



The Role of Communities in Stewardship Contracting

FY 2011 PROGRAMMATIC MONITORING REPORT TO THE USDA FOREST SERVICE

Prepared by the Pinchot Institute for Conservation
January 2012





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Photo credit: Front Cover, Early successional management in the Appalachian Mountains, by Brian A. Kittler.

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EXECUTIVE SUMMARY

This report conveys results from the FY 2011 programmatic monitoring and evaluation effort designed to fulfill the Congressional mandate to monitor the role of local communities in developing and implementing stewardship contracts and agreements. Included herein are several key findings related to use of stewardship authorities, as well as, options for improving collaboration and public engagement in federal land management. The report also contains five in-depth regional summary reports that relay the regional context in which stewardship contracting is being used—providing lessons learned and practical advice direct from the field.

This programmatic monitoring report concludes that there is very broad support for stewardship contracting. Communities and the agencies using stewardship authorities would like stewardship contracting to continue to grow and be reauthorized before its current authorization runs out in 2013. When asked why they feel this way, participants in stewardship contracts cite the outcomes they have achieved on-the-ground and the numerous social, economic, and ecological benefits they have realized through stewardship contracting.

Successes reported through the 2011 programmatic monitoring program include:

- Stewardship authorities have become a driving force for innovation in the management of public lands—achieving efficient outcomes on thousands of acres, while yielding multiple benefits.
- Restoration is being accomplished in areas where there previously was not interest or support. This appears to be building trust.
- Existing collaborative groups continue to favor stewardship contracting and new groups have emerged partially due to their interest in stewardship authorities.
- Agreements with NGOs, particularly conservation NGOs, have been successful in raising matching funds and engaging the public. Nearly half of survey respondents say that non-agency partners bring new funds into stewardship contracts and agreements.
- On the balance, there has been increased acceptance of stewardship contracting by field managers, with 85 percent of agency personnel suggesting that they would participate in another stewardship project because they see stewardship contracting as being a “great tool” with “positive benefits.”

Benefits reported through the 2011 programmatic monitoring program include:

- Stewardship contracting has created capacity within the workforce of rural communities to undertake the diversity of tasks comprising ecosystem management and restoration. Top benefits cited include “using local contractors,” “creating/maintaining more local jobs,” and providing “other economic benefits,” such as documented reductions in the cost of fuel treatments and expanded capacity for utilizing low-value wood biomass.

- “Improving public trust” and “increasing opportunities for public input” are two of the greatest benefits stewardship contracting has brought the agency. With a broad spectrum of interest groups praising stewardship contracting.
- Performing more work on the ground in an integrated manner (e.g., hazardous fuel reduction, habitat improvement, noxious weed control or eradication, road improvements, road obliteration, and stream restoration).
- Increased administrative and fiscal efficiencies achieved through the use of best-value contracting, goods-for-services, designation by description and prescription, and retained receipts.

Challenges reported through the 2011 programmatic monitoring program include:

- The full array of economic, social, and environmental benefits offered by stewardship projects are difficult to quantify.
- Uneven levels of collaboration and community engagement exist across the country. In an increasing number of places communities of interest and communities of place are heavily engaged in stewardship contracting. In some of these places where collaborative land management runs deep and true, restoration is moving ahead at an accelerated clip. In many other places, community participation in project design and implementation is marginal, often limited to the involvement of private landowners adjacent to the project site.
- In places without agency staff dedicated to public engagement this task is left to individuals without the time, expertise, or natural inclination to be effective.
- Community members often become frustrated when certain activities—e.g. recreation—are deemed to be of low priority for stewardship projects.
- Unfavorable forest product markets, reduced appropriations, and insufficient local infrastructure can severely limit the effectiveness of stewardship contracting.
- Unlimited liability that is contained in agreement law has put a chill on what was a booming aspect of stewardship contracting—contributing greatly to a high-profile NGO partner walking away from stewardship agreements in 2011.
- Some county governments remain averse to supporting and/or using stewardship contracting because of what they perceive as being negative fiscal impacts (i.e. a diminished “25% Fund”). With the expiration of the Secure Rural Schools and Community Self-Determination Act in September of 2011, this is of even greater concern.

1 — INTRODUCTION

1.1 Background and Context

In recent decades two federal public land management agencies, the Forest Service and Bureau of Land Management (BLM), have pioneered a new approach to land management contracting to further their stewardship goals on the 450 million acres they oversee. These tools were designed to complement existing methods and more effectively address the complex challenges the federal lands now face.

In the west, where the vast majority of these lands exist fire exclusion, grazing, timber harvesting, plantation forestry in direct replacement of natural forests, and other landscape manipulations that occurred during the previous century, have all contributed to the degradation of present-day forest ecosystems. In the east, management issues are different, but not necessarily less of a challenge. In many places, federal forests are characterized by an over abundance of vegetation and reduced fire frequencies. Because of this, ecosystem restoration and present day management activities across much of the federal public lands now center on the removal of small diameter trees of low commercial value.

The consequences of not addressing the threats and opportunities facing federal public lands include a diminishment or complete loss of the benefits these resources provide—clean air, clean water, biological diversity, wildlife habitat, sequestration of atmospheric carbon, recreation opportunities, utilitarian benefits, as well as numerous cultural, spiritual, social, and economic values.

Stewardship End-Result Contracting (stewardship contracting) is viewed by many as an ideal tool for addressing these challenges. In recent years stewardship contracting has been touted as the future of vegetation management for the Forest Service and BLM, with numerous policies and programs (e.g. the Collaborative Forest Landscape Restoration Program) directly linked to stewardship contracting. Despite these essential linkages and a broad base of support, the ability of the Forest Service and BLM to use stewardship contracting will expire on September 31, 2013 unless Congress reauthorizes it.

1.2 A Brief History of Stewardship Contracting

Contractual mechanisms have always been an important way for federal land management agencies to achieve their objectives. Contracts are used by public land management agencies for legal reasons, but also because they harness the ingenuity and efficiencies of the private sector and distribute some of the benefits associated with land management to the public. For instance, timber sale contracts have always played an important role in the management of National Forests as the production of timber is intrinsically tied to the agencies' budget through annual timber production targets established by Congress.

From the late-1940s to the late-1980s the timber sale program evolved into the main method for achieving a variety of land management activities. While timber was the

primary focus, the receipts associated with timber sales also supported fish and wildlife conservation activities, recreation programs, and a number of other multiple-use activities. With the broader decrease in timber sales that began in the late-1980s, the Forest Service lacked effective tools to finance and contract the land management activities normally done in association with timber sales. During this era, financing land management activities became increasingly challenging because Congress was not appropriating funds for service-oriented work in amounts that would be sufficient to achieve the desired end-results on the ground (Mitsos and Ringgold 2001).

In the late 1980s and early 1990s the federal government began exploring ways to reduce the high costs of management activities and address degraded forest resource conditions. At the time, options included salvage timber sales to remove dead and dying trees and service contracts. However, service contracts required significant appropriations, and salvage sales were not favored by a number of constituents because of environmental and fiscal (i.e., deficit sales) concerns.

Thus, Forest Service field staff began experimenting with an alternative approach that blended timber sale contracts with work typically accomplished through separate service contracts. These were known as “bundled land management service contracts” or “end-result contracts” because they offered discretion to contractors in how they achieved the described end-results while working within the broad parameters established in the contracts. The desired end-results were described in terms that explained what the final forest stand density, desired wildlife habitat, riparian conditions, road conditions, and other resource objectives should be like at the end of the project. Contractors had the freedom to perform their work as long as the end-result matched the vision set forth in the contract.

These early end-result contracts were used primarily to facilitate traditional timber management activities like sale layout, site preparation, reforestation, timber stand improvement, and tree marking. Most of these early multi-year end-results contracts were comprised of a bundled set of service items and timber work that were administered through one contract because the value of the timber was so low (Mitsos and Ringgold 2001). Thus, the harvest of timber was beginning to become one in a collection of linked management objectives, albeit primarily for fiscal management and not ecosystem management purposes.

Repeated experiments with end-results contracting led to innovative thinking among Forest Service line officers who were interested in accomplishing resource rehabilitation and restoration activities in addition to timber management work. The idea being, if contractors are out in the woods harvesting timber, why not also pay them to do service work in the same area of the forest. With this concept in mind, the 1992 appropriations bill (P.L. 102-154) authorized two “stewardship end-results contracts” in the Kaibab and Dixie National Forests to exchange the value of timber for stewardship services.¹ The next two years saw additional projects authorized through Congress in the panhandle of

¹ Under P.L. 102-154 these services could include site preparation, replanting, silviculture programs, recreation, wildlife habitat enhancement, and other multiple-use enhancements.

Idaho, the Coconino National Forest in Arizona, and the Lake Tahoe Basin (Mitsos and Ringgold 2001; Gorte 2001a).

The Forest Service moved one step closer to institutionalizing stewardship contracting in 1997, when the Washington Office requested each Regional Forester submit the top projects in their region that could be used to test innovative ways of using the timber sale program to implement ecosystem management and improve forest health conditions. Of the 50 proposals received, four planned the award of contracts by less than free and open competition and multi-year contracts, six proposed the use of best-value contracting, nine proposed the use of designation by description or prescription, 11 planned the use of retained receipts, and 19 proposed the use of goods-for-services, all concepts that would eventually be authorized through the pilot phase of stewardship contracting. Some of projects proposed would eventually be implemented during that pilot phase.

The pilot program

In 1998, Congress authorized a pilot program in which the Forest Service was allowed to develop a limited number of stewardship end-result contracts and agreements designed to achieve agency land management goals while benefiting rural and forest-dependent communities. The legislation charged the agency to: (1) more effectively involve communities in the stewardship of nearby public lands, and (2) develop a tool in addition to the timber sale program that could more effectively address the complexity of forest ecosystem restoration.

The pilot program legislation tested a number of contracting authorities that exist to this day:

- *Best-value contracting.* Requires that other criteria (prior performance, experience, skills and connection to community-based stewardship enterprises) be considered in addition to cost when selecting contractors.
- *Multiyear contracting.* Allows for stewardship contracts and agreements to run for up to 10 years.
- *Designation by prescription.* Permits the agencies to contractually describe the desired on-the-ground end results of a particular project, while giving the contractor operational flexibility in determining how best to achieve that result.
- *Designation by description.* Allows the agencies to specify which trees should be removed or retained without having to physically mark them.
- *Less than full and open competition.* Permits the agencies to award sole-source contracts in appropriate circumstances, such as contracting with Native American tribes for work in areas with particular tribal significance.
- *Trading goods for services.* Allows the agency to exchange goods (e.g., the value of timber or other forest products removed) for the performance of service work (e.g., hazardous fuels removal) in the same project area.
- *Retention of receipts.* Affords the agency the ability to keep revenues from projects in which the product value exceeded the service work to be performed and

use those receipts to pay for other stewardship service work that does not need to occur within the original project area.

- *Widening the range of eligible contractors.* Allows non-traditional bidders (non-profit organizations, local governmental bodies, etc.) to compete for and be awarded stewardship contracts.

The early positive response to the pilot effort resulted in the passing of legislation² in 2003 in which Congress ended the pilot program, gave stewardship contracting authority to the BLM, extended the authorization for its use through September 30, 2013, and removed the limitation on the number of projects nationwide.

Growth since the pilot program

Stewardship contracting has grown significantly since the end of the pilot program. Its legislatively defined purpose is “to perform services to achieve land management goals for the national forests and the public lands that meet local and rural community needs.” Those land management goals 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.

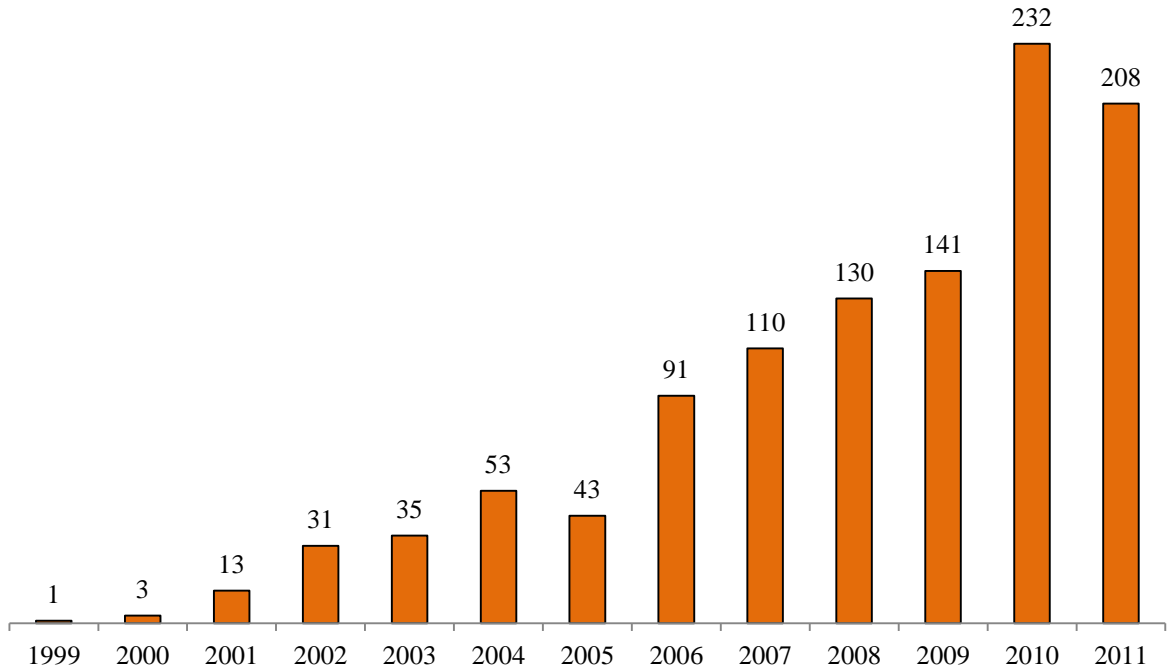
Progress toward all of those goals has been impressive in recent years, as the Forest Service’s annual report of activities and accomplishments continues to show. As one indicator of usage, in 2007, roughly 15 percent of all timber sold from the National Forest System was removed as a necessary part of restoration work and hazardous fuels work accomplished through stewardship contracts and agreements, and in 2011, that figure was 20 percent. Likewise, over the last year, the number of new Forest Service stewardship contracts and acres awarded increased to 208 and 100,577 respectively. The overall trajectory of the use of stewardship authorities is climbing.

As noted in the Regional Team reports (see appendix A), in the last two years federal stimulus money has been used to fund stewardship projects where the cost of the service exceeds the value of the material. While many good projects have been accomplished, two issues have arisen nearly all of the NEPA-ready projects are being implemented, while the next cohort of projects has not yet made its way through the NEPA process,

² Interior Appropriation Act of 2003 Sec. 323 of P.L. 108-7 (16 U.S.C. 2104 Note, as revised February 28, 2003 to reflect Sec. 323 of H.J. Res. 2 as enrolled) the Consolidated Appropriations Resolution, 2003, amended P.L. 105-277, Sec. 347.

which may contribute to a decrease in the number of integrated resource service contracts in the future if resources for planning and appropriations are not available.

Figure 1. Number of Contracts Awarded by Year



For the BLM, roughly 14 percent of all timber sold from public domain lands is presently removed as part of the restoration work done under stewardship contracts.³ The BLM project size has increased from an average of 87 acres per project in 2003 to 151 acres average in 2011, which is important for habitat projects and other ambitious goals that require work to be performed at larger scales. In 2011, BLM set a target of 38 contracts, and awarded 33 contracts covering 5,000 acres. By comparison, in 2010 BLM awarded 76 contracts for 31,000 acres with the difference mainly attributable to elimination of ARRA funding.

Stewardship contracts are increasingly viewed as an essential tool to accomplish ambitious goals for landscape scale ecosystem restoration and management (Nie and Fiebig 2010; Moseley and Davis 2010). Policy analysts also recognize stewardship contracting as an approach that promotes collaborative natural resource management on federal public lands (Cheng 2006; Moseley 2010; Moseley and Davis 2010). Increasingly, stewardship contracts are linked to other facets of forest policy, as evidenced by the fact that projects completed through the Collaborative Forest Landscape Restoration Program (CFLRP) greatly focus on stewardship contracts.

Both the BLM and Forest Service would like to see their stewardship authorities made permanent before it expires in 2013. Over the last year, Ben Ray Lujan (D-NM) offered a

³ Note that stewardship contracting is rarely used on Oregon & California lands (O&C lands) in western Oregon due to regulations.

simple reauthorization; Mike Simpson (R-ID) offered a two-year extension; Jeff Flake (R-AZ) offered another eight years to match Simpson's two years. None of these legislative proposals have progressed to voting. If legislation reauthorizing stewardship contracting is not passed before September 30, 2013 the Forest Service and BLM will no longer have authority to award new stewardship contracts or agreements.

Current Status: Brief Regional Overviews

Those seeking an in-depth review of how stewardship contracting is being used in their region of the country should consult the detailed Regional Team reports in appendix A. Two brief regional overviews for the Northern Rockies Region and the Northeast Region are offered directly below to illustrate the different context within which stewardship contracting has emerged across the U.S.

Northern Rockies Regional Overview

The Forest Service in the Northern Rockies region,⁴ particularly in Region One forests in Montana and Idaho, has used stewardship contracting intensively since its inception. In its pilot phase, agency personnel received intensive training in the use of stewardship contracting and its various special authorities. During this period technical assistance was readily available from the regional office. Feedback and on-going, project-level monitoring information received from the field were actively sought and regularly used to identify and resolve operational questions. Broadly-based collaborative processes to engage community members and other stakeholders in project planning and development were encouraged, and in some cases financially assisted.

As was perhaps inevitable, the end of stewardship contracting's pilot phase led to more formal, one-size-fits-all national agency direction, tighter sideboards on allowable activities and processes, less frequent and broadly accessible training and technical assistance, and considerably reduced support for multi-party, project-level monitoring. Today, the early proponents and adopters of stewardship contracting many of whom reside in the region (agency and non-agency stakeholders alike) often express frustration at the loss of the flexibility they experienced in the early days of stewardship contracting. Conversely, those who were introduced to stewardship contracting more recently seem satisfied with the benefits it still provides—particularly the ability to bundle a suite of restoration activities into a single, longer term, end-results package, and the opportunity to use the “goods for services” authority to help offset project costs. A few forests use stewardship contracting almost exclusively.

In 2011, global economic conditions, a variety of serious environmental problems and constricted budgets have compounded the challenges that contractors, communities, and the Forest Service have had to grapple with in realizing successful stewardship projects in the Northern Rockies. The need to quickly address the widespread Mountain Pine Beetle (MPB) epidemic has been hampered by a near-perfect storm of negative pressures—low commodity prices, limited markets, diminished available industrial capacity, and time constraints. Further exacerbating these conditions is the loss of workers and equipment

⁴ This region includes ID, MT, ND, SD, and WY.

to more lucrative jobs in the booming oil and gas fields.

The limited receipts now being generated from many stewardship projects (particularly timber stand improvement and hazardous fuels reduction projects with lower product values), coupled with the scarcity of appropriated dollars to fund additional restoration activities, often results in a decrease in the number of service items that can be included in a project, and lessens the agency's capacity to undertake by itself, comprehensive restoration projects across large landscapes. However, the emerging opportunities for implementing more flexible, complex, and/or creative projects through the use of stewardship agreements has been a positive new development. Despite the ability to bring non-agency resources to bear through agreements there still are some operational issues that need further clarification or refinement.

Stewardship contracting continues to be used successfully by many National Forests in the Northern Rockies to accomplish hazardous fuels reduction and/or ecosystem restoration projects, and each year more agency personnel and other stakeholders are discovering its value. As an agency interviewee explained, "*Stewardship contracting allows the Forest Service to create on-the-ground results that we feel like we cannot get with the other tools available to us, like a traditional timber sale or service contract alone. Stewardship contracting utilizes the skills of our community in a way that we haven't had available to us before in the manner that we think it's a better result.*"

Northeastern Regional Overview

In the northeast⁵ the Forest Service continues to struggle in its efforts to integrate stewardship contracting into its land management "toolbox." Many agency personnel in the region initially viewed stewardship contracting as designed for, and perhaps useful only in the west, but ill-suited to the needs of the Forest Service and the forest products industry in the northeast. They resisted using stewardship contracts until they were mandated to do so and even now often refer to stewardship contracting as a "new" tool.

Given that any policy issues and operational kinks would have been worked out by the Washington Office and other regions, delayed implementation might have been expected to make it easier for northeastern National Forests to integrate stewardship contracting into their overall program of work once they did begin to use it. However, in the region there remain frequent complaints about inconsistent program guidance, a lack of operational complexity, and a lack of readily available in-house technical assistance in the use of contracts and agreements.

Tribes in the region were quick to recognize stewardship contracting's potential for their forest management and employment programs, and the Forest Service has capitalized effectively on that interest in the northeast, designing projects that not only use tribal contractors' existing equipment and personnel, but also provide valuable workforce training opportunities and help expand contractor capability.

⁵ This region includes the lake states (MI, WI, and MN), central mid-west (IA, IL, IN, MO, OH), mid-Atlantic (WV, MD, DE, PA, NJ, NY) and New England (ME, NH, VT, MA, RI, CT).

Industry response to stewardship contracting varies around the region, depending upon market conditions, and infrastructure capacity. Where markets are strong and there is enough commercial harvest work to keep crews busy, contractors are reported to be less interested in preparing proposals for stewardship contracting projects that require a different or broader range of services and equipment than they normally offer. On the other hand, stewardship contracting has provided enhanced opportunities for contractors who are more operationally flexible and interested in expanding both their markets and their service offerings. Across the region, contractors now working on stewardship projects are generally positive about their experience with, and would like to do more, stewardship contracting work.

Meanwhile, overall community involvement in stewardship contracting projects in the northeast is well below par. In half of the projects monitored this year, for instance, the Forest Service project manager was unable to provide the name of a community member (other than, in some cases, the project contractor) likely to be familiar with the project. Scattered across the region, however, are some very fine examples of collaboratively developed stewardship projects that effectively involve a broad range of concerned stakeholders. Usually a committed and enthusiastic Forest Service member can be identified as the “spark plug” that catalyzed a particular effort. In addition, the region has benefited from the active participation of some local governments and/or non-government organizations (particularly the National Wild Turkey Federation) in fostering community involvement and collaborative capacity. The reasons most often cited by agency personnel to explain the lack of participation include: a lack of community interest, inexperience in collaboration within the agency, and/or agency restrictions on recreation-related project activities, which are very popular with non-agency stakeholders in parts of the region.

1.3 Purpose of this Report

The current authorizing legislation replaced a requirement for multiparty project-level monitoring that was present during the pilot phase with a new requirement for programmatic level multiparty monitoring. Because of a reporting requirement from 1999 (PL 105-277) the Forest Service and BLM report annually to Congress on their activities and accomplishments in terms of land management objectives reached (e.g., number acres treated) and local benefits extended to communities through their use of stewardship authorities. Since 1999, the Forest Service has taken the lead in communicating their on-the-ground land management outputs (e.g., acres treated) and since 2005 the Pinchot Institute for Conservation has provided an objective programmatic-level assessment of the role communities and other stakeholders play in stewardship contracting.

Conceiving of a national effort to monitor, assess, and communicate the role communities play in stewardship contracting, Congress instructed the Forest Service and BLM to use a multiparty process involving county, state, federal or tribal governments, NGOs, and other interested parties. To meet this mandate the Pinchot Institute and its regional partners organized five Regional Multiparty Monitoring Teams (Regional Teams) that include the Forest Service, BLM, the forest products sector, academia, state, county and

tribal governments, land trusts, environmental and wildlife conservation organizations, and other stakeholders.

To date, several annual programmatic reviews prepared by the Pinchot Institute have identified ways in which stewardship contracts benefit forest ecosystems, the federal land management agencies in question, and communities of place and communities of interest.⁶ This report conveys the results from the 2011 programmatic-level multiparty monitoring effort to evaluate the role of communities in stewardship contracting.

2 — METHODS

The Pinchot Institute worked closely with four regional partner organizations to gather input from stakeholders involved with stewardship projects. This process included surveys conducted via telephone interviews, synthesizing data collected for communication to Regional Teams, and facilitation of Regional Team meetings. The four partner organizations included:

- *Flathead Economic Policy Center* (Carol Daly) Northern Rockies and Northeast/Lake States
- *Michigan State University* (Dr. Maureen McDonough) Data Analysis/Synthesis
- *Watershed Research and Training Center* (Michelle Medley-Daniel, Nick Goulette) Pacific Coast
- *West 65, Inc.* (Carla Harper) Southeast and Southwest

2.1 Telephone Survey

A primary data collection method was a telephone survey that was conducted to determine the role that local communities play in the development of stewardship contracts. The sample set consisted of individuals involved with stewardship contracts such as USFS personnel, community members, and contractors. To facilitate this national-level monitoring effort, the Forest Service Washington Office provided a list of authorized stewardship contracts on National Forest System (NFS) lands. In 2011, the Forest Service reported 399 active stewardship projects across the National Forest System. From this list, 25 percent of Forest Service stewardship contracting projects in each of five regions were selected using a stratified random sampling protocol developed by Michigan State University (MSU). The five defined regions of the United States included:

Northeast/Lake States:	CT, DE, IA, IL, IN, MA, ME, MD, MI, MN, MO, NJ, NH, NY, OH, PA, RI, VT, WI, WV
Northern Rockies:	ID, MT, ND, SD, WY
Pacific Northwest:	AK, CA, HI, OR, WA
Southeast:	AL, FL, GA, KS, KY, LA, MS, NC, SC, TN, VA
Southwest:	AZ, CO, KS, NE, NM, NV, OK, TX, UT

⁶ Past reports on stewardship contracting dating back to the pilot era are available here: http://www.pinchot.org/gp/Stewardship_Contracting

A questionnaire was developed collaboratively in 2005 by the Pinchot Institute, its partners, and the Forest Service and BLM, reviewed and approved by the Office of Management and Budget, and has since been used annually to collect data relevant to the programmatic monitoring effort (See Appendix C). As interviews are completed, resulting data are compiled into uniform reports and sent to MSU, where all questions and responses are coded for analysis using a computer program. Michigan State University compiles the results from these analyses and shares them with the Pinchot Institute and its regional partners for vetting at Regional Team meetings.

2.2 Response Rate

The stratified random sampling protocol identified a total of 100 Forest Service projects across the five regions to be monitored for FY2011. For each project, a total of three interviews were to be undertaken (the agency project manager and two external non-agency participants). Agency project managers for each selected project were asked to provide a list of community members and contractors involved in the project. From the project manager's list, two external participants were randomly selected to interview. In some instances less than three interviews were undertaken due to difficulties in contacting project participants or because the project manager was unable to provide the names of two or more involved non-agency individuals. This resulted in a total of 300 possible interviews. A total of 251 individuals (97 agency personnel, 38 community members, 53 contractors, and 63 others) participated in the survey, resulting in an 84 percent response rate.

2.3 Regional Team Meetings and Reports

The Regional Teams were responsible for synthesizing regional data analyzed by MSU, analyzing the effects of regional conditions on the success and outcome of stewardship projects, studying and exchanging any lessons learned in the region, and highlighting the benefits of and obstacles to engaging communities in stewardship contracts in their region. The majority of these Regional Team members have participated in the annual programmatic review since 2005 and some were even participants during the pilot phase of stewardship contracting. Their collective knowledge and experience is reflected in the Regional Team Reports provided in appendix A. These reports include a number of important findings and recommendations that readers are urged to review in addition to the findings and recommendations included in the body of this report.

The Pinchot Institute and its regional partners convened and facilitated five separate Regional Team meetings at which representatives from the Forest Service, BLM, the forest products industry, academia, local governments, environmental and wildlife conservation organizations, and other interests were in attendance. These meetings were conducted to help differentiate any trends that may emerge among projects when regional variability is considered, to provide a much needed regional information sharing and networking opportunity for individuals undertaking similar projects, and to foster a multiparty aspect of this monitoring effort. The date and location of these meetings are listed here:

- **Southwest Regional Team meeting:** October 13 and 14 in Flagstaff, Arizona
- **Northern Rockies Regional Team meeting:** October 27 and 28 in Salmon, Idaho

- **Southeast Regional Team meeting:** October 27 and 28 in Madison, Georgia
- **Northeast/Lake States Regional Team meeting:** November 02 in Poplar Bluff, Missouri
- **Pacific Coast Regional Team meeting:** November 09, 2011 in Redding, California

The Regional Team meetings fostered a constructive dialogue about the role of communities in stewardship contracting within the context of these individual regions. Meeting participants also used the meetings as a key opportunity to leverage each other's knowledge and experience, as formal opportunities to pull together users of stewardship contracts and agreements at a regional level and in such a manner are sparse. In each of the regional team meetings, team members used region-specific survey data as well as their own experiences to discuss the three core questions of the programmatic monitoring process:

1. **What are the predominant problems in engaging communities in Forest Service stewardship contracts? BLM stewardship contracts? What are suggestions for improving the current situation for both agencies?**
2. **What successes have emerged within this region for engaging communities in Forest Service stewardship contracting? BLM stewardship contracting? What fostered these successes for both agencies?**
3. **What are the major perceived benefits of Forest Service and BLM stewardship contracts to communities within this region?**

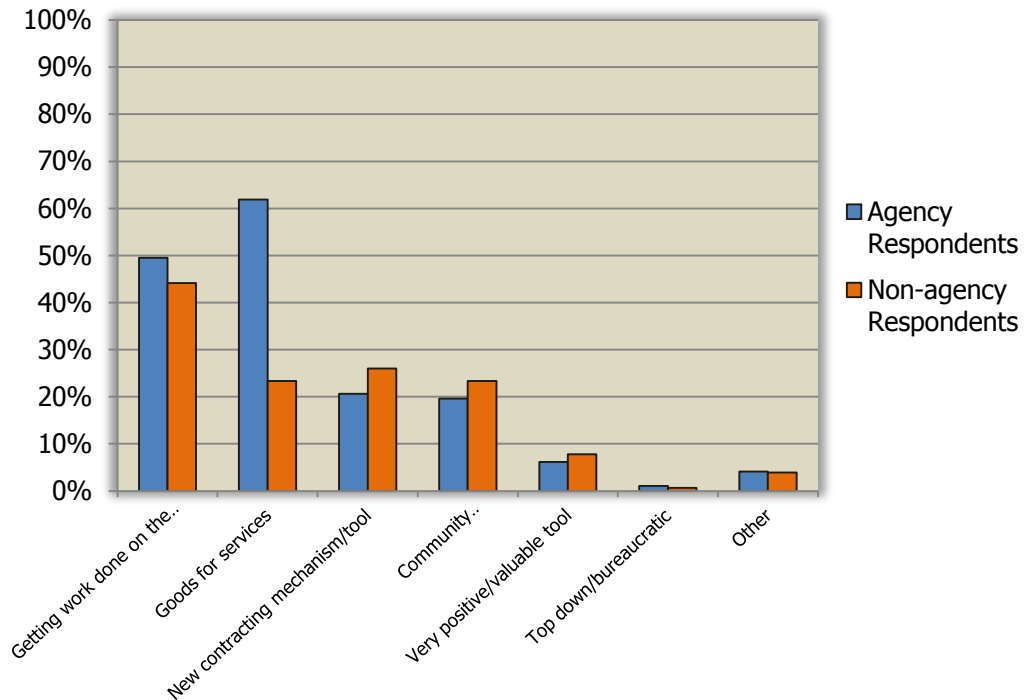
3 — SURVEY RESULTS AND DISCUSSION

3.1 Perceptions of Stewardship Contracting

Respondents were asked to explain stewardship contracting in their own terms. Of the 251 total agency and non-agency respondents (see Figure 2 and Table 1 appendix B), the predominant views on how best to define stewardship contracting, included getting “work done on the ground” (56 percent), “trading goods-for-services” (38 percent), a “new contracting tool/mechanism” (24 percent), and a way to provide “community collaborative benefits” (22 percent). These top answers appeared in the same order in 2010, only varying slightly in the percentage of responses.

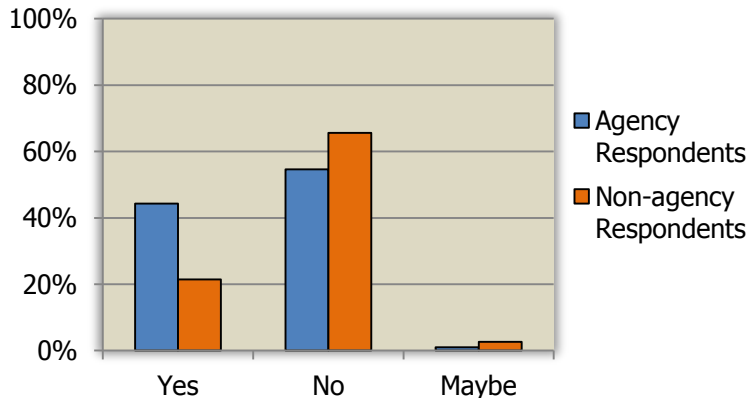
Based on the percentage of responses in 2011, the most and really the only, significant difference between agency and non-agency respondents is that the majority of agency respondents (62 percent) view stewardship contracting as a goods-for-services funding mechanism whereas less than a quarter (23 percent) of their non-agency counterparts view it this way. This difference in views has existed for many years and helps explain quotes captured in this year's regional reports (see appendix A) that highlight differences in how stakeholders approach the design of stewardship projects.

Figure 2. Respondents' definitions of stewardship contracting.



Most respondents (61 percent “no,” as opposed to 30 percent “yes”) report that their view of stewardship contracting has not changed as the result of their participation in a stewardship project (see Figure 3 and Table 2 in appendix B). Of those respondents whose view did change agency personnel are more likely (44 percent) than non-agency respondents (21 percent) to have their view changed. This trend has been in place for several years.

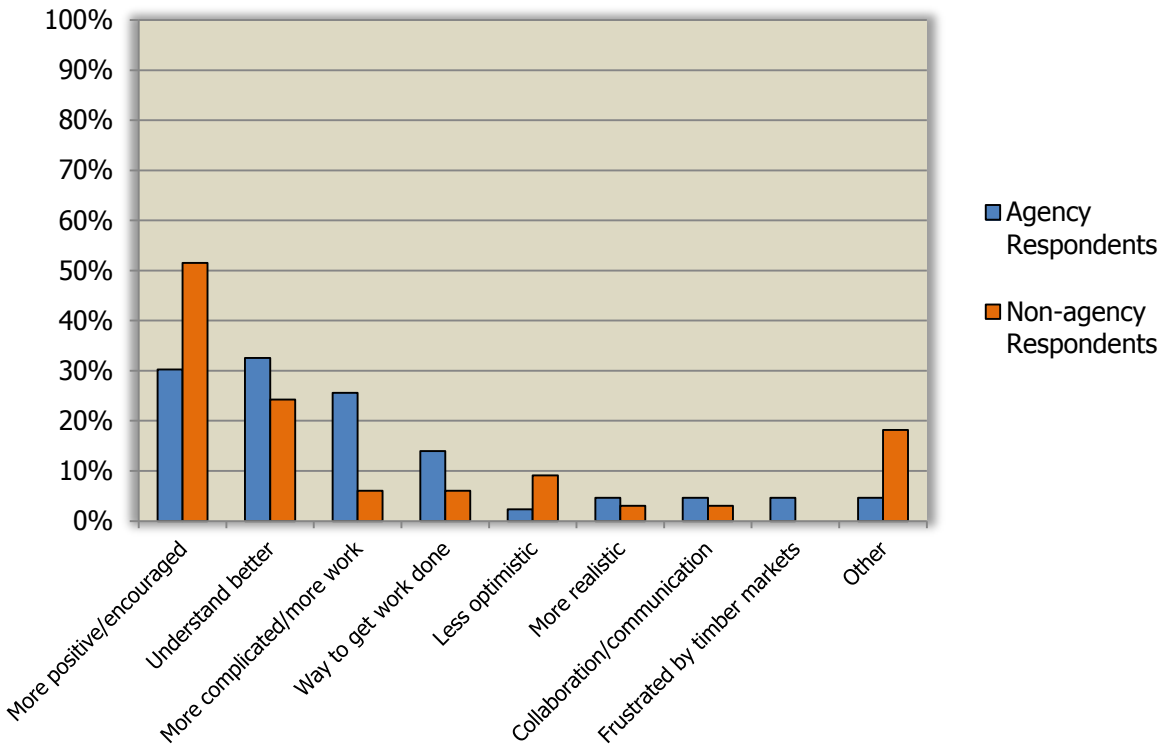
Figure 3. Changed views of stewardship contracting.



For those whose view had changed, the most frequent response (39 percent of total respondents) is feeling more positive and encouraged about stewardship contracting, whereas only 5 percent of all respondents report feeling less optimistic (see Figure 4 and Table 3 in appendix B).

It is noteworthy that over a half (52 percent) of non-agency respondents cited feeling more positive about stewardship contracting. An improvement from previous years, only 17 percent of all responses communicated that stewardship contracting is more complicated than previously thought, although roughly a quarter (26 percent) of agency personnel felt this way.

Figure 4. How respondent's views changed.

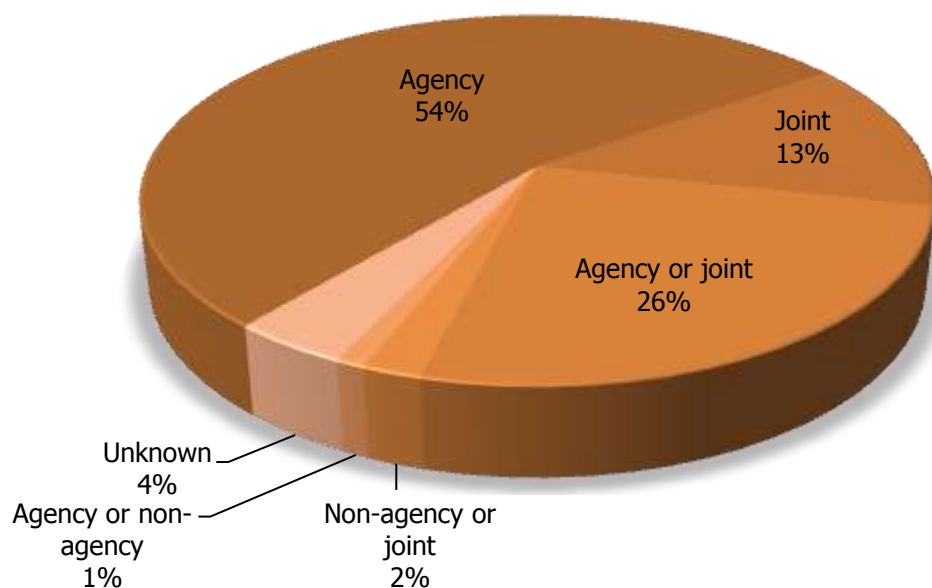


3.2 Local Community Involvement in Stewardship Contracting

Project Initiation

Over half of respondents (54 percent) agreed that the projects they had participated in were initiated by the Forest Service. This is up from 40 percent in the previous two years. Only 13 percent of respondents agreed that their projects were jointly initiated. A full 29 percent of respondents had different perceptions of who had initiated their projects—agency, non-agency, or joint initiation (see Figure 5 and Table 4 in appendix B). Four percent of respondents did not have any idea who initiated the project.

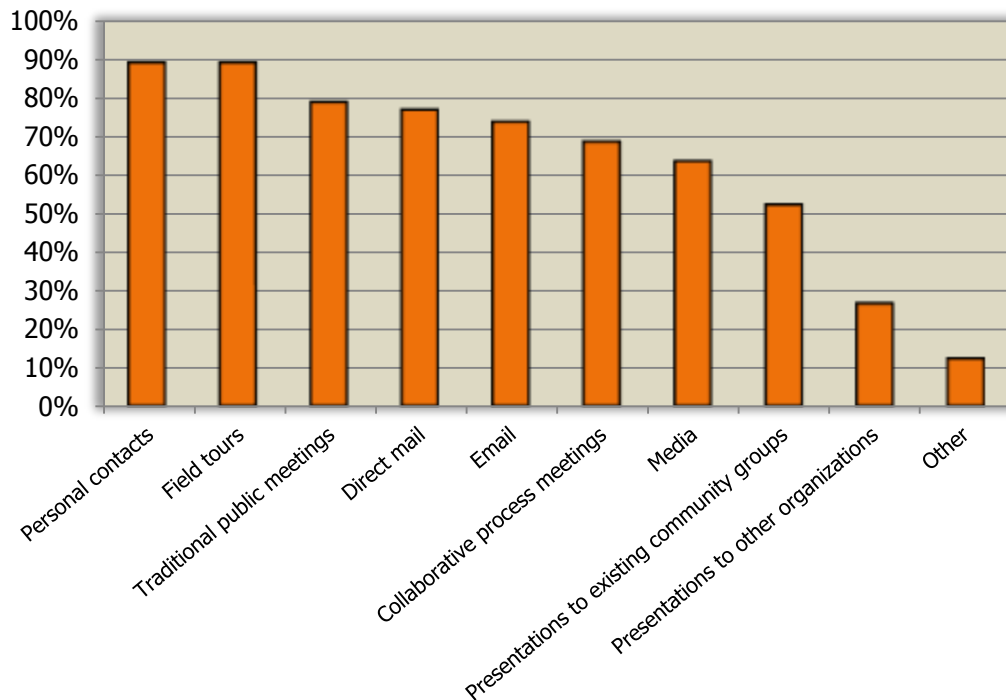
Figure 5. Entity which initiated the stewardship contracting project.



Outreach Efforts

A number of methods are used to involve communities in stewardship contracting projects (see Figure 6 and Table 5 in appendix B). Personal contacts and field tours were the most popular with 89 percent of all respondents reporting these methods used. As reported in the regional reports (see appendix A) field tours are often cited as the most beneficial and collaborative outreach process to use. The use of field tours has increased over time and is a positive development. Traditional public meetings used in the National Environmental Policy Act (NEPA) process were reported 79 percent of the time. In 2010 we reported that only 57 percent of responses noted that collaborative process meetings were used in stewardship projects, this was down from nearly 70 percent in 2008 and 2009, potentially signaling a negative trend. However, in 2011 the use of collaborative process meetings (68 percent of responses) was back up to the level seen in 2008 and 2009.

Figure 6. Frequency of outreach methods used to involve communities.



Stakeholder Involvement

Survey respondents were asked to indicate which entities participated in their stewardship contracting projects and at what scale of governance (i.e., national, regional, state and local).

As in previous years, the number of stakeholders participating in stewardship projects generally decreases as the geographic scale increases from the local level on up to the national level (see Figures 7a and Table 6 in appendix B). All in all, more state- regional- and national-level interests have become involved in stewardship contracting since this survey was first administered in 2006 and 2007. While results were similar between 2010 and 2011 a noteworthy exception that occurred in 2011 was the decrease in wildlife and fisheries interests at the national level and the concurrent increase in the participation of environmental interests at the regional and national levels. Environmental interests were reported to be the most engaged constituency at the national stakeholder level, and such groups were among the top participants at the state and regional level, just below state and federal agencies.

Figure 7a. Amount of time entities participate in stewardship contracts at various scales.

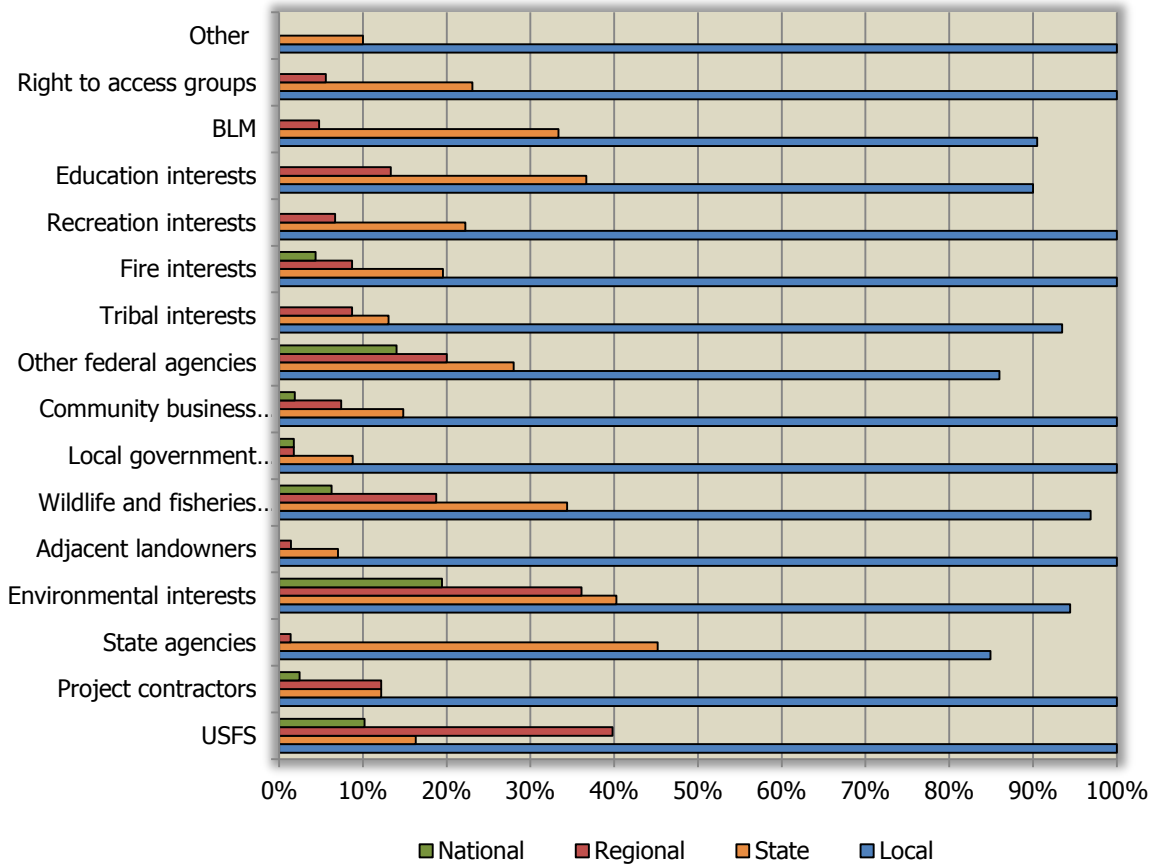


Figure 7b. Frequency of involvement in Forest Service stewardship projects by various entities.

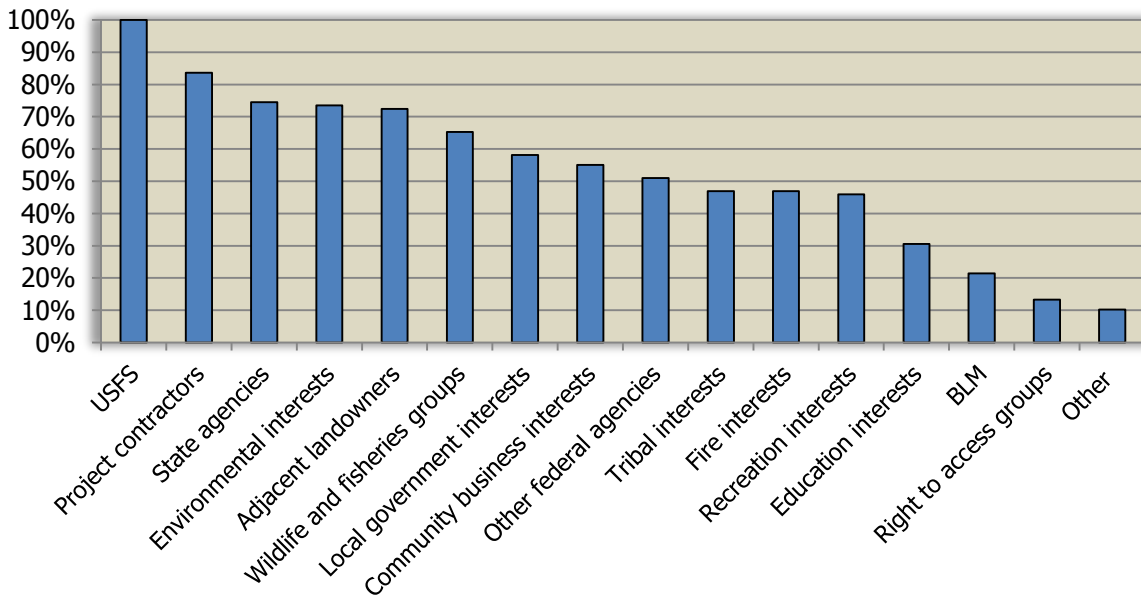


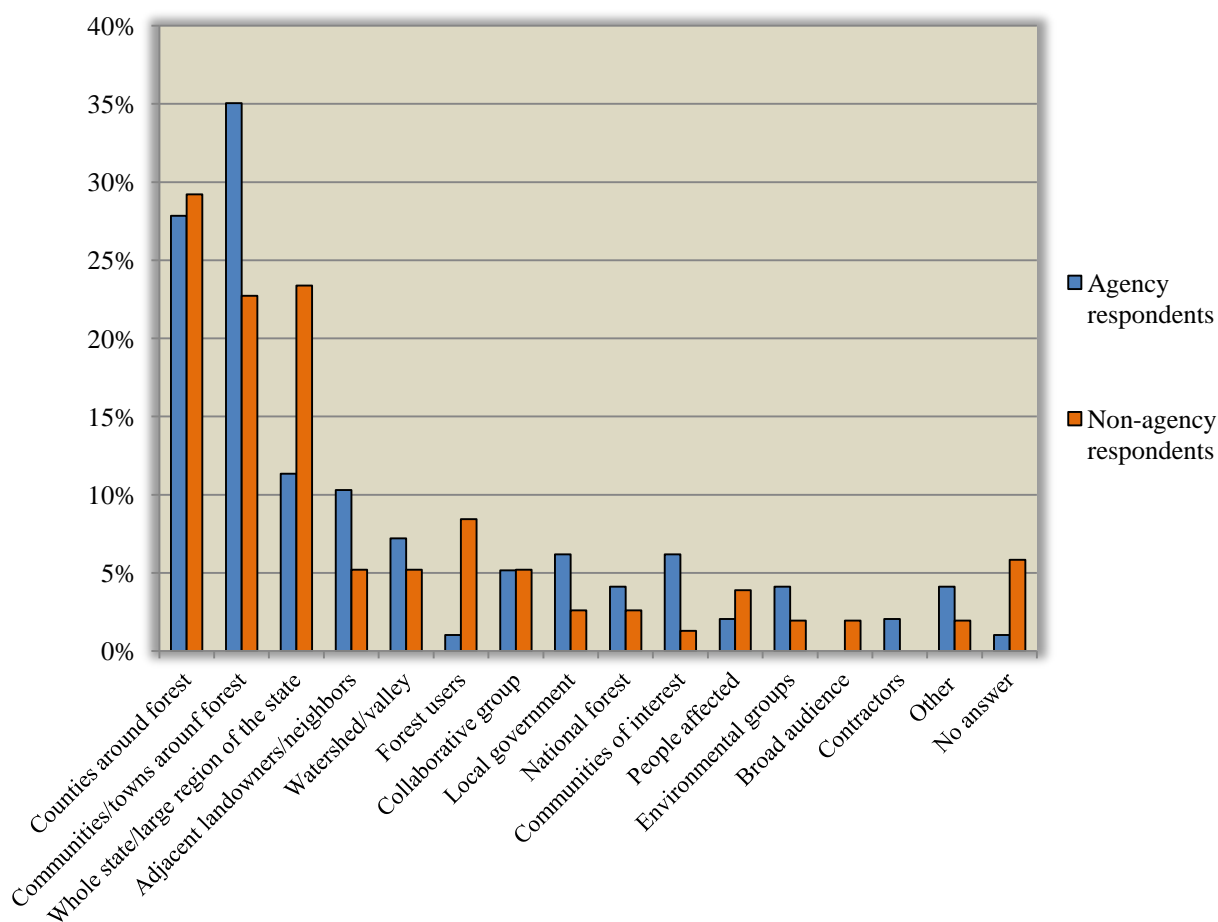
Figure 7b indicates a fairly broad distribution of interests involved in stewardship projects, with the Forest Service, project contractors, state agencies, environmental interests, adjacent landowners, wildlife and fisheries groups, local government interests, community business interests, and other federal agencies being mentioned during at least half of our interviews. Only the Forest Service and its contractors were cited as participants more than 80 percent of the time.

Lastly, it is important to note that participating entities tend to vary by region and state. For instance, wildlife and fisheries interests may be reported more often in states where the National Wild Turkey Federation (NWTf) and Rocky Mountain Elk Foundation (RMEF) have active stewardship contracts or agreements. For instance the NWTf was connected to 93 percent of projects studied in the southeast in 2011, while their activity in other regions was less pronounced. Any conclusions drawn from the national level data regarding the diversity and frequency of participating interests may not necessarily reflect trends at the regional, state, and local level. Further inquiry, possibly in-depth case studies would be necessary to reveal trends at these scales.

Role of Local Communities

Respondents were asked to explain their definition of “local community.” While there is a fairly broad distribution, the most frequent responses to this question from both agency and non-agency respondents are “county/counties around the forest,” “communities/towns around the forest,” “the state and/or a large region of the state,” and “adjacent landowners and/or neighbors” (see Figure 8 and Table 7 in appendix B). While responses were fairly uniform between agency and non-agency respondents some divergent views. For instance, significantly more agency responses defined local communities as towns around the forest, adjacent landowners, communities of interest, local governments, and environmental groups; whereas, non-agency respondents more often view local communities as a large region of the state or the state as a whole, forest users, and people affected by the stewardship project.

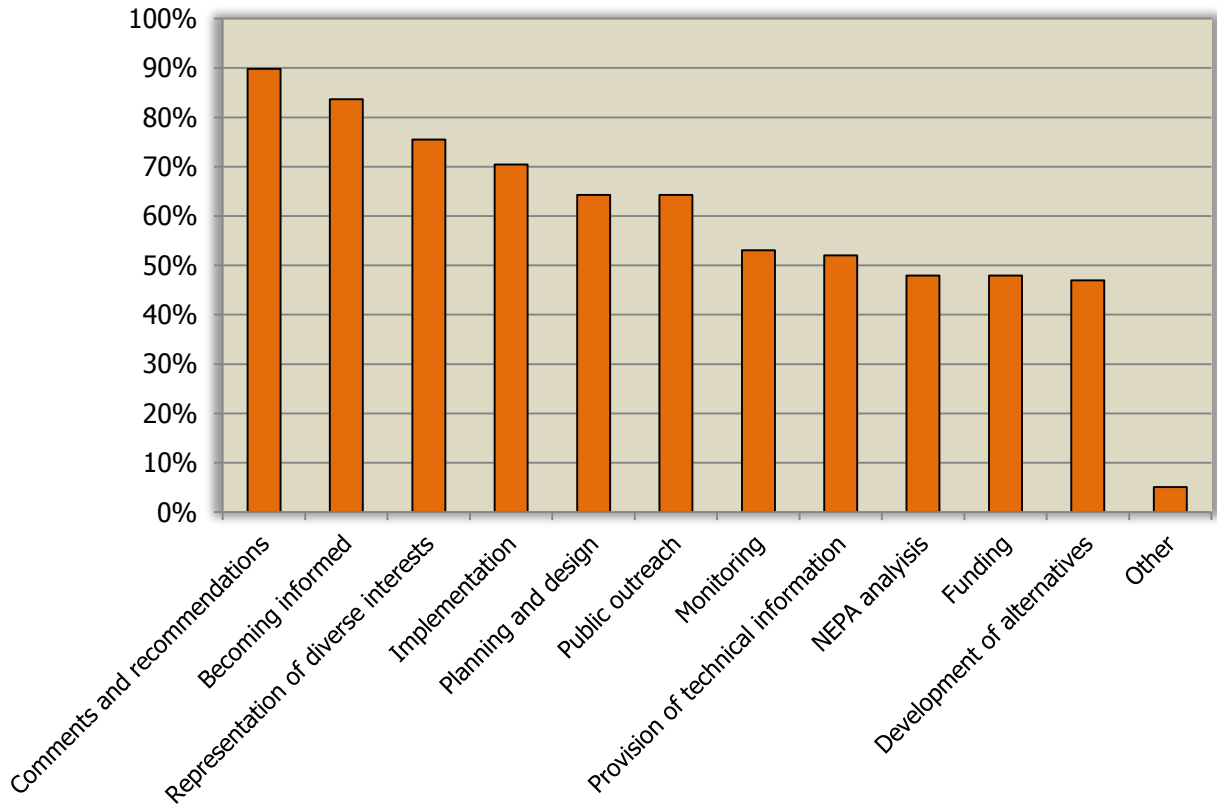
Figure 8. Respondent definitions of “local” community.



Interviewees indicated a broad range of roles for communities in stewardship projects (see Figure 8 and Table 8 in appendix B). Like the data from recent years of this programmatic monitoring effort, the 2011 data suggest that community members are playing a largely passive role in stewardship projects across the country (e.g., representing other interests—76 percent of responses, becoming informed—84 percent of responses, and providing comments and recommendations—90 percent of responses).

Project planning and design (64 percent) was a less common role for communities to play. Likewise, this year’s survey results for funding (48 percent), implementation (70 percent), and monitoring (53 percent) paralleled those of 2010 exactly. This funding that is provided by local communities often comes in the form of fuels reduction projects on non-federal land directly adjacent to the federal lands, with funding frequently provided by local governments or community groups.

Figure 9. Frequency of the different roles local communities play in stewardship projects.

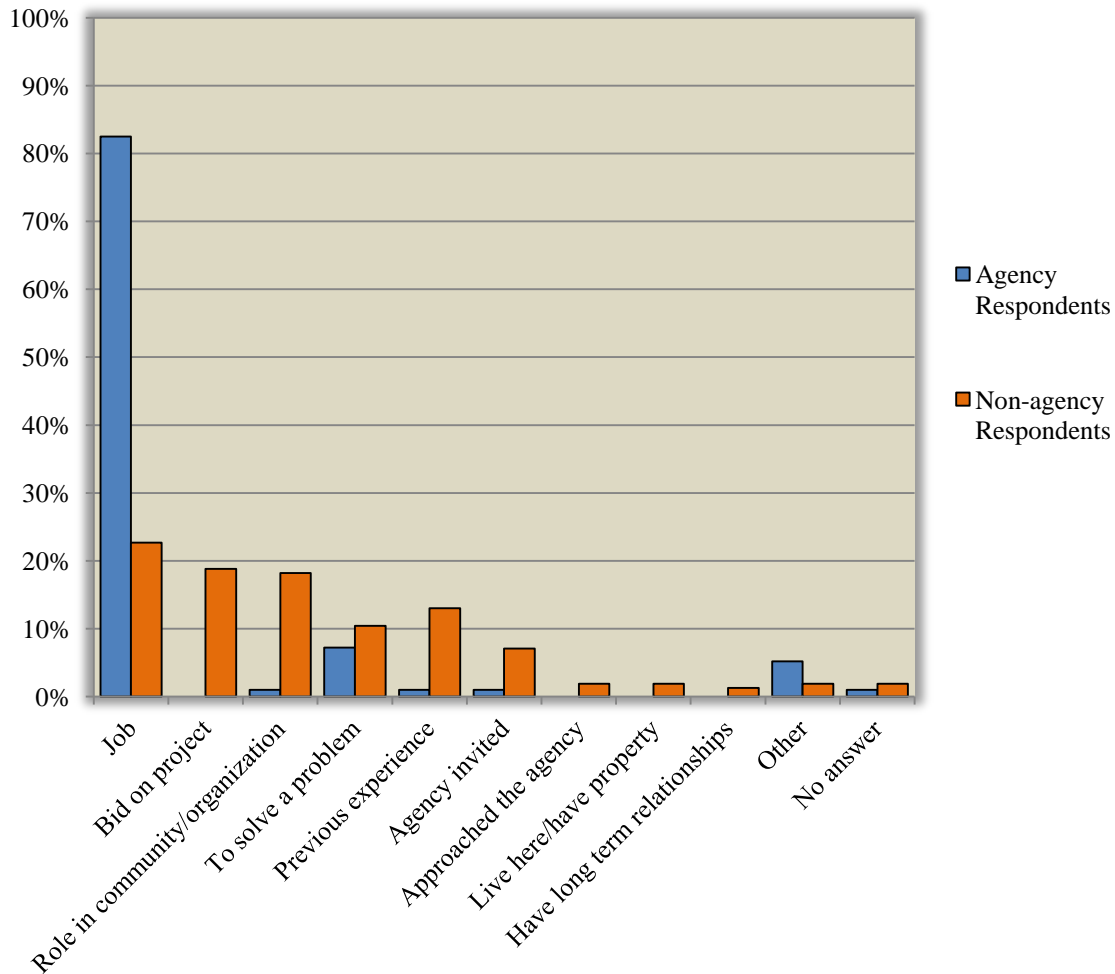


3.3 Personal Involvement in Stewardship Contracting

Circumstances Surrounding Participation

Survey participants explained the circumstances leading to their participation in a stewardship contracting project (see Figure Table 10 and Table 9 in appendix B). Most agency respondents (82 percent) report that they came to be involved in stewardship contracts because it is part of their job. The most frequent reasons non-agency individuals reported becoming involved in stewardship contracts included because it is part of their job (23 percent), because they bid on a contract (19 percent), because of their role in a community organization (18 Percent), or because of their previous experience (13 percent).

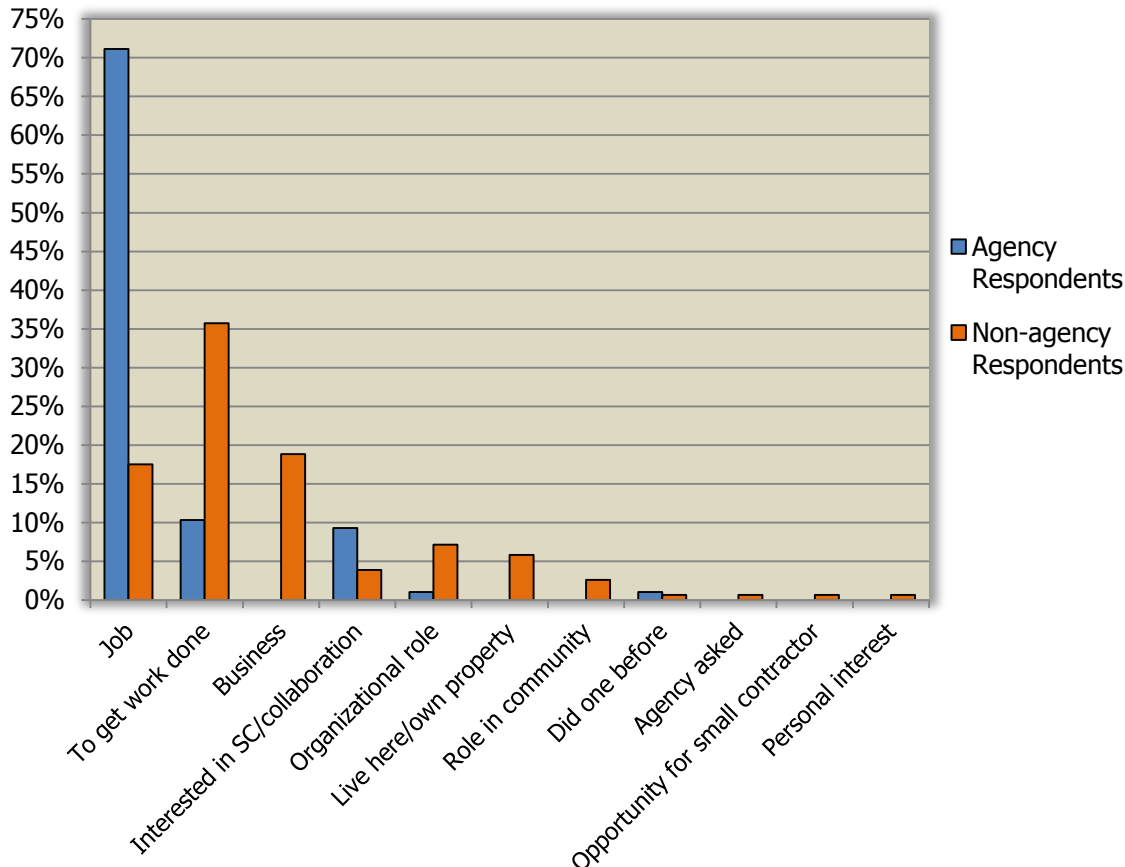
Figure 10. How respondents personally first became involved in stewardship projects.



Reasons for Engagement

Respondents reported their reasons for engaging in stewardship projects (see Figure 11 and Table 10 in appendix B). The majority of agency respondents (71 percent) report that they became involved in stewardship contracting projects because it is part of their job, while only 18 percent of non-agency respondents reported this. Thirty-six percent of non-agency respondents reported that they engaged to get work done on-the-ground, while an additional 19 percent of non-agency respondents got involved because it was a business decision (i.e. they are contractors). Only one percent of non-agency participants got involved because the agency solicited them to do so. This is a much smaller percentage than in years past.

Figure 11. Why respondents became involved in stewardship projects.



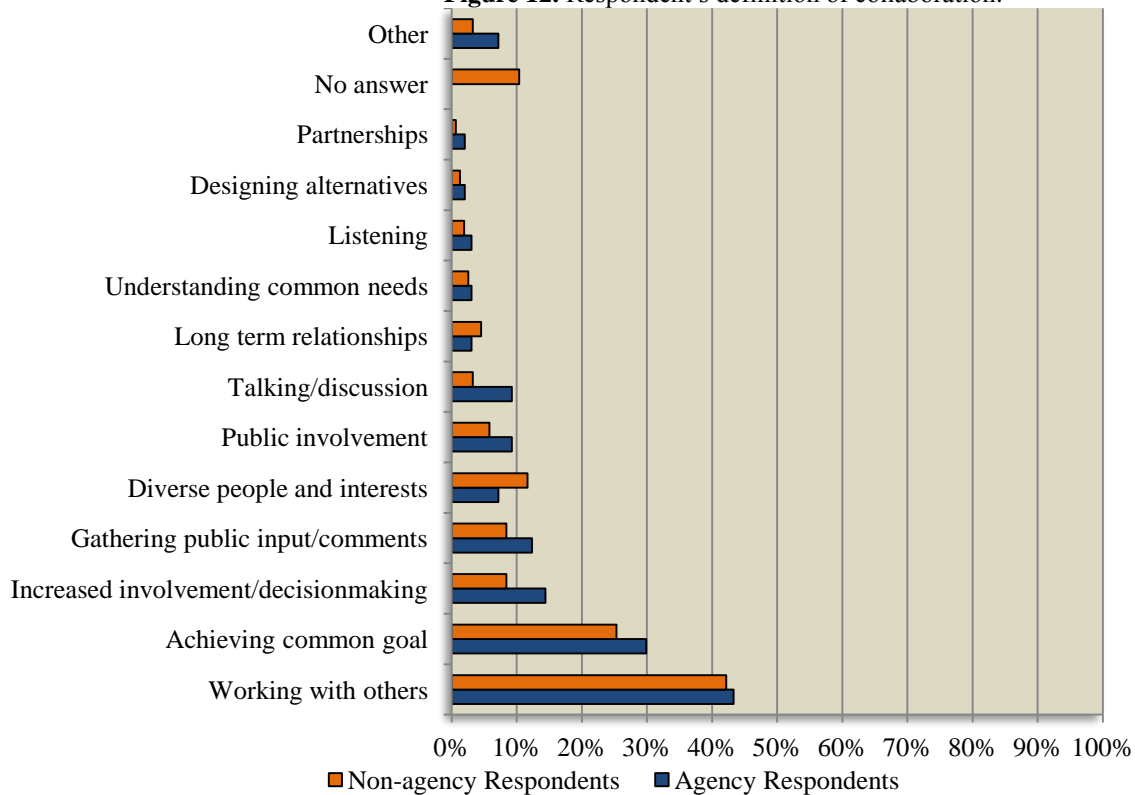
3.4 The Collaborative Process in Stewardship Contracting

Nature of Community Involvement

Participants were asked to provide interviewers with their own definition of “collaboration” (see Figure 12 and Table 11 in appendix B). The most significant response, with over 42 percent of non-agency respondents and 43 percent of agency responses, is that collaboration is “working with others.” The second most common definition of collaboration used was, “achieving a common goal,” with 30 percent of agency respondents and 25 percent of non-agency respondents using this definition. Less common answers that still received over 10 percent of responses for agency, non-agency, or both respondents include “having increased involvement and decision making,” “gathering public input/comments,” and including “diverse people and interests.”

Other definitions of collaboration that were mentioned in 2011 include: Using best science/science based information, broad range of activities, everyone agrees, no one wins/everyone loses, program actions already defined, delivering a product, NEPA scoping, using traditional group processes, economic value for the community.

Figure 12. Respondent's definition of collaboration.



At the first meeting some people showed up who thought there would be more to it. Next meeting, some others showed up. Those with any interest showed up. Collaboration leads to getting results. It went from just discussing possibilities to -- a meeting or two later -- something coming out of it. That's kind of unusual for meetings. We all have ideas, but [don't always see action].

[Collaboration is] making an effort to make sure all parties who want to be heard are heard. Even some of those who don't want to be heard got heard. The Forest Service did an admirable job in getting everybody involved. It is possible. It doesn't always happen. It was a heck of a lot of work on the Forest Service's and the community's part -- and particularly the Forest Service's part. They really worked hard at it.

Its more of a public meeting sort of deal where we call people together and say we have done NEPA, and now we need to know what they can do -- stuff that they wouldn't ordinarily do under a regular timber sale.

Working with other partners and the public to figure out how to achieve a

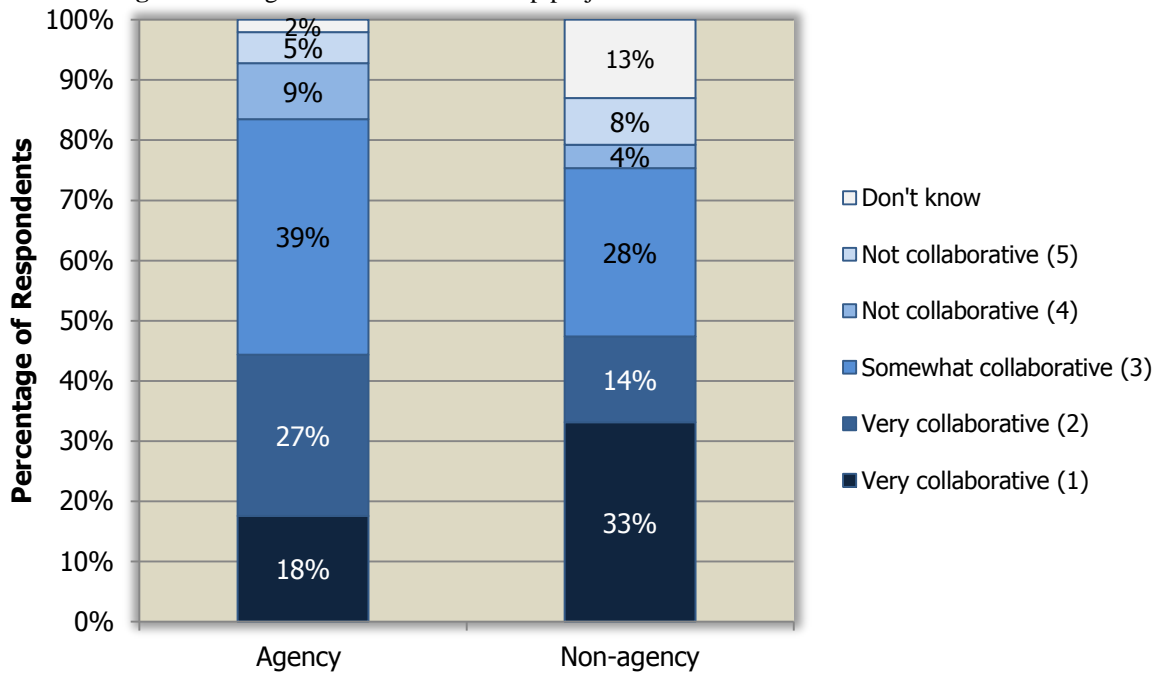
common goal. It's not just our goals, and not necessarily common goals. In some cases we get one benefit [we want] and the community gets another [benefit it wants], so we achieve multiple goals, and everybody walks away happy. It's the process of working with others internally and also with external partners and cooperators. It's the process of working together to achieve mutual benefit

It's serving the needs and interests of a varied group of people in the communities of place and interest.

Degree to Which Projects are Collaborative

Survey participants were asked to rate the degree of collaborative community involvement in their projects on a five-point scale (1 = very collaborative to 5 = not at all collaborative) (see Figure 13 and Table 12 in appendix B). These data show that 45 percent of agency and non-agency respondents feel that their projects are very collaborative. This is down slightly from the last two years (60 percent in 2009 and 50 percent in 2010). Conversely, each year some agency and non-agency respondents suggest that their projects are either only “somewhat collaborative,” “not collaborative,” or that they simply do not know whether or not their projects should be considered collaborative. This category of responses increased from 20 percent in 2009, to 50 percent in 2010, to 54 percent in 2011. It is worthwhile to note that non-agency responses are heavily skewed towards viewing projects as being somewhat collaborative or very collaborative. Also, non-agency respondents are more likely not to know whether their projects were collaborative, which may be a reflection of the increasing number of projects that only really have the contractor as a non-agency participant.

Figure 13. Degree to which stewardship projects are collaborative.



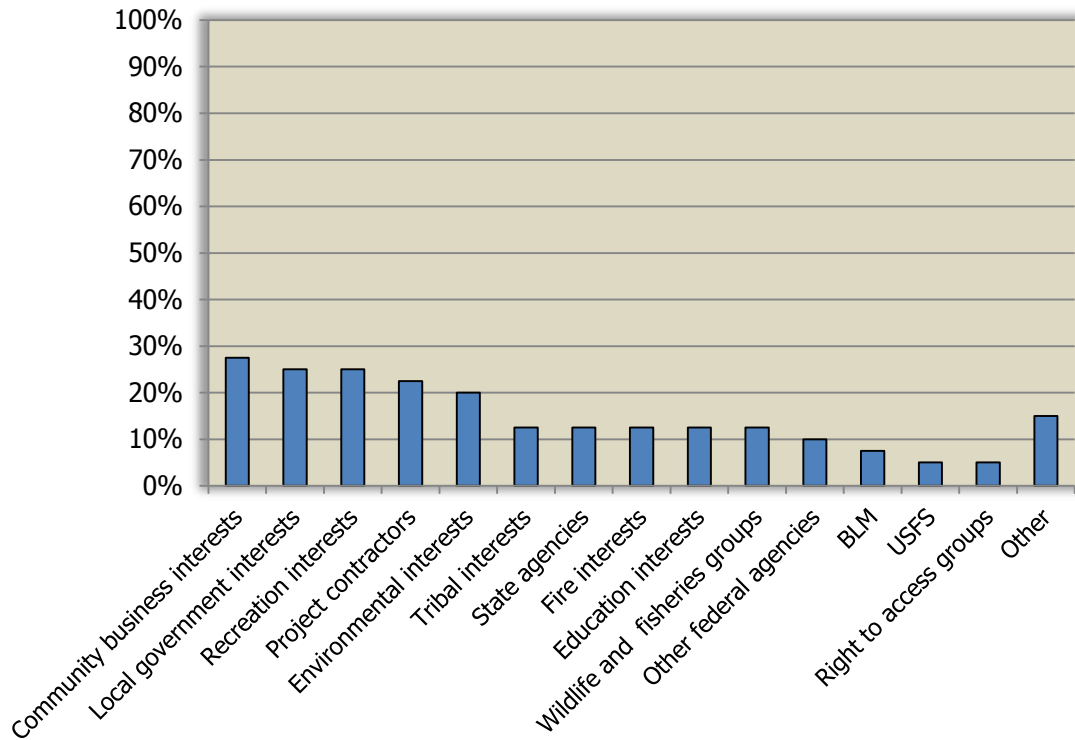
The darker the color, the greater the perceived degree of collaboration is.

Four percent of all respondents reported not knowing whether others were missing from the collaborative process, while 55 percent said that others were not missing and 41 percent felt that others were missing. This could indicate a number of things, one of which is that these respondents are also the same respondents who do not know the degree to which their projects are collaborative. Another possibility is that the interviewees are part of projects that are light on collaboration and may only consist of a contract between the agency and a single contractor with little interaction with others.

Figure 14 shows the most frequent categories of individuals that respondents believed should have been involved in their collaborative process. The most frequently cited interests that respondents felt should have been involved include community business interests (28 percent), recreation interests (25 percent), local government representatives (25 percent), project contractors (23 percent), and environmental interests (20 percent). The fact that project contractors and community business interests are reported to be frequently missing from projects correlates with the findings of the regional reports, which suggest that contractors should be included in all phases of the project because they bring useful knowledge from the field and a business sense to how projects could be carried out. It is also often cited in our interview process that including contractors in the scoping of projects helps them to prepare a successful bid and/or fully understand the context within which the project is conceived of by other interests.

Of the 15 percent of responses categorized as “other” the following interests were cited as missing: anyone who can help with the project, air quality interests, non-game interests, more local contractors, state and federal legislators, water interests.

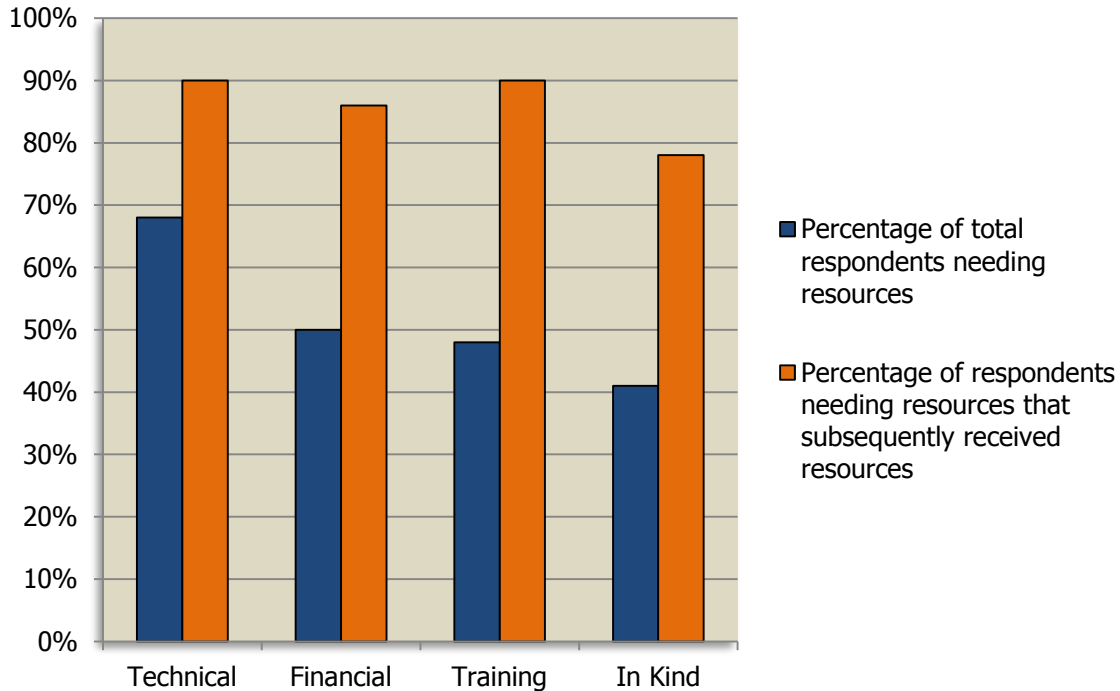
Figure 14. Individuals missing from the collaborative process.



Resources Needed to Participate

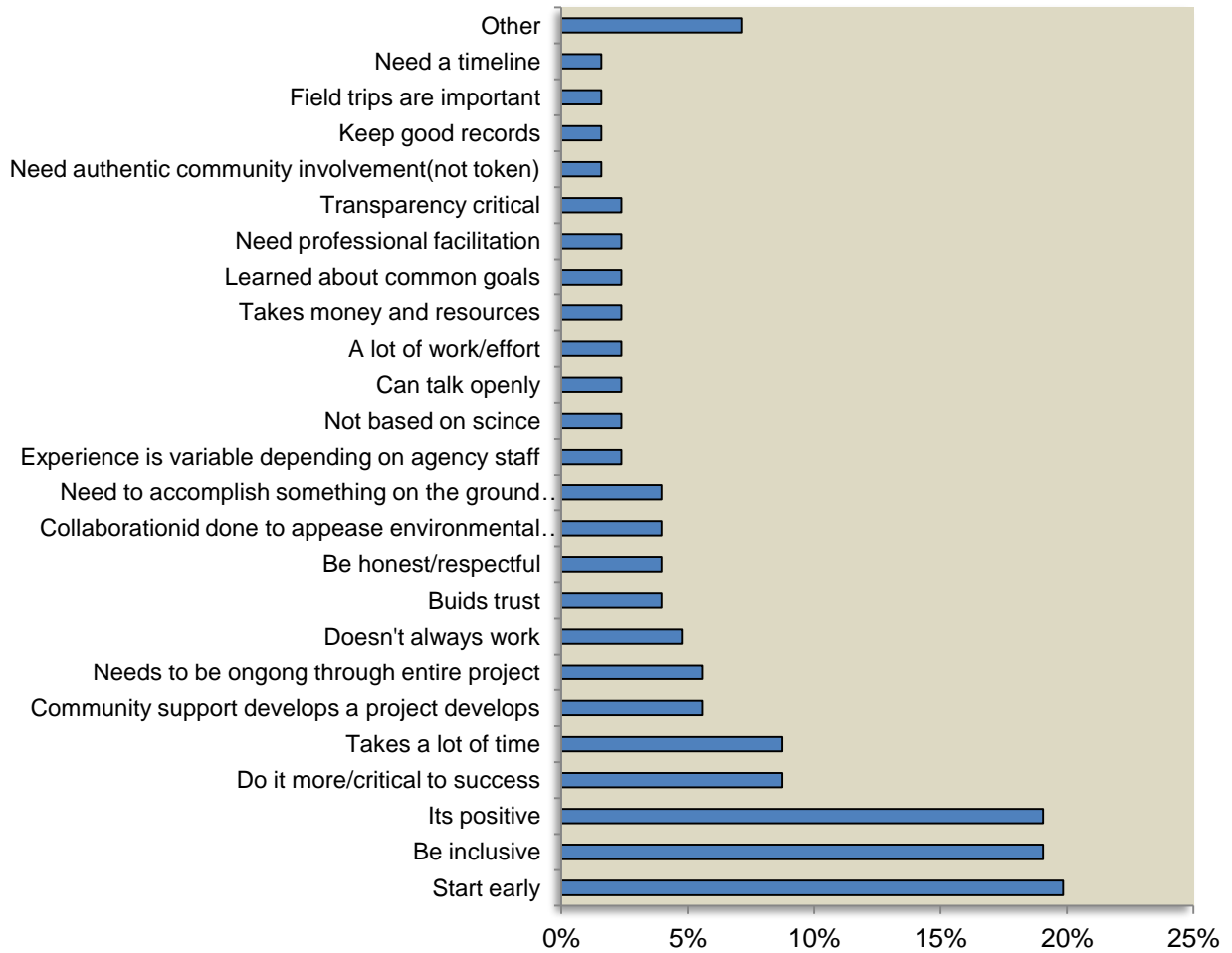
Close to 43 percent of interviewees indicated that the projects in which they participated were in need of technical assistance to enable community participation and 90 percent of these individuals needs were met. Additionally, 61 percent of respondents claimed they needed additional financial resources to engage communities, of these 90 percent received such resources. Training was needed in 45 percent of projects and yet 41 percent of respondents needing training did not receive it (see Figure 15 and Table 13 in appendix B).

Figure 15. Resources needed for community participation.



Respondents described the lessons that they learned about community involvement in stewardship projects. These responses are detailed in Figure 16 and Table 14 in appendix A. The three most commonly reported lessons learned were to start involving community members and other stakeholders early (20 percent), be inclusive of all interests (19 percent), and that it is a positive thing (19 percent). The 7 percent of responses that are classified as “other” included the following lessons: having multiple objectives helps, having long-term relationships help, there is a need for more information sharing between projects and collaborators in individual projects, collaboration should be defined by the community, the first stewardship contract lays the groundwork for the next project, stewardship projects need a written project charter, the needs of local communities are important, the forest products industry is not diversified enough to take advantage of the opportunities offered by stewardship contracting.

Figure 16. Lessons learned about community involvement.

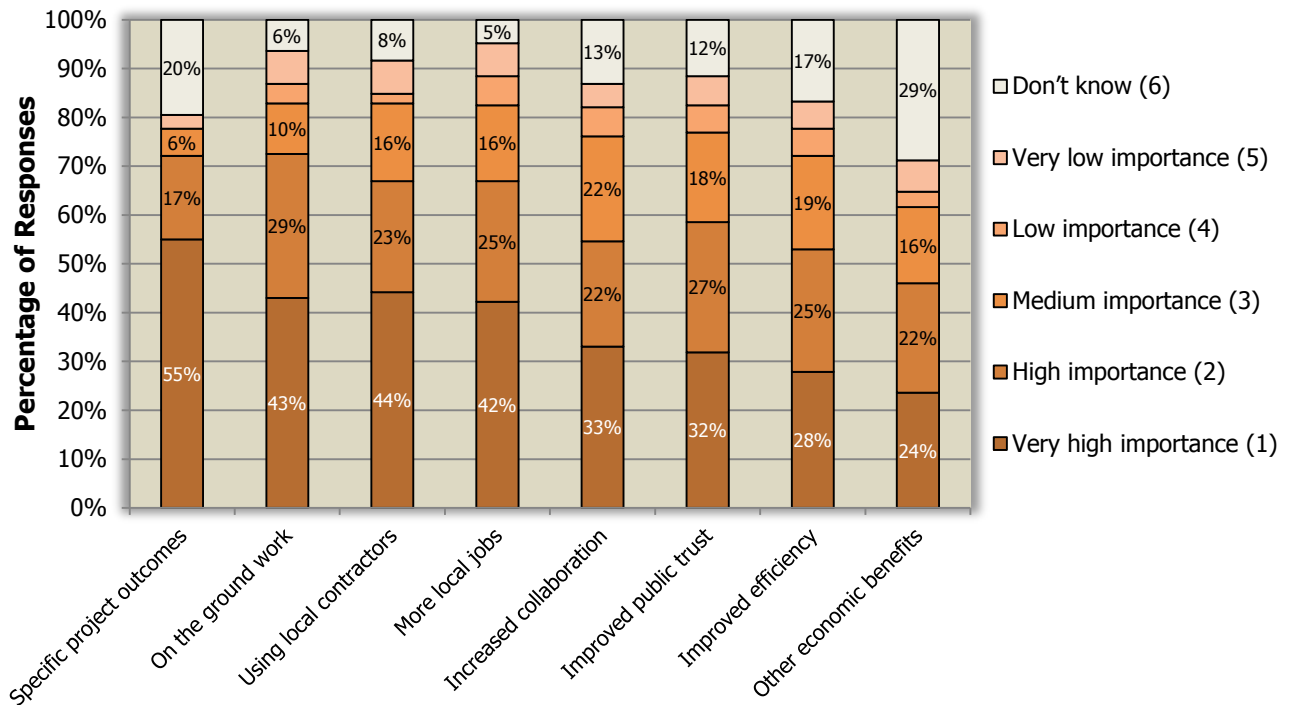


3.5 Local Benefits of Stewardship Contracting Projects

Survey participants were asked to rate, on a five point scale (1 = very high, 5 = very low), the importance of various benefits that accrued to communities as a result of stewardship contracts (see Figure 17 and Table 15 in appendix B).

With 55 percent of responses, “specific project outcomes” (i.e., results on-the-ground) is again the single most frequently cited benefit. Other related benefits that are judged by respondents to be of very high importance include “getting work done on-the-ground” (43 percent), “using local contractors” (44 percent), providing “more local jobs,” (42 percent), “increased collaboration” (33 percent), “improved public trust” (32 percent), “improved efficiency” (28 percent), and “other economic benefits” (24 percent).

Figure 17. Importance of benefits to local communities from stewardship contracts.

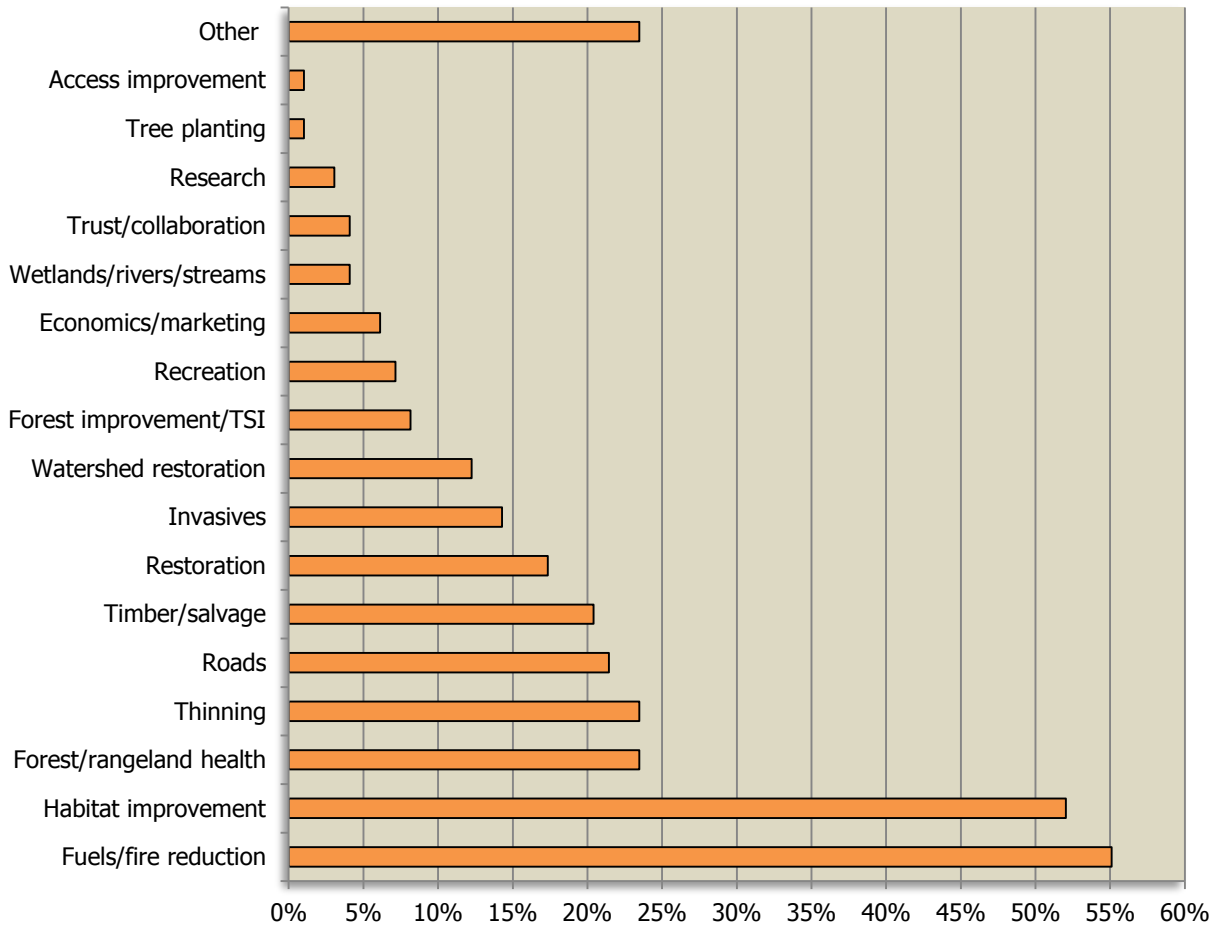


As can be seen in figure 17, specific project outcomes and getting more work done on the ground are the two benefits that were most often ranked as being of high or very high importance to respondents. As was the case in previous surveys, the most important local benefit to respondents—and one that is often discussed in interviews and Regional Team meetings—is the specific outcomes from implementing stewardship contracting projects. People often refer to the measurable outcomes on-the-ground in terms of the work that they can actually see being accomplished as a result of the contract or agreement. Note that on-the-ground work is also rated quite high (see Figure 18 and Table 16 in appendix B).

Figure 18 demonstrates the diversity of work that is being accomplished through stewardship contracts. The most frequently suggested specific outcomes that result from stewardship contracts are habitat improvement and a reduction of hazardous fuels. Specific outcomes mentioned in the interview process that were classified as “other” include: ownership and pride of the community, site preparation, more funding, improved ecological design, liming, erosion control, hazard tree removal, complimenting state transportation department investments, fostering an understanding of industry needs among other stakeholders, building capacity and understanding within the workforce of the Forest Service, achieving desired silvicultural outcomes, facilitating a demonstration forest, protection of old growth trees, increasing the amount of stewardship contracting projects in the region, improving the wildland urban interface, providing a venue for multiparty monitoring, providing a venue for public engagement, providing a venue for

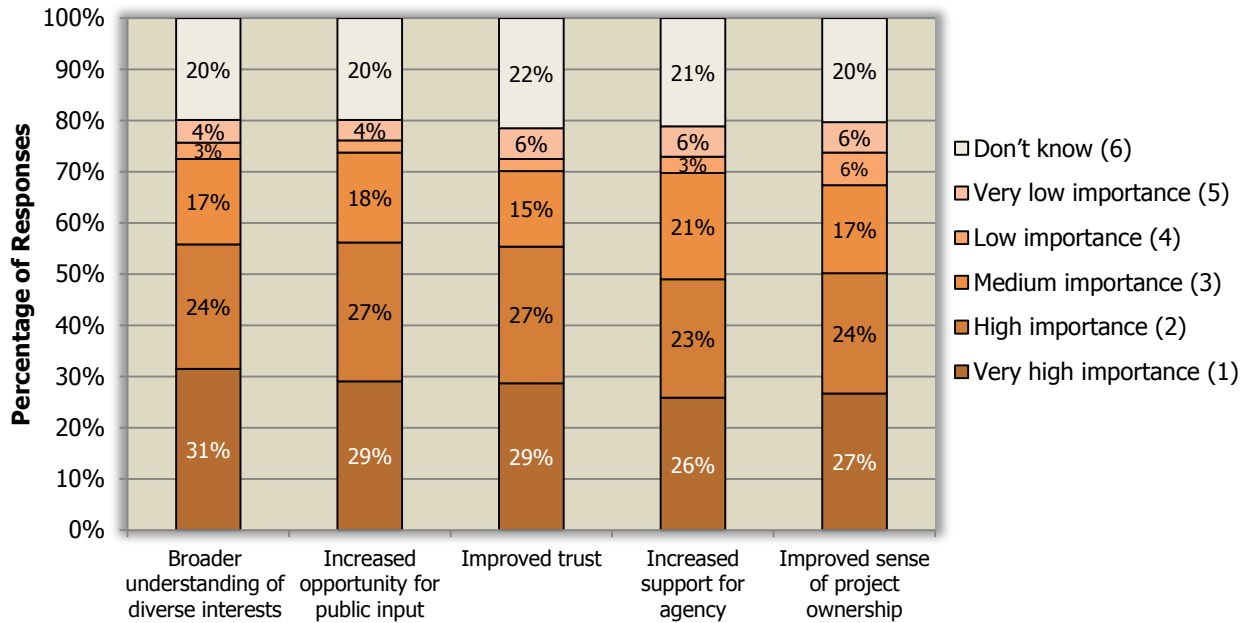
adaptive management, facilitating the spraying of culverts, conserving endangered species.

Figure 18. Specific project outcomes cited by respondents.



When asked to comment on the importance of community involvement in stewardship contracting, respondents indicated a number of benefits (See Figure 19 and Table 17 in appendix B). In 56 percent of responses, survey participants suggested that “increased opportunity for public input” and “improved public trust” were benefits of stewardship contracting that were of “high” or “very high” importance. Other commonly cited benefits of community involvement rated as being of high or very high importance include “gaining a broader understanding of diverse interests” (55 percent), gaining an “improved sense of project ownership” (51 percent), and gaining increased support for the agency.

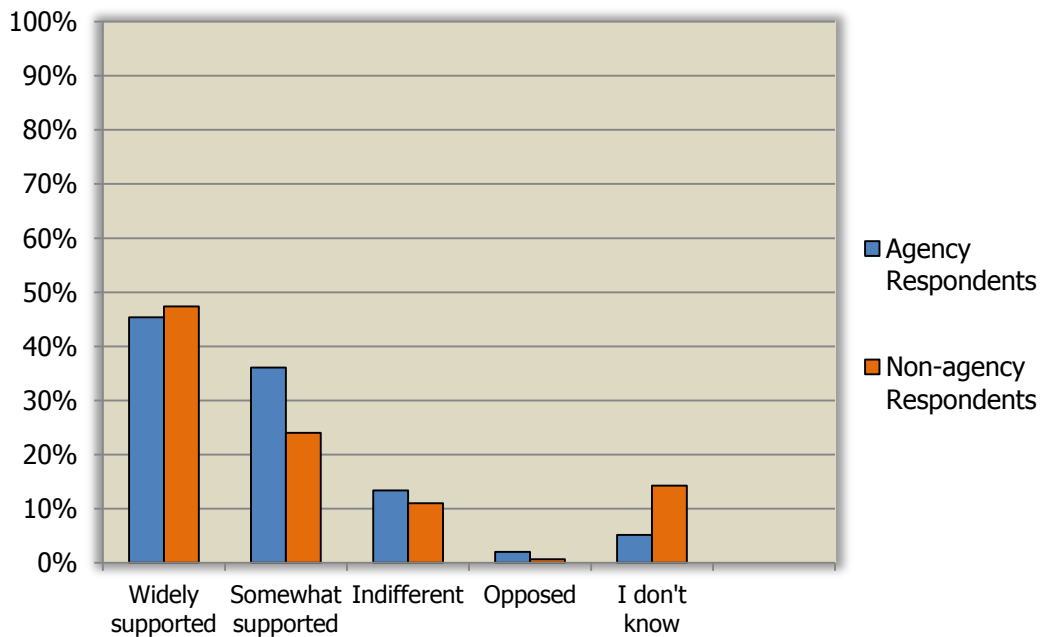
Figure 19. Benefits of community involvement in stewardship contracts.



3.6 Support for Stewardship Contracting

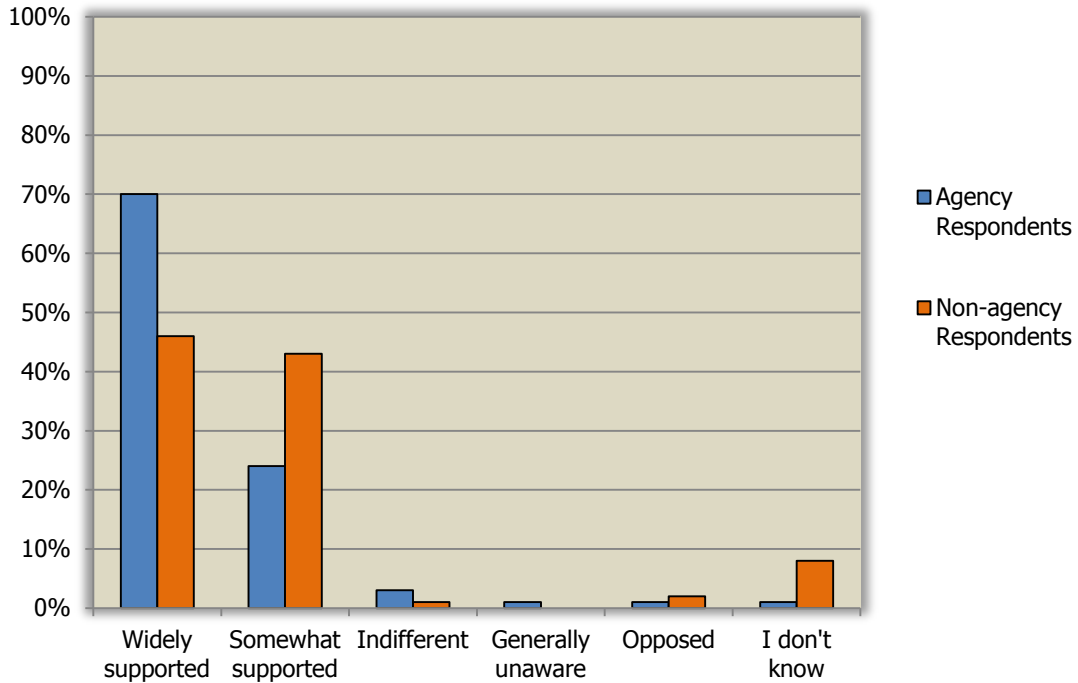
Survey participants were asked how well supported stewardship contracting projects are in their communities. Stewardship contracting is for the most part either “widely” supported or “somewhat” supported within local communities (see Figure 20 and Table 18 in appendix B).

Figure 20. Support for stewardship contracting in local communities.



Survey participants were also asked what the level of support for these same projects was within the agency (see Figure 21 and Table 19 in appendix B). Again, survey results indicate that respondents felt there is either wide support or at least some level of support for stewardship projects within the agency.

Figure 21. Support for stewardship contracting projects in the agency.



3.7 Interest in Continued Use of Stewardship Contracting

Survey participants both within and outside the agency would almost without exception participate in another stewardship contracting project. There was a small percentage of respondents who are unsure as to whether or not they would participate again, and there is an even smaller percentage who say they would not (see Figure 22 and Table 20 in appendix B.)

Figure 22. Respondent interest in participating in another stewardship project.

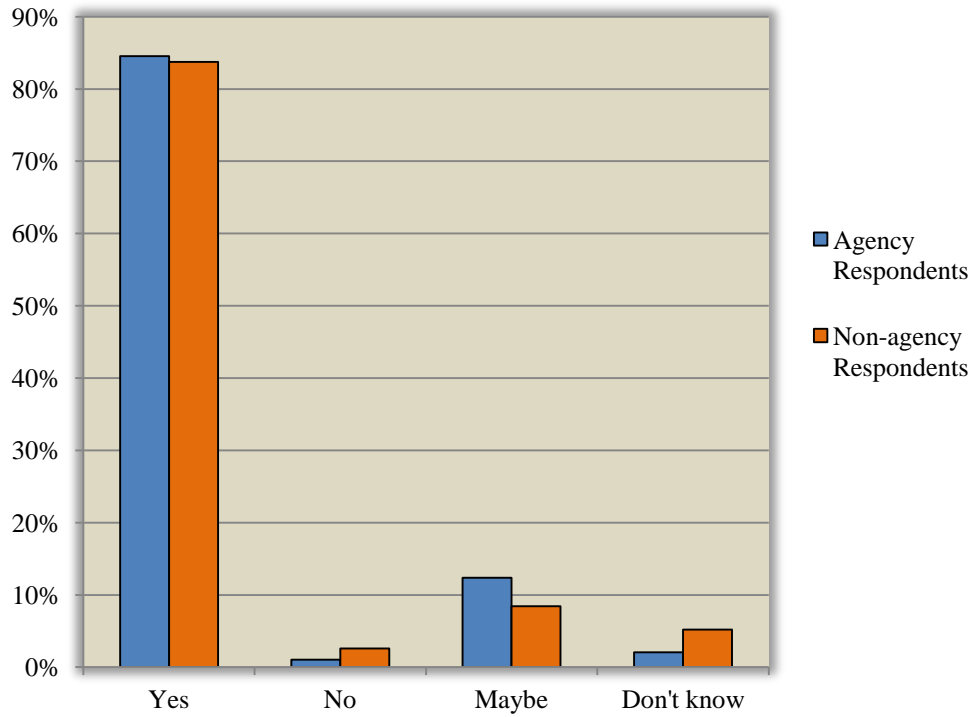
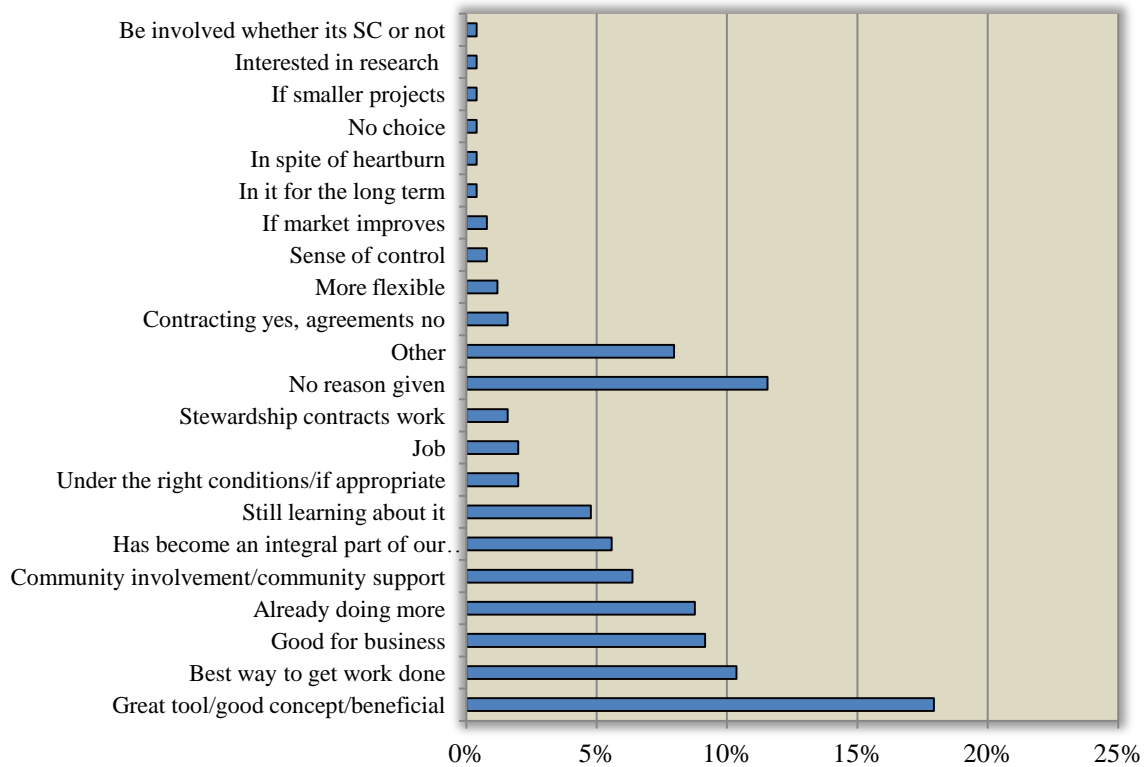


Figure 23. Reasons respondents would participate in another stewardship contracting project.



Survey participants were asked to provide the reasons they would (or would not) like to be involved in another stewardship contracting project (See Figure 23 and Table 21 in appendix B). People who would participate in more stewardship projects say they would most often because, “it is the best way to get work done,” “I am already doing [involved in] more [projects],” and “it is a good tool and/or a good concept” Other reasons individuals say they would participate again include, “it is worth the extra time,” “the Forest Service is a great agency,” stewardship contracts are “satisfying,” “I am a believer,” and “it meets our organization’s objectives.” For the small number of respondents who said that they would not participate again, their reasons were varied, but included “it is hard to work with the agency,” “need a broader range of projects,” and it is “too much paperwork and/or it is too complicated.”

4 — SUMMARY FINDINGS AND RECOMMENDATIONS

The main objective of vetting survey results with the Regional Teams and other regional stakeholders in regional field meetings is to foster a constructive dialogue about the role communities have in stewardship contracting within their particular region. In each of the Regional Team meetings, team members used region-specific survey data as well as their own experiences and the experience of other regional stakeholders participating in these meetings to discuss the following three core questions:

1. What are the predominant problems in engaging communities in Forest Service stewardship contracts? BLM stewardship contracts? What are suggestions for improving the current situation for both agencies?
2. What successes have emerged within this region for engaging communities in Forest Service stewardship contracting? BLM stewardship contracting? What fostered these successes for both agencies?
3. What are the major perceived benefits of Forest Service and BLM stewardship contracts to communities within this region?

The Regional Team Reports address these questions from a regional frame of reference. These Regional Team Reports are extremely valuable resources for agency and Congressional decision makers grappling with how best to maximize the ecological and community benefits that stewardship contracting can deliver. This section of the report lists several summary findings and recommendations. Readers are strongly urged to review the findings and recommendations of the Regional Teams in appendix A.

4.1 Predominant Problems with Engaging Communities in Stewardship Contracting

Findings – Problems with Collaboration and Community Engagement

Collaboration is often characterized by deliberative processes through which stakeholders debate land management alternatives in an open, transparent, and inclusive manner in an effort to reach agreement on land management planning and implementation priorities. This definition more or less contains the top two responses from the 2011 programmatic monitoring survey for how stewardship contracting participants define collaboration—*working with others toward achieving a common goal*.

When first authorized by Congress, stewardship contracting was envisioned to be a flexible tool that could help bypass the acrimony surrounding federal land management while directly benefiting the ecological wellbeing of federal forests and the socio-economic health of adjacent communities. Congress wanted to reward effective

collaborative efforts by affording them a new flexible approach that gave these groups greater control over stewardship project design and implementation. Controversial at the time, some cautioned that the flexibility inherent in stewardship authorities could be abused unless appropriate accountability mechanisms were in place. In many places, collaboration and public engagement has proven to be among the most effective mechanisms to build trust and ensure stewardship authorities are not abused. Still, perceptions of what constitutes effective collaboration vary from place to place.

The general perception for many is that the trust, knowledge, and confidence built through collaboration can facilitate the use of stewardship authorities (e.g., designation by description and prescription and long-term contracts) that may otherwise be too controversial to attempt. Many also feel that effective community engagement in stewardship projects enhances work quality. Some of the findings below are not necessarily specific to stewardship contracting and appear as broader systemic challenges.

- **Leadership is essential, as agency personnel can make or break stewardship contracts.** In interviews, agency personnel frequently perceive that stewardship contracting is overly complex with limited returns for their time investment. Forest Supervisors play an important role in determining whether stewardship contracting is used, with some perceiving that it is too complex and time intensive. If effective community engagement is to occur, non-agency collaborators need strong signals from agency leadership at the Forest and District levels that stewardship contracting is a viable and desirable option. As cited by the Regional Teams (see appendix A), changes in leadership within the agency can be accompanied by changes in vision and resource allocation, disrupting collaborative processes and perhaps breaking promised.
- **Collaboration in stewardship contracting projects remains uneven.** In some places robust collaboration exists where everyone is at the table working together, while in other places it is more akin to “negotiations,” in still other places, collaboration is absent all together.
- **Balancing the need for clear goals and structure with overly rigid and prescribed collaborative processes is a challenge to effective engagement by communities.** In many places, community engagement is conducted through passive channels, and community participation is minimal—restricted to community members “becoming informed,” or “providing comments” through the NEPA process.
- **In places without agency staff dedicated to public engagement this task is left to individuals without the time, expertise, or natural inclination to be effective.** In many places significant amounts of time are needed of the agency, if community engagement is to be effective. It can be hard to come by the

“extra hours” required of agency staff for collaboration and community engagement to be effective.

- **Community members often become frustrated when certain activities—e.g. recreation—are deemed to be of low priority for stewardship projects.**
- **Agency and community partners may not be knowledgeable about advances in forest management operations and technologies, and the benefits these approaches may provide.** Lack of engagement by industry professionals makes it difficult for these new methods to enter into the design and implementation of stewardship contracting projects.

Recommendations – Improving Collaboration and Community Engagement

- ✓ Hold field tours and use maps to describe activities. Using this format will fully engage participants while also whittling down the number of people interested to those willing to go out to the project.
- ✓ Ask the non-agency collaborators to assist and/or lead outreach and communications activities. This approach can more effectively access diffuse social networks and promotes a sense of project ownership within the community.
- ✓ Use existing community groups to launch collaborative activities, and whenever possible, help pay for facilitation and/or coordination costs.
- ✓ Where there is not a good agency/community relationship, work to find and engage another credible party to help convene stakeholders and/or facilitate collaborative work.
- ✓ Continue to partner with non-agency partners through stewardship agreements to increase the outreach and engagement opportunities. See discussion on agreements in the next section.
- ✓ Agency respondents requested a list of go-to-contacts with expertise in piecing together successful stewardship contracts. To develop such a list, identify the agency personnel who have been the “engines” behind the most successful stewardship projects and nominate these individuals to coach other agency staff. These mentors likely have excellent “people skills” and are usually good

facilitators and will be model public servants for the public land management agency of the 21st century. Their efforts should be recognized and rewarded accordingly. Trainers and mentors should help agency personnel evaluate opportunities to use each of the extended authorities, not just the exchange of goods for services.

- ✓ Funds should be made available, perhaps competitively, by state or region, to non-profit organizations, educational institutions, and other appropriate entities to enable them to provide training and technical assistance to stakeholders developing/using stewardship contracts and agreements. One model of such training and assistance is provided by the National Wild Turkey Federation (NWTF).
- ✓ Continue to build up the agencies capacity for outreach through positions like regional Partnership Coordinators. Consider emphasizing communications/facilitation skills when hiring.
- ✓ Improve the extent, frequency, and candor with which “lessons learned” in collaboration and stewardship contracting are shared among agency personnel, communities, contractors, and other stakeholders.
- ✓ Begin collaboration early and invest adequately. Explain agency processes to your stakeholders, use realistic timelines from the outset, and engage stakeholders at the right moment in time to ensure authentic and substantive input.
- ✓ Facilitate the engagement of industry professionals who provide practical knowledge and experience about what is feasible on-the-ground and how new advances in forest management operations and technologies might contribute.

Findings – Unresolved Technical/Policy/Economic Barriers

The five regional teams identified the most significant barriers associated with engaging local communities in Forest Service stewardship contracts and/or agreements and have determined that in addition to the barriers to effective collaboration mentioned above which are of more of a social nature, a variety of technical/policy barriers limit opportunities to engage communities.

- **Weak forest product markets, insufficient wood processing infrastructure, and reduced federal appropriations can all limit the effectiveness of**

stewardship contracting. There is a perception, especially among the majority (62 percent) of agency staff interviewed who define stewardship contracting as goods-for-services transactions, that stewardship contracting is only useful if certain economic conditions exist—a stable market for wood to facilitate the use of the goods-for-services authority, or sufficient appropriations of public funding to pay for service work. Yet, in some areas where favorable market conditions appear to exist (see the Northeast Regional Team Report in appendix A) some agency staff remain reluctant to use stewardship contracting for a number of reasons—burdensome paperwork, lack of trust/collaboration, a perceived “newness” of stewardship contracting, uninterested contractors/industry partners.

For areas with low timber value (see the Southwest Regional Team Report in appendix A) an unfortunate outcome of reductions in federal hazardous fuel treatment appropriations has been a reversion to lowest cost bidding for stewardship contracts. This trend is a departure from the using best-value criteria when evaluating bids. In some instance large contracting firms from outside the local area have successfully won contracts by bidding low to out-compete smaller local contractors.

As suggested in the Southwest Regional Report there is a sense, especially within the contractor community, that low-bidding could depress the costs of restoration work, especially in areas where bids are coming in for multi-year contracts across hundreds of thousands of acres. There is some anecdotal evidence that projecting unrealistically low costs in bids can impact the quality of the work on-the-ground (e.g. fuel reduction projects efficiently removing a high percentage of the fuel load while failing to retain a sufficient volume of coarse woody debris for ecological purposes), the compensation and benefits contractors provide workers, and possibly the stumpage value across the entire region, which they fear can further depress timber markets, negatively impacting non-federal landowners in the area. Another perception is that while large multi-year contracts are set up in an attempt to achieve efficient outcomes, they may forgo alternative structures that could better employ multiple local contractors. Others contend that added value for small diameter wood only occurs by when a heavier weighting is given to price over technical factors when evaluating bids and that there must be a careful balance sought.

- **Budget considerations can present strong disincentives for Forest Service managers to use or support stewardship contracting.** While retained receipts can be blended with K-V funds to go towards certain land management activities, retained receipts from stewardship projects are deemed by the Forest Service to be “inappropriate” to pay for agency overhead. Some managers are therefore resistant to use and/or support stewardship contracting in an era of declining budgets because they feel that they can achieve the same outcomes on the ground using other pathways (e.g., timber sale contracts and K-V) to more directly cover staff costs. Still, many field units repeatedly report

being able to achieve more and better outcomes because of stewardship contracting.

- **Several factors discourage would-be-contractors from bidding on stewardship contracts.** Agency personnel, contractors, and project partners alike continue to raise concerns about excessive paperwork, complicated and time-consuming procedures, inefficient use of resources, and unrealistically designed projects. Factors that frustrate otherwise willing contractors include: poorly explained or understood proposal evaluation criteria, narrow timeframes between project advertisement and proposal deadlines, non transparent best value criteria, and overly complex and lengthy contract documentation requirements. There is a sense of optimism that the new blended Stewardship End Results Contract may make the contracting process less complex and paper work focused.
- **County governments, particularly those in areas where timber volumes and/or values are high, are faced with strong incentives to not use or support stewardship contracting.** Unlike with timber sales, county governments do not receive 25 percent of the revenue from receipts generated by stewardship contracts because those receipts are retained and are intended to go towards additional work on the ground. With the Secure Rural Schools Act expiring in September of 2011 and no replacement county payment program yet authorized, there is a reluctance on the part of many county governments to support stewardship contracting, even when local economic benefits are (or could be) well documented.
- **Stewardship agreements have grown in popularity but challenges have emerged.** Agreements, from the scale of a single project to entire landscapes, are an implementation vehicle that relies on the trust between the agency and a non-agency partner with share overlapping management objectives. These objectives most often include enhancing wildlife habitat, protecting or recovering threatened or endangered species, maintaining important cultural or recreational resources, or creating and maintaining local economic resiliency. In agreements, the non-agency partner serves to: extend the outreach arm of the agency to engage affected communities, contribute non-agency funds to leverage scarce agency resources, organize volunteer efforts, perform on-the-ground work, complete work across ownership boundaries on public and private lands of all type, facilitate multi-party monitoring activities, provide training and technical assistance,⁷ and otherwise contribute toward achieving the goals of the project in a manner that the agency cannot.

As the popularity of agreements has grown three issues have emerged:

⁷ It is often reported that experienced non-agency partners know more about stewardship and contracting than the agency itself.

- 1) **There is a need to more clearly define the roles and responsibilities of agreement partners without adding undue complexity.** In some instance, agency respondents have revealed that rather than seeing the efficiency and effectiveness of agreements, they view stewardship agreements as “cumbersome” or “infringing on agency authority.” This is most often voiced among those agency personnel who take a hands-on approach to seeing contract work completed. When non-agency agreement partners use local subcontractors to complete work on the ground, it can be confusing for subcontractors to have “two bosses” overseeing their work—the agency staff and the non-agency partner. Such a scenario can build tension between agreement partners, as the dynamic essentially conveys that the agency lacks confidence in the non-agency partner.

- 2) **There is a need to clarify and/or revise legal requirements that pertain to a non-agency partners’ liability in stewardship agreements.** Under federal agreement law, non-agency partners are potentially liable for all damages associated with operationally caused incidents such as a catastrophic fire or chemical spill. Accidental operations fire liability is capped under stewardship and timber sale contracts, generally in a manner related to incidents involved while under compliance with that contract. As explained further in the Regional Team Reports (see appendix A) this issue arose in Idaho during a recent stewardship agreement between the Salmon-Challis National Forest and the Rocky Mountain Elk Foundation (RMEF). This experience has led the RMEF to conclude that the benefits of their involvement in stewardship agreements did not outweigh their costs, especially in the way of unlimited financial liability.⁸ Finding replacement partners for the current RMEF agreements is likely to be difficult, and other potential partners might think twice about getting involved with stewardship agreements until the issue of unlimited liability is clarified and/or revised by the federal government. It remains unclear as to which branch of the federal government this issue should be referred, an act of Congress may be necessary.

- 3) **Agreements are not legally enforceable in the same manner as contracts, so there is no way to ensure that the agreed-upon work is accomplished in a timely manner.** Technically each of the agreement holders can walk away from the agreement at any point in time with no legal repercussions, possibly leaving their partner failing to achieve their performance measures. As detailed in the Regional Team Reports (see appendix A) both agency and non-agency interviewees reveal concerns that their partners will not hold up to their end of the agreement.

⁸ Between 2006 and 2011 the Rocky Mountain Elk Foundation accomplished stewardship activities on nearly 20,000 acres of federal forest land.

- **Monitoring is widely seen as an essential part of implementation and non-agency stakeholders struggle to fund their monitoring plans.** As was the case in 2010, respondents this year report that communities are involved in monitoring and providing technical information in 53 percent of projects. In these projects, information is collected and often utilized by community collaborators to inform future management decisions in an adaptive management context. Information gathered can be scientifically credible and can readily fit within the research activities of the agency. During the pilot period, a number of projects used a portion of retained receipts to fund project-level multiparty monitoring as a part of implementation. Many continue to call for the agency to allow for retained receipts to be used to fund monitoring.
- **The cancellation ceiling remains a challenge for multiyear landscape-scale stewardship projects.** For certain stewardship contracts, the Federal Acquisition Regulations (FAR) require that the federal government set aside funds early on in the contract in the event that the federal government cancels the contract and needs to compensate contractors for any unamortized start-up costs incurred. Given agency budget limitations, setting aside funds to meet cancellation ceiling requirements is beyond the capacity of most management units, especially when a contract is intended to be multiyear and will involve significant up-front investments by the contractor.

As clarified in a July 29, 2011 briefing paper from USDA Forest Service Acquisition Management, the cancellation ceiling appears to be less of a hurdle than previously perceived. A contract cancellation ceiling is only necessary in a narrow set of circumstances, and rarely applies to the development of new utilization capacity and only to the service portion of a stewardship contract when a contract specifies where or how material will be utilized, as part of a contractor's service obligation.

Cancellation ceilings are not required for "multiple year contracts" where the Forest Service has an option but not an obligation to provide appropriations beyond the initial year stated in the contract. In places that have retained sufficient wood processing infrastructure, Indefinite Delivery Indefinite Quantity (IDIQ) contracts are one approach being used to avoid the cancellation ceiling requirement.⁹ However, this method provides only marginal assurance of long-term wood supply and jobs and does not apply to places where "multi-year contracts"¹⁰ are needed to establish local wood processing infrastructure.

⁹ One example of this is in Lakeview, Oregon where a 10-year IDIQ stewardship contract does not include a cancellation ceiling. In this particular instance, upwards of \$100 million dollars of private investment has been introduced to the community.

¹⁰ Per the FAR Part 17.103, multi-year contracts are for the purchase of supplies or services for more than 1, but not more than 5, program years. A multi-year contract may provide that performance under the contract during the second and subsequent years of the contract is contingent upon the appropriation of funds, and (if it does so provide) may provide for a cancellation payment to be made to the con-

The cancellation ceiling requirement is being addressed with limited success in the White Mountain Stewardship Contract (WMSC) and the forthcoming Four Forest Restoration Initiative (4FRI) in Arizona, and the Front Range Stewardship Contract (FRSC) in Colorado, the Forest Service's largest multi-year projects.

- The Forest Service in agreement with the Small Business Administration sets the volume of federal timber that is to be set aside to supply small mills in local communities. Stewardship contracting is not included in this process so that no small business set aside is calculated for timber being removed as part of stewardship contracts, despite the fact that the volume of timber coming from stewardship contracts has increased over time.

Recommendations – Lingering Technical/Policy/Economic Barriers

- ✓ Help potential contractors understand the logistics of bidding. In some instances contracting officers and other agency personnel appear to be unwilling or unable to work with contractors who may often have important information to convey about new approaches/equipment that could be used. Clarify how price, the technical proposal, past performance, and other factors will be evaluated during the selection process and help contractors not receiving the contract understand why they did not obtain the award.
- ✓ Make a clear justification how price and technical factors are weighted in the solicitation and the Source Selection Plan that outlines the methodology and logic behind balancing these factors.
- ✓ Circulate among field level managers a national list of contracting officers who excel in the development of stewardship contracts and are willing and able to trouble shoot problems with field staff. Ensure that these contracting officers are appropriately recognized for their effort.
- ✓ Explore opportunities for contracting officers with little familiarity with stewardship contracting to “shadow” more experienced individuals throughout the development of new stewardship contracts.
- ✓ Re-examine the administrative sideboards and restrictions placed on stewardship contracting activities and evaluate whether they may be unduly limiting or discouraging community engagement in

tractor if appropriations are not made. The key distinguishing difference between multi-year contracts and multiple year contracts is that multi-year contracts, defined in the statutes cited at 17.101, buy more than 1 year's requirement (of a product or service) without establishing and having to exercise an option for each program year after the first.

stewardship projects. For instance, proposals for heritage and recreational activities are not allowed and they can be of particular interest to communities and other collaborators.

- ✓ Revise stewardship contracting handbooks to delegate authority to approve stewardship contracts to the level of Forest Supervisors or District Managers.
- ✓ Address the issues that have emerged with the use of stewardship agreements and encourage new non-agency partners with overlapping missions to get involved.
- ✓ Consider allowing more flexibility for the use of retained receipts. Multiparty monitoring should be an allowed cost that is eligible for funding with retained receipts. Similarly, there are a variety of views on whether or not receipts should be used to fund agency staff. In a number of instances people have mentioned that seasonal professionals working on stewardship work in the same district or forest may be appropriate.
- ✓ Continue to help communities that benefit from stewardship contracting understand the full scope of the social and economic benefits derived from stewardship contracts so that they may articulate these benefits to others.
- ✓ Consider whether calculations for SBA set asides applied for timber harvested during stewardship contracts.
- ✓ Help communities quantify the environmental, economic, and social benefits of stewardship contracting. Agency and non-agency participants in this year's Regional Team meetings expressed frustration about the lack of "hard numbers" to describe the social, economic, and environmental benefits of stewardship contracting. The 2013 expiration of the current authorization for stewardship contracting is near, and during congressional consideration of reauthorization, questions will certainly be asked about how communities, the agency, and the environment are affected by existing provisions related to the 25% Fund, K-V deposits, the exchange of goods for services, and other matters. Having pertinent and credible data readily available to inform the discussion is essential.

4.2 Successful Outcomes from Engaging Communities in Stewardship Contracting

This year, agency personnel reported that the top lesson they learned from implementing

a stewardship contracting project is that engaging communities in stewardship projects often leads to positive outcomes and increased success. Successful outcomes from engaging communities in stewardship contracting (see Table 17 in appendix B) that were most often thought to be of very high or high benefit include: “having a broader understanding of diverse interests” (55 percent), having “increased opportunity for public input” (56 percent), “improving trust between the agency and the public” (56 percent), “increasing support for the agency” (49 percent), and “giving communities an improved sense of project ownership” (51 percent).

An additional successful outcome of engaging communities is that agency and non-agency respondents feel there is wide support for stewardship contracting in local communities (see Table 18 in appendix B), with 76 percent of people being either “widely supportive” or “somewhat supportive” and only 1 percent being opposed to stewardship contracting. Moreover, respondents suggest that within the agency 90 percent of staff are either “widely supportive” or “somewhat supportive,” with only 2 percent being in opposition. In fact 85 percent of agency staff and 84 percent of non-agency staff said that they would participate in another stewardship contract. When asked why they would participate again a number of reasons were given (see Table 21a in appendix B) with the top reasons being that people see that it is “a great tool, a good concept, and beneficial” (18 percent), the “best way to get work done” (10 percent), and that it is “good for business” (9 percent).

Another indicator of support, there was broad agreement and support at the Regional Team meetings around the idea of reauthorizing stewardship contracting. It is worth noting that while there appears to be broad support for reauthorizing stewardship contracting, some have expressed concern that since stewardship receipts are retained locally to go towards additional land management actions these revenues are not subject to the 25% state fund that ends up going to county governments. With the Secure Rural Schools and Community Self-Determination Act expiring in September of 2011, the fiscal issues of county governments will likely play a role in discussions around stewardship contracting.

The five regional teams identified the most significant successes associated with engaging local communities in Forest Service stewardship contracts and agreements. Listed below are several key findings and recommendations. Readers are urged to also view the findings and recommendations of the Regional Teams in appendix A.

Findings – Successes in Community Engagement and Collaboration

- **There has been increased acceptance of stewardship contracting by field managers.** Thirty percent of agency respondent’s view improved as a result of their participation in a stewardship project and 33 percent say that they understand it better. A full 85 percent of agency personnel suggest that they would participate in another stewardship project with their number one reason being that they see stewardship contracting as being a “great tool” with “positive benefits.”

- **Stewardship contracting and agreement authorities are driving innovation in the management of public lands.** Landscape scale projects are yielding significant and empirically valid economic, social, and ecological benefits. Some of the best examples, the Collaborative Forest Landscape Restoration Program (CFLRP) projects, are rooted in stewardship contracting philosophy. Another unsung innovation, a number of collaborative efforts focused on restoring watersheds and fish populations have combined retained receipts from stewardship contracts with the Wyden Amendment authority to undertake whole-watershed restoration activities on private lands where the work will benefit species on adjacent National Forests. Interest in stewardship contracting authorities has also spurred a number of successful “stewardship groups” throughout the country (especially in the Pacific Northwest). Much has already been said about agreements, but it bears emphasizing that wildlife and conservation NGOs have been increasingly and effectively using stewardship agreements while contributing non-federal dollars to the stewardship of the federal public lands.
- **Stewardship contracting has become the preferred way of doing business in some locations.** In places where stewardship contracting has been a way of doing business for a while, the agency and its non-agency partners often express a growing level of comfort with using stewardship authorities and a desire and willingness to take on more ambitious stewardship projects.
- **Field tours are increasingly being used to engage communities and build trust.** This allows participants to see on-the-ground results, and presents a stage on which to collectively envision future management options. Inviting contractors to field tours has also allowed agency and non-agency collaborations to learn about the economics of forest management operations and of wood utilization, all while giving contractors a better sense of the desired end-results.
- **Existing community groups (e.g. fire safe councils) and interest groups like the Nature Conservancy and NWTF are giving presentations on the benefits of stewardship contracts.**

4.3 Perceived Benefits of Stewardship Contracting to Communities

As has been the case for many years, the most important benefit from engaging local communities are “specific project outcomes” (55 percent of responses), with “fuels/fire risk reduction” and “habitat improvements” being the top two specific outcomes mentioned. Other beneficial outcomes cited this year include “more local jobs” (42 percent), “increased collaboration” (33 percent), “improved public trust” (32 percent), and “other economic benefits” (24 percent).

As one agency staff member involved with a stewardship project stated, *“We started with ecosystem recovery objectives, very resource oriented. Now my thinking is not only resource restoration but that our district is a huge resource we can utilize to put people to work by collaborating with our communities.”*

- **On-the-ground restoration is being accomplished in areas where there was not interest or support previously and this appears to be building trust in the agency.**
- **Stewardship agreements yield significant matching funds and allow experimentation with innovative designs in both treatments and project administration.**
- **This year, survey respondents again suggest that stewardship contracts present the opportunity to build capacity within local communities, to “use local contractors” and create “more local jobs,” providing “other economic benefits” to local communities (see Table 17 in appendix B).**
- **“Improving public trust” and “increasing opportunities for public input” (see Table 17 in appendix B) were the top two benefits associated with community involvement in stewardship contracts that were cited as being of high or very high importance to survey respondents.**
- **Respondents suggest that stewardship authorities can yield administrative and fiscal efficiencies.** This is especially the case in large projects that have seen a documented decrease in treatment costs.

APPENDICES

Appendix A: Regional Team Reports

Northern Rockies Monitoring Team Regional Report USDA/Forest Service Stewardship End Result Contracting Fiscal Year 2011 Report

Overview

The year 2011 was a “good news, bad news” time for stewardship end result contracting (SERC)¹¹ in the Northern Rockies. The challenges that contractors, communities, and the Forest Service have had to grapple with in fielding successful SERC projects have been compounded by global economic conditions, depressed housing and other wood products-related markets, a variety of serious environmental problems (including wildfire), and constricted local, state, and federal government and partner non-government organization (NGO) budgets.

The need to address expeditiously the widespread Mountain Pine Beetle (MPB) epidemic in the mountain West, for instance, has been hampered by a near-perfect storm of negative pressures – low commodity prices, limited markets, diminished available industrial capacity, and time constraints – and then further exacerbated by the loss of workers and equipment to more lucrative jobs opportunities in the booming oil and gas fields. As one frustrated R2¹² Forest Service program manager explained:

The MPBs have a one-year cycle. They fly and infest other trees this time of year. If [you're not] aggressive in addressing those stands that have MPBs in them in the first year, then you have a stand that continues to die. But the length of the [stewardship] contract can be two to three years [to allow time] for the service work....We're getting MPB in the smaller diameter trees as well, not just in the saw timber. The whole thing has to be done in a year's time, and the [local contractors] can't do that. For their long term business goals, they want

¹¹ The authorizing legislation for Stewardship End Result Contracting projects provides for work to be accomplished “via agreement or contract as appropriate....” The terminology can become confusing. Not all stewardship *contracting* is accomplished through the use of a stewardship *contract*, but is sometimes done under a stewardship agreement instead. Agreements can be with partner NGOs and public entities such as counties.

¹² The Northern Rockies region includes the states of Idaho, Montana, North Dakota, South Dakota, and Wyoming, which together make up all of Forest Service Region 1 and parts of Regions 2 and 4. Since policies, practices, and on-the-ground conditions can differ from region to region, respondent comments are identified by region, in this case R2 (for Region 2).

contracts with longer lengths so they can keep people employed over a long period of time. We only have one viable sawmill...

Where mill closures have narrowed the field of available processing options, haul distances have become longer, and rising diesel prices have further increased haul costs. Even in areas which still have operating mills, the timber market continues to be weak, and viable biomass marketing opportunities are limited. The limited receipts generated from many SERC projects (particularly timber stand improvement and hazardous fuels reduction projects with lower product values), coupled with the scarcity of appropriated dollars to fund additional restoration activities, often results in a decrease in the number of mandatory service items that can be included in a project, and diminishes the likelihood that some or all of the optional items will be addressed.

The opportunity to use a stewardship contract to accomplish a wide variety of forest management activities, not just sell timber, is reduced when the timber is valued at such a low price that no funds are available except for essential activities that support the timber sale (road construction, tree planting, etc.). We have to be more careful about when and how we apply stewardship contracting, based on market conditions. (R1 agency official)

Meanwhile, unresolved internal operational issues (generally not unique to the Northern Rockies region) can further limit or complicate the use of SERC. Flexibility (or the lack of it) continues to be a sore point.

I have been involved with stewardship projects since the pilot authority. It is a good tool, but getting harder and harder to use. (R4 project manager)

Acquisitions contracting still has issues and problems with embracing stewardship as a tool that they would promote or even want to deal with. They need to want to do it and feel it's a tool they want to use, versus something shoved down their throats that they have to deal with. (R2 project manager)

The flexibility is the big thing -- trying to get more flexibility. The [new, blended] contract not coming out of the Washington Office... But more in the way that we designate the timber to be removed or left. For instance, currently on most of the [SERC] projects, the Forest Service goes out and marks [those trees] using expensive manpower and with expensive paint. Why not give the purchaser a little description of what you want to see[as an end result] and let him implement that? The only thing available to us is prescription by description -- meaning the purchaser has to go out and mark [the trees] up front, and then the Forest Service has to inspect [the marking], and then they can finally cut it. When stewardship first started you could go out and [just have the contractor] do a little test plot [to show that they understood the prescription]. (R1 project manager)

Many current Forest Service personnel were not with the agency during SERC's pilot phase, nearly a decade ago, and a surprising number of them call it a "new" tool. When asked to explain SERC, few agency respondents mention any of its special authorities other than "goods for services." There is some awareness of best value selection, although the only selection criteria mentioned with any frequency is local job creation. Designation by description or prescription

(referred to in the quote immediately above) is rarely discussed. Those agency interviewees who did not participate in the pilots or who still see SERC as “new” often have a different (and more positive) view of its flexibility.

This is a new tool that we're using that gives us a lot more flexibility to get good work done out on the ground. It's a way for us to trade goods for services in a way that we usually couldn't do...We had needed work that we couldn't have gotten done with a regular timber sale, but the ability to trade the value of the timber for some of the work gave us a lot more options to get things done. With budgets like they are, it gives us more options to be creative. (R1 project manager)

The emerging opportunities for implementing more flexible, complex, and/or creative projects through the use of stewardship agreements was a major positive finding in the Regional Team's 2010 report. The Team lauded the pioneering work of the Rocky Mountain Elk Foundation (RMEF) and the National Wild Turkey Federation (NWTf) in “*demonstrating the efficacy of this [agreement] approach in facilitating projects*” and recognized the valuable training and technical assistance services both partner organizations were providing “*to Forest Service field personnel, contractors, and others to help them effectively develop and use stewardship contracts and agreements.*”

The Regional Team was therefore disheartened to learn at this October's meeting that RMEF plans to have withdrawn from all its existing SERC agreements by mid-2012. This decision, its cause, and its implications for other organizations considering entering into SERC agreements, will be discussed in more detail in the last section of this report.

Meanwhile, there also has been much positive news for the Regional Team to consider. SERC continues to be used successfully by many national forests in the Northern Rockies to accomplish hazardous fuels reduction and/or ecosystem restoration projects, and each year more agency personnel and other stakeholders are discovering the value of SERC. An R4 agency project manager reported that:

We have been able to use stewardship contracting to get more done on the ground. Instead of just having a contractor treat the fuels and pile up the material on the side of the road, we're also getting a product that can be used [posts and poles], and keeping skilled practitioners at work in the woods. Losing them would have repercussions regionally.... In the last few years I've only sold two large contracts that were not done as stewardship projects. It's a valuable tool that shouldn't be lost.

Increasing numbers of contractors, community members, and Forest Service personnel recognize SERC's value in restoring or maintaining local economic and environmental resiliency. An R1 agency member explained that, “*Stewardship contracting allows the Forest Service to create on-the-ground results that we feel like we cannot get with the other tools available to us, like a traditional timber sale or service contract alone. Stewardship contracting utilizes the skills of our community in a way that we haven't had available to us before in the manner that we think it's a better result.*”

An R1 contractor described how well it worked for his business:

We had done previous stewardship projects [as a subcontractor]...and they fit our style better -- for a small contractor. We realized we could do it ourselves. ... We have expertise in doing a good job and performing stewardship project work, not only logging.... With a large timber sale, it's hard for a small contractor to compete successfully, but on a stewardship project size doesn't matter as much.

The owner of a small R4 mill was dubious at first, but later adapted his entire operation to take advantage of the opportunities he saw in SERC:

When [SERC] first came out, I wasn't excited about it, but when I saw the end results, I changed my whole way of thinking about the future of logging and adapted to it....I appreciate what the Forest Service has done to make the forest look [good] for future generations. I take a lot of pride at the end of the day.

SERC's comprehensive and light-on-the-land approach makes operational sense to an R2 contractor:

I really like stewardship contracts. They work well for us, and they are good for the forests too. You go in one time, and when you leave, everything's done. You don't have three or four different contractors coming in. The efficiency of it is better.

Asked if he would participate in another stewardship contracting project, a private landowner in R2 whose property adjoins a recently completed SERC project said,

Sure. If the guys in the Forest Service come to me and have something they want to do -- something that's good for the community and for these hills that I love, I'm all for that.

Recommendations

- 1. Re-authorize stewardship end-result contracting.** SERC combines a highly successful set of authorities to get badly needed ecosystem restoration work done on the ground. That work directly creates new jobs and maintains existing ones in rural communities, reduces losses of life and property from wildfire by reducing hazardous fuels and restoring fire-adapted ecosystems, preserves and protects water and air quality, supports employment in manufacturing, tourism, and other economic sectors, and provides a variety of other amenity values and ecosystem services.
- 2. Restore the appropriate operational flexibility that was provided in the enabling legislation for SERC.** A new "blended" contract with a streamlined contracting process has been under development by the agency for over two years. Field staff and contractors alike are hopeful that when it becomes available it will offer some relief from the current contracting process, which is perceived to have become less flexible, unduly prescriptive, and cumbersome.
- 3. Resolve the internal inconsistencies that complicate the administration of stewardship contracts and can cause friction among agency personnel and between contractors and contracting officers.** The current Integrated Resource Timber Contracts and Integrated Resource Service Contracts unfortunately incorporate provisions from the agency's standard timber sale and service contract documents which do not mesh with each other and/or are at odds with the underlying philosophy of SERC. Hopefully the new blended contract will eliminate those inconsistencies.

4. Encourage and support the development of additional training, mentoring, and technical assistance resources (both within and outside the agency) to enable the easier and more effective use of stewardship contracts and agreements. NWTf continues to provide informed and accessible training and one-on-one help to many Forest Service personnel working through their first SERC projects. It is unknown at this time whether RMEF will continue to provide similar technical assistance. Some local and regional non-government organizations, Resource Advisory Committees, conservation districts, and other concerned groups also offer help, but their combined efforts are insufficient to meet the growing need.

Many of the agency personnel who received intensive training and technical assistance during SERC's pilot phase have retired or moved on to other assignments. Some forests or districts have only recently begun to use stewardship contracts, and many have yet to explore the opportunities available through stewardship agreements. Some personnel remain resistant to the use of SERC. And far more have received little or no training and are simply trying to learn by doing.

Responses to Specific Forest Service Questions

1. What are the predominant problems in engaging communities in Forest Service stewardship contracting projects? What are the regional multiparty monitoring team's suggestions for improving the current situation?

A. Differences in perceptions of how communities should be engaged. Defining the problems of stakeholder engagement is complicated by the varying views that different participants have of what the desired level of engagement is. An R1 agreement partner explained, *"It spans a wide continuum – everything from sitting at the kitchen table and having a cup of coffee with someone, to us working with the neighboring landowners, to the organized, formal collaborations with the CFLRPs [Collaborative Forest Landscape Restoration Projects] – and everything in between."*

An R4 agency official sees it as *"people being and staying actively involved – not just showing up for a meeting, but giving substantive comments, being available for follow-up. It's being an exchanger of information, rather than just a recipient of it."*

Another agency interviewee in R1 had a somewhat narrower view: *"Sitting down with industry and maybe trying to develop some projects or evaluation criteria, and setting the Forest Service goals and end results up front with industry – so they can help [the agency make a good project]."*

Not surprisingly, when participants have varying expectations of the public involvement process, the potential for problems and misunderstandings increases. An R1 community member offered an example:

The ground work was done with local landowners. The Forest Service told them one thing they were going to do, but when the project came out, the landowners didn't feel they were well informed about the specific road package and the specifications.... There was a big falling out between the former ranger and the landowners.

In another community, where an agency official and the local collaborative group had differing

views of the appropriateness of the group's proposed activities, the outcome was mutually unsatisfactory. The R1 agency interviewee recalled,

I am not sure how the collaboration helps at the beginning when the participants do not seem interested in the implementation. The collaborative group was going to do monitoring. They focused on trees that had been marked as likely to die. The monitoring group wanted to go out while the work was going on and debate how they thought trees should have been marked. For safety reasons, I didn't want them out there crawling all over the site while the falling and yarding was going on. I told them to go out and look before we started work, and I was pretty sure they would find the trees already dead then. But when I told them that, they lost interest in monitoring.

B. Difficulties in forming and maintaining productive collaborative relationships. An agency representative's attitude toward community members can have an enormous impact on people's perceptions of the individual project being considered and the agency as a whole. An R2 community member said,

I would speak very highly about the Forest Service with regard to their commitment to get [my wife] and me involved. There are a lot of archaeological things - - Native American and mining. They had a variety of experts in here talking about the challenges. I was very supportive and very impressed with that.

The time it takes to get a community engaged, and the need for participants to see tangible results of that engagement can be major hurdles. An R1 community member and contractor expressed his frustration with the collaborative process:

I've spent two years in meetings with them [named national forest] and nothing gets done. ...Am I just wasting my time, or is something going to happen here? It's our livelihood and my business that's failing because there are people at the helm [of the forest] who don't want to do anything. [My crew is] busy [working in other states], but we're not here, where I'd like to be. I sit around these meetings, and I'm the only one not getting paid to be there. It costs me money and time out of my day to do that. It just seems to be the same scenario over and over.

A resident of another R1 community who had taken a leadership role in an effort to get a fuels reduction SERC initiated in an area at high wildfire risk was similarly frustrated by the process.

One of the biggest problems is the amount of time it takes to accomplish any project. There needs to be a more efficient method to accomplish them in a timely fashion. The volume of stuff [paperwork relating to the project] I got here.... I could put [the necessary information] on 1½ pages, but they [Forest Service] have to have 2½ inches of material to [document it].

Effectively involving stakeholders from the environmental community of interest, particularly if they do not live in the affected community of place, can be particularly challenging.

An R1 community member felt local residents' views should be weighted more heavily in both agency decisions and subsequent appeals or litigation.

I believe in local community input from people who have a base knowledge of the local environment and the cause and effect of projects, either positive or negative, and also that we are directly at risk of the decisions that are being made. If the decision is or is not made, we are on the receiving end of any decision, good or bad, and because of that the local people need to be considered more in the final decision in the judicial system.

An R1 agency official was concerned about the negative effect that having a collaboratively developed project end up in litigation could have on future collaborative efforts:

[I define collaboration as] involving people at the onset of design and development of an idea. In our typical public involvement, we have an idea fleshed out and then we take it out. Here we got people involved from day one. People feel so much more involved when they're in on the ground floor rather than us having a "This is what we're going to do. What do you think?" kind of approach

The only taint on it – it could have been a real showpiece for how to do collaborative work – but unfortunately we got mired in litigation, and that's frustrated a lot of people. People spent a lot of energy coming to meetings and going to field trips, and then there was this sour thing at the end that maybe jaded them [regarding] doing things in the future.

An R1 local government official did not see any solution short of congressional action.

So many people around here are just livid – not happy with all these appeals. It makes them anti-government. It's just like a joke – anything you propose, you have to go through all these hoops and hurdles, and then one person can shut it down. I honestly don't see it getting better unless Congress steps in and changes the whole process.

A contractor in R4 was more optimistic. “Environmental groups are less likely to challenge the projects when there's a lot of thinning and service work that the public generally supports. There are fewer challenges of stewardship contracts than we have of district timber sales.”

C. Difficulties in engaging everyone who needs and/or wants to be involved.

Some respondents were less concerned about working with those stakeholders who came to the table than they were about reaching those who didn't come.

Discussing his initial community engagement effort, an R1 Forest Service employee said,

This was the first stewardship project that I was involved with. It was a learning process. We spent a lot of time working one-on-one with local landowners. We hadn't budgeted for that amount of time. Essentially every landowner was visited on a one-on-one basis. We don't necessarily go to that level anymore, and that was part of the lesson learned.

An R2 project officer discussed the problem of organizing a community of part-time residents.

We probably should have worked towards getting the community involved earlier in the process, and but this community is not well structured with a homeowners'

association or even one point of contact. It's completely composed of summer homes and cabins. Some people supported the project, and others didn't, probably because they don't have a strong understanding of fire behavior and what the situation is around their subdivision. In hindsight it would have been nicer to corral the community [and work with them as a group]. The public meetings weren't terribly well attended.

A contractor from R4 envisioned the collaborative process as a sort of a trust-building activity. *"The [conversation] in between the local residents and the Forest Service. They collaborate on what they expect from the Forest Service, getting answers to their questions from the Forest Service...."* In his view, as trust grows, the need for intense collaborative efforts will decrease. *"As these sales go on, there will be less and less community input, because people will know what the projects will look like. As we go along and they see the end product, people will come to trust the Forest Service to end up with what the local community wants."*

And an R4 agency representative felt that his experience had shown an existing level of public agreement and confidence that obviated the need for a significant community engagement effort for his current project.

There were some other people we tried to get involved, but there wasn't a whole lot of interest. It's a relatively small project in a pretty rural area, and lots of folks recognized the need for the project, so there wasn't so much real interest as just, yeah, go forth and do good work. I think that what I'm learning is that not everywhere needs additional community involvement, and lots of community involvement is not always wanted or necessary.

D. SERC administrative restrictions/sideboards that are interpreted differently from place to place, sometimes resulting in similar activities enjoying broad community support being implemented in one forest and prohibited on another. Recreation-related projects (trails, signage, work in and around campgrounds, river access improvements, etc.) are particularly challenging. Since sporting/recreational opportunities bring so many people into the national forests, it is not surprising that activities that support or enhance that usage tend to be priority concerns for some communities and stakeholder groups. When such activities are deemed ineligible, there can be a concomitant loss of interest in the SERC project as a whole by at least some of the affected community interests.

Some non-recreation-related restrictions cause confusion and frustration as well, and not only for community members. A R1 district hydrologist reported that administrative barriers to using available retained receipts from another SERC project to address restoration needs in a high value watershed have forced abandonment of part of the project.

According to the Forest Service nursery website,¹³ "much of the native plant material used in restoration of public lands is grown at one of the six Forest Service Nurseries...." The Forest Service Handbook¹⁴ direction on SERC includes "Plant riparian vegetation and stabilize stream banks" as an example of an appropriate watershed restoration and maintenance activity. "Forest

¹³ USDA Forest Service, *Native Plant Materials*, last viewed 12/11/11 at: <http://www.fs.fed.us/wildflowers/nativeplantmaterials/stock.shtml>

¹⁴ Forest Service Handbook 2409.19, Chapter 60, Section 61.2, Exhibit 01.

Service salaries for contract design, preparation, or administration”¹⁵ is given as an example of an inappropriate activity, and the net result for the hydrologist was that she was told she could not acquire the plants from the agency nursery.

I'll be glad when this project goes away. We had to give \$8,000 back because we can't purchase the plants we needed from a Forest Service nursery. Obviously we need native seeds to plant...My frustration is that we're limited as to the sources for plant materials that we can use. [I'm told that] if you go by the rules, [buying from a Forest Service nursery] would be paying government salaries. It is frustrating to the point that it probably discourages me from similar projects.

E. Economic constraints and local infrastructure limitations. Because of the close identification of SERC with the goods-for-services authority, many agency personnel feel it is not as useful to them when lumber prices are poor. With little value to exchange for planned service work, projects that would have provided additional community benefits have sometimes had to be delayed and/or scaled back. An R1 project manager reported:

I don't think there are a lot of stewardship projects being brought forward now because there's not a lot of economic value. When we were getting \$400-\$500 per thousand, there was money to spend on stewardship [service work]. Now, with \$100 per thousand prices, there's not much impetus. With the economy, we can't afford to do a lot of different kinds of stewardship projects, so it's basically just doing logging.

Federal “stimulus funding” provided some additional financial resources, although the combination of SERC and stimulus paperwork requirements that resulted was not as welcome, as an R4 project manager explained.

It was an IRSC contract that used stimulus money. That created a lot of excess paperwork, because of tracking so many things (Not just because of the stimulus tracking requirements, but also because of all the regular service contract reporting requirements.) Still, it also enabled us to accomplish a lot of things that we wouldn't have been able to do without the stimulus money.

The lumber market remains generally weak in the Northern Rockies, and the related mill cutbacks or closures have created disruptions all the way back down the supply chain. Biomass utilization facilities which were expected to take up some of the slack have been slower to become operational than anticipated even a year ago. Financial, legislative, and market uncertainties continue to slow their development. And, as mentioned earlier, highly competitive employment opportunities in oil and gas development have lured away loggers, log truck drivers, and others who were facing an uncertain future in forest management and wood products occupations. The cumulative effect has been a serious depletion of the infrastructure needed to carry out SERC projects and other forestry activities.

Some businesses have seized on the changes in the industry as an opportunity. A contractor in R4 said:

I have three stewardship contracts right now. You just have to adapt your equipment. I quite personally like it. We have our own sawmill, and we designed it to adapt to these smaller logs, while a lot of the mills that have been around

¹⁵ Forest Service Handbook 2409.19, Chapter 60, Section 61.21, Exhibit 02.

are set up to do larger logs. We cut firewood, boards, anything clear down to wood chips for playgrounds. We have a pellet mill. You have to use the resources of logs a different way than you have in the past.

An R4 local government official discussed the experience in his county, and the need for technical assistance to help smaller local companies better understand and respond to a SERC project offering.

The RAC (Resource Advisory Committee) [provided some project funding and] requested that [the Forest Service] use local contractors on the project. Some of the local contractors aren't in the [thinning] business per se. They got some local bids, but there are some companies that travel all over the West [doing this kind of work] – and you kind of have to go with the bids. The local ones were way higher. Where they weren't that familiar with [the project activities], they bid plenty high to make sure they were covered. It would be a good thing if [the Forest Service] could get with the contractors and lay out what they are looking for so [the local contractors] could be a little more competitive

One R1 agency representative had a highly skeptical view of both SERC and the potential expansion of the role of local logging contractors in implementing it.

I'm not very fond of stewardship contracts. They are cumbersome and the Forest Service doesn't necessarily get a good product out of it. Stewardship is a tough tool to use. Do we always get what we pay for? Loggers either build roads or log. The other items are not familiar to them, and the bids we get are skewed because of it. They either bid high and we end up withdrawing that work item, or we award the work item and then have to show them how to do the work.

Recommendations (continued)

5. Funds should be made available, perhaps competitively, by region, to non-profit organizations, educational institutions, and other appropriate entities to enable them to provide training and technical assistance services to Forest Service field personnel, contractors, and others to help them effectively develop and use stewardship contracts and agreements. NWTf has demonstrated the efficacy of this approach in facilitating projects that have significant turkey habitat restoration components. Similar help is needed with other SERC projects.

6. Re-evaluate the administrative sideboards and restrictions currently placed on SERC project activities, including how they are being interpreted at the field level. The goal of the review should be remove or revise sideboards or restrictions that recent experience has shown may be unnecessarily constraining SERC project implementation and/or discouraging community engagement in SERC planning, implementation, and monitoring.

7. Implement a streamlined proposal process to complement the new blended contract. One possibility is to select contractors based on their experience, past performance, and financial proposal, with the final contract award conditioned on the submission of acceptable unit treatment plans. That way, only the successful bidder on a project would have to invest the many costly hours of planning, writing, and (frequently) consultation with subcontractors required to prepare detailed treatment plans for all units.

8. Address through administrative or legislative action two persistent financial issues – can-

cellation ceilings and bonding requirements -- which have forestalled the effective use of SERC itself in some situations and, in other cases, limited its benefit to local and rural communities. A possible solution for the first problem could be the creation of a national risk-pool authority for the Forest Service to use to cover the cancellation ceiling requirements triggered when multi-year, landscape-scale restoration projects reach the implementation stage.

SERC contractors currently may be required to provide payment and/or performance bonds. Unfortunately, few surety companies now offer such bonds, which are considered high risk, and their underwriting standards make it impossible for many smaller, local contractors to qualify. The alternative of providing cash or a letter of credit as security also may be beyond their means. Effective March 25, 2011, the U.S. Small Business Administration amended its Surety Bond Guarantee (SBG) Program regulations to allow SBA to guarantee bid and performance bonds for timber sale contracts administered by the Forest Service and other public and private entities.. This was a good first step, but a more comprehensive solution – perhaps developed with the participation of concerned states – is needed.

Progress on past recommendations

In its 2010 report, the Northern Rockies MPM Team offered a number of other recommendations relative to improving the ability of both the Forest Service and communities/stakeholders to plan and carry out effective, collaborative SERC projects. These recommendations included:

- Identify the “champions” and “sparkplugs” energizing the most effective SERC projects. Use them as mentors and coaches so that others may learn from them.
- Whenever possible, existing community groups within which a broad range of local interests are already represented should be used as “launching pads” for SERC-related collaboration.
- Consider using readily available technologies to enable participation by stakeholders at meetings they cannot attend in person.
- When planning and implementing large landscape-scale projects, consider the use of sub-watershed scale collaborative processes.
- Improve the extent, frequency, and candor with which “lessons learned” in collaboration and SERC implementation are shared among agency personnel, communities, contractors, and other stakeholders

In November, 2011, the Forest Service’s National Partnership Office announced an initiative to try to address those needs by making a variety of technical assistance tools, techniques, and materials available on-line through the re-vamped and expanded Partnership Resource Center, a joint project of the Forest Service and the National Forest Foundation. The site and the various products and services that are to be offered through it have not yet been fleshed out, so it is too early to tell how relevant and helpful the new initiative will be to those agency personnel, contractors, partner NGOs, and other stakeholders involved in SERC planning, implementation, and monitoring. It is a welcome first step, however.

2. *What successes have emerged within the region for engaging communities in stewardship contracting? What fostered those successes?*

The Lemhi County Forest Restoration Group (LCFRG) was formed in July, 2006, in Salmon, ID.

Its mission is to “enhance forest health and economic opportunities in Lemhi County through collaborative engagement of restoration projects and Wildland Urban Interface/community protection using stewardship contracting and other tools.” Salmon Valley Stewardship (SVS), a 501(c)(3) non-profit organization, serves as LCFRG’s coordinator and primary liaison with the Forest Service and Bureau of Land Management.

LCFRG’s diverse participants represent (among others) Lemhi County, the Idaho Conservation League, the North Fork Fire Department, the Rocky Mountain Elk Foundation, Sustainable Northwest (SNW), SVS, the Lemhi County Economic Development Association (LCEDA), the Wild West Institute, local businesses and ranching/agricultural operations, the Forest Service, Bureau of Land Management, Idaho Department of Fish and Game, and other concerned stakeholders. Several participants have been litigants in challenges of previous Forest Service projects, but do not believe that continued gridlock is a desirable condition.

SVS credits Portland, OR-based SNW with providing the “handholding” and technical assistance the fledgling group needed during its formative period to collaboratively define its mission and goals, design its organizational structure, develop operational “ground rules” and a mutually agreeable process for decision making, and accomplish similar key process steps. SNW encouraged the group to get involved in the Rural Voices for Conservation Coalition (RVCC), “comprised of western rural and local, regional, and national organizations that have joined together to promote balanced conservation-based approaches to the ecological and economic problems facing the West.” At RVCC meetings, LCFRG learned how SERC could be used in community-based restoration efforts and recognized its potential for helping Lemhi County collaboratively address similar needs.

That thorough, up-front organizational development work helped LCFRG hit the ground running. The Forest Service provided a list of potential project areas for which funding was available for needed NEPA analysis. Within a month of its first meeting, after a series of field visits to possible project areas, the group decided to pursue a hazardous fuels reduction project in the Hughes Creek watershed between the communities of North Fork and Gibbonsville.

Major fires in the area in 2000 and 2003 were still fresh in people’s minds, and that enhanced the project’s local attractiveness. Fuels reduction would lessen wildfire risk to the two communities and other private properties within the forest boundaries that, in their current situation, would be nearly impossible for the fire department to safely defend. Also, in an area which had lost three sawmills over the last 15 years, the Hughes Creek project offered the possibility of putting some of the local workforce back to work in the woods. It would improve forest health in an already-roaded part of the Salmon-Challis National Forest (SCNF) that receives frequent both use by both local residents and the many out-of-area visitors who come to the area for its excellent hunting, fishing, and other recreational opportunities.

Three years later, in March 2009, the Salmon-Challis National Forest signed the final NEPA Record of Decision for the Hughes Creek project. It was not appealed.

LCFRG had not been idle during those three years. Determined not to lose the enthusiasm and commitment generated during the initial planning effort, the group embarked on a series of capacity-building activities. With funding from the local Resource Advisory Committee (RAC) and other sources, a multiparty monitoring plan was written, and a diverse group of volunteers recruited and trained to participate in gathering the baseline data that would be needed to evaluate the effectiveness of the anticipated work on Hughes Creek. Following a related 2008 stream survey, SVS obtained money from the National Forest Foundation and other private grant funds,

as well as in-kind contributions from local residents, to carry out restoration and fish habitat improvement activities on private lands along a portion of Hughes Creek that had been heavily impacted by placer mining operations decades before.

The contracting process LCFRG used for the stream work introduced area contractors, landowners, and others to stewardship management principles, the use of best value in contracting, and other factors that would also need to be addressed in later SERC projects. Beyond that, the project provided visible evidence of LCFRG's ability to actually get work done on the ground. A training workshop, developed in cooperation with LCEDA, helped interested contractors learn how to respond effectively to formal Requests for Proposals.

It soon became clear that no single local contractor was financially or technically prepared to take on a project of the size and complexity of Hughes Creek. For a while, LCEDA and SVS considered the possibility of acting as prime contractors and subcontracting the various on-the-ground activities to qualified local operators, but neither organization felt ready to take on that role. Instead, the Rocky Mountain Elk Foundation (RMEF) was approached and agreed to do it.

As time progressed, however, it became clear that the Forest Service would not be able complete the contracting process and make an award prior to the end of the fiscal year, at which point the agency's funds for the project would cease to be available. To avert that possibility, it was decided that the Salmon-Challis National Forest and RMEF should instead enter into a 10-year agreement covering both Hughes Creek and a second, considerably larger nearby project (Upper North Fork) that would address hazardous fuels and restoration needs in an area with a large elk population. During the agreement period RMEF would mentor LCEDA, helping the local group "learn the ropes" of project management.

Because of a rapidly moving MPB infestation affecting a significant amount of the ponderosa pine in the area, it became clear that the original treatment prescription for Hughes Creek would result in a near clearcut of the area. In an highly cooperative effort among the Forest Service, LVFRG, RMEF, and the subcontractors, the units were re-marked more appropriately, and on-the-ground work began in the summer of 2011. When the MPM Team visited the site in late October, much of the precommercial thinning, pruning, and piling had been completed, and harvest work was well underway on the skyline and tractor units.

To general consternation, however, RMEF had just announced that it would be withdrawing from all of its SERC agreements (including Hughes Creek). Although the reasons for that decision were only peripherally related to Hughes Creek, it has had a significant effect on LCFRG's operations. RMEF has agreed to complete its obligations over the next year to ensure that currently obligated Forest Service funding is not lost. As part of that agreement, LCEDA has passed a resolution to assume more responsibility and be prepared to take on its own stewardship agreement or contract.

LCFRG and the Forest Service intend to move forward with Hughes Creek and the Upper North Fork projects, but the precise means for accomplishing remain to be determined in the coming months, as RMEF transitions out. Work might continue through a series of individual stewardship contracts, another agreement, or some combination thereof. Regardless, the strong collaborative coalition that has been formed in Lemhi County through LCFRG is certain to be playing a positive, major role.

What enables such successful community engagement?

- A local “sparkplug” to ignite the effort – *Lemhi County is fortunate to have a number of energetic, motivated, individuals who have been able to inspire, persuade, or cajole others to join them.*
- Getting all the key players to the table – even those who don’t agree with each other
- A commitment to collaboration
- An open, inclusive, transparent, and accessible process
- Good preparation and a sound organizational plan – SNW’s “*handholding*” of LCFRG through its formative period was a major plus.
- Mutual respect among the participants – a base upon which trust can be built
- Ground rules that everyone honors
- An effective monitoring program – *This provides the means to demonstrate needs, document accomplishments, and facilitate adaptive management.*
- Opportunities for participation – *LCFRG actively recruits volunteers from the community and gives them opportunities for substantive, hands-on participation.*
- Real, visible accomplishments – *Implementing the stream restoration program on private lands while the Hughes Creek NEPA analysis was being conducted by the Forest Service was key to maintaining organizational momentum and establishing public credibility.*
- A good informational program – *A newsletter, brochures, website, Facebook page, presentations to community groups, etc. all help build understanding and support.*
- Learning from others and from experience, and effectively using the lessons learned – *Taking advantage of networking opportunities such as LCFRG’s participation in RVCC was a good beginning.*
- A fallback strategy – *“When things aren’t going well, go on a field tour” works well for LCFRG (and many other collaborative groups)..*

3. What are the major perceived benefits of Forest Service stewardship contracts to communities within the region?

Specific project outcomes – the actual restoration work being done – consistently tops the list of local benefits, with most respondents rating it “high” or “very high”.

Both “greater opportunity to use local contractors” and “more on the ground work accomplished by local contractors” are seen as highly important by respondents. As a local government official in R4 said,

[SERC] provides jobs, which is absolutely a significant benefit. The rural communities were pretty dependent upon natural resources on public lands [for providing jobs], and we’ve lost so much of that. Schools have less than half the population that we used to do in the 1990s. [Our two local] counties are usually the top two [in the state] in terms of unemployment.

In addition to providing jobs, some SERC projects are stimulating new business development. An R1 contractor and community resident said,

We’ve started a for-profit organization as a subsidiary of two non-profits [in the Valley] to try to utilize this stuff [non-merchantable material] within the valley since [the pulp mill] closed. We’re trying to create jobs, keep people in the valley, and keep the schools going. [Our business] started the firewood part of

[the community business effort]. It's going all right. We're selling firewood okay.

A contractor in the R4 saw multiple benefits – local jobs, wildfire mitigation, habitat enhancement, forest health improvement, and better relationships among the Forest Service, contractors, and environmental interests.

The local people definitely were for the job creation. About half my crew is from [the local community]... They have grown up there and know what they're doing.... A lot of times these sales are closer to people, to communities. It's not only the stewardship part of it – but also fire suppression.... Instead of hiring three guys, you might need double that from a regular logging job. Logging has always been a bad thing in the eyes of the environmentalists, but with this new method, the environmentalists typically don't have a problem with it.... I met with the Wilderness Society folks...and they wanted to go in and make a better forest – not only timber but wildlife....

Emerging Issues

1. Partners' Liability Under Stewardship Agreements

The MPM Team's 2010 report noted that the Rocky Mountain Elk Foundation (RMEF) and National Wild Turkey Federation (NWTf) were playing a major role in developing and facilitating the use of SERC agreements across the country, with RMEF being particularly active in the Northern Rockies, working with both the Forest Service and the Bureau of Land Management. This year, however, two small operationally-caused fires were discovered by a logger on the Hughes Creek project, which was being conducted under a master stewardship agreement between the Salmon-Challis National Forest and RMEF. The fires were quickly extinguished, and total related costs were less than \$30,000, well within RMEF's existing liability insurance coverage.¹⁶ Under a SERC agreement, however, all costs of an operationally-caused incident are potentially billable to the agreement holder, while if the project were being conducted through a SERC contract there would be a cap on the contractor's liability, generally related to the value of the timber covered by the contract. In the course of reviewing the incident, RMEF reassessed its risk tolerance and concluded the Foundation is not equipped to shoulder the liability associated with a catastrophic fire, chemical spill or other accident that could occur on an agreement project.

RMEF's executive staff immediately placed a moratorium on further SERC agreement activity while it consulted with the Forest Service and BLM. When no immediate solution to the problem could be found, RMEF decided that the potential elk habitat benefits it could gain from the agreements it was a party to did not outweigh the amount RMEF had already invested in developing those agreements and the additional liability risk it would be carrying. In addition, the organization carries out other habitat projects that achieve significant habitat benefits for considerably less cost than its SERC projects. RMEF informed the BLM and the Forest Service that it would be withdrawing from all its existing SERC agreements, an option that an agreement partner can always exercise.

¹⁶ On the Hughes Creek project, for example, RMEF required its logging and road contractors to carry \$1 million loggers broadform property damage insurance, \$2 million aggregate commercial general liability, \$1 million automobile liability, and statutory workers compensation coverage plus \$1 million employer's coverage. In addition, RMEF had its own broadform coverage.

To date the NWTf appears to be moving ahead with all its SERC agreements, and no other agreement partners are known to have followed RMEF's action. The doubt that RMEF has raised, however, is bound to have at least a temporarily depressing effect on other organizations' enthusiasm for new SERC agreements, and is likely to make it difficult to quickly find replacement partners for the currently stranded agreements. At a minimum, there needs to be a clear statement of the circumstances, if any, under which an agreement partner can be held liable for an operationally-caused incident if that partner was in compliance with all of the terms and conditions of the applicable operating plan(s) and was not negligent in its actions. If that question cannot be resolved administratively, then legislative action may be needed.

2. Other SERC agreement issues.

It is not only the non-federal partners who have experienced unanticipated problems in implementing their agreements. An R4 Forest Service program manager, for instance, said:

It turned out to be more complicated than I expected. With the agreement, the first hurdle was the financial plan. The project was started out as a standard timber sale, and it went "no bid", and then the Forest Service and [the agreement partner] got together and decided to do it through an agreement. It was signed and ready to go, and then [the agreement partner] started to disagree with the financial side of things. That halted the project for several months until we agreed on a new price. In that time, it went all the way to the Washington Office to figure out we could change the rates for the wood that was in the agreement. Since it was an agreement not a contract, I guess this is why I'm still confused about how the change in rate was justified. They put a new rate change provision into the agreement.

Asked about his interest in doing another SERC agreement, he said, "In terms of agreements, it would be very difficult without having more teeth to the agreement to hold both the parties involved [to its terms] [Using an agreement] led to a lot of gray areas of what can and can't be done on the ground and who pays for what."

An R1 program manager had a more positive experience:

This is the first agreement I was involved in, and it was different for me than traditional contracting or even from stewardship contracting. There are different levels of trust that both parties have to come to, because it deals with the disposal of federal timber which generally is very heavily regulated and contract-driven. ...This was not a complex or large or contentious project. There were some potential economic benefits of doing it under an agreement. It was a fuels reduction projects for which the economics were questionable [for doing it as a timber sale], and [the agreement partner] could bring some funds to the table. There was a concern in the agency that the partners could be using the federal government to subsidize their organization and their funding. I think this particular project was a good value for the government and the American people.

The perception that interviewee describes – the suspicion among some agency personnel that their non-federal partners could be using SERC agreements improperly to subsidize their organizations – may help explain some of the troubling aspects of using SERC agreements that partners have reported:

- being treated more as an adversary or supplicant than as a partner, which seems to lead to
- “contract creep”, the addition of more “gotcha” language to the agreements, provisions so detailed and/or restrictive as to leave the partner little operational flexibility;
- cost share requirements (usually a minimum a 20%) on projects costing hundreds of thousands of dollars resulting in tens of thousands of dollars in cost share obligations;
- being required to pay the cost share on each project, rather than over the life of the agreement;
- being asked to cost share on what the partner considers an over-valued project (i.e., with forest products over-appraised); and
- having what they believe to be legitimate match items be disallowed.

Some Forest Service managers are similarly frustrated. In the matter of the required percentage of match, for instance, one R4 district officer said, “*I have to go to the Regional Office to get the percentage dropped. That empowers all of the people between me and the RO to find a way to say no.*”

Unlike SERC contracts, SERC agreements really are a “new” tool, and clearly there are problems that need to be worked out. Many of the Grants and Agreements specialists, for instance, are dealing with SERC agreements of much greater scale and complexity than those they may have been accustomed to developing. “*Agency expertise is very inconsistent across the region and the forests*” an R1 district ranger said. “*It’s hard work to make one of these happen, but I’m very happy with the end result.*” Hopefully ways can be found so that all parties can be happy with both the process and the resulting and mutually beneficial work on the ground.

3. SBA Small Business Set-Aside

Every five years the Forest Service recalculates the small business market share of timber in designated market areas. If small businesses don’t purchase that share, then the set-aside may likely be triggered. SERC projects were not included in the Small Business Set-Aside program, in part because at the outset it was not expected that a significant volume of timber would be removed through SERC.

When the recalculation was done in 2005, the SBA proposed that a change be made in the process, to include the SERC volume in the calculation of the set-aside amount, given that the SERC volume had grown substantially. The Forest Service agreed, and put the question out for comment in the *Federal Register*. Comments were received, but there was no follow-up action. In 2010, when SBA and the Forest Service met to recalculate the 2011-2015 share figures, SBA asked again for a change, but the Forest Service did not want to delay the recalculation for the up to six months that a new *Federal Register* notice and comment period would require per 36 CFR 223.118(L).

A former MPM Team member and small mill manager asked the Team to raise the issue in its report, noting that in the first 10 months of 2011 one national forest in Idaho had sold 39 mmbf through SERC, and it appeared that all but 7.5 mmbf (19%) of that was purchased by large businesses. The small business share is currently 80%. Thus, even though 81% is being purchased by large business, the set-aside program would not trigger because the SERC volume is exempt.

An SBA official in Denver provided a second example. Of seven sales on the Flathead National Forest, six were done as SERC projects, and the entire saw log volume was in those projects, so there was no volume to include in the SBA set-aside program.

Some MPM Team members expressed support for inclusion of SERC saw log volume in SBA set-aside calculations in order to help retain local mill infrastructure and employment. Previous agency and collaborative group comments seem to support such inclusion. Some concern was expressed regarding the potential for reduced revenues for service-related project components which could result from excessive saw timber transportation costs brought about by SERC volume inclusion in local SBA set-asides. Team members encouraged addressing this issue no later than the expected Congressional reauthorization of SERC in 2013.

4. Payments to states – The 25 Percent Fund Act of 1908 required the Forest Service to distribute 25% of the gross receipts from the sale of products from a national forest to the state in which the forest is located, which then allocates the funds to its forest counties. SERC’s authorizing legislation provides that the product values of stewardship contracts are not considered “receipts”, and hence are not subject to the 25% payment requirement. The steep decline in federal timber sales beginning in the 1980s drastically reduced most states’ 25% Fund income, leading to the passage of the Secure Rural Schools and Community Self-Determination Act of 2000 (SRS), which provided direct funding to the states from the U.S. Treasury, usually at a considerably higher level than would have been received through the 25% Fund at that time. Forest counties could choose to opt out of SRS and continue to receive their share of the 25% Fund payments, but only about 15 percent of the eligible counties in the country did so. Those counties, whose timber receipts have generally remained high, are predominantly in the northeastern Region. The SRS payment program recently expired, and if it is not soon renewed or replaced, all eligible states/counties will again be reliant on the 25% Fund payments. At that point, the fact that SERC does not contribute to that fund will be a very contentious matter.

An R4 county commissioner said,

One thing about the stewardship program is that it provides no 25% receipts for schools. A lot of the rural counties fund our roads and bridges with those moneys and the highway user taxes. So although [stewardship contracting] benefits people in jobs and all that, it doesn't help the counties out much.

One suggestion the MPM Team heard was the possibility of negotiating agreements with counties as authorized under SERC to make maintenance of county roads and bridges that provide access to SERC project areas an eligible use of SERC receipts. While that might not equal the payments made under SRS, it could make the reauthorization of SERC more acceptable to local governments and increase county participation in SERC projects as partners.

**Northern Rockies
Regional Multi-party Monitoring (MPM) Team
(As of October 24, 2011)**

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October 24, 2011
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Southwest Regional Monitoring Team Report Stewardship End Result Contracting Fiscal Year 2011 Report

The Pinchot Institute has led monitoring and evaluation of stewardship contracting (SC) since its reintroduction as a pilot in 1999. The current annual survey and regional team process has been in place since 2003, aimed at summarizing “the role of local communities in the development of stewardship contracts and Agreements.” In addition to the Rocky Mountain/Southwestern Regional Stewardship Contracting Team gathering, a 25 percent random sample of all active projects (in 2011, 14 = USFS, 8 = BLM) within CO, KS, NE, UT, NV, AZ, NM is conducted with three project participants, including an agency representative.

Over the last decade, SC has matured from a fringe approach for managing low-value wood in primarily the western regions to an accepted and appreciated additional set of tools for public land managers to achieve objectives nationally.

Input from land managers, partners and regional gatherings followed the same set of themes, for the most part, over the last few years. With the sunset of current authorities rapidly approaching in September 2013, some SC advocates and watchers are concerned about the reauthorization of the authorities.

This year’s report is aimed at succinct summarization of the primary issues and learning found repeatedly in recent years as well as an overview of current conditions explored in Arizona, where the Southwest Regional Team met this year to learn about developments in stewardship contracting within the Four Forest Restoration Initiative (4FRI).

Leadership and Consistency

The impact of leadership stands out as the make or break factor most often cited in the surveys and Regional Team meetings. It’s not just leadership from line officers, but all federal personnel from regional forester to field foresters that is often reported.

The success of SC, or any public lands management approach, hinges on trust. When management decisions involve many stakeholders trust is build when commitments are honored and fairness is practiced. On more than one occasion, partner representatives involved with the White Mountain Stewardship Project (WM Project) have said that “*changes in leadership have been disruptive to the project and to the collaborative process.*” The project is now experiencing its third Forest Supervisor, second Regional Forester, and has seen numerous District Ranger changes. It was also reported that when the Forest Supervisor actively engaged in the project, the project’s monitoring board was vibrant. “*People are not willing to commit their time, if there’s no sense of engagement from the USFS leadership,*” said the partner.

A manager at West Range Reclamation (holder of the large Front Range contract) in Colorado

echoes this sentiment:

We have built our business around stewardship contracting but when personnel changes, the vision often changes too and that is very difficult for our business. Volume is very important for us staying viable. We can't survive the wide swings between the minimum and the maximum; we need a steady average; to know what to expect.

Collaboration

Collaboration is, for the most part, no longer seen as a unique part of SC. “*We just do collaboration as a part of regular business,*” is a common sentiment from agency staff. The notion of building projects beginning from a landscape level with all interested parties at the table is no longer alien to the majority of land managers. Solid, long-term collaboration is evident in all larger SC efforts. Small, isolated projects, especially on BLM lands, tend to rely on social networks within communities versus “collaborative process” in a formal sense.

In many place, “Collaboration fatigue” has settled in. This condition emerged when managers began asking for collaboration on multiple projects, Forest Plans drug on for many years and diameter limits prevailed long after the science refuted their value.

Based on survey input, it seems increasingly that most people living and working in rural communities want to see common sense land management, products and jobs where possible, less government subsidy of land treatments and no out-of-control fire. Few have the time or inclination to truly “collaborate” beyond a basic statement of those ideas.

Stewardship Contracting Acceptance and Instruments

Of greatest significance in the last two years, in terms of the on-going monitoring and evaluation findings, is the shift in attitude toward SC by field managers. In the previous years, a majority could have been classified as skeptical to unsupportive. Now, the majority interviewed report liking the tool as an addition to their other options i.e. timber sales. Many even express concern that it might go away. Yet, they clearly indicate a desire to keep all other options for management as well i.e. timber sale contracts, etc.

“We get a lot more work done; I like it, and a single contract means we don't have to go back and cover the same ground again right away,” one manager commented.

The reasons for this change in perception likely have to do with a growing institutional knowledge of “how to get SC done” as well as refinement of the instruments for both agencies. “*I lean on corporate knowledge, though a real how-to list would be helpful; the forms and instructions have improved over time,*” said a forester.

The USFS uses Integrated Resource Service Contracts (IRSC), Integrated Resource Timber Contracts (IRTC), and Stewardship Agreements. Thirteen years ago when the pilots were initiated, foresters had to start from scratch to devise workable contracts. Several years into the current authorization, the templates began to emerge but were criticized as unwieldy and time consuming.

USFS managers continue to await release of the long promised simpler and shorter “single blended vegetation management” contract initiated in early 2010 but yet to be approved.

Most common is the IRSC due to the low value of wood being harvested and the continued recessionary conditions. In most cases, the low value of included wood is not sufficient to cover needed service work, and to use the IRTC. But, in terms of preference under better forest product market conditions, the IRTC is considered less confusing and easier to “control,” according to some managers

The use of Agreements has grown across both agencies, perhaps an evolution of collaboration; agreements multiply resources via human and financial matches. Of greatest promise for expanding the scope and impact of SC are Agreements that allow high capacity partner groups like the Rocky Mountain Elk Foundation (RMEF), the National Wild Turkey Federation (NWTf) and The Nature Conservancy to become actively involved. These groups bring access to a wide range of funds and meaningfully engaged constituencies. When they share success stories it has a profound impact on opinion leaders and decision makers. As one measure of the growth and effectiveness of NWTf and RMEF, these non-profit wildlife conservation organizations are among the top 100 timber purchasers in the nation, with NWTf being ranked 40 and RMEF 80.

This sentiment echoed by agency managers from the Forest Service and BLM gets more popular each year: *“We learned that we need to have more of a cooperative effort with a middleman like RMEF, NWTf and other conservation groups. It’s a more transparent process and they have lots of resources.”*

In 2005, RMEF began investigating the feasibility of using SC to accomplish their mission and entered into their first stewardship agreement in 2006, working mostly in the northwest. Between 2006 and 2011 the organization accomplished work on close to 20,000 acres under five and ten-year Agreements with both BLM and USFS. They currently have a master Agreement with R3, but the one project attempted was mutually terminated due to slow timber markets.

Unfortunately, the RMEF is in the process of ending all Stewardship Agreements nationwide in part due to unresolved issues regarding liability. The issue emerged soon after a three-acre operations caused fire revealed that, unlike timber sale contracts, service contracts and agreements do not contain language limiting a partner’s liabilities. Unofficially, both agencies have shared that it could take an “act of congress” to limit partner liability.

The NWTf has been involved with SC since 2004 via over 50 projects, 30 of which they managed, representing \$3.5 million dollars and over 11,000 acres nationally. In Region 3, they are involved with projects on the Cibola, Apache-Sitgreaves and Black Kettle National Grasslands. Throughout the southwest states, the NWTf is involved in a total of eight projects and support three NWTf biologist positions. The organization is interested in expanding their role in the southwest, where ever the USFS or BLM invites them.

The organization always brings a minimum of 20 percent to the table in a project and actively recruits like-minded wildlife advocacy organizations and/or state wildlife agencies, all with grant dollars to contribute. Their primary mission is to conserve habitat for the wild turkey but that goal includes all upland species that utilize early succession forests. The NWTf approaches SC as a surrogate where local business is unwilling to bid alone. In many cases, NWTf often partners with local operators in approaching a project but always based on a best value principle. They do not work with “fly-by-night” operators or ones where trust has not been established.

Balancing Scale, “the Economy,” and Flexibility

Infrastructure and employment were drivers of SC from inception. The push for SC in the late 90s, in large part grew out of a western concern for the dying small business – “mom and pop mills,” truckers, loggers, mechanics. For many promoters, it was about those that didn’t have the corporate backing to move away as active forest management on the predominantly federally owned landscapes dwindled to almost nothing.

“Best value” provisions and “the role of local communities” language were included as a means of steering the agencies toward getting work done while enhancing the local economy. This has been a tricky line for many managers to walk because the rules geared for higher valued timber still apply, in most areas the contractor base has all but vanished, timber markets have not improved and discretionary dollars for fuels reduction and thinning have dwindled.

For the last decade, federal funds have been appropriated to special programs and earmarks in an attempted to collaboratively restore forests ravaged by fire, insect/disease, or just plain neglect, but the prospects are dim for “solving” the forest health problems with federal funds alone.

Some of the unintended consequences and debate:

There is some anecdotal evidence that subsidization of service work, such as thinning on federal lands, can further depress stumpage value on neighboring state and private land. For example, respondents report that the long-term contract with West Range Reclamation on Colorado’s Front Range has impacted prices on other ownerships in Colorado as well as Utah.

Some respondents felt that agreements with nongovernmental organizations (NGOs) can suppress competition by giving the NGO undue control over who benefits. Unintended consequences are always a hazard when sole source selections are employed. For a favorable example, R3 has signed an MOU, which could lead to a SC agreement, with a newly formed Northern New Mexico Land Grant Council. The intent is to promote work to harvest and market fuelwood and specialty timbers within these highly depressed portions of New Mexico. The Council will be committed to awarding projects to those Land Grants with ancestral ties to the lands where the restoration projects occur. The more proactive and collaborative any Land Grant Community is with the National Forest, the more potential projects could be offered. Successful pilot agreements have benefited target communities as well as re-establishing safe, public access to portions of the National Forest.

Large contracts, which include a high proportion of a Forest or landscape, with a single operator, create what those left out come to term “wood czars.” Government is perceived as catering to a few without concern for the others still attempting to “hang-on.” This has been a criticism in both Colorado and Arizona where the largest stewardship contracts are underway with single entities.

As fuels reduction funds have dwindled, many units/districts have reverted to a lowest bidder mode in hopes of achieving work on targeted acres. Larger companies from outside the area get the contract and “sub” it out to mobile crews. This hurts the small operators who’ve tailored a business to moving firewood with the help of service work credits. Common sentiments include:

This is where I live, I know the people; interact with them in the woods. I hire locally based on knowledge of skills and work ethic. Then when locals see van loads of workers come in for a week or so and leave; they say there goes our money out of the community again.

Companies popped up all over the region in the early 2000s hoping to make money from many service work projects without seeking markets. Many have failed. Others continue to bid low in order to have work or “hang-on till the doctor arrives.”

“We’ve been to all kinds of workshops and conferences promising a bright woody biomass future, but it’s been ten years; nothing has happened,” is a common refrain.

An apparent unintended consequence of continued low bidding is that the government is paying less for service-only type projects, falsely depressing costs. Seasoned operators know that with little more than a spotty firewood market for product, the costs for insurance and decent wages, they must charge a certain rate in order to achieve the quality clean-up desired. A suggestion from more than one contractor involves setting minimum bids based on a general per acre cost to achieve the desired conditions. Another option is for more transparent best-value criteria that do not over emphasize price.

In Arizona, the Snowflake Power Plant, is the first stewardship contractor to create retained receipts (in the Region) due to a significant bidding down of service work. The plant, originally built at a reported \$60 million with both state and federal help, went bankrupt and was sold for \$4.2 million. The new owners have purchased a number of small sales, including residues from the WM project. *“When Snowflake finishes a unit there are no piles left to burn,”* says a USFS representative.

“When they [government] pick a single vendor for one of these large stewardship contracts, it does allow for less management i.e. reduced costs on their part but it puts us in direct competition with that one guy who’s been given a leg-up,” according to a contractor in New Mexico.

“What kept us in business were log homes. Those logs now go to firewood. We can’t maintain the level of quality care for the land and all the service work and be the cheapest; so the low bidder comes from outside the area,” said a Colorado contractor.

A RMEF sub-contractor proposed a less expensive way to log a portion of a unit, which led to reduced costs for the logger. Immediately, the USFS reappraised the timber and charged RMEF more. RMEF, in turn, charged the operator more to cover costs thus discouraging innovation in terms of cost savings.

On counterpoint:

Most managers hope to steer toward a point where the product and service work under SC approaches a zero balance. Region 3 managers claim that:

This is why, given the scale of this solicitation, price is significantly more important than technical approach within the proposal ranking [Four Forest Restoration Initiative (Learn more below)]. Our selected contractor will work closely with the agency to determine a product and acreage schedule.

Whether working through NGOs, small acreage operators or companies banking on ten years worth of work, the majority of agency managers using SC see it as a way to recover from very bad conditions on the land and in the local economies.

The companies undertaking the Arizona and Colorado large scale stewardship contracts invested

millions of private dollars to gear-up and capture all possible market outlets, in addition to the government programs and grants they may have utilized. According to 2010 reports shared at the last annual meeting, the WM Project has reduced costs overall by 36 percent and created 226 direct jobs through a host of small scale businesses. Economic reports thus far for the project state \$30 million in government expenditures and \$40 million in economic return. Although the Contractor has increased their efficiency, the rates of payment to the Contractor from the Government have remained the same (except for inflationary increases) since the contract was awarded in 2004. Any increase in appropriated funds to treat more WM acres would take funding from the other forests across the region.

West Range Reclamation reported early success with access to capital, emerging markets and a lowering of per acre costs to \$300/acre in some places. They have created 52 jobs and are shipping to 19 markets. The wood they harvest is providing mulch for landscaping and playgrounds, chips, post and poles, shavings for animal bedding and kitty litter and pellets. They manufacture colored mulch and playground material as a result of a USDA Forest Products Lab grant. This development helped them put wood in a market that had previously gone to a burn pile.

For the last two years, there's been a growing sense among WM project contractors that they have held up their end of a grand bargain while the USFS has not quite met theirs. The agreement was that if the industry would invest and rebuild, the USFS would get the funding to meet and then exceed the minimum guarantees. The USFS logic hinged on reduced contract rates thus freeing up funds to buy more treatment acres. The USFS has allocated funding that exceeded the minimums but never ramped up to promised levels. Through seven seasons, the WM has averaged treating 7,400 acres per year with the minimum being 5,000 acres.

“The land management agency issuing these contracts must understand the implications and then support both the decision and successful bidder,” said a member of the WM project coalition.

Agreements, especially with the NWTF and to a lesser extent RMEF, have proven in some cases to serve as a bridge for those smaller operators unable to compete with the large, mobile crews. Both NWTF and RMEF seek bids competitively to work within the project areas they are responsible for completing. Agreements offer an added benefit to the government in that they must bring a minimum 20 percent match. Additionally, the Agreement partner can often create a unified voice or bring in reluctant individual partners.

Reauthorization Updates and Considerations

In 2013, the current SC authorization will sunset. While SC appears to have no serious detractors, its continuation has yet to reach a critical point with legislators. Some express concerns that SC might not be reauthorized or that a rewrite to make corrections and bolster the authorities is simply not possible.

One USFS forester commented:

I just don't want to lose the tool, it is way too useful. I think our best hope may be to get temporary authority again until the political climate is different and then maybe they can make it permanent.

A small, struggling contractor with a business built around SC and restoration work shared a number of needed fixes to improve SC but does not want to push for those now because, *“If they*

change it, we must learn new rules; no time for that now. I don't trust them to make it better. Just reauthorize and don't mess with it."

A third-generation logger/mill owner said this:

We want to see stewardship contracting continue for sure, but it's not good to have government paying for this work long-term versus letting the markets pay for it. Consistent management will allow us to develop markets back over time.

On November 1, 2011, a coalition under the banner Collaborative Forest Landscape Restoration Coalition sent a letter to the Interior Appropriations Subcommittee requesting a 10-year reauthorization of SC in the FY 2012 Interior Appropriation Bill. Thus far no language has appeared.

Over the last year, Ben Ray Lujan (D-NM) offered a simple reauthorization; Mike Simpson (R-ID) offered a two-year extension; Jeff Flake (R-AZ) offered another eight years to match Simpson's two years. In recent years, the only legislation addressing SC was the National Forest Insect and Disease Emergency Act of 2009 ([H.R.4398](#)) and companion Senate (S. 2798) version introduced by Senator Mark Udall (D-CO) and Representative John Salazar (D-CO), yet many of the Forest Service and BLM programs and budget line items are dependent on stewardship contracting authorities being in place.

According to the Office of Management and Budget, Goods for Services is seen as an augmentation to USFS and BLM budgets. New House rules require new legislation to pay for itself elsewhere. This rule has complicated the reauthorization process.

In preparation for reauthorization, these key recommendations emerge perennially:

1. Assign a small, willing, knowledgeable team made up of both BLM and USFS representation to identify language that will alleviate the unnecessary collision points between federal acquisition regulations (FAR) and timber sale regulations.

Examples include:

- Decouple the cancellation ceiling from SC once and for all. Recent opinions by the Office of General Council have clarified that this provision only applies if a contract is cancelled due to a lack of funding and that much larger agencies such as Department of Defense and Energy do not set aside termination funds. Alan Saltman, a private attorney who specializes in federal contracts, recently stated that the USFS is not required to obligate the first year costs plus the cost of terminating the contract, in order to legally award a multi-year IRSC.
- BLM operates under the Mineral Materials Act. It sets limits on how much material can be sold without advertising, whereas the USFS operates under the National Forest Management Act (NFMA). Deviation from NFMA is specifically addressed in SC legislation but not the Mineral Materials Act.
- The FAR requires operators do 50% of all work and thus precludes use of subcontractors in some cases.
- Davis-Bacon wage rates are required under the FAR which dictates some service work and can hurt the businesses attempting to lower management costs. One company manager said, *"We can't do what they ask, can't be competitive when Davis-Bacon is applied across the board. We are going to shift to buying timber sales instead of SC."* The White

Mountain contractors cite paying \$18/hour to trainees due to the requirements. *Note: there's a great deal of confusion regarding Davis-Bacon rules with agency staff and contractors.

- Allow bidders the option of a periodic review of service related costs such as fuel, gravel, wages, etc.
- Provide options to trade other "goods," such as gravel or secondary forest products.

2. Revise handbooks to delegate authority for SC approval to Forest Supervisors or District Managers.

3. Allow for small, set percentages of retained receipts to be allocated for multi-party monitoring and possibly federal personnel assigned to stewardship contracting work in the same district/forest/field unit, with decision for such allocations resting at a district level.

4. Remove all "black-box" perception from bid selection. Clarify how price, technical proposal, past performance and any other factor will be evaluated. There's often a sense that bids go into a subjective "black box" with no real explanation for how decisions were made leading to mistrust of the evaluation process. The land management agencies need to ensure that technical proposal evaluation criteria include: technical proposal (ecological impact, community benefit, and utilization plan), past performance (including payment of prevailing wages, skill level of workers, and safety record on the job), and key personnel. These factors should be weighted equal to or greater than price. When not; a clear and transparent rationale should be described in the Source Selection Plan and this should be communicated to bidders.

5. Resolve fire liability issues for IRSC and Agreements.

County Payments Issue

While reauthorization of SC does not appear to be specifically held-up by controversy over county payments programs, it has been linked because SC revenues are not subject to the 25% fund. There are reports of counties supporting SC in spite of potential lost revenues down the road because the benefits to land and local economy are viewed favorably.

The Secure Rural Schools and Community Self-Determination Act of 2000 was passed by Congress and signed into law by President Clinton as a temporary fix to the loss of forest revenues which tracked rapid declines in management of public lands. The program expired on September 30th, 2011.

In October, Senator Jeff Bingaman (D-NM) with twenty-nine cosponsors introduced the County Payments Reauthorization Act of 2011 in the Senate Energy and Natural Resources Committee. The bill remains referred to the Committee on Energy and Natural Resources as of November 29. It would keep payments at 95 percent of current levels through 2016 and allows for 10 percent of revenues to be used for "administrative expenses" associated with resource advisory committees. See Rep Greg Walden (D-OR) testimony on Youtube:
<http://www.youtube.com/watch?v=vgdJ2dreOQc>

Stewardship Contracting on Arizona National Forests

Sixty percent of active management on Arizona national forests is under SC.

The WM project, still the largest in the system, has entered its eighth season with 51,815 acres treated at a median per acre cost of \$488. The acreage goal was 150,000 at 15,000 annually over

ten years. The primary WM project objectives included reestablishment of industry and thus jobs, increased restoration, reduced fire risk and single entry treatments.

At inception in 2004, there were two product users, now there are 10 to 14. Contract holder, Forest Energy - a pellet manufacturer, is the largest. In addition, there are three sawmills as well as post/pole operations, biomass, shavings and mulch operations. Contractor businesses have grown from two to six.

The hope and intention for both the WM contractor and the government was to see the price per acre go down over the course of the contract. The contractors claim that many factors influence price:

- Tonnage per acre is highly variable across the WM landscape.
- Diesel fuel prices remain volatile with a low of \$1.50/gallon and a high of \$6.00/gallon.
- Davis-Bacon wage requirements for certain aspects of work under the service side of the contract have made break-even for this work tough e.g. these requirements forced businesses to pay inexperienced, new employees an \$18/hour wage.

Learn more: [The First Five Years of the White Mountain Stewardship Contracting Project](#) by The Nature Conservancy.

A contract will be awarded soon for The Four Forest Restoration Initiative (4FRI), “a collaborative effort to restore forest ecosystems on portions of four National Forests - Coconino, Kaibab, Apache-Sitgreaves, and Tonto - along the Mogollon Rim in northern Arizona.” This massive stewardship area covers 2.4 million acres with a projected treatment area of 300,000 acres over ten years as a Phase I. Two additional phases are envisioned for a total of 1.5 million acres treated over 20 to 30 years. Participating forests have 50,000 acres NEPA approved ready to begin the effort. This is the largest project ever undertaken by the USFS in the lower 48.

Like the WM project, 4FRI is heavily dependent on collaboration. USFS advocates claim 4FRI has been designed based on learning from the WM project over the last seven years. The solicitation did not promise a minimum acreage annually. Instead, the bidders will be evaluated on 1) technical approach, 2) past performance, 3) benefits to the local community, 4) business plan with price weighing more than technical. Proponents must set their own utilization standards, technical approach and business plan that best approaches the described desired condition.

The selected contractor will work closely with the agency to determine a product and acreage schedule in hopes of approaching net zero between service work and product value removed. Quarterly price index reviews of fuel, and wages will take place in order to adjust payment rates to prevent the harmful fluctuations experienced by WM operators.

Learn more: <http://4fri.com/index.html>

Stewardship Contracting Topic of Research

Kathie Mattor, a PhD student at Colorado State University, presented her preliminary research findings on SC at the Flagstaff meeting. She is analyzing USFS and Pinchot Institute data to determine if there are differences in the use of SC across USFS regions and whether the level of collaboration varies. The preliminary findings include: 1) There has been a significant increase

in collaboration, 2) there are not significant differences in its use across regions, and 3) the perceived level of collaboration varies significantly across regions. The next step of this research will focus on the factors influencing the use of collaboration in SC and the associated outcomes through case study analysis. Contact her with questions, comments, or suggestions at kmattor@rams.colostate.edu.

Meeting Participants

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Scott	Harger	Coconino Natural Resource Conservation District
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Bob	Garcia	USFS R2 Stewardship Coordinator
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Brian	Kittler	Pinchot Institute
Marcus	Selig	Grand Canyon Trust
Kim	Newbauer	Coconino National Forest
Henry	Provencio	Four Forest Restoration Team Leader, R3
Dick	Fleishman	Four Forest Restoration Assistant Team Leader, R3
Mark	Nable	Kaibab National Forest
Tom	Troxel	Colorado Timber Assn./Intermountain Forest Assn.
Kathy	Mattor	Colorado State University PhD Student
Pascal	Berlioux	Arizona Forest Restoration Products, Inc.

**Pacific West Regional Stewardship Contracting
Multiparty Monitoring Team
Fiscal Year 2010 Report**

The Pacific West Regional Team collected information from telephone interviews (conducted by the Watershed Research and Training Center as a subcontractor for the Pinchot Institute for Conservation), as well as from team members' own experiences to investigate and characterize collaboration, community benefits, and other trends in the use of Stewardship Contracting in the Pacific West. In addition to answering the research questions posed by this monitoring effort, our regional team spent time exploring contracting strategies. Our Regional Team meeting was held in Redding, CA this year. We have held meetings in Portland, OR and in Medford, OR in years past. Additional information regarding this topic is offered in an appendix to this regional report.

This year, 39 USFS projects and 12 BLM projects were selected for review. Regarding the USFS projects, we spoke to 40 agency representatives, 26 community members, 16 contractors and 28 other collaborators. For the 12 selected BLM projects, we spoke to 12 agency people, 5 community representatives, 10 contractors and 3 other partners.

Regionally, few projects were initiated solely by non-agency partners and projects reported as jointly initiated have dropped from last year. Nearly all of the 39 sampled USFS projects reported diverse participation with over half reporting participation by at least 11 other interest groups. Out of the 12 sampled BLM projects, project contractors, adjacent landowners, recreation interests and state agencies were most likely to have been reported as being actively involved in the project. Right to access groups and fish and wildlife interests were least often reported. In spite of the high level of participation reported, over half of the USFS projects also suggested that they should have involved other interests as well. While BLM projects reported less participation, they also much less often reported feeling that they needed more participation than they had.

Regarding community involvement in stewardship projects, interviewees had the following to say:

- An agency representative reported, *"Having a professional facilitator involved in the process greatly helps to build consensus and get at the issues that are most important to community members."*
- An interviewee stated, *"People on the ground need to understand the economics of timber. You can't constrain the contracts so they are impossible. We need to get over the hurdle and build trust, maybe with more entries. We need to explain the feasibility of the projects."*
- A community member shared, *"Do not underestimate the importance of having the community involved in an authentic way. Token events that make it seem like the community is involved are counterproductive. Real involvement is what makes projects successful."*

Regarding stewardship contracting in general, interviewees offered the following:

- *"I hope stewardship becomes a permanent contracting authority. Timber sales and service contracts will only be trying to accomplish and same work less efficiently."*

- *“It has been tough to get financial support internally to do stewardship contracting from our Timber and Fuels programs. Stewardship contracting doesn’t produce the volume (and saw logs) to compete for timber dollars, and the fuels program does not like to contribute to efforts they perceive as supporting the timber program and taking away from their burning program.”*
- *“Stewardship is a win-win situation. It involves collaboration from the public and private individuals. The outcome is consensus that leads to implementation and jobs.”*

This report details the answers to the three questions the Forest Service and BLM were interested in answering about the community benefits of stewardship contracting in the Pacific West region:

1. What are the predominant problems in engaging communities in stewardship contracting projects? What are the team’s suggestions for improving the current situation?
2. What successes have emerged within the region for engaging communities in stewardship contracting? What fostered those successes?
3. What are the major perceived benefits of stewardship contracts to communities within the region?

What are the predominant problems in engaging communities in Stewardship Contracting projects? What are the team’s suggestions for improving the current situation?

Issues of engagement identified by the Regional Team and through the interviews ranged from process issues: ideas about how to structure collaboration and initiate partnerships, to identifying gaps in capacity of agency representatives and other stakeholders as well as issues around how stewardship contracting interacts with other agency processes.

Identified Barriers and Team Recommendations

1. **Barrier:** Rigid and overly prescribed collaborative processes challenge engagement. At the same time, without clear goals and focus the collaborative can become ineffective. **Recommendation:** Tailor the scale and timeline of the collaborative process to the needs of the stakeholders. Balance this flexibility with an agreed upon framework under which the collaborative will work.
2. **Barrier:** Lack of agency staff person dedicated to engagement leaves the task to people who don’t have time or expertise in outreach. **Recommendation:** Create performance measures associated with stewardship and collaboration and build capacity in positions such as Partnership Coordinators who can play critical outreach roles.
3. **Barrier:** Federal stimulus money through the American Recovery and Reinvestment Act of 2009 has been used to fund stewardship projects where the cost of the service exceeds the value of the material. While many good projects have been accomplished, two issues have arisen: 1. Nearly all of the NEPA-ready projects are being implemented, the next generation of projects has not yet made its way through planning, leaving a gap. 2. ARRA investments have created expectations among collaborative group members and, in some cases, contractors about the scale of work to expect. These expectations cannot be met without large infusions of appropriate funds. **Recommendation:** Invest in good NEPA planning now. Utilize the collaborative capacity in your area to develop the next generation of projects, and do so with the knowledge that federal funds will become scarcer.
4. **Barrier:** Unwieldy processes limit industry participation. **Recommendation:** Offer stakeholders several ways to engage from a simple website where a casual participant can keep tabs on progress, to meetings, field tours and monitoring. Agencies should be

- clear about project timelines and where they are at in the project development process when they reach out to stakeholders and to industry participants in particular.
5. **Barrier:** Retained receipts can only be expended in certain ways. Facilitation and monitoring are not allowable. **Recommendations:** Review and revise appropriate activities to be funded through retained receipts. Add monitoring and facilitation to the allowable activities.
 6. **Barrier:** Inaccurate expectations related to the processes and constraints of the agencies can lead to confusion and sometimes loss of trust. **Recommendation:** Begin collaboration early and invest adequately. Explain agency processes to your stakeholders and use realistic timelines from the outset.
 7. **Barrier:** From distrust to a sense that parties are not authentically engaged to turn-over, the lack of good working relationships sometimes stands in the way of successful collaboration. **Recommendation:** Shift not only targets and performance measures, but *agency culture* to reward authentic collaboration. Engage trusted community partners to help reach out to stakeholders and try to make personnel transitions smooth through deliberate communication with partners regarding the changes.
 8. **Barrier:** Perception that stewardship contracting takes money away from County Payments. **Recommendation:** The interplay between the potential reauthorization of stewardship contracting and county payments will be politically charged. Making a case for stewardship contracting as a useful tool will need to include answers to questions about timber revenues, local benefits and outside match dollars.
 9. **Barrier:** Projects which are not economically feasible leading to no-bid and a great deal of planning money being spent on projects which are unrealistic. **Recommendation:** Build agency expertise in project design which is economically feasible and involve industry and contractors earlier in the process.
 10. **Barrier:** Stakeholder “negotiations” rather than transparent meetings where everyone is at the table together. **Recommendation:** Avoid separate meetings with interest groups. Convene one forum and invite all parties to participate there to avoid “side deals” and the mistrust that is fostered through this type of process.

What successes have emerged within the region for engaging communities in stewardship contracting? What fostered those successes?

Throughout the Pacific West Region many standing collaborative groups have developed. Most of these groups began by working with agencies on stewardship contracts/agreements and have now expanded to collaborate on the agency’s entire program of work. While this model is not the only pathway to success, and in fact, the ability to be responsive and flexible to the unique needs of local stakeholders has been identified as critical by our team, the standing collaborative has been a powerful force in this region for growing community and agency capacity to steward the landscape regardless of contracting instrument.

Also of note is the trend of interfacing with existing collaborations, specifically Fire Safe Councils, as a forum to vet and develop stewardship projects. This has been an efficient route for many areas as stakeholders may already be attending Fire Safe Council meetings.

Identified Successes and Recommendations

1. **Success:** The use of field tours yields trust, allows participants to see on-the-ground results, and presents a vision for future management. Inviting contractors to field tours has also allowed collaborative to grow trust, learn about economics of logging and of utilization. **Recommendation:** Talk in the woods, hold field tours and use maps to describe ac-

- tivities. Using this format will fully engage participants while also whittling down the number of people interested to those willing to go out to the project.
2. **Success:** Projects which can pay for themselves take the pressure off of appropriated funds and offer a sustainable approach. **Recommendation:** Agency and collaborative group members should deliberately discuss the economics of projects and work to design a package of activities which minimizes the need for appropriated funds.
 3. **Success:** Use of a communication and outreach plan developed by the collaborative group for engaging the general public including a website hosted by the municipality. **Recommendation:** Ask the collaborative group to help with the outreach and communications. When they take ownership of these tasks, their networks are brought to bear and a true sense of ownership is developed.
 4. **Success:** Agencies have used existing community meetings and networks (i.e. fire safe councils or interest groups such as Rocky Mountain Elk Foundation) as forums to give presentations on stewardship contracts. **Recommendation:** Many rural communities have informal, but effective communications hubs and networks. By learning about where your community already gathers and using that forum to introduce people to stewardship contracting, you can consolidate meetings and make new connections.
 5. **Success:** Standing collaborative groups have benefited from having a paid facilitators and coordinators who can keep communications going. **Recommendation:** Where a standing collaborative group has formed, seek funding to pay for facilitation and/or coordination costs.
 6. **Success:** Engaging stakeholders early on helps develop a sense of project ownership. **Recommendation:** Time the engagement of stakeholders to allow for authentic and substantive input.
 7. **Success:** Leverage the support of groups within the collaborative to “socially influence” others. **Recommendation:** Where there is disagreement by only one party, try to have other’s in that stakeholder’s peer group work with them to resolve issues and move forward.
 8. **Success:** Multi-party monitoring that feeds into adaptive management. **Recommendation:** In areas where monitoring has been prioritized and funded through appropriated dollars, collaboratives are using the monitoring programs to help guide their future decision making. Allocate funds for monitoring and change policies to allow retained receipts to be used for monitoring. Treat monitoring as research. By using sound methods, the data collected can be useful to the collaborative group and to the agency.
 9. **Success:** A central credible sponsor for the project can build trust and act as a nucleus for collaboration. **Recommendation:** Where there is not a good agency/community relationship, work to find and engage another credible party to help convene stakeholders.

What are the major perceived benefits of Forest Service and BLM stewardship contracts to communities within the region?

This year, specific project outcomes, local jobs and the ability to use local contractors were once again cited as the most beneficial aspects of stewardship contracting. These benefits were also top ranked last year. Listed below are the interviewee responses in order of prevalence:

USFS Projects Perceived Community Benefits:

- Specific project outcomes
- Opportunity to use local contractors
- On the ground work
- More local jobs
- Increased collaboration
- Other economic benefits

Improved public trust
Increased efficiency

BLM Projects Perceived Community Benefits:

Specific project outcomes
Other economic benefits
On the ground work
More local jobs
Opportunity to use local contractors
Increased efficiency
Improved public trust
Increased collaboration

The benefits of Stewardship Contracting to the **agency** were reported as:

USFS Agency Benefits:

Consideration of diverse interests
Increased public input
Improved trust
Increased support of agency
Improved sense of project ownership

BLM Agency Benefits:

Increased support of agency
Increased public input
Improved trust
Consideration of diverse interests
Improved sense of project ownership

Perceived Benefits and Recommendations

1. **Perceived Benefit:** On-the-ground restoration is being accomplished in areas where there wasn't interest or support previously, and on-the-ground outcomes are building trust in the agencies. **Recommendation:** Stewardship contracting catalyzed collaboration in many places and through these collaborations work has moved forward. Agencies should continue to collaborate with communities regardless of the contracting tool they are using.
2. **Perceived Benefit:** Stewardship contracts help maintain industry capacity to support restoration and in many locations have kept industry going through the down timber market through the net retained receipts from other projects. They also support niche markets such as post and pole operations which have the potential to be critical components of rural economies. **Recommendation:** Stewardship contracts can help sustain the industrial systems that make restoration work possible. Communicate with industry partners and make sure they are at the collaborative table and work to provide them with a consistent program of work.
3. **Perceived Benefit:** Stewardship contracts have facilitated efficiency in some areas. However, where product values are low, this doesn't always play out. **Recommendation:** Capitalize on the efficiencies that stewardship authority offers by designing projects that benefit from fewer entries, DxP vs. DxD etc. Use the proper contracting tool for the job.
4. **Perceived Benefit:** Stewardship agreements yield significant matching funds and allow experimentation with innovative treatments. **Recommendation:** Encourage the use of stewardship agreements, where appropriate, to maximize the effectiveness of federal dollars by combining them with partner matching funds and in-kind support. Where contractors, agencies, and collaborative groups have built trust, use stewardship contracting as opportunities to innovate treatment methods.
5. **Perceived Benefit:** Stewardship contracts build local capacity of both agencies and partners. **Recommendation:** Stewardship contracts are great opportunities for non-profits and other businesses to partner with agencies. Encourage partnerships that utilize the

strengths of partners and agencies to maximum benefit of the community and the land. Reach out to partners who are being underutilized and work to be flexible.

6. **Perceived Benefit:** Relationships which grow out of stewardship projects can benefit agencies and communities in a variety of other ways. The networks of relationships provide a forum for action and learning that is very valuable. **Recommendation:** Develop authentic relationships and place a high value on them. When people practice working together momentum builds and new kinds of opportunities arise.
7. **Perceived Benefit:** Creates liaisons for the agencies that plug into a variety of networks and can increase the public's knowledge and engagement in the various functions of the agencies. **Recommendation:** Work to empower collaborative group members to be good liaisons by educating them and allowing them to have ownership and input. Take advantage of the new relationships you're developing by asking collaborative group members to perform critical functions, such as outreach, monitoring, etc.

Pacific West Regional Team Meeting Attendees

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BLM

George McKinley
Southern Oregon Small Diameter Collaborative

Cindy Blackburn
Watershed Research and Training Center

Michelle Medley-Daniel
Watershed Research and Training Center

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USFS and BLM

James Bowmer
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Nathan Poage
Clackamas Stewardship Partners

Steve Brink
California Forestry Association

Clarence Rose
Weaverville Community Forest Steering
Committee

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Nick Goulette
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Walter Herzog
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If you have questions about any of the issues outlined in this report, please contact us at wrtc@hayfork.net or 530.628.4206

Appendix

During the afternoon session of the Pacific West Regional Team meeting, we had a presentation by Katherine Mattor, Ph. D. Candidate, Colorado State University, on her research looking at the extent to which stewardship contracting processes meet the intended objectives, factors influencing the use of collaboration, and the role of collaboration in reaching intended outcomes.

We also discussed how the loss of stewardship authority would affect participants in our meeting. The following issues were identified as valuable aspects of stewardship that, if lost would negatively affect them or their vision for land management:

- Best Value Contracting (this could lead to work of a lesser quality and would impact benefits to communities)
- Retained Receipts (without retained receipts, landscape scale efforts will be derailed)
- Monetary and relationship benefits of Agreements (loss of matching funds and high capacity partners)
- The amount of work accomplished on-the-ground (the local contracting pool will be diminished and without local operators, we'll lose benefits and in some cases projects won't get done)

The group also identified that regardless of stewardship authority, collaboration must continue, but there was concern that without a mandate in some areas it may fizzle.

We then discussed four approaches to stewardship contracting based on a working paper from the Ecosystem Workforce Program that looks at: Single, large-scale, long-term, indefinite delivery, indefinite quantity contracts; multiple-award, indefinite delivery, indefinite quantity contracts; consistent programs of work using multiple contracts; and long-term stewardship agreements with nonprofits. To read their working paper, follow this link:

http://ewp.uoregon.edu/sites/ewp.uoregon.edu/files/downloads/WP_25.pdf

**Northeastern Region Stewardship End Result Contracting
Multiparty Monitoring Team
Fiscal Year 2010 Report**

In preparing this report the Northeastern Region Monitoring Team considered information from a number of sources including, but not limited to:

- telephone interviews conducted by the Pinchot Institute for Conservation (through its regional partner, the Flathead Economic Policy Center) with Forest Service personnel, community members, contractors, non-government organizations (NGOs), and other project participants in a stratified random sample of existing stewardship contracting projects in the region;
- team members' own personal observations of and experiences with stewardship contracting; and
- a November, 2011, team meeting on the Mark Twain National Forest which included discussions with representatives of the USDA/Forest Service and National Wild Turkey Federation (NWTF) and a site visit to a project area being managed under a stewardship agreement between the agency and NWTF.

Overview

In the National Forests of the northeast, the Forest Service continue to struggle in its efforts to integrate Stewardship End Result Contracting (SERC) into its land management “toolbox”, and is only slowly beginning to make a dent in the strong resistance put up by agency staff and some parts of the forest products industry. A Forest Service interviewee said, *“I got dragged into it kicking and screaming. We [on the district] didn't want to do it. But after the first one, I realized the potential for getting stuff done.”*

Some staff question its appropriateness for the region. *“Stewardship was set up as a western tool, and one size doesn't fit all,”* said one. Others think its usefulness has been over-sold. *“I don't think stewardship contracts should be a target, which is what is happening in this region. They think every sale should be stewardship.”*

Others attribute their lack of enthusiasm to the actual or expected difficulty of getting local contractors to accept SERC:

Our biggest issue here is that the loggers are not hungry enough to want to try to help us make [SERC] work. I found when I was out West when things were bad for the logging industry, they knew they had to get creative and were willing to work with you. Here, they just sit back when you put out a stewardship sale and wait for you to put it out as a timber sale. One went no-bid four times, and the other [went] two times, and they got to the point so anyone could walk in off the street and get them. So they got them for a song. And my people are not happy about that.

Asked how widely supported a SERC project was in the agency, a district interviewee described an intra-office split – *“widely supported”* by *“the ranger, recreation, and watershed folks, [who] are very happy with it”*, and *“opposed”* by *“the timber folks. They think it's a pain. They are reluctant to give up any power or authority. That's how they see it – that they're giving something up. We have a very resistant workforce.”*

Tribes in the region, on the other hand, were fairly quick to recognize SERC's advantages to their forest

management and employment programs, and it is being used fairly often and apparently quite effectively with tribal contractors, who are usually awarded the work on a sole-source basis. One tribal forestry manager said, “*It’s a great program for at least the tribes anyway. We get a service-for-service-kind of thing. We got some trees for removing them [because of] that [disease]. No trading of cash.*”

Across the region, other contractors’ interviewed were generally positive in their assessment of SERC, although with some concerns about the variety of skills and/or equipment needed to carry out multi-faceted projects. Said one:

It would be nice to have the stewardship project [activities] be more in our area of expertise. We had to hire someone else to do the roller chopping. It wasn’t an issue to find someone, but we had to hire it out, and there were some unknown costs that we had to figure on. ... It went pretty smooth. It was a little bit of an unknown for us. I don’t think it will be an issue [doing another one].

Those sentiments were echoed by another company owner:

With [this project]-- I’m primarily a logging company, so cutting the trees down, that’s my business – the only thing I have to do is get a guy to dig the stumps out, but that’s no problem because that work is related to logging – like road construction. But [with some of the] other work (TSI work, they call it) -- falling unmerchantable trees and leaving them there, for instance – I’d be looking for subcontractors to do the work I don’t normally deal with. Also, I don’t know anything about how to bid on those activities.

He was not daunted by the request for proposal process, however.

Actually I think that’s good, because [on a] logging [bid],[the Forest Service] already know I know how to log. But on a job with other kinds of work, there’s nothing wrong with them [using] a proposal [process] so that they know you grasp what has to be done. I like stewardship contracts.

A third contractor was glad to have the additional ways to put his equipment to work. “*We [the contractors] are already there and have the equipment, so why not let us do it?*”

One company executive was beyond frustrated with the lack of SERC projects in his area:

We’ve been looking at trying to promote stewardship contracting, both with our company and the industry throughout the state. We’ve begged [the Forest Service] to get something going, and are continually met with resistance. They say it’s new to them and they don’t know how to do it. It’s amazing how slow this process goes – both as an industry and a taxpayer, I can tell you it’s appalling. This process is ridiculous. ... I first learned about it when I came to a meeting out West in Colorado where they were introducing the concept, and one of the forests had already had a contract on the ground. We could see the potential, and have been inquiring about it for years

Meanwhile, community involvement in SERC projects in the northeast overall is well below par. There were 14 SERC projects in this year’s sample. In seven of those, the Forest Service project manager was unable to provide the name of a community member (other than, in some cases, the project contractor) likely to be familiar with the project. In another two projects, the individuals whose names were provided told the interviewer that they had no knowledge of community involvement in the projects. Among the remaining five projects sampled, however, there were some examples of very effective public engagement, which will be discussed later in this report.

According to a Forest Service official, FY11 saw 15 new SERC project proposals approved by the

regional office, slightly above the 2006-2011 annual average of 14. Projects approved totaled approximately \$8.5 million in forest products value and \$5.2 million in service activities. To implement its approved projects, the region awarded 37 SERC contracts or agreements in FY11 – 33 contracts, one agreement, three retained receipt service contracts, and one agreement using retained receipts. Only one forest in the region did not have a SERC contract or agreement in FY11.

Key Findings

Broadening understanding of Stewardship End Result Contracting (SERC) – Analysis of the data gathered through the FY2011 programmatic monitoring of SERC in the northeast shows some evolution in how agency and non-agency participants view SERC. While the “goods for services” exchange is still seen by many as SERC’s defining characteristic, there is an increasing recognition of its other valuable authorities. Some representative responses:

We provide value in stumpage and they [contractors] provide value in services and natural resources work.

It's a goods for services situation where they're harvesting timber and also doing service work, and for doing that they get a credit toward the value of the timber.

“Getting work done on the ground” remains a major defining factor for all categories of respondents

The way I take it is you are managing the forest and doing extra work that the Forest Service would usually have to contract out, but then they don't have to budget for it. The money that you create for the timber sale helps out to do the site prep or closing roads or something like that. The money stays in the forest, doesn't go to the general fund

A tribal contractor said, “We usually get timber sales, most have been pine thinnings. We also do planting, deer repellent, brushing, whatever they want us to do out in the woods.”

“Community involvement and benefits” was also acknowledged as an important element of SERC. An agency interviewee said:

Most of the involvement we had was with people who were familiar with the area and what's been happening out there for 10-15 years. Most everyone involved was familiar with it – like the Sharp-Tailed Grouse Society -- so they were pretty much involved, and also former district employees who were retired but still interested in the area.

A SERC agreement partner representative from a NGO said:

It's a goods for services arrangement that gives the Forest Service an additional tool in the toolbox to do a conservation project in partnership with other entities, and gives the other entities an opportunity to work with the Forest Service

A slowly expanding community role – Among the most commonly cited community roles in SERC projects are the traditional activities associated with the National Environmental Policy Act (NEPA) public involvement process – being asked for comments during NEPA scoping (“analysis”), providing “comments and recommendations” and “becoming informed” about proposed or planned activities. A tribal forestry explained how it works in his area:

The usual procedure is that [the Forest] will bring up the [proposed project], and then

the local [tribal community] councils will say, we use this area for whatever [hunting, religious purposes, etc.], and [we want you to] leave this alone. Or [the councils might say], we are okay with what you are proposing, and would like some of this [type of activity] done too. Our forestry department usually has some comments to submit.

“Becoming informed” is important for both stakeholders and agency personnel. An agency interviewee described a field tour for potential contractors:

When we talked to those folks, we took them out on the ground. We said, “This is what we’re doing,” and they gave us their comments. We couldn’t use a lot of their suggestions because the project had already been through NEPA, so we already had solidified how it would be done. They had to ask some questions about reforestation, which they hadn’t done before. This probably is a little unusual for a normal stewardship contract, different from other places from what I hear. We were learning right along with the contractors.

Participation in “NEPA analysis” usually meant that community members received notice of a proposed project and sometimes an invitation to a public meeting or open house as part of the NEPA scoping process. Looking back on a public meeting, a wildlife group representative said:

We had so few people there -- and the folks that show up are usually the nay-sayers. I think if there’s a lot of people [at a public meeting], that’s usually a pretty good indicator you don’t have a lot of support. If they like what’s going on they’re not going to waste an evening

The overall level of non-agency involvement in individual SERC projects in the region has increased very little. A Forest Service interviewee explained the difficulties in getting communities engaged on her district:

We have a tough time getting the community and even our loggers to buy into stewardship, so they [the projects] are always agency-proposed. The counties are not super interested in what we do other than that they want us to produce more timber. Environmental groups are against logging and not interested in any kind of negotiations. They may appeal, but it’s kind of half-hearted. Much of the area was logged over in the beginning of the 1900s.

And in some areas, once the NEPA work is done, the role of the community is essentially over. An agency project manager said,

All of these [non-agency] parties were asked to comment during the NEPA analysis. After the NEPA analysis, the Forest Service put the actual project together.

Widely diverse views on what constitutes “collaboration” – The authorizing legislation for SERC does not specifically mention collaboration, but the *Forest Service Handbook* defines it as “a process through which parties who see different aspects of a problem constructively explore their differences and search for solutions that go beyond what any one group could envision alone.”¹⁷ Community members and other stakeholders generally appear to have a fairly high level of expectation for collaboration or partnerships, and in some projects those hopes have been realized. A state agency representative recalled:

¹⁷ Forest Service Handbook, 2409.19, Chapter 60, Section 60.5, 10/21/08.

At the first meeting some people showed up who thought there would be more to it. Next meeting, some others showed up. Those with any interest showed up. Collaboration leads to getting results. It went from just discussing possibilities to -- a meeting or two later -- something coming out of it. That's kind of unusual for meetings. We all have ideas, but [don't always see action].

A community member who was an active participant in another project said:

[Collaboration is] making an effort to make sure all parties who want to be heard are heard. Even some of those who don't want to be heard got heard. The Forest Service did an admirable job in getting everybody involved. It is possible. It doesn't always happen. It was a heck of a lot of work on the Forest Service's and the community's part -- and particularly the Forest Service's part. They really worked hard at it.

Within the agency, the respondents' definitions and expectations of collaboration run a wide gamut. An agency respondent saw it as a one-time event, primarily with contractors, "more of a public meeting sort of deal where we call people together and say we have done NEPA, and now we need to know what they can do -- stuff that they wouldn't ordinarily do under a regular timber sale."

Another envisioned it as a continuing process, both internal and external:

Working with other partners and the public to figure out how to achieve a common goal. It's not just our goals, and not necessarily common goals. In some cases we get one benefit [we want] and the community gets another [benefit it wants], so we achieve multiple goals, and everybody walks away happy. It's the process of working with others internally and also with external partners and cooperators. It's the process of working together to achieve mutual benefit

A third agency interviewee was aware of the need to expand the collaboration to include non-local stakeholders. "It's serving the needs and interests of a varied group of people in the communities of place and interest."

Continuing operational and capacity issues – Even after eight years, northeast agency interviewees still frequently call SERC a "new" tool. That delay in adoption ordinarily would have been expected to make it easier for forests in the region to integrate SERC into their overall programs of work. Theoretically at least, many of the operational "bugs" would already have been worked out, policies and procedures would be well formulated and understood, and appropriate training and technical assistance resources would be in place. That theory does not seem to have held up in practice, however.

A. Training and technical assistance – Agency respondents report needing more help than is readily available in-house to help them understand SERC and learn how to use it appropriately. A biologist said:

We need contacts for assistance with stewardship – someone who can answer our questions. When I need help with my computer, I call and get help, and I'm in good shape again within 24 hours. We need that kind of help with stewardship contracting -- being able to ask for help and know who to call. The response time for our questions is not there now. They need to identify people who have experience in stewardship and establish some kind of calling tree to let us know who to call to get the information we need.

A project manager reported a lack of training and having to seek help from another region.

I've never been to stewardship contract training. We learn by experience and through bumpy roads. We do all this training on other things -- but on [SERC], one of the things that's becoming one of our most important parts, we have no training. There are people who want to be involved, but they need to know how. ...When I try to find out [how to deal with an issue], either nobody knows [the answer], or the person who does know can't get back to you...I used to call [named individual] from Region 8. On the first call I made to her, in 30 minutes she was able to give me more information than I had been able to get [from anyone else] in many weeks.

B. Contracts -- Forest and district personnel report seeing the potential advantages of using SERC, but struggle with the process and mechanics of developing, offering, evaluating, awarding, and managing Integrated Resource Timber Contracts and Integrated Resource Service Contracts. One agency project manager said:

I think it's a good tool, and would probably work better if people understood the whole process a little better. That would help us write our proposals a little better. I don't think any of us totally understood how it would work. We needed help in deciding how to develop projects to use the funds generated. You lose opportunities [because you don't fully understand how SERC works], and when you try to go back and capture some of those [lost] opportunities -- like where [to set] the project boundaries [so you can effectively use the funds in the same project area], and the kinds of projects you can do -- you can't do it. The rules keep changing on us, and that's frustrating.

The complexity of the SERC contracting process, coupled with the regional office's tight control over the choice of individual projects, can be daunting:

What I would like to have them do with stewardship, and I don't know if they ever will, is to give it to me as a tool, and when I have a project that will fit, I can just take it out of my toolbox and use it. The front end loading -- all the signatures and the signing and the bureaucratic paperwork we have to go through -- [is frustrating] ...It's a good tool and it should be used as a tool, instead of having to go through [so many hoops] to get regional approval. They should bump that [approval authority] down to the forest level. I could do a stewardship contract on every sale that we have.

C. Contractors -- In 2010, a number of agency project managers reported having problems getting contractors to submit proposals for SERC contracts. This year's interviewees have generally had a more positive experience. One said:

Basically we've had people coming in asking about timber sales. So we said to some of them, "We've got this new contracting [mechanism] -- we give you a lower price and you do a little extra work." They liked that. For the most part it's, "we give you a little bit, and you give us a little bit." The two people [contractors] who were contacted initially were sawmill operators that had been in on some initial talks about stewardship contracting in the SO's office. They knew more about it than we did at the time.

SERC projects have also been attracting into the process a number of contractors new to Forest Service work and with a variety of different skills and specialties. A project manager said:

The best thing in this project was getting to know the contractor. He's getting rid of a product that would be hard for us to market. He's not a logger by trade, but is in landscape contracting. He's an outstanding cooperater, and is willing to take on more

things. Contractors that have worked with us have been positive. Our next project will be 3,000 acres of cutting.

The situation has not improved everywhere, of course. Another agency interviewee said:

We've had projects go no bid because contractors didn't want to have to write up a proposal, provide references, etc. That's not as simple as coming in with one piece of paper and saying what their bid is. They're not willing to pay someone to prepare a proposal for them if they aren't personally able or willing to do it themselves. They're not as willing to try a different tool.

Entrepreneurial contractors who have taken the leap are generally positive about the experience, although some acknowledge an initial trepidation:

This is the first one [stewardship project] in the area, so a lot of people [other contractors] are standing back and watching. [Our company has] been buying Forest Service timber for 30 years. The process – going through both the Forest Service and the [SERC agreement holder] – was a little more complex, but I think it actually will be beneficial. It will make for more opportunities later.

We were kind of hesitant about it. It seemed like a lot of paperwork and rules, and we were not sure we wanted to go through all that just for some timber. [Two Forest Service representatives] went out of their way to make sure we understood it and our role, and once we got it figured out, it went pretty smooth.

We deal with the Forest Service quite a bit – and they get slow on a lot of things. I'm 35 years old – but I started running a dozer and building roads when I was about 15. Then, when we were finished with a project, we'd have about a half-inch of paperwork to put on the shelf. Now each project is 4 to 5 inches of paper.

Everything has to be totally documented – sometimes three or four times. It used to be you could do [the paperwork on] a timber sale in no time. Now you're working on it up to the last two or three days. It's all environmental.

D. Agreements -- Agreements can be attractive to non-profit groups whose organizational missions dovetail with one or more Forest Service management objectives, such as enhancing wildlife habitat, protecting or recovering threatened or endangered species, maintaining important cultural or recreational resources, or creating and maintaining local economic resiliency. The National Wild Turkey Federation (NWTf) and the Rocky Mountain Elk Foundation (RMEF) played a major role in developing and facilitating the use of stewardship contracts and, particularly, agreements¹⁸ across the country, and NWTf is still very active in the northeast.

Under a stewardship agreement, the agency and its partner both contribute resources to a SERC project, with the partner often actively facilitating the engagement of affected communities of place and interest, obtaining grants or donations from non-agency sources to help finance a project, organizing volunteer efforts (frequently starting with their own members), performing on-the-ground work (usually using local subcontractors), and otherwise mobilizing resources to contribute to the accomplishment of the parties'

¹⁸ The authorizing legislation for Stewardship End Result Contracting projects provides for work to be accomplished "via agreement or contract as appropriate...." The terminology can be confusing. Not all stewardship *contracting* is accomplished through the use of a stewardship *contract*, but may also be done through a stewardship agreement.

shared goal. Some agreements are for only a single project, while others may be umbrella agreements covering an entire landscape, forest, state, or region and implemented through specific operating agreements tied to the umbrella.

An agency respondent saw real value in an agreement partner's ability to extend habitat restoration work across multiple ownerships.

It's a useful tool ...It has the potential to leverage our ability to get work done, sharing funding, and maybe working across ownership boundaries. Our partners can work on private land as well as public land. That would help as well. The [endangered species] doesn't differentiate between public land and the private land next door.

Agreements provide much valued operational flexibility, leverage scarce Forest Service resources, and often come with significant training and technical assistance support from the agreement partner. As the use of agreements has increased during the last year, three issues have emerged that appear to need further attention.

1. ***Defining roles and responsibilities*** – For agency personnel used to working directly with the contractors performing the on-the-ground work on SERC integrated resource contracts or conventional timber sales or service contracts, it can be frustrating to have to work through a third party (the agreement partner). Some agency personnel view agreements as an infringement on their authority rather than as a savings of their time or the efficient use of another management resource. Some agency foresters, contracting officers' representatives, etc. continue to spend a great deal of time on-site, essentially duplicating the oversight work the partner is responsible for performing. Not only can this be confusing for the partner's subcontractors, but (intentionally or not) it tells the partner that the agency lacks confidence in the partner's ability to do the job properly.

The flip side of this is that it is essential that the partner provide readily available and competent direction and supervision of the work that it is responsible for under the SERC agreement. How that is accomplished will differ from partner to partner and from project to project. For instance, if the partner is mentoring local contractors and non-government organizations (NGOs) to build community capacity to compete directly for future Forest Service restoration projects, then more intense supervision and direction may be needed than if the partner is using already highly qualified and experienced subcontractors. In either case, however, partner project managers must provide the necessary interface between Forest Service staff and project subcontractors in dealing with any questions, problems, changes in plans, and/or unanticipated events or conditions that are encountered.

2. ***Clarifying partners' financial liability*** – An aspect of federal agreement law has emerged that, while not unique to SERC agreements, has definitely affected some of them. Under an agreement, all costs of an operationally-caused incident are potentially billable to the agreement holder. Under a contract, there would be a cap on the contractor's liability, generally related to the value of the timber covered by the contract.

This fall, two small operationally-caused fires occurred on a SERC project being conducted in Idaho under a master stewardship agreement between the Salmon-Challis National Forest and RMEF. The fires were quickly extinguished, and total related costs were less than \$30,000, well within RMEF's existing liability insurance coverage.¹⁹ In the course of reviewing the incident, however, RMEF reassessed its risk tolerance and concluded that it was not equipped to shoulder the liability associated with a catastrophic

¹⁹ On the Idaho project, for example, RMEF required its logging and road contractors to carry \$1 million loggers broadform property damage insurance, \$2 million aggregate commercial general liability, \$1 million automobile liability, and statutory workers compensation coverage plus \$1 million employer's coverage. In addition, RMEF had its own broadform coverage.

fire, chemical spill or other accident that could occur on a SERC project.

To general consternation, RMEF announced that it would be withdrawing from all of its SERC agreements. (Withdrawal from an agreement is an option that either partner can always exercise.) RMEF will complete its obligations over the next year on the Salmon-Challis project to ensure that currently obligated Forest Service funding is not lost. As part of that arrangement, the local economic development organization in Salmon has passed a resolution to assume more responsibility and be prepared to take on its own stewardship agreement or contract.

To date no other existing SERC agreement partners are known to have taken action similar to RMEF's. The doubt that RMEF has raised, however, is bound to have at least a temporarily depressing effect on some organizations' enthusiasm for new SERC agreements, and may make it difficult to find replacement partners for the current RMEF agreements until liability issues are clarified.

3. ***Ensuring accomplishment of agreed-upon work*** – One aspect of the use of agreements that has caused some concern among both agency and non-agency participants is whether their project partners will complete all their work. Discussing the failure of an NGO partner to get the expected number of acres treated on a project, an agency interviewee explained, “*We can't force, through an agreement, [our partner] to actually get it all done. So long as they're making progress toward the goals of the agreement, we don't have the hammer to get the acreage done.*”

On a different project, a partner NGO interviewee said,

I'm excited about the potential [the project] has....We can point to a lot of acres and the good things we're doing, and that will be important to our membership, but that's reliant upon what happens from this point forward...If we don't aggressively burn it, [the habitat] will be a lot less than ideal....We're completely dependent upon the Forest Service to throw a lot of fire on the ground...This district has a lot of fire experience, but things can change as far as how aggressive they are about burning it. If we miss a couple of windows, all that money we spent will be wasted for our purposes.”

E. Payments to states – The Twenty-Five Percent Fund Act of May 23, 1908, (the 25% Fund) requires the Forest Service to distribute 25% of the gross receipts from the sale of products from a national forest to the state in which the forest is located, which then allocates the funds to its forest counties. SERC's authorizing legislation provides that the product values of stewardship contracts are not considered “receipts”, and hence are not subject to the 25% payment requirement.

The steep decline in federal timber sales beginning in the 1980s drastically reduced most states' 25% Fund income, leading to the passage of the Secure Rural Schools and Community Self-Determination Act of 2000 (SRS), which provided direct funding to the states from the U.S. Treasury, usually at a considerably higher level than would have been received through the 25% Fund at that time. Forest counties could choose to opt out of SRS and continue to receive their share of the 25% Fund payments, but only about 15 percent of the eligible counties in the country did so. Those counties, whose timber receipts have generally remained high, are predominantly in the eastern half of the country. The SRS payment program recently expired, and if it is not renewed or replaced in FY12, all eligible states/counties will again be reliant on the 25% Fund payments. The fact that SERC does not contribute to that fund will then be an even more contentious matter than it has been in the past.

Responses to Specific Forest Service Questions

I. What are the predominant problems in engaging communities in Forest Service stewardship contracting projects? What are the regional multiparty monitoring team's suggestions for improving

the current situation?

A. Differences in perceptions of how communities should be engaged – These are reflected in the many different views of collaboration and community involvement provided by this year’s interviewees and discussed earlier in this report.

B. Difficulties in engaging everyone who needs and/or wants to be involved – Agency personnel frequently experience low levels of community response to their initial outreach efforts.

We made more opportunity for public involvement, but didn’t notice a whole lot more. This was our first attempt at this sort of thing. I don’t think the local community knew what to expect when we showed up and said, hey, help us figure this project out.

A state agency representative saw results when project activities were tailored to meet specific needs.

Find out the needs and wants of the local folks and then try to plug your projects into that. You can’t always meet those needs, but we can’t just come up with ideas and projects and give it to them. You have to have something that fits them. The latest one we’re working on is a firewood sale. A local cutter and seller – it will fit right in with what he can do.

A major factor almost always mentioned is the amount of time required to identify all the individuals/interests that need to be involved and then to actually engage them in a meaningful way in the effort. Ultimately a major time commitment is required of both agency and non-agency participants. For agency and organizational/interest group personnel this responsibility is usually an add-on to their already existing duties. For individual citizens it almost always entails a significant uncompensated contribution of their time and related expenses.

C. Difficulties in forming and maintaining productive collaborative relationships – While collaborative relationships may be forged initially in group settings, one project manager found that in her community they sometimes were sustained one-on-one.

Local people feel more free to express opinions and call in and talk to agency people on a personal basis. Just because someone doesn’t make it to the meeting or finds out about the meeting later, don’t [brush them off]. Make sure you are receptive. Otherwise people may feel left out.

In a community which had been through an intense process putting together a large-scale project, the problem was dealing with collaboration “burnout”, particularly among stakeholders who were participating as concerned individuals. The agency project manager said:

If it’s just individual community members [participating] and not representatives from [interest] groups, I think [the participants] can get burned out on the amounts and level of collaboration required. Folks got tired of providing feedback [and their participation lessened]. A few diehards stayed with the process the whole way. Folks are busy. We can [try to] do [collaboration] a little more efficiently, maybe having fewer meetings and trying to cover more ground [at each meeting], but you have to bring people along slowly. It’s [a] tough [situation].

D. Project restrictions/sideboards that eliminate some proposed project activities that

have broad community support -- Recreation-related projects (trails, signage, work in and around campgrounds, river access improvements, etc.) are particularly challenging because the agency interpretation of what is and is not a permissible activity through SERC varies from office to office, and sometimes from manager to manager. Since sporting/recreational opportunities bring so many people into the national forests in the northeast region, it is not surprising that activities that support or enhance those uses tend to be high on community members' lists of priorities. When such activities are deemed ineligible, there can be a concomitant loss of interest in the SERC project as a whole by at least some of the affected community interests.

Recreation doesn't fit the model, but funding for recreation is so limited that if we had the opportunity to use it for that, we would. That would be very useful. Almost anything we do on the ground can have a benefit in forest health, and most of the things [we want to do] can be wrapped into [forest health], with the exception of infrastructure and recreation.

E. Economic constraints and local infrastructure limitations – Because of the close identification of SERC with the goods-for-services funding mechanism, many agency personnel in the West feel SERC is less useful to them when lumber prices are poor and product values are insufficient to cover much of the needed service work. In the Northeastern region, however, better market conditions are not seen as particularly improving the utility of SERC. A project manager explained, “*Here, because the forest products industry is still pretty healthy, it's harder to get [potential contractors] to buy into the idea that there's a need or reason for stewardship contracting.. They have to really want the timber before they'll bite on a stewardship project.*”

Of course, not every area has the available local industry infrastructure needed to carry out the desired restoration work. A project manager explained:

I think the only thing I've learned is that [SERC] works differently across the nation, and it is a lot based on the public and the level of contracting experience in your immediate area. The contractors here aren't big enough to financially support those [larger] projects, so [the contracting capacity] is not as readily available. We're remotely based, farther away from larger communities where the contractors have the equipment and capacity to do the work. Here you can get [work] done with a skidder or a bulldozer, but if you need a chipper, [you'd have to go] 100 miles away to get the contractor to come in.

Even where capacity does exist, however, the agency may be losing much of the benefit of that available professional expertise by waiting too long to get potential contractors involved in project planning. According to one contractor:

It's good to have as much industry involvement as you can. The typical process the Forest Service generally goes through is that they go through a pretty internal planning process for a stewardship project, and then lay it out as an informational type of process, instead of getting [contractors] involved all along. We've tried to work with the Forest Service and show them what the industry is capable of.

A participant at this year's northeastern regional Multiparty Monitoring Team meeting pointed out that contractors seldom, if ever, see Forest Service personnel at industry-related conferences, meetings, or training programs. Then, when contractors go out on the ground with agency staff (during a SERC show-me tour, for instance) they find that agency planners may not be aware of the current available equipment and its operational capacity, and hence may have designed treatment prescriptions that fail to take advantage of it.

II. What successes have emerged within the region for engaging communities in stewardship contracting? What fostered those successes?

Community members and other stakeholders are likely to take a proprietary interest in SERC projects located near their communities or in parts of the forest that they frequently visit, and will want to be assured of a desirable outcome of the restoration work. The manager of a project in New England saw that as a good base on which to build a collaborative process:

I think it gains support for the agency from the communities – that we are looking at their interest and what’s in their back yard. In many places in the country that hasn’t happened, and people think it isn’t an advantage to have a national forest in their back yard, because they don’t have a say [in managing it]. [SERC] also keeps resources in the local area. We can do more on the ground.

He sees SERC as “a way to implement our Forest Plan (allowing for a local say in how the national forest is managed) and to meet the local needs and to keep benefits local.” The objectives of his project include:

- *ecosystem management/forest plan implementation -- addressing all the aspects of the plan -- timber, wildlife, soil and water, botany, invasive plants, etc. -- on one piece of ground;*
- *improving recreational opportunities; and*
- *providing jobs and available wood for area mills*

Agency staff did significant preparation for the collaborative effort, and were willing to devote considerable time and resources to working with the community. A local resident who became very involved in the collaboration recognized the value of that advance work. “This was a large multifaceted project with several moving parts, and without the Forest Service being willing to provide maps, field trips, and personal contacts on a regular basis – whether planned or not – the public would not have known enough to comment sensibly about the project.”

“There were some difficult issues,” the project manager explained. “[For instance], the project addressed a general transportation issue of a Forest Service road that [provided] access to private land but also was used [by other people] for cross country skiing and snowmobiling. The uses weren’t compatible. You couldn’t plow it and still have it be used for skiing or snowmobiling.”

The community interviewee said that another proposed piece of the project was of particular concern to him:

The project was following up on research that has been done in the last two-to-three years that said [it is necessary] to provide openings for forest interior songbirds. Those birds (warblers, vireos, and thrushes, in addition to a few others) -- once they finish breeding, they need wildlife openings of a certain kind. They go there because there is more insect food there and thicker vegetation and they are at less risk of being preyed upon by raptors. It took some convincing of myself to feel that that was a worthy objective – to cut down a bunch of nice forest to achieve this objective -- but I think I’m pretty convinced of it, that it’s a benefit to birds.

Even with all the preparation work, the project as initially envisioned still was too large and complex for a fledgling collaborative effort, so the agency scaled it back, even though that reduced project efficiency and effectiveness. “We reduced the size of the project because at first it was too overwhelming for the local community to wrap their minds around and be able to look at everything on the ground. We would

have liked it to be twice the size it is and have had more activities and acres treated.”

Even scaled back, the project was complex, and the ensuing collaboration was intense and demanding. The community interviewee says,

I'm sure there were people in the Forest Service who didn't agree with what I took to be the community viewpoint. There were a lot of [community] people who got involved – went out on the field tours, wrote letters, etc. who never would have done it if the Forest Service hadn't bent over backward to get public participation – and they all [community members] felt they were listened to.

It was a lot of work on everybody's part, but I think in terms of what got accomplished, it makes sense to do a project on that scale. Usually a Forest Service project involves one specific area, and two or three compartments. This involved about 9,000 acres. In [this state] that's big. It involves many compartments and habitat types and watersheds. It provides a comprehensive view of the management of that huge chunk of land, once you work your way through it all and know what's happening.

When the NEPA analysis was completed, the community member was astounded:

What's significant about this project – aside from the fact that it was huge by normal Forest standards – is that it provided several alternatives (which we expected that it would) and a preferred alternative, and the final decision on it was not the preferred alternative. It was the alternative that the community recommended, and that is unique in my experience – and I have a pretty broad experience with the Forest Service and their projects. I was just dumbfounded by that. I could hardly believe my eyes when I saw the decision come down. I thought it was magnificent.

It was a terrific experience for our community – the whole thing. It was a community-building experience, and normally Forest Service projects are not. There's plenty that an individual can gripe about. And in this case we griped, and they listened, and they modified things and by the end of things everybody was on the same page.

Far from over, however, the project is now in implementation. That presents its own challenges, as the Forest Service manager knows:

It's been a learning experience – and still is. We're getting the contract part of it down pretty well now, and we're learning about using retained receipts. We're finding out what kinds of service work our contractors are interested in and not interested in. That helps us with being able to determine what kinds of work that contractors will want to bid on and what things we should keep in-house or do with other funds [like K-V].

III. What are the major perceived benefits of Forest Service stewardship contracts to communities within the region?

Specific project outcomes – the actual restoration work being done – topped the list of local benefits again this year. A “greater opportunity to use local contractors” and “more on the ground work [being] accomplished by local contractors” were also highly valued in the current economic environment.

There is a need to better quantify the economic, social, and environmental benefits of SERC so that policymakers, the agency, communities, and other stakeholders can make better informed decisions about

such matters as the trade-offs between using SERC and traditional timber sale contracting and between contributing to the 25% Fund versus using the money for additional local restoration work. Better monitoring data would give the agency and communities better information on the community employment aspects of SERC, the effectiveness of long-term (up to 10 years) contracts in accomplishing large-scale restoration projects (e.g., restoring fire adapted ecosystems), and/or the product supply base necessary to rebuild or maintain an area's forest industry-related infrastructure. And, of course, good monitoring information is essential to enable appropriate and effective adaptive management.

Recommendations

- 1. Re-authorize stewardship end-result contracting.** SERC combines a highly successful set of authorities to get badly needed ecosystem restoration work done on the ground. That work directly creates new jobs and maintains existing ones in rural communities, reduces losses of life and property from wildfire by reducing hazardous fuels and restoring fire-adapted ecosystems, preserves and protects water and air quality, supports employment in manufacturing, tourism, and other economic sectors, and provides a variety of other amenity values and ecosystem services.
- 2. Restore the appropriate operational flexibility that was provided in the enabling legislation for stewardship contracts.** A new “blended” contract with a streamlined contracting process has been under development by the agency for over two years now, and field staff and contractors alike are hopeful that when it finally becomes available (hopefully in 2012) it will offer some relief from the current contracting process, which is perceived to have become so dauntingly prescriptive, cumbersome, and time-consuming that it discourages use.
- 3. Encourage and support the development of additional training, mentoring, and technical assistance resources (both within and outside the agency) to enable the easier and more effective use of stewardship contracts and agreements.** Lack of knowledge not only limits the use of a potentially valuable management tool, but also creates resistance to it. NWTF provides informed and accessible training and one-on-one help to many Forest Service personnel working through their first SERC projects. Some local and regional NGOs and other concerned organizations also offer help, but their combined efforts are insufficient to meet the need.

In November, 2011, the Forest Service's National Partnership Office announced an initiative to try to address some of the agency's identified community engagement needs by making a variety of technical assistance tools, techniques, and materials available on-line through the re-vamped and expanded Partnership Resource Center, a joint project of the Forest Service and the National Forest Foundation. The site and the various products and services that are to be offered through it have not yet been fleshed out, so it is too early to tell how relevant and helpful the new initiative will be – particularly as it relates to those agency personnel, contractors, and other stakeholders involved in SERC planning, implementation, and monitoring. It is a welcome first step, however.

- 4. Identify the “champions” and “sparkplugs” energizing the most effective SERC projects. Use them as mentors and coaches so that others may learn from them. Reward them for their efforts.** The SERC projects being implemented most aggressively and with the greatest degree of community involvement, flexibility, and innovation are those with dynamic, committed agency project staff. Those individuals have excellent “people skills”. They are usually good facilitators, and willing and able to maintain an open, participatory process. They are key to the future success of SERC, and their contributions should be acknowledged, built upon, and rewarded accordingly.

5. Use existing community groups within which a broad range of local interests are already represented as the “launching pads” for SERC-related collaboration whenever possible.

6. Continue to use SERC agreements, where appropriate, to increase participation opportunities, enhance operational flexibility, and leverage additional financial and technical resources. This almost certainly will require addressing the non-federal partner liability issues raised by RMEF in FY 2011. At a minimum, there needs to be a clear statement of the circumstances, if any, under which an agreement partner can be held liable for an operationally-caused incident if that partner was in compliance with all of the terms and conditions of the applicable operating plan(s) and was not negligent in its actions. If that question cannot be resolved administratively, then legislative action may be needed.

7. Improve the extent, frequency, and candor with which “lessons learned” in collaboration and SERC implementation are shared among agency personnel, communities, contractors, and other stakeholders. One agency interviewee said:

I think our region is looking at this as our way to improve our performance [in stewardship contracting] -- to pass out these expectations/targets by forest. We need to back that up with support for [sharing] lessons learned and things that work well and don't work. We have some support with our [region's] website, but [it would help] if we had opportunities to talk about finding programs in a region where we have very successful timber programs. We have a way to go in sharing our models and expectations

Better and more frequent communication both internally and externally can greatly strengthen SERC projects and the collaborative relationships upon which they depend. A good way to start would be to use these annual programmatic monitoring reports as the basis for region-wide, collaborative discussions (involving all interested stakeholders) of SERC implementation successes and issues in the northeast region, leading to a specific program of action to build on the former and resolve the latter.

8. Funds should be made available, perhaps competitively, by state or region, to non-profit organizations, educational institutions, and other appropriate entities to enable them to provide training and technical assistance services to Forest Service field personnel, contractors, and others to help them effectively develop and use stewardship contracts and agreements. NWTf has demonstrated the efficacy of this approach in facilitating projects that have significant wild turkey habitat restoration/improvement components. Similar help is needed with other kinds of SERC projects.

9. Re-examine the administrative sideboards and restrictions placed on SERC project activities and evaluate whether they may be unduly limiting or discouraging community engagement in SERC projects. Heritage and recreational activities are of particular concern. Proposals for such activities have frequently been rejected by the regional office, even when they may be of particular interest or benefit to the affected communities. There was also the suggestion that the prohibition on subsidizing agency salaries be revisited in a time of shrinking budgets. A project manager suggested one possible modification:

Our endangered species program doesn't have any other way to fund the program, and [with SERC] you don't have to deal with overhead [like in K-V] and [you can use] goods-for-services. It would be good if you could use some of the money to pay for seasonal staff – to lay out the work on the ground. We don't have the time to do [all that needs to be done] with the [regular staff] people we have. It would be inappropriate to use [SERC receipts] to pay for regular employees – but [we should be able to use it to hire] students and [seasonal] employees. We don't ever want to use this for regular personnel, but for temps it would be helpful. With the declining budget, soon we won't even be able to hire any seasonals.

10. Implement a streamlined proposal process to complement the new blended contract. One possibility would be to select contractors based on their experience, past performance, and financial proposal, with final contract award conditioned on the submission of acceptable unit treatment plans. That way, only the successful bidder on a project would have to invest in the many costly hours of planning, writing, and (frequently) consultation with subcontractors required to prepare detailed treatment plans for all units.

11. Minimize the internal and external “overhead burden.” Agency personnel, contractors, and project partners alike continue to raise concerns about excessive paperwork, complicated and time-consuming procedures, and inefficient use of resources.

12. Don’t let collaboration end when a contract is signed. With a project focus on desired end results and the effective use of best value selection in negotiating a contract, project contractors should be regarded as allies, not adversaries, in the effort to accomplish mutually agreed upon on-the-ground objectives.

13. Develop and implement a monitoring program with metrics that can quantify the environmental, economic, and social benefits of SERC projects to communities. An agency participant in last year’s regional team meeting was frustrated by the lack of data available to use in addressing some of the concerns most frequently raised:

We need to make a case about the economic benefits [of SERC] versus traditional timber contracts – [losses to]the 25 % Fund versus local jobs [being created]. The story needs to be told.

That continues to be the case. A broad range of stakeholder interests should be substantively involved in designing, carrying out, and evaluating the results of relevant socio-economic and environmental monitoring of SERC. Further, the current cross-sectional data collection should be supplemented with in-depth, longitudinal case studies to look across time at a variety of types of projects and measure local and community benefits (including, but not limited to jobs).

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Additionally, substantial helpful information and suggestions were provided by Mark Twain National Forest personnel during the 2011 regional team meeting and/or the associated field tour.

* Participated in the 2011 regional team meeting and/or provided comments for the report.

**Southeastern Region Stewardship End Result Contracting
Multiparty Monitoring Team
Fiscal Year 2010 Report**

The Pinchot Institute has led monitoring and evaluation of stewardship contracting (SC) since its reintroduction as a pilot in 1999. The current annual survey based on a 25 percent random sample of all active projects (a total of 14 in 2011 within Region 8) and regional team process has been in place since 2003, aimed at summarizing “the role of local communities in the development of stewardship contracts and agreements.”

In 2011 the trend throughout interviews and the annual meeting, is a growing excitement for SC as managers, partners, business and the public see this tool as fostering more desired land improvements and opportunities for small businesses to put people to work. SC is exponentially expanding habitat improvement work and general forest health maintenance through partnerships and the resulting retained receipts along side matching resources. The National Wild Turkey Federation (NWTF) has been at the forefront of developing SC, where interest among managers exists. Many specialists, foresters and line officers alike have begun to see the benefits of working with business, Non-governmental organizations (NGOs), and state agencies through the SC Agreement. All are telling stories of success and a desire to do more with stewardship authorities.

With the sunset of current authorities rapidly approaching in September 2013, some SC advocates and watchers are concerned about the reauthorization of the authorities. NWTF is ready to help coordinate efforts to educate Congress on the direct link between SC, jobs/economy and land conditions.

Stewardship Contracting a Leadership Opportunity

The impact of leadership - from regional forester to field forester- stands out as the most often cited “make or break” factor for SC. The success of SC, or any management approach, hinges on experiences between people where commitments are honored and fairness as well as consistency is practiced.

“The USFS was historically a highly efficient, productive agency but over the last twenty years it has been caught between a political and social transition leading to a loss of productivity and trust,” said an interviewed partner. Managers and partners also report that communities surrounded by forests increasingly want to see a return to active management for forest health, habitat improvement, fire risk reduction and local jobs benefits.

The NWTF appears to have been gradually but effectively helping the agency rebuild trust with communities and meet land management objectives creating a win/win for all concerned. In most areas, they are a primary partner or helped initiate early projects. “All activity done through the SC results in more - more work, more habitat, and another boost to the local economy when hotels fill up during turkey hunting season,” said a NWTF Regional Biologist.

The USFS is seizing the opportunity. According to Linda Brett, Director of Forest Management, in FY2011, 26,000 acres were managed under SC in Region 8, more than three times the amount of any other Region.

Collaboration

Collaboration is, for the most part, no longer seen as a unique part of SC. “We just do collaboration as a part of regular business,” is a common sentiment from agency staff. Often heard also is the notion that “right objectives and strong collaboration are the keys to success.”

It is really the positive results of meaningful collaboration and partnering that has so many in the south excited about prospects for the future. The region is naturally positioned to successfully implement SC because value in wood products and infrastructure still exists. In addition, the rate of appeals and litigation is much lower than in other regions. Participants at the annual meeting attribute this condition to several factors, ranging from communities more grounded in making a living from the land, less general polarization around public lands, cultural politeness and environmental groups focused more sincerely on land health.

It seems that most people living and working in communities want to see common sense land management, products and jobs where possible, less government subsidy of land treatments and no out-of-control fire. Few have the time or inclination to truly “collaborate” beyond a basic statement of those ideas. These sentiments and conditions enable those who work for good land stewardship to collaborate for maximum impact.

Professional environmentalists say, “we’ve seen old warring partners begin to agree on stuff and want to capitalize on that and get off the hamster wheel.” Proactive groups want to replicate what’s transpiring on forests like the Oconee in other places where resistance remains. They feel workshops for practitioners are the key where a wide range of interests can learn about the process.

Environmentalists also acknowledge that “flexibility [in SC] makes some people nervous.”

It seems NWTF Regional Biologists, USFS wildlife biologists and foresters and contractors can’t say enough good things about how SC has facilitated better relationships, shared land management objectives, and economic opportunity.

NWTF representatives:

- “SC is the most cost effective method of delivering our mission. It represents a vast advancement of our 25 year partnership with the USFS. It’s the most creative, exciting thing I’ve seen out of the USFS. We’ve got to ensure it continues.”
- “We are trying to get rangers to embrace SC as a way to plan out ahead for the work to be done, counting on the retained receipts and then it allows a small operator to invest in say some sort of mastication equipment because he knows the work will be on-going for ten-years – it’s thinking beyond one project to how this work can multiply and begin to impact a landscape.”
- “How cool would it be to bank \$1million in retained receipts for every forest and with that pool of funds sit down with collaborators and be truly open to a wide range of possibilities?”
- “We have connected with professors and students at the local university. They are interested in projects to study fire patterns, watershed, old growth and a host of other factors that can be connected to the monitoring process.”

USFS Managers:

- “With the smaller projects, collaborators move on quickly. They might do some initial monitoring but they are more interested in the big picture and planning for better conditions.”
- “Without NWTF and stewardship contracting, we would not be this far with recovery efforts, and we are helping a whole suite of other species; we simply could not cover this work with appropriated dollars.”
- “We just keep seeing how SC provides more resources to make work available, expands our partnership capacity, and connects to more jobs locally.”

Managers want more “organic opportunities” to collaborate internally with their peers as well. The majority of managers who report a growing interest in SC say it was watching the process work on a district or sharing stories and experiences from a peer that helped them get over the learning hump. Suggestions include piggy backing a SC session onto another meeting where managers will be gathered, webinars or a SC blog.

Stewardship Contractors:

“I was asked to a community development meeting in 2008 to talk about how the government had helped our county. I shared my expenditures with the group; \$3.4 million all went to local vendors plus we employed 17 people. No one could believe our one little company contributed that much to the local economy.”

“Contractors are tired of letting their equipment sit idle. They want to work and generate opportunities. Biomass, for example, continues to grow in the southeast.”

Stewardship Contracting Acceptance and Instruments

With many southeastern Forests focused almost exclusively on species and habitat maintenance, SC is an excellent way to leverage appropriated dollars. The USFS uses Integrated Resource Service Contracts (IRSC), Integrated Resource Timber Contracts (IRTC), and Stewardship Agreements. Thirteen years ago when the pilots were initiated, managers had to start from scratch to devise workable contracts. Several years into the current authorization, the templates emerged but were criticized as unwieldy and time consuming. Managers continue to await release of the long promised simpler and shorter “single blended vegetation management” contract developed in early 2010 but yet to be approved by the Office of General Council.

There has been a notable shift in attitude toward SC by field managers in the last two years. Previously, a majority could have been classified as skeptical to unsupportive. Now, the majority interviewed report liking the tool as an addition to their other options i.e. timber sales. Many even express concern that SC might go away. Yet, they clearly indicate a desire to keep all other options for management as well.

In the perspective of one USFS representative, “We don’t want stewardship to be more than 20 percent of the green offer program - keeps us out of trouble with county supervisors and keeps KV coming in.”

It’s no secret that SC has been an accounting nightmare for some forests during “the learning phases” and that many line officers have shied away from SC because while the retained receipts remain local and allow for increased flexibility, they are not authorized for personnel. KV has been the vehicle for achieving “service” or non-timber removal work. It does pay salary but is subject to overhead costs and restricted to original treatment area.

A manager in Texas said, “We are using SC more, but it’s still a learning process; not a panacea for everything. We have lots of endangered species with tight timelines for management and SC is not always good for that reason.”

Reasons for an improved perception likely have to do with a growing institutional knowledge of “how to get SC done” as well as refinement of the instruments. The pattern involves an initial attempt at SC with mixed results. In many cases bidders shy away or the project is too costly for all involved in the end. Next, and in some cases initially, NWTF will get involved to help. Eventually, as confidence grows among district staff and local contractors, results improve and thus a desire to do more.

USFS representative comments:

- “It’s a tool the USFS is gonna have to use in the future with declining appropriations. We’ve had \$1.3 million in residual receipts available to use all over Mississippi for restoration. It’s allowed districts to seed their project for first year, then in three years can generate own dollars.”
- “We started with ecosystem recovery objectives, very resource oriented. Now my thinking is not only resource restoration but that our district is a huge resource we can utilize to put people to work by collaborating with our communities.”
- “I came from Arkansas where my supervisor pushed us to get into it. I was hesitant, unfamiliar but I saw it work and now I’ve moved here and know its capabilities, the real work we can accomplish.”
- “I prepared the first one in 06. It was new to us then. We struggled but since then it’s improved and become more efficient. I’ve seen increase in wood peckers due to these projects; impressive end results.”
- “We’ve seen serious improvements in the contract; more user friendly, more fill in the blank, less going to find things in multiple places. Plus, we just know more about what we need now.”
- “Our last IRTC had five bidders. Now, the contractors, some we never heard from before, call us and want to know how to improve their proposals and when the next project is coming out. We’ve had landowners calling and asking questions about the management prescription. It’s exciting to get such a reaction when the economy is this bad.”

Stewardship Agreements and the National Wild Turkey Federation

A growing opportunity for expanding the scope and impact of SC is the Stewardship Agreement. In addition to being easily modified if conditions change, it allows high capacity partner groups like NWTF to share the burden of planning and implementation, their engaged members as well as bring in additional financial and human resources. The organization always brings a minimum of 20 percent to the table in a project and actively recruits like-minded wildlife advocacy organizations and/or state wildlife agencies, all with grant dollars to contribute.

Since 2004, NWTF has been a national proponent of SC blending public participation with resource enhancement via over 50 projects (half in Region 8), 30 of which are active, representing \$3.5 million dollars and over 11,000 acres. Eleven biologists work for NWTF in Region 8. “SC helps us bring our habitat improvement mission to the membership, which enjoys being a part of the management of their forests,” said Dave Wilson. Their primary mission is to conserve habitat for the wild turkey but that goal includes all upland species that utilize early succession forests.

When NWTF members tell success stories it has a profound impact on opinion leaders and decision makers. Forests that have seen the benefits first hand want more wildlife conservation groups, like Trout Unlimited and Ruffed Grouse Society, to get involved. Some have demonstrated an interest but seem to have cold feet about jumping on board. Small projects are suggested as a way to initiate these groups and allay their fears. The Rocky Mountain Elk Foundation had a growing SC program until this past summer when a small operational fire led their board to reconsider liability associated with the Agreements. NWTF has not considered the risks of SC to outweigh the benefits thus far.

Of the 14 projects in this year's sample, only one did not cite a direct link to NWTF. Each year more stories emerge that illustrate NWTF facilitating problem solving, exploring "outside the box" thinking along side managers, helping the agency achieve its mandate and creating opportunities for locals to not only work but engage in improved land conditions.

For example:

- On the Cherokee NF, three projects aimed at woodlands restoration went "no bid" as a timber sale; NWTF stepped in and got the work done under a SC. Initial efforts have led to cooperation across three states on the Golden-winged warbler.
- On the Allegheny NF \$1.3 million in retained receipts are making more work possible. Initially, the county didn't want to risk losing their 25 percent (PILT payment) as a result of retained receipts not included in those calculations, but through the partnership, talks occurred and agreement was reached. The project has continued to expand with positive results on the ground and reactions among partners.
- Work with the Oconee NF began with a small \$60K contract that local contractors were apprehensive to bid on because most had never installed woodpecker inserts. NWTF led by example. Forest managers report increased interest among local contractors in bidding on SC projects.
- On the Davy Crockett NF in Texas a hurricane ravaged many acres of prime wood pecker habitat. Under the Stewardship Agreement, NWTF in partnership with Georgia Pacific salvaged 33K tons of blow down in nine weeks to help the USFS remain in compliance with US Fish and Wildlife habitat requirements – an unprecedented accomplishment in recent USFS history. Without the Agreement in place, Georgia Pacific would not have guaranteed the market for the salvage to the three independent loggers working for NWTF and the wood would have gone to waste.

One of the most vital roles NWTF plays is one of surrogate and bridge for local business as they increase their comfort level, and often ability, with the requirements of SC. In many cases, NWTF partners with local operators in bidding on a project, but always based on a "best value" principle. They do not work with "fly-by-night" operators or one's where trust has not been established.

Most interested localized contractors have come to see that most of the service work is within the scope of their abilities after having watched and worked with the NWTF. Reticence toward SC and the new bundling of work into contracts is a natural reaction for businesses. Margins are often slim and without prior experience it is hard to calculate a reasonable and profitable bid, but those in it for the long-term want SC opportunities because they offer a modicum of stability and thus the ability to court markets. These factors are what lead individuals to invest in equipment and employees.

Reauthorization Updates and Considerations

In 2013, the current SC authorization will sunset. While SC appears to have no serious detractors, its continuation has yet to reach a critical point with legislators. Some express concerns that SC might not be reauthorized or that a rewrite to make corrections and bolster the authorities is simply not possible.

The NWTf is interested in coordinating with other interests to promote the benefits of SC to Congress by developing communication briefs as well as organizing staffer and member field trips. They believe that jobs and landscape level land improvements, especially habitat are key benefits of SC that the public and law makers need to understand.

On November 1, a coalition under the banner Collaborative Forest Landscape Restoration Coalition sent a letter to the Interior Appropriations Subcommittee requesting a 10-year reauthorization of SC in the FY 2012 Interior Appropriation Bill. Thus far no language has appeared.

Over the last year, Ben Ray Lujan (D-NM) offered a simple reauthorization; Mike Simpson (R-ID) offered a two-year extension; Jeff Flake (R-AZ) offered another eight years to match Simpson's two years. In recent years, the only legislation addressing SC was the National Forest Insect and Disease Emergency Act of 2009 ([H.R.4398](#)) and companion Senate (S. 2798) version introduced by Senator Mark Udall (D-CO) and Representative John Salazar (D-CO).

According to the Office of Management and Budget, SC is seen as an augmentation to USFS and BLM budgets. New House rules require new legislation to pay for itself elsewhere. This rule has complicated the reauthorization process.

In preparation for reauthorization, these key recommendations emerge perennially:

1. Assign a small, willing, knowledgeable team made up of both BLM and USFS representation to identify language that will alleviate the unnecessary collision points between federal acquisition regulations (FAR) and timber sale regulations.

Examples include:

- Decouple the cancellation ceiling from SC once and for all. Recent opinions by the Office of General Council have clarified that this provision only applies if a contract is cancelled due to a lack of funding and that much larger agencies such as Department of Defense and Energy do not set aside termination funds. Alan Saltman, a private attorney who specializes in federal contracts, recently stated that the Forest Service is not required to obligate the first year costs plus the cost of terminating the contract, in order to legally award a multi-year Integrated Resource Contracts for Services.
- BLM operates under the Mineral Materials Act. It sets limits on how much material can be sold without advertising, whereas the USFS operates under NFMA. Deviation from NFMA is specifically addressed in SC legislation but not the Mineral Materials Act.
- The FAR requires operators do 50% of all work and thus precludes use of subcontractors in some cases.
- Davis-Bacon wage rates are required under the FAR which dictates some service work but are hurting the businesses attempting to lower management costs. One company manager said, "We can't do what they ask, can't be competitive when Davis-Bacon is applied across the board. We are going to shift to buying timber sales instead of SC." The White Mountain contractors cite paying \$18/hour to trainees due to the requirements. *Note: there's a great deal of confusion regarding Davis-Bacon rules.
- Allow bidders the option of a periodic review of service related costs such as fuel, gravel, wages, etc.
- Provide options to trade other "goods," such as gravel or secondary forest products.
- Disperse cash to stewardship operators first enabling them to open additional units versus forcing business to wait until the contract is closed out to receive cash for service work. One operator waited six months to receive payment.

- Ask the government to adhere to the same rules as business in paying invoices. When a contractor desires to open a unit, they have 15 days to pay for the unit or interest charges begin to accrue. The government has 45 days to pay a contractor for services, and in some cases it takes much longer.

2. Revise handbooks to delegate authority for SC approval to Forest Supervisors or District Managers.

3. Allow for small, set percentages of retained receipts to be allocated for multi-party monitoring and federal personnel, with decision for such allocations resting at a district level. Some managers are nervous about asking for the personnel piece as it may trigger an adverse reaction. When using the IRTC, KV can be collected, but not under the IRSC or Agreements. Prescribed burning is a service area that most calls for an ability to use receipts for USFS personnel because those skills are hard to find within a local contractor population. A percentage may also need to be considered for counties. NWTF weighed in as “not objecting to such a provision.”

4. Remove all “black-box” perception from bid selection. Clarify how technical proposal, past performance and any other factor will be evaluated. There’s often a sense that bids go into a subjective “black box” with no real explanation for how decisions were made leading to mistrust of the evaluation process. The land management agencies need to ensure that technical proposal evaluation criteria include: technical proposal (ecological impact, community benefit, and utilization plan), past performance (including payment of prevailing wages, skill level of workers, and safety record on the job), and key personnel. These factors should be weighted equal to or greater than price.

5. Resolve fire liability issues for IRSC, IRTC and Agreements.

County Payments Issue

While reauthorization of SC does not appear to be specifically held-up by controversy over county payments programs, it has been linked because SC are not subject to the 25% fund. There are reports of counties supporting SC in spite of potential lost revenues down the road because the benefits to land and local economy are seen to outweigh others.

The Secure Rural Schools and Community Self-Determination Act of 2000 was passed by Congress and signed into law by President Clinton as a temporary fix to the loss of forest revenues which tracked rapid declines in management of public lands. The program expired on September 30th, 2011.

In October, Senator Jeff Bingaman (D-NM) with twenty-nine cosponsors introduced the County Payments Reauthorization Act of 2011 in the Senate Energy and Natural Resources Committee. The bill remains referred to the Committee on Energy and Natural Resources as of November 29. It would keep payments at 95 percent of current levels through 2016 and allows for 10 percent of revenues to be used for “administrative expenses” associated with resource advisory committees. [See Rep Greg Walden \(D-OR\) testimony on Youtube. http://www.youtube.com/watch?v=vgdJ2dreOQc](#)

Stewardship Contracting on the Oconee National Forest

Seventy percent of the Oconee NF cover type is loblolly pine. Based on their most recent Forest Plan, the forest is managed almost exclusively for Red Cockaded Wood Pecker. While long leaf pine has not historically been present in the Oconee area of the Piedmont, it is being planted as a benefit to the RCW.

The forest enjoyed success with SC, in partnership with NWTF and local contractors, and sees the authorities as a significant boost to implementation of the Forest Plan due to the retained receipts and partner input. As a small forest, their fixed costs are 85 percent of each annual budget.

Managers have just initiated an 82K acre plan, with a goal of accomplishing two to four thousand acres a year, for a wide range of forest health and habitat work. They will initiate the process with a five year contract under the NWTf Stewardship Agreement. The hope is that over the next ten years the stability offered will build business confidence to invest in equipment and employees as well as knowledge to do the work needed.

Stewardship Contracting Topic of Research

Kathie Mattor, a PhD student at Colorado State University, is analyzing USFS and Pinchot Institute data to determine if there are differences in the use of SC across USFS regions and whether the level of collaboration varies. The findings include: 1) There has been a significant increase in collaboration, 2) there are not significant differences in its use across regions, and 3) the perceived level of collaboration varies significantly across regions. The next step of this research will focus on the factors influencing the use of collaboration in SC and the associated outcomes through case study analysis. Contact her with questions, comments, or suggestions at kmattor@rams.colostate.edu."

Meeting Participants

Mary	Miller	Cherokee National Forest
Greg	Boozer	National Wild Turkey Federation
Ben	Battle	Chattahoochee/Oconee National Forest
Dave	Wilson	National Wild Turkey Federation
Sonja	Durrwachter	National Forests of Florida
Greg	Abernathy	National Wild Turkey Federation
Liz	Caldwell	Chattahoochee/Oconee National Forest
Robert	Abernathy	National Wild Turkey Federation
George	Bain	Chattahoochee/Oconee National Forest
Linda	Brett	Director of Forest Management, Region 8
Derek	Alkire	National Wild Turkey Federation
Tim	Walker	Chattahoochee/Oconee National Forest
Brian	Jackson	Chattahoochee/Oconee National Forest
Ray	Ellis	Chattahoochee/Oconee National Forest
Kurt	Steele	Chattahoochee/Oconee National Forest
Mark	Shelley	Southern Appalachian Forest Coalition
Mark	Healey	Cherokee National Forest
Mark	Garner	Making Tracks

Appendix B: Data Tables

Table 1	Respondents' definitions of stewardship contracting.
Table 2	Changed views of stewardship contracting since involvement in project.
Table 3	How respondent's views changed.
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Table 1. Respondents' definitions of stewardship contracting.

	Total Respondents (n=251)	Agency Respondents (n=97)	Non-agency Respondents (n=154)
Getting work done on the ground	116 (46%)	48 (49%)	68 (44%)
Goods for services	96 (38%)	60 (62%)	36 (23%)
New contracting mechanism/tool	60 (24%)	20 (21%)	40 (26%)
Community collaboration/benefits	55 (22%)	19 (20%)	36 (23%)
Very positive/valuable tool	18 (7%)	6 (6%)	12 (8%)
Top down/bureaucratic	2 (1%)	1 (1%)	1 (1%)
Other	10 (4%)	4 (4%)	6 (4%)
Don't know	15 (6%)	2 (2%)	13 (8%)

*Respondents were allowed to provide more than one response.

Table 2. Changed views of stewardship contracting since involvement in project.

	Total Respondents (n=251)	Agency Respondents (n=97)	Non-agency Respondents (n=154)
Yes	76 (30%)	43 (44%)	33 (21%)
No	154 (61%)	53 (55%)	101 (66%)
Maybe	5 (2%)	1 (1%)	4 (3%)
Don't know	16 (6%)	-	16 (10%)

Table 3. How respondent's views changed.

	Total Respondents (n=76)	Agency Respondents (n=43)	Non-agency Respondents (n=33)
More positive/encouraged	30 (39%)	13 (30%)	17 (52%)
Understand better	22 (29%)	14 (33%)	8 (24%)
More complicated/more work	13 (17%)	11 (26%)	2 (6%)
Way to get work done	8 (11%)	6 (14%)	2 (6%)
Less optimistic	4 (5%)	1 (2%)	3 (9%)
More realistic	3 (4%)	2 (5%)	1 (3%)
Collaboration/communication	3 (4%)	2 (5%)	1 (3%)
Frustrated by timber markets	2 (3%)	2 (5%)	-
Other	8 (11%)	2 (5%)	6 (18%)

Table 4. Entity which initiated the stewardship contracting project.

	Total Projects (n=98)
Agency initiated	53 (54%)
Joint	13 (13%)
Disagreement	
Agency or joint	25 (26%)
Non-agency or joint	2 (2%)
Agency or non-agency	1 (1%)

Table 5. Outreach methods used to involve local communities (n=98).*

	Total Projects (n=98)
Personal contacts	87 (89%)
Field tours	87 (89%)
Traditional public meetings	77 (79%)
Direct mail	75 (77%)
Email	72 (73%)
Collaborative process meetings	67 (68%)
Media	62 (63%)
Presentations to existing community groups	51 (52%)
Presentations to other organizations	26 (27%)
Other	12 (12%)

*Respondents were allowed to provide more than one response.

Table 6. Amount of time entities participate in projects at various scales of governance. (n=98 projects)*

	Total fre- quency of involvement	% Local	% State	% Regional	% National
USFS	98 (100%)	98 (100%)	16 (16%)	39 (40%)	10 (10%)
Project contractors	82 (84%)	82 (100%)	10 (12%)	10 (12%)	2 (2%)
State agencies	73 (74%)	62 (85%)	33 (45%)	1 (1%)	-
Environmental interests	72 (73%)	68 (94%)	29 (40%)	26 (36%)	14 (19%)
Adjacent landowners	71 (72%)	71 (100%)	5 (7%)	1 (1%)	-
Wildlife and fisheries groups	64 (65%)	62 (97%)	22 (34%)	12 (19%)	4 (6%)
Local government interests	57 (58%)	57 (100%)	5 (9%)	1 (2%)	1 (2%)
Community business interests	54 (55%)	54 (100%)	8 (15%)	4 (7%)	1 (2%)
Other federal agencies	50 (51%)	43 (86%)	14 (28%)	10 (20%)	7 (14%)
Tribal interests	46 (47%)	43 (93%)	6 (13%)	4 (9%)	-
Fire interests	46 (47%)	46 (100%)	9 (20%)	4 (9%)	2 (4%)
Recreation interests	45 (46%)	45 (100%)	10 (22%)	3 (7%)	-
Education interests	30 (31%)	27 (90%)	11 (37%)	4 (13%)	-
BLM	21 (21%)	19 (90%)	7 (33%)	1 (5%)	-
Right to access groups	13 (13%)	13 (100%)	3 (23%)	1 (5%)	-
Other	10 (10%)	10 (100%)	1 (10%)	-	-

*Respondents were allowed to provide more than one response.

Table 7. Definition of local community.*

	Total Re- spondents (N=251)	Agency Re- spondents (n=97)	Non-agency Respondents (n=154)
Counties around forest	72 (29%)	27 (28%)	45 (29%)
Communities/towns around forest	69 (27%)	34 (35%)	35 (23%)
Whole state/large region of the state	47 (19%)	11 (11%)	36 (23%)
Adjacent landowners/neighbors	18 (7%)	10 (10%)	8 (5%)
Watershed/valley	16 (6%)	7 (7%)	8 (5%)
Forest users	14 (6%)	1 (1%)	13 (8%)
Collaborative group	13 (5%)	5 (5%)	8 (5%)
Local government	10 (4%)	6 (6%)	4 (3%)
National forest	8 (3%)	4 (4%)	4 (3%)
Communities of interest	8 (3%)	6 (6%)	2 (1%)
People affected	8 (3%)	2 (2%)	6 (4%)
Environmental groups	7 (3%)	4 (4%)	3 (2%)
Broad audience	3 (1%)	-	3 (2%)
Contractors	2 (1%)	2 (2%)	-
Other	7 (3%)	4 (4%)	3 (2%)
No answer	10 (4%)	1 (1%)	9 (6%)

*Respondents were allowed to provide more than one response.

Table 8. Frequency of the different roles local communities play in stewardship projects. (n=98).

	% of time role played by community members
Comments and recommendations	88 (90%)
Becoming informed	82 (84%)
Representation of diverse interests	74 (76%)
Implementation	69 (70%)
Planning and design	63 (64%)
Public outreach	63 (64%)
Monitoring	52 (53%)
Provision of technical information	51 (52%)
NEPA analysis	47 (48%)
Funding	47 (48%)
Development of alternatives	46 (47%)
Other	5 (5%)

Table 9. How respondents personally first became involved in stewardship contracts.

	Total Respondents (n=251)	Agency Respondents (n=96)	Non-agency Respondents (n=153)
Job	115 (46%)	80 (82%)	35 (23%)
Bid on project	29 (12%)	-	29 (19%)
Role in community/organization	29 (12%)	1 (1%)	28 (18%)
To solve a problem	23 (9%)	7 (7%)	16 (10%)
Previous experience	21 (8%)	1 (1%)	20 (13%)
Agency invited	12 (5%)	1 (1%)	11 (7%)
Approached the agency	3 (1%)	-	3 (2%)
Live here/have property	3 (1%)	-	3 (2%)
Have long term relationships	2 (1%)	-	2 (1%)
Other	8 (3%)	5 (5%)	3 (2%)
No answer	4 (2%)	1 (1%)	3 (2%)

Table 10. Why respondents became involved in stewardship projects.

	Total Respondents (n=251)	Agency Respondents (n=97)	Non-agency Respondents (n=154)
Job	96 (38%)	69 (71%)	27 (18%)
To get work done	65 (26%)	10 (10%)	55 (36%)
Business	29 (12%)	-	29 (19%)
Interested in SC/collaboration	15 (6%)	9 (9%)	6 (4%)
Organizational role	12 (5%)	1 (1%)	11 (7%)
Live here/own property	9 (4%)	-	9 (6%)
Role in community	4 (2%)	-	4 (3%)
Did one before	2 (1%)	1 (1%)	1 (1%)
Agency asked	1 (0.4%)	-	1 (1%)
Opportunity for small contractor	1 (0.4%)	-	1 (1%)
Personal interest	1 (0.4%)	-	1 (1%)
Other	9 (4%)	4 (4%)	5 (3%)
No answer	7 (3%)	3 (3%)	4 (3%)

Table 11. Respondent's definition of collaboration.

	Total Respondents (n=251)	Agency Respondents (n=142)	Non-agency Respondents (n=200)
Working with others	107 (42%)	42 (43%)	65 (42%)
Achieving common goal	68 (27%)	29 (30%)	39 (25%)
Increased involvement/decision making	27 (11%)	14 (14%)	13 (8%)
Gathering public input/comments	25 (10%)	12 (12%)	13 (8%)
Diverse people and interests	25 (10%)	7 (7%)	18 (12%)
Public involvement	18 (7%)	9 (9%)	9 (6%)
Talking/discussion	14 (6%)	9 (9%)	5 (3%)
Long term relationships	10 (4%)	3 (3%)	7 (5%)
Understanding common needs	7 (3%)	3 (3%)	4 (3%)
Listening	6 (2%)	3 (3%)	3 (2%)
Designing alternatives	4 (2%)	2 (2%)	2 (1%)
Partnerships	3 (1%)	2 (2%)	1 (1%)
No answer	16 (6%)	-	16 (10%)

Other 12 (5%) 7 (7%) 5 (3%)

*Participants were allowed to provide more than one response.

Table 12. Degree to which projects are collaborative.

	Total Respondents (n=251)	Agency Respondents (n=97)	Non-agency Respondents (n=154)
Very collaborative (1)	68 (27%)	17 (18%)	51 (33%)
Very collaborative(2)	48 (19%)	26 (27%)	22 (14%)
Somewhat collaborative (3)	81 (32%)	38 (39%)	43 (28%)
Not collaborative (4)	15 (6%)	9 (9%)	6 (4%)
Not collaborative (5)	17 (7%)	5 (5%)	12 (8%)
Don't know	22 (9%)	2 (2%)	20 (13%)

Table 13. Resources needed for community participation (n=44).

	Percentage of respondents needing resources	Percentage of respondents needing resources that subsequently received them
Technical	30 (68%)	27 (90%)
Financial	22 (50%)	13 (86%)
Training	21 (48%)	19 (90%)
In Kind	18 (41%)	14 (78%)

Table 14. Lessons learned about community involvement.

	Total Respondents (n=126)
Start early	25 (20%)
Be inclusive	24 (19%)
Its positive	24 (19%)
Do it more/critical to success	11 (9%)
Takes a lot of time	11 (9%)
Community support develops a project develops	7 (6%)
Needs to be ongoing through entire project	7 (6%)
Doesn't always work	6 (5%)
Builds trust	5 (4%)
Be honest/respectful	5 (4%)
Collaboration done to appease environmental interests	5 (4%)
Need to accomplish something on the ground early	5 (4%)
Experience is variable depending on agency staff	3 (2%)
Not based on science	3 (2%)
Can talk openly	3 (2%)
A lot of work/effort	3 (2%)
Takes money and resources	3 (2%)
Learned about common goals	3 (2%)
Need professional facilitation	3 (2%)
Transparency critical	3 (2%)
Need authentic community involvement(not token)	2 (2%)
Keep good records	2 (2%)
Field trips are important	2 (2%)

Need a timeline	2 (2%)
Other	9 (7%)

Table 15. Importance of benefits to local communities from stewardship contracts (n=251).*

	Very high	High	Medium	Low	Very low	Don't know	Mean
Specific project outcome	138 (55%)	43 (17%)	14 (6%)	-	7 (3%)	49 (20%)	1.49
On the ground work	108 (43%)	74 (29%)	26 (10%)	10 (4%)	17 (7%)	16 (6%)	1.95
Using local contractors	111 (44%)	57 (23%)	40 (16%)	5 (2%)	17 (7%)	21 (8%)	1.96
More local jobs	106 (42%)	62 (25%)	39 (16%)	15 (6%)	17 (7%)	12 (5%)	2.06
Increased collaboration	83 (33%)	54 (22%)	54 (22%)	15 (6%)	12 (5%)	33 (13%)	2.17
Improved public trust	80 (32%)	67 (27%)	46 (18%)	14 (6%)	15 (6%)	29 (12%)	2.18
Improved efficiency	70 (28%)	63 (25%)	48 (19%)	14 (6%)	14 (6%)	42 (17%)	2.23
Other economic benefits	59 (24%)	56 (22%)	39 (16%)	8 (3%)	16 (6%)	72 (29%)	2.25

*Responses based on a five point scale: 1=Very high importance to 5=Very low importance.

Table 16. Specific project outcomes.

	Total Respondents (n=98)
Fuels/fire reduction	54 (55%)
Habitat improvement	51 (52%)
Forest/rangeland health	23 (23%)
Thinning	23 (23%)
Roads	21 (21%)
Timber/salvage	20 (20%)
Restoration	17 (17%)
Invasives	14 (14%)
Watershed restoration	12 (12%)
Forest improvement/TSI	8 (8%)
Recreation	7 (7%)
Economics/marketing	6 (6%)
Wetlands/rivers/streams	4 (4%)
Trust/collaboration	4 (4%)
Research	3 (3%)
Tree planting	1 (1%)
Access improvement	1 (1%)
Other	23 (23%)

Table 17. Benefits of community involvement in stewardship contracts (n=251).*

	Very high importance (1)	High importance (2)	Medium importance (3)	Low importance (4)	Very low importance (5)	Don't know	Mean
Broader understanding of diverse interests	79 (31%)	61 (24%)	42 (17%)	8 (3%)	11 (4%)	50 (20%)	2.06
Increased opportunity for public input	73 (29%)	68 (27%)	44 (18%)	6 (2%)	10 (4%)	50 (20%)	2.07
Improved trust	72 (29%)	67 (27%)	37 (15%)	6 (2%)	15 (6%)	54 (22%)	2.11
Increased support for agency	65 (26%)	58 (23%)	52 (21%)	8 (3%)	15 (6%)	53 (21%)	2.24
Improved sense of project ownership	67 (27%)	59 (24%)	43 (17%)	16 (6%)	15 (6%)	51 (20%)	2.27

*Responses based on a five point scale: 1=Very high importance to 5=Very low importance.

Table 18. Support for stewardship contracting in local communities (n=251).

	Total Respondents (n=251)	Agency Respondents (n=99)	Non-agency Respondents (n= 150)
Widely supported	117 (47%)	44 (45%)	73 (47%)
Somewhat supported	72 (29%)	35 (36%)	37 (24%)
Indifferent	32 (13%)	13 (13%)	17 (11%)
Opposed	3 (1%)	2 (2%)	1 (1%)
I don't know	27 (11%)	5 (5%)	22 (14%)

Table 19. Support for stewardship contracting projects in the agency.

	Total Respondents (n=251)	Agency Respondents (n=97)	Non-agency Respondents (n=154)
Widely supported (1)	139 (55%)	68 (70%)	71 (46%)
Somewhat supported (2)	89 (35%)	23 (24%)	66 (43%)
Indifferent (3)	5 (2%)	3 (3%)	2 (1%)
Generally unaware (4)	1 (0.4%)	1 (1%)	-
Opposed (5)	4 (2%)	1 (1%)	3 (2%)
I don't know	13 (5%)	1 (1%)	12 (8%)

*Responses based on a five point scale: 1=Widely supported, 5=Opposed.

Table 20. Respondent interest in participating in another stewardship project.

	Total Respondents (n=251)	Agency Respondents (n=97)	Non-agency Respondents (n=154)	
Yes	211 (84%)	82 (85%)	129 (84%)	84%
No	5 (2%)	1 (1%)	4 (3%)	3%
Maybe	25 (10%)	12 (12%)	13 (8%)	8%
Don't know	10 (4%)	2 (2%)	8 (5%)	5%

Table 21a. Reasons respondents would participate in another stewardship contracting project.

	Total Respondents (n=211)
Great tool/good concept/beneficial	45 (18%)
Best way to get work done	26 (10%)
Good for business	23 (9%)
Already doing more	22 (9%)
Community involvement/community support	16 (6%)
Has become an integral part of our mission/work	14 (6%)
Still learning about it	12 (5%)
Under the right conditions/if appropriate	5 (2%)
Job	5 (2%)
Stewardship contracts work	4 (2%)
No reason given	29 (12%)
Other	20 (8%)
Contracting yes, agreements no	4 (2%)
More flexible	3 (1%)
Sense of control	2 (1%)
If market improves	2 (1%)
In it for the long term	1 (0.4%)
In spite of heartburn	1 (0.4%)
No choice	1 (0.4%)
If smaller projects	1 (0.4%)
Interested in research	1 (0.4%)
Be involved whether its SC or not	1 (0.4%)

Table 21b. Reason for not participating again.

	Total Re- spondents (n=25)
Too much time/too much paperwork	1 (0.4%)
Community collaboration is a sham	3 (1%)
Need to treat private land too	1 (0.4%)

Table 21c. Reason for maybe participating again.

	Total Re- spondents (n=25)
Best way to get work done	5 (2%)
Under right conditions/ if appropriate	5 (2%)
No reason given	5 (2%)
Other:	10 (4%)
Timber markets	3 (1%)
Let you know when done	2 (1%)
Great tool/good concept/beneficial	2 (1%)
Job	1 (0.4%)
Timber markets restrict restoration work	1 (0.4%)
Not if its contentious	1 (0.4%)

Appendix C: Survey Questionnaire

OMB # 0596-0201

Expiration Date: January 31, 2013

Survey Instrument

[Note: This document will be mailed to potential interviewees and will also be used as a transcript for interviewers conducting the telephone survey.]

Date:

BLM/USFS:

Region/State:

Project:

Who:

- Agency person
- Community member
- Contractor
- Other:
 - State agency
 - NGO _____
 - _____

FY_____ PROGRAMMATIC MONITORING:

The Role of Local Communities in Development of Stewardship Contracting Agreements or Contract Plans

Participants: When Congress authorized the Forest Service (FS) and the Bureau of Land Management (BLM) to use stewardship contracting, it also required that the agencies provide an annual report on the role of local communities in the development of agreements or contract plans under that authority. In the preparation of this report, a stratified random sample among existing stewardship contracting projects is surveyed each year, and the _____ stewardship contracting project you are involved in was one of those selected for review. We anticipate that your involvement in this telephone survey/interview will take no longer than 30-minutes.

A sample survey form has been included with this e-mail, so that you may have the opportunity to review the questions prior to the telephone survey/interview. Plans are to conduct the telephone surveys/interviews from [*insert Month xx, year xxxxx through Month xx, year xxxxx*].

The Pinchot Institute for Conservation is coordinating this study under contract with the Forest Service and the Bureau of Land Management. Your name will not be associated with the interviewer's notes from the phone survey and the names of those interviewed will not be retained. The information collected in this interview will be analyzed and used by both the Forest Service and Bureau of Land Management to inform the agencies' yearly report to Congress on stewardship contracting implementation. The survey responses will not be shared with other organizations inside and outside the government but the results of the analysis of the survey responses, through its inclusion in the Forest Service's and Bureau of Land Management's reports to Congress, will be available for use by organizations both inside and outside the government.

Participating in the interview is completely voluntary. Your participation assumes your understanding and acceptance of this voluntary agreement. Your decision to participate or not will not affect your current or future relations with the Forest Service, Bureau of Land Management, the Pinchot Institute for Conservation or _____ (*insert local/ regional subcontractor name here*).

On behalf of the Forest Service and Bureau of Land Management, the Pinchot Institute would like to thank you in advance for your thoughtful and candid responses to the following questions related to stewardship contracting in your community.

You are/have been involved in the _____ stewardship contracting project.

1a. If someone asked you to explain stewardship contracting, what would you say? *Please check all that apply.*

- A new contracting mechanism
- Goods for services
- A way to get work done on the ground
- Collaboration with local communities
- Benefits to local communities
- Other. *Please specify.* _____

1b. Has your view of stewardship contracting changed since you became involved in this project? Yes

No Maybe Don't know

If yes, how has it changed? *Please check all that apply.*

- | | |
|---|--|
| <input type="checkbox"/> Perceive stewardship contracting to be more complicated | <input type="checkbox"/> Stewardship contracting is too bureaucratic |
| <input type="checkbox"/> More positive and encouraged about stewardship contracting | <input type="checkbox"/> Believe stewardship contracting is way to get work done |
| <input type="checkbox"/> Less optimistic about stewardship contracting | <input type="checkbox"/> Perceive local benefits |
| <input type="checkbox"/> Positive about community collaboration | <input type="checkbox"/> Didn't know anything before |
| <input type="checkbox"/> Understand it better | <input type="checkbox"/> Other. <i>Please specify.</i> _____ |
| <input type="checkbox"/> View stewardship contracting as required by the agency | |

I want to ask about community involvement in your project.

2. Who initiated the project? Agency Non-agency Joint Don't know

3. Who has been involved? _____

	<i>Check all that apply.</i>	<i>What is the scale of involvement</i>			
		Local	State	Regional	National
USDA Forest Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bureau of Land Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Federal agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tribal interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local governmental interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community business interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental conservation groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fire interests/organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adjacent landowners/residents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreation interests/users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Educators/educational interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wildlife and fisheries groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Right to access groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Project contractors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (Please specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4a. What is/was the role of the local community in the _____ stewardship contracting project?

	<i>Check all that apply.</i>
Planning and design.	<input type="checkbox"/>
Development of alternatives.	<input type="checkbox"/>
Comments and recommendations.	<input type="checkbox"/>
Public outreach and education.	<input type="checkbox"/>
Participation in NEPA process.	<input type="checkbox"/>
Implementation.	<input type="checkbox"/>
Provision of technical information.	<input type="checkbox"/>
Becoming informed.	<input type="checkbox"/>
Providing and/or acquiring funding.	<input type="checkbox"/>
Monitoring.	<input type="checkbox"/>
Representation of concerned/affected local interests	<input type="checkbox"/>
Other: (Please specify) _____	<input type="checkbox"/>

4b. What did you use as a definition of "local community" when you answered this question?

- Counties/Parishes around the forest Whole state/large region of state
 Communities/towns around the forest Adjacent landowners/neighbors

- Forest users
- Tribal nations
- Other agencies
- All affected people/areas
- Other: *Please specify.* _____

5. What outreach efforts are being/have been used specifically by the Forest Service, BLM, or others to get people involved in the project? *Please check all that apply.*

- Traditional public meetings
- Collaborative process meetings
- Direct mail
- Email
- Personal contacts
- Media (newspaper, radio, television)
- Discussions with local government
- Workshops
- Meetings with existing collaborative groups
- Field tours
- Presentations to existing community groups
- Presentations to other organizations other than existing community groups
- New Collaborative Group
- Other: *Please specify.* _____

6a. To what degree would you consider community involvement in the _____ stewardship contracting project to be collaborative?

- | | | | | | |
|--------------------------|--------------------------|---------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Very
Collaborative | | Somewhat
Collaborative | | Not
Collaborative | Don't
Know |

6b. How did you define collaborative when you were answering this question?

- Working with others
- Achieving a common goal
- Commenting on a proposed project
- Working with other agencies
- Increased level of public participation
- Developing, establishing, or building Long-term relationships
- Including diverse people and interests
- Having meetings
- Other: *Please specify.* _____

7. What were the reasons you personally decided to become involved with this project (what were the circumstances)? *Please check all that apply.*

- Part of your job responsibilities
- Interested in accomplishing work on the ground
- Initiated the project
- Contacted to bid on the project
- Due to experiences with previous stewardship contracting projects
- Due to your role in the community
- Live near the project
- Own property near the project
- A business opportunity
- Interested in collaboration
- Interested in using /trying stewardship contracting tool
- There was a problem to solve
- Other: *Please specify.* _____

8a. Are there individuals or interests you believe should be/should have been involved in the _____ stewardship contracting project that aren't/weren't?

- Yes
- No
- Don't know

8b. If yes, who?

	<i>Check all that apply.</i>	<i>At what scale should these individuals or interest be involved?</i>				<i>Why should they be involved? See list below for options - Include all that apply.</i>
		Local	State	Regional	National	
USDA Forest Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Bureau of Land Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other Federal agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Tribal interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
State agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Local government interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Community business interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental/conservation groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire interests/organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjacent landowners and residents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Recreation interests/users	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Educators/educational interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Wildlife and fisheries groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Right to access groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project contractors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other: (Please specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

- (a) To avoid misunderstanding.
- (b) Because they are users of the area
- (c) To avoid appeals and/or litigation
- (d) Because they are a constraint to implementation
- (e) A need to be inclusive
- (f) Because they have valuable expertise to share
- (g) A need for local knowledge
- (h) Because they are potentially affected by the project
- (i) Other (*please explain*)

9. Are there resources that community members needed to facilitate their participation in the project?

- Yes
- No
- Don't know

If yes, please check the appropriate boxes in the table below:

	Check if needed	Check if received	From whom	For what specific purpose
Financial	<input type="checkbox"/>	<input type="checkbox"/>		
Training	<input type="checkbox"/>	<input type="checkbox"/>		
In-kind time, services, facilities	<input type="checkbox"/>	<input type="checkbox"/>		
Technical	<input type="checkbox"/>	<input type="checkbox"/>		
Other (Please describe)	<input type="checkbox"/>	<input type="checkbox"/>		

10. Please rate the local benefits of the _____ stewardship contracting project on a scale of 1-5 with 1 being very high and 5 being very low.

	Very High				Very Low	Don't Know
	1	2	3	4	5	
Economic benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More local jobs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More on-the-ground work accomplished	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greater opportunity to use local contractors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: please specify _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increased collaboration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved efficiency and effectiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved public trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specific project outcomes (Please identify & rate each)						
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: Please describe _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Please rate the benefits of **community involvement** in the _____ stewardship contracting project on a scale of 1-5 with 1 being very high and 5 being very low.

	Very High				Very Low	Don't Know
	1	2	3	4	5	
Broader understanding and consideration of diverse interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increased opportunity for public input	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved sense of project ownership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increased support for the agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: <i>Please describe</i> _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. What level of support do you believe this stewardship contracting project is/was in the community?

- Widely supported
- Somewhat supported
- Indifferent
- Somewhat opposed
- Widely opposed
- Generally unaware
- I don't know

13. What level of support do you believe this stewardship contracting project is/was in the agency [*Forest Service and/or BLM*]?

- Widely supported
- Somewhat supported
- Indifferent
- Somewhat opposed
- Widely opposed
- Generally unaware
- I don't know

14. Are there any lessons that you learned about community involvement through this project that you would like to share? _____

15. Based on your experience in this project, would you participate in another stewardship contracting project? Yes No Maybe
Please explain. _____

16. Are there any additional comments you want to make about either stewardship contracting generally or your personal experience with it? _____

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Appendix D: References

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