

# **PRODUCTION COSTS *FOR* WINE GRAPES *IN THE* SACRAMENTO VALLEY**

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# CONSIDERATIONS

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 Input and resource costs facing growers

 UC cost of production studies

 Sample Costs to Produce Winegrapes  
District #11

 Breakeven analysis

# CONSIDERATIONS

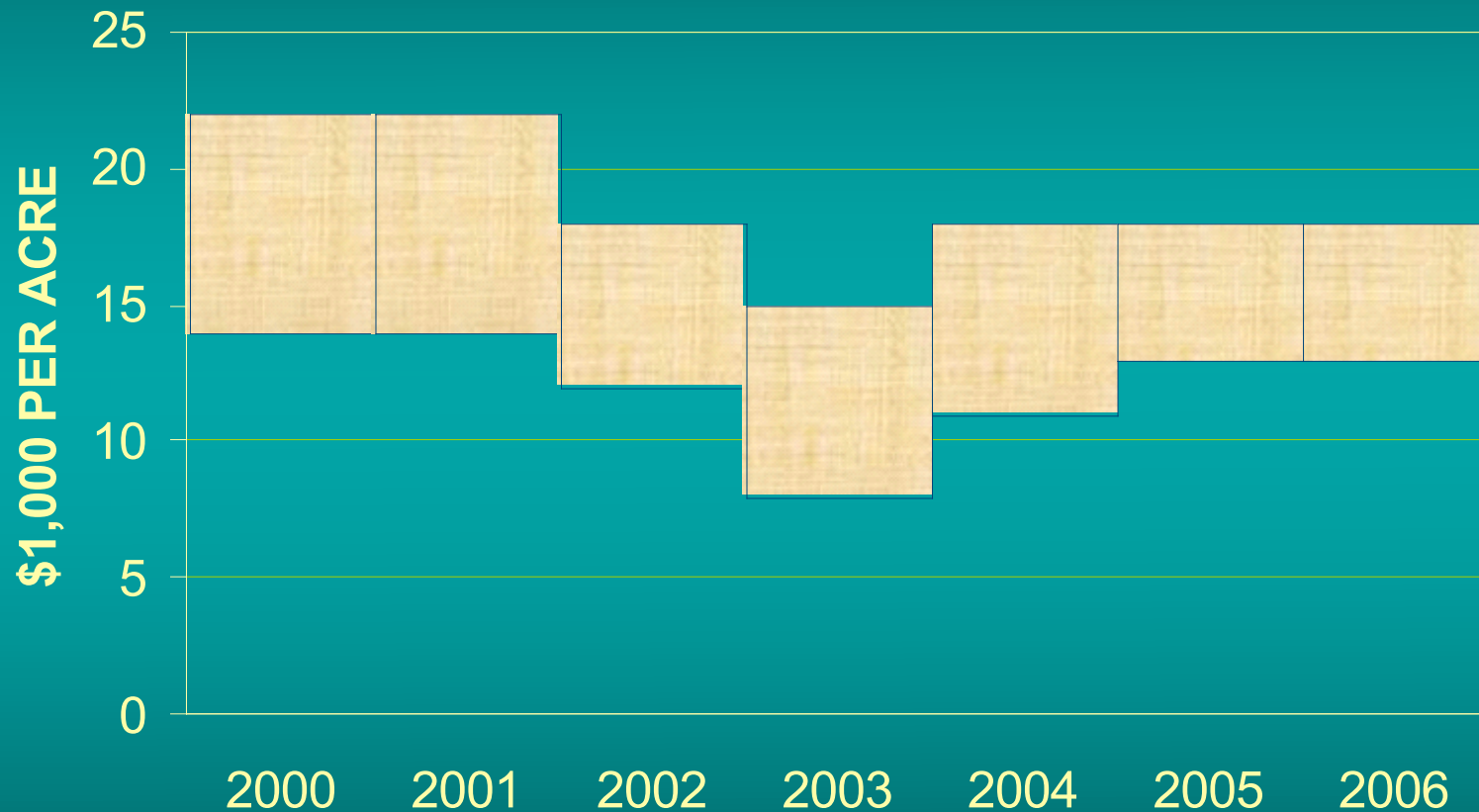
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Input and resource costs facing growers

# VINEYARD VALUES SAN JOAQUIN AND SACRAMENTO COUNTIES

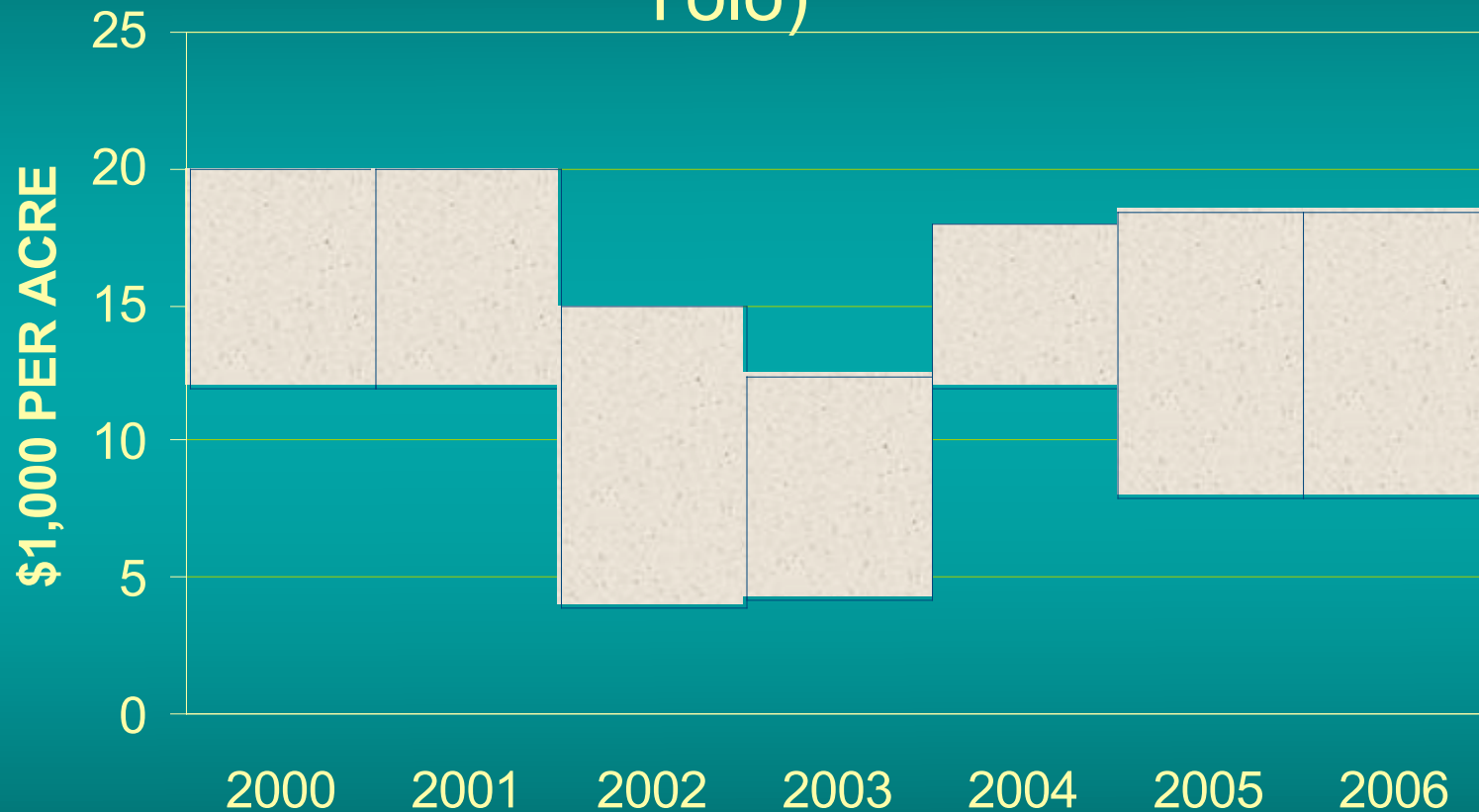
(Crush District #11)



Source: Trends in Ag Land and Lease Values  
Used with permission from the CA Chapter ASFMRA [www.calasfmra.com](http://www.calasfmra.com)

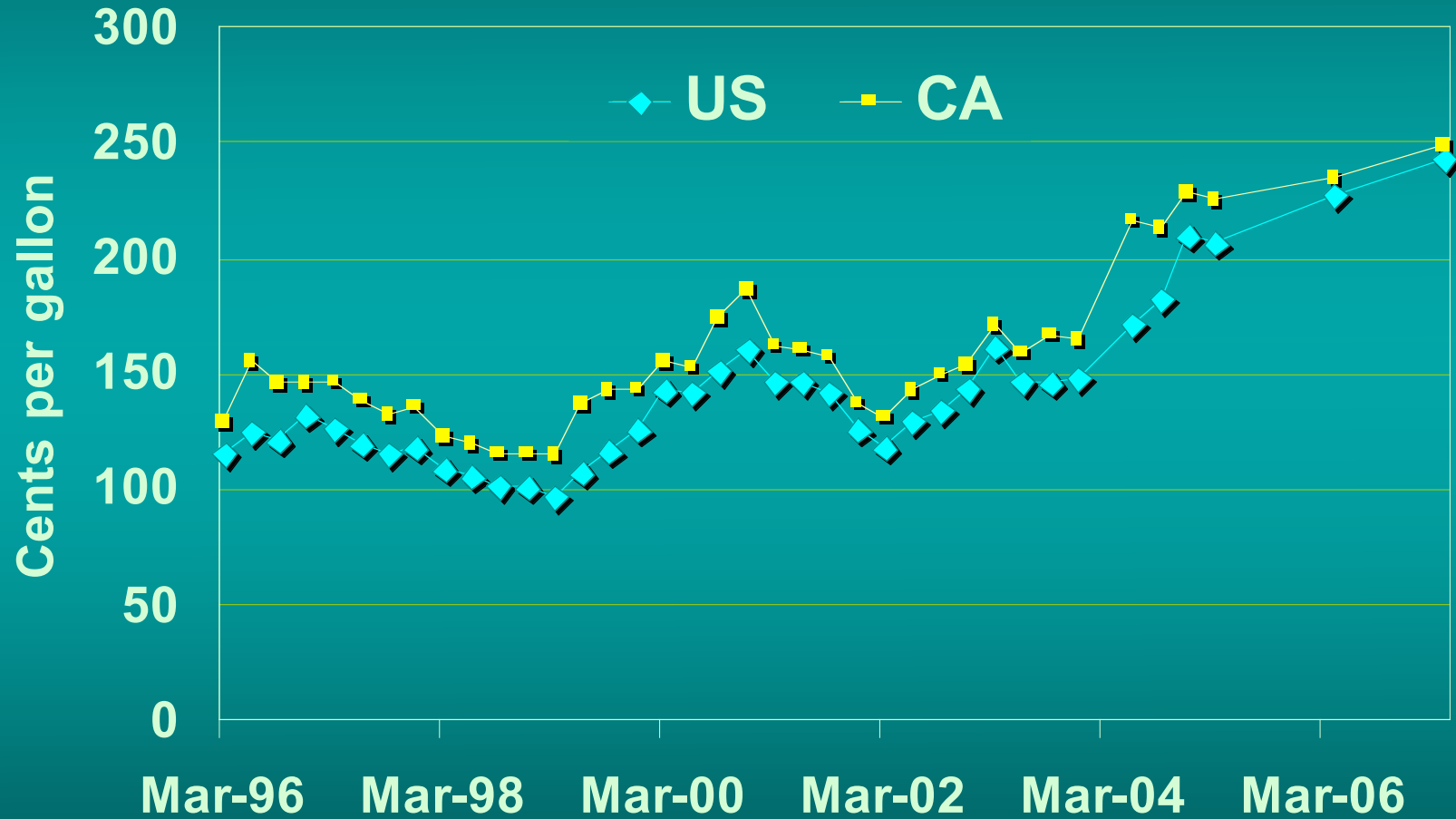
# VINEYARD VALUES SACRAMENTO VALLEY

(So. Sutter, West Placer, No. Sacramento, and  
Yolo)

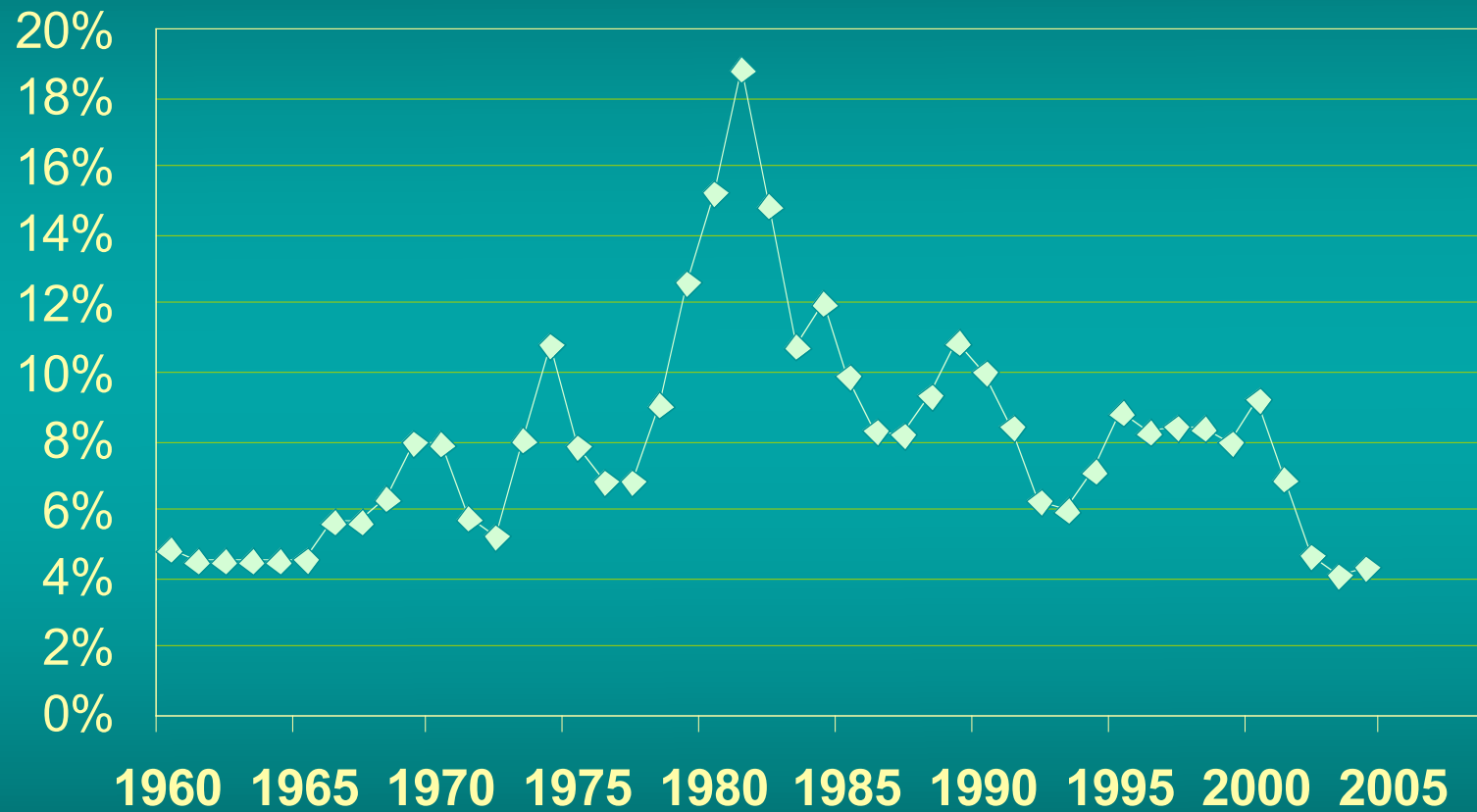


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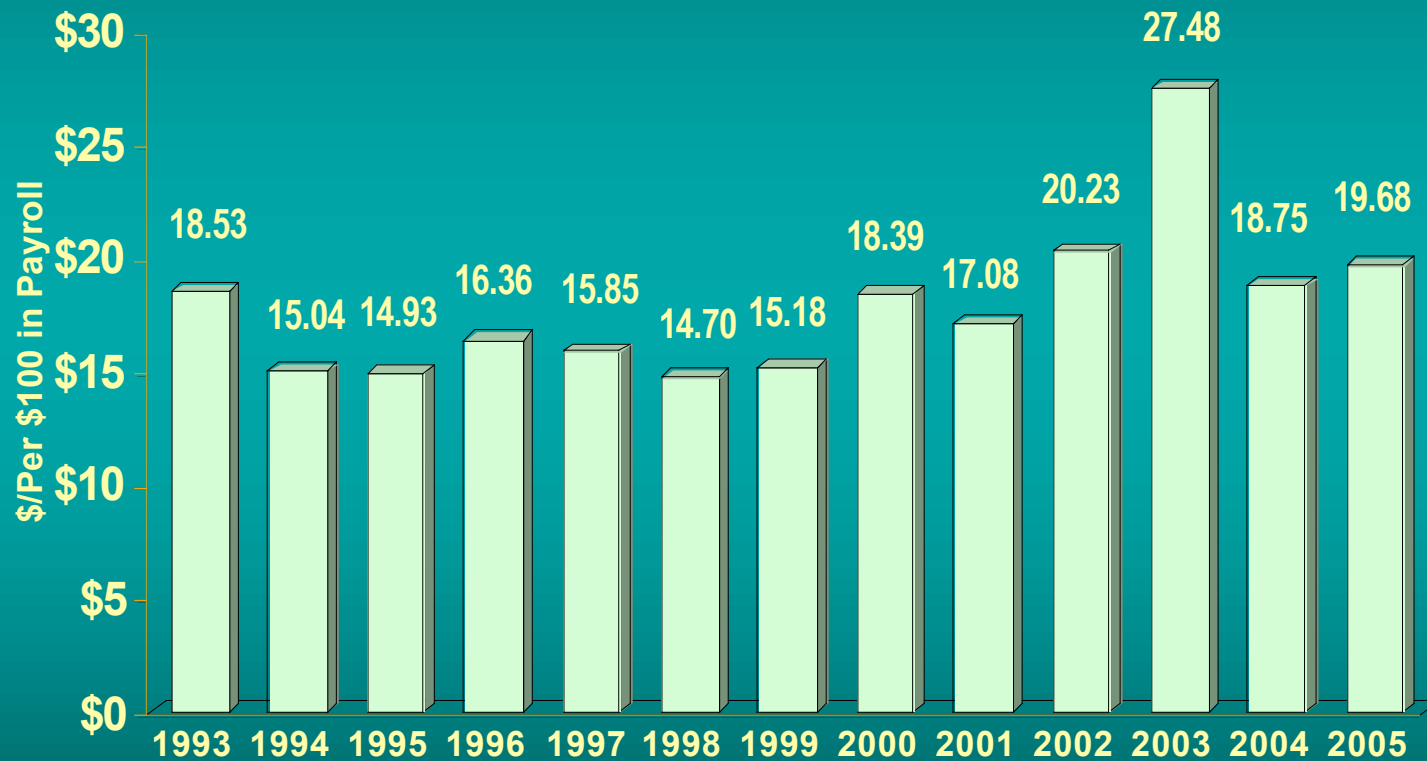
# DIESEL PRICES US *and* CA



# PRIME INTEREST RATE



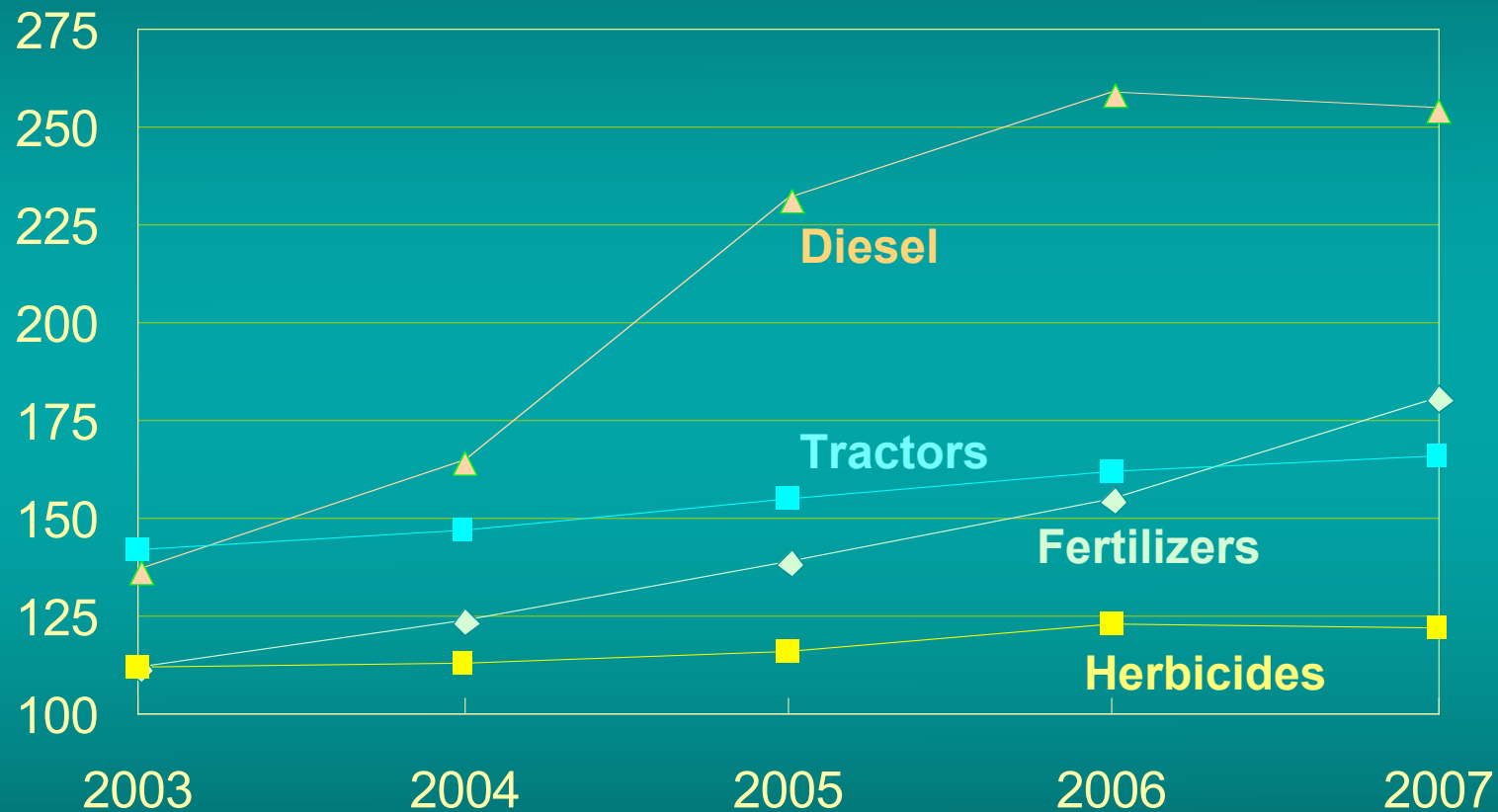
# WORKERS COMPENSATION RATE FRUIT ORCHARDS



Source: State Fund Base Rate January 1

# PRICES PAID BY FARMERS INDEX

1990 – 1992 = 100



Source: NASS Agricultural Prices <http://www.nass.usda.gov/publications>

# PRICES PAID BY FARMERS INDEX

1990 – 1992 = 100



# CONSIDERATIONS

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Input and resource costs facing growers



UC cost of production studies

# UC COST *AND* RETURN STUDIES FOR WINEGRAPES

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San Joaquin Valley North 2005  
Cabernet Sauvignon

Organic Winegrapes Napa 2005  
Cabernet Sauvignon

San Joaquin Valley 2005  
Spur pruned varieties

# COSTS *PER* ACRE TO PRODUCE A CROP

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## Operating Costs

Cultural Costs

Harvest Costs

Assessments

Interest on Operating Costs

## Cash Overhead

## Noncash Overhead

# 1. OPERATING COSTS

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- Cultural Costs
  - Ground preparation
  - Planting
  - Pruning
  - Pest control
  - Weed control
  - Irrigation
  - Fertilization
- Harvest Cost
- Assessments

# 1. OPERATING COSTS

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- Cultural Costs
- Harvest Costs
  - Harvest operations
  - Hauling
  - Hulling/Drying
  - Marketing fees
- Postharvest Costs
  - Residue management
  - Weed control
  - Disease control

## 2. CASH OVERHEAD

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- Liability insurance
- Property insurance
- Property taxes
- Office expenses
- Field sanitation
- Repairs on investments

# 3. NONCASH OVERHEAD (CAPITAL RECOVERY)

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- Irrigation system
- Buildings
- Fuel tanks and pumps
- Trucks/forklifts/ATVs
- Tractors and implements
- Harvest equipment
- Vineyard establishment
- Land

# CONSIDERATIONS

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Input and resource costs facing growers



UC cost of production studies



Sample Costs to Produce Winegrapes  
District #11

# SAN JOAQUIN AND SACRAMENTO COUNTIES ASSUMPTIONS

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Crush district # 11

Cabernet Sauvignon

7 X 10 foot spacing, 622 vines per acre

Row middles disced, rows are sprayed

Production in 3<sup>rd</sup> year

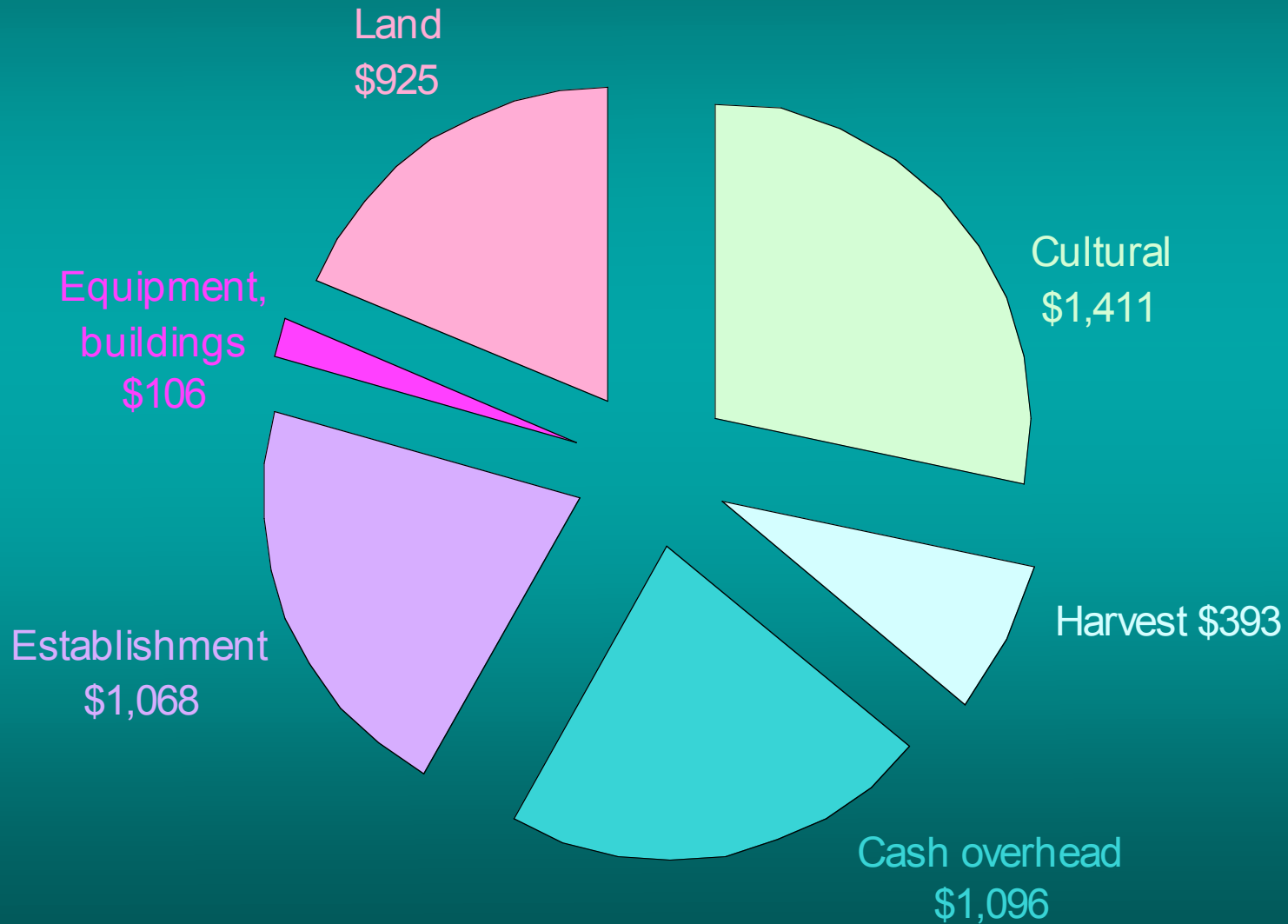
6.5 tons per acre years 4 and beyond

# TOTAL COSTS *per* ACRE to ESTABLISH a VINEYARD



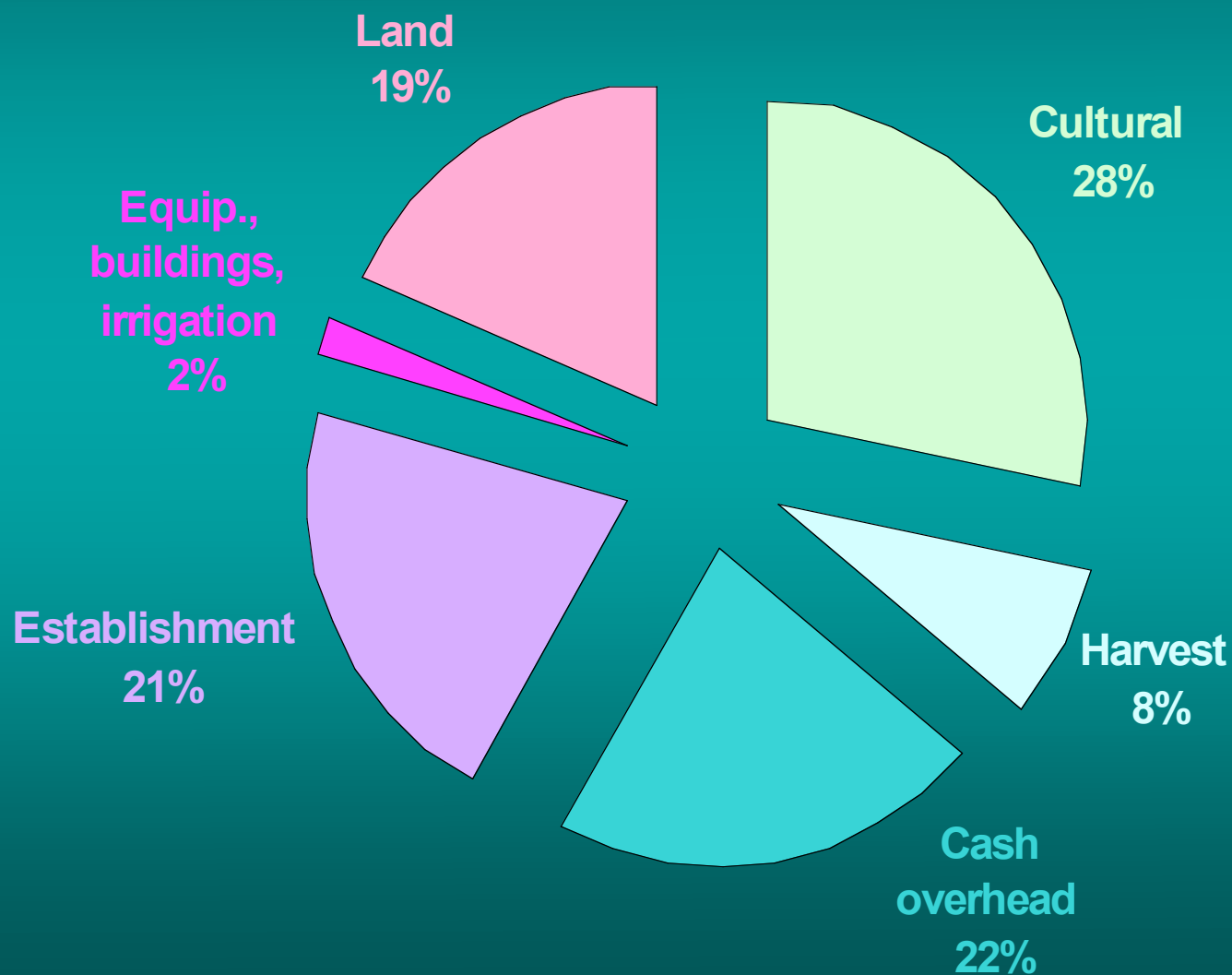
# COSTS *to* PRODUCE WINEGRAPES

## \$ 5,028 per Acre

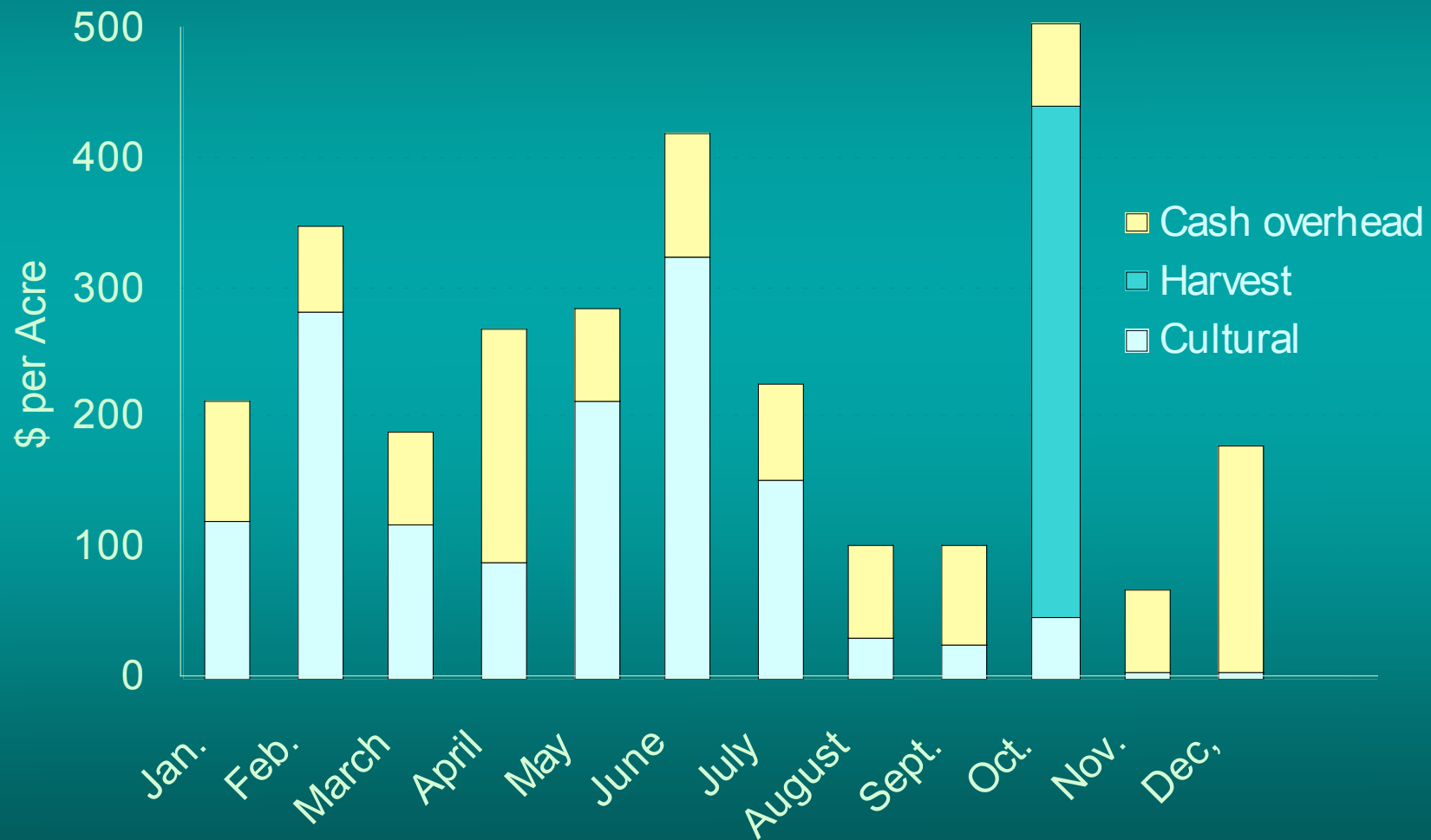


# COSTS *to* PRODUCE WINEGRAPES

## \$ 5,028 per Acre

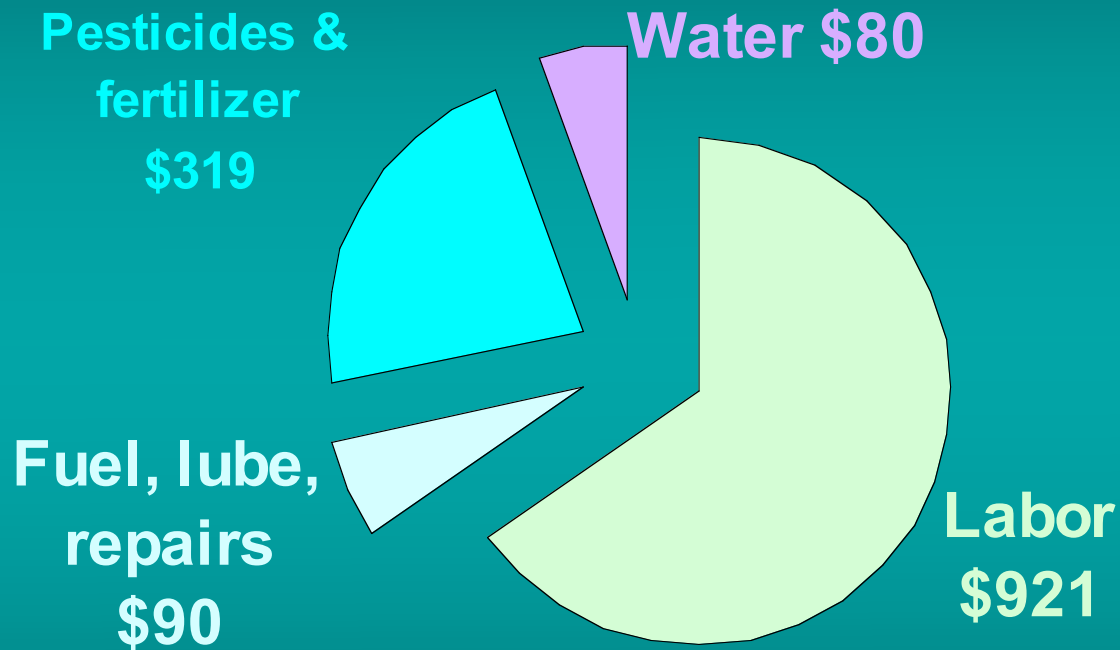


# MONTHLY CASH COSTS *per* ACRE

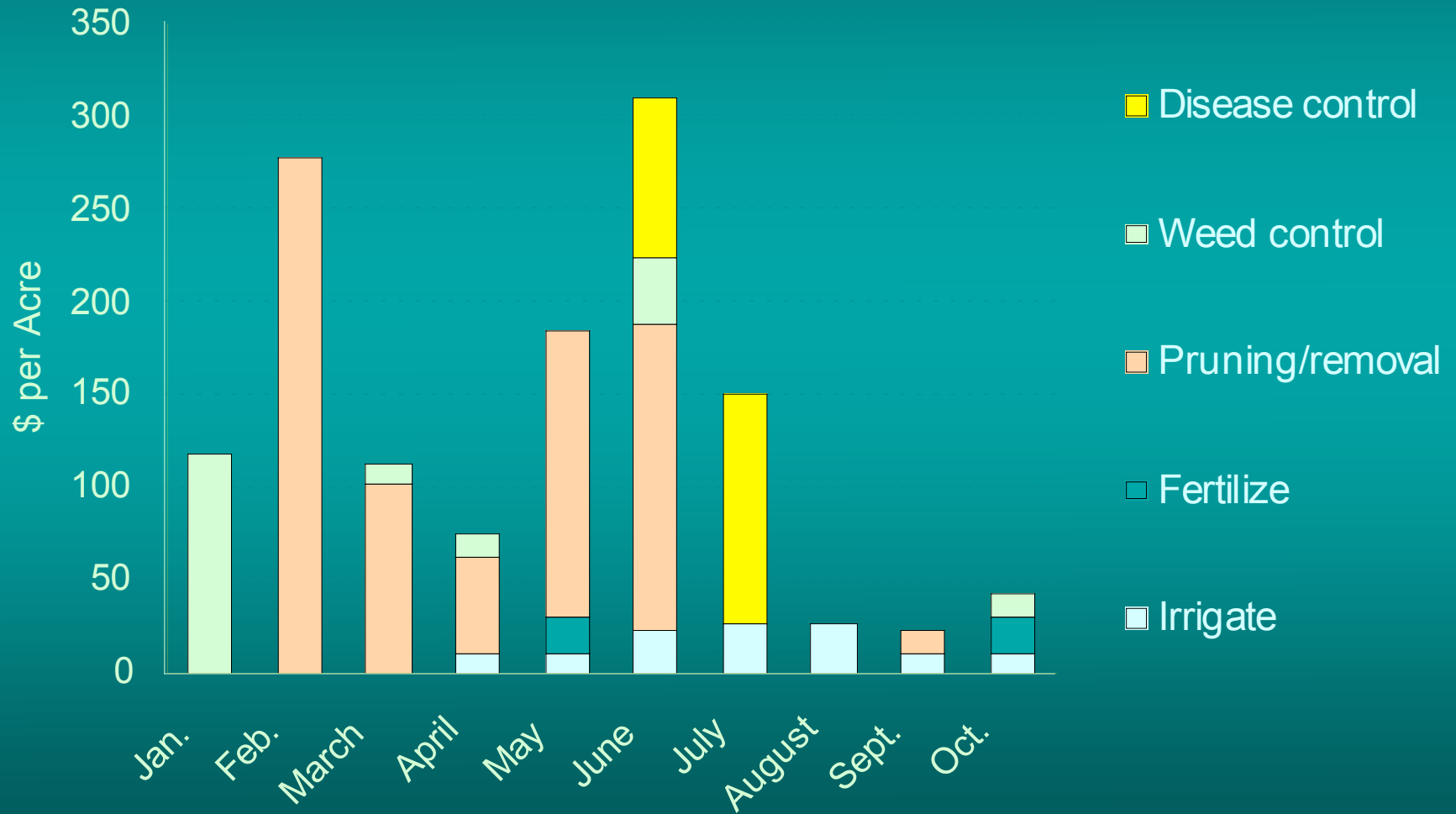


# CULTURAL COSTS *FOR* WINEGRAPES

\$ 1,411 per Acre



# MONTHLY CULTURAL COSTS *per ACRE*



# CONSIDERATIONS

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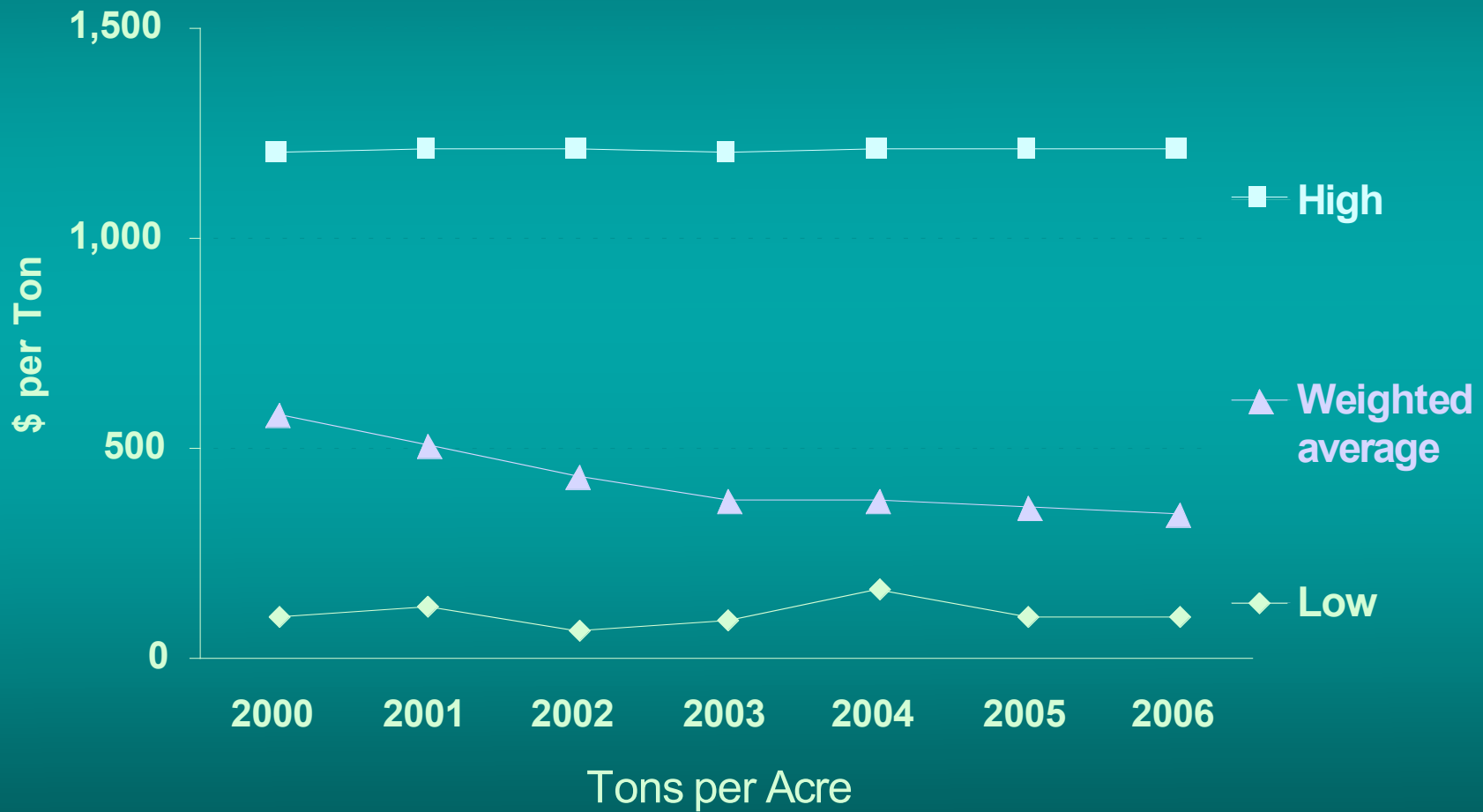
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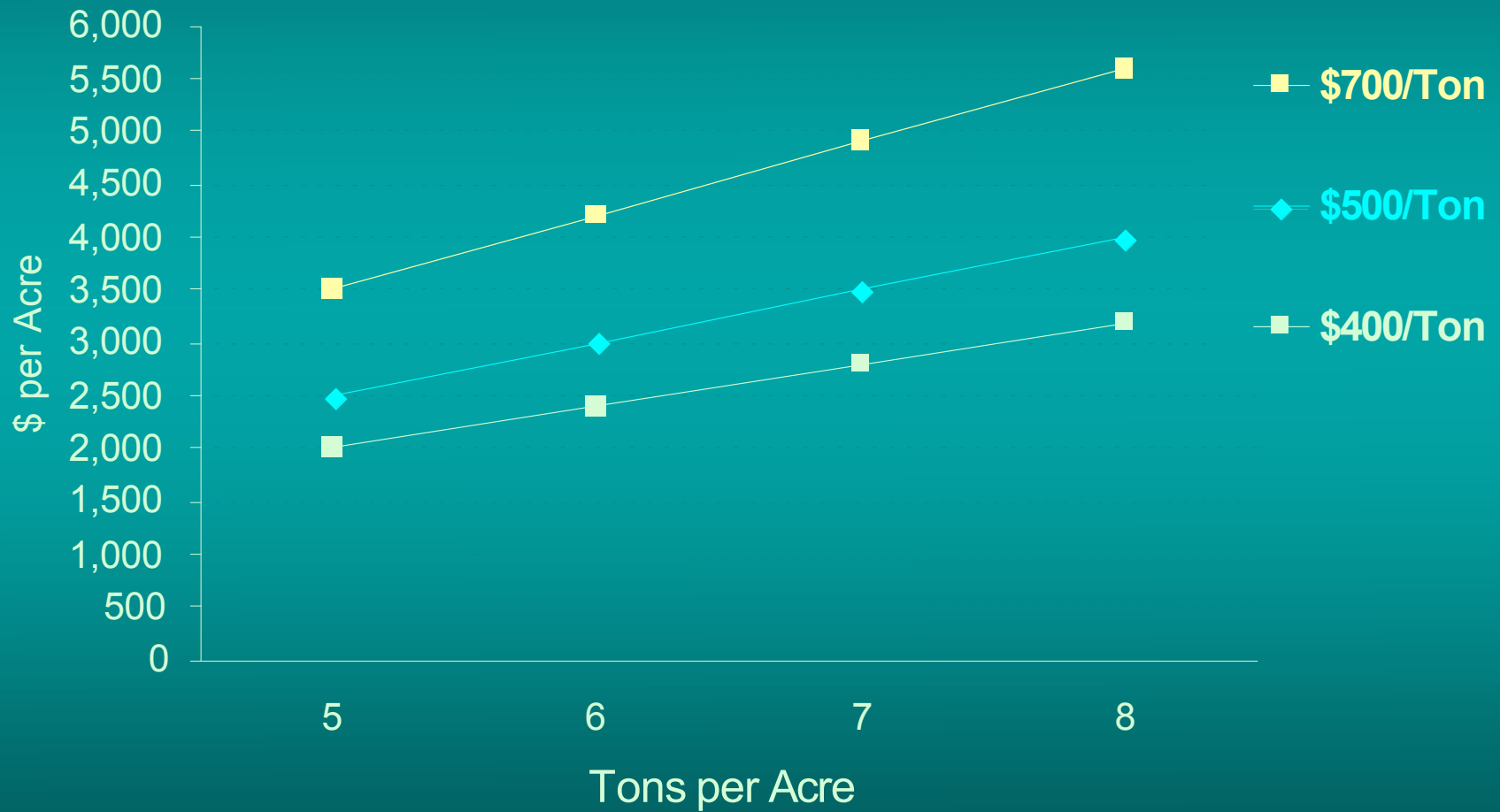
 Sample Costs to Produce Winegrapes  
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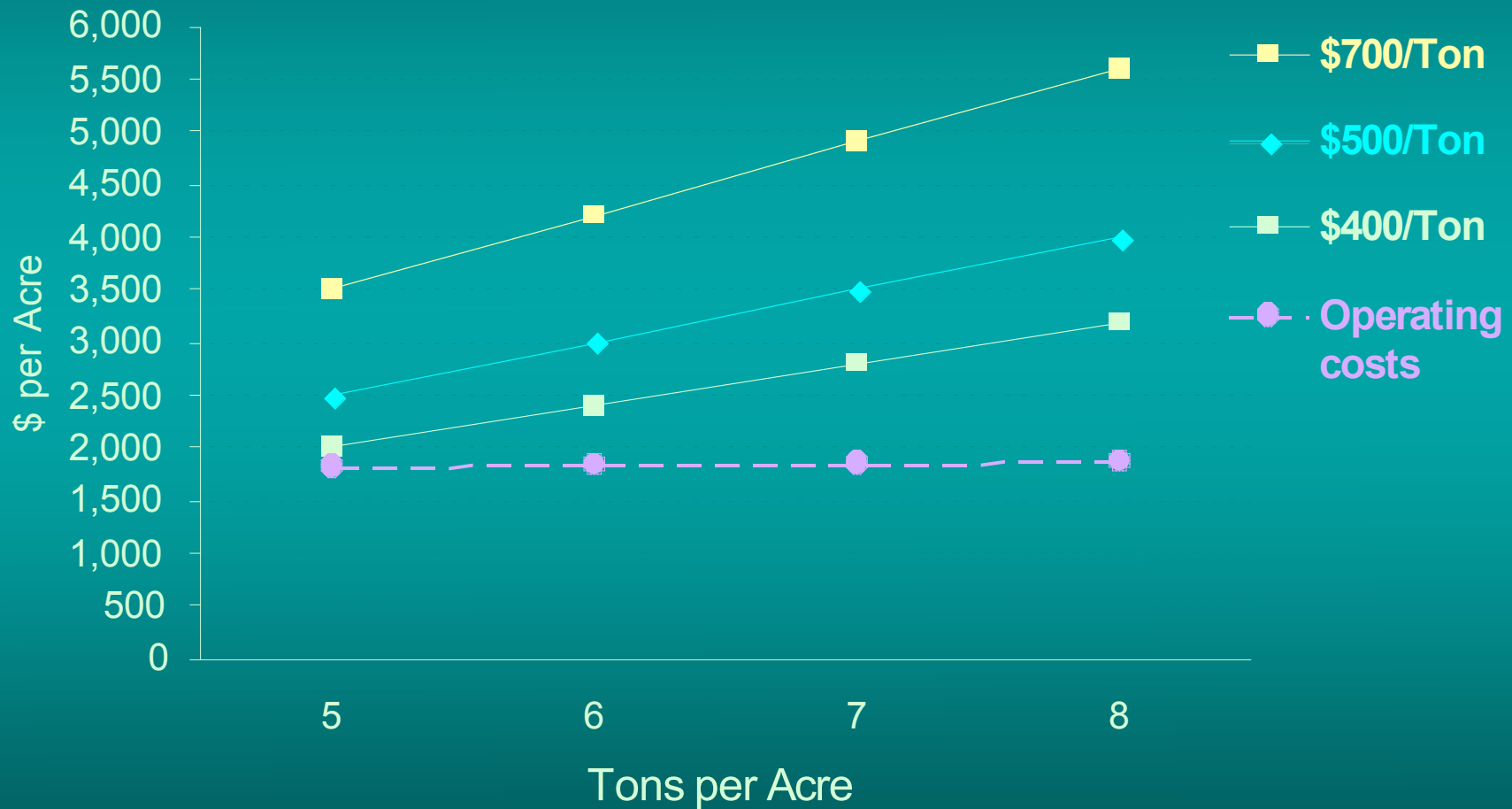
# PRICE FOR CABERNET SAUVIGNON \$ PER TON TO GROWERS



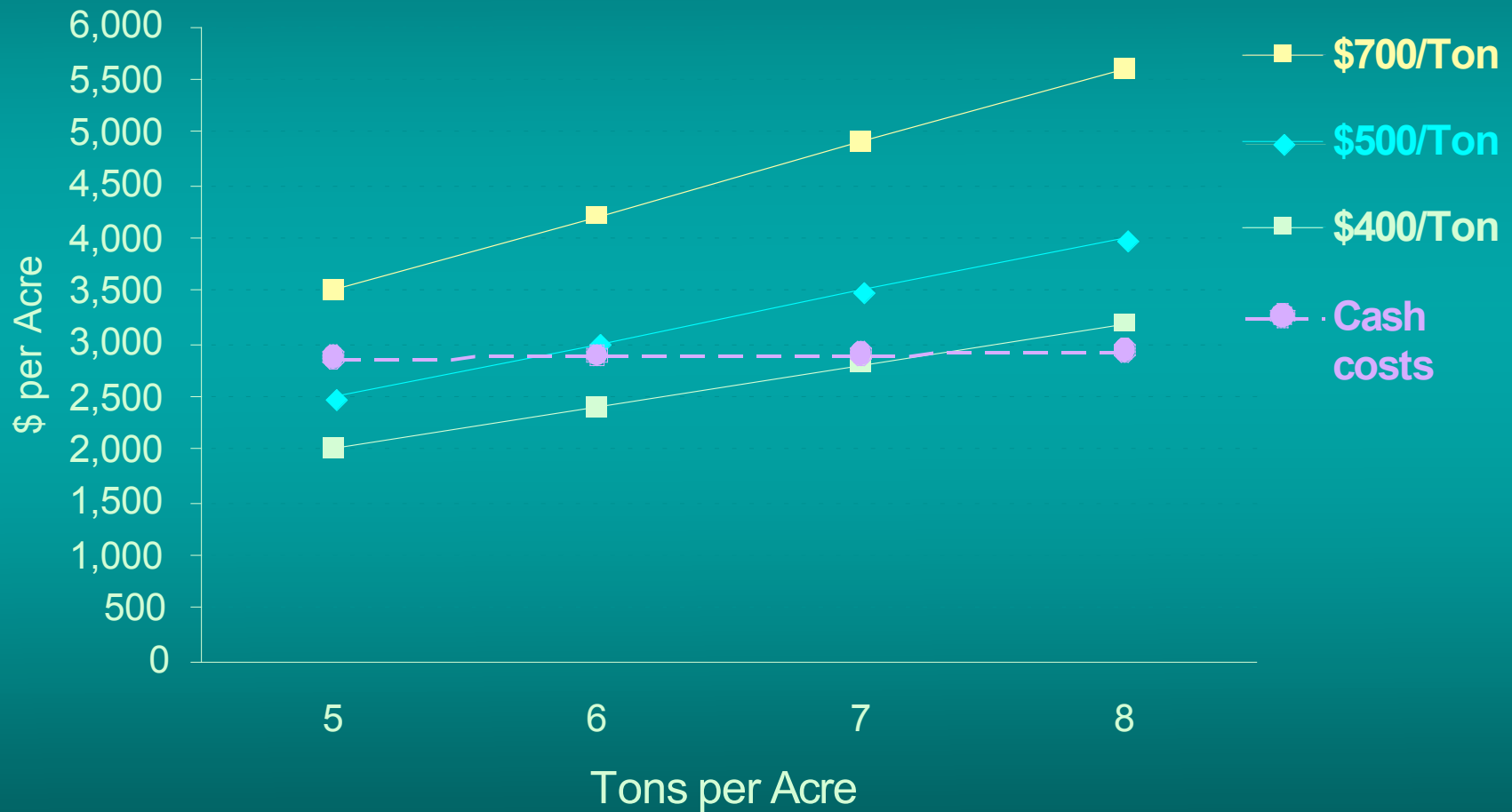
# REVENUE *per* ACRE at VARYING PRICES



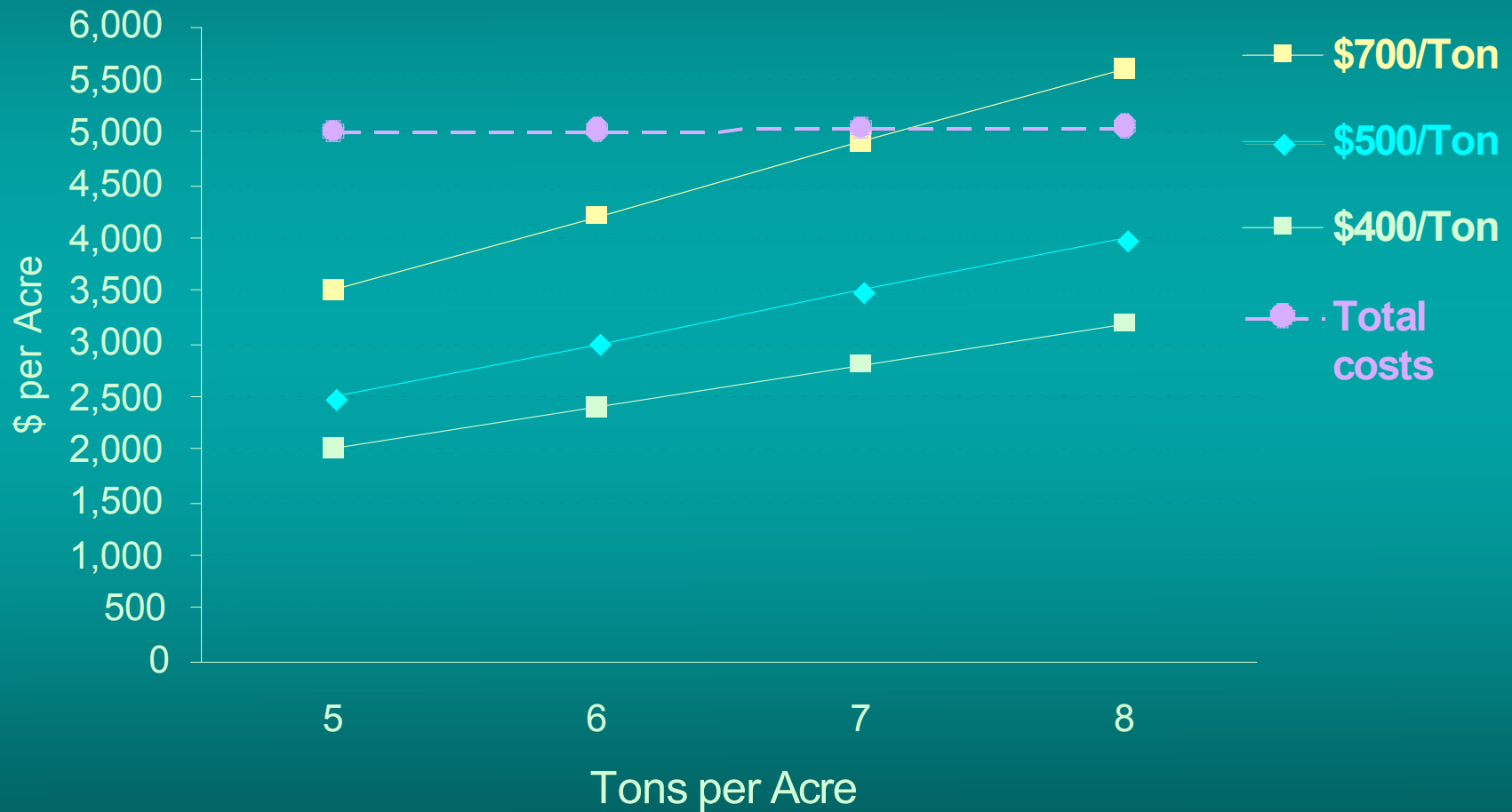
# REVENUE *AND* OPERATING COSTS



# REVENUE *AND* CASH COSTS



# REVENUE *AND* TOTAL COSTS



# ADVERTISEMENT

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Cost and return studies are available for downloading in pdf format and Excel spreadsheets at :

<http://coststudies.ucdavis.edu>