

SAMPLE COSTS
TO DEVELOP
AN AVOCADO ORCHARD
IN
SANTA BARBARA COUNTY
1968

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SAMPLE COSTS OF DEVELOPING AN AVOCADO ORCHARD

IN SANTA BARBARA COUNTY 1968 a/

Dollars Per Acre

	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
<u>Labor and Field Power</u>					
Land preparation	\$ 40				
Orchard layout	15				
Plant (dig, plant, mulch, wrap)	70	5	2		
Irrigate	32	28	24	24	24
Fertilize	2	3	4	4	4
Weed control (hoe, oil, herbicide)	25	15	12	12	12
Pest control	10	13	8	5	5
Tree care & pruning	17	16	7	10	10
Miscellaneous (erosion control)	9	7	7	6	5
(1) Total Labor and Power	\$ 220	\$ 87	\$ 64	\$ 61	\$ 60
<u>Materials</u>					
Trees (135 tipgraph trees/acre)	317	12	5		
Mulch	16	2	1		
Tree protectors	7	1			
Water <u>b/</u>	15	20	30	50	65
Fertilizer	5	6	7	12	15
Weed oil & herbicides	16	15	10	10	8
Pesticides	5	4	3	3	3
Miscellaneous supplies	9	3	5	4	4
(2) Total Materials	\$ 390	\$ 63	\$ 61	\$ 79	\$ 95
<u>Cash Overhead</u>					
General expense (office, insurance)	60	15	15	15	15
Management charge or allowance	60	36	36	36	36
Taxes, property <u>c/</u>	60	68	77	77	90
Maintenance & repairs	10	6	7	7	9
(3) Total Cash Overhead	\$ 190	\$ 125	\$ 135	\$ 135	\$ 150
(4) Total Cash Costs	\$ 800	\$ 275	\$ 260	\$ 275	\$ 305
Less Fruit Credits <u>d/</u>				160	325
(5) Accumulated Net Cash Costs	\$ 800	\$ 1,075	\$ 1,335	\$ 1,450	\$ 1,430
<u>Investment Costs</u>					
Depreciation <u>e/</u>	114	114	114	134	134
Interest on Investment <u>f/</u>	286	301	336	376	411
(6) Total Non-Cash Costs	\$ 400	\$ 415	\$ 450	\$ 510	\$ 545
(7) Total Net All Costs	\$ 1,200	\$ 690	\$ 710	\$ 625	\$ 525
(8) Accumulated Total Costs	\$ 1,200	\$ 1,890	\$ 2,600	\$ 3,225	\$ 3,750
<u>INVESTMENT VALUES AT END OF YEAR</u>					
Land	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Trees	1,200	1,890	2,600	3,225	3,750
Irrigation system, equipment bldg.	860	745	630	600	465
(9) Total Investment Value	\$ 5,060	\$ 5,635	\$ 6,230	\$ 6,825	\$ 7,215

Footnotes - see reverse side

FOOTNOTES

a/ Sample costs are based on records from cooperating growers who use practices typical of avocado orchard development in Santa Barbara County's South Coastal area. Great variations are found between individual properties, but these figures might be used for budgeting purposes. Characteristics of the typical orchard are assumed as: Hass variety, 135 trees per acre, planted 16' x 20', moderate slope hillside planting on previously farmed land, permanent plastic pipe sprinkler irrigation system, 20-acre orchard, owner operated, no frost protection.

b/ Water costs are based on Cachuma water distributed at a minimum price of \$40 per acre foot. Other sources and need for booster pumps and other special equipment would vary these costs.

c/ Assessed values and tax rates vary by districts. Tree values are usually added after the 4th year. Assumed 25% assessment ratio and \$8 tax rate.

d/ Production on young trees usually occurs in the 4th and 5th year. Amounts and prices vary greatly. Assumed yields per tree of the 4th year, 1/4 field box; 5th year - 1/2 field box; and 12¢ per pound on-tree price.

e/ Initial capital outlay estimated to be \$3,975 per acre based on assumed land cost of \$3,000 per acre and \$975 per acre for irrigation system, buildings, and equipment. The initial irrigation system is estimated at \$550 per acre installed. At the beginning of the 4th year, the spitter heads are usually replaced with rotating sprinklers at an additional cost of \$100 per acre.

f/ Interest on investment for first year equals 6% of the total cost (line 4) plus 6% of land value and undepreciated value of buildings and equipment; subsequent years are based on 6% of the prior year's total investment value (line 9).