Financial Feasibility

Financial feasibility is an evaluation on whether or not a project is economically viable after taking into account its total costs and potential benefits. If the benefits cover the costs of the project, then it is economically viable. In addition financial feasibility effects cash flow budgeting and when conservation practices are scheduled to be implemented. Cash flow budgeting is the monitoring of cash inflow and outflows. No one expects a conservation planner to develop a cash flow budget for a producer, but the planner needs to be aware of how the operation's cash flow will impact the conservation plan *schedule of operations* and the timetable when conservation practices are planned to be installed. The best way to address financial feasibility is to provide the producer with the conservation cost information they need to make a conservation decision and manage their cash flow budgeting.

With or without financial assistance or program payments consideration of cash flow budgeting is an important part of the conservation planning process as one looks at the time frames to schedule and install conservation practices. Participation in conservation programs alters the cost to implement conservation practice/s, thus it can effect economic viability.

Economic information critical to cash flow budgeting for conservation decisions and scheduling of implementation are:

- Knowing what the practice costs are, when they will need to be paid, the program payment amount, and when a program payment would be received.
- Knowing the conservation practice requirements with the quantities of all the components so that site specific cost estimates or bids can be obtained.
- Identify qualified sources and contractors for installation. Obtain bids and develop cost estimates prior to making a commitment to a conservation program contract.
- Plan installation in logical sequence as it fits the operation's capacity for capital investment in conservation.
- Consider cash flow needs in scheduling installation of conservation practices. Be prepared to cover short term installation costs during construction and during the time frame between when installation is complete and when a conservation program contract payment would be made if participating in a contract.
- Consider the use of partial budgets and other tools to assist with identifying the net present value of the conservation system that is being considered. Pay back or breakeven analysis can be used to identify the economic impacts for the changes being considered.