

Final Grant Report of Greater Easter Jemez Wildland Urban Interface Corporation

Contract number 06-521-0499-0221

Work Plan number 06-06-178

Authorization date March 9th, 2006

Original Grant Amount - \$225K with a 70:30 Federal:Match split

February 16, 2008

Introduction:

On February 14, 2008 the final request for reimbursement (number 17) was submitted for Contract number 06-521-0499-0221, administered by the Greater Eastern Jemez Wildland Urban Interface Corporation (GEJWUIC), a non-profit 501(c)3 created solely to address the local wildfire hazard issues on private property in the Jemez Corridor of Sandoval County, and to interface with any and all interested parties to the Wildland/Urban Interface challenges, as by one method, in the administering these types of grants. The purpose of this report is to highlight both the successes and the failures of the administration of this grant by GEJWUIC in order that the State and Federal agencies may better respond to problems and better facilitate the administration of grants and grant moneys in the future.

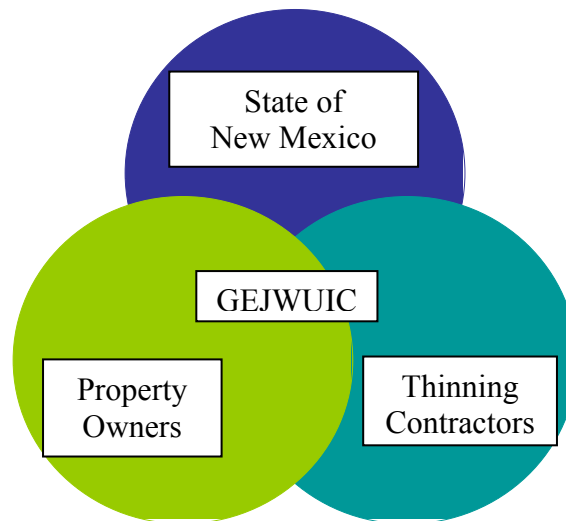
GEJWUIC views itself as an organization of impartial observers and volunteers uniquely placed at the fulcrum between the New Mexico state and federal bureaucracy, local property owners, communities and the general public, and general thinning contractors, contracted to perform the necessary removal of heavy fuel loading on private property. GEJWUIC works closely and relies heavily on the advice and expertise of the New Mexico State Forestry, Bernalillo District in the day to day, on the ground administration of the grant and depends upon the State to efficiently process the grant accounts and our requests for reimbursements. We, in turn, strive to provide great monetary value for our administrative services (most of our time and effort is voluntary), a reputation for honesty, and prompt response to accounting issues.

In order to effect change within the communities of the Jemez Corridor (between Soda Dam and the Sandoval – Los Alamos County line on State Highway 4), we have cultivated a reputation of honest, forthright and generous dealings with the property owners in the Corridor and within our own communities. The trust of our neighbors and our communities for honest and responsible advice and help in dealing with each owner's fuel loading issues is what facilitates any public involvement on private land.

Our relationships with and our responsibilities to local thinning contractors (trying to sustain their own living) are that we facilitate the matching of participating property owners and available contractors, that we facilitate the inspection of performed work, and arrange for the prompt billing and payment process for contractors through the grant. Further, we view our responsibility to the contractors such that we have been placed in

the position of negotiating a fair price schedule for their services when negotiating the grant work plan with the state.

**Greater Eastern Jemez
Wildland/Urban Interface Corporation
Relationships**



Time, Money and Resources: The Three Necessary Ingredients for Any Endeavor and How these are Managed During the Grant Process.

As stated above, GEJWUIC is, predominately, a volunteer organization, and as such, each volunteer's *time* is our most precious commodity. We don't have the luxury to drop all our other concerns and devote 100% of our efforts toward grant issues. For the luxury of having a full time staff ready to deal with all concerns, the grant will have to **pay** substantially more in administrative costs. For this last grant we were allocated a little over 13% of the grant for administrative costs for a total of \$25K. In actuality, we spent less than half this amount for a total of \$9,273 dollars, and this was for 2 years of service for a net overhead of 4% of the grant allocation. We, as an organization, would prefer to spend the dollars for work on the ground and in order to make this happen we have dedicated members that try to minimize time consuming mistakes and that respond as promptly as possible to on going issues. You can not buy this type of service, and if the state stops to consider, the time and effort GEJWUIC invests in a grant is the most valuable ingredient we can give to this process and should be encouraged and managed better by the state. However, the state can, through incompetence, squander this resource of time and make miserable the conditions for operating any grant.

Total Grant Allocation:	\$225,000.00	
Federal Money Spent on the Ground	\$205,365.09	91.3%
Federal Money Spent on Administration/Operations:	\$9,272.58	4.1%
Federal Money Left Unused:	\$10,361.33	4.6%
Federal Money Slotted to be Used but for the lack of Time, Weather, Contractors:	\$9,955.40	

(all but ~\$400.00 of the total Federal Money)

Beginning the process. Once notified of our being awarded this grant, we began the process of negotiating a work plan for this grant. We had learned a great deal during the first grant process so for the negotiation of this second grant, we took as a template the work plan of the first, and began negotiating for changes in the payment structure for contracted thinning.

The responsibility to negotiate a fair price for contractors was GEJWUIC, and GEJWUIC was without experience or detailed understanding of the costs involved during the first grant process. We had gained much understanding of the process through the administration of the first grant and felt obligated to negotiate a fair price structure. Without the correct balance, we would be unable to find contractors (**resources**) to perform the work. Too much compensation, and property owners may not be able to afford to thin their property and GEJWUIC would not be able to afford to thin substantial amounts of private land throughout the Jemez Corridor. Unstated is the following framework – Thinning Contractors want a maximum amount of money, paid in a timely manner, consistent and substantial jobs; Property Owners and the State want to pay the least amount of money, and GEJWUIC, the State, and the Property Owners want the job done in a satisfactory manner. Contractors and GEJWUIC wanted the contract performed and reimbursement tendered in a timely manner. GEJWUIC felt that the contractual service pricing was a fundamental and important aspect of the grant work plan that needed to be thoroughly debated, and it was. However, it turns out that all liability of lost grant **time** for negotiating the work plan was GEJWUIC’s problem.

As the previous grant expired at the end of 2005, this new grant’s clock informally started ticking Jan. 1, 2006 even without a signed work plan. Any and all delays in the signing of the grant work plan were bourn by GEJWUIC and not extended by three months at the end of the grant expiration date. Any points of negotiation such as the pettiness of and inflexibility in terms of the grant application (written 2 years prior in profound ignorance on our part) in regard to volunteer time compensation amount (that had reasonably increased over the ensuing years but had been called out in an exact amount in the application, and which would have helped GEJWUIC considerably as we were more committed to giving **time** than costing the grant **money**), were our liability and

not the state's. All the time spent on the negotiation of the work plan was non-compensated time for the GEJWUIC. The grant operation *time* was effectively shortened by three months, until the work plan was finally signed in early March, 2006.

Even though it was clear that a Request for Proposal of Thinning Contractors would have to be developed and executed, this preparatory effort, which could have run in parallel to the work plan negotiations, was delayed until the signing of the grant work plan. There was no incentive to do any planning or development before the work plan was signed as that effort and time would also remain uncompensated match time. This meant that there were further delays in getting the thinning operations off the ground. In addition, these delays ate into good operating weather conditions for the contractors and encouraged a sloppy and haphazard RFP process once the work plan was signed, as now every hour spent on the RFP process was time not spent on the grant execution. Public outreach and invitation to participate in the grant was also delayed for the same reasons stated above.

Possible Solutions: If you have volunteers, *compensate their time generously*. While negotiating the grant work plan, allow your volunteers to record their time spent in the initial work plan process for a grant, in communication time, and in any preparatory time they expend getting the grant in place and establishing the initial phases of the grant. If negotiations for the grant work plan fail – there will be no match compensation for any of the time expended and no funding either. All the funding may be returned or used elsewhere. If negotiations are successful for a grant work plan, then the organization will have already accrued some match that it can use for necessary and approved operating expenses and it will be better able to hit the ground well prepared and running, rather than in disarray and confusion. What has the grant administrators to lose by allowing volunteers to record their time prior to the grant's signed work plan? If you don't want your volunteers recording time too far in advance, start the time window with the grant award notification date. Does the administration fear that volunteers will drag the process out and not come to an agreement with the state in order to rack up more volunteer hours? We still don't have access to the grant money, we are not being personally paid for our time, and seriously, we don't have the time for such games. We have better things to do with our time.

Since the bureaucracy would rather not pay large sums of money for the services the grant is intended to address, it would behoove the State to work hard to compensate contractors quickly and in as timely a manner, as possible. Again, it costs us all when the state wastes time compensating contractor.

Accounting and Reimbursement Nightmare

For both 2006 and 2007, the state further squander the grant's operating *time* and contractor *resources*, GEJWUIC's patience, good will, and reputation, and in the end, GEJWUIC's ability to administer this grant. The state may have also been the major contributor to the bankruptcy of general contractors throughout the state. For both years, the state had a SNAFU in their accounting process which delayed for months the requests for reimbursement for contractors. If the state did not reimburse, we could not pay the

contractors the majority of their compensation, and they in turn could not pay their employees, or their other expenses. They spent their time calling us and asking us when they would be paid. We spent our time trying to get them paid and one of our members used their own finances to help compensate some of the smaller contractors in a more timelier manner than the state cared to (and GEJWUIC paid interest on that impromptu loan with our own resources). Thinning contractors could not afford to execute any further contracts with just the promise of grant payment and invest further *resources* into the process that they were not being compensated. **These small business men were surprised to find themselves forced to float interest free loans to the state at the state's whim with only weak excuses provided by the state in return.** Therefore, these accounting fiascos delayed the execution of the grant a further 3 months during some of the best weather conditions available during the year, as once contractors left an area and were not being compensated, they took other jobs to meet their financial obligations. Once gone from our area, there were further delays getting them back, and their good will was not extended further to us. Unstated, but understandable, the execution of this grant during the winter months is also impractical. So with the way these logistics played out, one year of grant operation time resulted in a reality of only about 4-5 months of real operation time.

**1 year – 5 m bad weather – 3 m of accounting screw-ups during the good weather
= 4 m to execute contracts**

Accounting and Reimbursement Delays.

GEJWUIC decided early on that the 30% match that we held for the participating property owners should be paid to the contractors as soon as the state issued a passed inspection report and the contractors issued an invoice for the contracted work. The state may wish to encourage this practice with all its grants. The quick release of the matching funds were what held body and soul together for many of these thinning contractors, but generally, it wasn't enough. As grants go to a 50:50 split, the released matching funds to the contractor upon the successful completion of the work will be greater, but the state has a duty and obligation to better and more quickly compensate contractors. With banking moving into the electronic age, the state accounting should too. Instead of cutting paper checks, days if not weeks can be saved by automatic deposit. Many times we received reimbursement checks in the mail on a Friday after banking hours and no way to get them deposited until Monday, at the earliest.

If the state can't manage electronic banking, then we would suggest that the state makes an initial 5%-10% advance of the grant funds to the pass through non-profit Corp., which would be used to buffer the reimbursement process so that contractors could be paid much sooner during accounting fiascos. You will note that GEJWUIC hold the initial 30% match from property owners, we could have also held the 70% match from the grant too. At this point, no funds are paid the contractor unless all criteria for payment are met, and contractors are never paid in advance. And the state need not reimburse the request for reimbursements if problems are found that are not resolved, and it is in the non-profit Corp interest. to resolve problems, or the remaining grant fund will

remain unspent. Again, this is a balance between money and time; and with the advance of a minimal amount of money, many of the time problem issues bourn by GEJWUIC and the Contractors could be relieved. If you think embezzlement is going to be a problem, wouldn't you rather know this up front? If you think that a non-profit will embezzle the funds at the end of the grant cycle and not return the remainder, then aren't they destroying future grant funding for that organization? I would point out that past experience has taught that it is the state which has shown bad faith, not our non-profit organization, so where should future faith be placed in regard to accounting issues?

Might I point out that the state could manage the grant money better during these accounting fiascos by financing through state funds some kind of buffer account or negotiating with the federal government some mechanism for having funds available in a timelier manner? You must have some idea how to do this better and take better responsibility for reimbursement.

Failure to Spend the Last \$10K

Of the \$225K grant allocation, \$10,361.33 was returned. Of the returned amount, four property owners were waiting to have their property thinned and \$9,955.40 of the remaining amount was slotted for these properties' use. And so something like 5.5 acres (all in the Sierra Los Pions Area) failed to be thinned with this grant.

Two of the properties were in queue for more than a year. These two and two others, that were successfully thinned, and one additional property that came into the process in August of 2007, wanted all the residual wood removed from their property. Only one thinning contractor originally indicated that they were willing to remove the residual wood from these contracts. Because of their own internal changes in management and an inability to move efficiently and quickly to process these thinning contracts, they were only able to process two contracts (for a total of a little over 7 acres), and they left the two properties that had been on board for more than a year and the last contract, which came in late, for a total of about 4.8 acres in the Sierra Los Pinos area, un-thinned. As it became more evident that these properties may be left on the table, GEJWUIC started working with the property owners to see if they would be amendable to having the residual wood left on their property in an appropriate manner as allowed by the grant. Some were willing others were not. And in the end it didn't matter, as we were unable to get another contractor in to process these properties.

By the end of August '07, contractors could not afford to work on these contracts as they hadn't been paid for previous contracts. By October, they had been paid but contractors were otherwise engaged in other jobs elsewhere, as everyone wanted the efficient contractors' services before the end of '07 and the winter weather set in. We were only successful at getting contractors to return to this area to process these contracts if the contracts were for thinning greater than 5 acres or if the properties were localized in close proximity and the combined acreage was more than 5 acres. As an example, we had one property of 3 acre size sit waiting for any contractor to process it for over two months, and it was only processed when a neighbor came into the process in early November wanting an additional 4 acres of their own property thinned. Both were

processed quickly after a contractor was now interested in 7 acres to thin. Contractors were uninterested in 1 or 2 acre projects and once the snow flew, one contract had to be renegotiated to exclude un-thinned sections from the contract as the contractors were totally uninterested in working in the snow, and therefore, no new contracts were taken once winter weather set in. In the end, we ran out of time and resources first – not money.

Possible Solutions:

In the future, we would not offer property owners the option of having their residual wood removed. Residual wood should be processed on site and the removal of it should be left to private negotiation. Because of only one contractor was willing to remove the residual wood, we didn't have the option of moving the contract to a more efficient contractor – there were no other willing contractors to take the wood. A better end game should be played, where contractors should be brought in earlier and the small properties should be better bundled together at the end or should be processed earlier in the process – again it would help if we hadn't had the accounting problems that discourage our best contractors from working on this government grant.

Acceptance of Defensible space in our Communities

By our calculations, a total operating window for Contractual Thinning for March '06 through Dec. of '07 resulting in only 14 months of real on the ground operational time, and the following table outlines our efforts.

	Def. Space (acres)	Gen. Thin. (acres)	Area Tot. (acres)	No. Prop	Grant \$	Grant \$/acre
Areas 1,2,3	1.5	-	1.5	2	\$2,305.80	\$1,537.20
Cochiti Mesa	1.0	15.0	16.0	3	\$16,481.00	\$1,030.06
La Cueva	1.0	3.1	4.6	2	\$12,960.00	\$2,817.39
Seven Springs	5.7	10.45	17.7	5	\$25,651.00	\$1,449.21
Sierra Los Pinos	9.1	45.16	55.3	20	\$93,040.99	\$1,682.48
Thompson Ridge	11.4	11.5	23.4	19	\$47,811.00	\$2043.21
TOTAL	29.7	85.2	114.9	51	\$198,249.79	\$1,725.41

Sierra Los Pinos area utilized nearly half the grant allocation for thinning and fuels mitigation and thinned over 55 acres. 4:1 of the acres thinned were general thinning to Defensible Space thinning and so the cost per acre was under \$1,700/acre. Cochiti Mesa acreage was the most cost effective, costing only a little over \$1,000 an acre but not that it had the greatest ratio of General thinning to Def. Space acres. It is true that the smaller the property, the greater the average cost of processing the property. (There are added hazards of homes, and other obstructions and access problems.) But the thinning of these small properties tends to impact more members of the community, as neighbors and their homes are closer together.

We have interacted with over 51 families and owners in the Jemez Corridor, and gave advice and guidance on maintenance of defensible space around their homes, even if these property owners decided to forgo participating in the grant. And as more people participate in a community, the ideas and acceptance of maintaining defensible space are better established. In Thompson Ridge, where a majority of owners have participated (something like 70% of the ownership), the entire community's look has changed. No longer is it fashionable to have an overgrown thicket around your cabin. The populace now values a more open look to their community. Most of the members, who have not participated to this point, accept that they should do something with their private property and have indicated that they are ready to participate at the next opportunity. Those that have been slow to adapt to the change, face community pressure to conform and are losing their arguments for keeping excessive fuels close by under the guise that this type of thinning is really clear cutting and that by leaving their property with excessive fuel loading they are keeping a more 'natural' forest. Most of the community likes the changes that are occurring and are finding that property values have increased or at least the ease of marketing a property is better.

Proportionally, Sierra Los Pinos Area has had less participation (something like 15% of the ownership) though more acreage thinned. But acceptance of the idea of thinning one's overgrown forest is becoming more the norm, and full time property owners are looking for more or different opportunities to reduce fuel loading on their property by participating in curb side chipping, which the Homeowners' Association helped sponsor or hauling their own slash. There is ongoing and consistent interest in the grant opportunities and any other opportunities that are made available. Participation only seems limited to the speed homeowners feel comfortable proceeding, monetary resources and how much control the owner wishes over the process.

Seven Springs, as our oldest community, continues participation at a steady if slow rate. This neighborhood has a great deal of absentee ownership and is somewhat suspicious of new change. We anticipate, continual but slow interest in this area, due to these homes not being a 'high' priority to an absent owner. Though the idea that some fuels reduction is good, there is still argument as to how much is really necessary. Most who have participated have been convinced that thinning was necessary and the best opportunity for an affordable price could be had through this grant. As others in this community become use to the more open look, we expect there will be more conformity

in the neighborhood. But that it will be slow, as owners find the finances, and personal motivation to see the process through.

Cochiti Mesa has offered the most hope for future participation. With this grant cycle, three property owners participated and thinned 16 acres. These three owners were pleased with the results and had been looking for a mechanism to accomplish these changes. We are primed to make an even bigger impact in this community with the contacts we have made this last year. It was with some frustration that we are unable to continue to offer the grant opportunities now that we have made these inroads into the community.

Areas 1,2,3 and La Cueva participation has been a continuing disappointment. Community involvement has been sporadic at best, and those that participate in the grant have only expressed self interest in the grant. A broad community interest is lacking. Once an owner has participated and benefited from the grant, owners are satisfied but care little that the broader community may or may not have an opportunity to benefit. Much of this disinterest may be because there are no clear avenues for these communities to communication with each other. Most members seem pretty isolated from one another and have an 'its not my business' attitude about their community's wildfire preparedness. It's these communities that need the most attention in the future.

Ann Cooke

GEJWUIC, President