

Contribution of Selected Agricultural Activities in Merced County
Maxwell Norton, Scott Stoddard & Dave Doll, UC Cooperative Extension
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San Joaquin Valley crops are often high value commodities and in many cases a considerable amount of processing activity is generated in the regional economy as a result of their production.

To estimate the impact on our local economy of an acre of irrigated land, and consequent loss as a result of conversion to other uses, we used a University of California study on the economic multiplier of crops grown in Stanislaus County (1) which gives the economic multiplier factors for individual crops. The economic multiplier summarizes the total direct spending and indirect re-spending affects of farming activity and agricultural processing in the local economy. The agricultural economies of Merced and Stanislaus counties are very similar in that they grow similar crops and they both have substantial agricultural processing industries. We consulted reliable industry sources to obtain typical yields for well-managed operations and multiplied those by recent average prices to give the farm-gate value of the crop. By multiplying the farm-gate value by the multiplier factor, we are able to get a rough estimate of the total economic impact of an acre of irrigated cropland on the local economy.

Almonds

Average yield of a well-managed orchard = 2400 lbs/acre

Average price = \$4.00/lb

Economic multiplier = 2.5

$(2400 \text{ lb/ac})(\$4.00/\text{lb})(2.5) = \mathbf{\$24,000/\text{acre/year impact on local economy.}}$

Cling Peaches

Average yield for a well-managed orchard (all varieties) = 19 tons/acre

Average price = \$460/ton (2015 negotiated price)

Economic multiplier = 6.0

$(19 \text{ tons/ac})(460/\text{ton})(6) = \mathbf{\$52,440/\text{acre/year impact on local economy.}}$

Processing Tomatoes

Average yield for drip-irrigated, well-managed field = 43 tons/ac

Average price = \$80.00/ton

Economic multiplier = 6.0

$(43\text{ton/ac})(\$80.00/\text{ton})(6) = \mathbf{\$20,640/\text{acre/year impact on local economy}}$

Shipping Tomatoes

Average yield for well-managed field = 1200 boxes/ac

Average price = \$6.50/box

Economic multiplier = 3.0

$(1200 \text{ boxes/ac})(\$6.50/\text{box})(3) = \mathbf{\$23,400 /\text{acre/year impact on local economy}}$

Sweetpotatoes

Average yield for well-managed field = 650 boxes/ac

Average price = \$15.00/box

Economic multiplier = 3.0

$(650 \text{ boxes/ac})(\$15.00/\text{box})(3.0) = \mathbf{\$29,250/\text{acre/year impact on local economy}}$

(1) Sarquist, Armen V. Economic impacts of agricultural production and processing in Stanislaus County. University of California Cooperative Extension, Stanislaus County. 49pp (March 1981).