

AVOCADO ORCHARD DEVELOPMENT COSTS

SANTA BARBARA COUNTY - 1975

	Dollars per Acre				
	1st yr.	2nd yr.	3rd yr.	4th yr.	5th yr.
<u>Labor and Field Power</u>					
Land Preparation - variable	\$150	--	--	--	--
Orchard Layout	30	--	--	--	--
Plant - dig, plant, mulch, wrap	135	\$ 7	\$ 1	--	--
Irrigate	75	60	40	\$ 30	\$ 30
Fertilize	15	13	8	10	10
Weed Control - hoe, oil, herbicide	70	40	30	25	20
Pest and Rodent Control	40	30	20	10	10
Tree Care and Pruning	20	20	15	10	10
Miscellaneous - erosion	35	20	16	15	15
(1) Total Labor and Power	\$570	\$190	\$130	\$100	\$ 95
<u>Materials</u>					
Trees - 135 @ \$5, incl. wraps	675	35	5	-	-
Mulch - wood chips	40	5	-	-	-
Stakes	65	-	-	-	-
Water a/	25	40	55	80	100
Fertilizer - nitrogen	15	25	30	40	50
Weed oil and Herbicide	40	40	35	30	25
Pesticides - baits	10	5	5	5	5
Miscellaneous Supplies	30	20	20	15	10
(2) Total Materials	\$900	\$170	\$150	\$170	\$190
<u>Cash Overhead</u>					
General Expenses - office, insurance	115	40	30	30	30
Taxes - property b/	100	110	120	130	140
Maintenance and Repairs	20	20	20	20	20
Management Charge or Allowance	60	60	60	60	60
(3) Total Cash Overhead Costs	\$295	\$230	\$230	\$240	\$250
(4) Total Cash Costs	\$1,765	\$590	\$510	\$510	\$535
Fruit Credits - on tree c/				300	600
(5) Net Cash Costs	\$1,765	\$590	\$510	\$210	\$(65)
(6) Accumulated Cash Costs	\$1,765	\$2,355	\$2,865	\$3,075	\$3,010
<u>Investment Costs</u>					
Depreciation d/	85	85	85	105	105
Interest on Investment 8% e/	525	565	660	750	855
(7) Total Non Cash Costs	\$610	\$650	\$745	\$855	\$960
(8) Total All Costs	\$2,375	\$1,240	\$1,255	\$1,065	\$895
(9) Accumulate Total Costs	\$2,375	\$3,615	\$4,870	\$5,935	\$6,830
<u>INVESTMENT VALUE AT END OF YEAR</u>					
Land, assumed value	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Trees - from line (8)	2,375	3,615	4,870	5,935	6,830
Irrigation system, buildings, equipment	1,215	1,130	1,045	1,240	1,135
(10) Total Investment Value	\$7,090	\$8,245	\$9,415	\$10,675	\$11,465

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These sample costs are based on records from cooperating growers who use practices typical of the South Coast area of Santa Barbara County. Great variations are found between individual properties. The figures presented are median costs for a sample situation, so that they can be used for budgeting purposes if other data is not available. This is more a framework for the insertion of the particular figures for a particular site, when available.

Assumptions: Hass variety, 135 trees per acre, planted 16' x 20', moderate slope hillside planting on previously cleared land, erosion prevention structures and haul roads installed prior to planting, permanent plastic pipe sprinkler irrigation system, 20-acre size orchard for equipment needs, management charge \$5.00 per acre per month, hired labor at \$3.50 per hour, or if owner operated allowance of same rates, no frost protection, weed control by herbicides, and no deer fencing.

Footnotes:

a/ Water costs are based on Cachuma water distributed at \$65 per acre foot. Other sources, the need for booster pumps, and other special equipment would vary.

b/ Assume orchard under Agricultural Preserve Contract with assessed value based on imputed agricultural income for mature orchard, less a discount for early years.

c/ Production on young trees usually occurs in 4th and 5th year, but amounts vary widely. Assume: 4th year - 10 lbs. per tree, 5th year - 20 lbs. per tree, and 22¢ per pound on-tree price.

d/ Initial capital outlay estimated to be: \$3,500 per acre assumed land cost; \$700 per acre for irrigation system; \$300 for erosion structures; \$200 for equipment; and \$100 for structures and tools per acre. The initial sprinkler system is with spitters to be replaced at the start of the 4th year with a full rotating sprinkler at an additional cost of \$300 per acre.

e/ Interest on investment for 1st year equals 8% of total cost (line 5) plus 8% of land value and undepreciated improvements; subsequent years based on 8% of prior year's total investment value (line 10).

Cooperative Extension work in Agriculture and Home Economics, U.S. Department of Agriculture, University of California, and County of Santa Barbara cooperating.

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