

Bureau of Land Management
“End Results” Stewardship Project
Guidance
Version 3



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BLM “End Results” Stewardship Project Guidance

This document provides guidance for Bureau of Land Management (BLM) Stewardship project preparation, implementation, and tracking.

Section 1. Authority

The *Omnibus Appropriations Bill of 2003 (P.L.108-7, Sec. 323)* (Exhibit 1) which amended the *Appropriations Bill of 1999 (P.L.105-277, Sec. 347)*, granted the Forest Service (FS) and the BLM authority, until September 30, 2013, to enter into stewardship projects with private persons or public or private entities, by contract or by agreement, to perform services to achieve land management goals for the National Forests or public lands that meet local and rural community needs.

Section 2. Objectives

The primary objective of stewardship contracting is to achieve one or more of the following land management goals:

- (1) Road and trail maintenance or obliteration to restore or maintain water quality;
- (2) Soil productivity, habitat for wildlife and fisheries, or other resource values;
- (3) Use of prescribed fire to improve the composition, structure, condition, and health of stands to improve wildlife habitat;
- (4) Vegetation removal or other activities that promote healthy forest stands, reduce fire hazards, or achieve other land management objectives;
- (5) Watershed restoration and maintenance;
- (6) Restoration and maintenance of wildlife and fish habitat; and
- (7) Control of noxious and exotic weeds and reestablishing native plant species.

The BLM’s primary objective for its stewardship contracting program is to implement projects that increase the health and resiliency of both public lands and local communities. District/Field Offices are encouraged to design stewardship projects that are scaled to meet the needs of their individual landscapes and communities (Exhibit 9, Strategy for Use of Long-Term, Multiyear Stewardship Contracts).

Section 3. Policy Highlights

Approval: The State Director shall approve use of the stewardship contracting authority to implement projects greater than five years in duration. For projects five years in duration and less, approval authority may be re-delegated to District Managers or Deputy State Directors (Manual 1203, Delegation of Authority).

Best value: All stewardship contracts and agreements must be awarded on a “best value” basis, regardless of whether the solicitation is a service contract, forest product sale contract or an assistance agreement.

Excess receipts: Excess receipts generated by a stewardship contract shall be retained by the BLM and used to fund other stewardship projects.

Goods for services: The value of timber or other forest products removed may be applied as an offset against the cost of stewardship services provided by the contractor.

Laws and Regulations: Stewardship projects must comply with applicable laws and regulations, including, but not limited to, the National Environmental Policy Act (NEPA), Federal Acquisition Regulations (FAR), Federal Land Management Policy Act (FLPMA), and must be consistent with the applicable land use plans.

Multi-year contracting: Stewardship contracts and assistance agreements may have terms of up to ten years, subject to approval.

Other Programs: Stewardship contracting is not a replacement for the BLM's established timber sale or grazing programs.

Priorities: Consider projects that involve treatments to make forests, woodlands, and rangelands more resilient to natural disturbances such as fire, insects, disease, and climate change.

Stewardship Credits: As service work is completed, credit toward removal of forest products is accumulated and is accepted as payment for products equal to its value.

Section 4. Responsibility

Washington Office

Assistant Director, Renewable Resources and Planning (AD-200)

- Designate a national stewardship coordinator.
- Function as the national Stewardship Contracting Information Database (SCID) business owner.
- Work with the Business and Fiscal Resource Directorate, the National Office of Fire and Aviation, and the National Operations Center to maintain and improve the SCID.
- Implement a management control review process to maintain a high level of accountability for stewardship contracting.

Assistant Director, Business and Fiscal Resources (AD-800)

- Process requests from Contracting Officers (COs) and Grants Management Officers (GMOs) for delegation of stewardship contracting authority in accordance with [IM No. 2005-134](#).
- Work with the National Stewardship Coordinator to delegate stewardship GMO authority for agreements.
- Approve stewardship agreement Statement of Programmatic Involvement/Instrument Selection Determinations (SPI/ISD) for stewardship agreements over \$100,000 in value.

National Stewardship Coordinator

- Clarify stewardship contracting legislation through development of regulations and policy.
- Serve as the National SCID Data Steward.
- Assign the appropriate SCID permission to State Stewardship Coordinators.
- Function as the SCID business owner's representative.
- Produce the annual Congressional report mandated by the authorizing legislation.
- Work with the AD-800 to delegate stewardship GMO authority for agreements over \$100,000.
- Update and maintain the Delegation of Authority list for COs and GMOs to execute stewardship contracts and stewardship agreements to their delegated authority levels.
- Coordinate national stewardship training sessions at a minimum of every two years or as needed.

State Office

State Director

- Approve use of the stewardship contracting authority to implement projects greater than five years in duration. For projects five years in duration and less, approval authority may be re-delegated in accordance with Manual 1203, Delegation of Authority.
- Designate a stewardship coordinator for the respective state.
- Establish state-wide stewardship contracting priorities as needed.
- Ensure that District/Field Offices enter and maintain stewardship project and contract data in the SCID.
- Assess the use and management of stewardship contracting authority as a part of the BLM's program and activity reviews as applicable.

State Stewardship Coordinators

- Clarify national stewardship contracting guidance.
- Review stewardship project proposals to ensure that the project objectives meet the stewardship land management goals. See Section 2.
- Forward the signed Stewardship Project Review Form (Exhibit 2) to the National Stewardship Coordinator within three weeks of project approval.
- Coordinate Resource Program Lead review of stewardship contracts and assistance agreements prior to solicitation.
- Provide technical assistance to the CO/GMO for contract/assistance agreement execution.
- Grant and remove the appropriate SCID permissions for users in the respective state.
- Ensures project reporting in the SCID database is accurate and timely, and financial accountability and accomplishments are reported monthly.
- Solicit Field Offices for methods to improve the effectiveness of stewardship contracting; make recommendations to the National Stewardship Coordinator.
- Communicate with State and County officials, as appropriate.
- Assist with national stewardship training as needed.

District/Field Office Forester

- Review stewardship contracts or agreements, prior to solicitation, to ensure applicable program measurement and appraisal standards are followed.

Contracting Officer (CO)

- Complete the Stewardship Workshop and the performance-based contracting course, and be delegated with Stewardship Contracting authority, per [IM No. 2005-134](#), prior to stewardship contract administration.
- Forward stewardship contracts greater than the simplified acquisition threshold and/or warrant to the Oregon State Office (ORSO) for contract development and execution.
- Work closely with the project proponent to ensure the goals and objectives of the stewardship contract will be met.
- Assist with national stewardship training as needed.

Grants Management Officer (GMO)

- Complete the Stewardship Workshop and the performance-based contracting course, and be delegated with stewardship authority prior to stewardship assistance agreement administration.
- Forward stewardship agreements which are outside his/her delegation to a delegated stewardship GMO for processing and execution.
- Forward approved SPI/ISD to the National Stewardship Coordinator.
- Work closely with the project proponent to ensure the goals and objectives of the stewardship agreement will be met.
- Assist with national stewardship training as needed.

District/Field Office

District/Field Manager

- Serve as the Authorized Officer when a stewardship forest product sales contract is used.
- Initiate stewardship collaboratives, as appropriate.
- Define the local community for an individual stewardship project.
- Integrate all phases of stewardship projects (e.g., planning, contract development, funding, implementation and monitoring) among Field Office programs.
- Serve as the Authorized Officer for the forest product sales contract that is attached to the Stewardship Agreement. The Authorized Officer will work closely with the GMO to ensure continuity between the forest product contract and the stewardship agreement. Only the GMO may make changes to the stewardship agreement and only the Authorized Officer may make changes to the forest product contract.

Project Leader (may also be the Contracting Officer's Representative (COR))

- Complete the Stewardship Workshop prior to developing a stewardship project.
- Submit proposed stewardship projects greater than five years duration to the State Stewardship Coordinators using the proper format.
- Submit proposed stewardship projects five years duration and less to the delegated approval official and to the State Stewardship Coordinator using the proper format.
- In the case of District Manager authorized approval, the Project Lead will forward the stewardship project review form and Budget Planning System (BPS) summary to the State Stewardship Coordinator.
- Seek out and work with local collaborative groups.

- Conduct market research to identify expected service costs and product values.
- Establish clear objectives, roles, and responsibilities for all participants of a stewardship collaborative at the beginning of the process.
- Coordinate stewardship activities that generate forest products with the District/Field Office Forester.
- Work with the appropriate CO or GMO to develop the stewardship contract/agreement.
- Provide technical assistance to the CO or GMO for contract or assistance agreement execution.
- Lead the Technical Evaluation Team under direction of the CO or GMO to identify the Best Value project proposal.
- Enter new stewardship projects into the SCID within two weeks of State Director Approval.
- Maintain stewardship projects in the SCID database.

Contracting Officer’s Representative (COR) / Contract Administrator (CA) /Project Inspector (PI)/Program Officer (PO)

- This appointment/assignment may be given but is not restricted to the Project Leader.
- Complete the Stewardship Workshop prior to becoming a COR/CA/PO on a stewardship project
- COR - The COR is the on-the-ground procurement stewardship contract administrator, designated by the CO, responsible for enforcement and compliance of the contract. The COR authorities and responsibilities are defined in the COR designation letter.
- CA - The CA is the on-the-ground forest product sale stewardship contract administrator, as delegated by the Contracting Officer. The CA authorities and responsibilities are defined in [Forest Product Sale Procedure Handbook: H-5460-1 – Sale Administration.](#)
- PI – The PI performs on-the-job Government inspection of stewardship work completed by the Contractor. The PI is a functional role of administration that does not hold any authority in the contract. The PI responsibilities are defined in the PI assignment letter.
- PO – The PO serves as the technical representative for financial assistance agreements. The PO authorities and responsibilities are defined in the PO appointment letter.

Section 5. Planning Stewardship Projects

Collaboration

Meeting local and rural community needs is a requirement of stewardship contracting and may be identified through collaboration. The level of collaboration should match the size, complexity, duration and level of public interest in the stewardship project. Existing collaborative relationships can be used, thus streamlining the collaborative process. Collaborative processes allow and provide opportunities for diverse interests and stakeholders to play an active and meaningful role in stewardship projects through any of the following examples:

- developing the purpose and need statement, project scope, resource management objective(s), alternatives, and project design;
- identifying rural and community needs;
- conducting market research to identify service costs and availability of cost saving innovations;
- conducting or participating in contractor outreach and training activities;
- serving on technical review panels for contracts as non-scoring members;
- monitoring on-the-ground activities and outcomes; and

- providing feedback on the effectiveness of stewardship authorities and contracting procedures and documents.

Best Practices for Collaboration

Preparing to Collaborate

In preparation for collaboration on a stewardship project, the District/Field Manager may choose to form a team of District/Field Office employees to work together and be involved throughout the collaborative process. The expertise of the members of this team shall reflect the main elements of the project (e.g., a team comprised of forestry, wildlife biology, and fuels management). Utilize existing processes, such as publication of legal notices, newsletters, public meetings, web-based postings, etc., to announce the opportunity for collaboration.

Facilitation of the collaborative process shall be discussed early in the process. Consider using a skilled facilitator to guide constructive dialogue. The goal of facilitation is not necessarily to resolve a conflict, but rather to guide a group in its thinking process, keep the group focused, and help participants communicate effectively with one another and as a group. The BLM's National Facilitation Service, as part of the Washington Office's Alternative Dispute Resolution Program (ADR), is available for assistance to find and select a neutral third-party for facilitation. For more information or advice on facilitated processes, contact the Collaborative Stakeholder Engagement and ADR Program (<http://www.blm.gov/adr>).

Identify and Involve Relevant Stakeholders

Stewardship collaboration has the potential to go beyond the public involvement requirements of a NEPA analysis. Stakeholder involvement most often begins at the project planning stage and may continue throughout the life of the project in order to get valuable and necessary input on the feasibility of the proposed project design.

Involve the public as soon as practicable in stewardship project development. Seek early involvement from Federal, State, and tribal governments; non-governmental organizations; local communities; county governments; and interested groups or individuals, including resource advisory committees, fire safe councils, resource conservation districts, and watershed councils. Contractors representing a cross-section of businesses, including timber industry representatives, are also relevant stakeholders.

Before beginning the stewardship process, the Project Lead should start by seeking out a local collaborative group to work with. If one does not exist locally, the Field Manager may initiate a new collaborative group. The BLM can provide information and data to the group, and participate as a member; however, BLM staff shall not chair or direct the collaborative group.

Design a Strategy to Conduct an Open, Inclusive, and Transparent Process

The District/Field Manager shall establish clear objectives, roles, and responsibilities for all collaborative participants at the start of the process. The District/Field Manager shall also set realistic expectations of the group, while encouraging participants to think creatively, optimistically, and practically throughout the process.

While encouraging stakeholders to participate, the BLM must also clearly convey that any decision is the sole responsibility of the District/Field Manager; BLM staff shall not ask the group for a consensus decision; rather the collaborators shall share ideas and priorities with the District/Field Manager. Because collaboration includes multiple perspectives in the decision making process, the solutions developed

through collaborative action are often more durable and more widely supported than those made using less inclusive forms of decision making.

The BLM shall share information widely and continuously throughout the duration of the stewardship project. Information sharing might include: assessment of communities at risk, current vegetative conditions with respect to the likelihood of severe wildland fire, threats to key habitat, water quality, and air quality, and local economic data. Concurrently, utilize and value local knowledge in conjunction with scientific research.

Most importantly, honor District/Field Office commitments made to the collaborative group to the maximum extent practicable, consistent with existing laws and regulations and appropriated funding.

Define the Local Community

The authorizing legislation specifies that stewardship projects shall perform services to achieve land management goals on public lands that meet *local and rural community* needs. Identification of what constitutes a stewardship project's local community is pertinent both to collaboration and to potential project proposals. The parameters of the local community must be defined for each stewardship project and be used consistently across all contracts and/or agreements used to accomplish the goals of that project.

The definition of local can vary significantly depending on the unique attributes and scope of each stewardship project. The definition must be considered in relation to the effect it would have on local and rural resource availability, prioritization of treatments, and the location of work under the stewardship contracts or agreements. For example, local may be defined as a state, county, or watershed boundary, or as a set distance from a project area.

The COs routinely define local for procurement purposes in compliance with the Federal Acquisition Regulation (FAR), and can assist in determination of the area in which the work is to be performed during the early stages of stewardship project development.

Outreach

Additionally (at least until prospective contractors are thoroughly familiar with the use of best value), it is helpful to hold pre-proposal conferences or industry workshops in which best value contracting can be carefully explained and prospective contractors are provided pertinent information on preparing meaningful and responsive offers, subcontracting opportunities, implementing quality control procedures, and other important issues. Forest product associations, local chapters of the Society of American Foresters, Resource Conservation and Development Districts, and nonprofits concerned with resource management often are willing to organize, sponsor, and/or facilitate such industry workshops. Although costs are associated with providing and/or receiving such training, having fully informed and trained contractors can help make the solicitation process more competitive and the offers more complete and responsive.

Resources for Collaboration

The following websites provide additional information related to effective collaboration:

1. [BLM 2007 Collaboration Desk Guide](#). This document identifies principles, desired outcomes and practices to help use a collaborative process to achieve Cooperative Conservation. It is not intended to be a set of step-by-step procedures, but rather a discussion of a range of proven methods.

2. [Stewardship Contracting and Collaboration: Best Practices Guidebook](#). This publication includes information on opportunities for collaboration throughout the stewardship contracting process, offers best practices for each step, and includes links to additional resources.

Project Design

Include stewardship treatments and techniques that make forests, woodlands, and rangelands more resilient to natural disturbances such as fire, insects, disease, and climate change.

Location

Utilize the range of expertise represented in the collaborative group to determine a community's priority areas for restoration. Field tours of the project area are particularly useful for prospective contractor/recipient involvement and provide an excellent venue to elicit comments and discussion about such issues as desired future conditions, terrain, soil conditions, appropriate cutting and thinning systems, access, product marketability, and tree marking or designation methodologies to be used. Greater prospective contractor/recipient input up-front can lead to better project design in the end.

Size

Landscape scale stewardship projects are encouraged; however, the size of stewardship projects can vary widely. Generally the size of a stewardship project is related to some geographic scale. In most instances, project size is topographically defined, such as delineation by a watershed boundary; however economic factors like the sourcing area for a local mill could also affect the size of a stewardship project. Regardless of the overall project size, the size of individual contracts should be considered separately. Some contractors prefer multiple, small contracts as opposed to fewer, large contracts. The collaborative process can help determine the optimal project AND contract sizes through consideration of the project objectives, local workforce and other community attributes.

Duration

Multi-year stewardship contracts and financial assistance agreements may exceed five years but may not exceed ten years. Currently, the BLM's stewardship contracting authority expires on September 30, 2013; ten year projects may be initiated up to that date, such that they would expire on September 30, 2023.

For contracts or financial assistance agreements exceeding five years in duration, Project Leads will include rationale for the length of the project in the project approval documentation. Two procurement methods are generally recommended for projects longer than three years in length: (1) Indefinite Delivery/Indefinite Quantity (IDIQ) contracts and (2) Financial Assistance Agreements.

For projects making use of the forest products contracts under the stewardship authority, the maximum length of the contract term for those projects is three years. These contracts have limited stewardship project applications and the product values must always exceed the service costs.

District/Field Offices are encouraged to award stewardship contracts with a variety of lengths (one to ten years). Consider factors such as the community capacity, funding availability, economic trends and new market development for small diameter or woody biomass material. Additionally, consider operational factors such as local weather patterns, sensitive wildlife species habitat, and seasonal restrictions for wildfire prevention.

Make sure to consider local contractor preferences for multiple, short duration contracts as opposed to fewer, long-term contracts. Use the collaborative process to determine the optimal contract or agreement duration for a given community.

Interagency Projects

Agencies shall establish clear roles and responsibilities for management of a stewardship project that will be planned, solicited or awarded jointly. The roles are typically documented in the Interagency Agreement (formerly InterGovernmental Order (IGO)) that is required to transfer funding between agencies. In the absence of an Interagency Agreement (IA), establishment of a Memorandum of Understanding (MOU) for management of the stewardship project is helpful to establish the process and responsibilities for planning, implementing, and tracking the contract or agreement.

At all times, the non-lead agency requirements for planning, solicitation and award will be incorporated into the IA and/or MOU and adhered to during all phases of the joint project.

Appropriate Use of Stewardship Contracting Authority

Collaboratives

The BLM may participate as a collaborative member; however, BLM staff shall not chair or direct a collaborative group. Compliance with the Federal Advisory Committee Act (FACA) (5 U.S.C. Appendix 2) is required. [For questions regarding FACA, consult local or State Office FACA experts.](#)

Forest Products

Any forest product removal associated with a stewardship project must be a by-product of a treatment designed to accomplish one or more of the stewardship land management goals. Product removal must also be consistent with the objectives developed through the NEPA processes and consistent with the Land Use Plan.

Forest products available for removal under stewardship contracting authority include timber and other vegetative products, such as, but not limited to: biomass, fuelwood, seed, forage, fungi, Christmas trees and other by-products having a market.

Timber

Projects in which the primary objective is revenue or volume enhancement are not appropriate uses of the stewardship authority. Timber sales and/or service contracts are more appropriate contracting mechanisms for these types of projects.

Forage

Forage may be used as a vegetative by-product in the following cases:

1. Administration of a grazing permit or lease cannot accomplish a desired land management objective.
2. The BLM received no application in response to an advertisement of forage on a grazing permit or lease.

The circumstance and/or reasons for inclusion of forage in a stewardship project must be documented in the project description prior to State Director project approval.

Contractor/Recipient Involvement

Inclusion of prospective contractors/recipients in the project development results in stewardship projects that contractors/recipients are more interested in and able to accomplish. However, contractors who wish to compete for the contract shall not be involved in a way that will give them an unfair advantage over others competing for the contract. Contractors and timber sale purchasers shall not participate in the design of work activities, development of contract requirements and specifications, or in the formulation of the Statement of Work [FAR Subpart 8.405-2, (b)].

Small Business Set Aside Procedures

Project leaders need to be aware that procurement of services within a stewardship contract is subject to existing laws not amended in the stewardship legislation. Contracting Officers with stewardship authority utilize the Federal Acquisition Regulations (FAR) as required by their warrant authorities. Federal Acquisition Regulations, Part 19 procedures may exclude certain firms and/or organizations during the solicitation that are interested in submitting a proposal for a stewardship contract due to small business set-aside regulations. However, project leaders are encouraged to work with the CO to conduct market research to determine the most suitable market as well as determining the market price for contract services in conformance with stewardship legislation, “*A source for performance of a contract under subsection (a) shall be selected on a best value basis, including consideration of source under other public and private contracts*”. Contracting Officers can, at the request of the project leader, conduct a sources sought notice to gather information. If market research does not result in a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market prices, quality, and delivery, then the market research is documented and the CO may solicit using full and open (unrestricted) procedures. Note: except as authorized by law, a contract may not be awarded as a result of a small business set-aside if the cost to the awarding agency exceeds the fair market price (see FAR 19.501(g)).

Stewardship Project Approval

- A stewardship project is ready for submission to the State Stewardship Coordinator once a firm project proposal exists and the District/Field Manager endorses the project.
- The Project Lead will submit the stewardship project review form (Exhibit 2) and the BPS Summary to the State Stewardship Coordinator. When stewardship projects are funded solely with hazardous fuels funding, submit National Fire Plan Operation and Reporting System (NFPORS) funding documentation instead of the BPS Summary.
- All stewardship project submissions must contain: project objectives, location/size, type of treatment in detail, partners, collaborative processes used, length of project, status of NEPA, issues and highlights, and a list of contacts for project details.
- All projects greater than five years in duration shall be approved by the State Director.
- For projects five years in duration and less, review the respective state office’s Delegation of Authority (1203 Manual) to determine the approving official; it will likely be the State Director, the District/Field Manager or the Deputy State Director.
- In the case of District/Field Manager authorized approval, the Project Lead will forward the stewardship project review form and BPS summary to the State Stewardship Coordinator within two weeks of project approval.
- The State Stewardship Coordinator will forward all stewardship project review forms and BPS summaries to the National Stewardship Coordinator within three weeks of project approval.

- The Project Lead shall enter the newly approved stewardship project into the SCID database within two weeks of project approval.

Net Value and Net Cost

The net value or net cost of a stewardship contract is based on the result of subtracting the service cost from the product value, such that three net contract value scenarios are possible:

1 - More Service Work Cost than Product Value

The end result of this stewardship contracting scenario is a payment to the contractor that shall total the difference of the service cost minus the product value. For example, if the service work is valued at \$500,000, and the by-product of treatments to be removed is valued at \$400,000; the BLM appropriates \$100,000 to fund the stewardship contract. In this scenario, it is also important to ensure that invoices for more than the \$100,000 that is appropriated and obligated are not approved. This is the most common contracting scenario.

2 - More Product Value than Service Work Cost

The end result of this stewardship contracting scenario is a payment by the contractor to the BLM that shall total the difference of the product value minus the service cost. For example, if the service work is valued at \$400,000 and the by-product of treatments to be removed (e.g., sawlogs) is valued at \$500,000; the BLM receives \$100,000 in stewardship revenue from the contractor.

3 - Service Work Cost Equal to Product Value

The end result of this stewardship contracting scenario is no final payments by the contractor or the BLM. For example, if the service work is valued at \$400,000 and the by-product of treatments removed is valued at \$400,000; the BLM appropriates no funding and the contractor makes no payments to the BLM.

Estimating Value and Cost

The net value of the stewardship project must be estimated early in the project to assist in determination of the appropriate procurement vehicle(s), identification of restoration work activities, assessment of the overall project economics for NEPA purposes, and determination of the need for additional funds (either retained receipts from another approved stewardship project, appropriated funds, or cooperator contributions). Seek opportunities to integrate treatments and multiple funding sources to achieve multiple objectives under a single task order/contract/agreement to avoid multiple entries on the same acre.

A more in-depth analysis shall be completed as part of procurement preparation to determine necessary funding and decide whether to include certain restorative work activities (Exhibit 4). Note that due to the variation in the price and technical approaches to service work, inherent in end results contracting, it can be difficult to accurately determine the fair market value of timber, forest, and other vegetative products. This is partly attributed to each bidder independently differentiating between service work and production or logging costs. Receiving the fair market value for timber, forest, and other vegetative products is best achieved by taking steps to attract multiple bidders and providing detailed project information to facilitate competitive bids that reflect the scope of the project.

Estimating Service Work Cost

The estimated costs of the service work must be determined using approved methods, as defined by the CO, based on the type of work being proposed. Service work rates performed via a stewardship contract shall be comparable to similar work performed under other service contracts and are subject to the Service Contract Act. When estimating service work, consider input received from collaborative groups and potential contractors on potential costs of different treatments.

Estimating Product Value

Timber, forest products, and other vegetative by-products available for removal must be appraised at fair market value. *Fair Market value* means the price a commercial product will return when offered for competitive sale on the open market (43 CFR 5400.0-5). Where practicable and warranted by the market for such material, the value of the material will either be determined through a competitive bidding process or will be a specific required element of the best value criteria.

Timber and forest product appraisals shall be conducted using appraisal methods as specified in the [*Forest Product Appraisal Manual M-9350*](#) and statewide guidelines. The volume of products to be appraised shall be determined using standard techniques and following the guidelines set in the [*Timber Measurement Manual – M-5300*](#) and [*Timber Cruising Manual – M-5310*](#) where practicable. Some of these techniques include: 3P, Sample Tree, Variable Plot, Fixed Plot Cruises, and Scale. For minimum rates for forest products refer to the respective state office's minimum price list.

State program leads for the specific vegetative material available for removal will review all stewardship contracts or agreements as applicable to ensure cost or value determination (appraisal) policies and program standards are adhered to. Consider input during the collaborative process to help validate treatment costs and product values.

When using livestock as a vegetation treatment, the vegetation used could be considered a bid item. In this case, an open market situation exists and the CO will have several options to establish a minimum product value including: 1) setting the minimum bid as \$0.01, 2) use the private pasture rate for the applicable State, or 3) performing a market analysis to determine appropriate by-product value if any.

Section 6. Selection of Procurement Mechanism

Three general procurement options are available in order to involve a wide range of stewardship contractors and partners. Determine which project implementation instrument to use based upon the goals of the individual stewardship contracting projects, market research, and feedback resulting from collaboration.

Procurement Options

Three general procurement options are approved for use in stewardship projects:

1. Service Contract (Section 7);
2. Forest Product Sale (FPS) Contract; and
3. Financial Assistance Agreement (Section 9).

Use the table titled “Decision Process – Contract, Agreement or Sale?” (Exhibit 7). The table provides general guidance to aid in determination of which procurement instrument is appropriate to accomplish resource goals and objectives under stewardship authority.

Remember assistance agreements are designed to be used when the principle purpose of the procurement action is mutual benefit to the public, recipient, and the BLM, rather than operational needs of the Government. For example, do the planned stewardship project activities forward the mission of the potential partner/recipient, *other than for monetary gain*, as well as address the BLM’s stewardship project objectives? Is partnering and/or cost-sharing occurring for a goal benefitting the public as a whole?

When in doubt, seek guidance from your State Stewardship Coordinator, GMO, or CO.

Service Contract

Stewardship authority provides for the exchange of vegetative products and the procurement of service and construction work within a single contract or agreement. Stewardship contracts include several work items bundled into one contract. The number and types of work activities bundled inside a stewardship contract can affect the contract type selected for the project, the economics of the project, the number of prospective contractors, and the benefits to local and rural communities.

For stewardship contracts where the total cost of the service and construction is expected to exceed \$150,000, as prescribed in [Federal Acquisition Regulations \(FAR\) 13.003-\(b\)\(1\)](#), the solicitations must be prepared using performance-based acquisition techniques to the maximum extent practicable.

For performance-based contracts, the government reserves the right to annually review and revise the performance standards by contract modification, over the life of the contract.

For stewardship projects below the simplified acquisition threshold (the total cost of the service and construction is less than \$150,000 or the current simplified acquisition threshold at the time of solicitation issuance), typical prescriptive contract language (terms and conditions) may be used as appropriate based upon the objectives of the project.

Service contracts, which are solicited pursuant to the FAR, are subject to the requirements of the Mineral Material Act and the O&C Act found in 43 CFR 5400 unless superseded by provisions in the stewardship law. Additionally, export restrictions, transfer of title and non-substitution provisions (43 CFR, Part 5400) shall apply (See Exhibit 10 – Minimum Clauses for Service Contracts).

Single Service Contract

A single service stewardship contract, commonly referred to as a “stand-alone” service contract, is project specific and has a known quantity of service work to be procured and an appraisal of the product value at the start of the contract. These service contracts work best for projects less than five years and are typically one to three years in duration, although they may last up to ten years.

Stand-alone service contracts require all necessary appropriated funding be obligated at the time of award. This may pose funding difficulties as District/Field Offices often rely on annual appropriations to fund project treatments for a given year; however, if a project is expected to generate excess stewardship revenues, or will be cost neutral (i.e., cost of services equals value of product removed) funding availability is not an issue.

Indefinite Delivery/Indefinite Quantity Contract

Indefinite Delivery/Indefinite Quantity (IDIQ) contracts allow the BLM to acquire/trade an indefinite quantity, within stated ordering limits, of stewardship services and commercial products during a fixed period, with deliveries or performance to be scheduled by placing task orders with the contractor. The contract must require the BLM to order and the contractor to furnish a stated minimum quantity of supplies or services. In addition, if ordered, the contractor must furnish any additional quantities, not to exceed the stated maximum. The CO works with the Project Lead to establish a reasonable maximum (cumulative) value for the entire IDIQ, based on market research, similar recent contracts, or other reasonable basis.

The IDIQ contracts are an appropriate procurement choice in each of the three contract net value scenarios, although they are most useful in net value scenarios with more service work cost than product value.

The IDIQ contract can be the most appropriate contracting tool for large, long-term stewardship contracts (Exhibit 9).

Task orders bundle service work items and product removal items that were solicited in the original “umbrella” IDIQ contract. Bid items bundled in an individual task order shall generally be related by a geographic unit boundary, annual program of work, or other meaningful combination.

Multiple award IDIQ – The BLM may also award IDIQ contracts to multiple contractors for the same or similar supplies or services (and from the same solicitation) to two or more sources. The use of multiple award contracts allows the BLM to take continuous advantage of the competitive forces of the commercial marketplace, which will result in lower prices and increase procurement efficiency. Multiple award IDIQs allow the BLM to extend contracting opportunities to the most contractors within a given area, which may be a priority determined by the collaborative group.

Forest Product Sale Stewardship Contract

Stewardship projects which are awarded and administered through the use of FPS contracts must follow both the BLM Stewardship Contracting Guidance and the regulations found in 43 CFR 5400, Sale of Forest Products, including:

- The product value must be greater than the service cost.
- The contract term must be equal to or less than three years in duration.
- The contract must be for less than 250 thousand board feet (MBF), with the limited exceptions referenced in 43 CFR 5402.0-6. Forest products not normally measured in board feet are not constrained by the 250 MBF limitations.
- The contract must be negotiated. 43 CFR 5450.1(a) requires awarding to the highest bidder while stewardship authority requires best value selection which may not coincide with the highest bid.
- Require a minimum performance bond in the amount 20 percent of the total contract price as specified in 43 CFR 5451.1. A stewardship contract is not a timber sale contract and as such, forest products will not be the sole bid item in a FPS stewardship contract.
- When using the FPS contract for stewardship projects, the Service Contract Act wage rates do not apply; however, Davis Bacon wage rates apply to construction work in excess of \$2,000.

- The requirement for award based on “best value,” still applies to FPS stewardship contracts; therefore, the *minimum* criteria to be utilized for the determination of “best value” shall consist of weighted evaluation factors of the highest net revenue (product value minus service work cost), technical approach, and past performance. (See Section 7, Best Value Contracting).

FPS Contract Forms

Five FPS Contract forms may be used for stewardship contracting:

- Vegetative Resources Sale, [Form 5450-1](#): When commercial products include forest and other vegetative products that are not normally measured in board feet.
- Contract for the Sale of Timber, Lump Sum Sale, [Form 5450-3](#)
- Contract for the Sale of Timber, Scale Sale, [Form 5450-4](#)
- Contract for the Sale of Timber and Other Wood Products, Lump Sum Sale, [Form 5450-25](#)
- Contract for the Sale of Timber and Other Wood Products, Scale Sale, [Form 5450-26](#)

Special Provisions

The following Special Provisions must be included in the FPS contract:

“In addition to the authorities listed in this contract, this contract is made and entered into under the authority of the Omnibus Appropriations Bill of 2003 (P.L. 108-7), Section 323, which amended the Appropriations Bill of 1999 (P.L.105-277), Section 347.”

“Stewardship Credits: In addition to the payments required in Section 2 of form 5450-1 and Section 3 of the other FPS contracts and the bonding requirements in Section 3 of form 5450-1 and Section 39 of the other FPS contracts, the Purchaser may earn stewardship credits for work completed and approved at the rates listed for the stewardship service work bid items required in Section 42. Cutting and/or removal of timber of a value not in excess of the sum of such stewardship credit and other performance and/or payment bonds in Section 39 may be permitted prior to the payment of the second installment or subsequent installments. Stewardship credits may only be earned and used when the stewardship service work bid item is completed and approved by the Authorized Officer in writing. Provided, however, that such stewardship credit shall be considered as payment under Section 7, for the purpose of passing title and risk of loss to timber sold.”

Section 7. Stewardship Contract Award

Best Value Contracting

Stewardship is the only authority where the use of best value is mandatory. All stewardship service contracts, FPS contracts, and financial assistance agreements shall be awarded on a best value basis for the selection of a highly qualified offer with a fair and reasonable price, rather than the low cost offer on service work in accordance with FAR Part 13 and 15 as applicable, or the high bid on the sale of forest products CFR 43.

Best value selection enables the BLM and stakeholders to collaboratively select the best qualified contractor, price and other factors considered. It establishes an effective basis for obtaining a contractor who is capable of successfully performing the contract and may provide confidence in the contractor’s plan and approach to monitoring and quality control. Best value criteria also provide clear benchmarks

by which the BLM, its critics, and other concerned stakeholders can judge project activities and outcomes.

Best value contracting also helps reduce administrative costs. Highly qualified contractors, with proven track records and effective quality assurance programs, are less likely to require substantial on-the-ground supervision, reducing agency staff time and travel requirements.

To award a stewardship contract on a best value basis, the CO or other authorized officer shall consider criteria in addition to cost or price. These non-price criteria include, but are not limited to, the contractor's past performance, technical capabilities/approach, and ability to meet local and community needs. Select evaluation criteria based on the priorities of the project.

Past Performance

This evaluation criteria focuses on *how well* the contractor performed and completed previous work and what capabilities and experiences the contractor has relevant to the proposal.

Technical Approach

The technical approach is a description of *who, what, when, where, and how* the contractor will complete the project. It entails the contractor's technical expertise, resources (labor, equipment, materials, etc.), plan of work and schedule, if applicable. To help prospective contractors understand how to best respond to this evaluation factor, the solicitation must be specific about the information that must be evaluated as well as details about how it will be evaluated and rated. From the agency perspective, the more information that can be received in the initial offers reduces the need to obtain it later through written or oral discussions.

Contractor responses to the technical criteria, coupled with any innovative alternative approaches they may propose enable the BLM to selectively and responsibly draw upon the valuable reservoirs of knowledge and ideas residing in the contractor community.

Long term, best value contracts, coupled with end results contracting - like designation by description and/or prescription - allows quality, experienced contractors to focus on achievement of the desired restoration objectives on a particular landscape. It promotes a sense of "ownership" in the land and enhances a contractor's sense of responsibility for long-term outcomes.

Meeting Local and Community Needs

The authorizing legislation specifies that stewardship projects are used to perform services to achieve land management goals that meet local and rural community needs. Meeting these needs must be the focus of at least one proposal evaluation factor, and that the factor(s) must be weighted to ensure "sufficient" emphasis.

Local hiring is not the only means of providing local benefit. Other benefits may include subcontracting to local residents, providing forest products to the local community, purchasing supplies locally, or use of local lodging or other facilities. Additionally, improvement of skills available in the local workforce, increased health of local industries, and reliance on local and rural small businesses may be considerations.

One or more members of the collaborative group may be included on a technical evaluation team, which may be particularly useful when a team is evaluating factors and sub factors related to benefits to the local community.

Other Possible Best Value Considerations

- Factors relevant to cost; e.g., volunteerism, donations, matching funds
- Biomass material removal and utilization plan

If Best Value Tradeoffs Method is Used: Weighing the Tradeoffs and Making a Decision

Ultimately the decision comes down to two questions:

1. Are the advantages offered in a higher cost proposal worth paying extra?
2. How much additional cost is justifiable?

For instance, suppose two or three offerors have essentially the same technical rating, but one has proposed a different, more expensive but potentially more effective way of carrying out the work than did the others. One factor that would probably be considered is the ecological condition of the project area, and the potential for more significant improvement in that condition (a better end result) through the higher-priced proposal. On the other hand, perhaps the costlier proposal would also take much longer to accomplish. That might require the BLM to keep personnel (e.g., COR) on the site for a longer period and perhaps with greater frequency. Those additional agency costs must be factored into the decision as well.

The trade-offs considered and how and why the final decision is made *must be* carefully documented by the Source Selection Authority/CO.

Determination of Best Value

This is the process and criteria by which a government official evaluates an offer for selection. It is a critical examination of the proposed agreement in comparison to the needs of the government in order to establish what value the proposal has to the government based on the best value criteria set forth. It is important to remember that the needs of the government and the non-monetary objectives of the proposing cooperator or recipient can and shall be in substantial alignment. This is one important indication of the appropriate use of an agreement rather than a contract. Thus, a well-conceived agreement will articulate and maximize the interest of both parties.

Tax Identification Number

The stewardship contractor and/or recipient must supply a TIN via [Internal Revenue Service Form W-9](#).

Stewardship service contracts and financial assistance agreements include this requirement during the procurement process; FPS contracts, however, do not. Therefore, *whenever a FPS stewardship contract is used*, the BLM must request and obtain a valid TIN from all persons who conduct business with the BLM in order for the 1099 to be sent to the contractors at the end of the calendar year for tax reporting purposes.

Section 8. Stewardship Contract Administration

Bonding

Bonding is used to protect the interests of the Government. The most common scenario where bonding is used is when the withholding of payment for service work is deemed insufficient to protect the Government from loss or damages, or when the value of products removed is anticipated to exceed the value of service work performed at some point during the contract. The most efficient way to protect the Government is through stewardship credits when practicable.

District/Field Offices will use SCID to track the volume and value of the products removed to ensure that contract bonding (payment protection through 5450 forms) and service work (stewardship credits) protect the Government's interests. SCID shall be updated on a monthly basis when the contract is active. If utilized, stewardship credits earned by a contractor are not transferable to another stewardship contract held by the same contractor.

Offices must ensure that the value of the product cut or removed does not exceed any payment bond (if required) plus the value of any uncompensated service work completed (stewardship credits) plus any cash payment made by the contractor.

Note: Performance, payment, and other bond definitions differ when comparing FAR regulations with CFR timber sale contract regulations.

Service Contracts

Service contracts do not require a performance bond in accordance with FAR part 28.103-2 as cited in the stewardship law. As stated above, a payment bond (payment protection form [5450-XXX](#)) is required if the contractor elects to acquire product value before an equal or greater value of service work is completed and accepted. In that case, a payment bond as defined by CFR protects the Government from loss in the form of product value removed as in a Forest Product Sale Contract.

Forest Product Sale Contracts

A performance bond, as defined by the CFR ([BLM forms](#)), of 20 percent of the total contract price is required on FPS contracts greater than or equal to \$2,500.00. For contracts less than \$2,500.00, a performance bond is optional. Payment protection in the form of payment bonds must be used to protect the value of the by-product to be removed when the product will be removed prior to payment or the contractor's earning of stewardship credits under the contract. The payment bond and stewardship credits combined should be equal to the value of the by-products to be removed that are not covered by cash payment or negotiable securities. The term "securities" applies when the contractor provides something other than a corporate surety bond, e.g., individual sureties, letters of credit, cashier's check, certain bonds or notes. The same bonding rules apply to FPS contracts under a stewardship assistance agreement.

Construction

If construction activities are included that amount to greater than \$150,000, bonding for the construction activities shall be in accordance with the Miller Act. (See Exhibit 3 or visit "[The Miller Act](#)"). In the event the dollar value of the construction work is between \$30,000 and \$150,000 then the contractor will provide Alternate Payment Protections as determined by the Contracting Officer. For amounts over \$150,000 the requirement for Performance and Payment Bonds are 100 percent for each bond (FAR 28.102).

Wage Requirements

- Service Contract Act wage rates apply to the service portion of stewardship contracts in excess of \$2,500 solicited under FAR.
- Davis-Bacon Act prevailing wage rates apply to construction work in excess of \$2,000.
- Minimum wage rates do not apply to work related to removal of vegetative product bid items.
- Solicitations must clearly specify which bid items are subject to wage rate requirements as applicable.

Product Value Reappraisal

Product value reappraisal for commercial products clause (Exhibit 10 – Minimum Clauses for Stewardship Contracts) may be inserted into contracts with duration of longer than three years, or as determined by the CO. Product value reappraisal allows the BLM to receive the best value for the product while minimizing risk to both the agency and the contractor/recipient. This tool is intended to be used to adjust product prices on long term contracts where prices set at contract initiation have the potential to significantly change in subsequent years. This provision is not intended for price adjustments on task orders once they have been ordered. It is expected that a task order is to be completed within a short time frame where price fluctuations are a part of the contractor's risk. Reappraisal is not authorized for FPS stewardship contracts.

Section 9. Stewardship Financial Assistance Agreements

Purpose

Financial Assistance agreements are designed to be used when an outside party requests Government financial assistance to support a mutually beneficial public purpose. Stewardship projects are designed to achieve specific land management goals as guided by NEPA and collaboratives. As such, use of financial assistance agreements to implement stewardship projects must be carefully considered. Stewardship Project Leads should review the "Decision Process – Contract, Sale or Agreement?" in Exhibit 7. The table provides general direction to aid in determining whether a stewardship cooperative agreement is the appropriate instrument to accomplish resource goals and objectives under stewardship contracting authority.

Authority

The Omnibus Appropriations Bill of 2003 (P.L.108-7, Sec. 323)(Exhibit 1) which amended the *Appropriations Bill of 1999 (P.L.105-277, Sec. 347)*, granted the FS and BLM authority, until September

30, 2013, to enter into stewardship projects with private persons or public or private entities, by contract or by agreement, to perform services to achieve land management goals for the National Forests or public lands that meet local and rural community needs.

Only GMO's who have completed a Stewardship Workshop and have been delegated stewardship contracting authority, are authorized to enter into stewardship cooperative agreements up to \$100,000. The BLM Oregon State Office, National Business Center, and States granted special approval are the only offices with authority to enter into stewardship agreements exceeding \$100,000 up to their delegated authority amount.

Approval

Statement of Programmatic Involvement (SPI) and Stewardship Project Review Checklist completed by the Program Officer are forwarded to the GMO for review and approval. All SPIs are to be reviewed by State Stewardship Coordinators before posting of funding opportunity announcements. Instrument Selection Determination (ISD) is prepared by the State GMO for approval of the State Procurement Analyst. If the proposed stewardship agreement is estimated to be less than \$100,000 over the life of the agreement, the GMO will forward the SPI/ISD to the National Stewardship Coordinator (NSC) for approval.

For proposed stewardship agreements \$100,000 and above, the State GMO shall forward the SPI/ISD to the WO-855 Bureau Grants Program Manager (BGPM) for approval. The BGPM will forward to the NSC for review and approval.

A chart providing basic steps to be taken when developing a Stewardship Agreement is provided in Exhibit 12. The GMO and Stewardship Project Leader must determine if the objectives of the SPI can be achieved through a cooperative agreement or contract.

Policy

A template for stewardship agreements is included as Exhibit 12 for GMOs to utilize when issuing the award. For any stewardship agreement where the service activity generates forest or vegetative by-products, and is determined by the authorized officer to be in the public interest, the GMO may use the value of the by-product as an offset at not less than the appraised value, for the cost of services received.

Since many non-governmental organizations are unfamiliar with conducting and contracting commercial forest activities, stewardship project leads must discuss and provide information to promote a clear understanding of the activities. Issues such as fire season restrictions, best management practices, fire prevention practices, safety procedures, and liability need to be addressed. [Annual Operating Plans](#) (AOP's) shall be prepared prior to implementation of each year's work. The AOPs should cover the following general topics:

- Introduction
- Project Description
- Project Management Plan
 - Partner responsibilities
 - The BLM's responsibilities
- Operations Plan
 - Project requirements – describe the required work

- Safety measures- compliance with OSHA/state safety standards, personal protective equipment, emergency contact information, safety briefings, etc.
- Protection of resources – measures for protecting plants, animals, cultural resources, caves, meadows/riparian areas, and land survey markers, etc.
- Sanitation and hazardous waste handling protection measures
- Equipment washing requirements
- Fire prevention / control measures and liability for negligence
- Quality control – requirement to have representatives on site
- Funding – detailed budget for work during the year
- Authorized contacts – The BLM and Partner contact information

Forest Product Disposal

If any forest products are removed, a FPS contract for the disposal will be attached to the agreement and the AOP, as often as appropriate. The value of service work and the value of forest products being removed will be documented in a statement of account.

Volume Limitation

All stewardship agreements are limited to the disposal of less than 250 thousand board feet (MBF) of timber (43 CFR 5400.0-5). Limited exceptions exist to exceed the 250 MBF limit, as referenced in 43 CFR 5402.0-6(c):

The Program Officer must prepare a justification to be approved by the State Director. The approved justification shall be submitted with the SPI/ISD and PMP to the WO for approval. Forest products not normally measured in board feet, such as fuel wood, posts, and biomass, are not constrained by the 250 MBF limit.

The negotiated forest products contract will be conducted in accordance with [IM No. 2005-099](#), Supplementary Guidance for the use of Forest Product Sale Contracts for Stewardship Projects.

Bonding

All requirements for stewardship contracts also apply to financial assistance agreements including bonding (cash, bond, work performed, etc. (see financial accountability and administration requirements as contained in the OMB Cost Principles for financial assistance awards)). Additional policy for agreement applications are found in BLM Manual 1511 – Financial Assistance Agreements.

Bonding – for FPS or construction – will only be good for one year as it may change based on the AOP or FPS contract. Recipients may be required to use a bond for multiple years if work covered in the applicable year is covered.

See Section 8 for Bonding requirements.

Section 10. Funding for Stewardship Projects

Appropriated

Funds from a number of appropriated subactivities and permanent operating accounts may be integrated to fund stewardship project planning, preparation, implementation, administration, and monitoring. Offices shall use the benefiting functional areas concept to determine which funds are appropriate to use and which accomplishment units are appropriate to report. Offices are encouraged to integrate projects and use multiple funding sources to achieve multiple objectives.

All approved stewardship projects will be funded and the accomplishments tracked through the appropriate database; fuels will use NFPORS; all other functional areas (sub-activities) will use BPS, County Payments Database (5882) and Management Information System (MIS). All projects solicited through the procurement process will be entered in the Advance Procurement Plan (APP) as required.

Value Offset

The value of vegetative by-products removed may be used to offset the amount of appropriated funds. The value of the vegetative material and the cost of the services to be performed must be clearly documented in the contract or agreement and in SCID. As the contract is performed, the District/Field Office will record the actual volume and value (based on the contract bid price) removed, services performed, and net payments made as outlined in "Financial and Activity Tracking" (Section 12).

Revenues from Stewardship Contracts

When the value of the vegetative material exceeds the cost of the service work being performed in a stewardship project, the BLM is authorized to retain the excess receipts. Any excess receipts can be applied to other stewardship projects without further appropriation.

Excess receipt collections from stewardship projects shall be deposited according to BLM collection procedures into the Stewardship Project Fund (5920) and managed according to the definition and requirements contained in the BLM Fund Coding Handbook, H-1684-1. Additional direction for deposits of excess receipts and suspense deposits associated with administration of the stewardship contracts are detailed in Guidance on Entering Stewardship Contracting Collections into the Collections and Billing System (IM BC-2005-032), Exhibit 6. See also Exhibit 5, Budget Activity 5920 Description. In general, excess receipts shall be used to fund other stewardship projects within the State where the receipts were generated, as allocated by the State Director.

Funds generated as excess offset values from other stewardship projects may also be used to fund the collaborative process, programmatic multi-party monitoring, and direct on-the-ground implementation costs. Excess offset values shall not be used to fund program planning, environmental assessments, project monitoring, overhead, administrative, or indirect costs. Managers may consult with the public and interested stakeholders early in the collaborative process for input on where excess offset values could be utilized within a stewardship project.

Contributed Funds

In joint projects with other Federal, State, Tribal or Non-Governmental Organizations (NGO) the partner may contribute funds or in-kind work. These funds can be used for a wide variety of project work but may be limited by the partner organization's rules and regulations. For more information on Contributed Funds collection process see [Collections Reference Guide](#) Chapter 3 pages 48 through 51.

Forest Ecosystem Health and Recovery Fund

Typically, the Forest Ecosystem Health and Recovery Fund (FEHRF) is not available for use on Stewardship projects. However, if there is a reasonable expectation that the project will have retained receipts equal to or in excess of the money needed from the FEHRF, then it may be approved on a case-by-case basis. If a project uses the FEHRF, those funds must be repaid before any retained receipts are deposited in the Stewardship Project account. Use of FEHRF is at the discretion of the Senior Forester – Public Domain.

Section 11. Monitoring Stewardship Projects

Multiparty Monitoring

The BLM's National Stewardship Coordinator will coordinate with the Forest Service, at least annually, to establish and/or conduct interagency multi-party monitoring for evaluating and reporting on collaboration and the role of local communities and other external stakeholders in the development of stewardship contracting contracts and agreements. One objective of this monitoring effort is to analyze the effectiveness of stewardship contracting relative to other management tools.

The stewardship project's collaborative group may remain involved in monitoring after project completion. The BLM will use multiparty monitoring - open to all interested parties - to monitor and evaluate a representative sampling of projects and programs at the appropriate levels.

Project level multiparty monitoring may be conducted where sufficient public interest exists and funding and/or sufficient volunteer workforce permits. Where adequate funding does not exist to support multiparty monitoring, excess stewardship revenue may be used to conduct multi-party monitoring.

Offices are encouraged to attend regional stewardship monitoring sessions with established multi-monitoring groups to review monitoring evaluation reports and provide expertise and input.

Internal Monitoring

The Assistant Director of Renewable Resources and Planning (AD-200) shall implement a management control review process to maintain a high level of accountability for stewardship contracting. This review will complement the multi-party monitoring required by the authorizing legislation. The State Stewardship Coordinator will assess the use and management of stewardship contracting authority as a part of the BLM statewide or national resource program and activity reviews for those programs utilizing the authority. Programs other than forestry, such as wildlife, procurement, and fire/fuels management, shall be included in the review.

Section 12. Reporting Stewardship Activities

SCID Financial and Activity Tracking

The SCID is the BLM's official stewardship contracting database; SCID will track all stewardship projects, contracts, and agreements. This includes interagency projects, regardless of which agency is the designated project lead, as well as projects which include livestock grazing as a vegetation management tool.

Each stewardship project will be entered into the database by the Project Lead within two weeks of project approval. Initial data entry shall include all required fields as documented in the [SCID User Guide](#).

All bid items and associated required data shall be entered into the SCID by the COR within two weeks of solicitation/offer of contract or agreement.

Stewardship contract and/or agreement data will be updated at least monthly while contracts are active, through the project's completion.

The volume and value of vegetative material removed, the amount and value of services performed, and any payments made (by contractor or government) will be clearly documented by the COR/PI/CA/PO throughout the administration of the stewardship project. The COR/PI/CA/PO will use SCID to track product cut and removal data, as well as payments made by the BLM and to the BLM. It is recommended to enter financial transactions at the time they are completed. This will ensure that the dollar amount invoiced by the contractor does not exceed the amount obligated to the project in the event the contractor completes all the service work before cutting or removing products.

Project tracking will document the bid value of the product being removed and the type, amount, and value of the service work being performed in exchange for this product. This will provide a portion of the audit trail required of government expenditures.

All assigned special project codes will be used in SCID to track the accomplishments associated with the projects. Workload measures (Program Elements or PEs) will also be recorded in SCID.

Accomplishments

In addition to entering all Stewardship activities into SCID, accomplishments will be reported in the following additional ways:

- National Fire Plan Operations Reporting System (NFPORS) –Projects that fall under the National Fire Plan accomplishments must also be entered in NFPORS.
- NONNFPORS – Projects that contribute to hazardous fuel reduction but do not use fuels funding shall be entered into NONNFPORS (Service Work, Timber Sales, Stewardship Contracts, etc...).
- The Performance Measure Database System (PMDS) is used for program element targets and accomplishments.

- National Stewardship Coordinator – Will produce an annual report to the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate on:
 - (1) the status of development, execution and administration of contracts;
 - (2) the specific accomplishments that have resulted; and
 - (3) the role of local communities in development of contract plans.

EXHIBITS

EXHIBIT 1 – The Law

STEWARDSHIP CONTRACTING: THE FY 2003 OMNIBUS APPROPRIATIONS BILL (P.L. 108-7), SECTION 323, amended Section 347 of the FY 1999 Appropriation Omnibus (P.L. 105-277, OCT. 21, 1998) that originally granted the U.S. Forest Service pilot stewardship contracting authority. The language below reflects these amendments to the pilot stewardship language and is the new authority granting BLM the ability to utilize stewardship contracting as a tool for forest and rangeland restoration.

SEC. 347 (as amended by Section 323 of P.L. 108-7)
STEWARDSHIP END RESULT CONTRACTING PROJECTS. (a)
IN GENERAL.—Until September 30, 2013, the Forest Service and the Bureau of Land Management, via agreement or contract as appropriate, may enter into stewardship contracting projects with private persons or other public or private entities to perform services to achieve land management goals for the national forest and the public lands that meet local and rural community needs;

(b) LAND MANAGEMENT GOALS.—The land management goals of a contract under subsection (a) may include, among other things—

- (1) road and trail maintenance or obliteration to restore or maintain water quality;
- (2) soil productivity, habitat for wildlife and fisheries, or other resource values;
- (3) setting of prescribed fires to improve the composition, structure, condition, and health of stands or to improve wildlife habitat;
- (4) removing vegetation or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives;
- (5) watershed restoration and maintenance;
- (6) restoration and maintenance of wildlife and fish habitat; and
- (7) control of noxious and exotic weeds and reestablishing native plant species.

(c) CONTRACTS.—

(1) PROCUREMENT PROCEDURE.—A source for performance of a contract under subsection (a) shall be selected on a best value basis, including consideration of source under other public and private contracts.

(2) TERM.—A multiyear contract may be entered into under subsection (a) in accordance with section 304B of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 254c), except that the

period of the contract may exceed 5 years but may not exceed 10 years.

(3) OFFSETS.—

(A) IN GENERAL.—In connection with contracts under subsection (a), the Forest Service and the Bureau of Land Management may apply the value of timber or other forest products removed as an offset against the cost of services received.

(B) METHODS OF APPRAISAL.—The value of timber or other forest products used as offsets under subparagraph (A)—

(i) shall be determined using appropriate methods of appraisal commensurate with the quantity of products to be removed;

(ii) may be determined using a unit of measure appropriate to the contracts; and

(iii) may include valuing products on a per-acre basis.

(4) RELATION TO OTHER LAWS.—The Forest Service may enter into contracts under subsection (a), notwithstanding subsections (d) and (g) of section 14 of the National Forest Management Act of 1976 (16 U.S.C. 472a).

(5) CONTRACTING OFFICER. —

Notwithstanding any other provision of law, the Secretary of Agriculture or the Secretary of the Interior may determine the appropriate contracting officer to enter into and administer an agreement or contract under subsection (a).

(d) RECEIPTS.—

(1) IN GENERAL.—The Forest Service and the Bureau of Land Management may collect monies from a contract under subsection (a) so long as such collection is a secondary objective of negotiating

contracts that will best achieve the purposes of this section.

(2) USE.—Monies from a contract under subsection (a) may be retained by the Forest Service and the Bureau of Land Management and shall be available for expenditure without further appropriation at the project site from which the monies are collected or at another project site.

(3) RELATION TO OTHER LAWS.—The value of services received by the Forest Service or the Bureau of Land Management under a stewardship contract project conducted under this section, and any payments made or resources provided by the contractor or the Forest Service or the Bureau of Land Management under such a project, shall not be considered to be monies received from the National Forest System or the public lands under any provision of law. The Act of June 9, 1930 (16 U.S.C. 576 et seq.; commonly known as the Knutson-Vandenberg Act), shall not apply to stewardship contracts entered into under this section.

(e) COSTS OF REMOVAL.—The Forest Service may collect deposits from contractors covering the costs of removal of timber or other forest products pursuant to the Act of August 11, 1916 (39 Stat. 462, chapter 313; 16 U.S.C. 490); and the next to the last paragraph under the heading “Forest Service.” under the heading “Department of Agriculture” in the Act of June 30, 1914 (38 Stat. 430, chapter 131; 16 U.S.C. 498); notwithstanding the fact that the timber purchasers did not harvest the timber.

(f) PERFORMANCE AND PAYMENT GUARANTEES.—

(1) IN GENERAL.—The Forest Service and the Bureau of Land Management may require performance and payment bonds, in accordance with sections 103–2 and 103–2 of part 28 of the Federal Acquisition Regulation (48 C.F.R. 28.103–2, 28.103–3), in an amount that the contracting officer considers sufficient to protect the Government’s investment in receipts generated by the contractor from the estimated value of the forest products to be removed under contract under subsection (a).

(2) EXCESS OFFSET VALUE.—If the offset value of the forest products exceeds the value of the resource improvement treatments, the Forest Service and the Bureau of Land Management may—

(A) collect any residual receipts pursuant to the Act of June 9, 1930 (46 Stat. 527, chapter 416; 16 U.S.C.

(B) apply the excess to other authorized stewardship projects.

(g) MONITORING, EVALUATION AND REPORTING.—The Forest Service and the Bureau of Land Management shall establish a multiparty monitoring and evaluation process that accesses the stewardship contracting projects conducted under this section. Besides the

Forest Service and the Bureau of Land Management, participants in this process may include any cooperating governmental agencies, including tribal governments, and any interested groups or individuals. The Forest Service and the Bureau of Land Management shall report annually to the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate on—

(1) the status of development, execution, and administration of contracts under subsection (a);

(2) the specific accomplishments that have resulted; and

(3) the role of local communities in development of contract plans.

EXHIBIT 2 - Stewardship Project Review & Checklist

Stewardship Project Review & Approval			
Project Name		BPS Number	
		NFPORS Number	
State/District/Field Office		Prepared by	
Functional Area/Funding Code(s)			
The primary objective of this project is to accomplish one or more of the following Stewardship Project Criteria. Product removal is only to accomplish the primary objective.			
Stewardship Objectives	Yes	No	Comments
Road and Trail Maintenance or obliteration for improved water quality			
Soil productivity, habitat for wildlife and fisheries, or other resource values			
Setting prescribed fires to improving composition, structure, condition and health of stands or to improve wildlife habitat			
Removing vegetation or other activities to promote healthy forest stands, reduce fire hazards or achieve other land management objectives			
Watershed restoration and maintenance			
Restoration and maintenance of wildlife and fish habitat			
Control of noxious and exotic weeds, and reestablishing native plant species			
Other Criteria	Yes	No	Comments
Will the project restore and maintain ecological processes to achieve conditions within the normal range of variability?			
Was or will an open, collaborative process be used to define local and rural community needs?			
Is NEPA completed on this project?			
Estimated Acres		Contract Type(s)	
Estimated Service Costs			
Estimated Product Value		Type of Vegetative By-Products	
Project Length			
Project Review Narrative (if required)			

State Stewardship Coordinator

State Director / Deputy State Director

*Other approval

Title

*May vary depending upon the Delegation of Authority

Checklist for submitting stewardship proposals to State Directors

Fill out the review sheet (page 1) which can be attached to the BPS submission. Highlight in the summary and in the BPS sheet:

- A level of collaboration and cooperation – who and when?
- Status of NEPA – when completed and what form (CX, DNA, EA, EIS)? Note: If the NEPA is outdated, explain the plans to update the NEPA.
- Primary and secondary objectives of the project – tie back to seven goals in the authority.
- Outreach plan for reaching potential contractors (marketing).
- Plans for monitoring the project, such as national fire plan monitoring.

Include the following information in the BPS write-up:

- Project name
- Field office
- Point of contact
- Acres to be treated
- Number of years for the project (1-10 years)
- If relevant, existing project code (e.g., for projects already in NFPORS)
- Service cost
- Product (fuelwood, energy biomass, sawlogs, mixed, posts and poles, etc.)
- Product volume (tons, MBF, etc.)
- Product value
- Distance to a regional airport, such as “30 miles SW of Reno.”
- Schedule: estimated dates for package to contracting, award date, and “start work” date.
- Funding: what fund in what years for both the BLM’s costs (prep, administration, etc.) and service work (use table in BPS). There is no “stewardship” funding. Fuels funding should be secured through NFPORS!
- Service First. If this is a joint project with another agency, give a brief description of the combined project, which agency has the lead, and other relevant information.

DO NOT Submit projects that:

- ⊗ Involve trading goods from private lands.
- ⊗ Have a primary objective of cutting timber and or making money.
- ⊗ Trade products for services which are not a by-product of the treatment. For example, do not propose trading forage that is under an existing allotment for thinning of juniper.

Tips:

- ☺ If the project includes sage grouse habitat, explain what benefits will occur.

EXHIBIT 3 – The Miller Act

The Miller Act requires that prime contractors for the construction, alteration, or repair of Federal buildings furnish a payment bond and performance bond for contracts in excess of \$150,000. Other payment protections may be provided for contracts between \$30,000 and \$150,000. The payment bond is required as security for the protection of those supplying labor and/or materials in the construction of public buildings while a performance bond insures the completion of the work identified to be performed. Failure by a contractor to pay suppliers and subcontractors gives such suppliers and subcontractors the right to sue the contractor in U.S. District Court in the name of the United States.

Although the suit enters the courts in the name of the United States, the United States is not liable for any of the costs of the suit.

EXHIBIT 4 – Forest Product Valuation Guidance for Stewardship Contracting

For specific guidance on Forest Product Appraisals, see 9350 Manual and refer to the 5400 Handbook. The 9350 Manual states the following:

- 9350.03 A4. The Federal Land Policy and Management Act (FLPMA), (90 Stat. 2745), requires receipt of fair market value of the use of public land resources, unless otherwise provided for by statute.
- 9350.04 B. Each State Director directs the BLM's forest product appraisal system within his/her respective jurisdiction, including:
 1. Providing appraisal guidelines and procedures to District Managers.
 2. Ensuring that the application of established appraisal procedures result in acceptable appraised values for forest products.
 3. Advising the Assistant Director, Renewable Resources of appraisal needs or problems and recommending policy or procedure changes.
 4. Providing technical instruction for forest product appraisals and review district appraisals on a regular basis.
 5. Establishing a minimum price list for forest products.
 6. Monitoring district advertised sales and taking immediate steps to alert the Assistant Director, Renewable Resource when bidding indicates that the appraisal system is out of phase with market conditions.
 7. Recommending updated values and procedures to be introduced into the appraisal system.

DEFINITIONS

In addition, the 9350 Manual provides the following definitions:

Market Value: The price which forest products will return when offered for competitive sale on the open market. For forest product disposal purposes, market value is synonymous with fair market value.

Market Value Appraisal: An appraisal method where the appraised value of forest products is determined through an analysis of prices being paid for comparable sales.

Analytical Appraisal: An appraisal method by which the stumpage value of timber is determined from the sum of the timber product value (i.e., pond values) minus all costs of production and profit and risk values, synonymous with Conversion Return Appraisal.

Pond Value: The value of a forest product that has been delivered to a utilization facility (e.g., sawmill, biomass energy facility, pulp mill, firewood distribution center, etc.).

APPLICABLE TO ALL APPRAISALS

The 9350 Manual, as stated above, requires forest products be sold at fair market value. In addition, the FAR Part 7.102 requires that a government estimate be completed for contracted services. The Contracting Officer requires, prior to solicitation, a cost estimate of all service work under Schedule A and the estimated or minimum value of any products to be sold. To complete an appraisal, the following steps are recommended:

For All Stewardship Contracts and Agreements: Complete a standard fair market appraisal of the product(s) from “stump” to “delivery point” to determine if a net positive value exists. Assume that the forest product is still standing on the “stump” unless otherwise clarified, and the delivery point is the manufacturing or utilization center. Appraise all costs associated with cutting, yarding, delimiting or grinding, loading and transporting the forest product(s). An appraisal should be completed with a minimum value shown in Schedule B for each forest product where an (anticipated) market exists (e.g., sawlogs, poles, fuelwood, clean chips, dirty chips, etc.).

Table 1. Basic Analytical Forest Product Appraisal Example

Project Costs	Cost/MBF	Cost/Ton
Cutting	(\$100)	\$0
Yarding	(\$100)	\$0
Loading/Grinding	(\$20)	(\$30)
Transportation	(\$80)	(\$30)
Allowances (misc. chores)	(\$20)	\$0
Profit & Risk	(\$10)	(\$5)
Total Logging/Biomass Manufacturing Costs	(\$330)	(\$65)
Log/Biomass Delivered (Pond Value)	\$350	\$50
Net Stumpage/Biomass Value	\$20	(\$15)

Forest Products with Positive Appraised Value(s): If a net positive value of the forest product(s) exists, use that value for Schedule B in your government estimate unless otherwise advised by State Director’s forest product appraisal guidance. For example, in Oregon/Washington, the State Director directs Districts to offer forest products at not less than ten percent of pond value. The value of the forest product(s) represents the “goods” that will be traded for “services” in a stewardship contract. This value leverages the appropriated funds, thereby accomplishing the service work at a lower cost to the Government.

Forest Products with Negative Appraised Value(s): If the forest product(s) appraised price is less than zero, and if allowed per state guidance, consider completing an iterative adjustment of the appraisal, and transfer itemized logging costs into Schedule A as service work. Start with the cutting, as shown in Table 1, through the transportation, if necessary, until a greater-than-zero appraised value is calculated. Depending upon the value of the forest product(s), it may only be necessary to adjust the appraisal to account for cutting and yarding the forest product(s) to the “loading point” before the net value is positive.

For low value products like biomass, where grinding and transportation costs are high and markets are volatile, a minimum value of \$0.01 facilitates tracking the forest product(s) for reporting purposes.

IMPORTANT CONSIDERATIONS

- Clarify the location where the product was appraised from; this is important to bidders developing stewardship proposals. For example, a contractor needs to know if his/her submitted bid for sawlogs, hog fuel, firewood, etc., is based upon the product value located at the stump or at the loading point.
 - Accurately determining the fair market value of timber, forest, and other vegetative products can be difficult due to the variation in price and technical approaches to service work inherent in best value contracting. This difficulty is partly attributed to each bidder independently differentiating between service work and production or logging costs. Receipt of fair market value for products is best achieved by taking steps to attract multiple bidders and providing detailed project information to facilitate competitive bids that reflect the scope of the project.
- (a). Often the resource objective is to cut and yard the vegetative material to a loading point and not leave material on site so that the forest product(s) is available for public use (i.e., firewood) regardless of whether the contractor chooses to utilize the material or not. As recommended above, if this is the objective, consider itemizing the logging production costs (cutting and yarding) under the service work in Schedule A. If no known or reasonably anticipated market exists for the forest product(s), even if they are cut and yarded to a loading point, consider using a service contract with the woody biomass utilization clause ([IM -2007-183](#)) rather than a stewardship contract; stewardship contracts are designed to be “goods for services” contracts. If the contractor chooses to utilize the material at a later date, and it is not itemized under Schedule B, the government could negotiate a separate forest product sales contract for the material.
- (b). The forest products removal costs to be covered in the service work appraisal under Schedule A must constitute legitimate (i.e., benefiting subactivity concept) use of the intended appropriated fund(s). Loading and hauling forest products to a utilization center may not be a legitimate cost to meet fuels hazard objectives using fuels funding if it is less costly to pile and burn the material on site. However, using fuels funding for the removal and utilization of the vegetative material may be appropriate when there are risks associated with leaving residual fuels in a Wildland Urban Interface area and/or there are concerns about air quality and liability.

EXHIBIT 5 – Budget Activity: 5920

Stewardship Project Fund

(Requires Project Code)

Includes all direct costs associated with the implementing and monitoring of stewardship projects on Public Domain Lands and on Oregon California Grant Lands and Coos Bay Wagon Road Lands in western Oregon. The BLM is authorized to enter into stewardship projects for a ten-year period by the FY 2003 Omnibus Appropriations Act (P.L.108-7). Stewardship projects are those activities used to accomplish one or more of the goals listed in P.L. 108-7, Section 323 (b) and meet local and rural community needs. In addition, a source for performance under a contract must be selected on a best value basis including consideration of other public and private contracts. The legislation authorizes the value of vegetative material to be applied as an offset against the cost of services received; and multi-year contract authority greater than five years but not to exceed ten years. The P.L. 108-7 also authorizes the BLM to retain residual receipts and apply the excess to other stewardship projects without further appropriations. Furthermore, the value of the services received and any payments made or resources provided by the contractor shall not be considered monies received from the public lands under any provision of law.

Stewardship Project Funds (SPF) funds are allocated to District/Field Offices by the State Office in the Annual Work Plan based upon identified need and approved project costs. District/Field Offices are directed to stay within their annual allocation and only expend funds on approved projects. All charges against subactivity 5920 must be accompanied by a project code that identifies it as a stewardship project. Project codes will be assigned from a discrete block of numbers by the respective State Office after projects have been reviewed. Where other projects codes have already been assigned, such as in the Fuels Program, those assigned project codes will be reported to the respective State Office and used to track the costs associated with those projects. No program overhead, administrative, or indirect costs may be coded to this account, including establishment of subactivity 0777 funds.

All excess receipts derived from these activities are to be deposited back into the SPF.

All receipts collected from approved stewardship contracts or agreements are to be deposited by the applicable office to the following fund codes:

<u>Commodity Code</u>	<u>FFS Fund Code</u>	<u>Fund Symbol</u>	<u>Fund Title</u>
XX	326	14X5506.001	Stewardship Project Funds
PE CODE	THE FOLLOWING PROGRAM ELEMENTS ARE APPROPRIATE		WORKLOAD MEASURE
HB	Construct/Maintain Recreation Sites		# Sites
HC	Construct/Maintain Trails		# Miles
HS	Maintain/Construct Roads		# Miles
JA	Apply Shrub/Grass Vegetation Treatments		# Acres

JB	Construct Shrub/Grass/PJ/Forest Projects	# Projects
JC	Maintain Shrub/Grass/PJ/Forest Projects	# Projects
JD	Apply Weed Treatments	# Acres
JE	Restore Forests and Woodlands Through Sales	# Acres
JF	Apply Lake/Wetland Treatments	# Acres
JG	Apply Stream/Riparian Treatments	# Miles
JL	Apply Fire Rehab Treatments	# Acres
JM	Implement Fuels Treatments Outside WUI	# Acres
JN	Restore Forests and Woodlands Through Development	# Acres
JQ	Implement Fuels Treatments Mechanically outside the WUI	# Acres
JR	Implement Fuels Treatments by other Means outside the WUI	# Acres
JT	Reduce Fuels Mechanically WUI	# Acres
JU	Reduce Hazardous Fuels Other WUI	# Acres
JW	Implement Fuels Treatments Within WUI	# Acres
MB	Evaluate Forest and Woodland Treatments	# Acres
MK	Evaluate Weed Treatments	# Acres
MN	Monitor Lake/Wetland Habitat	# Acres
MO	Monitor Stream/Riparian Habitat	# Miles
MQ	Monitor Terrestrial Habitat	# Acres
MT	Monitor Fuels Treatments	# Acres
MU	Monitor Water Resources	# Acres
MX	Monitor Shrub/Grass Vegetation Treatments	# Acres
MZ	Monitor Fire Rehab Treatments	# Acres
RH	COLLECTIONS ONLY	None

The following are state generic project codes that are required for depositing to and spending from 5920:

State	Cost Center	WBS	Name
Alaska	LLAK000000	LSCCSTEWAK00	Alaska Stewardship Contracts
Arizona	LLAZ000000	LSCCSTEWAZ00	Arizona Stewardship Contracts
California	LLCA000000	LSCCSTEWCA00	California Stewardship Contracts
Colorado	LLCO000000	LSCCSTEWCO00	Colorado Stewardship Contracts
Idaho	LLID000000	LSCCSTEWID00	Idaho Stewardship Contracts
Montana	LLMT000000	LSCCSTEWMT00	Montana Stewardship Contracts
Nevada	LLNV000000	LSCCSTEWNV00	Nevada Stewardship Contracts
New Mexico	LLNM000000	LSCCSTEWNM00	New Mexico Stewardship Contracts
Oregon	LLOR000000	LSCCSTEWOR00	Oregon Stewardship Contracts
Utah	LLUT000000	LSCCSTEWUT00	Utah Stewardship Contracts
Wyoming	LLWY000000	LSCCSTEWWY00	Wyoming Stewardship Contracts

EXHIBIT 6 - Guidance on Entering Stewardship Contracting Collections into CBS

The collections solutions described below were developed to provide guidance to the field on likely performance scenarios for stewardship projects and are intended to supplement existing regulations and procedures (IM-BC-2005-032). Some stewardship projects may have unique collections situations that will require additional communication between field offices and the BLM's National Business Center (NBC), BC-620, to accomplish land and resource management goals, assure efficient performance, and ensure proper accounting standards.

Stewardship projects create a unique situation where contractors can perform service work on the ground and receive forest products of value as a form of payment for their work. In stewardship projects, the approved service work can be accredited to the contractor as stewardship credits (also known as conservation credits), which are expressed in a dollar value.

One requirement in common between regular timber sales and stewardship contracting is that, prior to cutting and/or removing any forest products from BLM-administered lands, a contractor must either pay in advance for the wood product or provide some form of security as a payment bond. The types of bonds a contractor can provide (e.g., Bond of Corporate Surety, Personal Surety, Cash, Letter of Credit, etc.) are discussed in the 5400-1 Handbook, Section IV.A. In stewardship contracts, the contractor has the additional option of utilizing earned stewardship credits in lieu of an advance payment or a payment bond.

The scenarios described below are separated into three main categories, based on the specific stewardship contract situation. They are:

1. Stewardship Contracts where the Service Cost is greater than Product Value
2. Stewardship Contracts where the Product Value is greater than the Service Cost
3. Stewardship Contracts where Product Value and Service Cost are equal

Any specific stewardship contract will be in one, and only one, of these above categories, which will be based on the outcome of the contract award. Once a stewardship contract is awarded, it will stay in its specific category unless there is a significant contract modification. Since CBS entries are very dependent on the specific situation related to a particular stewardship contract, close and continual coordination between the field office accounting technician and the forester/contract inspector is essential to determine the appropriate CBS entry at any particular time.

This attachment addresses situations at the point of collections. However, there will be times that a bill will first need to be created in CBS. The preparation of bills will be very similar to regular forest product sales, with the primary difference being the use of stewardship credits. For example, bills will not be created for performance or payment bonds, nor for advance payments. Specifically, for stewardship contracts, bills will not be created when the value of stewardship credits already earned exceeds the value of the forest product to be removed.

An Accounts Receivable (AR) bill must be created using the appropriate Commodity, Subject, and Action (CSA) entries when: a payment bond is in place, the forest product value harvested equals the payment bond, and there are no available earned stewardship credits.

1. Stewardship Contracts where the Service Cost is greater than Product Value

The end result of this stewardship contracting category is a payment by the BLM to the contractor that should total the difference of the Service Cost minus the Product Value. While normal payments to contractors by the BLM are not a function of CBS, stewardship contracting provisions allow for the harvesting of the forest product (the Product Value portion of the contract) prior to the performance of the service work. The BLM regulations require that prior to the cutting and removal of forest products, a contractor who has not yet earned stewardship credits must either pay the BLM the value of this wood or provide some form of payment bond. Therefore, CBS entries may be required during the performance of the stewardship contract even though the contractor will eventually be reimbursed. Two situations are outlined below with the appropriate CBS CSA entries.

a. Contractor harvests products prior to performing service work

The contractor submits a cash payment(s) for the value of the forest products to the BLM prior to the cutting/removal of the forest product.

Cash payments should be entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting Deposit for Future Refund (455)

Note: The corresponding Treasury Fund Symbol for BLM Fund Code 455 is 14X6500.011 – BLM Deposit Suspense Account.

Once the contractor performs service work that exceeds the value of the product removed, the payments deposited earlier should be refunded back to the contractor via CBS.

Similar to regular forest product sales, the contractor has the option of utilizing a payment bond in lieu of a cash payment prior to the cutting or removal of any forest products. The use of payment bonds can negate the need for any use of the "... Deposit for Future Refund" CBS entry. While unlikely, the contractor does have the option of providing a cash payment bond.

Funds received for a cash payment bond should be entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting Payment Bond (455)

Stewardship credits, once earned, could also be used to satisfy any remaining payment bond balance. Once cash payment bonds are no longer needed, they can be refunded to the contractor via CBS. Other forms of payment bonds shall be returned similar to a regular forest product sale.

b. Contractor performs service work prior to harvesting products

The contractor will earn stewardship credits at the rate and value specified in the contract. The contractor is permitted to cut/remove forest products up to the value of the earned stewardship credits without any advance payment or form of security. No payments to the BLM will be necessary, so there is no need for any CBS entries.

Payments to the Contractor for the service work performed in excess of the product value should follow established payment procedures for service contracts.

2. Stewardship Contracts where the Product Value is greater than Service Cost

The end result of this stewardship contracting category is a payment by the contractor to the BLM that should total the difference of the Product Value minus the Service Cost. This type of stewardship contract will be very similar to a regular BLM forest product sale; however the receipts will be entered into a different CBS CSA entry than regular forest product sales. The use of stewardship credits is only applicable for stewardship contracts, and these credits cannot be used for regular forest product sales. Two situations are outlined below with the appropriate CBS entry codes.

a. Contractor harvests products prior to performing service work

Payments will be made to the BLM similar to a regular forest product sale. However, because only the difference between the product value minus the service cost is considered a receipt to the BLM, contract payments will be considered as receipts in CBS until the threshold (product value minus service cost) is reached. These cash payments by the contractor should be entered into CBS, until the threshold is reached, as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting BLM Excess Receipts (5920)

Note: Budget Activity 5920 actually falls under Fund Code 326, which corresponds to Treasury Fund Symbol 14X5506 – Stewardship Contract Product Sales, BLM.

If the contractor continues to harvest products above the threshold and prior to performing the service work in the contract, payments similar to the discussion in 1.a above, must be provided by the contractor and entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting Deposit for Future Refund (455)

As the contractor performs service work and earns stewardship credits, the value of those credits earned can be used to offset any product value payments until all service work is completed. Once this service work is completed and accepted by the BLM, refunds of this overpayment (the amount over the threshold) can be processed.

Similar to regular forest product sales, the contractor has the option of utilizing a payment bond in lieu of a cash payment prior to the cutting or removal of any forest products. The use of payment bonds can negate the need for any use of the "... Deposit for Future Refund" CBS entry.

While unlikely, the contractor does have the option of providing a cash payment bond. Funds received for a cash payment bond should be entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting Payment Bond (455)

Stewardship credits, once earned, could also be used to satisfy any remaining payment bond balance. Once cash payment bonds are no longer needed, they can be refunded to the contractor via CBS. Other forms of payment bonds shall be returned similar to a regular forest product sale.

b. Contractor performs service work prior to harvesting products

The contractor will earn stewardship credits at the rate and value specified in the contract. The contractor is permitted to cut/remove forest products up to the value of the earned stewardship credits. No payments to the BLM will be necessary until the value of the forest products cut/removed exceeds the earned stewardship credits. After that point, CBS entries are required and should be entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting BLM Excess Receipts (5920)

3. *Stewardship Contracts where there is equal Product Value and Service Cost*

While the end result of this stewardship contracting category is no final payments by the contractor or the BLM, as the contract progresses there may be some CBS entries.

a. Contractor harvests products prior to performing service work

The discussion in Scenario 1.a is applicable here.

b. Contractor performs service work prior to harvesting products

The discussion in Scenario 1.b is applicable here.

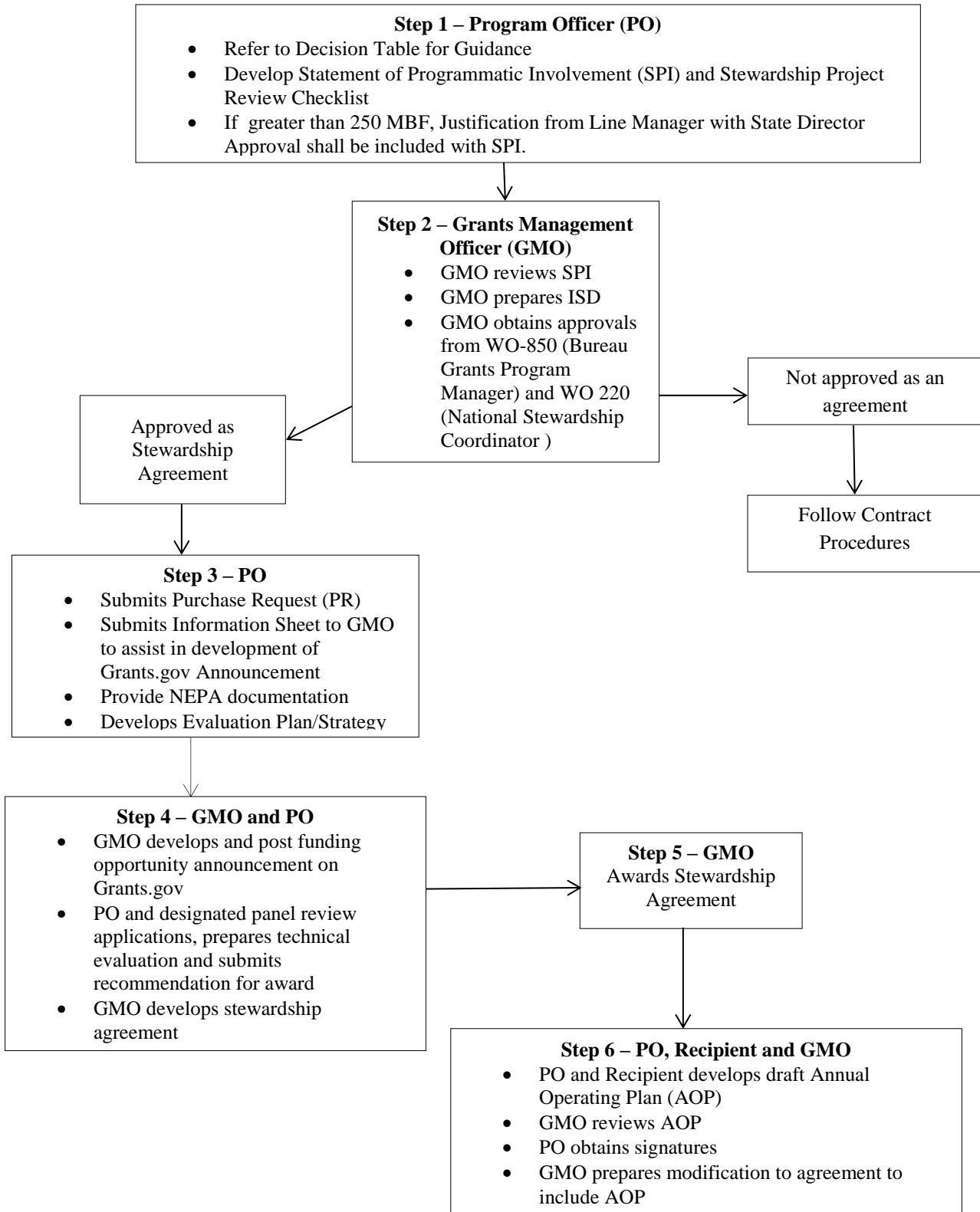
EXHIBIT 7 - DECISION PROCESS – AGREEMENT, SERVICE OR FPS CONTRACT

The following table provides general guidance of whether an agreement, service contract or forest product sale is the appropriate instruments for completing resource goals under the stewardship authority.

Primary Tests	Financial Assistance Agreement	Service Contract	Timber/Vegetative Sale Contract 43 CFR 5400 5450-1 (vegetative sales),5450-3 (lump sum), 5450-4 (scaled), 5450-25 (lump sum), 5450-26 (scaled)	
Is the principle purpose public support or stimulation? That is, does it forward the mission of the proposed partner/applicant, other than for monetary gain, as well as addressing the Government’s resource management goals and objectives?	Yes	No	No	
Will the project generate excess receipts?	May	May	Required	
Other Considerations *				
Will the agency have substantial, ongoing involvement in the project?	Yes	No	No	
Does the project encompass cost sharing principles?	Yes	May	No	
Is the entity a non-profit, state, local government or educational institution?	Yes	May	May	
Is the entity a for profit business?	May	Yes	May	
Is the project of a highly complex nature?	No	Yes	5450-1	5450-3, 5450-4, 5450-25 and 5450-26
Potential for contract disputes? Note, no formal dispute resolution process exists for agreements.	No	Yes	Yes	
Does project failure pose substantial risk to the agency, i.e. non-accomplishment of specific mandated land management goals?	No	Yes	Yes	
Will the project create significant financial risks for either party?	No	Yes	Yes	
Will the project pose significant safety liability risks for either party?	No	Yes	Yes	
Has similar work been effectively and efficiently competed as a contract in the past?	No	Yes	Yes	
Are the product values and volumes under the maximum limits?	Based on Grants Management Officers warrant and 250 MBF	Based on Contracting Officers warrant	250 MBF this limit can be exceeded if exceptions apply.	
Maximum Contract/Agreement Term	10 years	10 years	3 years	3 years
Is performance/payment bonding required?	Atypical	Optional	Optional	Required
Who is the authorizing official?	Grants Management Officer	Contracting Officer	Field Manager	

* In addition to the “Primary Test,” one or more answers under “Other Considerations” could indicate or point towards the applicability of an agreement or contract; however, all answers must be viewed when making a determination. There also may be instances where the “Primary Test” points in one direction, yet all or a majority of the “Other Considerations” point in another. When in doubt, seek guidance from your State Procurement Analyst, CO or GMO.

EXHIBIT 8 – Stewardship Agreement Process



Strategy for the Use of Long-Term, Multi-year Stewardship Contracts

Response to Recommendation No. 1
Government Accountability Report No: GAO-09-23



September 14, 2010

Introduction

The 2008 GAO report on stewardship contracting (GAO-09-23) recommended that the Bureau of Land Management (BLM) and the U.S. Forest Service (USFS) develop a strategy regarding the use of long-term, multi-year contracts. “The strategy should address options for funding such contracts in a manner that considers trade-offs with respect to other land management activities and should be based on a systematic analysis of lessons learned from long-term projects already undertaken.”

The Department of the Interior (DOI) responded that it would work closely with the USFS to develop a nationwide strategy for stewardship contracting that would address the use of long-term contracts and would expand upon the criteria that had been developed at the Oregon State Office Procurement Branch, which is considered the BLM’s “Center of Excellence” for stewardship contracting. However, USFS responded to the GAO that it would continue to use strategies that they had already developed for the use of long-term contracts. Further communication with the USFS indicated that there would not be a collaborative effort to develop a new joint strategy.

From 2004 to 2005, the BLM put targets on the number of new contracts offered each year. In 2004, the target for new contracts offered was set at 35. For 2005, the target for new contracts offered doubled to 70. Setting a numerical target for new contracts was resulting in a higher number of small-scale projects as field offices attempted to achieve these targets, which runs counter to the intention of having landscape-scale projects and longer-term contracts. In response, in 2006 the BLM went to a system of allowing the individual states to set their own target for new stewardship contracts.

	2003 Awards	2004 Awards	2005 Awards	2006 Awards	2007 Awards	2008 Awards	2009 Awards	2010 Estimated (PTA)
AK	0	1	1	1	1	0	0	1
AZ	0	0	0	1	1	1	1	0
CA	0	3	8	7	5	5	8	5
CO	0	3	8	2	4	0	6	3
ID	0	4	4	3	3	3	6	3
MT	0	4	8	2	4	5	3	4
NM	0	1	5	2	2	2	1	2
NV	0	1	2	4	2	1	2	4
OR	2	4	12	28	19	17	18	12
UT	0	0	5	5	4	6	10	4
WY	0	1	5	1	3	1	1	3
Total	2	22	58	57	48	41	57	41

Figure 1. Number of new stewardship contracts awarded 2003–2009, 2010 estimated.

From 2006 to 2008, the BLM conducted a state by state Alternative Internal Control Review (AICR) of stewardship contracting. The AICR was a comprehensive and systematic analysis of each state’s use of stewardship contracting and their “lessons learned.” All three reports (California, National Operations Center, Oregon, Wyoming in 2006; Alaska, Arizona, Montana, Nevada in 2007; Colorado, Idaho, New Mexico, Utah in 2008) were issued.

Goal

The BLM’s goal for stewardship contracting projects has been to increase the effectiveness of funds allocated to contracts which can warrant increasing the size and duration of projects to long-term/landscape scale. From 2003 to 2009, the average project size increased from 150 acres to 2,200 acres (see Figure 2) primarily due to the large influx of America Restoration & Reinvestment Act (ARRA) funding in 2009. Many of these projects contain multiple contracts and task orders that streamline the contracting process and create larger scale and longer-term projects. However, due to the current forest products market and location of many contractor pools in rural areas adjacent to Federal lands, some contractors still prefer smaller, shorter term contracts that minimize their risk. This preference has been consistently communicated in “lessons learned” from some early contracts where contractors were unable to meet their contractual obligations.

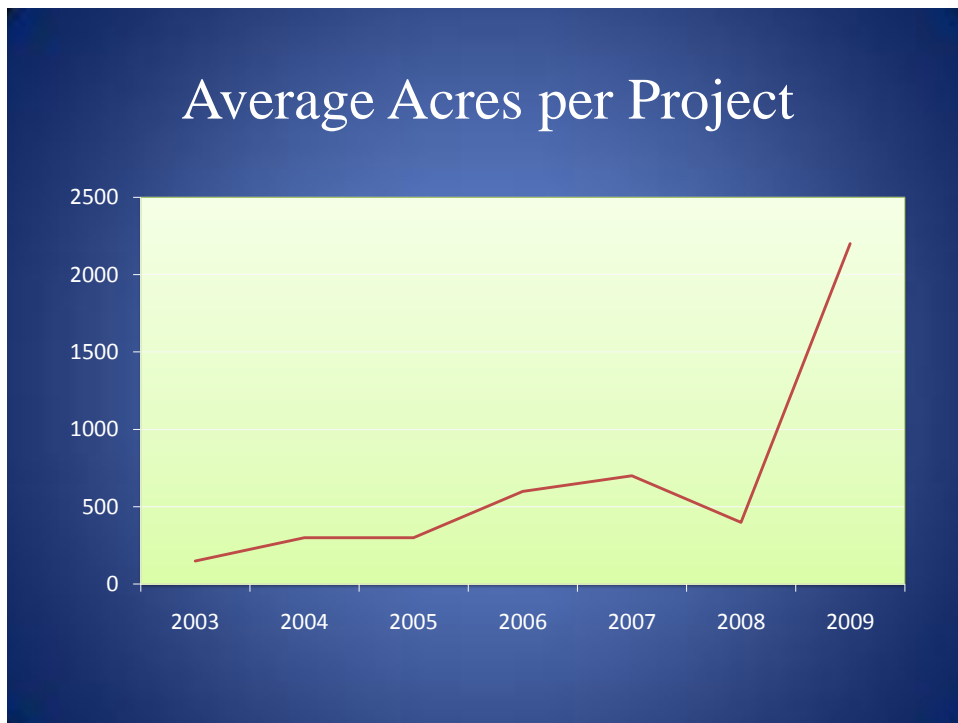


Figure 2. Average acres per stewardship contracting project 2003–2009.

Strategy

Currently, stewardship contracting is not a program in the BLM and, therefore, does not have an appropriation or any specific performance measure. Projects are funded through a variety of program subactivities, with annually appropriated “one-time funding.” Based on this funding

structure, the BLM developed a strategy to use contracts that allow the use of ten-year project planning while minimizing risk to the agency and contractor. The strategy contains two steps:

- I. As required in the BLM’s Stewardship Contracting Guidance, Section 5, Planning Stewardship Projects, the District/Field manager of any office proposing a stewardship contract or agreement exceeding five years in duration will include a concise rationale for the length of the project in the project documentation. This rationale will consider such factors as:
 - The type of material to be treated.
 - The availability of local capacity to process and use the material being removed.
 - The potential development of new markets for small diameter material and biomass.
 - Sensitive wildlife species habitat use cycles.
 - Seasonal restrictions.
 - Availability of sustainable funding sources.

This rationale will be considered when the State Director makes the decision whether or not to approve the project.

- II. After State Director approval, the project will go forward to the appropriate contracting officer. The contracting officer in consultation with the line officer and project manager will then make a determination on the length of the contract based on these four criteria:¹
 - ***The customer’s need.*** This analyzes whether or not the customers in a given project area have the capacity to complete a large, landscape-scale, long-term project.
 - ***Funding availability.*** This analyzes funding trade-offs between other resource uses and if continual funding will be available to complete a long-term contract.
 - ***Market Knowledge.*** This analyzes past, current, and future market trends and the market’s ability to support a long-term contract.
 - ***More favorable terms and conditions.*** This analyzes the terms and conditions of a long-term contract and the benefits or disadvantages to the government in using such a contract or using a short-term contract.

Using these four criteria, the BLM will determine whether to use one type of contract for larger, landscape scale, long-term projects: Indefinite Delivery/Indefinite Quantity (IDIQ) contracts versus a short-term and smaller landscape project.

¹ These criteria were developed by the Oregon State Office Procurement Branch, the BLM’s “Center of Excellence” for stewardship contracting.

IDIQ Contracts

The BLM considers the use of IDIQ contracts the most appropriate contracting method for large, long-term stewardship contracts for two reasons: First, IDIQ contracts were identified early on as a grouping of various service tasks that are required by the BLM on a recurrent, long-term nature. Hazardous fuels reduction, pre-commercial thinning and noxious weed treatments are just a few examples of service items included in an IDIQ contract, along with forest product removal. Traditionally, this work was completed via multiple stand-alone contracts awarded at the district or state level or non-stewardship IDIQ contracts as deemed appropriate. The IDIQ contracts help alleviate the need for preparing annual contracts for the same treatment and also assist contractors with assuring a longer-term outlay of out-year work.

Second, market prices for the commercial products in stewardship contracts are by nature quite volatile. For example, the price of 1,000 MBF of Douglas-fir sawlogs can change 20 percent in just one month. As a result, it is far more difficult to predict the market price of commercial material than it is for the service work on five- to ten-year contracts. In our market research, prospective contractors have repeatedly stressed the need for long-term contracts to help them manage the changing prices for commercial products. They are prone to severe financial losses if they attempt to market these products at the wrong time. Therefore, the longer contract lengths are essential for them to offer the best prices to the Government and increase the potential for viable profit margins. In addition, IDIQ contracts have annual rate-redetermination clauses to mitigate some of the risk of volatile markets.

The BLM has chosen the IDIQ route for its long-term contracts because, as mentioned above, the agency does not have the funding available to obligate up front for a long-term contract and therefore utilizes the IDIQ type contract. Also, in the BLM's experience, almost all stewardship projects end up with more service costs, than available product value offset. The incremental task order in an IDIQ contract allows for the BLM to receive the best value for the product and minimize risk to both the agency and the contractor/recipient.

The Federal Acquisition Regulations (FAR) does provide for other types of multi-year contracts, including base plus options, or funding obligated for the first year only, with a contingent upon availability of funds clause applicable to out years. However, the BLM has not considered this a viable approach historically, because it still causes concerns with contractors, and it requires cancellation ceilings, which do require funds be obligated at the time of award of the contract.

Additional Outcomes

In implementing this strategy, the BLM will continue to revise individual facets of stewardship contracting that will lead to a more efficient ways of doing business. These revisions include:

- Increased procurement authority at the state office level.
- Diversification of funding sources to include other program areas that benefit from stewardship contracting such as wildlife, recreation, rangeland resources, threatened and endangered species, noxious weeds, and soil, water and air.
- Increased use of complimentary authorities, such as Good Neighbor Policy, Collaborative Forest Landscape Restoration Act, etc.

- Increased marketing of contracts beyond FedBizOps.
- Upgrading our internal stewardship website to include lessons learned, contract and agreement templates and examples, and revising the field guides.
- Revising the annual training to include management, and other resource disciplines.
- Standardization for contracts and agreements.

EXHIBIT 10 – Full Language of Minimum Clauses for Stewardship Contracts

Section C (Sec. D in CI)

Introduction/Background

The Bureau of Land Management (BLM) intends to enter into the _____ Stewardship contracting project with private persons or other public or private entities to perform services to achieve land management goals for public lands that meet local and rural community needs. This _____ Stewardship is located in _____ County, (State).

Log Export Restriction

All commercial products to be removed by the Contractor/Purchaser under the terms of this contract is restricted from export from the United States in the form of unprocessed commercial product and is prohibited from being used as a substitute for exported private commercial product. For the purpose of this contract, unprocessed commercial product is defined as (1) any logs except those of utility grade or below, such as sawlogs, peeler logs, and pulp logs; (2) cants or squares to be subsequently remanufactured exceeding eight and three-quarters (8-3/4) inches in thickness; (3) split or round bolts or other roundwood not processed to standards and specifications suitable for end-product uses; or (4) western red cedar lumber which does not meet lumber of American Lumber Standards Grades of Number 3 dimension or better, or Pacific Lumber Inspection Bureau R-List Grades of Number 3 Common or better. Thus, commercial product manufactured into the following will be considered processed: (1) lumber and construction timbers, regardless of size, manufactured to standards and specifications suitable for end product uses; (2) chips, pulp and pulp products; (3) green or dry veneer and plywood; (4) poles and piling cut or treated for use as such; (5) cants, squares, and lumber cut for remanufacturing of eight and three-quarters (8-3/4) inches in thickness or less; (6) shakes and shingles. The Contractor/Purchaser shall maintain and upon request to furnish the following information:

- a. Date of last export sale.
- b. Volume of commercial product contained in last export sale
- c. Volume of commercial product exported in the past twelve (12) months from the date of last export sale.
- d. Volume of Federal commercial product purchased and/or removed in the past twelve (12) months from date of last export sale.
- e. Volume of commercial product exported in the succeeding twelve (12) months from date of last export sale.
- f. Volume of Federal commercial product commercial product purchased and/or removed in the succeeding twelve (12) months from date of last export sale.

In the event the Contractor/Purchaser elects to sell any or all of the timber sold under this contract in the form of unprocessed timber, the Contractor/Purchaser shall require each party buying, exchanging, or receiving such timber to execute a "Certificate as to Nonsubstitution and the Domestic Processing of Timber" (Form 5460-16). The original of such certification shall be filed with the Authorized Officer. Additionally, when the other party is an affiliate of the

Contractor/Purchaser, the Contractor/Purchaser will be required to update information under item (2) of Form 5450-17 (Export Determination) and file the form with the Authorized Officer.

In the event an affiliate of the Contractor/Purchaser has exported private timber within twelve (12) months prior to purchasing or otherwise acquiring Federal timber sold under this contract, the Purchaser shall, upon request, obtain from the affiliate information in a form specified by the Authorized Officer and furnish the information to the Authorized Officer.

Prior to the termination of this contract, the Contractor/Purchaser shall submit to the Authorized Officer a "Log Scale and Disposition of Timber Removed Report" (Form 5460-15) which shall be executed by the Contractor/Purchaser. In addition, the Contractor/Purchaser is required under the terms of this contract to retain for a three-year period from the date of termination of the contract the records of all sales or transfer of logs involving timber from the sale for inspection and use of the Bureau of Land Management.

Unless otherwise authorized in writing by the Authorized Officer, the Contractor/Purchaser shall comply with the following requirements prior to the removal of timber from the contract area:

- (a) Unprocessed timber restricted from export. Brand with the Contractor/Purchaser's registered log brand at least one end of each log, bolt or other roundwood and identify each of these by painting with highway-yellow paint;
- (b) Timber exempted from export restrictions. Brand with Contractor/Purchaser's registered log brand, different from that used on restricted timber, at least one end of each log, bolt or other roundwood, and segregate excepted logs restricted from export at locations on or adjacent to the contract area; furthermore, such excepted logs shall not be painted with highway-yellow paint.

Section E (Sec. D in CI)

Payment for Stewardship Activities

In lieu of providing commercial volume for established Stewardship Credits (SC), the BLM may elect to pay the contractor in the form of a credit on the contractor's statement of account. OR, upon completion of all work, if SCs remain, payment may be made in accordance with 52.232-1 Payments.

Stewardship Credits

Stewardship Credits are credits that are earned and established when work listed in _____ has been performed and accepted. The SCs shall be earned at the rate as shown in the Schedule A. Earned SCs may be used to pay for included commercial product value as identified in Schedule B, Items _____. Credits will be earned based upon actual quantities of service work accomplished and accepted. Establishment of SCs will be established on a monthly basis. The SCs will be established for the number of units of each activity that have been completed, accepted, and invoiced. Acceptance may be for all, or a reasonable portion of, any specific activity. The SCs will not be established for work that is in progress that has not been accepted

by the BLM. No SCs will be established for work performed under the terms of Schedule B, Items _____.

Excess SCs – In the event there are unused established SCs when all of the included commercial fiber has been cut and removed, the BLM, at its option, shall either add additional commercial thinning and fiber removal or make payment for the unused SCs.

Excess Commercial Value – In the event the value of the included commercial product exceeds the total value of all of the mandatory activities plus any optional activities if identified in the schedule for which the Contractor has completed services, the Contractor shall make payment for the excess product value.

Refund of Excess Credits – If at any time the SC balance exceeds the charges for timber and biomass that the BLM estimates will be cut within the next 60 calendar days, any portion of such excess that is due in the account shall be refunded if requested by Contractor. If no cutting is planned within the next 60 calendar days, refund of the entire unencumbered balance may be made. After a refund for a shutdown, deposits shall be made to meet the requirements of Advance Deposits before additional commercial product may be cut.

Payment for Land Management Activities – In lieu of providing commercial fiber for established SCs the BLM may elect to pay the Contractor in the form of a credit on the Contractor's statement of account. Or, upon completion of all work, if SCs remain, payment may be made in accordance with the Payments clauses in.

Product Value Reappraisal for commercial products (Contracts Greater Than Three Years)

The rates proposed for Items XX—XX of Schedule B may be reappraised annually as needed through joint review by the Contractor and the BLM. This reappraisal will be based on change in value reflected by the Western Wood Products Association index for each species or comparable state or regional indexes/publications that are commonly used for timber sale appraisals. However, in the absence of an index for the species, the status of the current marketplace will be utilized. Agreements reached on the current market place pricing will be incorporated into the contract by means of a contract modification. Any further failure to agree on the pricing will be handled under the provisions of the contract entitled “Disputes”. At no time will the product value be less than \$0.01.

The WWPA is cited here only as an example. The COR, most likely with coordination with their State Stewardship Lead, shall determine the appropriate references or standards that suit local markets.

Bonding Requirements for Commercial Product Performance Bond-Schedule B Only

A bond guaranteeing payment is required for the value of commercial products on contracts or task orders prior to cutting and removal of products unless the value of completed service work (stewardship credit) is greater than or equal to the value of products being removed.

Performance and payment bonds for construction work over \$3,000 in value and over \$150,000 in value

The offeror will be required to provide a 100 percent payment bond for construction work on contracts that are over \$3,000 in value and less than \$150,000. Contracts between \$30,000 and \$150,000 the contractor will provide performance and payment bond(s) as determined by the Contracting Officer. For contracts over \$150,000 in value, the offeror will be required to provide a 100 percent payment bond and 100 percent performance bond on all construction work.

Advance Deposits

Contractor agrees to establish SC, provide bond guaranteeing payment and/or cash deposit above the minimum amount specified in Section I, Performance and Payment Bonds – Other Than Construction, or make deposits in advance of cutting to meet charges specified in the special project specification for commercial volume.

The BLM billings for advance deposits shall be in such an amount that, together with SC and performance bond will maintain an unobligated balance that covers the applicable charges for the cutting of designated material expected to be cut within the next 60 days.

The contractor shall make deposits to meet contractor's obligations within 15 calendar days of billing by the BLM. Deposits shall be made to the BLM, by mail or delivery to Collections Officer at address to be furnished by the BLM. An explanation of billings will be issued at the time of each request for such deposits.

If at any time the value of established, unused SC plus the amount of the performance bond and advance deposits is not sufficient to cover the charges for commercial volume estimated quantity to be cut in 10 days of cutting designated material, the cutting of commercial volume will be suspended until such time as more SCs are established or deposited.

Refund of Excess Money Earned

If at any time the credit balance of Commercial Volume Removal Account exceeds the charges for commercial volume and or designated material that the BLM estimates will be cut within the next 60 calendar days, any portion of such excess that is due in the account shall be refunded if requested by contractor. If no cutting is planned within the next 60 calendar days, refund of the entire unencumbered balance may be made. After a refund for a shutdown, deposits shall be made to meet the requirements of Advance Deposits before additional commercial volume may be cut.

Section H (Sec. D in CI Contracts)

Mineral Materials/O&C Act

Commercial product removed as required under this contract shall be in accordance with the authority of the Act of August 28, 1937, (50 Stat. 874), as amended, (43 U.S.C. 1181a-f), relating to the re-vested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands, or under the Act of July 31, 1947, (61 Stat. 681), as amended, (30 U.S.C. Sec's. 601-

604), relating to other lands under the jurisdiction of the Bureau of Land Management, and the regulations as set forth in 43 CFR Group 5400.

Passage of Title & Risk of Loss

Inspection of Commercial Volume and Disclaimer of Warranty

- a. The Contractor warrants that this contract is accepted and executed on the basis of its examination and inspection of the commercial volume material to be removed under this contract and its opinion of the value thereof.
- b. Government expressly disclaims any warranty of fitness of the commercial volume for any purpose; all commercial volume to be removed hereunder is accepted as is without any warranty of merchantability by Government. Any warranty as to the quantity or quality of the commercial volume to be removed hereunder is expressly disclaimed by the Government. Refund to or recovery by the Contractor for failure of passage of title to any commercial volume to be removed hereunder shall not exceed the value of such commercial volume computed at prices per unit for species involved as set forth in Schedule B.

Passage of Title and Risk of Loss

Title to commercial volume to be removed under this contract shall remain in Government and shall not pass to the Contractor until such commercial volume has an equal value earned in the form of SCs and removed from the contract area. Unless cut commercial volume is to be removed under this contract risk of loss shall be borne by the Contractor after the commercial volume is cut; Provided, however, that if loss results from a fire which was not caused by the Contractor, its subcontractors, or the employees of any of them, the risk of loss shall be borne by the party holding title. If cut commercial volume is to be removed under this contract, risk of loss shall be borne by the party holding title. Risk of loss to Government shall not exceed the value of such commercial volume computed at the prices per unit for the species involved as set forth in Schedule B. Nothing herein shall be construed to relieve either party from liability for any breach of contract or any wrongful or negligent act. As used in this section, the term cut commercial volume refers only to commercial volume which has been felled, bucked, or otherwise severed by direct human activity prior to the date this contract was entered into.

Commercial Volume Trespass and Suspension

If in connection with operations hereunder the Contractor, its subcontractors, or the employees of any of them cuts, injures, or removes any Government commercial volume, other than commercial volume to be removed under this contract, such action shall be construed as trespass and the Contractor shall be liable for damages under applicable state law, up to treble damages. If the Contractor cuts or removes any commercial volume not authorized for removal under this contract during any period of suspension, such cutting or removal shall be considered a willful trespass and render the Contractor liable for damages under applicable state law, up to treble damages.

If trespass is determined by the Government as willful, the Contractor shall be responsible for damages up to treble the single damage fair market value of the particular commercial volume cut or removed or injured at the time of trespass, plus all administrative costs incurred by the Government during inspection and appraisal. The total price of commercial material removal (Schedule B) in trespass shall be deducted to the extent of single damages or the value of commercial material under Schedule B, whichever is lesser, from amount due because of trespass. The Contractor shall pay Government for such damages after written demand therefore by the Contracting Officer.

If the Contractor, its subcontractors, or the employees of any of them, cuts, injures, or removes any commercial volume and/or leave trees reserved under this contract, they shall fully cooperate, upon request of the COR, in the investigation of such acts. If full cooperation is not received or will not be forthcoming, the CO may suspend that portion of the Contractor's operations necessary to preserve evidence pending investigation or permit safe investigation of such acts.

Hold Harmless and Responsibility for Damages to the Government

The Contractor agrees to hold the Government harmless from any claim for damage or loss of property, personal injury, or death and to be liable for any damage suffered, cost, or expense incurred by the Government which claim, damage, cost or expense arise out of any operations under this contract and result from any breach of contract or wrongful or negligent act or omission of the Contractor, its subcontractors or employees of any of them. The Contractor shall pay Government for such damages after written demand therefore by the Contracting Officer.

Protection of Roads, Utilities, Improvements and Monuments

Existing telephone, telegraph and transmission lines, fences, ditches, roads, gates, monuments including corners and brass caps, and all other improvements shall be protected as far as practicable in all phases of Contractor's construction or logging operations. All such roads and ditches shall be kept free of logs, slash, and debris. Damage to roads, utilities and improvements shall be promptly paid for or repaired to a condition which, in the opinion of the Contracting Officer, is at least as good as the condition just prior to such damage.

Simultaneous Use of Contract Area by Others

The simultaneous use of the contract area by others may be authorized by the Government through issuance of permits, leases, or contracts, provided that the Contracting Officer first determines that such use of the contract area will not seriously interfere with the operations of the Contractor.

Watershed Protection: Water Quality, Erosion Control, and Soil Damage

The Contractor shall comply with all applicable State and Federal laws and regulations pertaining to water quality in connection with any operations under this contract.

The Contractor shall take every reasonable precaution not to pollute or obstruct any stream, lake, or reservoir on or near the contract area in connection with any operations under this contract. If

the Contractor's operations cause pollution or obstruction of any stream, lake, or reservoir on or near the contract area, the Contractor shall correct the condition to the satisfaction of the COR.

The Contractor shall undertake every reasonable measure to minimize erosion and soil damage in connection with any operations under this contract, including but not limited to construction of water bars on yarding and spur roads as designated by the COR. The Contractor shall immediately discontinue any construction or commercial volume harvesting operations under this contract, upon receipt of written notice from the COR that due to weather or soil moisture conditions, such operations will cause excessive damage to the soil. The COR shall notify the Contractor, in writing, when such operations may be resumed.

Refuse Control and Disposition of Waste Materials

The Contractor shall remove, or otherwise dispose of all garbage, temporary buildings, trash, litter, discarded equipment or parts, waste materials or other refuse resulting from Contractor's operations. Areas for disposal of waste material shall be subject to approval of the COR.

Waste materials, such as garbage, trash, oil, grease, chemicals and similar substances shall be disposed of in a manner that will prevent their entry by drainage, high water, or other means into any river, watercourse, lake, or reservoir in or near the Contractor's operations. Water used to wash down equipment used for petroleum products, industrial chemicals, cement or other toxic materials shall be disposed of in a manner that will prevent their entry into any watercourse or waterway.

Storage and Handling of Hazardous Materials

All petroleum products, industrial chemicals and similar toxic or volatile materials stored by the Contractor on or near the contract area, in connection with operations under this contract, shall be stored in durable containers and shall be stored in areas, as determined by the COR, which are either located so that any accidental spillage will not drain into any watercourses, lakes, or reservoirs or, when such areas are not available, shall be stored in an area surrounded by impermeable containment dikes of sufficient capacity to contain the aggregate capacity of all tanks.

In addition, the Contractor shall comply with all applicable State and Federal laws and regulations concerning the storage, handling, use and disposal of industrial chemicals, pesticides, herbicides, and other hazardous substances.

Records and Reports

Upon request of the COR, the Contractor shall furnish the following records and reports: (1) volume or quantity of commercial volume cut and removed from the contract area; (2) road costs including road use fees paid in connection with removing commercial volume from the contract area; and (3) prices received for lumber or other wood products.

Time for Removal of Personal Property

The Contractor shall have the right within one month after expiration of time for cutting and removal to remove equipment, improvements, or other personal property from Government lands

or rights-of-way; provided, however, that any improvements such as road surfacing, culverts and bridges which have become a permanent part of a Government road shall not be removed. The CO may grant an extension of time, not to exceed three months for removal of personal property. Any improvements remaining on Government lands and rights-of-way at the end of the period for removal, or any extension, shall become the property of Government. Any equipment or other personal property remaining on Government land and rights-of-way at the end of this period may be removed at the expense of the Contractor and disposed of.

EXHIBIT 11 – Contractor Certification of Stewardship Contracts

_____ STEWARDSHIP PROJECT

I hereby certify, to the best of my knowledge and belief, that:

- (1) The amounts requested are only for performance in accordance with the specifications, terms and conditions of the contract.
- (2) Payments to subcontractors and suppliers have been made, and timely payments will be made for the work activities covered by this certification, in accordance with subcontract agreements and the requirements of Chapter 39 of Title 31, United States Code;
- (3) This request for progress payments/credits does not include any amounts which the prime contractor intends to withhold or retain from a subcontractor or supplier in accordance with the terms and conditions of the subcontract; and
- (4) This certification is not to be construed as final acceptance of a subcontractor’s performance.

(Name)

(Title)

(Date)

Stewardship Credits earned as of _____ (Date)

ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT

EXHIBIT 12 –Stewardship Contracting Templates Hyperlink

**[IDIQ, SERVICE CONTRACTS OVER & UNDER \\$150K, FOREST PRODUCT CONTRACTS
AND AGREEMENTS](#)**