

AVOCADO ORCHARD DEVELOPMENT COSTS

SANTA BARBARA COUNTY - 1977

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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 \$4.00 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 \$75 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 25¢ per pound on-tree price.
- d/ Initial capital outlay estimated to be: \$4,000 per acre assumed land cost; \$700 per acre for irrigation system; \$400 for erosion structures; \$250 for equipment; and \$150 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 9% of total cost (line 5) plus 9% of land value and undepreciated improvements; subsequent years based on 9% 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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Labor and Field Power	Dollars per Acre				
	1st yr.	2nd yr.	3rd yr.	4th yr.	5th yr.
Land Preparation - variable	\$150	--	--	--	--
Orchard Layout	40	--	--	--	--
Plant - dig, plant, mulch, wrap	135	\$ 10	--	--	--
Irrigate	90	65	\$ 50	\$ 40	\$ 40
Fertilize	20	15	10	10	10
Weed Control - hoe, oil, herbicide	80	60	60	50	50
Pest and Rodent Control	50	40	30	20	10
Tree Care and Pruning	30	20	20	20	20
Miscellaneous - erosion	55	20	20	20	20
(1) Total Labor and Power	\$650	\$230	\$190	\$160	\$150

Materials					
Trees - 135 @ \$5.50 incl. wraps	745	45	--	--	--
Mulch - wood chips	60	10	--	--	--
Stakes	95	--	--	--	--
Water a/	25	40	60	90	110
Fertilizer - nitrogen	15	25	30	40	50
Weed oil and Herbicide	60	50	40	30	25
Pesticides - baits	10	10	10	5	5
Miscellaneous Supplies	40	20	20	15	10
(2) Total Materials	\$1,050	\$200	\$160	\$180	\$200

Cash Overhead					
General Expenses - office, insurance	120	40	30	30	30
Taxes - property b/	100	110	120	130	140
Maintenance and Repairs	20	20	20	20	20
Management Charge or Allowance	160	60	60	60	60
(3) Total Cash Overhead Costs	\$400	\$230	\$230	\$240	\$250
(4) Total Cash Costs	\$2,100	\$660	\$580	\$580	\$600
Fruit Credits - on tree c/				340	680
(5) Net Cash Costs	\$2,100	\$660	\$580	\$240	\$(80)
(6) Accumulated Cash Costs	\$2,100	\$2,760	\$3,340	\$3,580	\$3,500

Investment Costs					
Depreciation d/	100	100	100	115	115
Interest on Investment 9% e/	680	750	880	1,010	1,150
(7) Total Non Cash Costs	\$780	\$850	\$980	\$1,125	\$1,265
(8) Total All Costs	\$2,880	\$1,510	\$1,560	\$1,365	\$1,185
(9) Accumulated Total Costs	\$2,880	\$4,390	\$5,950	\$7,315	\$8,500

INVESTMENT VALUE AT END OF YEAR					
Land, assumed value	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Trees - from line (9)	2,880	4,390	5,950	7,315	8,500
Irrigation system, buildings, equipment	1,500	1,400	1,300	1,485	1,370
(10) Total Investment Value	\$8,380	\$9,790	\$11,250	\$12,800	\$13,870