

Stewardship End-Result Contracting

Stewardship end-result contracting is an innovative way to create economic benefit for rural communities while collaboratively restoring public lands. Over the past half-decade, the Forest Service and the Bureau of Management (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. The current economic crisis, with its depressing effects on timber values, is testing the successful application of stewardship authorities. However, stewardship contracts and agreements remain the most promising tools for optimizing benefits from the nation's public forest resources including providing clean air, clean water, biodiversity, a sustainable source of domestic energy and wood products, limiting the effects of global climate change and providing sustainable rural livelihoods in local communities across the country.

We are in an important moment in the evolution of stewardship contracting. In 2008, the Forest Service conducted an evaluation of their use of stewardship contracting that resulted in a strategy to overcome barriers. The Government Accountability Office also conducted a five-year review of stewardship contracting that recognized its benefits and identified areas for improvement.

On some national forests, such as the Eldorado in California, the Siuslaw and Wallowa-Whitman in Oregon, the Flathead in Montana, the Arapaho-Roosevelt in Colorado, 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.

In some places, however, stewardship contracts are being implemented too narrowly to realize the full benefits – often focused on a single objective, with limited collaborative involvement and little emphasis given to rural community benefit. In other places, land management units are not using stewardship contracting at all. This briefing paper offers suggestions aimed at improving the effectiveness of stewardship contracting as a tool for providing rural community benefit through the collaborative restoration and maintenance of public lands.

KEY RECOMMENDATIONS:

Congress should:

1. Reauthorize stewardship contracting to provide permanent authority for its continued use after September 30, 2013.

The Forest Service and BLM should:

1. Develop a pool of funds at the national level that can be obligated to meet cancellation ceiling requirements on long-term contracts.
2. Use stewardship contracting to implement the American Reinvestment and Recovery Act.
3. Implement the recommendations of the Forest Service's 2008 stewardship contracting Inquiry Team report.
4. Roll out new agreements templates with training that includes both Forest Service personnel and community partners.

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, stewardship contracting projects should:

- Incorporate diverse participation in every phase of the project—from goal setting and project development to implementation and monitoring. Although federal land managers retain formal decision-making authority, the interested parties should collaborate throughout the process.
- Focus on the restoration of ecological structures and processes and include a variety of activities rather than focusing on a single problem, such as hazardous fuels.
- Be scaled to fit the local business and workforce capacity, help build that capacity, and integrate with local economic development goals and strategies.
- Create opportunities for collective learning, monitoring, and adaptive management to increase knowledge and build trust among diverse interests.

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 California, Oregon, Washington, Idaho, New Mexico, Montana, Arizona and Colorado.

RECOMMENDATIONS

Recommendations for Congress

1. *Reauthorize 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 restoration while simultaneously benefiting rural communities. The enabling legislation's various authorities make possible more comprehensive, high quality restoration projects than district or field offices might otherwise be able to carry out, with a lower administrative cost. In addition, stewardship contracting has 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 otherwise not be available to the Forest Service and the BLM.

2. *Provide flexibility in meeting cancellation ceiling obligations*

The Forest Service and BLM are required to provide a measure of financial protection to contractors who must invest in costly infrastructure, equipment, and training in order to perform long-term (up to 10 years) federal contracts. Long-term contracts are necessary for many reasons. To justify capital investment in biomass utilization facilities, for instance, a long-term source of raw material must be available. To perform complex and high quality restoration work, contractors must invest in appropriate equipment and develop a skilled workforce. In such cases, the contractors are entitled to protection in the event of a contract cancellation. However, individual national forests and BLM districts lack the financial resources to obligate current operating funds to cover possible future cancellation ceiling obligations. We recommend that Congress provide the Forest Service and BLM with additional flexibility in the ways that the agencies could meet their cancellation ceiling obligations.

Recommendations for the Forest Service and BLM

1. *Create a national pool of cancellation ceilings funds*

We recommend creating centralized revolving funds in both the Forest Service and BLM, which could be used to cover agency/bureau-wide cancellation ceiling requirements for long-term stewardship contracts.

2. *Use stewardship contracting to implement the American Reinvestment and Recovery Act*

Stewardship contracting is one of the best tools that the Forest Service and the BLM have to create jobs and other economic benefits. In many cases, especially with longer-term stewardship contracts and agreements, the Forest Service and the BLM can issue task orders immediately to undertake new activities. In other instances, awarding new stewardship contracts can create jobs in communities where they are most needed. We encourage both agencies to use stewardship contracting wherever possible to spend ARRA funds on hazardous fuels reduction, and roads and trails restoration.

3. *Implement the recommendations of the Stewardship Contracting Inquiry Team Report*

In July 2008, the Forest Service released a report of their internal Stewardship Contracting Inquiry Team that conducted a mid-point review of stewardship contracting soliciting input from non-agency individuals and drawing from previous internal and external reviews. The report proposed action items and timelines to improve stewardship contracting. Although progress has been made on some items, many remain unaddressed, and suggested timelines are overdue. We would like to see the Forest Service improve progress in performing the actions recommended in the report, such as improving and expanding stewardship training for both agency and non-agency personnel; developing a comprehensive communication effort that provides consistent messaging and communication internally and externally; simplifying and improving stewardship contracts; and encouraging and enabling full use of the special authorities provided in the enabling legislation.

4. *Provide training on using new agreement templates*

The Forest Service has been developing much-needed direction and templates for creating stewardship agreements. As these are forwarded to units for use, providing training for both Forest Service staff and its partners will increase the use of the agreements and the ease of the transition to the new templates.

5. *Use stewardship contracting for integrated restoration, not just hazardous fuels reduction*

Stewardship contracting projects should involve substantial collaboration, meet multiple ecological objectives, and create community benefit. Even when hazardous fuels reduction is a project objective, best value contracts should strongly consider factors other than price when awarding contracts to ensure that the projects provide both local ecological and socioeconomic benefit. Emphasizing high-acre, low-cost treatments can undermine the goals of high quality ecosystem restoration and the creation of local benefit.

6. *Use price indices for de/escalation in stewardship contracts*

Given the current volatility in the timber and energy markets, stewardship contracts need to include provisions that help contractors make adjustments. One approach is to use the procurement authority to index payments to inflation, energy costs, timber markets, or similar indices.

7. *Increase the effectiveness of best value contracting provisions*

Stewardship contracting directs the Forest Service and the BLM to develop land management projects that meet "land management and rural community needs." One such need is increased employment in local rural communities. The land management agencies need to ensure that evaluation criteria include technical proposal (ecological impact, community benefit, and utilization plan), past performance, and key personnel, and that these factors are weighted equal to or greater than price.

8. Allow retained receipts for contract NEPA analysis and planning

In early 2009, the Forest Service let an interim directive expire that allowed national forests to use retained receipts for contracted planning and design. We believe that this directive should be reissued for several reasons. First, it allowed national forests and their collaborators to work together to develop projects from the ground up. Second, allowing it to expire will negatively impact agency relations with partners. Third, the directive created a source of funds for NEPA planning and project design, which could have helped make stewardship contracting more appealing to units that have preferred to use Knutson-Vandenberg (KV) funds collected from timber sales to fund planning and design projects. Fourth, it built and maintained local forest management capacity.

9. Scale projects and contracts appropriately for local conditions

9a. 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.

9b. Contract scale 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, it may be desirable to enter into long-term stewardship contracts. For example, contracts that spread work activities over a long period can create stable opportunities for small, local contractors and their employees. However, it is equally important to consider the problems of exclusion and the consequences to contractors not awarded the contract. 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 they prevent the development or retention of other local restoration capacity.
- Stewardship contracts should be scaled to match the local contracting capacity in order 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.

10. Performance Measures

The Forest Service and BLM should create performance measures that move the agency towards achieving land management objectives and away from output targets and high-acreage, low-cost management. Current measures of performance short-change both 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 were collaborative during multiple phases, including prior to NEPA analysis.
- Number and percentage of projects that “met 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.
- Percentage of material removed that was processed locally.

11. 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 of multi-party monitoring is becoming increasingly difficult. Some national forests and BLM districts and many concerned local groups would like the ability to use retained receipts for all components of multiparty monitoring.

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