

COOPERATIVE EXTENSION  
UNIVERSITY OF CALIFORNIA

MCARTHUR, CALIFORNIA 96056  
P.O. BOX 9  
(INTER MOUNTAIN FAIRGROUNDS)  
TELEPHONE: FALL RIVER MILLS  
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SHASTA-LASSEN COUNTIES

1987

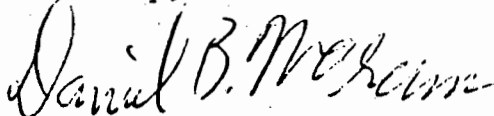
PRODUCTION COSTS FOR  
~~ALFALFA~~  
ASPARAGUS  
CEREALS  
~~CHRISTMAS TREES~~  
DRY ONIONS  
GARLIC  
IRRIGATED PASTURE  
POTATOES  
WILD RICE  
  
IN FALL RIVER AND  
BIG VALLEY

Dear Producer:

The attached cost studies are estimates of current cost of production of some of the important crops of this area. They are only estimates and average costs for this area were utilized. Producers paying current real estate prices and buying new equipment will find higher costs. Note also, that this is a cash flow cost study; labor costs are included, and management and return to investment values are not included. Profit is defined as net earnings above these costs.

This year electronic spread sheets for Christmas trees, asparagus, and dry onions are added over last year. Note that the Christmas tree and asparagus cost studies are multiyear studies using a calculation for present value to look at opportunity of investment money. If you would like to make your own cost study, call and make an appointment and I'll be pleased to work with you on one. Virtually everyone has a change or two they would like to see in a cost study and with a microcomputer, changes take seconds. Come on in and see how some changes might affect your 1987 projections.


Sincerely,



Daniel B. Marcum  
Farm Advisor

Sample Christmas Tree Production Costs - Fall River and Big Valley Portion of Northeastern California - 1987

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 Pine - Assumes purchase of 2/0 seedlings

Square ft/tree	16	Percent Harvested	80.0%	Price Per Foot of Tree - Contract Harvest					
		Number trees/ac	2723	Price	1.00	1.00	1.00	1.00	1.00
Total Acres	10	Cost/tree	.18	Height	3.00	3.50	4.00	5.00	6.00
Interest rate/year	10	Cost/tree/plant	.12	Number	136	272	545	1089	136
				Percent Harvest/yr	5	10	20	40	5

	1987	1988	1989	1990	1991	1992	1993	1994	1995	PERCENT OF COST
Year	1	2	3	4	5	6	7	8	9	

Variable Cost										
Clear Land	200.00									3.1%
Ripping	200.00									3.1%
Planting Labor		326.70								5.1%
Planting Stock		490.05								7.6%
Replant Costs		100.00								1.6%
Fertilization			50.00	50.00	50.00	50.00	50.00	50.00		4.7%
Pest Control		50.00	50.00	50.00	50.00	50.00	50.00	50.00		5.5%
Irrigation		25.00	30.00	35.00	40.00	45.00	50.00	55.00	60.00	5.3%
Shearing			100.00	200.00	200.00	200.00	200.00	200.00		17.1%
Basal Pruning					200.00					3.1%

Fixed Costs												
	Cost per Acre	Years of Payments										
Land	750	30	79.56	79.56	79.56	79.56	79.56	79.56	79.56	11.1%		
Water System	800	9	138.91	138.91	138.91	138.91	138.91	138.91	138.91	19.5%		
Fence	500	9	86.82	86.82	86.82	86.82	86.82	86.82	86.82	12.2%		
Land Tax	7.5		7.50	7.50	7.50	7.50	7.50	7.50	7.50	1.1%		
<b>Total Costs</b>			<b>712.79</b>	<b>1304.54</b>	<b>542.79</b>	<b>647.79</b>	<b>852.79</b>	<b>657.79</b>	<b>662.79</b>	<b>667.79</b>	<b>372.79</b>	<b>100.0%</b>

Income										
Tree Sales	.00	.00	.00	.00	408.38	952.88	2178.00	5445.00	816.75	
<b>Total Income</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>408.38</b>	<b>952.88</b>	<b>2178.00</b>	<b>5445.00</b>	<b>816.75</b>	
<b>Net Profit per Acre</b>	<b>-712.79</b>	<b>-1304.54</b>	<b>-542.79</b>	<b>-647.79</b>	<b>-444.42</b>	<b>295.08</b>	<b>1515.21</b>	<b>4777.21</b>	<b>443.96</b>	

Present Value of All Costs	4715.65	Actual Value of All Costs	6421.88
Present Value of All Income	5275.18	Actual Value of All Income	9801.00
Present Value Net Income	559.52	Net Profit on one Acre	3379.12
Interest Rate that Sets Present Value of Net Profit	x 3.50 -.16	Actual Return on Investment	52.6%
		Net Profit 10 Acres	33791.21
		Cost to Produce One Foot of Tree	.66

Be sure to interate(!) enough times to get a present value of Net Profit as close to 0 as possible

UC Cooperative Extension