

**Southwestern Idaho****Russet Burbank Potatoes with Fumigation: Production & Storage Costs**

Southwestern

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Introduction to Costs & Returns Estimates

The University of Idaho Extension produces crop costs and returns estimates every other year. The overall goal of this project is to provide the Idaho agricultural industry with an unbiased and consistently calculated estimate of the cost of producing various crops and to track the change in production costs per acre and per unit over time.

The University of Idaho's costs and returns estimates are based on economic costs, not just accounting costs. All resources are valued at a market rate or "opportunity cost". Input prices are taken from the U of I's annual survey of agricultural supply companies. The selling price is a historical average, not a current year's price. Production practices are based on data from growers, crop consultants, and extension personnel throughout Idaho. Although production practices may be similar for individual farms, each farm has a unique set of resources with different levels of productivity, different production problems, and therefore different costs. Farm size, crop rotation, age and type of equipment, and the quality and intensity of management are all crucial factors that influence costs. The cost of production estimates show the

Background and Assumptions

(depreciation and interest) is calculated as a cost per acre. This non-cash overhead is shown in the lower part of Table 1. To keep machinery prices current between years in which a comprehensive survey is conducted, machinery prices are adjusted using USDA's Farm Machinery Prices Paid Index. Equipment prices are collected approximately every five years.

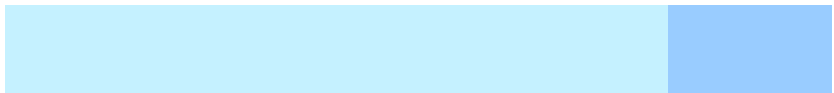
Labor and Management

The cost of labor used in this study includes a base wage rate, plus a percentage to account for various payroll taxes (FICA, SUTA & FUTA), and workman's compensation, as well as benefits such as paid vacation/personal leave days, health insurance and bonuses. Labor is classified by the type of work performed. Labor classifications, labor rates and payroll overhead are shown below.

Labor Values

Labor Class	Base Rate	Payroll Overhead	Effective Rate
General Farm Labor	\$14.00	15%	\$17.55
Truck Drivers	\$14.00	15%	\$17.55
Equipment Operators Irrigation Labor	\$18.00	25%	\$22.50

Table 2



Item	Quantity Per Acre	Unit	Price or Cost	Value or Cost/Acre
<u>Ownership Costs:</u>				
				6.45
				225.00
				85.00
				700.00
				72.00
				223.00
Total Ownership Costs				\$1,311.45
Ownership Costs per Unit				\$2.60
Total Costs per Acre				\$3,730.01
Total Cost per Unit				\$7.39
Returns to Risk				\$309.99
Notes:				
<u>Breakeven Analysis:</u>				
	-	Base	+	
	5%		5%	
<u>Price</u>	479.75	Yield	505	530.25

Table 2. 2019 Cost per cwt to grow, harvest, sort and store Southwestern Idaho Russet Burbank potatoes with fumigation based on both field-run and paid yield.

	Storage Costs	Field Run Cost per Cwt	Paid Yield Cost per Cwt
Field-Run Yield		505.00	
Paid Yield %	90%		454.5
Base Cost to Grow, Harvest & Sort		\$7.38	\$8.20
Storage System Annual Ownership Costs	\$0.391	\$0.391	\$0.434
Base Cost + Storage Ownership Costs		\$7.77	\$8.63
Storage System Annual Repairs	\$0.044	\$0.044	\$0.049
Base + Storage System Ownership & Repairs		\$7.81	\$8.68
	Cumulative Storage Op. Costs	Cumulative Base + All Storage Costs	Cumulative Base + All Storage Costs
October	\$0.245	\$8.06	\$8.95
November*	\$0.446	\$8.26	\$9.17
December	\$0.548	\$8.36	\$9.29
January	\$0.650	\$8.46	\$9.40
February	\$0.753	\$8.56	\$9.51
March	\$0.854	\$8.66	\$9.63
April	\$1.075	\$8.89	\$9.87
May	\$1.199	\$9.01	\$10.01
June	\$1.345	\$9.16	\$10.17

* Indicates month when sprout inhibitor applied.

Base cost of production includes cost to grow, harvest & sort potatoes, both operating and ownership. Ownership costs for potato handling equipment are included in the base cost of production.

Storage system includes: storage facility, air system, and the equipment used to place.

Storage operating costs include: repairs (shown separately), plus monthly operating costs: labor, power, chemicals, interest, shrink & insurance.

Storage costs do not include the cost of removing potatoes from storage.

Cumulative storage operating expenses are calculated to the end of the month.

