



Projected Start-up Costs - Lavender Production

**Developed by Rod Sharp, Regional Extension Specialist,
Agriculture and Business Management**

Note this information is based on planting between rows of grapes in a vineyard. The same data should be used when developing a budget for lavender planted in other situations as well.

Assumptions:

Planting area is 8 feet by 100 feet.

Plants are planted 4 foot apart on diagonals (46 plants/row)

Item Cost:

Enclosed Drying Shed ¹	1,800.00
Irrigation System (installation and materials)	150.00
Soil Test (\$25 per test)	25.00
Soil Preparation (labor and amendments)	100.00
Weed Fabric (labor and materials)	250.00
Mulch (labor and materials)	85.00
Lavender Plants (\$2 per plant and 46 plants)	92.00
Misc. Supplies (fabric pins, sickles, rubber bands, chains, torches, etc.)	125.00
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Total Projected Start-Up Costs	\$2,627.00

For information on lavender production contact Dr. Curtis Swift, CSU Extension, 970 244-1840.

Year 1: Projected Revenues and Expenses

Lavender Production Between Wine Grape Rows

Assumptions:

100 foot row

Plants are planted 4 foot apart on diagonals (46 plants/row)

Yield - 2 bundles per plant

Operation	Units	Unit Cost	Units Per Row	Cost Per Row	Your Estimate
Estimated Annual Costs Per Row					
Labor					
Weeding	hours	10.00	24	240.00	_____
Irrigation	hours	10.00	2	20.00	_____
Harvesting Bundles	hours	10.00	6	60.00	_____
Hanging Bundles	hours	10.00	6	60.00	_____
Marketing	hours	10.00	2	20.00	_____
Irrigation Expenses	row	50.00	1	50.00	_____
Replacement Plants	plants	2.00	5	10.00	_____
Estimated Annual Cost per Row				\$460.00	_____
Estimated Annual Revenues Per Row					
Wholesale Bundles	bundles	5.00	92	\$460.00	_____
Estimated Annual Revenues per Row					
Projected Net Returns				\$0.00	_____

Year 2: Projected Revenues and Expenses

Lavender Production Between Wine Grape Rows

Assumptions:

100 foot row

Plants are planted 4 foot apart on diagonals (46 plants/row)

Yield 4 bundles per plant

Operation	Units	Unit Cost	Units Per Row	Cost Per Row	Your Estimate
Estimated Annual Costs Per Row					
Labor					
Weeding	hours	10.00	24	240.00	_____
Irrigation	hours	10.00	2	20.00	_____
Harvesting Bundles	hours	10.00	10	100.00	_____
Hanging Bundles	hours	10.00	10	100.00	_____
Marketing	hours	10.00	3	30.00	_____
Irrigation Expenses	row	50.00	1	50.00	_____
Replacement Plants	plants	2.00	5	10.00	_____
Estimated Annual Cost per Row				\$550.00	_____
Estimated Annual Revenues Per Row					
Wholesale Bundles	bundles	5.00	184	\$920.00	_____
Estimated Annual Revenues per Row					
Projected Net Returns				\$370.00	_____

Years 3-15: Projected Revenues and Expenses

Lavender Production Between Wine Grape Rows

Assumptions:

100 foot row

Plants are planted 4 foot apart on diagonals (46 plants/row)

Yield - 6 bundles per plant

Operation	Units	Unit Cost	Units Per Row	Cost Per Row	Your Estimate
Estimated Annual Costs Per Row					
Labor					
Weeding	hours	10.00	24	240.00	_____
Irrigation	hours	10.00	2	20.00	_____
Harvesting Bundles	hours	10.00	12	120.00	_____
Hanging Bundles	hours	10.00	12	120.00	_____
Marketing	hours	10.00	4	40.00	_____
Irrigation Expenses	row	50.00	1	50.00	_____
Replacement Plants	plants	2.00	5	10.00	_____
Estimated Annual Cost per Row				\$600.00	_____
Estimated Annual Revenue Per Row					
Wholesale Bundles	bundles	5.00	276	\$1,380.00	_____
Estimated Annual Revenues per Row					
Projected Net Returns				\$780.00	_____

Net Present Value Analysis: Lavender Production in Wine Rows

Assumptions:

100 foot row

Plants are planted 4 foot apart on diagonals (46 plants/row)

Year	Capital Expenses	Cash Inflows	Production Expenses	Net Cash Flow	Discount Factor 4%	Net Present Value
0	2,627	0	0	-2,627	1.000	-\$2,627
1		460	460	0	0.962	\$0
2		920	550	370	0.925	\$342
3		1,380	600	780	0.889	\$693
4		1,380	600	780	0.855	\$667
5		1,380	600	780	0.822	\$641
6		1,380	600	780	0.790	\$616
7		1,380	600	780	0.760	\$593
8		1,380	600	780	0.731	\$570
9		1,380	600	780	0.703	\$548
10		1,380	600	780	0.676	\$527
11		1,380	600	780	0.650	\$507
12		1,380	600	780	0.625	\$487
13		1,380	600	780	0.601	\$468
14		1,380	600	780	0.577	\$450
15		1,380	600	780	0.555	\$433
Net Present Value						\$4,916

ⁱ You may already have a building where you can hang the bundles to dry.