

PRODUCTION COST STUDIES IN SACRAMENTO
AND SOLANO COUNTY - 1984

GENERAL REMARKS

The following crop production studies represent an average cost estimate to assist growers in economic management of their individual enterprises. Individual line items per study represent the average regional cost to accomplish the task. In this study five major crops grown in the region were analyzed. Also included are cost of production estimates of three alternate or double crops. Since the two county regions encompass both mineral and organic soil types, cost estimates are also provided for corn and wheat grown on either soil type.

The intent of this study is to supply growers, lending institutions, consultants, chemical advisors, UC Farm Advisors, and all interested persons with information concerning potential returns and line item cultural costs. Actual cost will vary from farm to farm and from grower to grower, due to different soil types, operational size, types of equipment used, rotational patterns, salaries and wages, water costs, etc. Provided with each study is a blank column for growers to insert their own cost for each item. The cost estimates provided represent only annual cash cost for each crop. Provided, but not included, in the total cash cost per acre is an estimate of the non-cash cost encouraged in the farming enterprise.

The authors wish to express gratitude to those growers, industry personnel, and interested individuals who assisted in providing cost information and review of this study.

PARAMETERS

Hypothetical Farm Operation

<u>Crop</u>	<u>Acres</u>
Canning Tomatoes	500
Wheat	500
Sugar Beets	500
Corn	500
Alfalfa	300

TOTAL	2300

Alternate or Double Crops

Safflower	300
Grain Sorghum	300
Pink Beans	300

EQUIPMENT -- \$750,000 investment in new equipment depreciated in 10 years. Interest rate at 12%.

PRODUCTION LOANS -- \$750,000 at 14% with annual payback, three times per year.

LABOR -- Cultural labor at \$5/hr., Irrigation Labor at \$4/hr.

BUILDINGS -- 2 metal type including shop, 5 grain storage bins, 1 pole type, 1 employee house, misc. storage (chemicals, etc.). Estimated value at \$186,000, \$165,000 loan at 12% for 30 years.

REPAIRS AND MAINTENANCE -- Based on total farm operation with each crop being charged a proportionate share.

IRRIGATION -- Amounts are based on the average amount of water applied to each crop. Valued at \$12.00/acre foot.

SHARE RENTS -- For the purpose of this study it is assumed that all crops are grown on leased ground. The following table represents the average share rent percentages for each crop.

<u>CROP</u>	<u>% SHARE RENT</u>
Canning Tomatoes	18
Wheat	33
Sugar Beets	20
Corn	25
Alfalfa	25
Safflower	25
Grain Sorghum	25
Pink Beans	20

INTEREST RATES -- Based on average rates charged by loan institutions as of August 1984. Included are variable rate loans that would change at pay-off time.

MANAGEMENT SALARY -- Owner/management income is calculated at \$50,000/year plus \$20,000 in benefits.

NOTE: This cost study was computed on a modification of the Crop Management System program supplied by PD, Inc., Fairfield, Ca.

EXPENSES BEANS, CONTINUED

TYPE	PER ACRE	TOTAL	CHANGES
LABOR			
Irrigation (\$4/hr)	18.75	5,625.00	-----
Cultural (\$5/hr)	28.80	8,640.00	-----
Harvest	2.40	720.00	-----
TOTAL ***	49.95	14,985.00	-----
DEBT SERVICE			
Interest on Loan	19.65	5,895.00	-----
Interest on Equip.	9.00	2,700.00	-----
TOTAL ***	28.65	8,595.00	-----
CASH OVERHEAD			
Share Rent (20%)	190.68	57,204.00	-----
Office?Mgmt. Exp.	15.00	4,500.00	-----
Repairs/Maint.	30.00	9,000.00	-----
Taxes on Equip.	2.59	777.00	-----
Exp. Benifits (30%)	7.75	2,325.00	-----
Mgmt. Sal/Benifits	35.00	10,500.00	-----
TOTAL ***	281.02	84,306.00	-----
TOTAL CASH EXPENSES @	540.94	\$ 162,282.00	
NET INCOME @ 25 CWT@	-15.94	\$ -4,782.00	

NON-CASH COSTS

Interest on Bldgs.	10.67	3,201.00	-----
Bldg. Depreciation	4.44	1,332.00	-----
Equip. Deprec.	10.67	3,201.00	-----
	0.00	0.00	-----
TOTAL NON-CASH COSTS @	25.78	\$ 7,734.00	-----

GRAPH OF CROP EXPENSES

TYPE	00%	10%	20%	30%	40%	50%	60%	70%+>
CULTURAL FUEL COSTS								
IRRIGATION								
CHEMICALS								
HARVEST								
LABOR								
DEBT SERVICE								
CASH OVERHEAD								

NON-CASH COSTS