

US Forest Service

Discussion Paper

Implementation of the 20-Year Stewardship Contract Authority

April 26, 2018

Issue Summary

The 2018 Consolidated Appropriations Act included new authority to extend the length on Stewardship contracts to 20 years in special cases. This document will provide some background information, proposed implementation approach and identify issues that still need to be addressed.

What does it authorize?

- Sec. 207 authorizes 20-year Stewardship Contracts or Agreements under Section 604 of the Healthy Forests Restoration Act of 2003, (HFRA), where the majority of Federal Lands are in Fire Regime Groups I, II, or III. In awarding a contract, preference may be given, notwithstanding the Federal Acquisition Regulations, to a contractor who as part of the contract promotes an innovative use of forest products including cross-laminated timber.
- Sec. 204 discusses the use of Cancellation Ceilings for Stewardship End Result Contracting Projects. It also amends HFRA. Funds may be obligated in stages that are economically or programmatically viable to cover any potential cancellation or termination costs for a contract or an agreement. Congress and OMB need to be notified in advance if the cost of the cancellation ceiling exceeds \$25 million.

Anticipated Projects

Project selection will include the following factors, plus other issues. See attached maps for reference to identified areas.

- Locate Fire Regimes I-III, existing mills location, and areas of treatment needs that may provide enough volume from National Forest System lands. Additionally, with a preference identifying an innovative approach which is feasible at the given levels and products anticipated to be offered to supply these industries with sufficient material.
- Locate Fire Regimes I-III on national forest lands and areas of treatment needs that might have sufficient volumes and no present infrastructure; consider projects that would support existing milling facilities to encourage retooling or re-investment to develop new markets around these innovative uses of forest products.

Outreach to Partners

- Gather information needed to develop agency guidance for strategic use of 20-year stewardship agreements and contracts as described in the 2017 Omnibus Bill.
 - Informal data gathering from contacts in industry, non-profit, community advocacy, Tribes, or other appropriate stakeholders
 - Formal data sharing and gathering via NFF-hosted online peer learning session (target date of no later than May 31, 2018). This public or semi-public forum will be with agency, industry, non-profit, community, and other stakeholders.
- Gather and share perspectives and data to inform development of agency guidance such as:
 - What ideas do the proponents of this amendment have?
 - Is anyone already working on such a project?
 - What concerns do stakeholders have with long term contracts?
 - What suggestions do stakeholders have to address concerns?

National Perspectives

- Vertical Alignment. Ensure that all levels of the Agency are in sync on the implementation of authority.
- Spur Industry growth. Use this authority as a way to spur new or expanded industry where needed.
- Start with a few areas where we believe there is a high chance of success. Use these early successes to develop to develop the process and procedures. Expand as leaning journeys are shared.

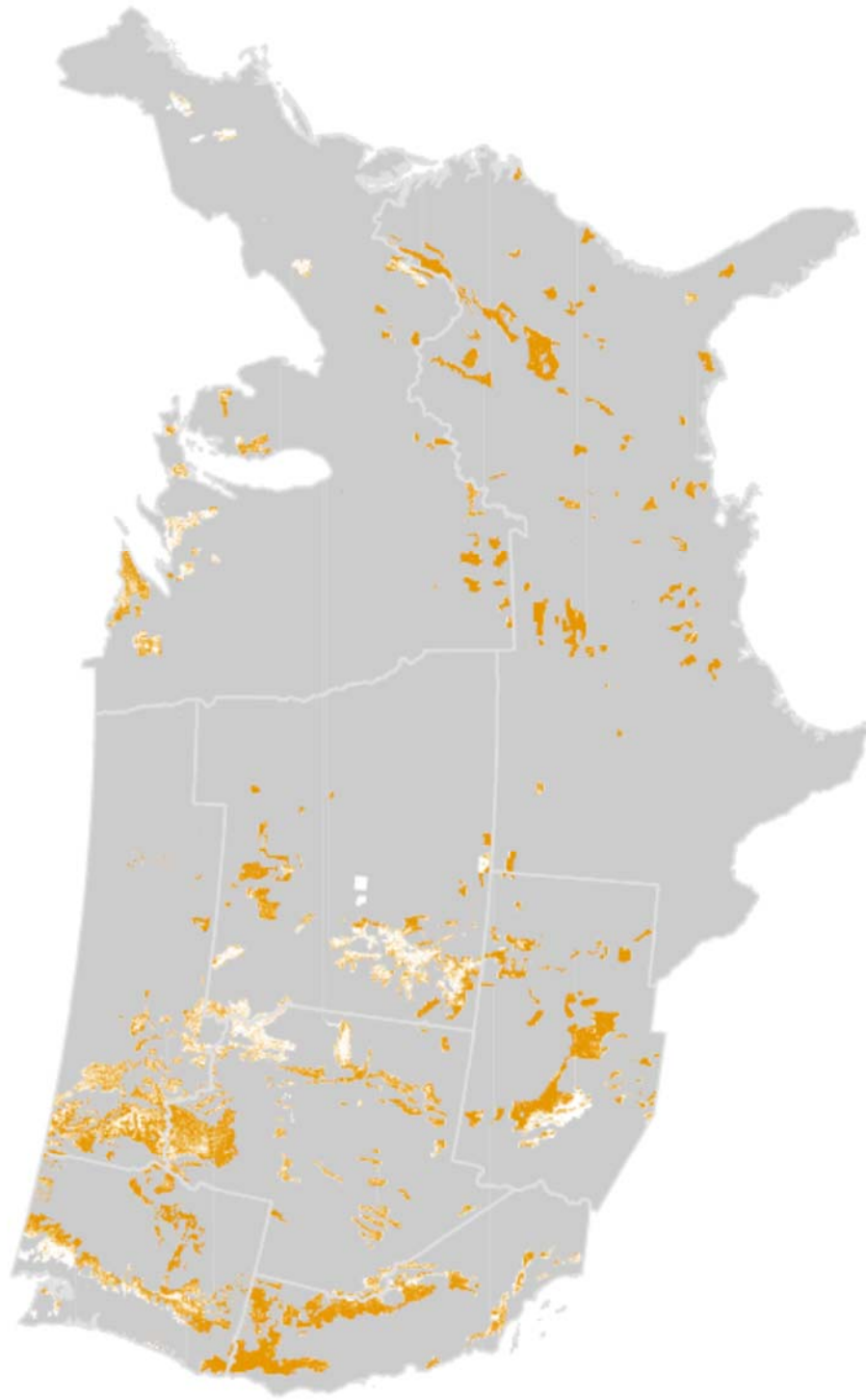
Issues to Address

These issues have not been fully analyzed yet.

- NEPA approach for a 20-year period.
 - What options do we have to reduce risk related to acres identified through NEPA analysis, before a project is let?
- Fixed Location, fixed quantity.
 - How can we award or let contracts in the case where the total area and volume have not been determined? Would the use of subdivision concept help?
- Impacts on SBA program.
 - How do we manage long-term contracts and their effect (if any) on availability of projects to small businesses?
- Bonding.
 - Is performance bonding an issue for industry when the contract term extends beyond the normal 3 to 5 years?
 - Should performance bonding be regularly required in IRSC?
- Market Availability and Stability.
 - How should a contract be structured to allow for market fluctuations and changes?

- Workforce.
 - Are there any internal or external issues that a 20-year contract would contribute to positively or negatively?
- Technology Changes.
 - How can a contract be structured to allow for changes in technology – either on the harvest side or on the product manufacturing side?
- Legal Framework changes:
 - How can a contract be structured to accommodate changes in law or regulation?
- Competition.
 - What might we want to consider when awarding a long-term contract so that it minimizes negative impacts on portions of the industry that are not awarded the contract?
- Program Mix.
 - What might be a good mix in the overall timber program? What could be a useful mix of long-term and short-term contracts?
- Financial.
 - How should we describe the financial ability and responsibility a contractor should demonstrate to qualify for a 20 year contract?

Fire Regime Groups I-III



Fire Regime Groups I-III
Data Source: Landfire 1.4.0 Fire Regime Group

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