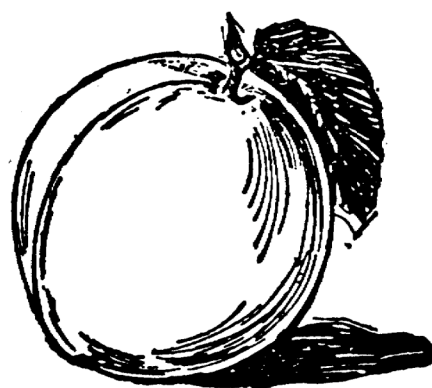


2000

UNIVERSITY OF CALIFORNIA - COOPERATIVE EXTENSION

**SAMPLE COSTS
TO ESTABLISH AN ORCHARD AND PRODUCE
PEACHES or NECTARINES**



JULY/AUGUST HARVESTED VARIETIES
SOUTHERN SAN JOAQUIN VALLEY

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INTRODUCTION

The detailed costs for the establishment of a peach or nectarine orchard, and the production of July/August harvested peach and nectarine varieties in the Southern San Joaquin Valley are presented in this study. The hypothetical farm used in this report consists of 100 acres of which five are being established in peaches or nectarines.

This study is intended as a guide only. It can be used to make production decisions, determine potential returns, prepare budgets and evaluate production loans. Costs and practices detailed in this study will not be applicable to every situation. A blank, *Your Cost*, column is provided to enter your actual costs on Tables 2 and 3.

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This and other studies can be obtained through the Department of Agricultural and Resource Economics, UC Davis (530-752-4424), online at www.coststudies.ucdavis.edu or from selected county Cooperative Extension offices. For an explanation of calculations or assumptions used in this study refer to the attached General Assumptions or call the Department of Agricultural and Resource Economics, University of California – Davis, (530-752-3589).

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ASSUMPTIONS

The assumptions refer to Tables 1 to 7 and pertain to sample costs to establish and produce fresh market peaches or nectarines in the southern San Joaquin Valley. The cultural practices shown represent production operations and materials considered typical of a well-managed orchard in the region. Costs, materials, and practices in this study will not apply to all farms. Timing of and types of cultural practices will vary among growers within the region and from season to season due to variables such as variety, weather, soil, and insect and disease pressure. **The use of trade names and cultural practices in this report does not constitute an endorsement or recommendation by the University of California nor is any criticism implied by omission of other similar products or cultural practices.**

Land. The farm consists of 100 acres of land. Five acres are being established as either a peach or nectarine orchard. Other orchard and vine crops are grown on 90 acres, and the remaining five acres are roads and farmstead. Land is valued at \$5,590 per producing acre and is not depreciated.

Trees. No specific variety of peach or nectarine trees is assumed in this study, except those that are harvested in July and August. Peach varieties that might be planted, but not limited to, are Elegant Lady, Summer Lady, or O'Henry. For nectarines, a partial list of varieties includes: Summer Bright, Summer Fire, and August Red. The trees are planted on 16' X 18' spacing, with 151 trees per acre. The life of the orchard at the time of planting is assumed to be 20 years. The \$6.45 per tree cost includes the cost of the royalty.

Irrigation. Water for irrigation is pumped from a well. Price per acre-foot for pumped water will vary from grower to grower in this region depending on the various well characteristics and irrigation factors. In this study, water is pumped from a depth of 85 feet in a 150-foot well and is calculated to cost \$32.52 per acre-foot. The amount of water used by the orchard during its establishment increases each year and is shown in Table A.

Water is delivered to the orchard from the well through an underground pipe and flood valve system. The orchard is irrigated down furrows that are chemically mowed several times during the growing season. No assumption is made about effective rainfall. The life of the system is estimated at 30 years. This irrigation system is installed before the orchard is planted.

Year	Applied water Acre-Inches
1	20
2	24
3	30
4	36
5	44

Labor. Hourly wages for workers are \$8.23, and \$6.00 per hour for skilled, and field workers respectively. Adding 34% for the employer's federal and state payroll taxes and other possible employer paid benefits gives the labor rates shown of \$11.02 per hour for skilled labor, and \$8.04 per hour for field labor. Labor for operations involving machinery are 20% higher than the operation time given in Table 2 to account for the extra labor involved in equipment set up, moving, maintenance, work breaks, and repair. Wages for management are not included as a cash cost. Any return above total costs is considered a return to management and risk.

ESTABLISHMENT CULTURAL PRACTICES AND MATERIAL INPUTS

Land Preparation. This orchard is established on ground that was previously planted to deciduous trees or vines. The site is slip plowed to a depth of six feet to mix the soil and break up natural restricting soil layers. The site is disced three times to prepare the ground before the preplant fumigation. Fumigation is contracted and the fumigant, methyl bromide, is injected over the entire orchard site. Borders are put up later and water is run between the borders to settle the tilled ground. After the soil has dried, the site is laser leveled followed by two passes with an orchard float. The orchard is laid out, trees are planted and the trunks protected with wraps. All ground preparation is contracted and is done in the year prior to planting. Contractors do layout and planting in the spring following ground preparation. For purposes of this report all of these operations occur in year one.

Trees. The young trees are headed back and pruned in subsequent years. In the second year, two trees per acre are replanted, which are provided free by most nurseries.

Weed Control. Berms are put up during the first year and sprayed to control weeds. In subsequent seasons, they are sprayed during the dormant season with pre-emergent herbicides. An implement known as a crowder is used to pull the irrigation furrows after planting as well as clean them once every three to five years. The furrows (row middles) are sprayed four to six times per year. Five percent of the acreage is also spot sprayed with a contact herbicide.

Pest Control. Pest control starts in the second year with a pesticide treatment for mites and a dormant season spray during the winter. Both a bloom and worm spray are added in the third year to round out the pest control program.

Roping, Thinning, and Propping Limbs. Thinning begins in the third year and is performed by hand. Thinning time increases as yields increase. Tree are roped each year starting late the second year and changes to alternate years after the fourth year. Roping is the practice of tying ropes around the branches to hold and prevent them from breaking under heavy fruit loads. As yields and weight on the branches increase, the limbs are also propped.

Fertilization. Nitrogen fertilizer is applied at increasing rates during the orchard establishment and is shown in Table B. Neutral zinc is also applied with the dormant spray at a rate of 5 pounds per acre in the first year and 10 pounds in each year thereafter.

Year	Pounds/Acre
1	38
2	57
3	64
4+	151

Establishment Costs. Cost to establish the orchard is used to determine capital recovery expenses, depreciation, and interest on investment, during the production years. The establishment cost are the sum of cash costs for land preparation, planting, trees, production expenses, and cash overhead for growing peaches or nectarines through the first year fruit is harvested. The *Total Accumulated Net Cash Cost* in the third year in Table 1 represents the establishment cost per acre. For this study, the cost is \$4,672 per acre. This establishment cost is depreciated over the remaining 17 years of assumed tree life.

PRODUCTION CULTURAL PRACTICES AND MATERIAL INPUTS

Pruning, Roping, Thinning, and Propping. Pruning is done by hand in the winter months, December and January in this study. Trees are also summer pruned about three weeks prior to harvest to improve fruit color. Additionally in nectarines, leaves are removed to improve fruit color. Roping is done in February on alternate years. Fruit thinning is done in April. Props are placed under the limbs in July and are removed after harvest.

Fertilization. Nitrogen fertilizer is applied in spring and fall. In some instances nitrogen fertilizer may need to be applied in both spring and late summer. In this study nitrogen is applied at a rate of 151 pounds of N per acre split equally between April and September. A foliar application of zinc sulfate at ten pounds per acre is applied in the autumn at leaf fall, and neutral zinc at ten pounds per acre is applied in the winter with the dormant spray.

Weed Management. Irrigation furrows are drawn in the first year immediately after planting and are cleaned every three to five years. This is accounted for in this report by averaging the cost over four years. Weeds are controlled in row middles during the spring and summer by chemical mowing using low volume sprays. Weeds on the berms are controlled by pre-emergent herbicides applied in the winter.

Insect and Disease Management. A dormant spray is applied annually to control pests, eggs, and diseases. In-season preharvest sprays are applied to protect the crop from such pests as oriental fruit moth, peach twig borer, leaf rollers, mites and fruit rot. Sprays to control thrips are applied to nectarines only.

The pesticides and rates mentioned in this cost study are listed in the *UC IPM Pest Management Guidelines, Peach* and *UC IPM Pest Management Guidelines, Nectarine*. Written recommendations are required for many pesticides and are made by licensed pest control advisors. For information and pesticide use permits, contact the local county Agricultural Commissioner's office. For additional production information contact your local UC Cooperative Extension farm advisor.

Equipment Cash Costs. Equipment costs fall into three categories: capital recovery, cash overhead, and operating costs. The cash overhead and capital recovery costs will be discussed in later sections. The operating costs consist of fuel, lubrication, and repairs.

Repair costs are based on purchase price, annual hours of use, total hours of life, and repair coefficients formulated by the American Society of Agricultural Engineers (ASAE). Fuel and lubrication costs are also determined by ASAE equations based on maximum PTO hp, and fuel type. The fuel and repair cost per acre for each operation in Table 2 is determined by multiplying the total cost per hour as shown in Table 6 for each piece of equipment used in the selected operation by the hours per acre. Tractor time is 10% higher than implement time (Operation Time in Table 2) to account for fueling, moving equipment, and setup time. Prices for on-farm delivery of diesel and gasoline are \$1.09 and \$1.49 per gallon, respectively.

Harvest. Harvest starts in the third year after the orchard is planted. Harvest costs will vary according to yield. In this cost study, the grower's picking crew harvests the crop. In the production year, the grower hires a 20-man picking crew, but uses smaller crews in the early harvest years. An independently owned and operated packing shed supplies the ladders and buckets used for picking. Fruit is placed into half-ton field bins. The fruit is then hauled to the packing shed by a contract hauler for \$5.00 per bin. The shed packs, palletizes, cools and sells the fruit under a contract with the grower. Packing charges are assumed to be \$3.00 per box.

For growers that own their packing and cooling equipment and market their own crop, the needed equipment for packing and cooling operations should be inventoried in investment costs on Table 5, and operation costs would be calculated and placed in harvest costs in Table 1 and 2. All custom charges would be subtracted from harvest costs in Tables 1, 2, 3, 4 and 7.

Assessments. Assessment fees collected by the California Tree Fruit Agreement (CTFA) are based on boxes of peaches and nectarines sold. The CTFA assessment fee is \$0.195 per box of peaches and \$0.19 per box of nectarines.

Yields. As noted above peaches and nectarines usually begin bearing an economic crop in the third year after planting. Typical annual yields for July/August harvested varieties are measured in boxes per acre and are shown in Table C. The weight of a box of peaches or nectarines in this study is 25 pounds.

Year	Boxes/Acre
3	250
4	600
5	950
6	1,200
7+	1,400

A portion of the gross yields sent to packing sheds are packed for fresh market. The percent packout is the portion of the crop that meets standards for fresh market. Table D shows the average yield in tons and 25 pound boxes for peaches and nectarines in the six major producing counties in the San Joaquin Valley for the last five years.

Year	Peaches ^{1/}	Nectarines ^{1/}	Peaches ^{2/}	Nectarines ^{2/}
	----- Average Tons/Acre -----		----- Average Boxes/Acre -----	
1994	10.40	8.38	832	670
1995	8.89	6.66	711	533
1996	9.44	7.39	755	591
1997	10.58	7.30	846	584
1998	9.88	6.13	790	490

^{1/} Source: CDFA, State Crop Reports, 1994 – 1998 and includes Fresno, Kern, Kings, Madera, Merced, and Tulare Counties.

^{2/} Boxes weigh 25 pounds.

Returns. An estimated price of \$6.00 per box of July/August harvested peaches based on standard average fruit size and price distribution is used in this study. If July/August harvested nectarines were assumed instead of peaches, a \$7.00 per box price would be used. Table 7 shows net returns and costs at varying yields and prices.

Risk. The risks associated with producing and marketing peaches and nectarines are significant. While this study makes every effort to model a production system based on typical, real world practices, it does not represent financial, agronomic and market risks that affect the profitability and economic viability of peach and nectarine production. Crop insurance is a risk management tool available to growers.

OVERHEAD COSTS

Cash Overhead. Cash overhead consists of various cash expenses paid out during the year that are assigned to the whole farm and not to a particular operation. These costs include property taxes, interest on operating capital, office expense, liability and property insurance, sanitation services, and equipment repairs. Cash overhead costs are included in Tables 1, 2, 3, 4, and 7.

Property Taxes. Counties charge a base property tax rate of 1% on the assessed value of the property. In some counties special assessment districts exist and charge additional taxes on property including equipment, buildings, and improvements. For this study, county taxes are calculated at 1% of the average value of the property. Average value equals new cost plus salvage value divided by two on a per acre basis. Salvage value for investments vary depending on the type of equipment.

Interest On Operating Capital. Interest on operating capital is based on cash operating costs and is calculated monthly until harvest at a nominal rate of 10.71% per year. A nominal interest rate is the going market cost of borrowed funds. The rate used in this study is from a commercial lending institution.

Insurance. Insurance for farm investments vary depending on the assets included and the amount of coverage. Property insurance provides coverage for property loss and is charged at 0.723% of the average value of the assets over their useful life. Liability insurance covers accidents on the farm and costs \$455 for the entire farm.

Office Expense. Office and business expenses are estimated at \$50 per acre. These expenses include office supplies, telephones, bookkeeping, accounting, legal fees, road maintenance, etc.

Sanitation Services Sanitation services provide portable toilets for the orchard and cost the farm \$455 annually. This cost includes delivery and servicing of toilets.

Capital Recovery Costs. Although farm equipment on peach or nectarine orchards in the region might be purchased new or used, this study shows the current purchase price for new equipment. The new purchase price is adjusted to 60% to indicate a mix of new and used equipment. Annual ownership costs for equipment and other investments are included in Tables 1, 2, 3, and 5. They represent the capital recovery cost for investments on an annual per acre basis.

Capital Recovery Costs. Capital recovery cost is the annual depreciation and interest costs for a capital investment. It is the amount of money required each year to recover the difference between the purchase price and salvage value (unrecovered capital). It is equivalent to the annual payment on a loan for the investment with the down payment equal to the discounted salvage value. This is a more complex method of calculating ownership costs than straight-line depreciation and opportunity costs, but more accurately represents the annual costs of ownership because it takes the time value of money into account (Boehlje and Eidman). The formula for the calculation of the annual capital recovery costs is $((\text{Purchase Price} - \text{Salvage Value}) \times \text{Capital Recovery Factor}) + (\text{Salvage Value} \times \text{Interest Rate})$.

Salvage Value. Salvage value is an estimate of the remaining value of an investment at the end of its useful life. For farm machinery (tractors and implements) the remaining value is a percentage of the new cost of the investment (Boehlje and Eidman). The percent remaining value is calculated from equations developed by the American Society of Agricultural Engineers (ASAE) based on equipment type and years of life. The life in years is estimated by dividing the wear out life, as given by ASAE by the annual hours of use in this operation. For other investments including irrigation systems, buildings, and miscellaneous equipment, the value at the end of its useful life is zero. The salvage value for land is the purchase price because land does not depreciate. The

Capital Recovery Factor. Capital recovery factor is the amortization factor or annual payment whose present value at compound interest is one. It is a function of the interest rate and years of life of the equipment.

Interest Rate. The interest rate of 7.08% used to calculate capital recovery cost is the USDA-ERS's ten year average of California's agricultural sector long-run rate of return to production assets from current income. It is used to reflect the long-term realized rate of return to these specialized resources that can only be used effectively in the agricultural sector. In other words, the next best alternative use for these resources is in another agricultural enterprise.

Table Values. Due to rounding, the totals may be slightly different from the sum of the components.

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UC COOPERATIVE EXTENSION
 Table 1. SAMPLE COSTS PER ACRE TO ESTABLISH A PEACH/NECTARINE ORCHARD
 SOUTHERN SAN JOAQUIN VALLEY - 2000

	Cost Per Acre						
	Year:	1	2	3	4	5	6
Yield, 25 Pound Boxes Per Acre:	0	0	250	600	950	1200	
Planting Costs:							
Land Preparation - Slip Plow - Contract	220						
Land Preparation - Disc 3X	50						
Land Preparation - Fumigate - Contract	500						
Put Up Borders	4						
Irrigate	32						
Land Preparation - Level - Contract	125						
Land Preparation - Float 2X	18						
Layout Orchard	45						
Trees: 151 Per Acre	974						
Plant and Wrap Trees	83						
TOTAL PLANTING COSTS	2,051						
Cultural Costs:							
Weed Control - Dormant Strip Spay	37	52	52	52	52	52	52
Prune Trees	0	40	101	202	304	465	465
Brush Disposal	0	7	9	9	9	9	9
Fertilizer - Fall Zinc	8	10	10	10	10	10	10
Pest Control - Dormant Spray + Neutral Zinc	0	88	88	88	88	88	88
Rope Trees	0	0	37	52	0	52	52
Pest Control - Bloom Spray	0	0	23	23	23	23	23
Pest Control - Worms	0	0	14	14	14	14	14
Pest Control - Mites	0	60	60	60	60	60	60
Thin Fruit - Hand	0	0	76	150	322	567	567
Put Up Berms	4	0	0	0	0	0	0
Furrow Middles 1X Yr. 1 (1X every 4 years)	4	1	1	1	1	1	1
Irrigate 12X	154	167	186	205	230	230	230
Fertilizer - Nitrogen	20	27	29	66	65	65	65
Summer Prune	0	0	35	50	75	75	75
Leaf Removal (nectarines only)	0	0	125	225	300	300	300
Weed Control - Spray Middles 5X (4X Yr. 1)	40	50	50	50	50	50	50
Pest Control - Thrips (nectarines only)	0	0	50	50	50	50	50
Pest Control - Preharvest Worms/Brown Rot Spray	0	0	79	79	79	79	79
Weed Control - Spot Spray	0	4	9	9	9	9	9
Prop Limbs	0	0	0	0	41	56	56
Pickup Truck Use	100	100	100	100	100	100	100
TOTAL CULTURAL COSTS	367	606	1,134	1,495	1,882	2,355	2,355
Harvest Costs:							
Pick Fruit	0	0	130	261	418	573	573
Haul to Shed	0	0	31	75	119	150	150
Pack Fruit	0	0	750	1,800	2,850	3,600	3,600
Sell	0	0	120	240	456	576	576
TOTAL HARVEST COSTS	0	0	1,031	2,376	3,843	4,899	4,899
Assessment Costs:							
California Tree Fruit Agreement @ \$0.195/box	0	0	49	117	185	234	234
TOTAL ASSESSMENT COSTS	0	0	49	117	185	234	234
Interest On Operating Capital @ 10.71%	199	26	61	97	135	179	179
TOTAL OPERATING COSTS/ACRE	2,617	632	2,275	4,085	6,045	7,667	7,667

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Table 1. continued

	Cost Per Acre						
	Year:	1	2	3	4	5	6
Yield, 25 Pound Boxes Per Acre:	0	0	250	600	950	1200	
Cash Overhead Costs:							
Office Expense	50	50	50	50	50	50	50
Liability Insurance	5	5	5	5	5	5	5
Sanitation Fees	4	4	4	4	4	4	4
Property Taxes	63	64	65	89	91	92	92
Property Insurance	46	46	47	65	66	66	66
Investment Repairs	14	14	14	14	14	14	14
TOTAL CASH COSTS/ACRE	2,799	815	2,460	4,312	6,275	7,898	
INCOME/ACRE FROM PRODUCTION @ \$6.00/box	0	0	1,395	2,790	4,464	6,138	
NET CASH COSTS/ACRE FOR THE YEAR	2,799	815	1,065	1,522	1,811	1,760	
PROFIT/ACRE ABOVE CASH COSTS	0	0	0	0	0	0	0
ACCUMULATED NET CASH COSTS/ACRE	2,799	3,614	4,679	6,201	8,012	9,772	
Capital Recovery Cost:							
Shop Building	42	42	42	42	42	42	42
Land @ \$5,579/Acre	410	410	410	410	410	410	410
Peach Establishment	0	0	0	482	482	482	482
Fuel Tank & Pump	7	7	7	7	7	7	7
Shop Tools	13	13	13	13	13	13	13
Furrow Irrigation System	12	12	12	12	12	12	12
Equipment	31	37	67	88	114	140	140
TOTAL NON-CASH OVERHEAD COST/ACRE	515	521	551	1,054	1,080	1,106	
TOTAL COST/ACRE FOR THE YEAR	3,314	1,336	3,011	5,366	7,355	9,004	
INCOME/ACRE FROM PRODUCTION	0	0	1,395	2,790	4,464	6,138	
TOTAL NET COST/ACRE FOR THE YEAR	3,314	1,336	1,616	2,576	2,891	2,866	
NET PROFIT/ACRE ABOVE TOTAL COST	0	0	0	0	0	0	0
TOTAL ACCUMULATED NET COST/ACRE	3,314	4,650	6,266	8,842	11,733	14,599	

UC COOPERATIVE EXTENSION
 Table 2. COSTS PER ACRE TO PRODUCE MATURE PEACHES/NECTARINES
 July/August Harvested Varieties
 SOUTHERN SAN JOAQUIN VALLEY - 2000

Operation	Operation	Cash and Labor Costs per Acre					Total Cost	Your Cost
	Time (Hrs/A)	Labor Cost	Fuel, Lube & Repairs	Material Cost	Custom/Rent			
Cultural:								
Weed Control – Dormant Strip	0.20	3	1	49	0	52		
Prune	64.00	515	0	0	0	515		
Shred Brush	0.43	6	4	0	0	10		
Pest Control - Dormant & Zinc	0.26	3	3	78	0	84		
Rope Trees (alternate years)	4.00	32	0	0	0	32		
Pest Control – Bloom	0.25	3	3	17	0	23		
Pest Control – Worms	0.26	3	3	8	0	14		
Weed Control - Spray Middles 5X	1.00	13	4	28	0	45		
Thinning – Hand	103.00	828	0	0	0	828		
Furrow Middles (1X per 4 yrs)	0.05	1	0	0	0	1		
Irrigate 12X	11.26	91	0	140	0	230		
Pest Control - Mites	0.26	3	3	54	0	60		
Fertilize - Nitrogen Split	0.40	13	1	50	0	64		
Fertilize - Fall Zinc	0.26	3	3	4	0	10		
Weed Control - Spot Spray 2X	0.40	5	2	1	0	8		
Summer Pruning	9.32	75	0	0	0	75		
Leaf Removal (nectarine only)	37.31	300	0	0	0	300		
Prop Limbs & Remove Props	1.00	78	5	0	0	82		
Pest Control - Thrips (nectarine only)	0.26	3	3	44	0	50		
Pest Control - Worms/Brown Rot	0.26	3	3	73	0	79		
Pickup Truck Use	5.70	75	25	0	0	100		
TOTAL CULTURAL COSTS	239.85	2,058	59	545	0	2,661		
Harvest:								
Pick Fruit	4.50	843	57	0	0	900		
Haul To Shed	0.00	0	0	0	225	225		
Pack Fruit	0.00	0	0	0	4,200	4,200		
Sell	0.00	0	0	0	672	672		
TOTAL HARVEST COSTS	4.50	843	57	0	5,097	5,997		
Assessment:								
CTFA Assessment	0	0	0	273	0	273		
TOTAL ASSESSMENT COSTS	0	0	0	273	0	273		
Interest on operating capital @ 10.71%						202		
TOTAL OPERATING COSTS/ACRE		2,900	117	818	5,097	9,134		

UC COOPERATIVE EXTENSION

Table 2. continued

	Operation	Cash and Labor Costs per Acre					Total Cost	Year Cost
	Time (Hrs/A)	Labor Cost	Fuel, Lube & Repairs	Material Cost	Custom/ Rent			
Cash Overhead:								
Office Expense						50		
Liability Insurance						5		
Sanitation Fees						4		
Property Taxes						90		
Property Insurance						65		
Investment Repairs						14		
TOTAL CASH OVERHEAD COSTS						228		
TOTAL CASH COSTS/ACRE						9,362		
Non-cash Overhead:								
		Per producing		Annual Cost				
Investment		<u> Acre</u>		<u>Capital Recovery</u>				
Buildings		447		42		42		
Fuel Tanks & Pumps		71		7		7		
Shop Tools		126		13		13		
Irrigation System		140		12		12		
Peach Establishment		4,679		482		482		
Land - Peaches		5,790		410		410		
Equipment		777		102		102		
TOTAL NON-CASH OVERHEAD COSTS		12,030		1,068		1,068		
TOTAL COSTS/ACRE						10,430		

Table 3. UC COOPERATIVE EXTENSION
 COSTS AND RETURNS PER ACRE TO PRODUCE MATURE PEACHES/NECTARINES
 July/August Varieties
 SOUTHERN SAN JOAQUIN VALLEY - 2000

	Quantity/ Acre	Unit	Price or Cost/Unit	Value or Cost/Acre	Your Cost
GROSS RETURNS					
Peach/Nectarine	1400.00	box	6.00	8,400	
TOTAL GROSS RETURNS FOR PEACH/NECTARINE				8,400	
OPERATING COSTS					
Herbicide:					
Surflan 4 AS	2.00	pint	10.73	21	
Goal 2 XL	2.00	pint	13.67	27	
Roundup Ultra	4.31	pint	6.64	29	
Fungicide:					
Kocide	8.00	lb	2.99	24	
Break EC	4.00	oz	4.35	17	
Rovral	2.00	lb	23.43	47	
Insecticide:					
Dormant Oil	8.00	gal	3.75	30	
Diazinon 50 W	4.00	lb	4.99	20	
Penncap-M	2.00	pint	3.89	8	
Apollo	5.00	oz	10.75	54	
Carzol 92SP	1.00	lb	43.98	44	
Imidan 70WD	4.25	lb	6.17	26	
Fertilizer:					
Zinc Sulfate 36%	20.00	lb	0.38	8	
Ammonium Nitrate	151.00	lb n	0.33	50	
Irrigation:					
Water	44.00	acin	3.18	140	
Custom:					
Haul - Custom	45.00	bin	5.00	225	
Contract:					
Pack Fruit	1400.00	box	3.00	4,200	
Sell	1400.00	box	0.48	672	
Assessment:					
CTFA Assessment	1400.00	box	0.20	273	
Labor (machine)	23.95	hrs	11.02	264	
Labor (non-machine)	327.89	hrs	8.04	2,636	
Fuel - Gas	11.40	gal	1.49	17	
Fuel - Diesel	44.55	gal	1.09	49	
Lube				10	
Machinery repair				41	
Interest on operating capital @ 10.71%				202	
TOTAL OPERATING COSTS/ACRE				9,134	
NET RETURNS ABOVE OPERATING COSTS				-734	
CASH OVERHEAD COSTS:					
Office Expense				50	
Liability Insurance				5	
Sanitation Fees				4	
Property Taxes				90	
Property Insurance				65	
Investment Repairs				14	
TOTAL CASH OVERHEAD COSTS/ACRE				228	
TOTAL CASH COSTS/ACRE				9,362	

UC COOPERATIVE EXTENSION

Table 3. continued

	Cost/Acre	Your Cost
NON-CASH OVERHEAD COSTS (Capital Recovery)		
Buildings	42	
Fuel Tanks & Pumps	7	
Shop Tools	13	
Irrigation System	12	
Peach Establishment	482	
Land - Peaches	410	
Equipment	102	
TOTAL NON-CASH OVERHEAD COSTS/ACRE	1,068	
TOTAL COSTS/ACRE	10,430	
NET RETURNS ABOVE TOTAL COSTS	-2,030	

UC COOPERATIVE EXTENSION
 Table 4. MONTHLY CASH COSTS PER ACRE TO PRODUCE PEACHES / NECTARINES
 July/August Varieties
 SOUTHERN SAN JOAQUIN VALLEY - 2000

Beginning DEC 99	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	TOTAL
Ending NOV 00	99	00	00	00	00	00	00	00	00	00	00	00	
Cultural:													
Weed Control – Dormant Strip	52												52
Prune	257	257											515
Shred Brush		10											10
Pest Control - Dormant & Neutral Zn		84											84
Rope Trees (alternate years)			32										32
Pest Control - Bloom			23										23
Pest Control - Worms			14										14
Weed Control - Spray Middles			10		10		10	10		4			45
Thinning – Hand					828								828
Furrow Middles (1X per 4 yrs)					1								1
Irrigate 12X					23	47	47	47	44	23			230
Pest Control – Mites						60							60
Fertilize - Nitrogen Split Application					32					32			64
Fertilize - Fall Zinc											10		10
Weed Control - Spot Spray						4			4				8
Summer Pruning							75						75
Leaf Removal (nectarine only)							300						300
Prop Limbs & Remove Props								82					82
Pest Control - Thrips (nectarine only)								50					50
Pest Control - Worms/Brown Rot								79					79
Pickup Truck Use	9	9	9	9	9	9	9	9	9	9	9		100
TOTAL CULTURAL COSTS	319	360	88	9	904	119	441	277	57	69	19	0	2,661
Harvest:													
Pick Fruit								450	450				900
Haul To Shed								113	113				225
Pack Fruit								2,100	2,100				4,200
Sell								336	336				672
TOTAL HARVEST COSTS								2,999	2,999				5,997
Assessment:													
CTFA Assessment								136	136				273
TOTAL ASSESSMENT COSTS								136	136				273
Interest on operating capital	3	6	7	7	15	16	20	50	79	-1	0		202
TOTAL OPERATING COSTS/ACRE	321	366	95	16	919	136	461	3,462	3,271	68	19		9,134
Overhead:													
Office Expense	4	4	4	4	4	4	4	4	4	4	4	4	50
Liability Insurance			5										5
Sanitation Fees			4										4
Property Taxes		45						45					90
Property Insurance		33						33					65
Investment Repairs	1	1	1	1	1	1	1	1	1	1	1	1	14
TOTAL CASH OVERHEAD COSTS	5	83	14	5	5	5	5	83	5	5	5	5	228
TOTAL CASH COSTS/ACRE	327	449	109	21	924	141	466	3,545	3,276	74	24	5	9,362

UC COOPERATIVE EXTENSION
 Table 5. WHOLE FARM ANNUAL EQUIPMENT, INVESTMENT, AND BUSINESS OVERHEAD COSTS
 SOUTHERN SAN JOAQUIN VALLEY - 2000

ANNUAL EQUIPMENT COSTS

Yr	Description	Price	Yrs Life	Salvage Value	Capital Recovery	Cash Overhead		Total
						Insur- ance	Taxes	
00	38 HP 2WD Tractor	21,507	15	4,187	2,208	93	128	2,429
00	80 HP 4WD Tractor	46,186	15	8,992	4,741	199	276	5,216
00	Bin Trailers W/Bin #1	10,500	7	2,679	1,645	48	66	1,758
00	Bin Trailers W/Bin #2	10,500	7	2,679	1,645	48	66	1,758
00	Crowder - 13'	3,000	15	288	320	12	16	348
00	Mower/Chopper - 8'	6,713	10	1,187	874	29	40	942
00	Orch.Sprayer 500 G	19,741	4	7,266	4,204	98	135	4,437
00	Pickup Truck - 3/4	16,698	7	6,334	2,377	83	115	2,575
00	Pickup Truck - Used	8,000	7	800	1,396	32	44	1,472
00	Weed Sprayer 100 G	3,947	10	698	514	17	23	554
TOTAL		146,792		35,110	19,923	658	910	21,490
60% of New Cost *		88,075		21,066	11,954	395	546	12,894

*Used to reflect a mix of new and used equipment

ANNUAL INVESTMENT COSTS

Description	Price	Life Years	Salvage Value	Capital Recovery	Cash Overhead			Total
					Insurance	Taxes	Repairs	
INVESTMENT								
Buildings	44,693	20		4,245	162	223	894	5,524
Fuel Tanks & Pumps	7,088	20	709	656	28	39	142	865
Irrigation System	14,000	25	1,400	1,188	56	77	154	1,475
Land - Peaches	28,950	20	28,950	2,050	209	290	0	2,548
Peach Establishment	23,395	17		2,410	85	117	0	2,611
Shop Tools	12,637	15	1,264	1,344	50	70	253	1,717
TOTAL INVESTMENT	130,763		32,323	11,893	590	815	1,443	14,741

ANNUAL BUSINESS OVERHEAD COSTS

Description	Units/		Price/ Unit	Total Cost
	Farm	Unit		
Liability Insurance	100	Acre	4.55	455
Office Expense	100	Acre	50.00	5,000
Sanitation Fees	100	Acre	3.90	390

UC COOPERATIVE EXTENSION
 Table 6. HOURLY EQUIPMENT COSTS
 SOUTHERN SAN JOAQUIN VALLEY - 2000

Yr	Description	COSTS PER HOUR							Total Costs/Hr.
		Actual Hours Used	Cash Overhead			Operating			
			Capital Recovery	Insur- ance	Taxes	Repairs	Fuel & Lube	Total Oper.	
00	38 HP 2WD Tractor	800	1.66	0.07	0.10	0.38	2.34	2.72	4.55
00	80 HP 4WD Tractor	709	4.01	0.17	0.23	1.10	4.92	6.02	10.44
00	Bin Trailers W/Bin #1	382	2.58	0.07	0.10	1.56	0.00	1.56	4.33
00	Bin Trailers W/Bin #2	382	2.58	0.07	0.10	1.56	0.00	1.56	4.33
00	Crowder - 13'	132	1.45	0.05	0.07	0.77	0.00	0.77	2.35
00	Mower/Chopper - 8'	200	2.62	0.09	0.12	2.75	0.00	2.75	5.57
00	Orch.Sprayer 500 G	500	5.05	0.12	0.16	3.49	0.00	3.49	8.81
00	Pickup Truck - 3/4	284	5.02	0.18	0.24	1.22	3.43	4.65	10.08
00	Pickup Truck - Used	284	2.95	0.07	0.09	0.58	3.43	4.01	7.12
00	Weed Sprayer 100 G	150	2.05	0.07	0.09	1.05	0.00	1.05	3.26

UC COOPERATIVE EXTENSION
Table 7. RANGING ANALYSIS
 SOUTHERN SAN JOAQUIN VALLEY - 2000

COSTS PER ACRE AT VARYING YIELDS TO PRODUCE PEACH/NECTARINE

	YIELD (Box/Acre)						
	980	1,120	1,260	1,400	1,540	1,680	1,820
OPERATING COSTS/ACRE:							
Cultural Cost	2,661	2,661	2,661	2,661	2,661	2,661	2,661
Harvest Cost (includes assessments)	4,270	4,937	5,603	6,270	6,937	7,603	8,270
Interest on operating capital	176	185	193	202	211	220	228
TOTAL OPERATING COSTS/ACRE	7,107	7,783	8,457	9,133	9,809	10,484	11,159
TOTAL OPERATING COSTS/BOX	7.25	6.95	6.71	6.52	6.37	6.24	6.13
CASH OVERHEAD COSTS/ACRE	227	227	228	228	229	229	229
TOTAL CASH COSTS/ACRE	7,334	8,010	8,685	9,361	10,038	10,713	11,388
TOTAL CASH COSTS/BOX	7.48	7.15	6.89	6.69	6.52	6.38	6.26
NON-CASH OVERHEAD COSTS/ACRE	1,054	1,059	1,063	1,068	1,073	1,077	1,082
TOTAL COSTS/ACRE	8,388	9,069	9,748	10,429	11,111	11,790	12,470
TOTAL COSTS/BOX	8.56	8.10	7.74	7.45	7.21	7.02	6.85

NET RETURNS PER ACRE ABOVE OPERATING COSTS FOR PEACH/NECTARINE

(DOLLARS/BOX)	YIELD (Box/Acre)						
Peach/Nectarine	980	1,120	1,260	1,400	1,540	1,680	1,820
4.20	-2,991	-3,079	-3,165	-3,253	-3,341	-3,428	-3,515
4.80	-2,403	-2,407	-2,409	-2,413	-2,417	-2,420	-2,423
5.40	-1,815	-1,735	-1,653	-1,573	-1,493	-1,412	-1,331
6.00	-1,227	-1,063	-897	-733	-569	-404	-239
6.60	-639	-391	-141	107	355	604	853
7.20	-51	281	615	947	1,279	1,612	1,945
7.80	537	953	1,371	1,787	2,203	2,620	3,037

NET RETURNS PER ACRE ABOVE CASH COSTS FOR PEACH/NECTARINE

(DOLLARS/BOX)	YIELD (Box/Acre)						
Peach/Nectarine	980	1,120	1,260	1,400	1,540	1,680	1,820
4.20	-3,218	-3,306	-3,393	-3,481	-3,570	-3,657	-3,744
4.80	-2,630	-2,634	-2,637	-2,641	-2,646	-2,649	-2,652
5.40	-2,042	-1,962	-1,881	-1,801	-1,722	-1,641	-1,560
6.00	-1,454	-1,290	-1,125	-961	-798	-633	-468
6.60	-866	-618	-369	-121	126	375	624
7.20	-278	54	387	719	1,050	1,383	1,716
7.80	310	726	1,143	1,559	1,974	2,391	2,808

NET RETURNS PER ACRE ABOVE TOTAL COSTS FOR PEACH/NECTARINE

(DOLLARS/BOX)	YIELD (Box/Acre)						
Peach/Nectarine	980	1,120	1,260	1,400	1,540	1,680	1,820
4.20	-4,272	-4,365	-4,456	-4,549	-4,643	-4,734	-4,826
4.80	-3,684	-3,693	-3,700	-3,709	-3,719	-3,726	-3,734
5.40	-3,096	-3,021	-2,944	-2,869	-2,795	-2,718	-2,642
6.00	-2,508	-2,349	-2,188	-2,029	-1,871	-1,710	-1,550
6.60	-1,920	-1,677	-1,432	-1,189	-947	-702	-458
7.20	-1,332	-1,005	-676	-349	-23	306	634
7.80	-744	-333	80	491	901	1,314	1,726