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**UNIVERSITY OF CALIFORNIA COOPERATIVE EXTENSION**

**2002**

**SAMPLE COSTS  
TO ESTABLISH AND PRODUCE**

***PASTURE***



**INTERMOUNTAIN REGION  
Lassen County**

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## SAMPLE COSTS TO ESTABLISH AND PRODUCE PASTURE Intermountain Region - Lassen County - 2002

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### INTRODUCTION

Sample costs to establish a pasture stand and produce pasture in the Intermountain Region – Lassen County are shown in this study. The study is intended as a guide only, and can be used to make production decisions, determine potential returns, prepare budgets and evaluate production loans. Practices described are based on the production practices considered typical for this crop and region, but will not apply to every farm situation. Sample costs for labor, materials, equipment and custom services are based on current figures. “*Your Costs*” columns in Tables 1 and 2, are provided for you to enter your costs.

The hypothetical farm operations, production practices, overhead, and calculations are described under the assumptions. For additional information or an explanation of calculations used in the study call the Department of Agricultural and Resource Economics, University of California, Davis, California, (530) 752-3589 or the local UC Cooperative Extension office.

Sample Cost of Production Studies for many commodities are available and can be requested through the Department of Agricultural and Resource Economics, UC Davis, (530) 752-3589. Current studies can be downloaded from the department website <http://coststudies.ucdavis.edu> or obtained from the local county UC Cooperative Extension offices.

## ASSUMPTIONS

The following assumptions refer to Tables 1 to 7 and pertain to sample costs to establish a pasture stand, produce pasture and pasture hay in the Intermountain Region – Lassen County. Practices described are not University of California recommendations, but represent production practices and materials considered typical of a well-managed pasture stand in the Intermountain Region. Costs, materials, and practices in this study will not be applicable to all situations. Establishment and cultural practices vary among growers within the region; variations can be significant. **The use of trade names in this report does not constitute an endorsement or recommendation by the University of California nor is any criticism implied by omission of other similar products.**

**Farm.** The hypothetical farm consist of 1,000 contiguous acres of land on which 200 acres previously planted to grain are being planted to pasture, 800 acres are improved and unimproved range. The farm also includes cattle that are grazed on the range or pasture and also fed pasture hay. The owner manages the farm and cattle.

### Stand Establishment Operating Costs

Tables 1 to 2

**Land Preparation.** The ground is ripped 20 to 32 inches deep to fracture the soil and improve water infiltration. The field is disced to break up large clods, creating better seed-to-soil contact for good germination. Borders (levees) for irrigation checks are made at periodic intervals through the field. The land is level, so the fields are floated to remove small high and low spots. All land preparation and establishment costs are done by a custom operator.

**Planting.** A cultipacker is used to firm the seedbed prior to and after planting. In late August, orchard grass or tall fescue at 12 pounds per acre plus ladino clover seed at 3 pounds per acre is planted 1/4 to 1/2 inch deep. A custom operator does the planting with a grain drill or broadcast seeder. Stand life in this study is 20 years.

**Fertilization.** Prior to planting, fertilizers are spread and incorporated by discing. Sulfur is applied at 100 pounds per acre and phosphorus as 11-52-0 at 200 pounds per acre or 104 pounds of P<sub>2</sub>O<sub>5</sub>. The fertilizers are custom spread by a fertilizer company at a cost of \$5.35 per acre. Growers should apply fertilizer or soil amendments after soil tests determine pH and nutrient levels. Plant tissue tests are recommended in subsequent years.

**Irrigation.** Irrigations are done preplant, immediately after planting, and 10 to 14 days later to germinate the seed. A total of six acre-inches is applied during the establishment year.

**Weed Control.** Grasses and broadleaf weeds can compete with the seedlings during stand establishment, but are not often a problem.

**Harvest.** August plantings will not produce a crop in the first year.

## Production Operating Costs

Tables 3 to 7.

**Irrigation.** Irrigation begins in May and continues into September. Three acre-feet of water at \$16.32 per acre-foot or \$1.36 per acre-inch is applied by border-flood irrigation.

**Fertilization.** Fertilizer is applied in March and in June after hay harvest. Ammonium Sulfate (21-0-0-24S) at 200 pounds per acre or 42 pounds of N per acre and 48 pounds of elemental sulfur is applied in March to cover sulfur and nitrogen deficiency, common in Lassen County. Urea at 100 pounds per acre or 46 pounds of N is applied in June immediately following harvest.

**Pest Management.** For pesticide information, pest identification, monitoring, and management visit the UC IPM website at [www.ipm.ucdavis.edu](http://www.ipm.ucdavis.edu). Written recommendations are required for many pesticides, and are made by licensed pest control advisors. For information on pesticide use permits, contact the local county agricultural commissioner's office.

**Weeds.** Spot sprays with Roundup and 2,4-D (Weedone LV4) in March and April are applied to approximately 1% of the acres.

**Insects.** Not normally a problem.

**Vertebrates.** Pocket gophers (*Thomomys spp.*), ground squirrels (*Spermophilus spp.*), and meadow mice (*Microtus spp.*) cause problems in pasture stands. Poison bait purchased from the local Agricultural Commissioner is used to control these pests. In this study, vertebrate pest treatment is applied to 25% of the acres in March. The cost for rodent bait in the study is an average of the separate costs of gopher, squirrel and mouse baits.

**Other Cultural Practices.** A tractor and harrow are used to break up cow paddies in March. An All Terrain Vehicle (ATV – 4 wheeler) is used for spot spraying, installing the electric fence, irrigating, and checking cattle.

**Temporary Fencing.** Two to four paddocks are created with an electric fence. Plastic t-posts are placed in the ground to which the wire is attached. The fence is installed after the first harvest and removed at the end of the season.

**Harvest.** The crop is custom harvested in June. The chambered bales are for winter-feeding or off-farm sales. The pasture is cut with a self-propelled swather, cured or dried in windrows for several days and then turned with a center-delivery rake. When dried to the correct moisture, the hay is baled with a pull-type baler. The balewagon picks up the bales and moves them from the field to stacks. The regrowth is grazed from July through October.

**Yield.** The crop is assumed to yield 2.5 tons of hay per acre per year. Stocking rate of beef cattle is approximately one cow/calf per acre or two yearlings per acre. The study summarizes grazing yield in total AUM's. The total grazing yield in this study is 3 AUM. AUM's can be converted to approximate hay tons equivalent. For air-dried irrigated pasture hay, 800 pounds of hay is equivalent to 1 AUM or 2.5 AUM is equivalent to one ton of pasture hay.

**Returns.** Based on current markets for premium to rain damaged pasture hay, an estimated price of \$80 per ton is used to calculate returns. Returns will vary during the season, depending upon the hay and grazing markets. Based on lease market rates, the price consumers will pay for leasing summer pasture, the grower assumes a price of \$18 per animal unit (AUM) to calculate returns.

**Labor.** Hourly wages for workers are \$6.75 per hour for labor and \$10.00 per hour for machine operators. Adding 34% for the employers share of federal and state payroll taxes, insurance, and other possible benefits gives the labor rates shown of \$8.38 for non-machine labor and \$13.40 per hour for machine labor. The labor hours for operations involving machinery are 10% higher than the machine hours to account for extra labor involved in equipment set-up, moving, maintenance and repair.

**Equipment Operating Costs.** Repair costs are based on purchase price, annual hours of use, total hours of life, and repair coefficients formulated by ASAE. Fuel and lubrication costs are also determined by ASAE equations based on maximum PTO horsepower, and fuel type. Prices for on-farm delivery of diesel and gasoline are \$1.26 and \$1.51 per gallon, respectively. The fuel, lube, and repair cost per acre for each operation in Table 2 is determined by multiplying the total hourly operating cost in Table 6 for each piece of equipment used for the selected operation by the hours per acre. Tractor time is 10% higher than implement time for a given operation to account for setup, travel and down time.

**Interest On Operating Capital.** Interest on operating capital is based on cash operating costs and is calculated monthly until harvest at a nominal rate of 7.40% per year. A nominal interest rate is the typical market cost of borrowed funds. The interest cost of post harvest operations is discounted back to the last harvest month using a negative interest charge.

**Risk.** The associated production risks should not be minimized. While this study makes every effort to model a production system based on typical, real world practices, it cannot fully represent financial, agronomic and market risks, which affect the profitability and economic viability of pasture production.

## Cash Overhead

Assumptions in this section refer to the cash overhead and capital recovery sections in Tables 1 to 7. One-half of the annual overhead costs for the 200 acres in the establishment year (Table 1) are allocated to the previous crop.

Cash overhead consists of various cash expenses paid out during the year that are assigned to the whole farm, not to a particular operation. These costs include property taxes, interest, office expense, liability and property insurance, and investment repairs (buildings and irrigation equipment). Employee benefits, payroll taxes and workman's compensation insurance are included in labor costs and not under cash overhead.

**Property Taxes.** Counties charge a base property tax rate of 1% on the assessed value of the property. In some counties special assessment districts exist and charge additional taxes on property including equipment, buildings, and improvements. For this study, county taxes are calculated as 1% of the average value of the property. Average value equals new cost plus salvage value divided by 2 on a per acre basis.

**Insurance.** Insurance for farm investments varies depending on the assets included and the amount of coverage. Property insurance provides coverage for property loss and is charged at 0.660% of the average value of the assets over their useful life. Liability insurance covers accidents on the farm and costs \$1,095 for the entire farm or \$1.10 per acre.

**Office Expense.** Office and business expenses for 1,000 acres are estimated at \$2,500 annually or \$2.50 per acre. These expenses include office supplies, telephones, accounting, legal fees, office and shop utilities, and miscellaneous overhead expenses.

**Manager's Salary.** Although the farm is managed by the owner, a salary of \$30,000 per year is used to show a management cost. Adding 34% for federal and state payroll taxes, insurance and miscellaneous benefits, the total cost is \$40,200.

**Investment Repairs.** Annual repairs on investments or capital recovery items that require maintenance are calculated as two percent of the purchase price.

## Non-Cash Overhead

**Capital Recovery Costs.** Capital recovery cost is the annual depreciation and interest costs for a capital investment and is the amount of money required each year to recover the difference between the purchase price and salvage value (unrecovered capital). The capital recovery costs are equivalent to the annual payment on a loan for the investment with the down payment equal to the discounted salvage value. This is a more complex method of calculating ownership costs than straight-line depreciation and opportunity costs, but more accurately represents the annual costs of ownership because it takes the time value of money into account (Boehlje and Eidman). The formula for the calculation of the annual capital recovery costs is  $((\text{Purchase Price} - \text{Salvage Value}) \times \text{Capital Recovery Factor}) + (\text{Salvage Value} \times \text{Interest Rate})$ .

*Salvage Value.* Salvage value is an estimate of the remaining value of an investment at the end of its useful life. For farm machinery the remaining value is a percentage of the new cost of the investment (Boehlje and Eidman). The percent remaining value is calculated from equations developed by the American Society of Agricultural Engineers (ASAE) based on equipment type and years of life. The life in years is estimated by dividing the wear out life, as given by ASAE by the annual hours of use in the operation. For other investments including irrigation systems, buildings, and miscellaneous equipment, the value at the end of its useful life is zero. The salvage value for land is the purchase price because land does not depreciate. The purchase price and salvage value for equipment and investments are shown in Tables 3 and 8.

*Capital Recovery Factor.* Capital recovery factor is the amortization factor or annual payment whose present value at compound interest is 1. The amortization factor is a table value that corresponds to the interest rate and equipment life.

*Interest Rate.* The interest rate of 6.41% used to calculate capital recovery cost is the USDA-ERS's ten-year average of California's agricultural sector long-run rate of return to production assets from current income. It is used to reflect the long-term realized rate of return to these specialized resources that can only be used effectively in the agricultural sector. In other words, the next best alternative use for these resources is in another agricultural enterprise.

**Shop.** A 1,200 square foot building used for equipment maintenance and storage.

**Tools.** Includes shop equipment/tools, and hand tools used in the shop and field.

**Fence.** Includes energizer (electrical unit), wire, fiberglass posts, and metal T-posts for corner posts for 4 paddocks on the 200 acres

**Irrigation System.** Water cost varies across the Intermountain Region depending on well characteristics or irrigation district. The irrigation system consists of a 40 horsepower electric pump used to lift the water from a river or ditch and an underground main line and lateral lines with alfalfa valves that delivers the water to the field.

**Land.** Land suitable for pasture production can vary widely in value across the region. Prices range from \$500 per acre to \$2,000. Rangeland is valued at \$50 to \$150 per acre. The land in this study is owned by the grower and cost \$1,000 per acre.

**Livestock Facility.** These facilities for handling the grazing cattle are estimated costs for corrals, loading and squeeze chutes.

**Establishment Costs.** Costs to establish the pasture stand are used to determine capital recovery expenses, depreciation, and interest on investment, during the production years. The establishment cost is the sum of cash costs for land preparation, planting, production expenses, and cash overhead for establishing the pasture. The Total Cash Cost in the first year shown in Table 1 represents the establishment cost per acre. For this study, the cost is \$372 per acre or \$74,400 for the entire stand. The pasture stand establishment cost is amortized over the 20-year stand life.

**Pickup.** The three-quarter ton pickup is used by the grower for one-half personal and one-half business use.

**Equipment.** Farm equipment is purchased new or used, but the study shows the current purchase price for new equipment. The new purchase price is adjusted to 60% to indicate a mix of new and used equipment. Annual ownership costs for equipment and other investments are shown in Tables 3 and 8. Equipment costs are composed of three parts: non-cash overhead, cash overhead, and operating costs. Both of the overhead factors have been discussed in previous sections. The operating costs consist of repairs, fuel, and lubrication and are discussed under operating costs.

**Table Values.** Due to rounding, the totals may be slightly different from the sum of the components.



## REFERENCES

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For information concerning the above mentioned University of California publications contact UC DANR Communications Services at 1-800-994-8849, online at <http://danrcs.ucdavis.edu> or your local county UC Cooperative Extension office.

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UC COOPERATIVE EXTENSION  
**Table 1. COSTS PER ACRE to ESTABLISH PASTURE**  
 INTERMOUNTAIN REGION - 2002

Operation	Operation	Cash and Labor Cost per acre					Total Cost	Your Cost
	Time (Hrs/A)	Labor Cost	Fuel, Lube & Repairs	Material Cost	Custom/Rent			
Cultural:								
Subsoil/Rip	0.00	0	0	0	200	200		
Disc Offset 3X	0.00	0	0	0	26	26		
Make Borders (Levees)	0.00	0	0	0	0	0		
Float Field	0.00	0	0	0	9	9		
Roll Field	0.00	0	0	0	8	8		
Fertilize	0.00	0	0	40	0	40		
Plant/Roll Late August	0.00	0	0	24	6	30		
Irrigate	0.00	0	0	8	0	8		
<b>TOTAL CULTURAL COSTS</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>73</b>	<b>248</b>	<b>321</b>		
Interest on operating capital @ 7.40%							4	
<b>TOTAL OPERATING COSTS/ACRE</b>		<b>0</b>	<b>0</b>	<b>73</b>	<b>248</b>	<b>325</b>		
CASH OVERHEAD:								
Office Expense							2	
Liability Insurance							1	
Manager Salary							33	
Property Taxes							6	
Property Insurance							1	
Investment Repairs							3	
<b>TOTAL CASH OVERHEAD COSTS</b>							<b>47</b>	
<b>TOTAL CASH COSTS/ACRE</b>							<b>372</b>	
Non-cash Overhead:								
Investment		Per producing Acre*		-- Annual Cost --				
				Capital Recovery				
Land		833		53		53		
Shop		55		4		4		
Livestock Facility		8		1		1		
Tools		18		1		1		
Irrigation System		38		3		3		
Fuel Tanks/Above Ground		16		1		1		
Pickup 3/4 Ton		29		6		6		
Equipment		0				0		
<b>TOTAL NON-CASH OVERHEAD COSTS</b>		<b>997</b>		<b>70</b>		<b>70</b>		
<b>TOTAL COSTS/ACRE</b>							<b>442</b>	

\*includes allocation to previous crop acres

UC COOPERATIVE EXTENSION  
**Table 2. MATERIAL and INPUT COSTS to ESTABLISH PASTURE**  
 INTERMOUNTAIN REGION - 2002

	Quantity/ Acre	Unit	Price or Cost/Unit	Value or Cost/Acre	Your Cost
<b>OPERATING COSTS</b>					
<b>Custom:</b>					
Rip	1.00	acre	200.00	200	
Disc	3.00	acre	8.75	26	
Borders	0.03	acre	10.00	0	
Float Field	1.00	acre	8.75	9	
Roll	1.00	acre	7.50	8	
Plant Pasture Seed	1.00	acre	5.50	6	
<b>Fertilizer:</b>					
Sulfur - Standard	100.00	lb	0.04	4	
11-52-00	200.00	lb	0.12	24	
Fertilizer Application-Ground	2.00	acre	6.00	12	
<b>Seed:</b>					
Orchard Grass	12.00	lb	1.45	17	
Ladino Clover	3.00	lb	2.30	7	
<b>Irrigate:</b>					
Water	6.00	acin	1.36	8	
Labor (machine)	0.00	hrs	13.10	0	
Labor (non-machine)	0.00	hrs	0.00	0	
Machinery repair				0	
Interest on operating capital @ 7.40%				4	
<b>TOTAL OPERATING COSTS/ACRE</b>				<b>325</b>	

UC COOPERATIVE EXTENSION  
**Table 3. COSTS PER ACRE to PRODUCE PASTURE**  
 INTERMOUNTAIN REGION - 2002

Operation	Cash and Labor Cost per acre					Total Cost	Your Cost
	Operation Time (Hrs/A)	Labor Cost	Fuel, Lube & Repairs	Material Cost	Custom/Rent		
<b>Cultural:</b>							
Harrow	0.20	3	1	0	0	4	
Fertilize 21-0-0-24S	0.00	0	0	14	6	20	
Spot weed control	0.10	2	0	0	0	2	
Rodent Bait 25% acres	0.25	2	0	0	0	3	
Irrigate 6 acin 6X	0.60	9	1	49	0	59	
Fertilize Urea	0.00	0	0	11	6	17	
Stretch temporary fence	0.05	1	0	0	0	1	
Remove temporary fence	0.05	1	0	0	0	1	
<b>TOTAL CULTURAL COSTS</b>	<b>1.25</b>	<b>19</b>	<b>2</b>	<b>75</b>	<b>12</b>	<b>107</b>	
<b>Harvest:</b>							
Harvest hay	0.00	0	0	0	75	75	
Graze July	0.05	1	0	0	0	1	
Graze August	0.05	1	0	0	0	1	
Graze September	0.05	1	0	0	0	1	
Graze October	0.05	1	0	0	0	1	
<b>TOTAL HARVEST COSTS</b>	<b>0.20</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>75</b>	<b>78</b>	
Interest on operating capital @ 7.40%						1	
<b>TOTAL OPERATING COSTS/ACRE</b>		<b>22</b>	<b>2</b>	<b>75</b>	<b>87</b>	<b>187</b>	
<b>TOTAL OPERATING COSTS/TON</b>						<b>75</b>	
<b>Cash Overhead:</b>							
Office						3	
Manager Salary						40	
Liability Insurance						1	
Property Taxes						9	
Property Insurance						3	
Investment Repairs						3	
<b>TOTAL CASH OVERHEAD COSTS</b>						<b>59</b>	
<b>TOTAL CASH COSTS/ACRE</b>						<b>245</b>	
<b>TOTAL CASH COSTS/TON</b>						<b>98</b>	
<b>Non-cash Overhead:</b>							
		Per producing acre		-- Annual Cost --			
Investment				Capital Recovery			
Shop		30		2		2	
Tools		10		1		1	
Livestock Facility		8		1		1	
Irrigation System		75		7		7	
Land		1,000		64		64	
Pickup 3/4 Ton		35		7		7	
Pasture Establishment		372		34		34	
Electric Fencing		8		2		2	
Equipment		62		7		7	
<b>TOTAL NON-CASH OVERHEAD COSTS</b>		<b>1,600</b>		<b>123</b>		<b>123</b>	
<b>TOTAL COSTS/ACRE</b>						<b>369</b>	
<b>TOTAL COSTS/TON</b>						<b>148</b>	

UC COOPERATIVE EXTENSION  
**Table 4. COSTS AND RETURNS PER ACRE to PRODUCE ALFALFA HAY**  
 INTERMOUNTAIN REGION - 2002

	Quantity/ Acre	Unit	Price or Cost/Unit	Value or Cost/Acre	Your Cost
<b>GROSS RETURNS</b>					
Hay	2.50	ton	80.00	200	
Grazing	3.00	AUM	18.00	54	
<b>TOTAL GROSS RETURNS</b>				254	
<b>OPERATING COSTS</b>					
<b>Fertilizer:</b>					
21-0-0 24S @ 42lb N/acre	42.00	lb N	0.34	14	
Urea @ 46lb N/acre	46.00	lb N	0.24	11	
<b>Custom:</b>					
Ground Application	2.00	acre	6.00	12	
Harvest Hay	2.50	ton	30.00	75	
<b>Herbicide:</b>					
Roundup @ 2 pt/acre	0.02	pint	5.00	0	
2,4-D @ 2 pt/acre	0.02	pint	1.75	0	
<b>Rodenticide:</b>					
Rodent Bait	0.25	lb	1.75	0	
<b>Irrigate:</b>					
Water	36.00	acin	1.36	49	
Labor (machine)	1.44	hrs	13.10	19	
Labor (non-machine)	0.35	hrs	8.38	3	
Fuel - Gas	0.72	gal	1.51	1	
Fuel - Diesel	0.44	gal	1.26	1	
Lube				0	
Machinery repair				0	
Interest on operating capital @ 7.40%				1	
<b>TOTAL OPERATING COSTS/ACRE</b>				187	
<b>TOTAL OPERATING COSTS/TON</b>				75	
<b>NET RETURNS ABOVE OPERATING COSTS</b>				67	
<b>CASH OVERHEAD COSTS:</b>					
Office				3	
Manager Salary				40	
Liability Insurance				1	
Property Taxes				9	
Property Insurance				3	
Investment Repairs				3	
<b>TOTAL CASH OVERHEAD COSTS/ACRE</b>				59	
<b>TOTAL CASH COSTS/ACRE</b>				245	
<b>TOTAL CASH COSTS/TON</b>				98	
<b>NON-CASH OVERHEAD COSTS (Capital Recovery)</b>					
Shop				2	
Tools				1	
Livestock Facility				1	
Irrigation System				7	
Land				64	
Pickup 3/4 Ton				7	
Pasture Establishment				34	
Electric Fencing				2	
Equipment				7	
<b>TOTAL NON-CASH OVERHEAD COSTS/ACRE</b>				123	
<b>TOTAL COSTS/ACRE</b>				369	
<b>TOTAL COSTS/TON</b>				148	
<b>NET RETURNS ABOVE TOTAL COSTS</b>				-115	

UC COOPERATIVE EXTENSION  
**Table 5. MONTHLY CASH COSTS PER ACRE to PRODUCE PASTURE**  
 INTERMOUNTAIN REGION - 2002

Beginning JAN 02	JAN 02	FEB 02	MAR 02	APR 02	MAY 02	JUN 02	JUL 02	AUG 02	SEP 02	OCT 02	NOV 02	DEC 02	TOTAL
Ending DEC 02													
<b>Cultural:</b>													
Harrow			4										4
Fertilize 21-0-0-24S			20										20
Spot weed control			1	1									2
Rodent Bait 25% acres				3									3
Irrigate 6 acin 6X					10	10	20	10	10				59
Fertilize Urea							17						17
Stretch temporary fence							1						1
Remove temporary fence											1		1
<b>TOTAL CULTURAL COSTS</b>			25	3	10	10	38	10	10		1		107
<b>Harvest:</b>													
Harvest hay						75							75
Graze July							1						1
Graze August								1					1
Graze September									1				1
Graze October										1			1
<b>TOTAL HARVEST COSTS</b>						75	1	1	1	1			78
Interest on operating capital			0	0	0	1	0	0	0	0	0		1
<b>TOTAL OPERATING COSTS/ACRE</b>			25	4	10	86	39	11	11	1	1		187
<b>TOTAL OPERATING COSTS/TON</b>			10	1	4	34	15	4	4	0	1		75
<b>OVERHEAD:</b>													
Office			0	0	0	0	0	0	0	0	0		3
Manager Salary			4	4	4	4	4	4	4	4	4		40
Liability Insurance		1											1
Property Taxes				9									9
Property Insurance				3									3
Investment Repairs	0	0	0	0	0	0	0	0	0	0	0	0	3
<b>TOTAL CASH OVERHEAD COSTS</b>	1	0	5	17	5	5	5	5	5	5	5	0	59
<b>TOTAL CASH COSTS/ACRE</b>	1	0	30	20	15	91	44	16	16	6	6	0	245

UC COOPERATIVE EXTENSION  
**Table 6. WHOLE FARM ANNUAL EQUIPMENT, INVESTMENT,  
and BUSINESS OVERHEAD COSTS**  
INTERMOUNTAIN REGION - 2002

**ANNUAL EQUIPMENT COSTS**

Yr	Description	Price	Yrs Life	Salvage Value	Capital Recovery	Cash Overhead			Total
						Insur- ance	Taxes		
02	4 wheeler	5,000	5	1,000	1,024	30	20		1,074
02	40 hp 2 WD Tractor	24,000	20	3,079	2,083	135	89		2,307
02	Harrow	2,000	10	354	251	12	8		270
02	Sprayer	250	5	10	58	1	1		60
<b>TOTAL</b>		<b>31,250</b>		<b>4,443</b>	<b>3,416</b>	<b>178</b>	<b>118</b>		<b>3,712</b>
60% of New Cost *		18,750		2,666	2,049	107	71		2,227

\*Used to reflect a mix of new and used equipment

**ANNUAL INVESTMENT COSTS**

Description	Price	Yrs Life	Salvage Value	Capital Recovery	Cash Overhead			Total
					Insur- ance	Taxes	Repairs	
Electric Fencing	1,500	5		360	8	5	30	403
Irrigation System	15,000	20		1,352	75	49	300	1,776
Land	1,000,000	40	1,000,000	64,100	0	6,600	0	70,700
Livestock Facility	8,000	20		721	40	26	160	947
Pasture Establishment	74,400	20		6,704	372	246	0	7,322
Pickup 3/4 Ton	35,000	5	10,000	6,642	225	149	700	7,716
Shop	30,000	25		2,439	150	99	600	3,288
Tools	10,000	25	500	804	53	35	200	1,092
<b>TOTAL INVESTMENT</b>	<b>1,173,900</b>		<b>1,010,500</b>	<b>83,122</b>	<b>922</b>	<b>7,209</b>	<b>1,990</b>	<b>93,243</b>

**ANNUAL BUSINESS OVERHEAD COSTS**

Description	Units/ Farm	Unit	Price/ Unit	Total Cost
Liability Insurance	1,000	Acre	1.09	1,090
Manager Salary	1,000	Acre	40.20	40,200
Office	1,000	Acre	2.50	2,500

UC COOPERATIVE EXTENSION  
**Table 7. HOURLY EQUIPMENT COSTS**  
INTERMOUNTAIN REGION - 2002

Yr	Description	COSTS PER HOUR							Total Costs/Hr.
		Actual Hours Used	Cash Overhead			Operating			
			Capital Recovery	Insur- ance	Taxes	Repairs	Fuel & Lube	Oper.	
02	4 wheeler	400.00	1.54	0.05	0.03	0.23	1.14	1.37	2.98
02	40 hp 2 WD Tractor	64.40	19.39	1.26	0.83	0.32	2.85	3.17	24.66
02	Harrow	40.40	3.72	0.17	0.12	0.14	0.00	0.14	4.15
02	Sprayer	40.00	0.87	0.02	0.01	0.08	0.00	0.08	0.98