

# ***Costs and Returns of Central Coast Fresh Market Blackberries***



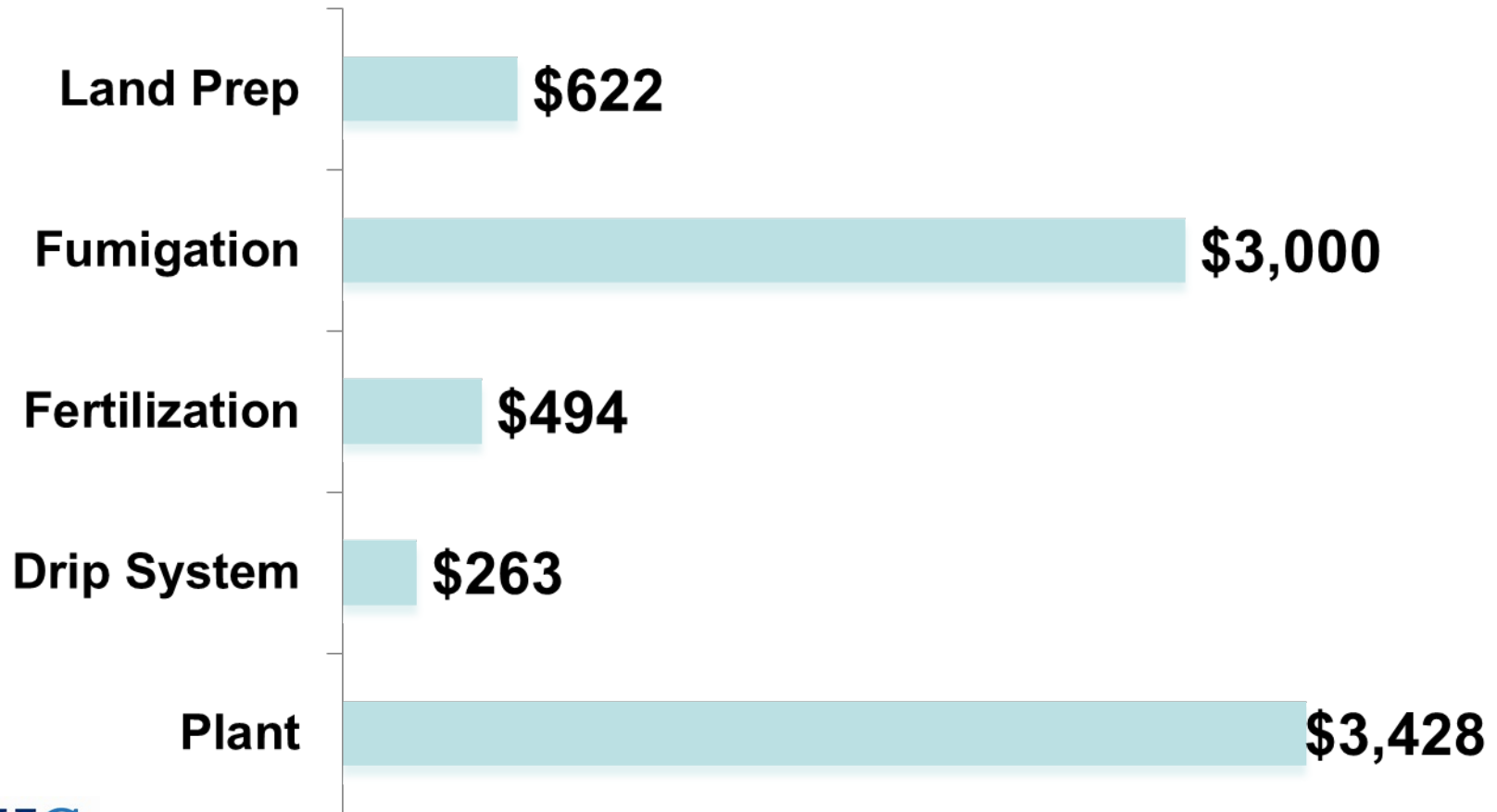
Laura Tourte & Mark Bolda  
UC Cooperative Extension  
Santa Cruz County

*Ventura County Caneberry Meeting – April 11, 2014*

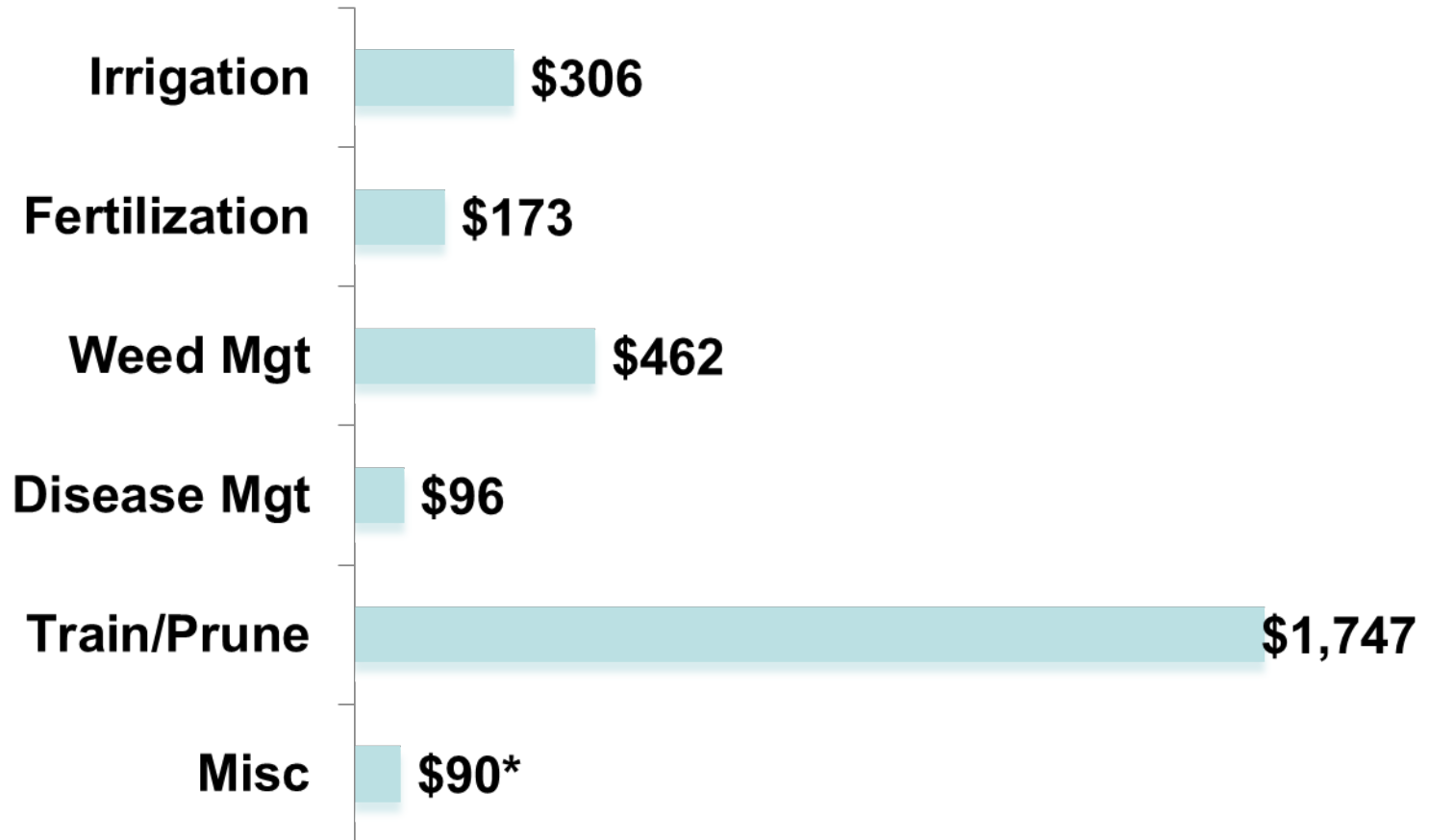
# ***General Establishment Assumptions***

- 30 acres rented land; 15 acres blackberries
- Land fumigated: telone + cholorpicrin
- 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***

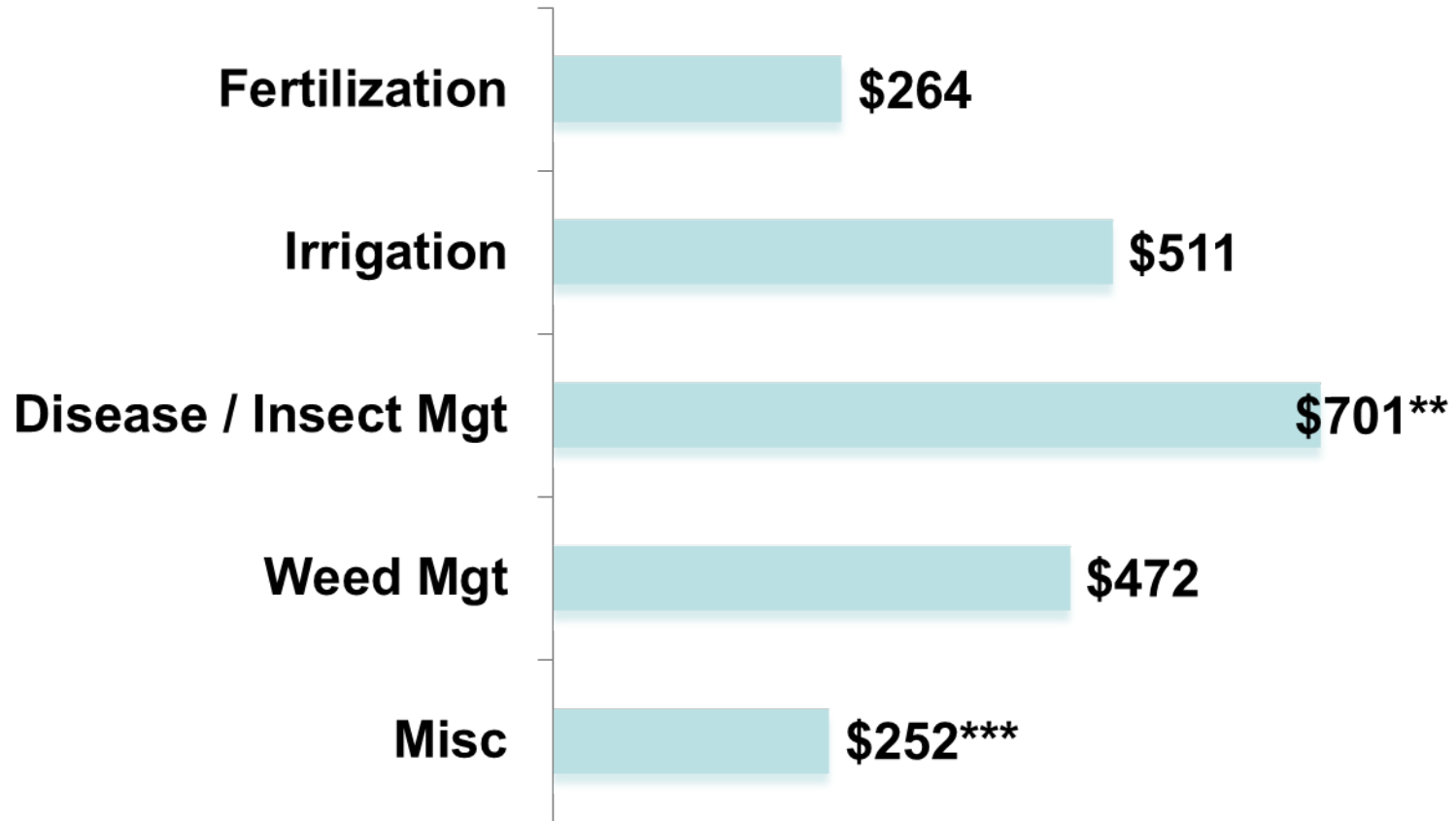
- Land rent – \$2,200/acre/year
- Water – \$270/acre foot
- Office expenses - \$400/acre
- Food safety audit - \$30/acre
- Regulatory programs - \$50/acre
- Labor – machine \$19.10/hour (incl 34% overhead)
- Labor – general \$12.39/hour (incl 34% overhead)
- Piece rate at harvest

# *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\**



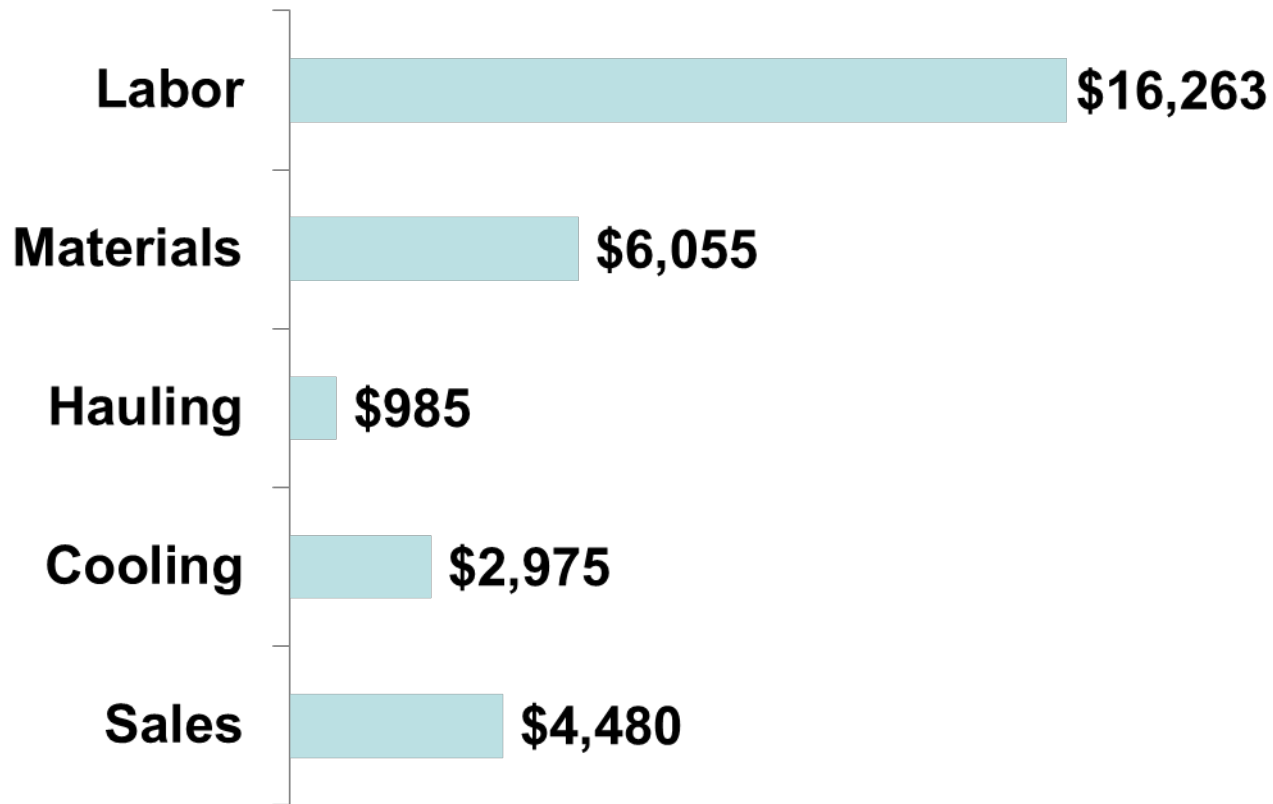
\* Study also contains Prod. Year 1 information (similar to Years 2-5)

\*\* Includes cost for PCA

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

# *Harvest Costs: Years 2 – 5*

*= \$30,758 per Acre\**

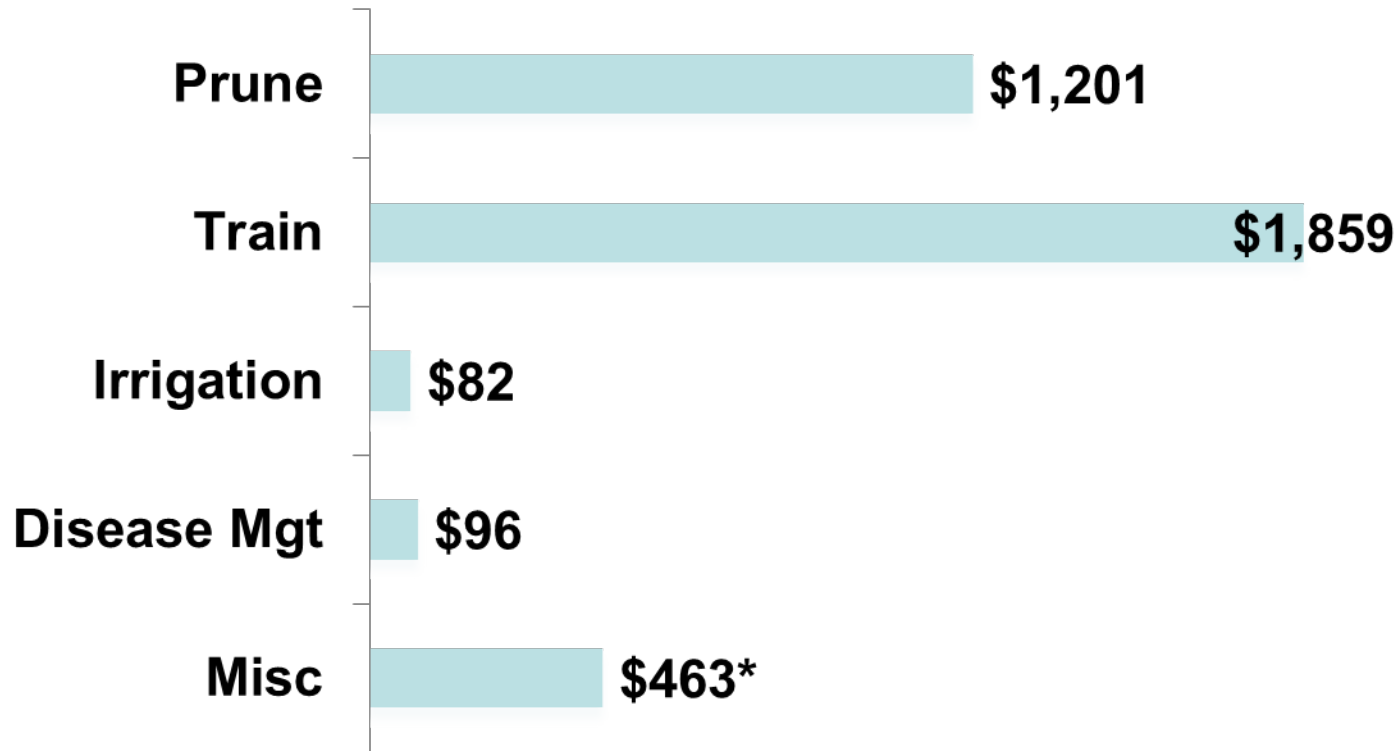


\* Assumes yield of 3,500 5-pound trays/acre for mature crop  
Yield range in study: 2,000 – 5,000 5-pound tray/acre  
Yield in Production Year 1 = 60 percent of mature crop



# *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\**

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

\* Includes interest on operating capital & cash overhead

# ***Net Returns Per Acre Above Total Costs\* Production Years 2-5***

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

\* TC = \$43,406 per acre; includes non-cash (capital recovery or ownership) costs;

\*\* Study has more detailed (additional yields & prices) ranging analysis

Prices: USDA Market News Service tool: <http://marketnews.usda.gov/portal/fv>

# *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>