

ad Reed

**SAMPLE COSTS TO PRODUCE PRUNES
SAN BENITO COUNTY - 1967**

Based on a 40 acre orchard with 20 acres of prunes with a yield of 2.5 tons (dry). Labor at \$1.50 unskilled and \$1.65 skilled including compensation and social security.

Operation	Hours Per Acre	Cash and labor cost per acre				Total
		Labor	Fuel and Repairs	Materials Kind and Quantity	Cost	
Cultural Costs						
Pruning	25.0	\$37.50				\$ 37.50
Brush disposal	1.5	2.48	\$ 1.88			4.36
Fertilize	0.5	.83	.63	80 lbs. N @ 12½¢	\$10.00	11.46
Spray	2.0	3.30	6.82		24.92	35.04
Cultivate & harvest preparation	4.0	6.60	7.08			13.68
Irrigate (sprinkler)	3.0	4.73	.63	Power for 18"	13.44	18.80
Prop, tie, etc.	3.0	4.50	1.15		3.00	8.65
Miscellaneous	3.0	4.50	.95		2.50	7.95
TOTAL CULTURAL COSTS	42.0	\$64.44	\$19.14		\$53.86	\$137.44
Harvest Costs						
Shake and pick	60.0	6.25 tons @ \$12.00/T				\$ 75.00
Haul & load boxes	2.0	\$ 3.30	\$ 3.40			6.70
Dehydrate		Custom @ \$15.00/T				93.75
Supervision	1.5	2.48				2.48
TOTAL HARVEST COSTS	63.5					\$177.93
Cash Overhead						
Misc., office, etc.		5% of above				\$ 15.77
Taxes						51.14
TOTAL CASH OVERHEAD						\$ 66.91
TOTAL CASH COST						\$382.28
INVESTMENT						
		PER ACRE	Annual Cost			
			Depreciation	Interest		
Land		\$1800		\$108.00		
Trees		440	\$ 11.00	13.20		
Irrigation system		368	18.35	11.01		
Buildings		60	3.00	1.80		
Equipment		864	72.00	25.92		
Total		\$3532	\$104.35	\$159.93		\$264.28
TOTAL COST PER ACRE						\$646.56
COST PER TON @ 2.5 TON YIELD						\$258.62

COSTS OF PRODUCTION PER TON AT VARYING YIELDS

Yield - tons per acre	1.0	1.5	2.0	2.5	3.0
Cash Costs	\$265.54	\$308.12	\$346.70	\$382.28	\$417.86
Overhead	264.28	264.28	264.28	264.28	264.28
Total Cost Per Acre	529.82	572.56	610.98	646.56	682.14
Cost per Ton	\$529.82	\$381.70	\$305.49	\$258.62	\$227.38

525
2.5
31250
5
4750

PRUNE PRODUCTION COSTS IN SAN BENITO COUNTY

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40 Acre Orchard

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.

These sample costs presented for 1966-67 conditions in San Benito County are based on local inquiry and various costs standards. They are not average costs and are subject to considerable variation from year to year and between orchards. The per acre investment shown for trees represents the approximate cash cost of developing an existing orchard.

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 operators 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, 6% was used on one-half the original cost of depreciable items and full value on land.

Management Costs have not been included in this study. The return to management is the residue from gross income minus cash, depreciation and interest costs.

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 operators labor, capital and management. This is the sum left to pay for living expenses, mortgage expenses, enlarging or improving the business, and savings or 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. Decreasing the size of the operation frequently increases the overhead per acre.