

WACD Plant Materials Center Report 2022



Fiscal Year 2021-22:

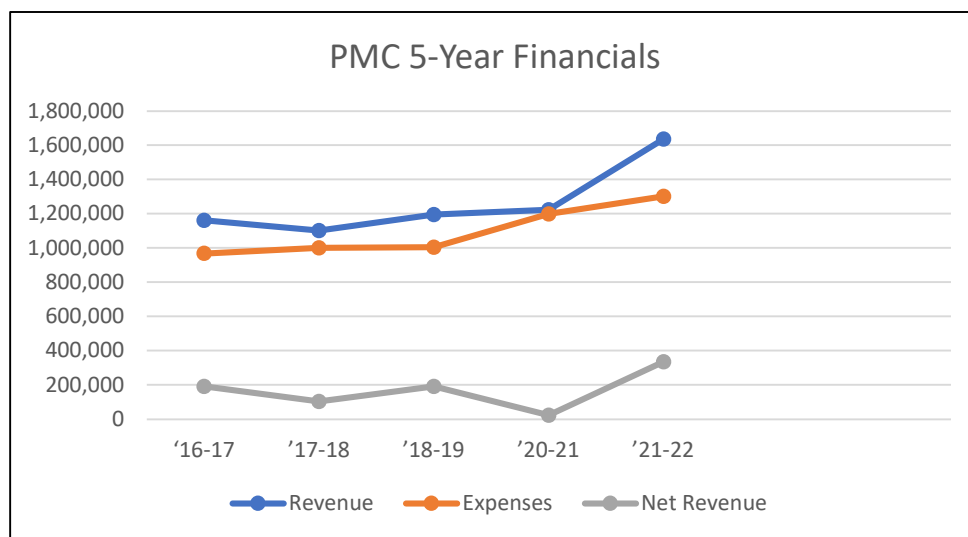
- **Sales:** Fiscal Year 2021-22 exceeded last year's record-breaking sales amount by over 34%. They increased from \$1,160,682 in FY 2020-21 to \$1,559,025. Sales exceeded the year's sales budget of \$1,209,000 by 29%. A total of 1,970,193 plants were sold. The major sales categories are:
 - Hardwood / Deciduous - \$840,488
 - Conifers - \$289,745
 - Live Stakes - \$274,467
 - Brokered - \$108,350

There were a record setting 557 different orders of which 47 were sales to CD's and 510 were non-CD's. CD sales accounted for \$359,500 and non-CDs was \$1,199,500.

There is not a clear answer to what drove a sales increase of this size. Part of it can be attributed to delayed planting projects due to COVID, an increase in forestry, some fire restoration, and increases in new planting projects as well as a general increase in interest in planting native plants for aesthetics, improving habitat, mitigation, and carbon offset.

- **Financials FY 2021 – 22:** The WACD financial reports are included in the meeting packet. The total revenues, expenses, and net revenues for the PMC for the last 5 fiscal years are below:

Fiscal Year	Revenue	Expenses	Net Revenue
'21-22	1,636,609	1,301,331	335,278
'20-21	1,222,141	1,198,341	23,800
'19-20	1,212,433	1,154,967	57,466
'18-19	1,194,607	1,004,091	190,500
'17-18	1,102,054	999,629	102,425



Revenue for FY 2021-22 exceeded expectations. It was projected to be \$1,263,925 in the budget and wound up at \$1,636,609, exceeding the budget by 30%. They also eclipse the revenues for FY2020-21. Revenues last year were \$1,221,978 which was a 34% increase for FY 2021-22.

Expenses for FY 2021-22 also increased to record levels, but fortunately not as much as revenue. As of June 30, 2022, expenses were \$1,301,331 compared to the same date last year when they were \$1,186,809, or a 10% increase. The biggest increase was seasonal labor which was caused in part by a significant increase in minimum wage. Other increases include credit card fees for offering customers the option of paying with a credit card. Brokered stock increased but there is an offsetting increase in revenue too. Farm and Nursery Supplies increased as did equipment repair and maintenance, fertilizer, seeds, medical benefits, and a small increase in staff wages.

The bottom line for the PMC for FY 2021-22 was an investment of \$1,301,331 in expenses paid back \$1,636,609 in revenues, or a 25% return on investment.

Fiscal Year 2022-23 To Date:

Sales: Sales continue on a record-setting pace. As of 10/31/22 the PMC has booked \$1,462,587 in sales for the upcoming season. That surpasses last year when sales were at \$1,173,638 on 10/31/21, or a 24.6% increase. Sales have exceeded the PMC Plants revenue budget of \$1,411,300 for the whole fiscal year. Sales to date are composed of 239 separate orders with 49 of them, or 21%, being direct sales to Conservation Districts. The total number of plants sold to date is 1,542,194.

There are many reasons for these significant increases past couple of years which boil down to an increased market. What has been amazing is how the staff has kept pace. Jacquie and Lori have made changes in sales and inventory control to better manage the increased volume and complexity. Jacquie has also focused on updating the PMC website. It is visually appealing and user-friendly. A lot have discovered already, with a lot meaning over 1,000 visits per month. If you have not checked it out, go to www.wacdpmc.org and see for yourself.

Assistant Manager John Knox has been working on streamlining processes in the packing shed such as standardizing grading, bundle sizes and building orders. A record setting total of 1.97 million plants were processed and sent out the door last year and there is every indication that will increase this year. Continued gains in efficiency are critical to achieve that with existing capacity.

Financials FY 2022-23 as of 10/31/22:

With the current fiscal year only 4 months old there is little revenue to report on so far and limited expenses. Revenues year to date (10/31/22) are \$42,056. At the same time last year, they were \$53,014. They lag slightly from last year but that will change soon. The PMC has been harvesting, processing, and shipping large quantities of live stakes this fall and revenue should jump when payment is received.

Expenses are up from last year. As of 10/31/22 PMC expenses totaled \$367,991 and on the same date last year they were \$293,116. Increases were seen in a number of areas including Accounting, Farm and Nursery Supplies, Chemicals and most notably Seasonal Labor. Seasonal Labor has increased due to increases in minimum wages, more weeding and the increase in live stake harvest numbers. Packaging Supplies is also up considerably but that is due to receiving packaging supplies for the upcoming harvest earlier than usual out of concern for supply chain issues. Those numbers should even out next month.

Operations: Equipment and facilities are all in good working order there has not been any major equipment replacements or purchases this year. That could change however if it determined that the PMC needs a new road-worthy pickup (which it does). During the summer,

the PMC focused on some needed building maintenance issues including painting inside, removing rust, painting the metal doors, and refurbishing the outside steps from the lunchroom.

The growing season has gone well. There are a lot of plants getting ready to be harvested, processed, and shipped to their forever home. Bare root seedling harvest is scheduled to begin on December 1. Most of the seasonal crew has been lined up. Out of the 20 people that were on last year's crew, 18 are returning. Having that experience is invaluable, especially with the upcoming harvest shaping up to be a record-breaking year. Harvest should wrap up by mid-March.

The biggest news to report on operationally is that the PMC has hired a new Farm Operations Supervisor. Our current Farm Operations Supervisor, Bill Mulder, will be retiring in the New Year. The PMC was fortunate enough to find a qualified replacement, Oscar Arias. He brings many years of farming experience as well as being a mechanic. He will have 3 months to learn all he can from Bill. The job is unique with many specialized skills to learn and master. Bill will be available to help Oscar learn more later in the year as the seasonal activities change.

The Future: What does the future have in store for the PMC? Who knows! The PMC is currently experiencing unprecedented growth in demand. There is a lot of talk about that continuing but how much should the PMC invest in speculation? It already grows over 2 million plants speculatively and that is a lot. If the issue of risk is addressed through contracting or other considerations, there are other significant challenges to scaling up more than planned. They include labor shortages, limited cooler space, and limited staff time to name a few. In the end, *time will tell*. What ever direction things go, the PMC's commitment to growing quality conservation plant materials, providing good customer service, and maintaining a viable business will not be compromised. What ever the future has in store the PMC will be able to meet it thanks to the strong support it has enjoyed from the conservation district community.