

PRUNE PRODUCTION IN SOUTH SANTA CLARA COUNTY

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The purpose of this study is to provide a sample set of costs that may be used as a guide in analyzing orchard costs and for budgeting.

Certain assumptions were made in selecting the size and yield for the sample orchard. The equipment investment follows closely what growers would need for this size operation.

The investment value for land and trees is based on assessed values of orchards capable of the sample yields. The investment value of the irrigation system, buildings and equipment is lower than the new cost, but represents the average value of such items.

These sample costs presented for 1970 conditions in South Santa Clara County are based on local inquiry and various cost standards. They are not average costs and are subject to considerable variation from year to year and between orchards.

TYPES OF COSTS

Cash Costs are those annual expenses involving a flow of cash (monies paid for spray materials, pruning, fuel and oil, hired labor, etc.). This cost study assumes all labor hired or a charge for the operator's labor if he does this himself.

Depreciation Costs must be included if the operator is to continue operation at his present level. Equipment must be replaced and if depreciation is not considered in the total cost, the business declines.

Interest Costs are frequently ignored except when paid on borrowed capital. However, the capital invested in the farm and equipment has an opportunity cost of investment elsewhere, such as stocks, bonds, or another business. In this study, 7% was used on one-half the original cost of depreciable items and full value on land. Interest on operating capital is included in miscellaneous overhead.

Management Costs have been included in this study. The return to management is based on 5% of the gross income using the yield shown and 10 year average price.

Usually, farmers record their cash expenses and have a depreciation schedule. If these two items are deducted from gross income, then the remainder is the return to the operator's labor, capital and management. This is the sum left to pay for living expenses, mortgage expenses, enlarging or improving the business, and savings for retirement.

Costs will vary considerably between orchards. Choice of spray materials, type of fertilizer, size and amount of equipment, and other practices result in wide variations.

SAMPLE COSTS TO PRODUCE PRUNES,
SANTA CLARA COUNTY - 1970

Based on an 80 acre orchard with a yield of 2 dry tons per acre. Labor at \$2.00 per hour, including compensation and social security. Tractor costs @ \$1.55 per hour.

Operation	Hours per acre	Cash and labor cost per acre			
		Labor	Fuel and repairs	Materials	Total
Cultural costs					
Pruning	20.0	\$40.00	\$.50		\$ 40.50
Brush disposal	2.0	4.00	3.30		7.30
Cultivation & har. Preparation	4.5	9.00	9.00		18.00
Spray	1.5	3.00	6.70	\$20.00	29.70
Fertilize	0.5	1.00	.78	15.99	17.77
Irrigate Power + tax (sprinkler)	6.0	12.00	1.60	Power 15.75	29.35
Prop, tie, etc.	4.0	8.00	5.60	1.20	14.80
Misc.	3.0	6.00	1.80	5.20	13.00
TOTAL CULTURAL COSTS	41.5	\$83.00	\$29.28	\$58.14	\$170.42
Harvest costs					
Shake	2.0	Contract @ \$36.00			\$ 36.00
Pick	40.0	5.0 green tons @ \$15.00			75.00
Haul & box work	3.0	\$ 6.00	\$ 5.85		11.85
Supervise	1.0	\$ 2.00			2.00
Dehydrate		Custom @ \$15.00			75.00
TOTAL HARVEST COSTS	46.0				\$199.85
Cash overhead					
Misc., office, etc.					\$ 22.22
Taxes					93.72
TOTAL CASH OVERHEAD					\$115.94
TOTAL CASH COST					\$486.21
Management 5% of 2 tons @ \$249.00					\$ 24.90
INVESTMENT					
		Annual Cost			
		<u>Per Acre</u>	<u>Depreciation</u>	<u>Interest</u>	
Land		\$3,000		\$210.00	
Trees		560	\$22.40	19.60	
Irrigation system		200	17.50	7.00	
Buildings		20	1.00	.70	
Equipment		260	17.33	9.10	
Total		<u>\$4,040</u>	<u>\$58.23</u>	<u>\$246.40</u>	
TOTAL COST PER ACRE					\$304.63
Cost per ton @ 2 dry tons yield per acre					\$815.74
					\$407.87

COSTS OF PRODUCTION AT VARYING YIELDS

Yield - Dry Tons per Acre	1.0	1.5	2.0	2.5	3.0
Cash costs	\$410.21	\$451.21	\$486.21	\$521.21	\$559.21
Overhead	317.07	323.30	329.53	335.76	341.99
Total Cost per Acre	\$727.28	\$774.51	\$815.74	\$856.97	\$901.20
Cash Cost per Ton	\$410.21	\$300.81	\$243.11	\$208.48	\$186.40
Total Cost per Ton	\$727.28	\$516.34	\$407.87	\$342.79	\$300.40