Costs and Returns of Central Coast Fresh Market Blackberries

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Santa Cruz County

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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

- Land Prep: $622
- Fumigation: $3,000
- Fertilization: $494
- Drip System: $263
- Plant: $3,428
Establishment Post Plant Costs
= $2,874 per Acre

- Irrigation: $306
- Fertilization: $173
- Weed Mgt: $462
- Disease Mgt: $96
- Train/Prune: $1,747
- Misc: $90*

* 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*

- Fertilization: $264
- Irrigation: $511
- Disease / Insect Mgt: $701**
- Weed Mgt: $472
- Misc: $252***

* 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*

- Labor: $16,263
- Materials: $6,055
- Hauling: $985
- Cooling: $2,975
- Sales: $4,480

* 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

- Prune: $1,201
- Train: $1,859
- Irrigation: $82
- Disease Mgt: $96
- Misc: $463*

* Includes portion of field clean up after 5 year production cycle
# Production Cost Summary: Years 2-5*

<table>
<thead>
<tr>
<th></th>
<th>Cost ($/Acre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre Harvest</td>
<td>2,200</td>
</tr>
<tr>
<td>Harvest</td>
<td>30,758</td>
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<tr>
<td>Post Harvest</td>
<td>3,701</td>
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<tr>
<td>Int. on Op. Capital</td>
<td>382</td>
</tr>
<tr>
<td>Cash Overhead</td>
<td>3,129</td>
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<tr>
<td><strong>Total Cash Costs</strong></td>
<td><strong>$40,170</strong></td>
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</tbody>
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* Includes interest on operating capital & cash overhead
# Net Returns Above Total Costs*

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

## Production Years 2-5

<table>
<thead>
<tr>
<th>Price $/tray</th>
<th>Yield/acre</th>
<th>2,000 trays</th>
<th>3,500 trays</th>
<th>5,000 trays</th>
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</thead>
<tbody>
<tr>
<td>$13</td>
<td>- $6,436</td>
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<td>$23,094</td>
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</tbody>
</table>
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

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