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AVOCADOS

# DEVELOPMENT COSTS OF AN AVOCADO ORCHARD IN SANTA BARBARA COUNTY 1970

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DEVELOPMENT COSTS OF AN AVOCADO ORCHARD

IN SANTA BARBARA COUNTY 1970 a/

Dollars Per Acre

	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.
<u>Labor and Field Power</u>					
Land preparation	\$ 20				
Layout, plant, mulch, wrap	95	\$ 5			
Irrigate	50	40	\$ 30	\$ 30	\$ 30
Fertilize	3	4	5	5	5
Weed control	25	15	15	15	15
Pest control	10	13	8	5	5
Tree care & pruning	15	10	10	15	15
Miscellaneous	12	8	7	5	5
(1) Total Labor and Power	\$ 230	\$ 95	\$ 75	\$ 75	\$ 75
<u>Materials</u>					
Trees, including wraps	439	20			
Mulch, wood chips	20	2			
Water b/	20	30	40	60	80
Fertilizer, nitrogen	6	7	8	13	16
Weed oil & herbicide	18	17	15	15	15
Pesticides	5	3	3	3	3
Miscellaneous supplies	12	6	4	4	6
(2) Total Materials	\$ 520	\$ 85	\$ 70	\$ 95	\$ 120
<u>Cash Overhead</u>					
General expenses, office, insurance	62	21	18	21	22
Taxes, property c/	60	70	70	80	80
Maintenance & repairs	13	13	11	8	7
Management charge or allowance	60	36	36	36	36
(3) Total Cash Overhead	\$ 195	\$ 140	\$ 135	\$ 145	\$ 145
(4) Total Cash Costs	\$ 945	\$ 320	\$ 280	\$ 315	\$ 340
Less: Fruit Credits d/				200	400
(5) Net Cash Costs	\$ 945	\$ 320	\$ 280	\$ 115	\$ (60)
<u>Investment Costs</u>					
Depreciation e/	102	102	122	122	122
Interest on Investment f/	346	377	426	490	532
(6) Total Non-Cash Costs	\$ 448	\$ 479	\$ 548	\$ 612	\$ 654
(7) Total Net All Costs	\$ 1,393	\$ 799	\$ 828	\$ 727	\$ 594
(8) Accumulated Total Costs		\$ 2,192	\$ 3,020	\$ 3,747	\$ 4,341
(9) Accumulated Cash Costs		\$ 1,265	\$ 1,545	\$ 1,860	\$ 2,200

INVESTMENT VALUES AT END OF YEAR

Land, appraised value	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Trees (from line 8)	1,393	2,192	3,020	3,747	4,341
Irrig., bldg., equip. (orig. \$1,100)	998	896	974	852	730
(10) Total Investment Value	\$ 5,391	\$ 6,088	\$ 6,994	\$ 7,599	\$ 8,071

Footnotes - see reverse side

## FOOTNOTES

a/ Sample costs are based on records from cooperating growers who use practices typical of avocado orchard development in Santa Barbara County's South Coastal area. Great variations are found between individual properties, but these figures might be used for budgeting purposes. Characteristics of the typical orchard are assumed as: Hass variety, 135 trees per acre, planted 16' x 20', moderate slope hillside planting on previously farmed land, erosion prevention structures installed prior to planting, permanent plastic pipe sprinkler irrigation system, 20-acre orchard, owner operated, no frost protection.

b/ Water costs are based on Cachuma water distributed at a price of \$50 per acre foot. Other sources, the need for booster pumps, and other special equipment would vary these costs.

c/ Assessed values and tax rates vary by districts. Tree values are usually added after the 4th year. Assumed 25% assessment ratio and \$8 tax rate.

d/ Production on young trees usually occurs in the 4th and 5th year. Amounts and prices vary greatly. Assumed yields per tree of the 4th year - 1/4 field box; 5th year - 1/2 field box; and 15¢ per pound on-tree price.

e/ Initial capital outlay estimated to be \$4,100 per acre based on assumed land cost of \$3,000 per acre and \$1100 per acre for irrigation system, buildings, and equipment. The initial irrigation system is estimated at \$500 per acre installed. At the beginning of the 3rd year, the spitter heads are usually replaced with rotating sprinklers at an additional cost of \$200 per acre.

f/ Interest on investment for first year equals 7% of the total cost (line 4) plus 7% of land value and un-depreciated value of buildings and equipment; subsequent years are based on 7% of the prior year's total investment value (line 10).

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