

Considerations and Recommendations When Establishing Custom Grazing Relationships *(with a special emphasis on organic dairy)*

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Introduction

Over 200 certified-organic dairy farmers in Vermont are required to meet a minimum amount of pasture feeding for cattle over six months of age during each grazing season. Non-lactating animals such as heifers and dry cows may be deferred to marginal, low quality pastures and/or managed in a continuous grazing system, which typically yields lower-weight animals and poorly producing pastures. According to Vermont Organic Farmers certification staff, close to 50% of Vermont's certified organic dairy farms use a continuous grazing management system for their heifers.

This SARE-funded project has been focused on capturing important issues for organic dairy farmers and custom graziers in order to begin building a network of custom grazing opportunities to both ease time and labor constraints on organic dairy farmers, and help develop greater economic opportunity for grazing on smaller, beginning, leased, and diversified farms.

In 2017, the project team conducted a series of interviews with custom graziers and organic dairy farmers to discuss the pros and cons of their experiences. The draft version of this guide was circulated as a starting point for further discussion and testing in 2018, and updated through a final set of interviews in early 2019. It includes a combination of general observations from the industry, direct experience sharing from our interviews, and follow up resources to assist custom grazing relationship establishment.

This guide and set of recommendations are intended to be a starting point for your consideration, and has been used more widely than the original intent of solely organic dairy/custom grazing relationships. We hope that you find it useful in your own efforts, and that you continue to share your experiences with us to improve and update the recommendations for a broad range of grazing partnerships.

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Why use a custom grazer?

For organic dairies, custom grazing can free up the working land base within walking distance of the barn. Sending heifers or dry cows out to another location can free up time and the physical or mental labor for other projects. It may mean that the animals receive higher quality feed and gain weight faster, achieving target breeding sizes more consistently. Using a custom grazer can be particularly helpful for an organic dairy farm that is “landlocked” or in a situation where there is a pasture requirement but the farm is unable to grow. Cows may not be able to walk to pasture, or farmers may not have travel rights of way on neighbors’ property. Land pressures are increasing; organic land is often overpriced and underproducing due to neglect. One organic dairy farmer we interviewed said, “I wish I had bought more land”, but that opportunity passed twenty years ago, and using a custom grazer is a valuable alternative for him.

Outside of the challenges specific to organic dairy, custom graziers can be valuable partners to expand or specialize aspects of beef operations without hiring additional employees or purchasing/leasing more land. Custom grazing also represents an opportunity to partner with medium and large dairy farms seeking a lower-cost, lower-labor alternative for non-lactating dairy animals and young stock. Using well-managed grazing to reduce the need for purchased feeds such as grain and increasing the beneficial use of the Northeast’s open land during a period of significant agricultural transition represents a potential win-win for grazing partners as well as public interests such as water quality and working landscapes.

Why be a custom grazer working with dairy clients?

For graziers managing owned animals or season-long clients, custom grazing of dairy animals (heifers or dry cows) can balance the pasture flush of the early season, or complement a hay-management strategy. If custom grazing is the core business, or the grazer is in a “business building” mode, regular cash flow for services rather than taking on debt to purchase animals can be particularly useful and is potentially one of the most profitable livestock business models¹. Working with dairy clients can mean regular rotation of animals (as young stock come in and bred animals return to the home farm), and often animals that are easy to work with, as dairy cows are relatively friendly and used to working with people. Dairy heifers or animal unused to rotational grazing systems may need specific fence and/or grazing training procedures, discussed on Page 7.

In addition to work with the organic dairy community, medium and large conventional dairies may represent particular opportunities as well. Interviews conducted in 2019 with experienced graziers noted that grazing heifers rather than raising replacement animals in confined feeding operations may result in a more cost-effective arrangement for the larger dairy, as well as additional grazing revenue for the custom grazer.

Are there other custom grazing opportunities?

Based upon interviews with custom graziers, there are a wide variety of potential custom grazing relationships which may be appropriate depending upon infrastructure, local opportunities, and personal preferences. A partnership within a beef cycle might include cow-calf grazing for a finished-beef operation (or the finishing itself). Other livestock opportunities such as grazing sheep on parasite-

¹ As calculated using the Ranching for Profit™ model. <https://ranchmanagement.com/>

free “clean” pastures or under solar panels² are an option, as well as custom grazing horses to reduce hoof pressure and compaction in traditional paddocks.

Before the livestock arrive

1) Develop trust

Repeatedly, all farmers/partners interviewed identified **trust as a primary requirement** for establishing a new or ongoing custom grazing relationship. Two kinds of trust were highlighted.

First, trust that each party would meet commitments for management, maintaining the agreement as outlined, and making payments as agreed. This might be described as **person-to-person trust**. As one interviewee said, “*When someone comes onto your land and doesn’t trust you yet, there’s a body of work.*” Recommendations for custom graziers seeking clientele include gathering quotes and testimonials from past partners.

Second, trust that the custom grazer is able to manage land and animals capably to achieve desired results. This might be described as **technical trust**. “*People don’t realize that—before the money, you’ve got to show someone that you can perform. You’ve got trust right off the bat.*”, says an experienced custom grazer. Recommendations to build trust in technical skills include anticipating questions about fencing, water, loading, handling, etc., and maintaining records of past animal and land performance.

2) Written communication

Repeatedly in interviews and informal conversations with parties on all sides of custom grazing relationships, the need to capture conversations in writing was emphasized, particularly in the form of a contract. Telephone and personal conversations are needed to develop trust (*see above*), however the best course to articulate the understanding of each side is to **put it down on paper**. Several interviewees noted that grazing arrangements had changed over time, but because they did not have written contracts, they were not in good positions to object or negotiate. A sample grazing contract is included in the resources at the end of this document.

3) Clear expectations

Setting clear expectations is a primary necessity in any contract or partnership, and it bears repeating here. Identifying what the owner or grazer will do to prepare, manage, and retrieve the animals, and when, for what price, will assist greatly in heading off discontent on the part of either party. In one case, an animal owner was continually involved in retrieving escaped livestock for the grazer, due to a lower-experience level on the part of the grazer. When interviewed, the owner was less concerned about the potential liability and more concerned about not realizing they would need to take the lead.

4) Insurance

Thankfully, none of the owners or graziers we interviewed had ever experienced a serious liability situation, however several had animals become injured, escape, or die. Repeatedly, interviewees emphasized **the importance of contacting their insurance agent to verify the status of coverage for the animals**. Whether animals are covered by the owner at a remote location, by the custom grazer’s liability policy *or both*, understanding the need for specific insurance products and the cost

² A Guide to Farm Friendly Solar, 2017. <https://www.uvm.edu/extension/sustainableagriculture/guide-farming-friendly-solar>

of insurance for your particular situation will drive cost calculations as well as articulate expectations.

5) *Loading/unloading*

Consistently, custom graziers noted the **importance of having a solid place to load and unload animals *before* the animals arrive**. Interviewees described animals as breaking through fences, “forgetting” any previous electric fence training, and jostling for position in a new environment. Despite overall positive experiences noted by the interviewees once animals had settled down and begun regular rotation and grazing, 1) unloading new animals and 2) gathering existing animals to reload onto a trailer are significant potential points of failure, stress, annoyance, and liability.

Livestock services and options

The custom grazing relationship may include a wide variety of services in addition to managing livestock, forage, and timing. Services might include amendments, breeding, housing, or specialized feeding regimens.

The farmers and custom graziers we interviewed primarily managed vaccinations at the home farm, however one custom grazier offered additional services based on a per-item or per-animal basis. Some dairy farmers had light vaccination programs, another vaccinated “*for everything*”. At least one custom grazier was a former dairy farmer and kept an eye on heat cycles, but did not have the facilities to breed and simply documented and communicated heat observations back to the cows’ owner.

Management of minerals (or other supplements) and grain varied, depending on the needs of the dairy farmer and the capacity of the custom grazier. Some dairy farmers purchased minerals and/or grain and delivered them for custom grazier use. In one case, the custom grazier was allowed to charge minerals on the farm’s account at the local feed dealer. Several interviewees discussed the importance of knowing whether/when a group of animals should be receiving grain. If a custom grazier is mixing multiple animal age groups (or groups from multiple farms), it may be problematic and time consuming to separate a group to receive different feed. Several dairy farmers mentioned changing custom graziers as situational needs changed, and the overall takeaway from the interviews was that **the more custom grazing (and more dairy farm) operations working together, the greater opportunities to find the right fit as farm needs evolve**.

While not directly a custom *grazing* issue, several dairy farmers specifically mentioned a need for winter housing. Small dairies may not be able to afford a full time employee, but have too much work for the farmers alone. When discussing winter management, all parties discussed feed as a separate arrangement from feeding labor. Some dairies preferred to buy feed directly from the winter manager (reduced transport costs and labor management). As these were all organic dairies, there are specific requirements for housing that would need to be adhered to (VOF ref.).

Additionally related to Certified Organic, Animal Welfare Approved, Global Animal Partnership, and other certifications, custom graziers may need to keep certification records for the animal owners. Recordkeeping systems used included notebooks, calendar notations, and grazing charts. At least one custom grazier was covered temporarily under the cow owners’ organic certification as the grazier was going through the certification process.

In the interviews, most of the dairy animals came to custom graziers trained to high-tensile electric fence, although not always poly wire. At least two described initial training systems (barnyard or close

paddock) used to orient the new arrivals to the fence used. In some cases, heifers came straight from a winter barn and took several days to settle in and learn to graze. At least one custom grazier indicated a frustration in the extra time it took working with animals from a free stall feeding system that took longer to settle in and always wanted to head back to the barn.

Related to animals transitioning from a confined/stored feed operation to a grass-based system; in addition to managing the rumen transition between different types of feed, it is possibly and likely that the animals will need to learn more about what and how to graze in their new location³. Easing this transition⁴ will increase the likelihood of animals maintaining weight and reducing stress during the transition, as well as encouraging more even forage intake in pastures.

Payment considerations

Custom grazing rates are often the first question asked, but whether that rate works for both parties can depend on a wide variety of issues, and a unique set of circumstances for each farm. In addition to really understanding the costs of overhead and labor for animal management, opportunity costs for the type of land use must be taken into account. One custom grazier noted, *“I’ve been in meetings with very knowledgeable farmers...who don’t know how much it really costs them to raise a heifer. So when they talk to a [custom grazier] CG who quotes a price, they really don’t understand the value.”* Similarly, custom graziers may not be including travel time, fence building time, or livestock transition expenses (see previous section).

Most of the dairy farmers and custom graziers we have interviewed indicate a range of \$1.25-\$1.40 per animal per day, which is consistent with the regional numbers available (\$1.00-\$1.50 for organic dairy heifers, \$0.75-\$1.50 for conventional dairy heifers, and \$0.85 for conventional dry cows). Information out of Cornell Cooperative Extension indicates that confinement dairy heifer raising can be closer to \$1.80-\$2.25 per day, with costs closer to \$3.75 per day for adult cows⁵. According to the Cornell estimates, a cost savings of nearly \$2.20/cow/day can be realized by utilizing a custom grazier, which is more than \$325 over a 150-day grazing period. All interviewees said that rates between cow management and stored feed costs were set separately (unless provided by cow owner).

Across the range of interviews, **price point has been identified as a key aspect of developing a long-term relationship**. At least one custom grazier admitted that he was probably not receiving enough, however the arrangement was with family members. Other custom graziers noted that they eventually got out of custom grazing in part because they weren’t receiving enough *and* the dairy farmer had increasing trouble paying them. Throughout these interviews, trust and relationship building were continually mentioned as being of high importance, but as the former custom grazier asked, *“Are we unnaturally lowering the price [through personal relationships]?”*. Our recommendation based on these interviews is that **both sides need to look hard at what works for them and be realistic about what is sustainable** for their operation.

³ For assistance understanding and addressing animal behavior related to changing diets and geographic locations, visit <http://behave.net/> for more information.

⁴ To teach livestock to eat new foods (including--but not limited to--weeds), visit www.livestockforlandscapes.com or <https://www.youtube.com/user/KathyVoth>.

⁵ *Grazing Heifers: An Opportunity for Large Dairy Farms* <https://cpb-us-e1.wpmucdn.com/blogs.cornell.edu/dist/4/7493/files/2012/04/Booklet-1dt7xgk.pdf>

Through the interviews, we discussed a variety of billing arrangements. Overall, participants highlighted **the importance of monthly or regular billing**. One custom grazer noted that he held the cows at his own place until the final check arrived, but others mentioned difficulty in getting paid, especially if the payment was a “whole season” situation. Conversely, the dairy farmers indicated that being billed monthly allowed them to budget around milk checks and spread out the expense over time, and **when they were not billed regularly, it actually made it harder to pay**.

Financial research has shown it is psychologically difficult to pay money out (even if the cost savings are significant such as through custom grazing--\$2.00/animal/day or more), so **it is to all parties' benefit to find ways to make this payment process as easy as possible**. Several dairy farmers and custom graziers described creative financing arrangements to help one or both parties. In one case, the cattle owner front loaded the purchase and installation of fence and deducted the repayment from custom grazing services. In another case, the custom grazer was paid partially in sawdust for winter animal bedding.

Distance, infrastructure and land base considerations

Travel distance, group sizes and land base can figure heavily into whether a custom grazing relationship can work well for both dairy farmers and custom graziers. Custom graziers may be working with leased land (*though not always*), and travel between locations may decrease the ability to move animals regularly or visually monitor their condition. Small parcels may not be worth managing, or small groups of animals. As one custom grazer noted, *“It takes the same amount of my time to move one group of 25 or 50 animals, but much more time to move multiple groups of the same 25 or 50.”* So, for the custom grazer, condensing animal groups can make more sense, but it brings into question whether the animals are from different farms and backgrounds, what the management goals of those animals are, and whether they are well-trained to fence or have special needs (like grain feeding or breeding).

The organic dairy farmers described the relief that comes from shipping additional animals away from the core land base, but the distances vary. Some are still close enough to check on regularly, but some are shipped to a different part of the state. One dairy farmer said that visiting the animals at the custom grazing location to know that they are settling in would be helpful in building trust with the grazer. Another said, *“Knowing I wouldn't get a call about heifers getting out of the fence is priceless.”* A non-dairy livestock farmer noted that the 20-30 minutes away that their animals were at the custom grazer's, *“was not a big deal, unless they had to check the animals every day”* (Note: this experience was a situation where the animals escaped the fence frequently and the owners had to recapture the cows themselves).

Regarding fence and infrastructure, every person interviewed for this document mentioned **access to adequate livestock infrastructure such as fence and water**. With the assumption that fence and water are part of a custom grazing situation, or need to be established, it is important to either 1) build the costs into custom grazing estimates, 2) include it in the cost of land, or 3) work with the livestock owner to establish desired infrastructure. According to a 27-year veteran custom grazer, a one-year lease on a property is not long enough to recover infrastructure costs. He suggests avoiding lease opportunities that are less than five or ten years. As he said, *“There is plenty of opportunity and land is available, but the economics are a big barrier.”*

Finally, forage quality. If custom graziers are working with leased land, the quality of the forage may not be high. Desirable plant species might be low, and weed pressure high. While this document is not designed to describe how to improve land through grazing management, it is important to keep in mind that since the nutritional needs of animals at different stages of life and with different growth targets

will vary, the custom grazier and livestock owner will need to maintain clear communication about expectations and be realistic about growth and costs of production. For example, a group of confinement dairy heifers pasturing on marginal land might be a better fit for a per head/per day structure, while finishing beef on lush perennial pasture might be a better fit for a per pound pricing structure.

Overall, recommendations for new custom graziers are to “*start small and build up*”. Understand “*that you can’t charge the higher amount without facilities, good pastures and water*”, and that “*it’s best to start on the plus forage side*” (more land than animals).

Please note: if farmers truck their own animals, they are not required to obtain a transporter’s license, but if a custom grazier moves animals owned by another person, they must have the license.⁶

Grazing agreements, insurance, and legal protection

Most of the dairy farmers and custom graziers interviewed initially worked with handshake agreements only, although each one admitted that they should probably have a written agreement in place. One custom grazier had begun implementing a written contract with new partners. Particular issues that came up in discussion included whether particular services were simply wrapped in to the existing price, who would be responsible for transport or how things would be handled, “*if things go terribly wrong*”.

In the event of an animal death, most interviewees expected the loss would fall on the owner’s insurance, however at least one custom grazier noted the need to make sure communication was clear around those expectations. A takeaway from the interview series was that a direct conversation with both farmers’ and graziers’ insurance agents should be a recommended practice.

Note: These are not legal recommendations, just observations from the interviews and additional resource materials. Suggestions are for guidance only.

Finding a custom grazier and/or a dairy farmer to work with

Unsurprisingly, there is some overlap in where dairy farmers and custom graziers might connect, but the groups also suggested different places:

To find Vermont and Northeast dairy farmers,

- [NOFA Notes](#)
- [NODPA News](#)
- UVM Extension newsletters ([Center for Sustainable Agriculture](#), [Champlain Valley Crop, Soil & Pasture Team](#), and [Northwest Crops & Soils Team](#))
- [O-Dairy listerv](#)
- Stop in at a local organic dairy farm

To find a custom grazier:

- Word of mouth; “*if farmers like what they see, they’ll tell others*”
- Advertise in [Country Folks](#), [Agriview](#), [NOFA Notes](#)
- [Vermont Pasture Network](#) listserv

Both sides indicated that word of mouth is key, especially in local areas.

⁶ http://agriculture.vermont.gov/animal_health/registrations_licensing/livestock_license

SUMMARY FOR SUCCESS

- Before anything else, build trust
- Communicate regularly
- Be clear about available services and expectations
- Solidify expectations in writing
- Be honest (*to yourself*) about the numbers
- Find a price point that works for *both* parties
- Bill (and pay) *very* regularly
- Protect all parties just in case "*things go terribly wrong*"

Appendix A—Sample Grazing Agreement

(<https://attra.ncat.org/attra-pub/viewhtml.php?id=243#12>)

Contract-Grazing Agreement (Sample)

This contract is for the purpose of custom grazing heifers belonging to _____ (referred to as "owner") on property belonging to or leased by _____ (referred to as "grazier"). This contract takes effect upon the signing date and remains in effect until all the heifers are redelivered to owners.

1. Owner will send grazier ___ head of approx. ___ lb. average weight steers/heifers on _____ and pick them up by _____, dependent on pasture and weather conditions.
2. Cattle owner will make monthly payments of _____ (depending on 30 or 31 days/month) to grazier to be paid by the 1st of each month beginning _____ and through _____. Balance of payment is due within 10 days of cattle redelivery date. Grazing rate will be _____ per day.
3. Grazier agrees to provide adequate feed solely as pasture for owner's animals through end of _____, except in a situation of severe drought.
4. If a severe drought is developing, the grazier will notify the owner. The owner may either remove the animals or provide feed to get through the drought. Feed costs will be deducted from the grazing payments above (paragraph 2).
5. Owner will administer any vaccines prior to arrival and provide the grazier any external parasite control he wishes to be used.
6. Grazier will administer external parasite controls with his facilities if requested.
7. Owner to provide mineral if he desires it to be fed. Salt will be provided by the grazier.
8. Owner will pay for any veterinarian costs, antibiotics administered, and all ancillary expenses throughout the grazing period. If for some reason grazier must supply additional labor above and beyond normal animal care, it will be billed at \$____/hr.
9. Owner will pay for all shipping, scale fees, and any buyers or sellers fee.
10. Owner will pick up any animal considered wild, chronically sick, or not maintaining the habits of the group.
11. Owner will be able to pick up the cattle at any time if he feels they are not being taken care of.
12. Owner will acquire an insurance policy on the cattle covering fire, lightning, wind, and storm, or be responsible for loss due to the same.
13. Owner will acquire an insurance policy on the cattle covering theft, vandalism and liability, or be responsible for loss due to the same.

14. Owner agrees to assume all legal responsibility as owner of the animals and will not hold the grazier liable for any injury or death loss to the animals, except those due to negligence on the part of the grazier.

15. Grazier will provide the receiving facilities, treating chute, sick pen facilities, feeding equipment, grazing pastures, and shipping facilities.

16. Grazier's goal will be to put ____ pounds or more of gain per day on each steer or heifer.

17. Grazier, or individuals under the supervision of grazier, will personally care for the animals on a daily basis and will not contract the work out to another party.

18. In the event that the owner is unable to make payments due and owing to the graziers, then the grazier may hand pick heifers from the owner's herd and retain ownership of some to the dollar value required to cover the past due account. Value of animals will be determined by actual value at the time of transfer of ownership from owner to grazier.

19. If a situation arises which owner and grazier cannot agree upon, the disagreement will be refereed/arbitrated with a third party mutually chosen by owner and grazier.

Contract adapted from a handout at the 2015 Northeast Contract Grazing Summit "Real opportunities and perspectives from real grazing practitioners and customers" March 28, 2015, Morrisville, NY. This sample contract is provided as an example only. It is not intended to be a ready-made template, as each contracting situation is different. ATTRA does not accept or assume legal liability for any use of this sample contract.

Appendix B—Vermont Intrastate Trucking

(From the Vermont Agency of Agriculture, Food and Markets web page, http://agriculture.vermont.gov/animal_health/animal_movement)

New Requirement - [Intrastate Movement](#)

During the 2017 legislative session, through [Act 30](#), state lawmakers modernized Vermont laws that regulate livestock movement in the State. As with any new law or rule, the Vermont Agency of Agriculture (VAAFAM) will spend considerable time educating and providing technical assistance to farmers and licensed dealers/transporters regarding these statutory updates, which became effective on July 1, 2017, prior to taking any enforcement action against violators of the new language.

Act 30 requires all livestock being transported within the State to satisfy the requirements for official identification for interstate movement under the U.S. Department of Agriculture (USDA) Animal Disease Traceability rule, 9 C.F.R. part 86 prior to leaving the property of origin, regardless of the reason for movement or duration of absence from the property. Livestock include dairy and beef cattle, sheep, goats, pigs and camelids. Examples of livestock movement within the state that this requirement applies to include transport from the farm of origin to a slaughter facility, movement to a new farm location, and transport to a fair or exhibit.

Metal ear tags (NUES tags) and 840 ear tags (AIN tags) are commonly used in Vermont by livestock owners. For many years, VAAFAM has provided metal NUES tags at no charge to farmers, veterinarians, and livestock dealers. Please call the Animal Health Section at (802) 828-2421 to request tags. AIN 840 tags may be purchased from most ear tag distributors. Please follow this [link](#) for an educational handout illustrating official livestock tags.

VAAFAM strongly encourages all livestock farmers, dealers, transporters, market personnel and other industry partners to review Act 30 and contact the VAAFAM Animal Health Office with any questions. Animal Health staff will be working with impacted businesses and farms to ensure proper implementation of these new identification requirements for intrastate livestock movement. Staff can assist farmers with obtaining ear tags and answer questions about the requirements and official identification.

Resources

- Animal Health Office – (802) 828-2421
- Official tag illustration - <http://agriculture.vermont.gov/node/1371>
- Act 30 - <http://legislature.vermont.gov/assets/Documents/2018/Docs/ACTS/ACT030/ACT030%20As%20Enacted.pdf>
- Federal interstate movement requirements - https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/SA_Traceability

Appendix C—Additional Resources

Grazing Contracts for Livestock

(Updated August 2016, Lee Rinehart, NCAT Agriculture Specialist)

<https://attra.ncat.org/attra-pub/viewhtml.php?id=243>

Dairy Heifers Economic Projections and Budgets (ATTRA)

Spreadsheet: www.attra.org/attra-pub/grazingContracts/dairy_heifers.xls

PDF: www.attra.org/attra-pub/grazingContracts/dairyheifers.pdf