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2812 (OR936.1) P

EMS TRANSMISSION 10/17/2012
Instruction Memorandum No. OR-2012-068
Expires: 9/30/2013 Extended to 09/30/2014

To: Salem, Eugene, Roseburg, Coos Bay, and Medford District Managers and Klamath Falls Resource Area Field Manager

From: Acting State Director, Oregon/Washington

Subject: Reduction of Overhead and Contract Administration Adjustments to Road Replacement Costs


Purpose: Provide policy guidance to reduce the current road replacement rate of 10 percent for both overhead and contract administration to 2.5 percent for each.

Policy/Action: It is the Bureau of Land Management (BLM) policy, as stated in the O&C Logging Road Right-of-Way Handbook (H-2812-1, Rel. 2-165, Chapter IX, Section C.8.j.2, page 65) that additions for overhead and contract administration are to be applied to road replacement costs. The percentages to be applied for overhead and contract administration are reduced from the current 10 percent rate to a new rate of 2.5 percent each.

This policy change will be applicable to any pending road replacement cost calculations and is not retroactive to any cost calculations which have previously been approved and accepted by either the BLM or permittees.

Timeframe: This policy is effective immediately.

Budget Impact: This policy action will lower the road replacement costs associated with BLM and permittee timber sales.

Background: Adjustments to road replacement costs for overhead and contract administration are made by both the BLM and permittees. Both parties acknowledge that these additional costs are warranted, but the appropriate additional percentage rate has been in a discussion phase for the last five years. A total adjustment rate of 5 percent (2.5 percent for both overhead and
contract administration) is acceptable to both the BLM and the industry (the BLM RROW Subcommittee) since it matches the 5 percent indirect cost allowance used in the negotiated Road Maintenance Fee Allocation Model (July 2010).


**Coordination:** This policy has been coordinated with Michael J. Haske, Deputy State Director, Resource Planning, Use, and Protection; Sarah Bickford, RROW Program Lead; district RROW program leads; Brian Thauland, Transportation Program Support; and the industry/BLM RROW Subcommittee.

**Contact:** Sarah Bickford, RROW Program Lead, Branch of Land, Mineral and Energy Resources, Division of Resource Planning, Use, and Protection, at (541) 683-6159.

**Districts with Unions** are reminded to notify their unions of this instruction memorandum and satisfy any bargaining obligations before implementation. Your servicing Human Resources Office or Labor Relations Specialist can provide you with assistance in this matter.

Signed by

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JODY WEIL

State Director

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