

Costs and Returns of Central Coast Fresh Market Blackberries



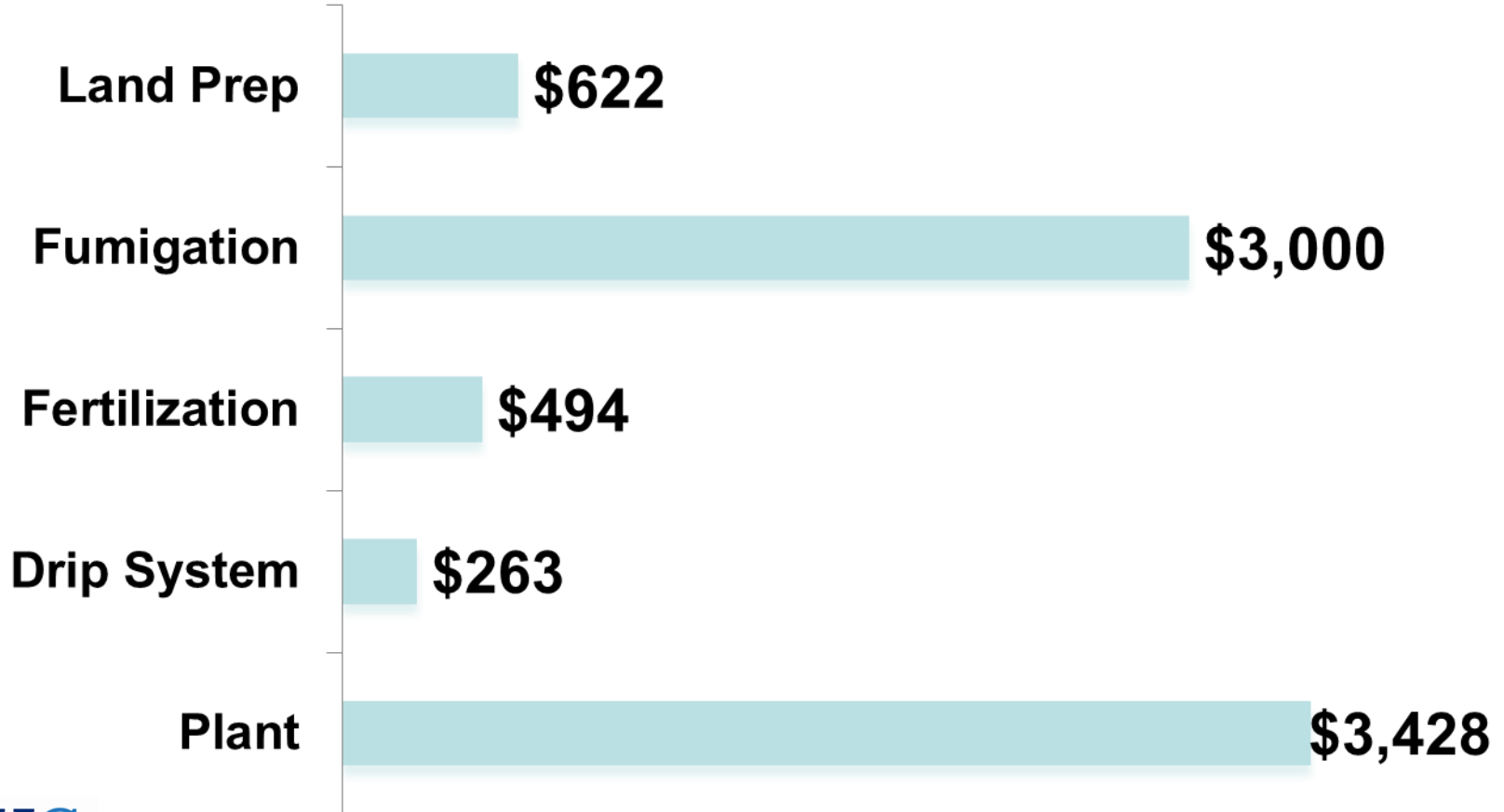
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Annual Caneberry Meeting - January 28, 2014

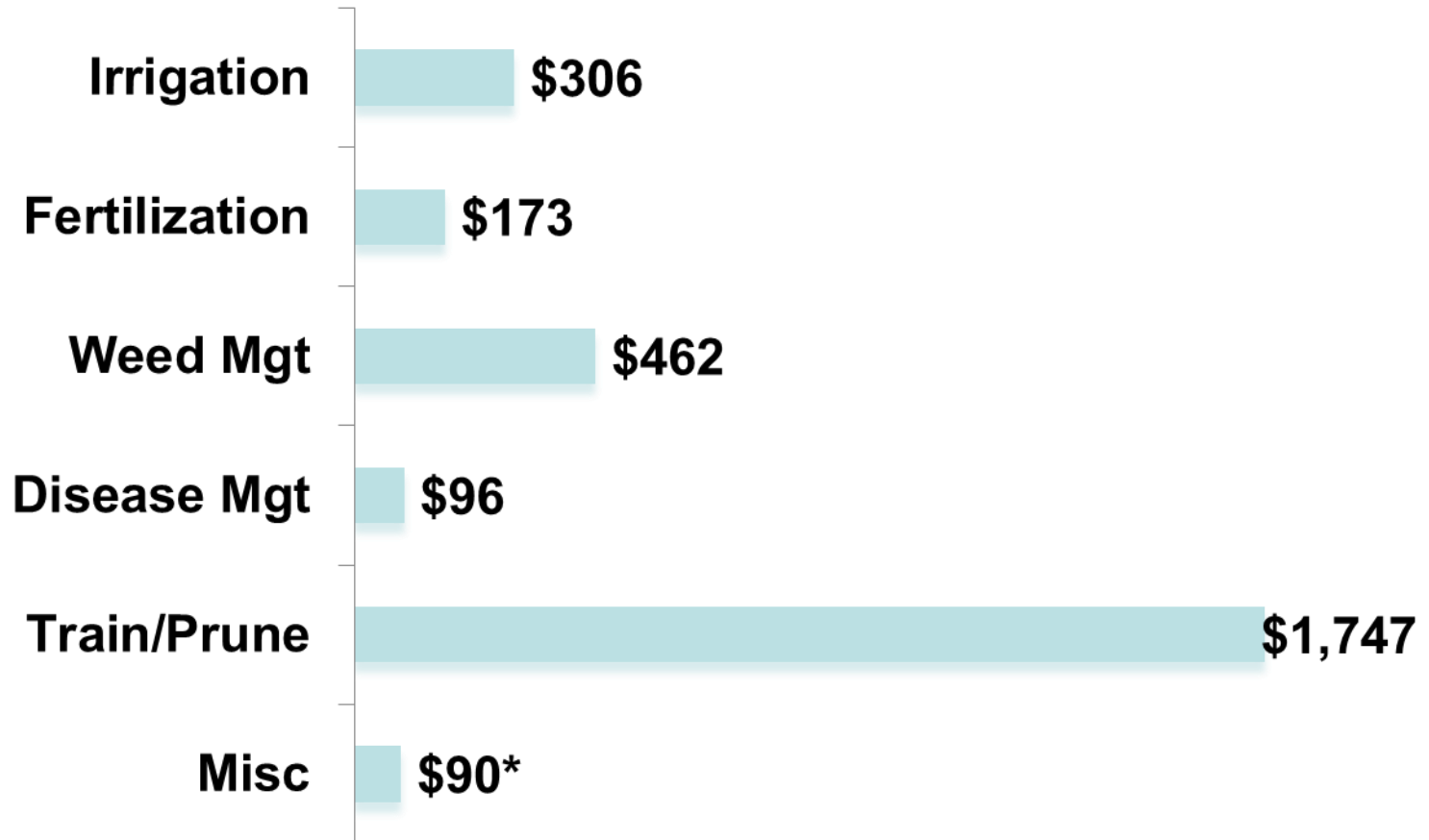
General Establishment Assumptions

- 30 acres rented land; 15 acres blackberries
- Land fumigated: telone + chloropicrin
- Establishment + 5 year production/harvest cycle
- Floricane bearing, no specific variety assumed
- 2,722 plants per acre
- Drip irrigation
- Preplant fertilizers: compost + 18-13-16
- Postplant fertilizers: 17-0-0 + 3-18-18
- Tunnels discussed in text, *cost in raspberry study*

Establishment through Planting Costs = \$7,807 per Acre



Establishment Post Plant Costs = \$2,874 per Acre



* Includes cost for ATV, pick up truck

Selected Production & Overhead Assumptions

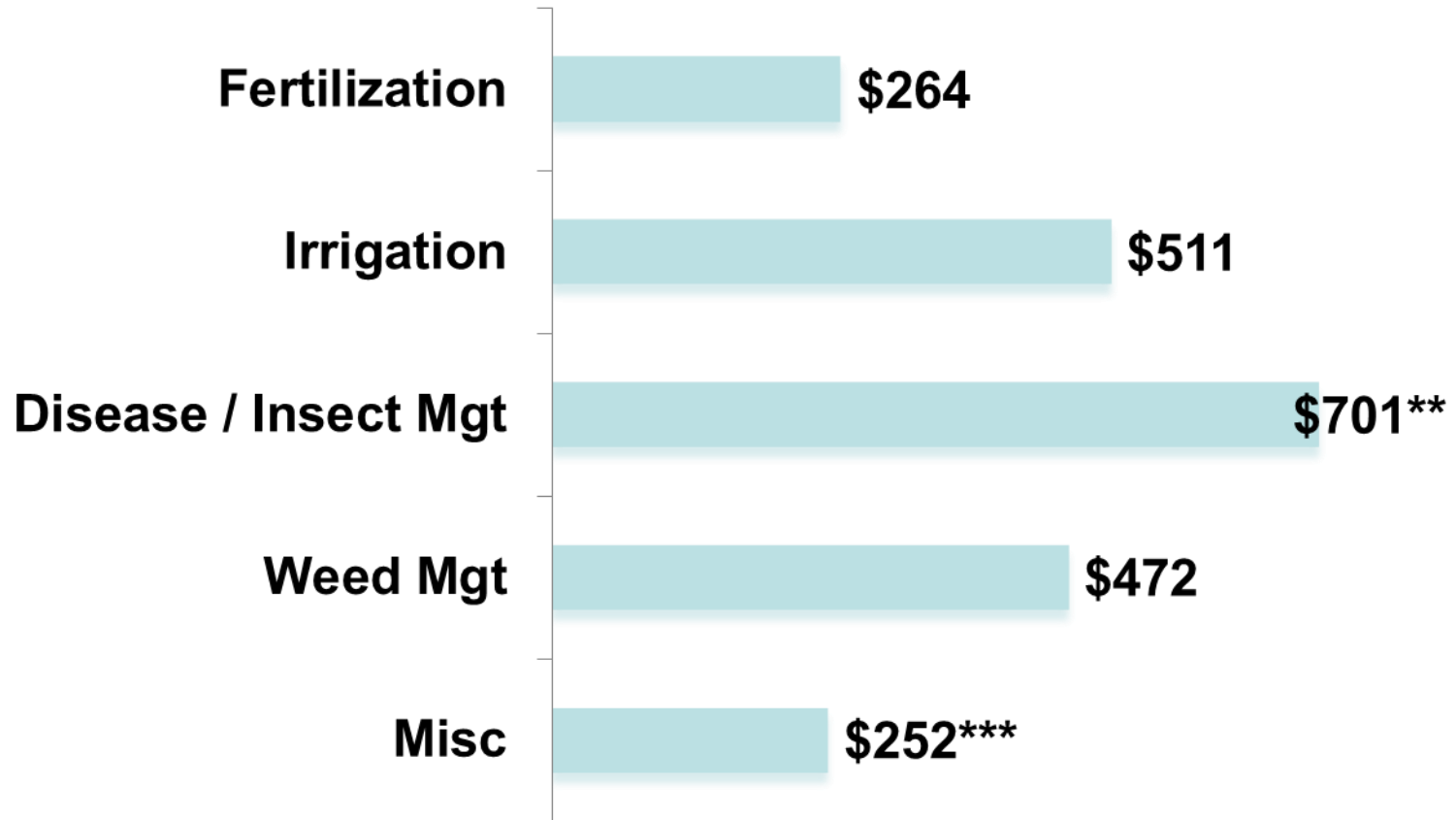
- Land rent – \$2,200/acre/year
- Water – \$270/acre foot
- Office expenses - \$400/acre
- Food safety audit - \$30/acre
- Regulatory programs - \$50/acre
- Labor – machine \$19.10/hour (incl 34% overhead)
- Labor – general \$12.39/hour (incl 34% overhead)
- Piece rate at harvest

Risk Management Interlude

- Major risks revisited:
Financial, Production, Market, Legal, HR
- Potential to negatively impact profitability
- Two examples:
 1. Invasive pests - strategies to reduce risk?
 2. Labor - strategies to reduce risk?
- Other examples?

Production to Harvest Costs: Years 2 – 5

*= \$2,200 per Acre**



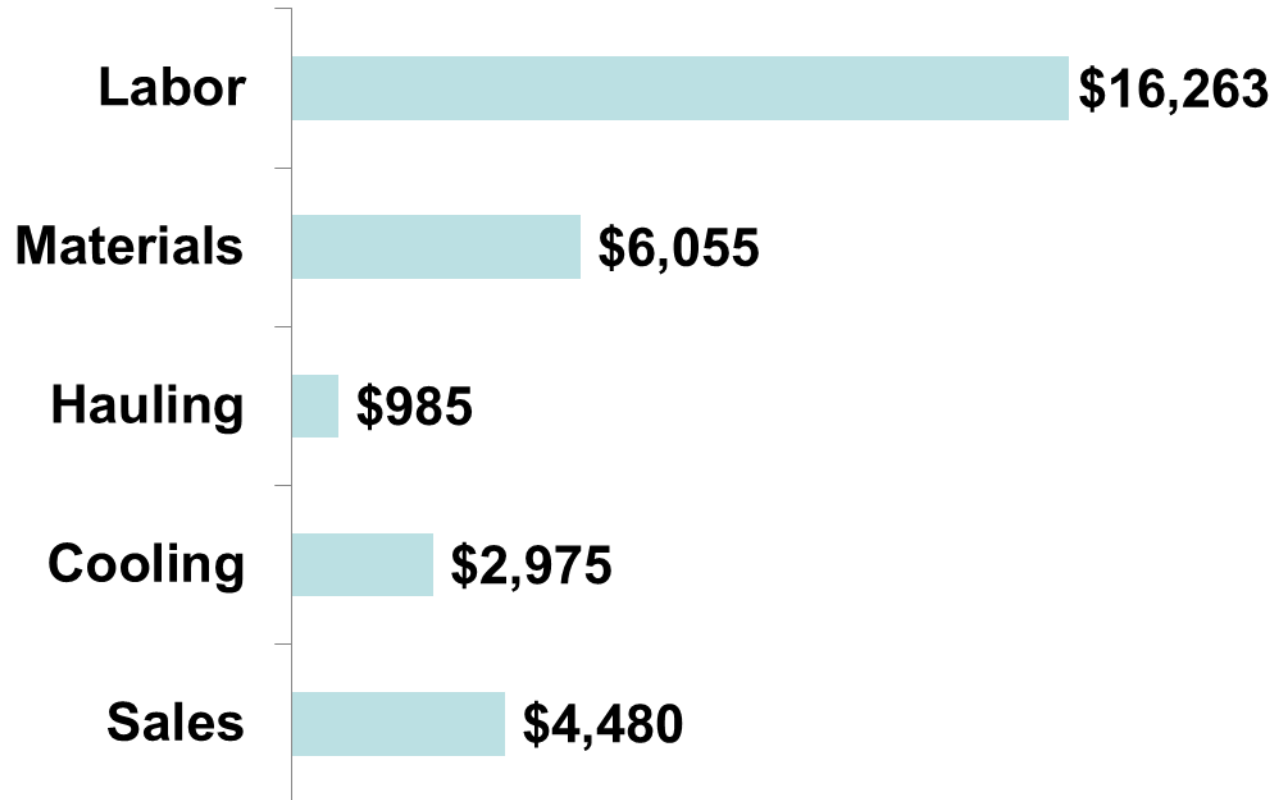
* Study also contains Prod. Year 1 information (similar to Years 2-5)

** Includes cost for PCA

*** Includes cost for ATV, pick up truck, pollination

Harvest Costs: Years 2 – 5

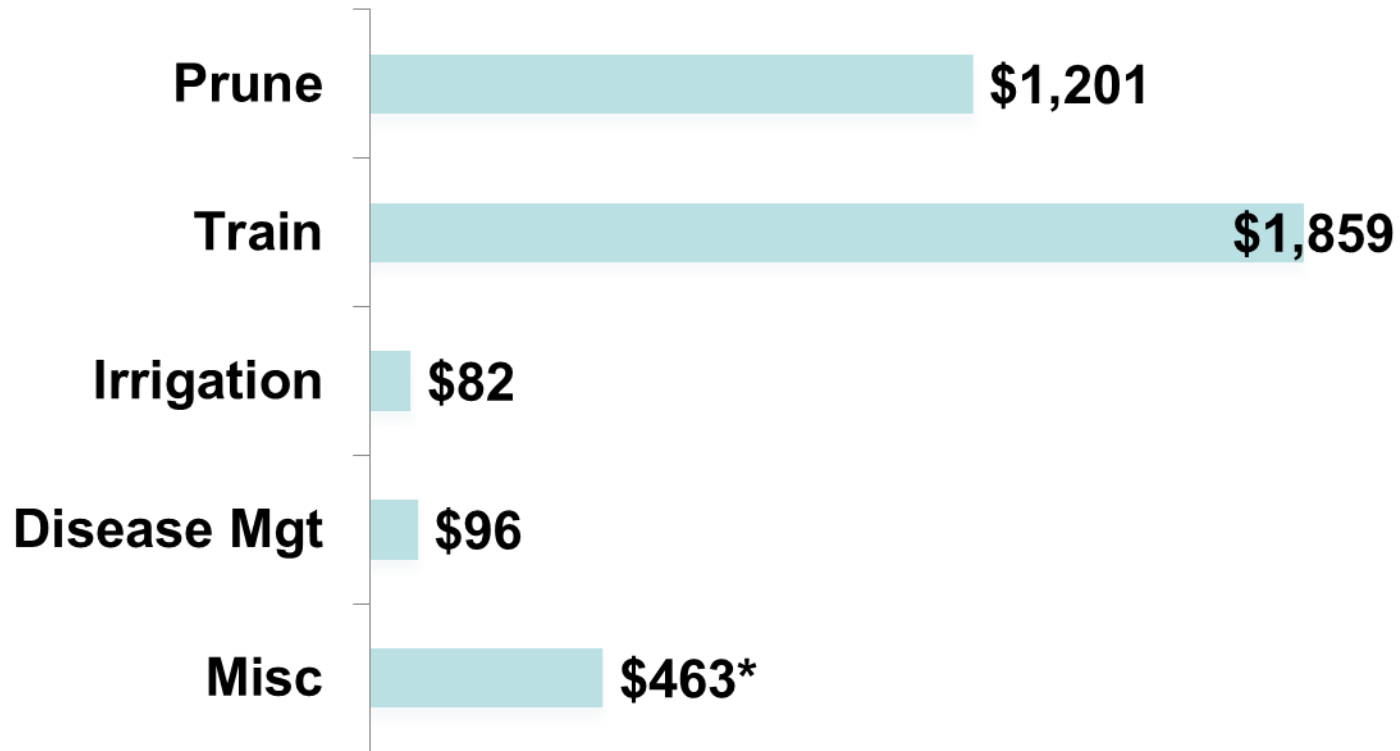
*= \$30,758 per Acre**



* Assumes yield of 3,500 5-pound trays/acre for mature crop
Yield range in study: 2,000 – 5,000 5-pound tray/acre
Yield in Production Year 1 = 60 percent of mature crop

Post Harvest Costs: Years 2 – 5

= \$3,701 per Acre



* Includes portion of field clean up after 5 year production cycle

*Production Cost Summary: Years 2-5**

	Cost (\$/Acre)
Pre Harvest	2,200
Harvest	30,758
Post Harvest	3,701
Int. on Op. Capital	382
Cash Overhead	3,129
Total Cash Costs	\$40,170

* Includes interest on operating capital & cash overhead

Net Returns Above Total Costs*

Production Years 2-5

		<i>Yield/acre</i>	
<i>Price \$/tray</i>	<i>2,000 trays</i>	<i>3,500 trays</i>	<i>5,000 trays</i>
\$13	- \$6,436	\$2,094	\$10,625
\$16	-\$436	\$12,594	\$25,625
\$19	\$5,564	\$23,094	\$40,625

* *Includes non-cash (capital recovery or ownership) costs;
Study has more detailed (additional yields & prices) ranging analysis*

Blackberry Round Up

- Significant investment before 'mature crop' revenue generated.
- Intense production and management.
- Potential for both financial loss at low(er) yields and prices and gain at high(er) yields and prices.
- Risk management considerations and contingency planning important.

Acknowledgements

- Central Coast Growers
- Supply & Service Companies
- Rich De Moura and Karen Klonsky
Agricultural & Resource Economics, UC Davis

For blackberry & other studies please visit

<http://cesantacruz.ucdavis.edu>

<http://coststudies.ucdavis.edu>