



Minnesota State Florists Bulletin

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PRODUCTION COSTS¹

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Accurate, current operating costs are essential to the economic well being of a commercial greenhouse operation. The following figures, from September 1, 1974 to August 31, 1975, represent 225,000 square feet of well planned and constructed, contiguous, double layer hoop and glass houses with raised benches and piped heat. Production area represents 68 percent of the total with a mixture of cut flower and container grown crops. (Editor's note: Conversations with a key grower in another state indicated very similar costs. We are indebted to Mr. Bachman for making his figures available.)

OPERATING EXPENSES

Labor		\$316,699.02
Supplies		121,217.54
Operating & shipping	\$109,382.18	
Repair/maint. tools	11,835.36	
Depreciation -- bldg.		43,771.20
Site improvement		436.40
Repair/maint. bldg.		6,864.03
Utilities		162,472.10
Fuel oil #5	149,905.71	
Electricity & propane	12,566.39	
Real estate taxes		22,526.79
Trash removal		914.77
Equipment rental		1,756.80
Depreciation equipment		19,676.09
Insurance		4,811.50
Telephone		2,388.64
Gas-oil-mileage		1,771.58
Travel		893.25
Training program		42.00
Dues-subscriptions		155.50
Outside services		1,600.12
Licenses-fees		66.50
Total operating expenses		\$708,064.53

¹ From a talk presented at the Growers' Short Course on the St. Paul Campus, October 21, 1975.

Total operating expenses	\$708,064.53
75/76 labor contract add 7%	22,168.93
Interest on investment 9%	100,947.00
Administrative cost (payroll & personnel office time -- Lyndale Main Office)	14,400.00
Down time (includes losses from disease -- open bench, etc.) Based on .01 cent per square foot of bench area weekly	74,880.00
Total	\$920,460.46
Add 5% profit	46,023.02
TOTAL EXPENSES FOR COST OF PRODUCTION PURPOSES	<u>966,483.48</u>

Yearly cost per square foot \$6.71
 Weekly cost per square foot 12.90 cents

Note: Operating costs do not include seeds, bulbs, plants, pots, or soil costs. They are classified as variable cost materials.

Percentage Breakdown of Operating Expenses

Labor	35.0%
Utilities	16.8%
Supplies	12.5%
Interest on investment	10.4%
Down time	7.7%
Depreciation--buildings	4.5%
Taxes	2.3%
Depreciation--equipment	2.0%
Administrative cost	1.4%
Other costs including profit	7.4%
	<u>100.0%</u>

Crop Costs

Formula used to figure costs of potted plants or cut flowers:

- A. List variable cost items.
- B. Add number of weeks pot or cut flowers on the bench, times base cost at 12.90 cents per square foot per week.

Example

- A. 6" pot mum grown at one per square foot at start of short day.

Pot and soil	.22
4 cuttings @ .09	.36
3 weeks long day	.15
10 weeks short day	<u>1.29</u>
	\$2.02

- B. 6" pinched poinsettias grown one per square foot at time of panning.

Pot and soil	.22
1-3" pinched plant panned Sept. 15	.35
14 weeks @ 12.90 cents	<u>1.81</u>
	\$2.38

- C. 4 1/2" mum plants grown two per square foot at start of short day.

Pot and soil	.16
1 cutting	.09
2 weeks long day (8 per sq. ft.)	.03
10 weeks short day (2 per sq. ft.)	<u>.65</u>
	\$0.93

Note: Delivery costs for Lakeville greenhouses would be lower than for a wholesale grower serving many accounts.

- D. Easter lily

	<u>7-8" bulb in 5 1/2" pot</u>	<u>8-9" bulb in 6" pot</u>
Pot and soil	.25	.28
Bulb cost	.51	.64
9 pre-forcing stacked 9 high	.12	.14
17 weeks on bench spaced	<u>1.09</u>	<u>1.18</u>
	\$1.97	\$2.24
Lower cost if kept pot to pot on bench for 7 weeks	<u>-22</u>	<u>-24</u>
	\$1.75	\$2.00

- E. Pompon chrysanthemums \$1.88 per 8 ounce bunch.