

# LIME PRODUCTION COSTS

## DESCRIPTION

The cost figures given in this sample are based on assumed conditions. The typical practices are listed, with sample costs given for the labor, materials, and equipment required. These are not presented as "standard" costs, but are intended as guidelines based upon growers' experience. Individual orchards often vary considerably from these figures in their cost and return experience. Particular items may vary from a grower's experience due to difference in conditions. Availability of adequate well water reduces the cost of irrigation water.

Orchards on steep slopes, with inadequate roadways and drives for fruit hauling and grove work, will cost considerably more to operate. Portable or drag-line irrigation systems may have lower initial costs, but higher labor requirements. Poor or untimely farming and management practices commonly cause costs to be higher than necessary and returns to be low.

Weed control is one operation that can be very costly if treatments are delayed or poorly done. If weed control has been neglected or weed control adjacent to the planted area is included, costs will be much higher. Elimination of an existing weed problem is more costly than maintenance of a normal weed control program. Delayed weed control is probably the most frequent cause of costs being higher than expected.

This study is based on expected costs for a 10-acre, 10-year-old lime planting in the northern inland part of the county, utilizing hillside land. Tree spacing of 20 by 20 feet results in approximately 100 trees per acre.

Sandy loam soil over decomposed granite is typical. Water obtained through the local water district is applied with a permanent sprinkler system, using one revolving sprinkler per tree. Other equipment includes tools, small tractor, weed sprayer, and mower.

## INVESTMENT OVERHEAD PER ACRE

Depreciation and interest on investment are included as overhead costs of investment. An annual charge for interest on investment is calculated on the money invested in land, buildings, and equipment.

The total economic cost of producing limes includes a charge for interest since the value of your capital should not be ignored in measuring orchard income, and for comparison with alternate use of resources. For management analysis non-cash costs, including interest and owner's labor, should be included even though they are not included as business expenses in accounting practice.

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NOTE: We acknowledge the fine cooperation and assistance of the growers and farm managers who participated in accumulation of this cost data.

Depreciation and interest per acre are calculated from the following investment schedule:

	<u>Investment</u>	<u>Depreciation</u>	<u>Interest @ 8%</u>
Trees	\$3,500	\$140	\$140
Irrigation System	750	75	30
Equipment and Buildings	100	10	4
Land	<u>3,000</u>	<u>--</u>	<u>240</u>
	\$6,350	\$225	\$414

### YIELD AND RETURNS

Yield varies considerably among orchards, and from year to year. Commercial production may range from 8,000 to 20,000 pounds per acre. Excellent orchards under favorable conditions produce more. The following chart illustrates variability in gross on-tree returns due to yield and price changes.

<u>On-tree price</u>	<u>Yield per acre, pounds</u>			
	8,000	12,000	16,000	20,000
\$ .03	\$ 240	\$ 360	\$ 480	\$ 600
.05	400	600	800	1,000
.10	800	1,200	1,600	2,000
.15	1,200	1,800	2,400	3,000

### COST ANALYSIS

#### Cash Cultural Costs

Irrigation Labor . . . . .	\$ 54
Irrigation Water . . . . .	210
Pest and Disease Control . . . . .	110
Fertilization . . . . .	56
Weed Control . . . . .	60
Pruning and Brush Disposal . . . . .	20
Misc. Tree Replacement, etc. . . . .	<u>20</u>
	Subtotal
	530

#### Cash Overhead

Taxes . . . . .	120
Maintenance and Repair . . . . .	35
General Expense (office, phone, production credit, etc.) . . . . .	40
Management . . . . .	<u>60</u>
	Subtotal
	255

TOTAL CASH COSTS \$ 785

#### Investment Overhead

Depreciation. . . . .	<u>215</u>
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TOTAL CASH COSTS PLUS DEPRECIATION \$1,000

Interest on investment . . . . .	414
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TOTAL ON-TREE COST \$1,414

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