

August 8, 2019

Dr. Eric Young
Dr. Steve Lommel

Dear Eric and Steve:

The Costa Rica Cotton Winter Nursery (CWN) was re-established in 2015 with the financial support of USDA-ARS, SAAESD, and Cotton Incorporated. Prior to our move to Costa Rica, the CWN was located in Mexico for 60 years. In early 2015 the National Cotton Council exited management of the operation, so this required a series of actions to be taken to ensure no counter cyclical season was missed. The community coalesced around a plan, and coupled with a one-time \$500,000 contribution from USDA-ARS, we were able to select a new CWN manager, identify a nursery field site and building, purchase equipment to grow, gin, and delint a cotton crop, install a pump and drip irrigation system, and develop seed processing capabilities near Liberia, Costa Rica. We have now exhausted the one-time USDA-ARS contribution, but we are established and currently in our 5th growing season. Users report to us they rate the Costa Rica CWN as an excellent and valuable service.

For well over 15 years the SAAESD has also kindly provided support for the CWN, and starting in 2018 that amount reached \$25,000. Other annual contributions provided to cover our total *fixed* costs of \$125,000 come from USDA-ARS (\$40,000) and Cotton Incorporated (\$60,000). During our recent 2018/19 growing season we experienced an issue which caused undue angst which must be corrected. Due to delayed payment that was extended with the government shutdown, USDA funds were unavailable for nearly 4 months. It quickly became problematic as the manager could not be paid. To remedy this situation in the future, Cotton Incorporated has agreed to fund \$75,000 of the \$125,000 fixed costs per year. To help cover the remaining balance, I request SAAESD increase their annual contribution from \$25,000 to \$50,000 per year. That would ensure funds are in-hand and available to cover all fixed costs.

You might ask what would become of the \$40,000 USDA contribution. These funds would be shifted to cover a portion of the variable costs incurred each season. The number one variable cost are user fees, or the expense associated with shipping, packaging, planting, growing, selfing, harvesting, ginning and delinting of germplasm being advanced in the CWN. These variable costs are covered by Cotton Incorporated and USDA, even though university researchers benefit substantially by requesting hills in any given year. For the past 3 growing seasons their user fees have averaged \$85,000 for the group of land grant university cotton researchers.

SAAESD's contribution of \$50,000 will help provide a firm financial foundation for the long-term viability of the CWN operation in Costa Rica, and in so doing, help university researchers address problems facing US cotton growers.

Sincerely,



Don C. Jones, Ph.D.
Director of Agricultural Research



Contributor	FIXED COSTS		VARIABLE COSTS		
	Current	Future	Current	Future	
SAAESD	\$25,000	\$50,000			
USDA-ARS	\$40,000		USDA user fees	USDA User Fees + \$40,000	
Cotton Incorporated	\$60,000	\$75,000	University User Fees	Balance of University User Fees	
TOTAL	\$125,000	\$125,000	\$150,000 - \$175,000	Growing to \$160,000 - \$190,000	