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August 12, 2010

NEW MEXICO BULLETIN NO. 440-10-4

SUBJECT: PGM – EQIP – GUIDANCE FOR FY-2011

TO: All Employees

DUE TO STATE CONSERVATIONIST BY OCTOBER 1, 2010

Purpose. To provide guidelines/timetable of activities for local EQIP proposals and program guidance for FY-2011.

Expiration Date. September 30, 2011.

Attached are a schedule of activities (attachment #1), guidance (attachment #2), watershed/small acreage initiative worksheet (attachment #3) and a proposal template (attachment #4) for all Designated and Area Conservationists in New Mexico to use in assisting Local Work Groups (LWGs) in making recommendations on implementing the EQIP and WHIP for FY 2010. Designated Conservationists are encouraged to move ahead with developing the EQIP proposal for their Field Office (FO). **The FY 2011 EQIP proposal is due to the State Conservationist by October 1, 2010.**

LWG meetings should be scheduled from August 16 through October 1, 2010. Please keep in mind that LWGs are advisory, not decision making, groups. The proposal from the FO is the final recommendation of the Designated Conservationist to the State Conservationist on the various aspects of carrying out the program for FY 2010.

The following information is required as part of your proposal in addition to the information outlined in the template:

- ❖ Screening criteria to determine High, Medium and Low priority
- ❖ Technical criteria to address tiebreakers
- ❖ Cost caps for high cost practices if applicable

The most widely used practices will initially use a cost share rate factor of 75% percent in developing the payment schedule. If a different rate is desired, submit the justification with your proposal preferably on Area jurisdiction.

The cost-share rate factor for successful Beginning Farmer-Rancher, Limited Resource Farmer-Rancher and Socially Disadvantaged applicants will be 25% higher than the non-HU rate, up to a maximum of 90%, unless a lower rate is approved by the STC, based on the AC's recommendation.

The attached template (#3) is one of two options to be utilized for seeking funds for new watershed projects. LWGs/FOs wishing to submit a proposal for a watershed project should only submit the proposal as either a state watershed initiative **or** CCPI (through the national RFP process), but not both. Given the funding challenges nationally, we will be setting aside more of our state allocation for state watershed and small acreage initiatives and other local initiatives. Keep in mind that an application involving federal lands can always be considered under conventional EQIP funding pools, but you will want to coordinate closely with the public land agency.

The AFO initiative funding pool will be established at the Area level incorporating ranking criteria to meet the needs of the field offices.

There will be a Tribal lands initiative based on the acreage contained within each field office similar to 2010 funding level.

Contact Michael Neubeiser for additional guidance on these initiatives or submit a proposal as described in attachment 3.

It is important that each FO proposal be submitted in accordance with the guidelines set forth in attachment 2. If the guidelines are not followed, there may be delays in approving and publishing the proposal to the state website. EQIP cannot be implemented in your area until you have received authorization from the State Office.

Watershed and Small Acreage Initiative will be matched from a State reserve pool as identified in the field office proposals until all reserve funds have been expended.

FY-2011 State Initiatives

- ❖ Tribal
- ❖ Watershed
 - CRP
 - Wildlife
 - Public/Private Lands
 - Others
- ❖ Small Acreage
- ❖ AFO

National Initiatives

- ❖ Organic
- ❖ CCPI
- ❖ AWEP
- ❖ Ogallala
- ❖ Lesser Prairie Chicken

It is anticipated that AWEP and CCPI RFP's will be available in mid-November with a 30 day deadline.

Payment Schedules

Cost Data will be gathered in support of 2011 payment schedules on a quarterly basis using the payment ledger provided. The data is due the last working day of the second month in each quarter. An updated ledger will be provided; its use is mandatory. There is no change from last year but a focus effort to gather cost data and update scenarios as need is demonstrated by the field offices.

Practices

Beginning in fiscal year 2011 the planned depth of all wells must be supported by a geologist report with payment based on the maximum depth identified in the report. This requirement applies to existing and new contracts. Document in tech notes that producer has been informed of this program requirement. In addition, on those wells that the producer elects to drill beyond the maximum depth established by the geologist report, notification must be provided to state geologist of such action if we are providing payment on that well. Again our payment is based on the depth considered by the geologist to be appropriate for the corresponding area. As always, unforeseen and extenuating circumstances arise necessitating further consideration.

Also, as a reminder, NRCS cannot approve FA payments for dry wells.

High Tunnel Systems (Hoop Houses) were made available for the first time in FY 2010, but only for EQIP-Organic applicants. In FY 2011 Hoop Houses, where appropriate, will be an eligible practice for all EQIP applicants. Funding pools will be established for each area for applications where High Tunnel systems are the only practice.

Ranking

Based on draft guidance for schedule of activities, states will release ranking tools by October 30, 2010.

Cost Over Run Account

Cost overrun accounts are to be used for the following purpose:

- ❖ Add additional funds at time of payment
 - <\$500 quantity increase (modification not required)
 - >\$500 quantity increase (modification required)
 - Increase of (lesser of) >20% of total obligation or \$10,000 (SO approval required)
- ❖ Unused funds return to cost overrun accounts

Staff is encouraged to check the status of cost over run accounts before initiating modifications.

Index Payment Rate

The rates for FY 2010 are listed below. The rates in FY 2011 may change. They are incorporated into the ProTracts software. There is no action required at the field level.

- ❖ FY-07 rate will be 13.4%
- ❖ FY-08 rate will be 8.1%
- ❖ FY-09 rate will have no increase since prices declined
- ❖ FY-10 TBD

As per CPM 440 Part 512.85, 2005 funds are cancelled as of October 1, 2010. This means obligation increases, whether modifications or payments for FY 2005 (and earlier) approved contracts and Equitable Relief will come from the FY 2011 year reserve fund.

Advance Payments

- ❖ Available to EQIP participants that self-certify as Historically Underserved.
- ❖ May only be provided for anticipated “out of pocket” costs associated with purchasing materials, supplies, equipment, and services required for practice installation.
- ❖ Cannot exceed 30% of the estimated payment a participant is scheduled to receive for a contract item.
- ❖ Requests shall only cover “immediate needs” and the practice must have an approved design prior to the CPC modification to determine the extent of the payment advance.

Conservation Stewardship Program

The tentative application cut-off date is set for December 30, 2010. The tentative obligation date is set for April 30, 2011. Remember, CSP like most other financial assistance programs has a continuous sign-up period.

The second level review and contract approval will follow the same process as EQIP. Peer reviews will not be required but may be utilized upon the Area Conservationist discretion. A quality assurance process utilizing State Staff and ARCs will be implemented this fiscal year. See attached memo (attachment 5), Contracting permissions and separation of duties for Certification and approval, for additional guidance.

Easement Programs

A reminder that all easement programs have a continuous sign-up policy. Last fiscal year the Secretary and Chief placed a renewed effort and focus on WRP and we will continue with that focus once again. Our efforts last year showed a significant increase in WRP activities throughout the state.

The State Office WRP Team consisting of Programs and SRC staff will handle the majority of the program requirements. However, baseline data such as resource inventories, conservation plans and annual status review require field office participation. FRPP and GRP require the same level of participation by the field offices.

We will target the eastern counties for the Grassland Reserve Program (GRP) as we did last year.

Conservation Innovation Grant (CIG)

We have not received guidance for FY-2011 but we anticipate placing priority on those proposals that include a riparian component for the state proposals. State Conservationists can set aside up to 5% of the EQIP allocation not to exceed \$75,000 per proposal. Our trend has been to set aside \$150,000 for the state component.

Wildlife Habitat Incentive Program

- ❖ Maximum federal costs cannot exceed 75%
- ❖ Incentive payments are not allowed
- ❖ Forgone income is considered an incentive and therefore not allowed as a cost category
- ❖ Private lands are only eligible – A revised definition has been developed for Agricultural lands in the WHIP manual providing clarification and expanding the eligible lands.

Your proposal must be submitted in electronic format.

It is important that you carefully and thoroughly review this bulletin and attachments.

If you have questions on any of the attached information or guidelines, please contact Norman Vigil, Assistant State Conservationist for Programs, 505-761-4445; Michael Neubeiser, Resource Conservationist, at 505-761-4419; Seth Fiedler, Resource Conservationist, 505-761-4416, or Danny Branch, Resource Conservationist, 505-761-4407.



DENNIS L. ALEXANDER
State Conservationist

Attachments (6)

- #1 - Schedule of Activities/Deadlines (1 pg)
- #2 - Guidance (3 pgs)
- #3 - Watershed & Small Acreage Initiative Worksheets (1pg)
- #4 - F.O. Proposal Template (1 pg)
- #5 - Memo dated March 30, 2010, Contracting Permissions