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Stewardship End-Result Contracting

Stewardship end-result contracting is an innovative way for the Forest Service and Bureau of Land Management (BLM) to collaboratively restore public lands and create economic benefit for rural communities. This issue paper describes the benefits that stewardship contracting provides to public lands and local communities, and offers some suggestions to further improve the effectiveness of stewardship contracting as a tool for providing rural community benefit through the collaborative restoration and stewardship of public lands.

The Forest Service and BLM have been increasing their use of stewardship contracting authorities by entering into contracts and agreements to accomplish a wide range of natural resource management objectives. Between fiscal years 1999 and 2009, the Forest Service alone awarded 642 contracts and agreements for restoration treatments on over 405,000 acres nationwide. In recent years, stewardship contracts and agreements have been the most effective tool in optimizing benefits from the nation's public forest and rangeland resources including providing clean air, clean water, biodiversity, a sustainable source of domestic energy and wood products, mitigating the effects of global climate change and providing sustainable rural livelihoods in local communities across the country.

In a growing number of national forests, such as the El Dorado and Shasta-Trinity in California, Colville in Washington, Siuslaw, Fremont, Malheur, and Wallowa-Whitman in Oregon, Flathead in Montana, Boise in Idaho, Apache-Sitgreaves in Arizona, and the Francis Marion in South Carolina, stewardship contracting has become a central way of doing business. Similarly, a number of BLM offices including the Butte Field Office in Montana and the Medford District in Oregon have made considerable use of the stewardship contracting authorities.

Stewardship contracting authorities increase the ability of districts or field offices to carry out high quality restoration projects by lowering project administration costs. In addition, stewardship contracting projects have helped improve the collaborative climate of many national forests and BLM Districts. Stewardship agreements bring significant private technical and financial resources to restoration efforts that might not otherwise be available to the Forest Service and the BLM.

In some places, however, stewardship contracting authorities are being implemented too narrowly to realize their full benefits and are often focused on a single objective, with limited collaborative involvement and little emphasis given to rural community

KEY RECOMMENDATIONS

Congress should:

1. Reauthorize stewardship contracting to provide permanent authority for its continued use after September 30, 2013.
2. Create a centralized revolving fund for utilization by both the Forest Service and BLM, which could be used to cover agency/bureau-wide cancellation ceiling requirements for long-term stewardship contracts.
3. Enact and fund the Forest Service Integrated Resource Restoration Line Item at \$693.8 million.

The Forest Service and Bureau of Land Management should:

1. Engage a diverse array of stakeholders in the development of the new stewardship contract template.
2. Devolve authority to approve stewardship contracting and retained receipts projects to Forest Supervisors and BLM District Managers.

benefit. The central challenges of stewardship contracting are not with the authorities, but rather with the Forest Service and BLM budgets, targets, and performance measures¹. The finance and target accountability systems create disincentives for collaborative engagement and focus the agencies on single-issue management. The Integrated Resource Restoration line item in the President's proposed fiscal year 2011 budget could help improve the effectiveness of stewardship contracting and agreements as management tools.

GUIDING PRINCIPLES FOR STEWARDSHIP CONTRACTING

The 10-year authority for stewardship contracting states that its purpose is to, "achieve land management goals for the national forests and the public lands that meet local and rural community needs" (P.L. 108-7). *The goals of stewardship contracting are to provide social, ecological, and economic benefits to public lands and nearby communities.* To create these benefits, projects executed with stewardship contracts or agreements should be developed using the following principles. The projects should:

¹ For a more in-depth understanding of RVCC perspectives on performance measures, targets and budgeting see the 2010 RVCC Issue Paper "FY 2011 Appropriations Priorities: Investing in Western Conservation and Communities".



WHO WE ARE

The Rural Voices for Conservation Coalition is comprised of western rural and local, regional, and national organizations that have joined together to promote balanced conservation-based approaches to the ecological and economic problems facing the West. We are committed to finding and promoting solutions through collaborative, place-based work that recognizes the inextricable link between the long-term health of the land and well being of rural communities. We come from Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon and Washington.

1. Engage diverse participation in all project phases—from goal setting and project development to technical proposal evaluation, implementation, and monitoring.
2. Focus on the restoration of ecological functions and processes and foster comprehensive and landscape-scale restoration.
3. Be scaled to fit the local business and workforce capacity, help build that capacity, and integrate with local economic development goals and strategies.
4. Create opportunities for collective learning, monitoring, and adaptive management to increase knowledge and build trust among diverse interests.
5. Improve administrative effectiveness, while also addressing market fluctuations and limitations of rural businesses dependant on public lands.

RECOMMENDATIONS FOR CONGRESS

1. **Reauthorize the stewardship contracting authority.** We recommend that Congress reauthorize stewardship contracting to provide permanent authority beyond fiscal year 2013. Stewardship contracts and agreements have proven to be vital tools for accomplishing comprehensive forest and rangeland restoration while simultaneously benefiting rural communities.
2. **Enact and fund the Forest Service Integrated Resource Restoration Line Item at \$693.8 million.**

Consolidating funding for restoration and stewardship into one line item will enable land managers to effectively budget for integrated outcomes related to land management goals. The IRR line item proposal fixes an outdated structure that stovepipes activities that are better integrated to give land managers more effective budget tools to achieve landscape scale restoration and stewardship objectives on the ground. The corresponding effort to revise performance measures to evaluate overall ecosystem improvements and function will improve FS accountability by measuring outcomes (such as watershed condition) rather than outputs (such as miles of stream restored, acres treated, etc.). Socioeconomic measures should be adopted to ensure that the economic and job stabilization goals of this line item are met.

RECOMMENDATIONS FOR THE FOREST SERVICE AND THE BUREAU OF LAND MANAGEMENT

1. **Increase support for stewardship contracting and collaboration in all phases of project development, implementation, and monitoring.**
 - a. *Engage a broad array of stakeholders in the development of a new stewardship contracting template.* We are excited that the Forest Service has created a strong team to create a single integrated stewardship contracting template. We hope that this will create a simplified contract that works well for the agency and its contractors. Engaging early with contractors and community leaders

with stewardship contracting experience will help ensure that the contract works best for the many parties that will directly engage and participate in stewardship contracting.

- b. *Allow use of retained receipts for project-level multiparty monitoring.* Local-level multi-party monitoring can play an important role in collaborative learning and conflict resolution by helping the Forest Service, BLM and their partners, contractors, and other stakeholders learn through innovation. In a tight budget, environment funding multi-party monitoring is becoming increasingly difficult. Some national forests and BLM districts and many local groups would like the ability to use retained receipts for all components of multi-party monitoring, including ecological and socio-economic monitoring.

2. **Ensure contracts and agreements are designed to achieve the ecological objectives of restoration.**

- a. *Use stewardship contracting and agreements to create a program of integrated restoration.* An emphasis on high-acreage, low-cost treatments can undermine the goals of high quality ecosystem restoration and the creation of local benefit. It can also lead to degraded working conditions. Stewardship contracting and agreements should be used for multiple restoration objectives, by allowing for the strategic use of appropriated funds and retained receipts. For example, when a stewardship contract is primarily focused on hazardous fuel reduction, it should still involve substantial collaboration and create community benefit.

The criteria for selecting contractors should include factors other than price to ensure that the projects provide both local ecological and socioeconomic benefit. Using the Wyden Amendment in concert with stewardship contracts and agreements promotes an all lands approach to restoration that benefits federal lands by improving proximate private land and waters.

- b. *Adopt performance measures that move the agency towards achieving land management objectives and away from output targets and high-acreage, low-cost management.* Current performance measures short-change both the ecological and socioeconomic goals of stewardship contracting and make it difficult for the agencies to engage fully in collaboration. Performance measures should include:

- Number and percentage of stewardship projects that engaged in a collaborative process during multiple project phases, including prior to NEPA analysis.
- Number and percentage of projects that “met appropriate rural community needs” as defined by the local collaborative group.
- Number and percentage of projects that addressed multiple ecosystem needs.



- Number and percentage of contracts awarded to local contractors and/or subcontractors (where feasible).
 - Percentage of material removed that was processed locally (where feasible).
 - Number and percentage of contractors and subcontractors paying prevailing wages, providing safety training to workers, and providing fringe benefits.
- 3. Ensure contracts and agreements are designed to increase local benefit and to fit or build the capacity of local businesses and workforce to provide restoration services and develop markets for local utilization of materials.**
- a. *Increase the effectiveness of best value contracting provisions.* Stewardship contracting directs the Forest Service and the BLM to develop projects that meet “land management and rural community needs.” One such need is increased employment in local rural communities. The land management agencies must ensure that technical proposal evaluation criteria include: technical proposal (ecological impact, community benefit, and utilization plan), past performance (including payment of prevailing wages, skill level of workers, and safety record on the job), and key personnel, and that these factors are weighted equal to or greater than price.
- b. *Scale projects and contracts appropriately for local conditions.*
- *Project scale, contract size, and social agreement:* Project size should be consistent with the level of agreement among the partners. Generally, management units should begin with small stewardship projects so that the unit and its partners can learn about the stewardship process. *Beginning with smaller projects is particularly important in areas with high controversy and/or a lack of trust.* Management units and their partners can create strong foundations for future projects by beginning with small projects and moving toward larger projects.
 - *Project scale, contract size, and community benefit:* Projects and contracts need to be scaled appropriately to meet local ecological, social, and economic conditions. There is no one correct size or duration for a stewardship project or contract. There are, however, conditions under which smaller or larger, shorter or longer projects and contracts may be appropriate.
 - The duration of projects should be considered in relation to local workforce capacity. In some instances, long-term stewardship contracts may be desirable. For example, contracts that spread work activities over a long period can create stable opportunities for small, local contractors and their employees. However, consideration of local

contractor exclusion and the consequences to those not awarded the contract is equally important. Long-term contracts that incorporate most or all of the restoration and utilization opportunities that a management unit might offer over a number of years may not be appropriate if it prevents the development or utilization of other local restoration capacity. Short-term contracts should allow sufficient time for contractors to provide high quality working conditions including adequate training so that workers are able to utilize the full extent of their skills.

- Stewardship contracts should be scaled to match the local contracting capacity to create local economic benefit. Activities can be broken into several contracts to make them more accessible to local businesses when project opportunities are large and local contracting capacity is limited.
- Bonding requirements should take into account the limited ability of smaller entities to freeze assets in this way, and the difficulties involved in having such assets available for this purpose.

4. Increase trust and knowledge among diverse interests through collective learning, monitoring and the practice of adaptive management.

- a. *Draw on the recommendations in multiparty monitoring, internal and GAO reports to make continual improvements to the use of stewardship contracting and agreements.* After a decade of stewardship contracting, numerous internal and external reports detail recommendations for the agencies that could improve stewardship contracting. The agencies should institutionalize a process to review and act upon the recommendations of stakeholders and agency staff. For example, monitoring has brought forward examples where the Forest Service has limited the use of stewardship contracting through its self-imposed restrictions, such as by limiting the use of designation by prescription and projects with recreation-related objectives.

5. Improve administrative effectiveness of contracting and agreement process while also addressing market fluctuations and limitations of rural businesses dependent on public lands.

- a. *Devolve stewardship contracting and agreement project approval and retained receipts spending approval to forest supervisors/BLM District managers when national forests have demonstrated experience with stewardship contracting and agreements.* Initially, the regional approval process was established to ensure the new authority was used appropriately. A growing number of national forests and BLM districts have developed significant knowledge about the authority and use it successfully. For experienced management units, regional approval has become pro forma, but still takes considerable time. Moreover, the increasing use of stewardship contracting is creating a growing regional



workload and delaying project implementation. The process not only costs the agency money, the backlog also decreases the available work-season and operating periods and reduces landowner buy-in and contractor availability for delayed projects.

b. Create a national pool of cancellation ceilings funds.

Certain types of long-term contracts that require a contractor to make investments in new capital infrastructure and equipment require that the Federal government obligate funds to repay the contractor the cost of the capital investment in the event that the government cancels the contract. The costs of obligating this ‘cancellation ceiling’ are beyond the financial capabilities of most individual national forests or BLM districts. While Congress considers a possible legislative resolution to this issue, we recommend the creation of a centralized revolving fund in both the Forest Service and BLM, which could be used to cover agency/bureau-wide cancellation ceiling requirements for long-term stewardship contracts.

STEWARDSHIP CONTRACT CASE EXAMPLES

1. Resolving challenging management issues and tailoring projects to meet local community needs.

Weaverville Community Forest ~ Redding District, BLM, and Shasta-Trinity National Forest, California

The Weaverville Community Forest is a multi-year stewardship agreement on approximately 13,000 acres of forested public lands (BLM and USFS) located in and around the town of Weaverville in Trinity County, CA. The BLM Redding District decided to implement a stewardship agreement to help resolve challenging land management issues regarding many small parcels of public land mixed in with private forestland and residential areas. As an alternative to turning the land over to private management, a number of interested constituents entered into conversation about other ways to engage the community in managing the land. The Weaverville Community Forest now embodies a high level of public involvement, a broad range of objectives, and represents diverse interests in the community. The project provides a variety of outcomes including forest products for the town mill, educational and historical venues for local and tourist populations, and important environmental rehabilitation. Activities such as timber harvest, firewood collection and sales, and collection of boughs from the forest to make and sell holiday wreaths have produced \$113,000 (as of 2008). These funds are used for subsequent projects that meet the objectives of the stewardship agreement and community goals.

2. Creating capacity to effectively channel funding for both ecologic and economic benefit.

Wild Rivers Master Stewardship Agreement ~ Rogue-Siskiyou National Forest, Oregon

In November 2008, Rogue River National Forest, Lomakatsi Restoration Project, and the Siskiyou Project entered into a 10-year master stewardship agreement for collaborative

restoration, workforce training, and hazardous fuels reduction on 10,000 acres in the Wild Rivers Ranger District. With this agreement already in place, the Forest Service was able to quickly deliver American Recovery and Reinvestment Act funds to implement a hazardous fuels reduction project. In April 2009, the Forest Service provided \$1.4 million to begin work on the Hope Mountain Stewardship Project. The project has created 35 local jobs in an area where unemployment rates are among the highest in the nation. Lomakatsi provided these workers with paid, on-the-job training in workplace safety and skills for holistic ecosystem management. The workers learned about selective logging of small diameter trees and other treatments focused on using restoration by-products in creating value-added wood products. In addition to creating high-quality jobs, the work relieved overcrowded forest conditions, thereby protecting local communities from unnatural wildfire, enhancing wildlife habitat and nurturing biodiversity.

3. Stewardship contracts catalyze restoration on public and private lands through innovative use of the Wyden Authority Siuslaw Watershed ~ Siuslaw National Forest, Oregon

The Siuslaw National Forest has used stewardship contracting extensively since 2002. Collaborating with local stakeholders including local government officials, non-profit organizations, commercial timber interests, private landowners, and regional environmental organizations, the forest managers chose to develop a whole watershed approach to stewardship contracting. This approach served as the catalyst for utilizing stewardship contracting to spur larger landscape-scale restoration. The Forest Service and stakeholders have used retained receipts acquired through restoration thinning of overstocked stands of Douglas-fir to fund needed habitat restoration projects throughout the Siuslaw Watershed. From 2002 to 2007, the forest treated 2,000 acres of forestland and sold almost 50 million board feet of timber. Sixty percent of the funds generated by stewardship activities were reinvested in public-lands restoration. Using the Wyden Authority, the remaining 40 percent of the funds were invested in private lands in the watershed primarily for salmon habitat restoration. By 2007, over \$700,000 of retained receipts had been spent on restoration on Forest Service and adjacent nonfederal lands. Including leveraged state and private funds, the total investment was \$1.7 million for aquatic, riparian and terrestrial restoration in the Siuslaw watershed. All of these projects and activities met the criteria of providing benefit to federal lands and habitat and meeting restoration guidelines.

4. Wyoming Front Aspen Restoration Project ~ High Desert District BLM, Wyoming

In April of 2006, the Rocky Mountain Elk Foundation (RMEF) signed a 10-year stewardship agreement with the Wyoming BLM to treat 240,000 acres of ecologically endangered aspen stands on federal, state, and public lands. After three years of the agreement, the partnership



had successfully treated over 2,000 acres of “at risk” aspen stands, producing 1.1 million board feet of saw timber, 2,000 tons of biomass, 1,500 tons of firewood, 115 tons of wood chips, and 1,500 Christmas trees. RMEF focused a great deal of energy toward expansion into new biomass product markets, making it possible for all of the by-products to be processed and sold locally, providing jobs and economic stimulus to the local community. All of the profits from the sales of by-products were reinvested into additional treatments. The project has been successful in a large part due to the strong community relationships RMEF had created prior to the inception of the project, and their ability to collaborate with private land owners to include and engage them in the project. As a result, private landowners have, and continue, to seek permission to include their land in the project. This has effectively expanded the scope of the project and allows for more continuous treatments benefiting the entire landscape instead of treating blocks of land delineated by public boundaries. The local contractors hired expressed very positive attitudes about working on the project, and have indicated to other contractors in the community that working with the partnering agencies is worthwhile. The long-term agreement has allowed the successful inclusion of additional partners as they see the success building, and possible future opportunities for their involvement. With an initial investment of \$150,000 (\$50,000/year) from the BLM and RMEF as “seed money”, the project has been able to secure additional funding totaling \$1.12 million invested in both public and private lands.

5. Holland-Pierce Fuels Reduction and Forest Health Stewardship Project ~ Flathead National Forest, Montana

The Holland-Pierce Fuels Reduction and Forest Health Stewardship Project in the Flathead National Forest (western Montana) is an example of stewardship contracting utilizing best value, multiparty monitoring, goods for services, and community collaboration. Prior to the initiation of the contract, both the Forest Service and local environmental non-profits had already created high levels of credibility within the community, making the collaborative success of this particular contract possible. Initially a single large contract, they divided the project into two contracts to make bidding more feasible for smaller, local contractors, and to emphasize the importance of the Best Value Authority. This strategic change allowed for the contract to be awarded to a local business, creating new local jobs and additional economic benefits. Several local logging contractors worked as subcontractors creating employment for 60 people (for periods of time ranging from two days to eight months). The project generated \$2,064,800 in income to loggers, log haulers, road and other heavy equipment operators, and stumpage to the Forest Service. As a project under the Healthy Forest Restoration Act, the Holland-Pierce contract had significant multi-party monitoring, which was especially important to wildlife interests. Volunteers trained in both pre-treatment and continuous project techniques completed the multi-party monitoring. Volunteers will continue to measure forest health, fuels reduction, invasive plants, wildlife habitat, and community and economic benefits throughout

the contract’s entirety. The goods for services authority resulted in additional public benefits, including culvert replacement, fuels reduction on logging units, roadside fuel reduction, and noxious weed control. After years of polarization among the community’s many stakeholders, the implementation of the Holland-Pierce contract illustrates the cumulative positive impact of stewardship contracting as the community worked together to create the best value benefits for their people, the economy, and the environment.

6. Brush Hollow Biomass Project Stewardship Agreement ~ Allegheny National Forest, Pennsylvania

The Brush Hollow Biomass Project stewardship agreement between the Kane Area School District and the Allegheny National Forest was initiated in November 2009 to reduce hazardous fuel loads caused by wind-thrown timber, while concurrently providing wood chips to fuel the biomass heating systems at the local high school and health center. In 2003, the Allegheny experienced a severe windstorm creating excessive wind-thrown trees on 500 acres. However, due to a 30-year moratorium placed on timber harvest, the timber was not harvested in a timely manner. No longer suitable for a normal salvage sale, the timber was still suitable for burning in wood-fired heating systems. The stewardship agreement allows for the use of the wood for chips in wood-burning heating systems and guarantees a source of chips to both Kane High School and the Elk Regional Health Center. The estimated \$89,000 spent annually to purchase the wood chips will stay in the local economy and has subsequently produced 30 full-time local jobs. Additionally, the agreement provides a comprehensive restoration plan for the forest and will engage local high school students enrolled in a Kane High School forestry-vocational program.



COALITION PARTNERS

Alaska

Sitka Conservation Society

Arizona

Forest Energy Corporation

California

Alliance of Forest Workers and Harvesters
Calaveras Healthy Impact Products Solutions
Fourth Sector Strategies
Trinity County Supervisor, District 3
Watershed Research and Training Center

Idaho

Framing Our Community, Inc.
Lemhi County Economic Development Association
Salmon Valley Stewardship
Shoshone County Board of Commissioners
Silver Valley Economic Development Corporation
Woody Biomass Utilization Partnership

Maryland

Communities Committee

Montana

Flathead Economic Policy Center
Northwest Connections
Restore Montana
Swan Ecosystem Center
Vander Meer's Wildland Conservation Services

Nebraska

Native American Public Telecommunications, Inc.

Nevada

Boies Ranches, Inc.

New Mexico

Center for the Education and Study of Diverse Populations
Forest Guild
Gila Woodnet
Restoration Technologies
Santa Clara Woodworks
SBS Wood Shavings

Oregon

A3 Energy Partners
Applegate Partnership and Watershed Council
Central Oregon Intergovernmental Council
Ecosystem Workforce Program
Grant County Court
Institute for Culture and Ecology
Integrated Biomass Resources LLC
Lake Country Resources Initiative
Oregon Rural Action
Renewable Energy Solutions

Siskiyou Project

Siuslaw Institute

South Central Oregon Economic Development District
Sustainable Northwest

Wallowa Resources

Washington

Conservation Northwest
Gifford Pinchot Task Force
Mt. Adams Resource Stewards

Washington DC

American Forests
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