

APRICOT 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.

SAMPLE COSTS TO PRODUCE APRICOTS  
SAN BENITO COUNTY - 1967

Based on a 40 acre orchard with 20 acres of apricots with a yield of 8 tons per acre. Labor at \$1.50 unskilled and \$1.65 skilled including compensation and social security. Tractor cash costs of \$1.25 per hour.

Operation	Hours Per Acre	Cash and labor cost per acre			
		Labor	Fuel and Repairs	Materials Kind and Quantity Cost	Total
<b>Cultural Costs</b>					
Pruning	60.0	\$ 82.50		75 trees per acre @ \$1.10	\$ 82.50
Brush disposal	1.5	2.48	\$ 1.88		4.36
Cultivation	4.0	6.60	7.10		13.70
Spray	2.0	3.30	6.82	\$21.82	31.94
Fertilize	0.5	.83	.72	40 lbs. N @ 12½¢ 5.00	6.55
Thinning	22.0	33.00			33.00
Irrigate (sprinkler)	3.0	4.73	.63	Power for 18" 13.44	18.80
Orchard heating	4.0	6.60	1.88	Oil 15.50	23.98
Limb removal	1.0	1.65	.32		1.97
Misc. cultural	2.0	3.00	.75	2.00	5.75
<b>TOTAL CULT. COSTS</b>	<b>100.0</b>	<b>\$144.69</b>	<b>\$20.10</b>	<b>\$57.76</b>	<b>\$222.55</b>
<b>Harvest Costs</b>					
Picking		\$22.50/Ton			\$180.00
Sorting & Supervision		3.00/Ton			24.00
Haul & load boxes		1.00/Ton			8.00
<b>TOTAL HARVEST COSTS</b>					<b>\$212.00</b>
<b>Cash Overhead</b>					
Misc., office, etc.		5% of above			\$ 21.73
Taxes					53.85
<b>TOTAL CASH OVERHEAD</b>					<b>\$ 75.58</b>
<b>TOTAL CASH COST</b>					<b>\$510.13</b>
<b>INVESTMENT PER ACRE</b>					
			<b>Annual Cost</b>		
			<b>Depreciation</b>	<b>Interest</b>	
Land	\$1800			\$108.00	
Trees	600	\$ 15.00		18.00	
Irrigation system	368	18.35		11.01	
Buildings	60	3.00		1.80	
Equipment	910	75.83		27.30	
<b>TOTAL</b>	<b>\$3738</b>	<b>\$112.18</b>		<b>\$166.11</b>	<b>\$278.29</b>
<b>TOTAL COST PER ACRE</b>					<b>\$788.42</b>
<b>COST PER TON @ 8 T/ACRE YIELD</b>					<b>\$ 98.55</b>

COSTS OF PRODUCTION PER TON AT VARYING YIELDS

Yield - tons per acre	5	6	7	8	9	10
Cash Costs	\$418.63	\$453.13	\$483.63	\$510.13	\$536.63	\$567.13
Overhead	278.29	278.29	278.29	278.29	278.29	278.29
<b>Total Cost Per Acre</b>	<b>696.92</b>	<b>731.42</b>	<b>761.92</b>	<b>788.42</b>	<b>814.92</b>	<b>845.42</b>
<b>Cost Per Ton</b>	<b>\$132.38</b>	<b>\$121.90</b>	<b>\$108.84</b>	<b>\$ 98.55</b>	<b>\$ 90.54</b>	<b>\$ 84.54</b>