

EARLY MATURING NECTARINES  
Cost Analysis Worksheet, 1976

Sample costs to produce early season nectarines in the southern San Joaquin Valley for fresh shipment. Costs are for a mature orchard containing 108 trees per planted acre, producing 600 lugs of fruit, with approximately 30% discarded as culls. Labor costs at \$3.30 per hour and equipment operator at \$4.00 per hour. Wages include Social Security, Workmen's Compensation and insurance. Medium wheel tractor per hour cash costs at \$2.60; depreciation at \$1.65; and interest at \$ .82.

|  | Sample Costs     |               | My Costs |         |
|--|------------------|---------------|----------|---------|
|  | Per Acre         | Per Lug       | Per Acre | Per Lug |
| <b>Pre-Harvest Cash Costs:</b>   |                  |               |          |         |
| Pruning: 108 trees @ \$1.50  | \$ 162.00        |               |          |         |
| Brush shredding: contract \$6.50/acre                                    | 6.50             |               |          |         |
| 3 hrs. raking brush  | 9.90             |               |          |         |
| Fertilize: 100 lbs. N at 30¢; 1/2 hr. man & tractor                      | 33.30            |               |          |         |
| Spray 5 times: materials   | 104.20           |               |          |         |
| Application: 2 1/2¢/gallon, 1600 gallons                                 | 40.00            |               |          |         |
| Furrow 3 times: 1 1/2 hrs. man & tractor                                 | 9.90             |               |          |         |
| Irrigate 7 times: labor 8 hrs.   | 26.40            |               |          |         |
| 3 1/2 ft. water: power + tax \$10/ac. ft.                                | 35.00            |               |          |         |
| Disc 3 times: 4 1/2 hrs. man & tractor                                   | 29.70            |               |          |         |
| Weed control   | 15.34            |               |          |         |
| Thin: 108 trees @ \$3.00   | 324.00           |               |          |         |
| Tie: labor 5 hrs.  | 16.50            |               |          |         |
| Materials  | 30.00            |               |          |         |
| Taxes  | 60.00            |               |          |         |
| Misc. labor, materials, field power: includes 4 man hrs. & 1 tractor hr. | 20.00            |               |          |         |
| Repairs to equipment, except tractor                                     | 17.00            |               |          |         |
| Office, car, operating capital, insurance, etc.                          | 86.16            |               |          |         |
| <b>TOTAL PRE-HARVEST CASH COSTS</b>                                      | <b>\$1025.90</b> | <b>\$1.71</b> |          |         |
| <b>Harvest Costs:</b>  |                  |               |          |         |
| Pick: 600 lugs (22 lbs.) @ 70¢   | \$ 420.00        |               |          |         |
| Haul: 600 lugs (22 lbs.) @ 10¢   | 60.00            |               |          |         |
| Misc. 4 man hrs. & 1 tractor hr.   | 16.50            |               |          |         |
| <b>TOTAL HARVEST COSTS</b>   | <b>\$ 496.50</b> | <b>\$ .83</b> |          |         |
| <b>TOTAL CASH COSTS</b>  | <b>\$1522.40</b> | <b>\$2.54</b> |          |         |
| <b>Depreciation:</b>   |                  |               |          |         |
| Irrigation system & well: \$300, 20 yr. life                             | \$ 15.00         |               |          |         |
| Bldgs. & equip., except tractor: \$120, 12 yr. life                      | 10.00            |               |          |         |
| Tractor: 7.5 hrs. at \$1.65  | 12.38            |               |          |         |
| Trees: cost \$2926, 20 yr. life  | 146.30           |               |          |         |
| <b>TOTAL DEPRECIATION</b>  | <b>\$ 183.68</b> | <b>\$ .30</b> |          |         |
| <b>Interest on Investment @ 8%:</b>                                      |                  |               |          |         |
| Irrigation system & well: 1/2 cost, \$150                                | \$ 12.00         |               |          |         |
| Bldgs. & equip., except tractor: 1/2 cost, \$60                          | 4.80             |               |          |         |
| Tractor: 7 1/2 hrs. @ \$ .82/hr.   | 6.15             |               |          |         |
| Trees: 1/2 cost, \$1463  | 117.04           |               |          |         |
| Land: @ \$1700/acre  | 136.00           |               |          |         |
| <b>TOTAL INTEREST ON INVESTMENT</b>                                      | <b>\$ 275.99</b> | <b>\$ .46</b> |          |         |
| <b>TOTAL COST OF PRODUCTION</b>  | <b>\$1982.07</b> | <b>\$3.30</b> |          |         |

SAMPLE COSTS AT VARYING YIELDS

|                                  | Average  |          |          | Exceptional |          |
|----------------------------------|----------|----------|----------|-------------|----------|
| Yield:                           |          |          |          |             |          |
| Tons per acre                    | 6        | 8        | 10       | 12          | 14       |
| Total cost of production per ton | \$301.28 | \$238.66 | \$201.08 | \$176.11    | \$158.21 |
| Cash costs only:                 |          |          |          |             |          |
| per 22 lb. lug                   | 3.53     | 2.85     | 2.44     | 2.16        | 1.97     |
| Total cost per 22 lb. lug        | 4.73     | 3.75     | 3.16     | 2.76        | 2.48     |
| Packed lugs per acre             | 382      | 509      | 636      | 764         | 891      |

ABOUT THIS SHEET

This work sheet was developed to show sample costs for a good yielding, mature orchard under southern San Joaquin Valley conditions. Specific years, areas and orchards may have different costs because of the following considerations:

1. Seasonal variations influence fruit set and quality. Consequently, differences in thinning, pest control and cullage will occur.
2. No account is made for partial or complete crop loss.
3. Interest and depreciation costs are based on present costs of establishing an orchard. Present bearing orchards were probably established at lower costs. Variety patent fees are not included in the development costs.
4. Costs per 2-layer lug are based on an average net weight of 22 lbs. Net weights vary depending on fruit size and maturity.
5. No allowance is made for cost of management, packing costs or commission charges.
6. Water costs vary in the southern San Joaquin Valley and an average cost is used in this study.
7. Packing and selling charges are not included in production costs. These costs do not vary with production levels. They must, however, be deducted from gross sale prices as are production costs to determine net returns. Packing charges in 1975 were approximately \$1.65 per lug. Sales charges vary from 10-15% of gross sale prices. Other charges such as precooling, hydrocooling and marketing order fees must also be considered.

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