

Testimony of Jon Davis
Davisco Foods International

FMMO hearing
Docket No. AO-14-A77, et al.; DA-07-02

Spreadsheet analysis
of costs associated with
proposal #12

April 2007

Davisco Foods Int'l.
40s/Fiber Packaging Comparison

Le Sueur Cheese Company
40 Pound Block Production vs. Barrel Production

Item	40 lb. box with liner		
	/Vat	/Block	/Pound
Pouch		\$ 0.175000	\$ 0.004167
Box Liner		0.188000	\$ 0.004476
Box(Blank)		0.324000	\$ 0.007714
3x3 Labels		0.005900	\$ 0.000140
Hot Melt		0.008100	\$ 0.000193
Stretch Wrap		0.005954	\$ 0.000142
Pallet Pad		0.010424	\$ 0.000248
Pallets		0.174074	\$ 0.004145
Color	\$ 8.395522		\$ 0.001333
Decolor	\$ 20.050254		\$ 0.003183
	<u>\$ 28.445776</u>	<u>\$ 0.891452</u>	<u>\$ 0.025740</u>

* 54 block pallet

Item	Fiber Barrels	
	/Barrel	/Pound
Barrel Liners	\$ 0.990000	\$ 0.00194
Fiber Barrels	\$ 8.25000	\$ 0.01618
Labels 1.5x4	\$ 0.01020	\$ 0.00002
Labels 4x5	\$ 0.03612	\$ 0.00007
Stretch Wrap	\$ 0.05596	\$ 0.00011
Pallets	\$ 2.35000	\$ 0.00461
	<u>\$ 11.692280</u>	<u>\$ 0.022926</u>

* 4 barrels/pallet

Unit Weight	
42.00	40 lb. box weight
510.00	Fiber Barrel weight
6,300.00	Lbs. per vat

Jerome Cheese Companies Barrel Cost is \$1.57/barrel more, or about \$.003/lb., all other packaging costs are similar between the two locations (based on Jerome using a nested drum).

Le Sueur Cheese **40 Pound Block Production vs. Barrel Production**

<u>Building</u>	Sq.Ft.	Cost	
40 Pound Cheese Block Production Area	3,300	\$519,915.00	(k)
40 Pound Cheese Block Rapid Cooler Area	2,980	\$342,700.00	(k)
Cheese Block Packaging Materials Storage Area	500	\$51,750.00	(k)
Barrel Room Production Area	11,000	\$1,707,750.00	(r)
Barrel Staging and Storage Area	14,000	\$1,449,000.00	(r)

<u>Equipment</u>			
40 Pound Cheese Block Equipment		\$2,120,970.00	(k)
40 Pound Cheese Block Rapid Cooler		\$753,565.21	(k)
40 Pound Decolorizing Equipment		\$143,000.00	(k)
Barrel Room Equipment		\$1,981,805.00	(r)

TOTAL - 40 Pound Block Production		\$3,931,900.21	(k)
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TOTAL - Barrel Production		\$5,138,555.00	(r)
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Capital Cost for 40 Lb. Block Production	Per Lb. \$0.0051	\$398,155.30
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Capital Cost for 500 Lb. Barrel Production	Per Lb. \$0.0067	\$520,344.57
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Total Packaging and Capital Cost for 40 Lb. Block Prod.	Per Lb. \$0.0308
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Total Packaging and Capital Cost for 500 Lb. Barrel Prod.	Per Lb. \$0.0296
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Assumptions:

Interest Rate	6.00%
Equipment Life (yrs)	15
Plant Capacity (same for blks/barrels)	78,120,000

Footnotes: (k) pertaining to 40 pound Block production; (r) pertaining to 500 pound Barrel production.