

ESTIMATING COMPENSATION FOR LOSS OF TREES
OR VINES IN THE SAN JOAQUIN VALLEY

Kathleen Kelley, Farm Advisor, Stanislaus County
James LaRue, Farm Advisor, Tulare County
Joe Connell, Farm Advisor, Butte County
Bill Peacock, Farm Advisor, Tulare County
Steve Sibbett, Farm Advisor, Tulare County
Edward A. Yeary, Area Farm Management Specialist, Parlier

Trees and vines may be destroyed or damaged by floods, fires or accidents.

The grower may be eligible for compensation for:

1. loss of the crop
2. replacement of the trees and vines
3. present value of lost future income and additional care of the replacement trees and vines
4. damage to adjacent trees and vines, irrigation system, end posts, etc.
5. general damages, such as diminished appearance of the orchard or vineyard, and nuisance factor for management.

This work sheet presents a sample calculation of crop loss, replacement cost of the tree or vine, and present value^{1/} of lost future income. It will serve as a guide to calculating losses in actual cases. Individual cases will vary, so no standardized value can be developed.

The subject of general damages is not included in this publication. Employment of an independent professional appraiser may be advisable, especially if expert testimony will be needed.

It is recommended that the services of an income tax professional be obtained to determine deductible losses and valuations to be used in any way for income tax purposes.

^{1/} Income to be received at the present time that cannot be earned until future years must be discounted by the appropriate annual interest rate. The present value on such income is the amount of money that must be received at the present time, plus interest on this money, that will equal the value of the income that would have been received at the future time.

Tables of present value factors can be obtained from University of California Cooperative Extension offices, banks, appraisers, and from other sources.

NOTE: The authors have closely followed the format used by J. Connell, B. Peacock, J. LaRue, and S. Sibbett, who prepared a Single Tree and Vine Loss Compensation publication for Tulare County in 1978.

ALMONDS

ASSUME LOSS OF MATURE TREE 7 YEARS OLD. ORCHARD SPACING 24' X 24', 75 TREES PER ACRE.
 TREE LOST IN THE SUMMER, BEFORE HARVEST BUT TOO LATE TO REPLANT IN THE SAME CROP YEAR.

YEAR (0 is year in which loss occurred)	0	1	2	3	4	5	6		
YIELD:									
Pounds of nut meats per acre	0	0	0	500	800	1200	1500		
Pounds of nut meats per tree	0	0	0	7.00	11.00	16.00	20.00		
<u>COSTS FOR TREE LOSS AND REPLACEMENT</u>								Cost	Your
								<u>Totals</u>	<u>Costs</u>
<u>TREE, STUMP AND ROOT REMOVAL</u>	\$18.00	0	0	0	0	0	F	\$18.00	
<u>LAND PREPARATION, SUBSOIL OR BACKHOE, FUMIGATE, ETC.</u>	15.00	0	0	0	0	0	U	15.00	
<u>REPLACEMENT TREE</u>	0	3.50	0	0	0	0	L	3.50	
<u>PLANT, PROTECTION, PRUNE AND TRAIN</u>	0	3.50	.25	.50	.75	.90	L	5.90	
<u>-LESS MATURE TREE PRUNING COST</u>	-.90	-.90	-.90	-.90	-.90	-.90	A	-5.40	
<u>FERTILIZER AND SPRAYS</u>	0	1.75	0	0	0	0	R	1.75	
<u>MISC. MATERIAL, LABOR, WATER, WEED CONTROL, BEES</u>	2.00	1.00	1.00	0	0	0	I	4.00	
<u>VALUE OF CROP LOST @ \$1.00/POUND</u> 1)	20.00	20.00	20.00	13.00	9.00	4.00	N	86.00	
<u>-LESS REDUCED HARVESTING HAULING & HULLING COSTS</u> 1)	-2.85	-2.85	-2.85	-1.85	-1.30	-.55	G	-12.25	
<u>ANNUAL LOSS PER TREE</u>	51.25	26.00	17.50	10.75	7.55	3.45		116.50	
<u>COMPENSATION DISCOUNTED @ 11%</u>	0	-2.57	-3.29	-2.89	-2.57	-1.40		-12.72	
<u>COMPENSATION DISCOUNTED @ 11% TO BRING FUTURE EARNING TO PRESENT VALUE</u> 2)	51.25	23.43	14.21	7.86	4.98	2.05		103.78	

IN THIS EXAMPLE THE COMPENSATION DUE FOR TREE AND CROP LOSS PER TREE IS \$103.78.
 IF THE TREE LOSS WAS CAUSED BY A MOVING VEHICLE, THERE MAY BE OTHER LOSSES FOR WHICH COMPENSATION COULD BE RECEIVED.
 DAMAGE TO ADJACENT TREES AND IRRIGATION SYSTEMS SOMETIMES OCCUR. THE APPEARANCE OF THE ORCHARD MAY BE DAMAGED BY
 HAVING TREES OF DIFFERENT AGES AFTER THE TREE LOSS HAS OCCURRED, INSTEAD OF A UNIFORM STAND OF TREES. THIS LOSS
 MAY BE CALLED GENERAL DAMAGE.

- 1) YEAR ZERO, VINE LOST PRIOR TO HARVEST BUT TOO LATE IN THE YEAR TO REPLANT.
- 2) ESTIMATE BASED ON % OF CROP LOST. COMPENSATION REDUCED AS REPLACEMENT TREE COMES INTO BEARING.
- 3) COMPENSATION IS DISCOUNTED AT 11% SINCE GROWER IS PAID NOW FOR INCOME THAT WOULD NOT HAVE BEEN RECEIVED UNTIL A FUTURE DATE.