

Beyond Planning:

Stewardship Contracting as a Management Tool for Implementing CWPPs

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Resource Innovations

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Introduction

The risk of wildfire to communities throughout the United States is increasing; development in the interface between wild lands and urban areas and the potential consequences of climate change are two factors that contribute to this growing threat. According to the National Association of State Foresters *Communities at Risk Report FY2007*, in recent years 4,762 communities have developed Community Wildfire Protection Plans (CWPPs) to prioritize fuels reduction and strengthen emergency preparedness, public education, and community collaboration. However, across the nation there are more than 50,000 communities at risk from wildfire, and the majority of these communities still need to develop and engage in wildfire risk reduction activities. But, the development of CWPPs is just a first step. The long-term implementation of these efforts depends on clear strategies to sustain collaborative efforts, reduce hazardous fuels on public and private land, and engage citizens and CWPP stakeholders in a wide range of activities to reduce wildfire risk.

One such strategy is stewardship contracting – a set of authorities that provides an opportunity for agencies and communities to collaborate on forest restoration projects, including fuels reduction. Stewardship contracting can assist community and agency partners that are involved in a CWPP to implement high priority fuels reduction projects on public and private lands.

This publication was developed to assist communities in accessing resources and information about how to use stewardship contracting to implement CWPPs. This document:

- 1) *provides an overview of what stewardship contracting is;*
- 2) *presents a framework for how stewardship contracting can be used to implement community fuels reduction goals;*
- 3) *outlines the benefits and challenges of using stewardship contracting within the context of a CWPP; and*
- 4) *provides resources and strategies to help communities develop and implement on-the-ground stewardship activities that are compatible with CWPP objectives.*

Stewardship Contracting

Stewardship contracting is derived from a suite of authorities available to the BLM and the Forest Service to achieve land management objectives that meet rural community needs. “Land management objectives” is a broad term, and the agencies have narrowed the direction to focus on restoration and fuels reduction. It is the integration of restoration and rural community benefits that makes stewardship contracting unique.

Origins

In the 1990s, rural community leaders and the leadership of the Forest Service were frustrated by the lack of active management of national forests and the difficulty the agency faced in developing projects that would survive appeal and litigation. These leaders saw two interdependent problems: 1) implementation mechanisms such as timber sales and service contracts that were not well suited for their management priorities, and 2) limited opportunity to provide meaningful and diverse public involvement in project development prior to appeal and litigation. They worried about important projects that never got off the ground because they could not pay their way out of the woods. And they were concerned about important, viable projects that were stalled by legal challenges late in the process. These concerns resulted in the initial set of stewardship contracting pilot projects in 1999.

In 1999, Congress authorized the Forest Service to enter into up to 28 stewardship contract pilot projects. In 2000 and 2002, Congress amended the legislation and directed the agency to develop an additional 28 stewardship pilot projects in each year, raising the number of pilots to 84. The stewardship pilot program was envisioned to last five years, but, in 2003, Congress eliminated the pilot program and made the authorities available to all national forests and the BLM through 2013. The ten-year authorization enables the agencies to enter into stewardship contracts until the end of fiscal year 2013.

Stewardship Contracting Authorities

Stewardship contracting is a set of contracting tools that enables more effective, efficient, and responsive project implementation. The relationships fostered by collaborative stewardship contracting often lead to effective collaborative *planning* prior to project implementation. Stewardship contracting also provides stakeholders with a greater voice in agency decisions and creates opportunities for local support of forest management activities. Unlike traditional timber sales, a primary objective of stewardship contracting is to involve stakeholders in developing, implementing, and evaluating stewardship projects from start to finish, thus creating trust among various project partners and community groups. The trust developed through stewardship contracting can serve as a product of the process and a mechanism for promoting future collaborative efforts.

Comparing stewardship contracting with the traditional forms of federal land management contracting helps define its unique attributes. Contracting, in this context, refers to land management activities performed by the nonfederal workforce, usually through a competitive contract. However, both the Forest Service and the BLM can also use their own employees to complete these activities, but this type of contracting is not the focus of this resource.

Traditionally, the agencies used the timber sale program to achieve vegetative management objectives and produce timber for regional timber markets. Fundamentally, timber sale contracts are about the disposal of saleable timber. The activities that can be included in a timber sale contract must relate directly to the removal of timber. This means that additional restoration and fuels reduction work is not usually included in a timber sale, although some work is completed through various trust funds, such as Knudsen Vandenburg (KV). The agencies award the timber sale contract to the highest bidder, and the purchaser pays the government for the commercial material. All revenue from the sale of the timber is returned to the federal treasury.

The agencies employ a service or construction contract when they want to procure goods and/or services. In these contracts, the agencies pay the contractor to complete the services required. The contracts are awarded on a best-value basis, a contract evaluation method in which the government considers technical capability, past performance, and price in its award. The funds used to pay the contractor usually come from appropriated agency budgets. The agencies then generally complete fuels reduction projects with service contracts.

A stewardship contract combines elements of both timber sales and service contracts. Like a timber sale, a stewardship contract includes the sale of commercial material (usually trees). And like a service contract, a stewardship contract includes the provision of contracted services. It is a hybrid contract in which the value of the commercial material is traded to cover the cost of the services. If the value of the commercial material is greater than the cost of the services, any remaining funds, called retained receipts, are reinvested in future projects.

Stewardship contracting does not replace timber sale contracts but rather provides alternative means for meeting ecological, economic, and social needs of agencies and rural communities, while providing an avenue for collaborative restoration. The collaborative process is essential for creating sustainable and healthy forests because it provides opportunities for rural

communities and helps align community and agency priorities. Specifically, stewardship contracts provide agencies with the five distinct authorities.

Goods-for-services allows the value of commercial material (usually trees) to be traded to cover or offset the costs associated with required services, such as fuels reduction. The agencies are prohibited from harvesting timber simply to generate revenue to pay for restoration or fuels reduction. Projects that remove

commercially viable trees are required to demonstrate sound ecological outcomes.

Retained receipts are generated when the value of the material removed is greater than the cost of the services required. Rather than returning funds to the federal registry, receipts retained from stewardship contracts can be reinvested in additional activities, either on public lands or on private land that benefits public lands.

Best-value contracting enables the agencies to consider factors other than price in making a contract award. Common criteria include past performance, technical capability, local economic benefit, and price. Best-value contracting is required on all stewardship contracts.

Multi-year contracting authorizes stewardship contracts that are up to ten years in length. This authority is included to provide consistency in the program of work and foster local financial investment. Both the Forest Service and the BLM have awarded ten-year contracts.

Designation by description allows an exemption from the requirements of individual tree marking. Traditional timber sales require agencies to mark the trees to be harvested from a given area. However, stewardship contracts allow the agencies to describe the trees that should be removed using verifiable characteristics, such as the species and size of trees. This can be accomplished without marking individual trees for removal.

Designation by prescription enables the agency to specify the end result expected to be achieved on the ground and then allows the contractor to propose the methods to be used to achieve that result, including which individual trees are to be cut. This authority enables land managers and contractors to deal more effectively with unique or changing forest conditions and take better advantage of qualified contractors' professional skills and knowledge.

The development of a CWPP fosters collaborative opportunities among and between community members, agencies, organizations, and other interested stakeholders. Collaboration about fire protection generally occurs through common goals and objectives and the identification of high priority fuels reduction projects on public and private lands. Whereas other elements of CWPP implementation, such as education, outreach, and emergency management, may be accomplished with local resources, the implementation of hazardous fuels reduction projects often requires funding, technical expertise, and strong coordination with public and private partners. Thus collaboration is essential for successful CWPP implementation.

Currently, there is insufficient available funding nationally for hazardous fuels reduction projects on public and private lands. Historically, grant funds, including the National Fire Plan and Title II funding through the Secure Rural Schools and Community Self-Determination Act of 2000, were used to implement private land fuels reduction projects. However, these funds have greatly diminished in the last few years. In addition, funds for fuels reduction on public land that have been appropriated from the United States Department of Agriculture Forest Service, the Department of the Interior, and Bureau of Land Management (BLM) continue to decline. The loss of funding for fuels reduction projects for public and private lands has created a need for innovative strategies to address CWPP hazardous fuels reduction priorities.

Successful Stewardship Project Tips

Bring together a diversity of stakeholders. The partners needed in stewardship collaborations may differ from those involved in CWPP development and should include a diversity of interests.

Find common ground. Focus the stewardship group's mission, scope, and outreach efforts on stakeholders' points of agreement. Develop trust among participants from the beginning to help the group move through planning and implementation processes.

Provide education. Look for opportunities to draw people into the stewardship effort and help them develop the knowledge and skills to become productive members of the stewardship group.

Create neutral space. Using a skilled facilitator to lead the group will keep the process on track and provide an objective point of view through the planning and implementation phases.

Develop place-specific stewardship projects. Stewardship contracting activities should vary based on the needs of a particular project. The scale and scope of work will depend on anticipated outcomes and budget constraints.

Stewardship contracting presents an alternative funding mechanism for community and agency partners to accomplish fuels reduction projects. Rather than relying on federal grants, the stewardship contracting process seeks to build local capacity to design and implement projects that are economically viable and meet ecological restoration objectives. Stewardship contracting can be successful and sustainable where communities are able to capitalize on the value of restoration byproducts, such as small diameter timber, slash, or other forest biomass. Done well, stewardship contracting promotes healthy forests, creates local economic benefits, and allows the value of the material being removed to help pay for the fuels reduction activities. Although there are some examples of communities, national forests, and BLM districts that are successfully using stewardship contracting to implement high priority fuels reduction projects, the transition from community fire planning to stewardship contracting requires greater attention to the collaborative process than may have been given during the development of CWPPs. For more contextual information on stewardship contracting see Appendix I on page 8 of this guide.

Using Stewardship Contracting to Accomplish Community Wildfire Protection Plan Objectives

The successful transition from the development of a CWPP to collaborative stewardship contracting requires consideration of several factors.

New partners. Collaborative development of a CWPP typically involves local governments, fire and forestry agencies, and other community organizations to identify risk, prioritize fuels reduction projects, and develop strategies to reduce structural vulnerability. Although this process often results in stronger partnerships and a greater understanding of roles and responsibilities within the community, it does not necessarily engage the breadth of stakeholders who should be involved in a stewardship contracting process. New stakeholders who should be involved may include local residents, environmental organizations, forest contractors, and additional agency staff.

Different types of collaboration. Most community fire planning efforts start from a clean slate because it is usually a new activity for the community. Stewardship contracting, however, is part of ongoing forest management planning and implementation with federal agencies. The development or strengthening of a collaborative process for stewardship contracting should include time that is dedicated to aligning partner goals, objectives, and priorities with those that have been identified in the CWPP.

Using stewardship contracting to accomplish priority fuels reduction projects provides communities with many opportunities.

Using market approaches to implement projects. All projects require funds for planning and administration. Stewardship contracting allows the BLM and the Forest Service to capture the market value of the byproducts that are removed from hazardous

fuels reduction on public land and lets them reinvest the byproducts in the project.

Fostering capital investment. Some innovative communities have begun using stewardship contracting as a way to provide a supply of raw materials for the utilization of small diameter and biomass. The longer, ten-year time frame afforded by stewardship contracting can help to entice new investment in utilization. Stewardship contracting may also help foster investment by forest contracting firms because they may need to acquire new equipment to implement stewardship contracts.

Working at variable scales. Federal agencies often plan and implement projects on a scale beyond the wild land/urban interface. This scale offers an opportunity to address issues and conditions beyond the community's backyard. For example, large-scale planning may identify stands of dead or dying trees that represent a significant threat if left untreated. Similarly, large-scale planning allows planners to incorporate other public values, such as wildlife corridors or habitat diversity that may be missed if planning occurs only on a small scale.

Restoring forests and natural resources. One aim of stewardship contracting projects is to promote healthy forests. Examples of stewardship activities that are aimed at promoting healthy forests include wildlife habitat restoration, soil conservation, invasive species removal, and fuels reduction. These activities can be accomplished through stewardship projects and conducted on public lands using retained receipts or on private lands using Wyden amendment funds. The Wyden amendment authorizes the U.S. Forest Service to allocate appropriated funds to conduct restoration projects on private lands that benefit public lands. Retained receipt and Wyden amendment projects provide collaborative opportunities across stakeholder groups and also provide social, economic, and ecological benefits to landscapes and communities.

Given the high cost of fuels reduction and the low value of material that must be removed, it is clear that the goods-for-services authority is not a panacea. The value of the material that must be removed is not sufficient to cover the costs of all the fuels reduction that must take place. Rather than using the value of the by-products to pay to implement needed services, it is likely that the value of the by-products will *offset or reduce* the cost of the services required. The value of the material is tied to commodity markets that ebb and flow, and current markets for solid wood products continue to decline.

Communities that want to utilize the biomass material from their fuels reduction projects face this classic chicken-and-egg dilemma. Although there is a lot of material available, market opportunities are limited because the supply is unpredictable. Innovative communities have turned to stewardship contracting because it provides an opportunity for long-term contracts that can result in the predictable supply needed to attract investment. This investment in forest products manufacturing (for example small-diameter milling or woody biomass) adds economic value to the byproducts of fuels reduction and permits treatments to

occur on a greater scale. This use of stewardship contracting is successful when used in concert with effective collaboration and other efforts to attract entrepreneurial investment.

Tribal Forest Protection Act

The Tribal Forest Protection Act (TFPA) was passed in 2004 (P.L. 108-278) and establishes a process for tribes to work with federal agencies to reduce the threat of catastrophic wildfire, insect infestation, and disease from spreading from federal lands to adjacent tribal lands. The TFPA provides a mechanism for improving forest health across jurisdictional boundaries. Under TFPA, the Bureau of Land Management and the USDA Forest Service may enter into contracts or agreements (including stewardship contracts) with tribes whose trust lands are bordering or adjacent to federal lands to pursue land-restoration activities and protect tribal resources from fire, insect infestation, or other threats.

For more information:

<http://www.fs.fed.us/forestmanagement/projects/>

Case Studies: Using Stewardship Contracting to Implement Community Wildfire Protection Plans

Josephine County, Oregon

The 2002 Biscuit Fire ignited more than 500,000 acres in and around Josephine County, Oregon and cost public agencies over \$150 million. As a result of this catastrophic wildfire event, in 2003, the Josephine County Board of County Commissioners initiated development of the Josephine County Integrated Fire Plan (JCIFP) and subsequently adopted the plan in 2004. The JCIFP brought together stakeholders from the public, private, and nonprofit sectors and developed a set of goals to reduce wildfire risk, including priorities for fuels reduction. The county had had some success in finding funding for fuels reduction projects on private land through regional National Fire Plan grants. But a lack of agency resources compromised the JCIFP partners' abilities to implement high priority fuels reduction projects on public land. In an effort to address this issue, JCIFP partners broadened their implementation strategies to include stewardship contracting as a way to accomplish fuels reduction projects on public land.

In 2005, the Josephine County Stewardship Group was formed to develop collaborative opportunities to implement fuels reduction projects on public and private land. In addition to many of the JCIFP partners, the stewardship group added representatives from regional conservation organizations, forestry-related businesses and local contractors. Proposed stewardship activities within the JCIFP area include forest thinning, prescribed burning, chipping, burned area restoration, weed removal, and biomass reduction and utilization work.

The collaborative has been in place for more than two years, and the use of stewardship contracting to implement fuels reduction projects has taken significant time and effort. When discussing his experiences working with the collaborative, one agency staff person explains: *"Our greatest challenges are time and resources. A lot of people involved in the group are volunteers. And this whole concept is a lot to chew on. So it takes time to get things done. But we are getting things done."* Accomplishments include assisting the BLM and Forest Service to initiate stewardship contracts in the region. These projects provide economic opportunities to local businesses and contractors. *"The only way these projects get off the ground is if contractors can make money,"* maintains one community group representative. *"Stewardship contracting provides local people with local money. That is part of the deal."* Collaboration has made stewardship contracting possible, and, according to one government employee: *"Working together is the only way we've been able to make progress and get things done here."*

For more information about Josephine County's CWPP, stewardship activities, and lessons learned go to:

<http://ri.uoregon.edu/programs/CCE/josephine.html>.

Post Mountain

In 1987, the Hayfork Complex fires directly threatened the Post Mountain community, a wild land/urban interface located fifteen miles outside of Hayfork. That fire was the catalyst that brought residents together in support of active forest management. The small community of Hayfork in Trinity County, CA sits in the middle of the 2.1 million-acre Shasta-Trinity National Forest. Historically, Hayfork's economy relied heavily on the forestry industry, but, in 1997, the Sierra Pacific Industries, which served as one of the community's primary employers, closed its Hayfork mill. The loss of the mill left many residents without jobs, and the community experienced a greater than 20 percent decline in population. The loss of the mill also created a change in the regional forest management regime. Decades of logging replaced mixed-age, mixed-species conifer/hardwood forests with dense stands of young trees that are vulnerable to catastrophic fires. Out of these needs arose the Post Mountain Stewardship (PMCS) fuels reduction project.

The aim of the PMCS was to collaboratively reduce fuels on private and public lands and create an opportunity to implement stewardship projects to achieve its fuels reduction goals. One community partner explains, *"If things were ever going to get better we had to roll up our sleeves, sit down, be nice, and figure things out."* The community recently completed its CWPP and had begun to reduce fuels on private land. As projects were implemented, community members realized that they needed to address fuels reduction on public lands as well. The fire plan helped set the stage to develop collaborative stewardship projects that included 3,000 acres of National Forest land. Using retained receipts, the stewardship contract projects generate funds that could be used to implement other fuels reduction and restoration activities.

In Post Mountain, the stewardship project required federal grant funding, local dollars, and risk-taking by a local nonprofit and secondary wood products manufacturing company. However, the work paid off, and the community looks forward to long-term, collaborative forest management that will benefit the whole community. As one fire chief explained, *"For this type of community, stewardship is much better than a timber sale because it addresses the needs of so many - the fire department, sensitive water areas, wildlife. It takes a long-term look at forest health."* The Post Mountain stewardship project became the first logging operation on the Trinity in more than a decade that wasn't challenged with an appeal.

Stewardship Contracting and Fire Planning Links

General Resources

Red Lodge Clearinghouse:

<http://rlch.org/index.php>

Healthy Forests and Rangelands:

<http://www.forestsandrangelands.gov/index.shtml>

The Partnership Resource Center:

<http://www.partnershipresourcecenter.org/>

Stewardship Contracting Resources

USFS Stewardship Contracting: <http://www.fs.fed.us/forestmanagement/projects/stewardship/>

Sierra Business Council and the White Mountain, AZ Stewardship Contract:

<http://www.sbcouncil.org/White-Mountain-AZ-Stewardship-Contract>

Wildlands CPR:

<http://www.wildlandscpr.org/node/129>

Healthy Forests Initiative:

http://www.blm.gov/nhp/spotlight/forest_initiative/stewardship_contracting/

Wildfire Resources

US Fire Administration:

<http://www.usfa.dhs.gov/>

Forest Fire in the American Southwest – Solutions:

<http://forestfire.nau.edu/stewardship.htm>

Biomass Utilization Resources

Healthy Forests and Rangelands:

http://www.forestsandrangelands.gov/Woody_Biomass/index.shtml

USFS Woody Biomass Utilization:

<http://www.fs.fed.us/woodybiomass/index.shtml>

Forest Restoration Working Partnerships Grant:

<http://www.fpl.fs.fed.us/tmu/grant-2007/restoration-grants--2007/restoration-grant--2007.html>

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