

ESTIMATING COMPENSATION FOR LOSS OF TREES
OR VINES IN THE SAN JOAQUIN VALLEY

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Trees and vines may be destroyed or damaged by floods, fires or accidents.

The grower may be eligible for compensation for:

1. loss of the crop
2. replacement of the trees and vines
3. present value of lost future income and additional care of the replacement trees and vines
4. damage to adjacent trees and vines, irrigation system, end posts, etc.
5. general damages, such as diminished appearance of the orchard or vineyard, and nuisance factor for management.

This work sheet presents a sample calculation of crop loss, replacement cost of the tree or vine, and present value^{1/} of lost future income. It will serve as a guide to calculating losses in actual cases. Individual cases will vary, so no standardized value can be developed.

The subject of general damages is not included in this publication. Employment of an independent professional appraiser may be advisable, especially if expert testimony will be needed.

It is recommended that the services of an income tax professional be obtained to determine deductible losses and valuations to be used in any way for income tax purposes.

^{1/} Income to be received at the present time that cannot be earned until future years must be discounted by the appropriate annual interest rate. The present value on such income is the amount of money that must be received at the present time, plus interest on this money, that will equal the value of the income that would have been received at the future time.

Tables of present value factors can be obtained from University of California Cooperative Extension offices, banks, appraisers, and from other sources.

NOTE: The authors have closely followed the format used by J. Connell, B. Peacock, J. LaRue, and S. Sibbett, who prepared a Single Tree and Vine Loss Compensation publication for Tulare County in 1978.

THOMPSON SEEDLESS FOR TABLE USE
 ASSUME LOSS OF MATURE VINE: 7 YRS. OLD. VINE SPACING 8' x 12' THUS, 454 VINES/ACRE

YEAR 1)	0	1	2	3	4	5	6		
YIELD:									
Lugs/Acre	0	0	0	261	470	496	522		
Lugs/Vine	0	0	0	.57	1.04	1.09	1.15		
<u>COSTS FOR VINE LOSS AND REPLACEMENT</u>								<u>Cost Totals</u>	<u>Your Costs</u>
DAMAGED TRELLIS & VINE REMOVAL (½ hr. labor @ \$5.25/hr.)	\$ 2.63	0	0	0	0	0		\$ 2.63	
GROUND PREPARATION AND SPOT FUMIGATION	4.00	0	0	0	0	0	F U L B L E A R I N G	4.00	
VINE REPLACEMENT COSTS (GRAFTED ROOTING)	0	.50	0	0	0	0		.50	
PLANTING, TRAINING, PRUNING COSTS	0	2.00	.50	.35	.35	0		3.20	
-LESS REDUCED PRUNING COST	-.35	-.35	-.35	-.35	-.35	0		-1.75	
STAKE & TRELLIS REPLACEMENT	0	5.08	0	0	0	0		5.08	
MISC: MATERIAL, LABOR, EXTRA WATER, WEED & RABBIT CONTROL	0	.35	2.00	1.00	0	0	3.35		
VALUE OF CROP LOST: 2) @ \$9.00/LUG	10.35	10.35	10.35	5.22	1.00	.54	37.81		
-LESS REDUCED HARVESTING COSTS/ VINE (PICK, HAUL & PACK @ \$3.30)	-3.80	-3.80	-3.80	-1.92	-.37	-.20	-13.89		
ANNUAL LOSS/VINE	12.83	14.13	8.70	4.30	.63	.34	TOTAL	40.93	
COMPENSATION DISCOUNTED @ 11% 3)	0	-1.40	-1.64	-1.16	-.21	-.14		-4.55	
NET ANNUAL LOSS/VINE	12.83	12.73	7.06	3.14	.42	.20	NET COMPENSATION	36.38	

- 1) YEAR ZERO, VINE LOST PRIOR TO HARVEST BUT TOO LATE IN THE YEAR TO REPLANT.
- 2) ESTIMATE BASED ON % OF CROP LOST. COMPENSATION REDUCED AS REPLACEMENT VINE COMES INTO BEARING.
- 3) COMPENSATION IS DISCOUNTED AT 11% SINCE GROWER IS PAID NOW FOR INCOME THAT WOULD NOT HAVE BEEN RECEIVED UNTIL A FUTURE DATE.