

Part 1

INTRODUCTION

Information on the cost to install, operate, and maintain a conservation practice as well as the amount of program payment provided to help encourage the installation are essential parts of the economic effects information provided to Natural Resources Conservation Service (NRCS) customers. NRCS policy is that economic effects of alternative actions should be provided to NRCS customers in order for them to make informed resource decisions. This section of the electronic Field Office Technical Guide (eFOTG) includes state-wide typical conservation practice cost information, cost estimate tools with component cost data, and cost lists for conservation program contracts.

Cost information should be used as a part of analyzing and evaluating the economic effects of conservation systems. The purpose of the Cost Data Section is to provide guidance to NRCS personnel in the development and use of cost data in formulating and evaluating alternatives as well as providing customers with information on the estimated cost to install a conservation practice. The cost lists for conservation program contracts are included here to assist with determining the amount of funds the landowner may receive through participation in a conservation program.

ECONOMIC INFORMATION/GUIDES

This folder in the eFOTG contains economic information that may be used in evaluation of the cost of conservation practices. It includes some publications that are useful references on the differences in operation costs with and without conservation practices.

COST ESTIMATES AND COMPONENT COST DATA

Cost estimates are prepared and provided to customers either when the customer requests one or the conservation planner determines it is appropriate to provide one as part of the cost information provided to the customer.

Cost estimates are the information given to the customer on the expected cost to install a conservation practice. The information is tailored to their specific site and is based on the best inventory and evaluation (I & E) obtained by an experienced conservation planner. For engineering practices, the person doing or approving the cost estimate needs to have inventory and evaluation job approval authority. The specific quantities for each component along with the component cost data are used to calculate the cost to install each component. The sum of the costs for the component is the installation cost estimate for the practice. An additional amount can be added for contingency. A reasonable percentage of the total can be added as a contingency for unforeseen changes such as a price change over the time between the estimate and the installation or an unforeseen situation that occurs during construction. The use of contingency is a matter of professional judgment on the part of the person preparing the cost estimate. The format and detail of a cost estimate varies depending on the complexity of the practice or the customer's needs. Cost estimates can be done on the cost estimate forms or on agency approved software.

The customer can use the cost estimate to make a decision on installation. Where program cost-shares are available, the customer can compare the amount from cost-share available and the cost estimate to determine the amount of installation costs that they need to provide from their own resources. These two pieces of information (cost estimate and cost-share available) assist the customer to make a decision on participation in programs.

The component cost data is the data set of the cost for components of practices and is used to develop cost estimates. The component cost data is also used to develop the cost information and in the development of cost lists used for conservation program contracts. The component cost data is

gathered from receipts from practices that have been installed and from gathering information from suppliers, as well as individuals and firms who provide services to install conservation practices. The data is gathered in the units in which it is used. For example, cost data would include items such as the price of a prairie grass seed mix at \$x per pound or the price charged for backhoe services at \$x per hour.

Component cost data is gathered throughout the year and the eFOTG is updated regularly.

STATE-WIDE CONSERVATION PRACTICE COST INFORMATION

The conservation planner needs to be prepared to discuss the resource changes and costs necessary to successfully install, operate, and maintain the conservation alternative that is being recommended. The state-wide typical costs for practice installation is provided for general information to assist with comparing different practices and to provide the customer with an idea of what typical practice costs are. The typical cost per practice can be used to provide customers estimates of installation, operation, maintenance, and replacement costs. The contents of this section include the following information for each conservation practice:

- Practice Code
- Practice Name
- Definition of the Typical Practice Installation
- Design Life (years)
- Practice Unit
- Typical Installation Cost per Unit
- O& M Cost per Unit
- Average Annual Cost per Unit

The state-wide typical practice costs are provided for planning purposes and to provide customers with basic cost information. Site specific installation costs should be provided by preparing a cost estimate.

PROGRAM PAYMENT SCHEDULES FOR CONTRACTING

Program Payment Schedules are developed for use in conservation program contracts. Payment Schedules are developed according to the instructions in 440 Conservation Programs Manual, Part 512, Subpart D - Cost-Sharing and Incentive

Payments and Economics Handbook, Title 200, Part 613 – Payment Schedules. Data on costs are gathered and used in the development of Payment Schedules. Payment Schedules are used to determine the amount of program payment a participant may receive. The automated payment schedules are maintained in the Customer Service Toolkit or other agency approved software.

The costs used in the development of payment schedules for conservation program contracting may not always reflect average or typical costs, so are not to be used as a cost estimate for a specific site.