



621 NW 53rd Street, Suite 240, Boca Raton, Florida 33487 - Phone: 561-995-1474 - FAX: 561-995-1499
Email: info@privatelands.org Web: <http://privatelands.org>

ATTACHMENT 1 CONSIDERATIONS THAT NEED TO BE FACTORED INTO THE PRICING OF TSP SERVICES

April 11, 2003

Melissa Hammond
Technical Service Provider Coordinator
Natural Resources Conservation Service
U.S. Department of Agriculture
P.O. Box 2890
Washington, D.C. 20013

Dear Melissa:

Here is a series of considerations we feel USDA should take into account about:

- the process that should be used in developing TSP prices,
- the services that should be included in the TSP pricing structure, and
- the types of flexibility that should be built into the pricing structure to address local conditions (which sometimes change from one field to the next on a single parcel of property).

These points are summarized, starting on page 11.

PROCESS

All of the Conservation Delivery Team members participating in the teleconference call on April 8, 2003 agreed that the *process* that is followed in setting prices for a specific service *and how that service will be applied to a specific property* is as important, if not more important, than the actual price itself.

All private companies have established prices based on their aggregate experience in the market place. Prices for time, materials, travel and bringing in people with different levels of expertise to deal with different levels of complexity on a project are established over time through multiple market-based experiences. Often these prices translate into averages that are expressed in hourly rates (which is the way attorneys bill), rates for specific procedures (which is the way doctors bill), or rates on a per unit measure (say, per square foot, which is how painters bill, or per acre, which is how a crop consultant may bill).

All of these prices, however, are just a starting point.

When a specific project is identified, a private sector company or consultant will develop a Scope of Services that sets forth:

- what will be done
- how it will be done

- who will do it
 - when it will be done – in what order or sequence and when each task will be completed
 - what standards or criteria must be met in the performance of each task
 - how performance will be measured
 - what type of reporting to the client will be required
 - what monitoring and spot-checking will take place
 - how results will be evaluated
- and, finally:
- what criteria (or price structure) will be used for estimating costs and calculating the rate at which the project will be billed.

At this point, a company takes its established price structure *and applies it to a specific situation (and the pre-project assumptions about that situation)* to generate a price estimate.

Lawyers do this. Doctors do this. Painters do this. And Technical Service Providers in the private sector do this. The result is a “price estimate” for performing a specific group of services.

The way this is done represents a major difference between government, nonprofit organizations, universities and private sector companies and consultants.

Private sector companies do this in two ways. One approach is to offer a fixed price guarantee, based on a specific scope of services. If money is lost on one project because of unforeseen complexities, the hope is that it will be made up on another project that is less complex.

The other, more common, approach is to offer a “price estimate,” which can be amended if circumstances or conditions that were not foreseen at the onset of the project require additional work (and, hence, entail additional cost). Think of a car mechanic. The mechanic tells you what he thinks a repair will cost based on the description you provide of a specific problem (“it has a whirring sound like this ...”); but when the engine is open and the mechanic actually sees what is wrong and what needs to be done, the phone rings, and the mechanic says, “I have some bad news ...”

The same holds true with many other private sector activities ... health care, law, remodeling a home, implementing conservation practices on a farm or ranch. You often don’t know what is required, and what you are going to encounter until you are already at work on the project.

That’s why “price estimates” and scopes of services are so widely used, and work so well, in the private sector.

Private sector companies and consultants must build *every cost* into their rate structures – including all overhead costs (rent, utilities, office equipment and supplies, and the support costs and salaries required to operate the company, including personnel, bookkeeping and accounting, marketing and promotion, administrative support and administration). The costs for salaries, travel, materials and equipment must be prorated across every activity, including preliminary meetings with potential clients, travel time to visit job sites of existing clients, revisions to work plans, and efforts that are taken to verify or double check data.

Government agencies and universities have most, if not all, of these costs covered through other line items in their budgets. In the case of government agencies, the public still pays for all administration and overhead, but only as a line item that is separate (sometimes very separate in an agency budget) from the direct cost that is applied to performing a specific service on the ground to implement a conservation practice.

In the case of universities and nonprofits, many of these costs are offset by other sources of revenue – charitable contributions, grants, income from special events, contracts for other services – and are not billed to a project or, if so, are billed at a reduced rate.

Hence, government agencies, universities and nonprofits tend to look at the *direct costs* that are related to a project and do not necessarily factor in or consider the *indirect costs*, since these costs are not particularly relevant to them, at least not on a project-by-project basis.

This puts private sector companies and consultants at a distinct disadvantage if they are asked to compete on cost.

Every entity has to have all costs covered. But only private sector companies and consultants must cover these costs *entirely* through selling their services and products, and only private sector companies must cover *all direct and indirect* costs in the prices they charge by the hour, by the procedure, or by the acre.

For this reason, a fixed price for any service does not always work well. In some cases it greatly underestimates the amount of time, travel, materials and levels of expertise needed to perform a service properly. At other times it overestimates it. But rarely do the two balance out.

Average prices per acre or for performing a specific service can be a *starting place* or a *guideline* for setting the payment rates for a specific project. But these prices should not be *fixed*.

One example where fixed prices have been applied to the private sector is in *managed health care*. The result has been abysmal. The quality of health care has declined. The amount of time each doctor is willing to spend with a patient has shrunk. And the type of care a physician is willing to provide without a written confirmation from an HMO or a referral from a person's "primary care physician" has been severely limited. At the same time, the amount of paperwork has increased. And infection rates in hospitals are now the 4th leading cause of death in the U.S.

I'd hate to see fixed prices compromise the quality of conservation delivery in the U.S.

PRICING

There's another reason why fixed prices do not make sense. Pricing for most conservation services depends on design and restoration goals, and on opportunities to protect existing resources, *all of which can be different from one property to the next*.

For example, Prairie Land Management, Inc., has a staff of 35, operates in eight mostly Midwestern states and provides planning, design and full installation services. PLM owner Kyle Thompson could have used the USDA online survey to enter a cost for each service listed. But

Thompson says he does not use many of the services listed in the survey in his work with producers due to lack of funding for cost share and/or “none to poor payment rates” to compensate landowners.

Thompson says, “Consultants need to separate consulting and design from installation.” He went on to say that the USDA web site was not comprehensive in its awareness of or opportunity to provide information on all the factors that go into setting prices for specific practices.

He noted that the USDA web site asked for pricing data on only a portion of the services that are needed to:

- provide information to a landowner,
- determine what conservation needs and opportunities exist on a property,
- design a conservation practice based the landowner’s willingness to address these needs and opportunities,
- cover costs for overhead, travel and mobilization, and
- install a conservation practice that meets the specific conditions existing on the property.

Thompson said each project will require similar amounts of planning and similar amounts of consultation with the landowner/operator. He said these costs can be estimated with some confidence, but that conservation programs “need to be integrated to work properly,” that they vary from property to property, and that “flat rates do not typically fit into the real world.”

Sidney L. Sumner of Florida Agricultural Consultants, Inc., concurred. He said “per acre rates cannot be uniformly used, as size and complexity dictate costs.” Sumner charges his customers an hourly rate— \$75 per hour – for planning, design, and checkout of planned grazing systems (566). Projects that are less complex cost less; projects that are more complex cost more. This hourly rate covers all of Sumner’s overhead and indirect costs. And he bills the same rate whether he is traveling out to meet a client, or working on installing a project in the field.

As private companies begin providing these services, rates should be established to ensure that private companies can be on an equal footing with government agencies that have these costs covered through other portions of their budget, but which still are being provided to producers at public expense.

For example:

In our experience, we have found the following services to be necessary -- PRIOR to the time that a producer begins implementing the practices listed on the NRCS cost survey. In addition, we have provided an average price, based on our experience and price structures, for providing these services.

Please note:

The **bold face numbers that are underlined** indicate the amount of time required from start to finish, and include time that is required to schedule meetings, wait while paperwork is processed, deliver the service, and do all necessary follow up.

The **[bold numbers in brackets]** indicate actual time spent on each step, including travel time.

The ***bold dollar figures in italics*** indicate the average prices that we feel are necessary to provide these services.

This fee can be paid in one of three ways:

- 1) directly by the landowner (in which case steps 1-3, below, often must be offered at no charge to the landowner);
- 2) through a grant or contract with one or more government agencies, participating organizations or foundations; and
- 3) as part of the Technical Service Payments available through the rule being developed by USDA.

Here's an approximate time schedule and payment rate for a 2500-acre project:

1. Hold initial conversations with landowners (and/or operators, when applicable) to determine their interest and willingness to participate in different programs;

Time Elapsed, start to finish: ***30 days for both #1 & #2.***

Actual time spent on this step: **[1 day if done separately; should combine with #2]**

Average fee for this service: ***see below.***

Kyle Thompson of Prairie Land Management, Inc., says "My opinion is that this step should not cost the tax payer any \$\$, but on the same point the private sector needs to have a fair playing field if non-profits, colleges and agency employees are allowed to compete with private TSPs for services. It would be unequal if non-profits, colleges and government agencies, which are already subsidized and funded, could easily meet with landowners in advance while private vendors would have to do so at their own cost."

2. Conduct an assessment of the landowner's property to determine conservation opportunities and needs. (Should be done in conjunction with #1.)

Time Elapsed, start to finish: **See #1 above.**

Actual time spent on this step: **[1 day]**

Average fee for this service: ***\$500*** (includes services under #1)

Thompson suggests, "Could do a per acre average with a 'minimum' or 'basic' charge if mobilization is included."

3. Discuss these findings with the landowner, and go through the various options that are available to the landowner for implementing conservation practices on his/her land.

Time Elapsed, start to finish: **30 days;**

Actual time spent on this step: **[2-1/2 days total -- 1/2 day exploring options, 1 day preparing report/proposal for review by landowner, 1 day with landowner]**

Average fee for this service: ***\$1000 total*** -- \$250 for exploring options, \$250 for preparing report/proposal; \$500 for discussing findings with landowner. *Also could do per acre average with a "minimum" or "basic" charge if mobilization was included.*

4. Select programs in which the producer wishes to participate, decide how they can be assembled together and what might be done to fill in gaps. Make initial determination of adjustments that might be needed to accommodate and respond to the unique local

conditions on the property. Final determination on adjustments will be made after Steps #7 and #8 are completed.

NOTE - THIS IS A NEW STEP THAT WE ARE IMPLEMENTING IN OUR WORK WITH PRODUCERS. THIS ALLOWS US TO DEVELOP SYNERGIES BETWEEN MULTIPLE EXISTING PROGRAMS AND TO LEVERAGE RESOURCES TO EXPAND PARTICIPATION IN CONSERVATION ACTIVITIES, AND TO MAKE PROGRAM DELIVERY MORE COST EFFICIENT. WHILE THIS STEP ADDS COST TO WHAT NORMALLY WOULD BE SPENT IN IMPLEMENTING ONE PROGRAM, THIS STEP SAVES AN ENORMOUS AMOUNT OF MONEY OVER IMPLEMENTING 8 DIFFERENT PROGRAMS ONE AT A TIME.

Time Elapsed, start to finish: **15 days**;

Actual time spent on this step: **[4-1/2 days total for a 2500 acre property (say, one of the properties we are working on in Florida, Oregon, or Texas) -- 1/2 day for final selection and assembly, based on landowner's response to #3; 1/2 day per program for review of program criteria and determination of what adjustments can/should be made; with initial project properties enrolled in 8 programs]**

Average fee for this service: **\$2500**. *Could do per acre average with a "minimum" or "basic" charge if mobilization was included.*

5. Fill out multiple applications on behalf of the producer that, in turn, will allow the producer to apply for virtually any state and federal conservation program.

AGAIN, THIS IS A NEW STEP, WHICH WE ARE INSTITUTING TO ACHIEVE EFFICIENCIES AMONG PROGRAMS AND TO OVERCOME OBSTACLES TO IMPLEMENTING ONE PROGRAM AT A TIME.

Time Elapsed, start to finish: **15 days**;

Actual time spent on this step: **[1/2 day for each application, once process is automated, including preparation, submission and follow up; for the initial candidate properties that we will be working on in the Klamath Basin, assume an average of 8 applications each]**

Average fee for this service: **\$125 for each application; \$1000 for 8 applications.**

SUBTOTAL TO THIS POINT (Steps 1-5):

| | |
|--|-------------------|
| Time Elapsed, start to finish: | 90 days |
| Actual time spent: | [12 days] |
| Average fee for services up to this point: | \$5,000.00 |

Again, Thompson notes: "Could do per acre average with a 'minimum' or 'basic' charge if mobilization was included." He goes on to add that private vendors have been asked to provide market prices to USDA through the online survey, "but we do not know what is required for these services with all the new rules and requirements. Because of the way the online survey has been designed, we are able to enter prices for only one part of the services we provide, and we are doing this based on what we have been doing and for what we expect to do in the future. But none of us really know how much work will be entailed with the new requirements. We may charge \$10 per acre right now for what we are doing, but if more application work and paperwork is required that price will go up."

6. Contact each agency that administers the programs selected and request adjustments in selected programs to accommodate and respond to unique local conditions.

AGAIN, THIS IS PART OF THE "PROGRAM ASSEMBLY" APPROACH THAT WE ARE TAKING

Time Elapsed, start to finish: **120 days total** -- 10 days to make contact; 30 days to wait for response; 10 days to outline and describe negotiating points with agency/agencies; 30 days for response; 10 days for second round of negotiations; 30 days for final determination; carried out concurrently with Steps #7 - #9.

Actual time spent on this step: **[1-1/2 days total per program; 12 days total for 8 programs** -- 1/4 day for initial contact; 1/4 day to update info on adjustments needed as Steps #7 & #8 are completed; 1/2 day for preparing materials for first round of negotiations; and 1/2 day for second round of negotiations.]

Average fee for this service: **\$750 per program; \$6,000 for 8 programs.**

Please note: this is highly variable, depending upon how many adjustments are required to adapt a program to a particular property and the difficulties involved in making a case to the oversight agency for substituting criteria that will address unique local conditions. Here is a case of "You don't know what will be involved until you are in the middle of the project."

7. Conduct a baseline analysis of the property to gather data necessary to put initial conservation practices and additional programs in place.

Time Elapsed, start to finish: **30 days;**

Actual time spent on this step: **[depends on type and complexity of operation, size of property and number of different habitats on properties; for properties that we have experience on in the 1000 to 2500 acre range, we assume an average of 3 staff days each]**

Average fee for this service: **\$1500.**

8. Develop an NRCS-approved conservation plan for property.

Time Elapsed, start to finish: **45 days;**

Actual time spent on this step: **[Requires review of field surveys and data, review of Field Operation Guides, outline of plan, at least one additional visit to property to verify data, write up of plan and presentation of plan to landowner/operator. Time required varies depending on size and complexity of operation and on number of different habitats, soil types and environmental features on property. For the a representative 2500-acre property that we are working on in Florida and the Klamath Basin, for example, some properties require 10 full-time-equivalent staff days and some require as many as 20 full-time-equivalent staff days]**

Average fee for this service: **\$5,000 - \$10,000 for a 2500-acre property, depending on complexity of operation and types of habitats included on property.**

Again, this is highly variable, depending upon the specific conditions found on the property. As Sidney Sumner states, "It is not possible to establish a unit cost, as properties vary in size and complexity." This is another case of "You don't know what will be involved until you are in the middle of the project."

ALSO PLEASE NOTE - THE PRICE PER ACRE FOR SMALL PROPERTIES IS HIGHER BECAUSE MANY OF THE SAME STEPS MUST BE CARRIED OUT, NO MATTER THE SIZE OF THE PROPERTY.

9. Assist producers in reviewing, negotiating and executing agreements that coordinate, couple and blend multiple programs together.

NEW SERVICE

Time Elapsed, start to finish: **30 days;**
Actual time spent on this step: [average of 3 days per "assembled" program contract, assuming 8 programs per property]
Average fee for this service: **\$1500.**

SUBTOTAL TO THIS POINT (Steps 1-9):

Time Elapsed, start to finish: **210 days**
Actual time spent: **[40 days]**
Average fee for services up to this point: ***\$19,000 to \$24,000, depending on complexity of conservation plan***

Hence, this works out to an average of \$7.60 to \$10 per acre for a 2500 acre property.

10. Assist producers in installing and implementing practices to participate in the programs in which the producer has been enrolled.

Time Elapsed, start to finish: **30-180 days, depending on project;**
Actual time spent on this step: [depends on project and types of practices installed]
Average fee for this service: **THIS IS WHERE THE USDA SURVEY STARTS ...!**

FLEXIBILITY

Please note -- The average fee for services for steps 1-9 quoted above includes \$11,000 (or an average of \$4.40 per acre for a 2500-acre property) for "program assembly" services that allows multiple programs to be implemented simultaneously. These services double the costs that would be incurred for implementing just one program on its own. However, in this example, while the cost is doubled, 8 programs would be implemented, which underscores what a significant price savings this step represents.

This is why several points listed in Stewardship America's February 18, 2003 comments on the TSP interim rule bear emphasis --

TSPs could help LEVERAGE resources and programs, so different programs and agencies can work together more efficiently and effectively. This would allow private owners to:

- Develop comprehensive wildlife, conservation and water management plans all at the same time and all in one document;
- Put necessary resources in place to qualify for and initiate additional programs; and
- Apply for funding from additional programs to expand, enhance and/or continue practices.

TSPs should NOT be limited to implementing one program at a time. They should be used to:

- Bridge gaps between agencies;
- Assess conservation needs and opportunities on a property; and
- Use the full array of federal, state, local and private programs to assemble comprehensive conservation plans to:
 - ✓ Reduce operating expenses;
 - ✓ Provide new, ongoing, stable sources of income to help producers survive bad years;
 - ✓ Increase compatibility of ag operations with the environment;
 - ✓ Create plans (and assemble programs) that will work together from one property to the next on a regional and/or watershed basis.

TSP assistance should be used to establish conservation plans on as many properties as possible. This may not result in a producer enrolling in a specific program, but it will provide the producer with more information on his/her property and will recommend practices and management techniques that can maximize operations and use of the property in an environmentally compatible manner. Hence, conservation is advanced, even without the owner enrolling in a program. (But if no program is entered into, how will the TSP get paid?)

Finally, TSPs should be used to facilitate *Rapid Assessments* for on-farm improvements. Engineering for irrigation improvements in the Klamath Basin, for example, is taking too long. Producers don't have 5 years; they need approvals turned around in 3 months, or less.

Kyle Thompson provided the follow information to illustrate these points for a smaller property:

A project in the life of a consultant:

| Date | Task | Time |
|------|--|------|
| 1/1 | - Landowner contacts company | .5 |
| | - discuss landowner objectives and property | |
| 1/2 | - request resources | 2.0 |
| | - aerial photo, soils, topos, SRR, etc. | |
| 1/7 | - call back for resources | .2 |
| 1/15 | - received resources | .2 |
| 1/16 | - review resources and prepare call back to landowner | 3.0 |
| 1/17 | - left message for landowner | .2 |
| 1/18 | - landowner left message | 0 |
| 1/19 | - left message for landowner | .2 |
| 1/20 | - contact with landowner to discuss options and income opportunities | 1.0 |
| 1/25 | - follow up with landowner for any additional question | 1.0 |
| | - landowner secures services | |
| | - schedule site visit | |
| 1/30 | - site visit with landowner | 10.0 |
| | - review and inventory property | |
| 2/5 | - develop draft plan and layout, send to landowner | 4.0 |
| 2/10 | - review with landowner either by phone or by site visit (site visit preferred) | 4.0 |

| Date | Task | Time |
|------|--|-------------|
| 2/12 | - modify plan and submit 2nd draft to landowner, landowner approves | 1.0 |
| 2/15 | - meet with NRCS at site or in office to review plan (this step would be with SWCD if PLM's flowchart – included as part of Attachment 3 – was followed) | 4.0 |
| 2/18 | - possible modifications after visit with NRCS, requires review with landowner also | 2.0 |
| 2/20 | - application processes – unknown variable to consultant at this time as we do not know the complexity of this process with new TSP rules/requirements - FSA comes into play with cropping history reviews, CP2 forms, etc. | 4.0 to 20.0 |
| 3/5 | - review applications with landowner and provide budget | 4.0 |
| 3/10 | - make any modifications (usually there are none but sometimes there are) | 2.0 |
| 3/15 | - schedule meeting with FSA to sign contracts | 1.0 |
| 4/1 | - meeting with FSA and landowner to sign contracts - consultant reviews contracts for accuracy and provides support for landowner | 4.0 |
| 4/15 | - FSA committee meeting to approve or not approve contracts | 0 |
| 4/20 | - Provide landowner with completed contracts and support documents - vendors can provide installation plans, support documents provide general guidelines | 4.0 |
| 6/1 | - project installation - TSP review and oversee project??? | 10.0 |
| 7/1 | - review project for completion - does TSP do this? or NRCS or SWCD? - review with landowner for any questions or additional needs, provide expectations and | 10.0 |
| 8/1 | - all projects certified and cost share paid | |

Total hours from start to finish - 88.3 hours x \$65/hr = \$5,739.50 (includes mobilization, see breakdown below) for a 40 to 320 acre site with various applications at 50 miles away.

Based on this project, a pricing structure – *for guidance in pricing specific projects only* – could be developed, of approximately:

\$20 per acre ~ 60 ac. applied x \$55/ac. = \$3,300
 mobilization ~ 6 site visits x 100 miles RND Trip x \$1.50 = \$900
 mobilization ~ 10 visits to NRCS/FSA x 100 miles RND Trip x \$1.50 = \$1,500

Note that the price per acre has more than doubled as a result of working on a smaller acreage.

Additional information on these points is included on Attachment 2.

SUMMARY

This is a long document. You are to be commended to hanging in there to reach this point. We greatly appreciate the opportunity you've given us to express our views. We also appreciate that you are making the effort to develop a market-based pricing structure, rather than using a formula (20% TSP payment based on amount of payment made a producer under a farm bill program).

Up to this point, it is possible that our comments could lead you into thinking that it will be a complex undertaking to create a market-based price structure that reflects regional differences throughout the U.S. In fact, in re-reading this letter, I wonder if I haven't make you wish for the comfort of a straight-forward 20% TSP price structure. If the producer is paid \$10,000, then \$2,000 will be available for technical services. Unfortunately, \$2,000 wont cover the costs of what needs to be done on most properties.

Problem is, one size does not fit all, and I think that has been abundantly clear in our comments up to this point.

So what approach would we suggest?

First, as stated in our February 18, 2003 comments on the TSP interim rule, **we feel many problems can be avoided if TSP services are paid for directly through NRCS (or FSA).** Many landowners do not have the funds available to pay for consultant services and the implementation of conservation practices, then wait 12 or 18 months for reimbursement. Oftentimes they borrow this money, but that adds cost in interest charges. *Hence, many landowners are discouraged from pursuing conservation activities – or pursuing them more aggressively than they have in the past – because they are land rich but cash poor and in these tough economic times in the agricultural industry, every dollar that is spent must be spent very carefully and must first go into producing revenue.*

Also, if employees of government agencies, nonprofits and universities go into the market place and begin selling TSP services to landowners, they can do so without the need to cover expenses for their salaries, travel or overhead, since these items are paid in other ways.

However, if all “vendors” are paid through NRCS (or FSA), then differences in the way they have to (or can) price their services can be taken into account through the agreements that each vendor enters into with NRCS (or FSA). That way, each vendor will have their direct and indirect costs taken into account, and will have their time, travel, materials and overhead covered, even if the funds for these payments come from different sources.

In the end, it will represent the same expense to the taxpayer, since tax dollars pay for all the operating costs of government agencies and help support salaries and overhead through the federal grants paid to colleges and universities. But the differences in which each group pays these expenses will not distort the market place.

Second, we believe very strongly that USDA should use a system of MOUs to ensure quality control for all TSPs, and require a Scope of Services for each project. This provides

accountability and flexibility. It makes it possible to level the playing field between the different entities that may be providing technical services to producers – employees of government agencies, nonprofits, universities, and private companies and private consultants. And it allows for adjustments in project goals, the way in which services are to be provided, and costs once the project is underway, and the complexities that are unique to each property become clear.

Third, “basic charges” that are inclusive of all direct and indirect costs can be established for many services – and these basic or minimum charges can be applied almost uniformly across the U.S. For example, the cost of holding initial conversations with a producer, conducting an assessment of the producer’s property to determine conservation opportunities and needs, preparing a proposal and discussing these findings with the landowner, by going through the various options that are available to the producer for implementing conservation practices, can be done for about \$1500 for a producer that is located within 100 miles, and for \$2000 for producers located up to 500 miles away.

Where there are regional differences, a regional factor can be applied to adjust the “basic charge” up or down. These regional differences will be clear, however, if USDA implements an MOU/Scope of Service system, since vendors in each region will be submitting price estimates based on their market place experience, and these price estimates can be used as a reliable “starting place” for establishing project prices in that area.

Size of property is not much of a factor here. Almost the same amount of time is required to conduct an initial assessment of a property that has two acres of aquaculture ponds, five acres of horticultural produce, 100 acres of groves, or 2000 acres of pasture and cropland. You walk and ride around, look, ask questions, note key features, fill out checklists and take notes. The property tour takes one or two hours, maybe three if it is a complex operation. All in all, you spend a day going out to the property, talking to the producer, looking at the operation, gathering the data you need for a proposal and initial plan for the property, and returning to your office.

The one exception to this is the occasional very large property or very complex operation. I have recently been on a 65,000 acre cattle ranch, which I toured in about four hours. That was possible because it was one type of operation spread over several different types of habitats. But just last week I visited a property which is in excess of 200,000 acres and has 9 different types of ag operations. I spent the day in the office going over maps and talking to the managers of each operation. Tours of the property are being scheduled and will take three days. The fee for this property will be higher because of the amount of time involved in conducting the initial assessment and the additional complexity involved in developing a proposal. But, as noted above, I started with the “basic” fee of \$1500, and using it as a guideline, have increased that fee proportionately to accommodate the additional work required for this property. The fee for this property has been increased to \$3500.

Again, these differences can be taken into account through the MOU/Scope of Services approach that we’ve recommended.

Finally, there are some services, where the size and complexity of the operation make prices highly variable. This includes development of a NRCS-approved conservation plan, requesting adjustments in selected programs to accommodate and respond to unique local conditions, and implementing many of the practices included in USDA’s online survey. In these cases, *“You don’t know what will be involved until you are in the middle of the project.”*

Melissa Hammond
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But, again, these differences can be taken into account through the MOU/Scope of Services approach that we've recommended.

I hope you find these comments of value. Should you have any questions or need additional clarification, please to do not hesitate to contact me, or one of the other members of the Conservation Delivery Team.

Sincerely,

A handwritten signature in blue ink that reads "Craig Evans". The signature is written in a cursive style with a large initial "C" and "E".

Craig Evans
President

See cover letter for members of the Conservation Delivery Team contributing to this letter
Conservation Delivery Team website: http://privatelands.org/FSP/FSP_partners.htm