

FREQUENTLY ASKED QUESTIONS:

PHOSPHORUS REDUCTION AUCTION IN THE KALAMAZOO RIVER WATERSHED

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Q: Why are we doing an auction?

A: To test out a cost-effective approach to incentivize conservation practices to reduce the loss of phosphorus off farmland and their flow into Lake Allegan and the Kalamazoo River.

Q: How will winning bids be determined? Will everyone get the same payment?

A: The auction will be uniform-priced and all winning sellers get paid the same price per pound of phosphorus at the rate of the top winning bid (below a certain threshold which will be determined when all the bids are received and ranked). This means that your contract payment may be higher than your bid price, but it will never be lower than your bid price.

Q: What practices are eligible for the auction?

A: Cover crops, strip till, no till, or a combination of cover crops with either tillage practice

Q: What kind of reductions in phosphorus can you achieve when implementing eligible conservation practices?

A: Reductions will range from ½ to 2 lbs per acre depending on the field characteristics and practice implemented. Soil type and slopes will influence the potential reductions. Combining practices that reduce soil disturbance and keep it covered will have additional benefits for soil health on the field.

Q: How will reverse auction payments compare to NRCS payments?

A: Payments through the Environmental Quality Incentive Program (EQIP) may change based on various factors. For more accurate values, contact your local USDA-NRCS Service Center. **The base payment rates are:** Cover crops: \$33.55/acre -- Reduced till: \$14.59/acre -- No till: \$16.42/acre

Q: Do I have to implement the practice on the entire farm?

A: No, a single field can be enrolled - this is useful for when you want to try out a new practice on part of the land.

Q: Can I implement one practice on one field and another practice on another field?

A: Yes, this can be done by submitting multiple bids, one for each field. Participants can submit an unlimited number of bids, each representing a single field. Keep in mind that not all bids might be funded. For example, the table below lists submitted bids from three farmers. The highest winning bid would be set at \$15 per pound. Farmer B and C would both receive a contract. Since Farmer B bid below the winning bid, their payment is increased so that all winners are paid at the same rate for their phosphorus reductions. NOTE: all numbers for illustrative purposes.

Name	Bid	Phosphorus Reduction	Cost Effectiveness	Contract Payment
Farm A	\$2,000	40 lbs	\$50 per lb	No award
Farm B	\$5,000	500 lbs	\$10 per lb	\$7,500 (\$15/lb)
Farm C	\$9,000	600 lbs	\$15 per lb	\$9,000 (\$15/lb)

Q: Is there a cap for bid prices? How is that determined?

A: There will be a cap for bid prices and all bids that fall below the cap will be awarded. All winning bids will get paid the same price (per pound of phosphorus), at the rate of the highest bid below the cap. The cap price will be determined once all the bids have been submitted and cost-effectiveness is evaluated.

Q: When will I get paid?

A: Payments will be made in installments, distributed equally upon contract signing and then annually following verification of practice implementation.

Q: What do I need to do to participate in the auction?

A: Review the auction rules and make sure all the eligibility requirements are met. Then, complete the Bid Application Form and return it to the Allegan Conservation District (ACD) at 1668 Lincoln Rd. Allegan, MI 49010 or jenna.rasmusson@macd.org. If you would like to see your estimated phosphorus reductions, or have any questions, reach out to the Allegan Conservation District. Bids must be received by ACD by auction close date, August 31, 2021.

Q: I'd like to submit a bid, what information do I need to get one together?

A: First, choose which eligible practices you are interested in adopting and on which field(s) they would be implemented. Provide a map of the fields you want to submit, and give each field a unique number or label for reference. Finally, set a bid price for each field you are submitting. Contact ACD for help with mapping fields.