeway	333	15	137	192	58	543	598



Now the long version

In late December we had our first compost pile go bad in many years -meaning that the ammonia odor was quite high. Given that we are surrounded by homes and businesses, these folks can make our lives very tough if they complain. So avoid potential issues and immediately correct the problem, we decided to landfill this pile.

Now it's been almost ten years since we have had to "dispose" of any manure. And what a shock it was when we discovered that just the landfill fees were \$2,300. And with our driving time and wear & tear on the truck, we're talking about \$3,500 for one week's worth of manure. If this ever becomes our last resort, then the monthly cost for disposal would be \$90 per horse - ouch! So the real value of our compost operation is not in the sales of compost, but in the avoidance of disposal costs. That smelly week was certainly a wakeup call to the new realities.

All composting operations make most of their money on what is called tipping fees. Meaning you pay for the right to make *your* disposal problem, *their* disposal problem. Pay your fee, and drive away - out of sight, out of mind! That fee goes to pay for all the costs of licensing, screening, odor management, inspections, insurance, labor, equipment, etc. for the receiving facility.

Heretofore we haven't charged tipping fees for the manure and soiled bedding your horse produces. The experience in December taught me that we need to remain on our "A Game" to avoid another such week. To minimize odors, we will have to commit more hours of labor and adding clean shavings to maintain a proper carbon: nitrogen ratio in

order to stay odor-compliant. Thus starting March 1, we will institute a \$15 monthly manure disposal charge for each horse to pay for this effort.

Additionally, we are finding that our labor costs continue to increase, both from new laws recently passed, and falling unemployment rate creating a more competitive labor market. To offset these costs, we are increasing the stall boarding rates by \$18 per month. Labor costs are more than 50% of the operating costs of the stable.

As a partial offset to this increase, we are lowering the feeding rates. We can do this, because with our new hay grapple, we can shop many more sources to get better prices. We are then able to pass these savings on to you.

In addition we are discontinuing feeding Bermuda grass. Demand for this specific grass has fallen dramatically, and not stocking it brings down the overall feed costs.

To further offset the manure fee and labor increase, we are reducing the shavings' prices. We sell an average of 2 bags of shavings per horse per week. At today's costs, shavings sales to boarded horses at SCR will be reduced as follows. Outside sales will remain at the current price.

Type	Today's	Mar-18
Micro	\$ 6.90	\$ 6.00
Mini	\$ 7.15	\$ 6.22
Regular	\$ 7.73	\$ 6.73

On page 3 is a more complete listing of all charges effective March 1, 2018. Any charges not listed will be adjusted proportionally. Thank you for your understanding.

Serrano Creek Ranch Monthly Rates

Effective March 1, 2018

Prices include daily stall cleaning.

A security deposit of \$300 per stall & \$25 per tack shed is required.

Stall	Price/mo.
24' x 24' Pipe Corral - 1/3 cover	\$408
24' x 24' Pipe Corral - 1/2 cover	\$423
24' x 24' Pipe Corral - 3/4 cover	\$438
18' x 24' Pipe Corral - 1/3 cover	\$360
16' x 24' Pipe Corral - 1/3 cover	\$348
13' x 25' Breezeway	\$388
12' x 24' Breezeway	\$333
12' x 24' Pipe Corral - 1/3 cover	\$303
12' x 24' Pipe Corral - 1/2 cover	\$308
Box Stall – Standard w/o shavings	\$353
Box Stall – Large w/o shavings	\$378
Manure Disposal Fee Each Horse	\$ 15

EXTRAS:

Tack Shed	\$ 30
Trailer Parking	\$ 75
Feed Box	\$ 9
Dry stall charge – per day	\$ 6

FEED: (Horses are fed three times per day.)

<u>Description</u>	<u>2.5-3 lbs</u>	<u>5-6 lbs</u>	<u>9-10 lbs</u>
1 Feeding of Alfalfa	\$25	\$38	\$61
1 Feeding of Orchard	\$34	\$54	\$84
1 Feeding of Timothy	\$35	\$55	\$86
1 Feeding of Special Feed	\$15		

LATE FEES: \$25.00 on all board received after the grace period (10th of the month)

INTEREST: 1.5% on all accounts 30+ days late (18% per annum), NSF CHARGES: \$35.00