

Economic Recovery and Stewardship Contracting: Building the Restoration Economy with Green Jobs

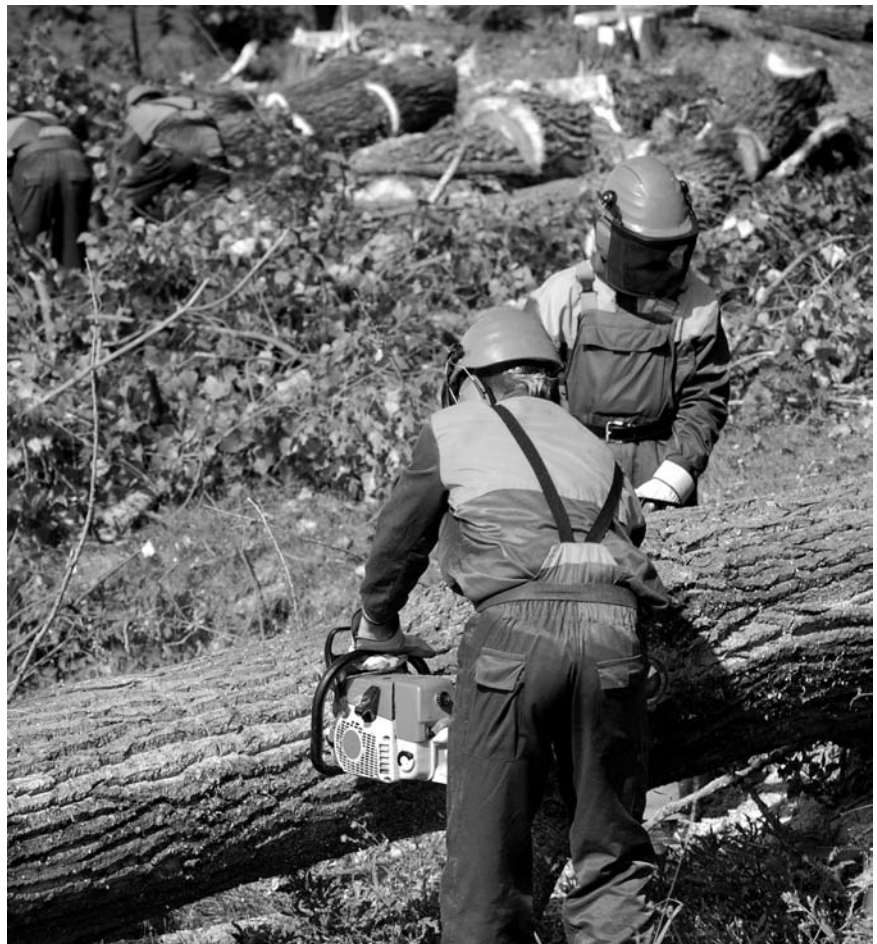
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Public and private forest land provides a national network of green infrastructure upon which we depend for innumerable—often immeasurable—goods and services. With the complex threats to forest resources associated with climate change, what will be the role of forest-based communities as we learn how to adapt to changing conditions? What happens to this national network of green infrastructure during an economic recession? Do infrastructural investments made under the guise of economic recovery also involve long-term investments in “green infrastructure?” Can we generate thousands of “green jobs” and build a restoration economy around the charge of forest health and resilience?

On February 17, 2009 President Obama signed into law the American Recovery and Reinvestment Act (ARRA) as the cornerstone of the administration’s economic recovery plan. This legislation, which mobilizes \$787.2 billion to jump-start the nation’s economy, is also a significant investment in the restoration and conservation of our vital natural resources. ARRA allocates over \$2.8 billion to the Department of Interior and the Department of Agriculture for natural resource related projects. The USDA Forest Service (USFS) will direct \$650 million for priority projects involving forest road decommissioning and maintenance, bridge, culvert, and trail construction, reconstruction and maintenance, alternative energy technologies, restoration of critical habitats, forest improvement, and watershed enhancement projects. The USFS will also direct \$500 million to hazardous fuel reduction and post-fire restoration projects on public and private lands,

and \$50 million specifically for woody biomass-energy projects that utilize small diameter materials from public and private lands. ARRA also provides the Bureau of Land Management (BLM) with \$125 million in the Management of Lands and Resources (MLR) appropriations, \$180 million in the Infrastructure Construction appropriations, and \$15 million for hazardous fuels reduction projects on Department of the Interior (DOI) lands. As expected, there is a great deal of discussion over how to effectively administer the ARRA and the government has pledged itself to transparency and clarity of purpose at all levels (P.L. 111-5).

So just how many green jobs and how many green infrastructure projects can we reasonably expect to develop in the short-term to have a positive impact on the economic recovery? According to an analysis by the USFS, the agency could spend \$5.5 billion over the next three to five years on land stewardship, wood-based energy development, and the greening of its facilities. The USFS estimates that this could create as many as 90,000 jobs—13,000 of which would be highly skilled positions needed to advance the long-term development of the green economy (USDA 2008). Similarly, the BLM estimates that it could spend roughly \$3 billion over the



next two and a half years, creating over 37,000 direct jobs and nearly 22,600 indirect and induced jobs performing a wide variety of landscape restoration and stewardship activities (Moseley 2008). Additionally, it is estimated that approximately 5 million acres of public lands needing restorative and/or hazardous fuel treatments have gone through the planning processes embedded in the National Environmental Policy Act (NEPA). These “shovel ready” projects have been designated as the priority lands for economic stimulus monies.

The challenge lies in administering the funds in a way that will effectively and efficiently result in both the short-term creation of green jobs and the long-term stabilization of the all too familiar boom-and-bust cycles that often characterize natural resource-based economies. Stewardship contracts and agreements are a proven tool for the federal land management agencies to work collaboratively with forest-based communities to answer this challenge. Stewardship contracts and agreements are land management contracting mechanisms that authorize the USFS and BLM to implement ecosystem health restoration and other public lands management activities in ways that also retain and generate jobs in rural forest-based communities. This innovative approach to contracting provides the agencies the flexibility needed to accomplish these goals by allowing the agencies to:

- designate by description or prescription trees to be removed or retained;
- award long-term contracts and agreements of up to 10 years in duration that provide; consistent work for local communities and long-term supply for appropriately scaled and sustainable industries.

Yet a series of obstacles—many of which are matters of administrative and contracting policy—must be

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overcome if the full benefits of this approach are to be realized. These obstacles include the fact that bonding and contract cancellation ceiling requirements often impede community-based firms from bidding, that biomass utilization projects are viewed as somewhat risky investments even with long-term supply agreements, and that the contract administration process is often cumbersome and overly complex.

The end of 2008 marked an important turning point in the evolution of stewardship contracting, being the mid-point of the agencies’ authority to use this contracting mechanism (this authority expires in 2013) and the onset of an economic recession. In an attempt to identify and overcome implementation barriers, the USFS conducted a Mid-Point Evaluation of their use of the stewardship contracting authorities in 2008. This introspective review resulted in a multi-step strategy to guide the agency in its future implementation of stewardship contracting and represents a much needed strategy for the agency to overcome many of the obstacles to broader application. The Government Accountability Office (GAO) also conducted a five year review of stewardship contracting (GAO 2008). In the report, GAO emphasized the need for both the USFS and BLM to develop strategies that guide and streamline their use of multiyear stewardship contracts to help stimulate emerging markets for the sustainable use of small-diameter trees.

Since many of the ecosystem restoration, climate adaptation, and other land management objectives of the USFS and BLM frequently involve the need to remove small-diameter trees, the goods-for-services provisions of stewardship contracting make it an ideal tool. However, a significant market for small-diameter trees is needed for this provision to be a viable option, and private investments in small-diameter utilization infrastructure has largely stalled as a result of the recession. At a recent conference focused on the utilization of small-diameter trees, a USFS employee summarized their response to the current circumstances with a slight modification to a frequently uttered phrase, “We are from the government and we are here to stimulate.” The USFS has restructured a number of Integrated Resource

- award contracts on a “best value” basis in which price is only one of several considerations;
- exchange goods for services e.g. small-diameter trees for the removal costs;
- retain receipts within land management units in order to fund additional priorities;




Timber Contracts (IRTCs) into Integrated Resource Service Contracts (IRSCs) to allow for ARRA to implement these projects while the market for small-diameter timber is down. As markets for the use of small-diameter trees continue to develop, there remains a backlog of projects that involve the removal of significant amounts of woody biomass. This sort of activity could jump start a restoration economy that heralds the beginning of economic stability for many rural forest-based communities.

The goods-for-services provisions embedded within stewardship contracts can help maximize the impact of the ARRA by establishing long-term supply agreements for biomass by-products of restoration activities.

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This stretches the impact of the recovery funding by aligning markets for low grade woody biomass with infrastructure investments (e.g., the \$50 million in wood-to-energy grants from ARRA). Assurances of supply that can be built into stewardship contracts can also help stimulate private investment in appropriately scaled biomass utilization infrastructure that leads to reduced project costs and greater environmental outcomes. Another key role stewardship contracts can play in the economic recovery is that communities engaged in these projects help define the parameters of both stewardship activities and the end use for available biomass. In essence these stewardship collaboratives can provide communities with greater control over the stewardship of their local forest resources and their economic destiny. Many of these communities face steep obstacles on the road to economic recovery. With higher than average unemployment being the norm in many of these communities prior to the recession, the outlook is grim given the broader economic downturn. Yet with an expanded commitment within the USFS and BLM to utilize stewardship contracts and agreements and recognition within Congress that restoration jobs

truly are green jobs, the restoration economy may yet find fertile ground during the worst of times. 

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