



Natural Resources Conservation Service  
6200 Jefferson NE  
Albuquerque, New Mexico 87109  
Phone: (505) 761-4400 Fax: (505) 761-4462  
Web site: [www.nm.nrcs.usda.gov](http://www.nm.nrcs.usda.gov)

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April 30, 2009

NEW MEXICO BULLETIN NO. 300-9-7

SUBJECT: LTP – FARM BILL PROGRAMS – PAYMENT LEDGER DATA COLLECTION  
AND PROGRAM PARTICIPANT PROVIDED LABOR AND EQUIPMENT  
RATES

TO: All Offices

Purpose. To 1) provide sample form for participant records collection, and 2) update policy on program participant provided labor and equipment costs for uses in completing payment ledgers.

Expiration Date. September 30, 2009.

In order to increase consistency in setting rates for program participant provided equipment and labor, all field offices are to apply the following information in development of payment ledgers. Please remember that the purpose of payment ledgers is to help inform future payment scenarios, and exercise appropriate judgment in completing summaries for your office. **If program participant records seem unreasonably high or low, even if they are supported by information called for in this bulletin, please be sure to note deficiencies in the explanation section of the payment ledger to help improve payment scenario development.**

### **Participant Records Collection**

Program participants should be asked to track materials, labor, equipment and travel / mobilization, and other costs in a format that the Field Office can utilize to complete payment ledgers. **As stated previously, this requirement applies to both program participant and contractor installed jobs.** A sample tracking sheet is included as *Attachment A - Participant Cost Sheet (.pdf)*, and *Attachment B - Participant Cost Tracking Sheet (.xls)*; and, *Attachment C – Sample Completed Participant Cost Tracking Sheet*. The sample focuses on participant installed practices, but could also be provided to contractors not accustomed to breaking costs out in this fashion. This format is not required, but this or a similar one should be used to help improve quality of payment ledger entries.

### **Program Participant Provided Equipment and Labor**

For program participant provided installations (**only**), one of the following methods should be used to assign values to labor, equipment and travel.

**Labor Rates:**

**The program participant labor rate cap is \$13.00 per hour** and applies to all program participant tasks, including equipment operations, unless a program participant can document higher labor costs.

**Equipment Rates:**

Due to the variety of equipment used in the installation of conservation practices, it is difficult to come up with a single “fair” payment cap method. Accordingly, equipment costs on producer provided installations should be based on the most appropriate of the following methods:

- 1) Actual rental receipts and fuel costs, if available.
- 2) A rate not to exceed the equipment use rate caps in the table listed below. The table includes “*With Fuel*” and “*Without Fuel*” rates. **Generally, “*With Fuel*” rates should be used to simplify calculations and record keeping requirements.** However, if fuel usage is documented, “*Without Fuel*” rates may be used and fuel costs tracked separately.

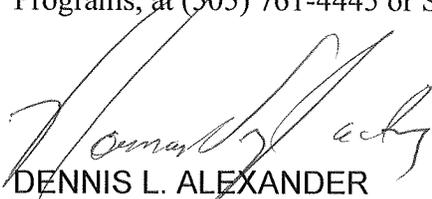
**Program participant Equipment Use Rate Caps**

<b>Equipment</b>	<b>Without Fuel</b>	<b>With Fuel</b>
Trencher, Chain Type (Walking or Riding)	\$10.00/hr	\$15.00/hr
Backhoe, Loader, Trencher, Ladder/Chain or Wheel Types (4'+ deep) or Medium-Tractor (w/attachments)	\$23.00/hr	\$31.00/hr
Bulldozer, Excavator, Grader or Large Tractor	\$46.00/hr	\$60.00/hr
Pick-Up Mileage		\$0.55/mi

**These rates include all maintenance and supply costs, but exclude operator costs. Use labor rate above unless receipts are provided.**

- 3) If use of standardized rates from the table above does not reasonably approximate true costs, a third, more equipment specific method is available. This method relies upon **published** equipment rental rates and requires manual calculation of an hourly rate cap. The hourly rate is calculated as the published weekly rate for the actual equipment used (or a clearly documented comparable piece of equipment) divided by 40 (e.g. weekly rate of \$400 translates to a \$10/hour rate). Fuel costs must be tracked and added separately. See *Attachment D: Sample Published Rental Rates*. Use of this method is strongly encouraged if participant costs documented via method 2 do not appear to support contracted payment amounts (that is a program participant’s payment appears likely to exceed 100% of documented costs), and producer used a higher cost piece of equipment.

If you have questions, please contact Norman Vigil, Assistant State Conservationist for Programs, at (505) 761-4445 or Seth Fiedler, Resource Conservationist, at (505) 761-4416.

A handwritten signature in cursive script, appearing to read "Dennis L. Alexander".

DENNIS L. ALEXANDER  
State Conservationist

Attachments