

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 ASPARAGUS PRODUCTION COSTS - FALL RIVER AND BIG VALLEY PORTION OF NORTHEASTERN CALIFORNIA 1987

PREPARED BY DANIEL B. MARCUM - SHASTA-LASSEN FARM ADVISOR BOX 9, MCARTHUR, CALIFORNIA 96056 916-336-5764

DIRECT SEEDED AND SOLID SET SPRINKLER IRRIGATED

TOTAL ACRES	2	HARVEST COST/LB	.10
		PACKING COST/LB	.20
INTEREST RATE FOR FIXED COSTS	10	SHIPPING COST/LB	.10

YIELD LBS/AC	0	500	1000	1500	2000	2500	3000	3000
PRICE/LB	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00

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

VARIABLE COST

PLOW	20.00									.2%
DISK 2X	20.00									.2%
HARROW	6.00									.1%
FURROW	15.00									.1%
PLANT	125.00									1.2%
FERTILIZE	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	4.3%
WEED CONTROL	50.00	55.00	60.00	60.00	65.00	65.00	70.00	70.00	75.00	5.4%
IRRIGATE	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	8.5%
HARVEST		.00	50.00	100.00	150.00	200.00	250.00	300.00	300.00	12.0%
PACK		.00	100.00	200.00	300.00	400.00	500.00	600.00	600.00	25.5%
SHIPPING		.00	50.00	100.00	150.00	200.00	250.00	300.00	300.00	12.8%

FIXED COSTS

	Cost per Acre	Years of Payments										
MORTGAGE	1000	30	106.00	106.00	106.00	106.00	106.00	106.00	106.00	106.00	106.00	9.0%
SPRINKLERS	800	9	138.91	138.91	138.91	138.91	138.91	138.91	138.91	138.91	138.91	11.8%
EQUIPMENT	500	9	86.82	86.82	86.82	86.82	86.82	86.82	86.82	86.82	86.82	7.4%
TAXES	10		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	.9%
Total Costs			727.81	546.81	751.81	951.81	1156.81	1356.81	1561.81	1761.81	1766.81	100.0%

Income

ASPARAGUS SALES

Total Income		.00	500.00	1000.00	1500.00	2000.00	2500.00	3000.00	3000.00	
Net Profit per Acre		-727.81	-546.81	-251.81	46.19	343.19	643.19	938.19	1238.19	1233.19

Real Interest Rate(a) 6.00

Present Value of All Costs	8023.38	Actual Value of All Costs	10582.31
Present Value of All Income	9607.08	Actual Value of All Income	13500.00
		Net Profit on one Acre	2917.69

Return on Investment	19.7%	Actual Return on Investment	27.6%
Present Value and Real Interest Rate		Net Profit 2 Acres	5835.38
		Cost to Produce One Pound of Asparagus	.78

a) The real interest rate is the interest rate over and above inflation.
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