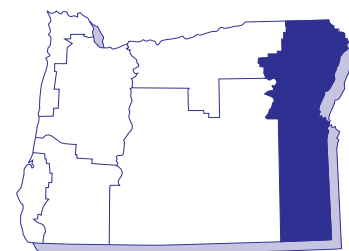




# Enterprise Budget

## Fine Fescue Seed Establishment, Eastern Oregon Region



**EM 8614, August 1995**

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This enterprise budget estimates the typical costs of establishing fine fescue seed near LaGrande, Oregon. While efforts were made to reflect common practices, it is not representative of any particular farm and thus should be used only as a guide to estimating actual costs. The major assumptions used in constructing this budget are discussed below. Assistance provided by area producers is greatly appreciated.

For costs and returns associated with producing fine fescue seed, see *EM 8615, Enterprise Budget: Fine Fescue Seed Production, Eastern Oregon Region*.

### Land and Irrigation

This budget is based on a 1,200-acre farm with 100 acres in continuous production of fine fescue seed. The budget includes establishment costs for 1 acre. The stand is assumed to have a 4-year life beyond the establishment year. A land lease charge of \$100 per acre is included to represent the cost of leasing or owning land.

Irrigation system costs are based upon a side-roll irrigation system valued at \$315 per acre including pump and well. Assuming a 20-year useful life and using straight-line depreciation results in a \$16-per-acre annual depreciation charge. Interest on the average investment ( $\$315 \div 2$ ) is charged at 9 percent for a total of \$14 per acre.

### Labor

Hired labor typically costs approximately \$10 per hour including worker's compensation, FICA, and other payroll expenses. For this study, hired labor and owner labor both are valued at \$10 per hour.

### Capital

Opportunity costs of capital are charged at a rate of 9 percent for current and intermediate capital provided by the owner/operator.

### Machinery and Equipment

The machinery complement is sufficient to farm 1,200 production acres. A detailed breakdown of machinery values used in this budget is shown in Table 1. March 1994 replacement costs are used, assuming the machinery is half depreciated.

### Operations

The budget shows farming operations in the order they typically are performed for a spring planting. Early in the fall, the field is plowed, followed by a roller packer. Next, the field is spring-tooth harrowed and roller packed twice. In the spring, 4 lb of seed is planted per acre. This is followed by two applications of herbicide for broadleaf control. A fertilizer mix of 25-10-0-7 then is applied at a rate of 100 lb per acre. A third application of herbicide is applied following establishment. The fields then are hand hoed and spot sprayed with an herbicide at a cost of \$30 per acre, which includes labor and material. In the summer, the field is irrigated once with 3 inches of water. A final application of broadleaf herbicide and 375 lb of 25-7-5-5 fertilizer then is applied per acre.

### Establishment Cost

The total cost to establish fine fescue is \$372 per acre. This includes \$222 variable cost and \$150 fixed cost. The total establishment cost of \$372 per acre must be recovered during the 4 fine fescue production years. At 9 percent interest, an annual payment of \$115 will just repay this amount, with interest, in 4 years. This annual payment is included as a noncash fixed cost in *EM 8615, Enterprise Budget: Fine Fescue Seed Production, Eastern Oregon Region*.



## EM 8614 Enterprise Budget

### ECONOMIC COSTS and RETURNS

#### Eastern Oregon Region

Fine Fescue Seed Establishment, 100 acres (\$/acre)

<u>VARIABLE COST Description</u>	<u>Labor</u>	<u>Machinery</u>	<u>Materials</u>	<u>Total</u>	<u>Your Cost</u>
Plowing	1.73	3.26	0.00	4.99	_____
Roller Packing	0.60	1.28	0.00	1.88	_____
Harrowing	0.97	2.37	0.00	3.34	_____
Roller Packing	1.21	2.56	0.00	3.77	_____
Planting	0.60	1.25	12.00	13.85	_____
Fescue Seed      4 lb x 3.00 = 12.00					
Seed Certification Signup	0.00	0.00	0.25	0.25	_____
Broadleaf Herbicide	0.00	0.00	19.79	19.79	_____
Sticker           0.2 qt x 3.38 = 0.67					
Herbicide        1 qt x 14.86 = 14.86					
Custom Application 1 ac x 4.25 = 4.25					
Soil Test	0.00	0.00	0.75	0.75	_____
Grass Herbicide	0.00	0.00	9.18	9.18	_____
Herbicide        0.75 qt x 5.67 = 4.25					
Sticker           0.2 qt x 3.38 = 0.67					
Custom Application 1 ac x 4.25 = 4.25					
Fertilizer	0.00	0.00	14.39	14.39	_____
25-10-0-7        0.05 tn x 202.80 = 10.14					
Custom Application 1 ac x 4.25 = 4.25					
Hand Hoeing	30.00	0.00	0.00	30.00	_____
Broadleaf Herbicide	0.00	0.00	17.90	17.90	_____
Herbicide        0.75 qt x 14.86 = 11.15					
Herbicide        0.09 qt x 20.36 = 1.83					
Sticker           0.2 qt x 3.38 = 0.67					
Custom Application 1 ac x 4.25 = 4.25					
Irrigation	5.00	0.00	5.95	10.95	_____
Repair & Maint.   1 ac x 2.50 = 2.50					
Electricity       1 ac x 3.45 = 3.45					
Clipping	1.42	2.13	0.00	3.55	_____
Broadleaf Herbicide	0.00	0.00	17.90	17.90	_____
Herbicide        0.75 qt x 14.86 = 11.15					
Herbicide        0.09 qt x 20.36 = 1.83					
Sticker           0.2 qt x 3.38 = 0.67					
Custom Application 1 ac x 4.25 = 4.25					
Fall Fertilizer	0.00	0.00	45.47	45.47	_____
25-7-5-5        0.187 tn x 197.98= 37.12					
Trace Minerals   15 lb x 0.273 = 4.10					
Custom Application 1 ac x 4.25 = 4.25					
MISCELLANEOUS					
Pickup	4.58	1.67	0.00	6.25	_____
Operating Capital Interest	0.00	0.00	17.14	17.14	_____
Total MISCELLANEOUS				23.39	_____
Total VARIABLE COST				221.35	_____
GROSS INCOME minus VARIABLE COST				-221.35	_____

## EM 8614 Enterprise Budget

### ECONOMIC COSTS and RETURNS

#### Eastern Oregon Region

Fine Fescue Seed Establishment, 100 acres (\$/acre)

<u>FIXED COST Description</u>	<u>Unit</u>	<u>Total</u>	<u>Your Cost</u>
CASH Cost			
Machinery & Equipment Insurance	acre	1.64	_____
Land Lease	acre	100.00	_____
Total CASH Cost		101.64	_____
NONCASH Cost			
Irrigation Interest & Depreciation	acre	30.00	_____
Machinery & Equipment Depreciation & Interest	acre	18.67	_____
Total NONCASH Cost		48.67	_____
Total FIXED Cost		150.31	_____
Total of ALL Cost		371.66	_____
<b>NET PROJECTED RETURNS</b>		-371.66	_____

**Table 1. Machinery Cost Assumptions**

<u>Machine</u>	<u>Size</u>	<u>List Price</u>	<u>Current Market Value</u>	<u>Salvage Value</u>	<u>Useful Life</u>	<u>Remaining Life</u>	<u>Annual Use</u>
Tractor	170 hp	\$81,000	\$52,650	\$24,300	10,000 hr	5,000 hr	47 hr
Tractor	100 hp	50,000	32,500	15,000	10,000 hr	5,000 hr	13 hr
Plow	8-18's	4,500	2,700	900	2,000 hr	1,000 hr	14 hr
Roller Packer	28-30's	25,000	15,000	5,000	2,000 hr	1,000 hr	15 hr
Spring-tooth Harrow	50 ft	24,000	14,400	4,800	2,000 hr	1,000 hr	8 hr
Grain Drill	12 ft	9,000	5,400	1,800	1,500 hr	750 hr	5 hr
Rotary Mower	14 ft	11,500	6,900	2,300	2,000 hr	1,000 hr	12 hr
Pickup	4 wd	18,000	10,800	3,600	100,000 mi	50,000 mi	1,667 mi

**Table 2. Machinery Cost Calculations**

Machine	Size	Costs per Hour or Mile					Total Cost	Hours or Miles per Acre	Costs per Acre		
		Variable		Fixed		Variable			Fixed	Total	
		Fuel & Lube	Repair & Maint.	Depr. & Interest	Insurance						
Tractor	170 hp	\$8.49	\$5.95	\$15.96	\$1.05	\$31.45	0.47 hr	\$6.72	\$7.91	\$14.63	
Tractor	100 hp	4.99	3.68	9.09	0.65	18.41	0.13 hr	1.12	1.26	2.38	
Plow	8-18's	0.00	2.44	2.69	0.27	5.40	0.14 hr	0.35	0.42	0.77	
Roller Packer	28-30's	0.00	5.28	19.19	1.50	25.96	0.15 hr	0.79	3.10	3.89	
Spring-tooth Harrow	50 ft	0.00	9.25	18.42	1.44	29.11	0.08 hr	0.74	1.59	2.33	
Grain Drill	12 ft	0.00	4.61	6.65	0.54	11.79	0.05 hr	0.23	0.36	0.59	
Rotary Mower	14 ft	0.00	5.92	12.90	0.69	19.51	0.12 hr	0.70	1.60	2.29	
Pickup	4 wd	0.07	0.03	0.21	0.04	0.35	16.67 mi	1.67	4.07	5.76	
<b>Total</b>								<b>\$12.32</b>	<b>\$20.31</b>	<b>\$32.63</b>	



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