

PRODUCTION COST STUDIES IN SACRAMENTO COUNTY  
1986-87

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GENERAL REMARKS

The following crop production studies represent an average cost estimate to assist growers in economic management of their individual enterprises. Individual line items per study represent the average cost to accomplish the task. In this study five major crops grown in the region were analyzed. Also included are cost of production estimates of five alternate crops. Since the county soils encompass both mineral and organic soil types, cost estimates are also provided for corn and wheat grown on either soil.

The intent of this study is to supply growers, lending institutions, consultants, chemical advisors, UC Farm Advisors, and all interested persons with information concerning potential returns and line item cultural costs. Actual cost will vary from grower to grower, due to various soil patterns, salaries and wages, water costs, etc. Provided with each study is a blank column for growers to insert their own cost for each item. The cost estimates provided represent only annual cash cost for each crop. Provided, but not included, in the total cash cost per acre is an estimate of the non-cash cost in the farming enterprise.

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PARAMETERS

HYPOTHETICAL FARM OPERATION

<u>CROP</u>	<u>ACRES</u>
Canning Tomatoes	500
Wheat	300
Sugarbeets	500
Corn	700
Alfalfa	500
<hr/> TOTAL	<hr/> 2500

ALTERNATE CROPS

Safflower	300
Grain Sorghum	300
Ladino Clover seed	100
Sudangrass	100
Sunflowers	100

**EQUIPMENT** - \$750,000 investment in new equipment depreciated in 10 years. Interest rate at 12%.

**PRODUCTION LOANS** - \$750,000 at 14% with annual payback, three times per year.

**LABOR** - Cultural labor at \$5/hr. Irrigation labor at \$4/hr; operations based on 10 hour days.

**FUEL** - .50/gal.

**BUILDINGS** - 2 metal type including shop, 5 grain storage bins, 1 pole type, 1 employee house, misc. storage (chemicals, etc.). Estimated value at \$186,000; \$165,000 loan at 12% for 30 years.

**REPAIRS AND MAINTENANCE** - Based on total farm operation with each crop being charged a proportionate share.

**IRRIGATION** - Pumping charges for electricity and diesel usage.

**SHARE RENTS** - 15% of the gross for all crops.

**INTEREST RATES** - Based on average rates charged by loan institutions as of August 1986. Included are variable rate loans that would change at pay-off time.

**MANAGEMENT SALARY** - Owner/management income is calculated at \$30,000/year plus \$20,000 in benefits.