

WHITE MOUNTAIN STEWARDSHIP PROJECT



Using a Large Scale Stewardship Contract

Background and need

- Businesses continually say they need a “reliable supply” if they are to install new facilities
- High demand from the public to get forest health treatments done quickly
- Large scale treatments almost impossible without markets for the material

Background and need

- Congress and the President saw the need and gave Stewardship authority
- Among other things, this gave authority for sales up to 10 years

Strategy

- SW Region and A/S National Forest put these needs together with the new authority
- A/S felt they could do 15,000 acres annually, in addition to small projects for current local industry
- June 2003 began working on draft contract



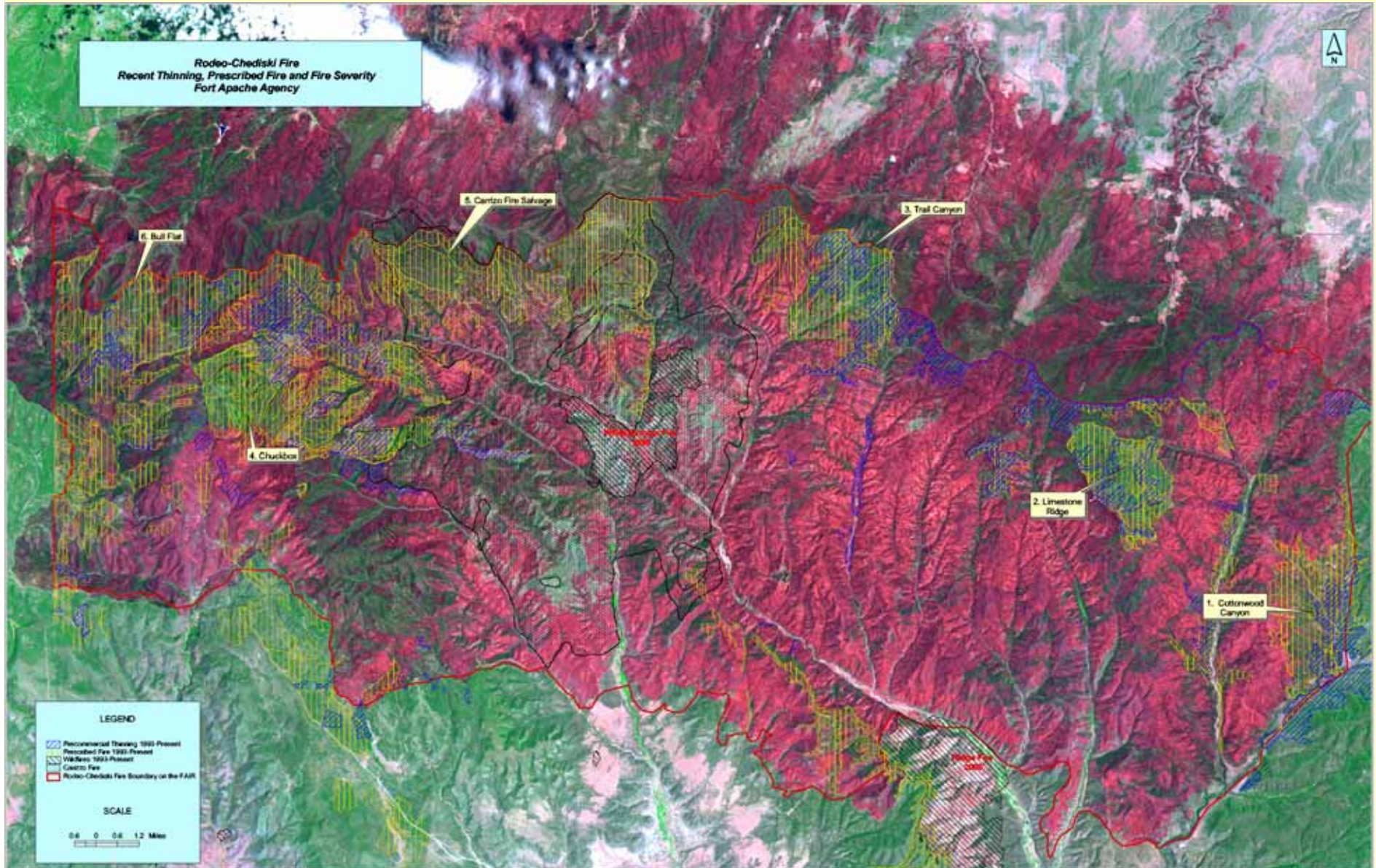
June 19 @ 1550 hours
Size 25,000 Acres



1730

Collapsing
column
causes fire to
cover 10,244
acres in 15
minutes-
flame lengths
nearly 1,000
feet

Rodeo-Chediski Fire Effects and Recent Forest Management History





Horse Thief Basin Prescott NF, AZ 2002

Breaking (nearly) new ground

- New Authority, new territory, new concerns
- Several reviews between A/S NF and Regional Office
- Review by Washington Office and Office of General Council
- Want to make sure this one works

Bringing a single minded focus to...

- **Complete initial treatment of WUI within 15 years.**
- **Double non-WUI treatments by 2011.**
- **Complete fire-use plans by FY2008.**
- **Provide for maintenance treatments into perpetuity.**

Ecological Context

- Over 18.4 million acres of forested land in the Southwestern Region.
- Virtually all is Condition Class 2 or 3 and Fire Regime 1.
- Fire suppression has led to forests with 300-3000 trees per acre instead of 20-60 per acre.
- Drought and insects exacerbate the problem.



Social Context

- **Arizona and New Mexico are among the fastest growing states.**
- **Experiencing rapid expansion of the Wildland-Urban Interface – as much as 3.5 million acres.**
- **Severe fire seasons have helped convert the skepticalCerro Grande, Rodeo-Chediski, Aspen...**
- **Exceptional support from local, state, and national elected officials.**
- **Strong science foundation for management.**



Economic Context

- Many of the affected counties are among the poorest in the nation.
- Limited economic infrastructure.
- Forest products industry is gone.
- Recreation based industry is dependent on healthy forests.
- Good transportation infrastructure.



Stewardship Contracting: A Critical Tool

- Capturing economic value is essential to reducing treatment costs.
- An 8% reduction in treatment cost/acre is equivalent to a 10% reduction in all the Region's non-vegetation treatment BLI's.
- Authority to trade goods for services and 10-year contracts essential to attracting commercial investment.
- Scale of treatment is critical to achieving objective and attracting industry.



White Mountain Stewardship Contract

- **10-year contract – targeting 150,000 acres.**
- **Focused on:**
 - **Reducing the threats of wildfire in the Wildland Urban Interface on the Apache-Sitgreaves National Forest in Arizona.**
 - **Setting the stage for ecosystem restoration at a landscape scale.**
- **Through better utilization and trading “goods for services” we hope to reduce the cost of treatment from \$500-700/acre to under \$200-300/acre.**

Key Contract Features

- **Use of Stewardship Contract Authority maximizes the time period up to 10 years versus multi-year contracts which are only up to 5 years.**
- **Performance Based Service Contract where contractors propose methodology to achieve desired results.**
- **In addition to the evaluation criteria, the Request for Proposal's (RFP) heavily considers the bidders utilization of:**
 - **Biomass Utilization**
 - **Contribution to local employment**

Key Contract Features

- **Indefinite Quantity Contract (task orders):**
 - Requires government to furnish and contractor to treat at least 5,000 acres/year.
 - Provides contractor right-of-first refusal for acres above 150,000.
 - Multiple task orders can be issued in any given year.
- **Incorporates a sub-contracting plan that utilizes existing local businesses and resources.**

Key Contract Features

- **Contract Bid Items are:**
 - **Value Items, i.e. Saw Timber bids will be dollars per CCF (Contractor pays Government) as determined from cruises.**
 - **Cost Items, i.e. Removal of small trees and slash will be dollars per Ton (Government pays Contractor)**

Key contract features

- Required removal of material in excess of the needs of ecosystems
 - **Sawlogs (MCF) – value item**
 - **Roundwood (MCF) – value or cost item**
 - **Limbs, tops and small trees (Tons) – cost item**
- Normal contract specification on how to leave the land, watershed protection etc

Current Status

- **Contract package is complete and notice of the upcoming solicitation was published in FedBizOpps on February 19,2004.**
- **In FY 2004 the Region is ready to issue a task order which can range from 5,000 to 18,000 acres.**
- **Total of 30,000 acres currently covered by NEPA – 5,000 more nearly complete.**
- **A dedicated team will complete remaining NEPA to stay ahead of task orders.**
- **Community fire plans largely in place.**

Industry Interest

- **Attracted considerable interest from a variety of small and large business and state and local governments.**
- **Examples include:**
 - **Eastern Arizona counties who would utilize Biomass through oriented strandboard mill.**
 - **Bioenergy plants**
 - **Limited partnership of small logging companies.**
 - **Laminated truss and beam company.**

Time Frame – Target Dates

- **March 3, 2004 - Issue/Post Request for Proposal (RFP).**
- **April 12-23, 2004 - Pre-proposal/site visit meetings.**
- **May 3, 2004 - Last date to request RFP.**
- **June 3, 2004 - Closing date for receipt of proposals.**
- **Within 2 to 3 weeks of June 3, 2004 technical evaluation team meets to evaluate proposals.**
- **If best and final offers are not needed, contract may be awarded within 2 weeks (late summer).**

Lessons Learned

- **Allow sufficient time for input, review, approvals**
- **Get key players involved at the onset from all levels (RO, SO, WO)**
 - AQM, PD&B, Timber Management, Fiscal, OGC
- **Determine instrument to be used (timber versus service contract) and type of warrant authority needed (procurement versus timber) for contract award.**
- **Ensure cost and price capability is available either in-house or by contract, to acquire a good estimate of the potential cancellation fee.**
- **Ensure monies are available to cover potential cancellation fees/minimum guarantee.**
- ***You'd better want to do this...it's not for the faint of heart!***

Challenges and Risks

- Integrate resource areas to blur the functional boundaries for funding, target reporting and project design.
- More flexibility to describe the project by prescription to minimize preparation and layout costs on the ground.
- Measuring and tracking sawtimber values in a contract that contains a mix of biomass, pulp and sawtimber
- Find ways to reduce the contract costs and tracking requirements for timber in the small log projects.
- Potential that out-year NEPA could be tied up in court.
- Potential that large fires could burn several years of contract work.
- Better mechanisms to address the liability associated with providing the minimum acres each year and the potential for default.



Challenges and Risks

- Contractor Maturity
 - TSI Contractors
 - Loggers

Min/Max Funding

Cancellation Clause Ceiling

- 10 Year Firm Fixed Contract
- Termination for Default



150,000 acres

- Average 15,000 acres
- Maximum 25,000 acres
- Guarantee 5,000 acres
- Minimum Task Order 500 acres
- NEPA
- Region wide

TABLE OF PLANNED TREATMENT ACRES			ESTIMATED	
FISCAL YEAR OFFERED	RANGER DISTRICT	PROJECT	TOTALS	
2004 KEY: ALP= ALPINE BM = BLACK MESA SPR = SPRINGERVILLE LKS = LAKESIDE	01 ALPINE	Alpine WUI 2	425	
		Horton TSI	287	
		Little MP	534	
	01 ALPINE TOTAL			1246
	02 BLACK MESA	Heber-Overgaard	2600	
		Little Springs WUI	2072	
		RC Salvage CEs	1000	
		RC Salvage EIS	5000	
	02 BLACK MESA TOTAL			10672
	06 SPRINGERVILLE	IRIS SPRINGS	568	
		MINERAL A	1763	
		RANCH 3	266	
	06 SPRINGERVILLE TOTAL			2597
07 LAKESIDE	Blue Ridge 1	2652		
07 LAKESIDE TOTAL			2652	
2004 TOTAL-----			17167	

Questions?