



August 19, 2025

Rosa Sattoria – 70-Acre Hass Orchard Pro Forma

Purpose: Annual ranch-level income for a 70-acre bearing Hass avocado orchard.

Assumptions (Base Case)

- Bearing acres: 70
- Yield: 10,000 lbs./acre
- Price (grower realized): \$1.441/lb.
- Direct harvest & fees: \$0.099/lb. (picking ≈ \$0.090, hauling ≈ \$0.004, CAC ≈ \$0.005)
- Other operating costs: \$12,000/acre (water, fert/chem, cultural labor, repairs, admin, etc.)
- Capitalization rate (crop income component): 10%

Base-Case Results

- Total production: $70 \times 10,000 = 700,000$ lbs.
- Gross revenue: $700,000 \times \$1.441 = \$1,008,700$
- Direct harvest & fees: $700,000 \times \$0.099 = \$69,300$
- Gross margin (post-harvest): \$939,400
- Other operating costs: $70 \times \$12,000 = \$840,000$
- Net operating income (NOI): \$99,400
- Crop value (income approach @10% cap): \$994,000

This “crop value” is the contributory value of orchard income only. Add land & improvements separately to reach total property value.

Sensitivity (One-Line Scenarios)

Scenario	Yield (lbs/ac)	Price (\$/lb)	NOI (Total)	Crop Value @10%
Stronger price	10,000	1.65	\$245,700	\$2,457,000
Lower yield	8,000	1.441	-\$88,480	n/a
High-yield case	16,220	1.441	\$683,707	\$6,837,068



Rosa Sattoria — Water-Integrated Pro Forma

Scope: Annual orchard income for 70 bearing acres (Hass). Prices, costs, and water use are integrated.

Assumptions (Base Case)

- Yield: 10,000 lbs./acre
- Price (grower realized): \$1.441/lb.
- Direct harvest & fees: \$0.099/lb. (picking, haul, CAC)
- Irrigation use: 3.0 AF/acre (total 210 AF)
- Supply split: 50% wells / 50% purchased
- Purchased water (Rainbow 2" meter): ~\$2,771/AF (mid-zone placeholder) + \$9,204/yr fixed charge
- Well pumping cost: ~\$170/AF
- Non-water operating budget: \$7,457/acre (so that water + non-water = \$12,000/acre total ops)
- Cap rate (crop income component): 10%

Base-Case Results

Production & Top Line

- Total production: $70 \times 10,000 = 700,000$ lbs
- Gross revenue: $700,000 \times \$1.441 = \$1,008,700$
- Direct harvest & fees: $700,000 \times \$0.099 = \$69,300$
- Gross margin (post-harvest): \$939,400

Water Cost (3.0 AF/ac, 50/50 split)

- Purchased: $105 \text{ AF} \times \$2,771 \approx \$290,955$
- Meter fixed charge: \$9,204
- Wells (pumping): $105 \text{ AF} \times \$170 \approx \$17,850$
- Total water: \$318,009 ($\approx \$4,543/\text{acre}$)

Other Ops (non-water)

- $\$7,457/\text{acre} \times 70 = \$521,991$

Net Operating Income (NOI)

- $\text{NOI} = \$939,400 - \$318,009 - \$521,991 = \$99,400$
- Crop value (income approach @10% cap): \$994,000

Notes: Land & improvements are valued separately and added to the crop income value for total property value. Excludes property tax on improvements, insurance on improvements, debt service, and capex.



Addendum — Current Hass Prices & Pro-Forma Impact (As of Aug 19, 2025)

Scope: One-page update to Rosa Sattoria's orchard pro formas using the latest USDA South District (CA) Hass FOB shipping-point prices.

A) Southern California Hass — Current Price Snapshot (FOB, 2-layer 25-lb cartons)

Per-lb. conversion: price per case ÷ 25 lb. Actual ranch returns vary with size curve, grade, pack/marketing fees.

- 48s: \$40.25–\$46.25/case → \$1.61–\$1.85/lb. (midpoint ≈ \$1.73/lb.)
- 60s: \$36.25–\$42.25/case → \$1.45–\$1.69/lb. (midpoint ≈ \$1.57/lb.)
- 70s: \$33.25–\$38.25/case → \$1.33–\$1.53/lb. (midpoint ≈ \$1.43/lb.)
- 84s: \$27.25–\$32.25/case → \$1.09–\$1.29/lb. (midpoint ≈ \$1.19/lb.)

B) Impact on Base Pro Forma (70 bearing acres; 700,000 lbs.; harvest/fees \$0.099/lb.; water-integrated ops unchanged)

Baseline: Price \$1.441/lb. → NOI ≈ \$99,400 (crop value @10% cap ≈ \$994,000)

Price Scenarios (using 48s band):

Price (\$/lb.)	Total Revenue	vs Baseline	NOI (Total)	Crop Value @10%
\$1.61	\$1,127,000	+\$118,300	\$217,700	\$2,177,000
\$1.73 (midpoint)	\$1,211,000	+\$202,300	\$301,700	\$3,017,000
\$1.85	\$1,295,000	+\$286,300	\$385,700	\$3,857,000

Mechanics: With costs held constant (including harvest at \$0.099/lb.), a price change of \$0.01/lb. shifts NOI by \$7,000 (700k lbs. × \$0.01).

Tariff Scenario — Positive Footnote

If a U.S. tariff were imposed on imported Hass avocados, the landed cost of imports would rise. Because imports (primarily Mexico) supply the vast majority of U.S. consumption and short-run demand is inelastic, wholesale prices would likely lift in California, improving grower returns. As a planning rule of thumb for Rosa Sattoria's 700,000-lb base case, each sustained \$0.10/lb. increase adds ≈ \$70,000 to NOI. Magnitude depends on the tariff rate, any exemptions, and how quickly other origins (e.g., Peru/Colombia) can backfill. Net near-term effect: **bullish for California grower prices.**