

The Community's Role in Stewardship Activities on Federal Forests

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Rural communities—particularly in the western United States—have long relied on economic activity generated by natural resources on nearby federal lands. Since the 1980s, however, sharp reductions in federal timber harvests have contributed to the loss of thousands of family-wage jobs in the forest products industry, reductions in natural resource-related local tax revenues, and other negative impacts on forest-based communities. At the same time, there has been rising concern about forest health issues related to widespread disease and insect outbreaks, loss or degradation of habitat for key fish and wildlife species, and wildfires growing larger, more intense, and consuming ever-greater shares of USDA Forest Service (USFS) and Bureau of Land Management (BLM) budgets.

Congress's authorization of stewardship end-result contracting has given the USFS and BLM a valuable tool to address some of those problems. Designed to achieve land management goals while also meeting the needs of rural, forest-dependent communities, stewardship contracting was piloted by the Forest Service in 1998 until long-term authority was granted in 2003. At that time, Congress authorized its widespread use on National Forest System (NFS) and BLM lands through September 2013. The legislation provides the agencies contractual flexibility to accomplish needed ecosystem restoration activities through contracts or agreements, which are required to be awarded on a "best value" basis. In addition, the legislation authorizes:

- ✿ The exchange of goods for services (i.e., applying the value of timber in exchange for stewardship work);
- ✿ The retention of receipts (i.e., retaining portions of proceeds from the sale of commercial products to fund other non-revenue producing activities as opposed to being returned to the Treasury);
- ✿ Designation of trees to be removed or retained by prescription or description;

- ✿ The award of contracts as long as 10 years in duration; and
- ✿ The offering of contracts with less than full and open competition.

As part of granting the above stewardship contracting authorities, Congress required both agencies to annually report on the role of local communities, cooperating local, state and/or tribal governments, and any other interested outside parties in the development of stewardship contracts. Since 2005, the agencies have turned to the Pinchot Institute to facilitate the mandated programmatic-level review. The Institute has partnered with the Flathead Economic Policy Center, Michigan State University, Watershed Research and Training Center, and West 65, Inc to organize, convene, and facilitate regional team meetings as part of the monitoring and evaluation effort.

The regional team meetings assemble representatives from the Forest Service, BLM, forest products industry, research and higher education, state, county and tribal governments, land trusts, environmental and conservation organizations, and many others. Each year, the meetings are held in five different regions (i.e., Northeast/Lake States, Northern Rockies, Pacific West, Southwest, and Southeast) to analyze the effects of regional conditions on the successes and outcomes of stewardship contracting projects and identify barriers to fully engaging communities in the development of stewardship contracts. Among the key findings and lessons-learned:

A number of successful outcomes result from engaging local communities in the development of stewardship contracts. The five regional teams identified instances where the agencies have successfully engaged local communities in the development of stewardship contracts or agreements. In many regions, stewardship contracting has been a tool to help accomplish fuels reduction, road decommissioning, forest and watershed restoration, and other stewardship activities. At the same time, steward-



ship contracts have incubated new small business opportunities for local communities situated near NFS or BLM lands. Stewardship contracts have provided some existing wood product manufacturers the assurance of a long-term wood supply needed to enable financing of improvements in their wood-processing facilities. This has helped retain—and in some cases expand—employment opportunities for local workforces.

New and existing partnerships among diverse interests are convening to link economic development with stewardship activities. These partnerships are playing a key role in research, outreach, capacity building, and technical and financial assistance and serve as a center point for new collaborative efforts. They often identify and address emerging issues, attract additional stakeholder participation during project planning, and improve relations with local communities.

Stewardship contracting has potential to result in a number of benefits to local communities. The regional teams identified the major benefit of stewardship contracting as enabling the USFS and BLM to accomplish more on-the-ground work at a time when limited agency funding precluded many needed restoration projects. The team members emphasized stewardship contracting's utility in accomplishing more work—such as overdue restoration and fuel reduction treatments—by exchanging goods for services and using retained receipts to supplement scarce appropriated dollars.

In addition, stewardship contracting can *support local, forest dependent economies* by: (1) creating a consistent program of work for local contractors and facilitating capital investment in community infrastructure; (2) stabilizing the raw material supply needed to attract investment into wood-processing and wood-bioenergy facilities utilizing small-diameter, low-value material; and (3) providing a stable source of income and employment in forest-based communities based on the sustainable use of local forest resources.

The collaborative process used in developing and implementing stewardship contracts often results in improved relations between the agency and local communities. Agency and non-agency partners alike highly valued the tendency of stewardship contracting to increase collaboration and public trust in the agency. In most cases, stewardship contracting projects have been widely supported by local communities, and facilitated a sense of shared ownership in specific projects and outcomes.

There are barriers which continue to prevent full community engagement in the development of stewardship contracts. The five regional teams identified the

following as predominant problems associated with engaging local communities in USFS and BLM stewardship contracts or agreements:

- ✿ **Agency line officers, local contractors, and communities remain unfamiliar with stewardship contracting.** Congress granted the USFS and BLM authority for stewardship contracting in 2003. This followed a series of 84 stewardship contracting pilot projects on the NFS dating back as far as 1998. Nevertheless, USFS line officers remain unfamiliar with stewardship contracting and its expanded authorities (e.g., best value contracting, exchange of goods-for-services, retention of receipts). This general lack of understanding has prevented agency personnel from communicating the potential opportunities stewardship contracting provides to local contractors and communities.
- ✿ **Agency line officers are unclear about the role collaboration plays within the stewardship contracting process.** Collaboration between the agencies and interested outside parties is a central component of stewardship contracting, but it does require an investment of agency time and money, increasing the challenge for line officers and field managers already trying to meet more targets with less funding. Line officers remain unsure how to meet the agencies' loosely defined expectations for collaboration while their own definitions range from believing input is unnecessary to believing community interests need to be fully engaged at the outset of a project. Agency staff turnover can result in lost or broken relationships with stakeholders and create attendant negative impacts on the local collaborative process. On the other hand, motivated agency managers are sometimes unable to engage the interest of individual community members' (i.e., those not representing a formal organization) in project planning in spite of intensive outreach campaigns.
- ✿ **Stewardship contracting needs to be made less complex in order to increase its use by both agency line officers and local contractors.** Stewardship contracts are considered by many local contractors to be overly complex and restrictive. The contracting process is often lengthy, and making necessary amendments to existing contracts is frequently cumbersome. Large, up-front bonding requirements tie up capital otherwise needed by contractors to carry out their operations. Some local contractors have chosen not to bid on stewardship projects until the contracting process is improved. Other regional and national businesses with large mobile crews and equipment are willing to engage in the current contracting process and may be the only bidders on some jobs. They conduct restoration treatments—often pre-commercial thinning—in

a short, intense time frame, which may provide limited benefits to local businesses and workers.

✿ **Cancellation ceiling requirements deter the use of multi-year stewardship contracts.** As part of the multi-year contracting authority, the Forest Service is required to determine a reasonable “cancellation ceiling”. The cancellation ceiling is an up-front estimate of any non-recurring costs (e.g., re-tooling equipment, building a processing plant, re-training the workforce) incurred by contractors in performance of multi-year contracts. At the time the contract is awarded, the agency must obligate the funds necessary to cover the contractor’s non-recurring costs in the event the agency cancels the contract prematurely. The requirement to obligate funds at the time a contract is awarded has a significant impact on a National Forest unit’s available funding and diverts funds away from immediate management needs. This discourages the use of stewardship contracting work on a multi-year basis, to the detriment of both the federal lands and resources and the local community.

Regional team members identified potential policy or program changes to address the conditions, which prevent full community engagement in stewardship contracting:

Familiarize agency staff and local communities with stewardship contracting. Peer-to-peer learning or internal mentorship programs—in addition to classroom or web-based training—can provide creative opportunities for line officers less familiar with the contracting authorities to learn from those who have developed successful stewardship projects. Training should be mandatory for contracting officers, financial management staff, and forest planners and should be made available to any interested agency employee.

Regional team members suggested staff from both agencies consider using a variety of non-traditional outreach methods such as presentations to local quasi-government boards (e.g., economic development authorities) and non-governmental gatherings (e.g., homeowners’ association meeting, Chambers of Commerce, local conservation clubs, Fire Safe councils) which provide potential venues to generate greater community involvement. These (and other) organizations are usually concerned about rural economic development, public safety, and/or the integrity of nearby forest ecosystems—issues stewardship contracting is often well-suited to help address.

Improve the role of collaboration in the development of stewardship contracts. Trust is built when the agencies work with outside organizations to develop and implement stewardship contracting projects. Many of the

agencies’ existing partners have considerable experience with the stewardship contracting authorities and are potential sources of technical, financial, and volunteer assistance. Partner organizations or intermediary groups should be engaged during initial project discussions and can serve as resources to help in project outreach, organization, and facilitation efforts. Capitalizing on existing groups (e.g., Resource Advisory Committees, Fire Safe councils) or other planning efforts (e.g., Community Wildfire Protection Planning) can be useful ways to initiate community participation in stewardship contracting projects.

To be effective facilitators and collaborators, agency staff need the ability to spend time fostering long-term relationships and building agency trust among local communities and stakeholders. Agency staff should be required to demonstrate proficiency in these areas during regular performance reviews.

Support from local communities often hinges upon clear communication regarding timelines and project progress during each phase (i.e., project design, implementation, and monitoring). Local media outlets and USFS and BLM websites should be better utilized in sharing progress and publicizing stewardship contracting success stories.

Encourage more community participation in stewardship contracting projects. Regional team members suggested targeted training and technical assistance programs would help local communities—especially contractors—understand the stewardship contracting authorities. Training opportunities would help local contractors: (1) better understand and manage stewardship contracts, (2) successfully navigate the contracting process, and (3) develop competitive bids and proposals. Partner organizations can help in this effort, and the agencies could take advantage of state logger education programs and conventions, industry and trade groups, or other similar opportunities to reach targeted audiences.

Regional teams have suggested two alternatives to lessen the financial burden associated with performance bonds and cancellation ceilings. The first would require contractors to post minimum versus maximum bonding requirements. The second calls for splitting units or task orders within stewardship contracts and posting bonds or cancellation ceilings appropriate for each. In addition, offering longer-term stewardship contracts would allow contractors to respond to market-related delays in conducting stewardship activities as well as time to fully train new work forces. Longer stewardship contracts—in many instances—also provide reasonable assurance to investors interested in establishing community-scaled wood-processing or wood-bioenergy facilities.

Agency line-officers need encouragement and support from others in leadership positions at the supervisor, regional, and Washington offices before they are willing to risk entering into long-term stewardship contracts. As stated by the Northeastern Regional Team, “*A highly risk-averse agency management environment can stifle such needed innovation and creativity both internally and externally.*” Line-officers demonstrating leadership in developing stewardship contracts should be recognized for their efforts.

Conclusion

The results from the regional discussions suggest a number of successes and ecological, economic, and social benefits have emerged from the involvement of local communities in stewardship contracting. At the same time, regional team members identified areas where the agencies can continue to improve. As the number of stewardship contracts developed and managed by the USFS and BLM continues to grow, so too does the number of participants unfamiliar with the stewardship contracting process. We invite the agencies and the broader conservation community to consider the regional teams’ findings and suggestions as they develop stewardship contracts which meet the needs of local communities while accomplishing much needed forest health and wildlife habitat restoration treatments.

Notes

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