

AGRICULTURAL EXTENSION SERVICE
 UNIVERSITY OF CALIFORNIA
 San Diego County
 1965

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CITRUS ORCHARD DEVELOPMENT
 COST ANALYSIS
 San Diego County

INVESTMENT	1st	Costs Per Acre - Each Year				
		2nd	3rd	4th	5th	
Land	\$2000.00					
Water Meter	30.00					
Permanent Sprinkler System (1)	600.00		133.00			
Total Beginning Investment	\$2630.00		133.00			
ANNUAL COSTS						
PLANTING						
Land Preparation & Clearing	\$ 75.00					
Trees 200 (maximum) @ \$2.75	550.00					
Planting	50.00					
Wrapping	15.00					
Total Planting Cost	\$ 690.00					
MATERIALS						
Water	8.00	17.00	34.00	48.00	96.00	
Fertilizer	3.00	5.00	10.00	15.00	20.00	
Mulch-Shavings	27.00	20.00	20.00			
Tree Wraps	6.00	3.00				
Weed Oil	8.00	8.00	10.00	10.00	6.00	
Total Materials	\$ 52.00	53.00	74.00	73.00	122.00	
CARE						
Irrigation	42.00	42.00	42.00	45.00	55.00	
Weed Control	15.00	15.00	15.00	15.00	15.00	
Fertilization	3.00	5.00	7.00	9.00	10.00	
Mulch Application	15.00	12.00	12.00			
Pruning, etc.	5.00	5.00				
Pest Control (Contract)	5.00	7.50	10.00	13.00	18.00	
Rodents, etc.	5.00	4.00	3.00	3.00	3.00	
Repairs & Misc.	14.00	14.00	15.00	16.00	16.00	
Total Care	\$ 104.00	104.50	104.00	101.00	117.00	
OVERHEAD						
Taxes	40.00	40.00	40.00	42.00	50.00	
Management Fee (planting & development)	50.00					
Office, general expense, ins.	35.00	16.50	18.00	20.00	30.00	
Depreciation-10% on sprinklers	60.00	60.00	73.30	73.30	73.30	
Interest on Investment:						
6% on Land & Water Meter	121.80	121.80	121.80	121.80	121.80	
6% on Depreciated Sprinkler Cost	36.00	32.40	28.80	32.38	27.98	
6% on Annual Costs (2)		71.33	101.30	134.97	158.88	
Total Overhead	\$ 342.80	342.03	383.20	424.45	461.96	
TOTAL ANNUAL COSTS	\$1188.80	499.53	561.20	598.45	700.96	

- (1) Includes design and installation. Revolving sprinklers added third year.
 (2) Accumulated net annual costs through the previous year.

COST ANALYSIS

Annual Costs	\$1188.80	499.53	561.20	598.45	700.96
Less Credits for Fruit sold				(200.00)	(600.00)
Net annual costs (or gain)	\$1188.80	499.53	561.20	398.45	100.96
Accumulated net annual costs	\$1188.80	1688.33	2249.53	2647.98	2748.94

INVESTMENT - Value at end of Year

Land and Water Meter	\$2030.00	2030.00	2030.00	2030.00	2030.00
Trees (accumulated net costs)	1188.80	1688.33	2249.53	2647.98	2748.94
Sprinkler System (depreciated)	540.00	480.00	539.70	466.40	393.10
TOTAL INVESTMENT	\$3758.80	4198.33	4819.23	5144.38	\$5172.04

GENERAL CONDITIONS

Certain cost assumptions have been made. This schedule lists estimated typical costs of bringing a commercial orchard to bearing age. Individual items in a specific case may vary substantially in costs.

Variations would occur in: water, according to the water district supplying the area; land costs and taxes, according to the area; land preparation, according to slope and brush cover present; and tree and sprinkler cost, depending on the number of trees planted per acre. Returns from fruit will vary depending on production and price.

This example gives estimates of the per acre cost of planting Valencia oranges in a frost-free location with 200 trees per acre. This is usually the maximum number of trees planted per acre. Many growers plant fewer. Costs for other varieties will ordinarily differ very little, except that various tree spacings will alter the cost, and different fruit returns will change the credit from early production. This study assumes a yield per tree of 1/2 box the fourth year, and 1-1/2 boxes the fifth year, at \$2.00 net per box.

CAPITAL OUTLAY

The initial capital outlay, or cost to start the grove will include land, water, meter, a permanent sprinkler system having each sprinkler cover two trees, land preparation and clearing, trees, planting and wrapping. These expenditures which are required at the beginning, total \$3320.00.

INVESTMENT

The total investment value is given at the end of each year for the five-year period. This includes the cost of the land, water meter, and the undepreciated balance for the sprinkler system. It also includes the total cost of the trees which consists of the accumulated net annual costs of their care. The cost has been reduced by credits for fruit sold.

Thus, the final figure of \$5172.04 is the net cost of the total orchard investment at the end of the fifth year, under the assumed conditions.

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