

**1964**

# **Sample Production Costs**

## **SEVILLANO OLIVES**

### **in Glenn County**

This cost study is based upon information gathered from several Glenn County operations. The data should be used only as a guide for planning or evaluating your own operation.

All labor is shown as hired at either \$1.75 skilled or \$1.50 common per hour (including Social Security, Workmens Compensation Insurance, and other minor costs). Operators performing their own labor may wish to reduce the labor costs shown by an appropriate amount. It should be remembered that all contract labor in a cost study represents actual costs plus a profit to the contractor.

The equipment investment is based upon new cost. It should be realized that many operators own and maintain equipment which has been partially or

completely depreciated. In such cases, proper adjustments should be made in depreciation and interest costs. Owning equipment jointly, which is on the increase in Glenn County, allows savings to be made in overhead costs. Such savings are not reflected in this study.

Cultural costs as shown are based upon maximum recommended requirements. It is recognized that in a given year it may not be necessary for all practices (pest control, etc.) to be performed.

The investment shown for trees reflects input costs covering those years up to self-sustaining production.

Interest on investment costs represents 6 per cent on the average value of all depreciable items. Land does not depreciate; therefore, interest is computed on the full value.

Taxes are figured by applying a rate of 1.25% to the land value and 1.50% to depreciable property to cover both taxes and fire insurance.

Note the blank column on the right margin. This is for your use in comparing your costs with the sample costs.

Prepared by Farm Advisor Roy B. Jeter, Glenn County, and Extension Economist Philip Parsons.

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George B. Alcorn, Director, California Agricultural Extension Service.

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UC Cooperative Extension

SAMPLE COSTS TO PRODUCE SEVILLANO OLIVES  
IN GLENN COUNTY  
(On 50 acres)

30 h.p. gas tractor - \$.95/hr.  
Mower - \$.25/hr.

Labor: \$1.75/hr. Skilled  
1.50/hr. Common

Yield: 2.5 Tons

Operation	Hours Per Acre	Cash and Labor Cost per Acre			Total Cost per Acre	My Cost
		Labor	Fuel & Repairs	Materials		
<b>Cultural</b>						
Pruning & brush removal	22.0	\$33.00	\$ 3.00		\$36.00	
Fertilize				100# N. applied \$12.75	12.75	
Mow cover crop 5x	2.5	4.38	3.00		7.38	
Irrigate 7x	10.0	15.00		3.6 Ac.ft. @ \$2.50 9.00	24.00	
<b>TOTAL CULTURAL COSTS</b>		<b>\$52.38</b>	<b>\$6.00</b>	<b>\$21.75</b>	<b>\$80.13</b>	
<b>Harvest</b>						
Picking		\$60.00 per ton x 2.5 tons = \$150.00			\$150.00	
Hauling		\$ 3.00 per ton x 2.5 tons = 7.50			7.50	
<b>TOTAL HARVEST COSTS</b>					<b>\$157.50</b>	
<b>TOTAL CULTURAL AND HARVEST COSTS</b>					<b>\$237.63</b>	
MISCELLANEOUS OVERHEAD					11.88	
MANAGEMENT INCOME - 5% of (2.5 T. x \$225)					28.13	
<b>TOTAL MISCELLANEOUS AND MANAGEMENT</b>					<b>\$40.01</b>	
<b>TOTAL CASH AND LABOR COSTS PER ACRE</b>					<b>\$277.64</b>	
<b>TOTAL CASH AND LABOR COSTS PER TON</b>					<b>\$111.06</b>	

ANNUAL COSTS

Investment	Per Acre	Depreciation	Int. @ 6%	Taxes & Ins.	
Land	\$600.00	\$	\$ 36.00	\$ 7.50	
Trees	1200.00	30.00	36.00	18.00	
Irrigation	150.00	7.50	4.50	2.25	
Equipment	210.00	21.00	6.30	3.15	
Buildings	70.00	3.50	2.10	1.05	
<b>TOTAL</b>	<b>\$2230.00</b>	<b>\$62.00</b>	<b>\$84.90</b>	<b>\$31.95</b>	<b>\$178.85</b>
<b>TOTAL COST PER ACRE</b>					<b>\$456.49</b>
<b>TOTAL COST PER TON</b>					<b>\$182.60</b>

NET INCOME PER ACRE AFTER ALL EXPENSE

Yield, Tons per A.	Price per Ton						
	\$150.00	\$175.00	\$200.00	\$225.00	\$250.00	\$275.00	\$300.00
1.5	-151.59	-115.97	- 80.35	- 44.73	- 9.11	+ 26.51	+ 62.13
2.0	-111.86	- 64.36	- 16.86	+ 30.64	+ 78.14	+125.64	+173.14
2.5	- 72.13	- 12.75	+ 46.63	+106.01	+165.39	+224.77	+284.15
3.0	- 32.36	+ 38.89	+110.14	+181.39	+252.64	+323.89	+395.14
3.5	+ 6.37	+ 89.50	+172.63	+255.76	+338.89	+422.02	+505.15
4.0	+ 47.14	+142.14	+237.14	+332.14	+427.14	+522.14	+617.14
4.5	+ 86.87	+193.75	+300.63	+407.51	+514.39	+621.27	+728.15
5.0	+126.64	+245.39	+364.14	+482.89	+601.64	+720.39	+842.14