

# Bureau of Land Management

## “End Results” Stewardship Project

### Guidance

### Version 3.1



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# BLM “End Results” Stewardship Project Guidance

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

## Section 1. Authority

The *Agricultural Act of 2014 (P.L.113-79, Section 8205 )* (Exhibit 1) which repealed and replaced Section 347 of the *Appropriations Bill of 1999 (P.L.105-277)*, granted the Forest Service (FS) and the BLM permanent authority to enter into stewardship contracting projects with private persons or public or private entities to perform services to achieve land management goals for the national forests and the public lands that meet local and rural community needs.

## Section 2. Objectives

The primary objective of stewardship contracting is to achieve any of the following land management goals:

- (1) Road and trail maintenance or obliteration to restore or maintain water quality;
- (2) Soil productivity, habitat for wildlife and fisheries, or other resource values;
- (3) Setting of prescribed fires to improve the composition, structure, condition, and health of stands 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; and
- (7) Control of noxious and exotic weeds and reestablishing native plant species.

## Section 3. Policy Highlights

**Appraisal:** Stewardship authority gives the discretion to use a unit of measure for timber and forest products that is appropriate for the respective project which may include valuing products on a per acre basis. This provision can be effective when used with designation by description or prescription.

**Best Value:** All stewardship contracts and agreements must be awarded on a “best value” basis. Best value is defined as the expected outcome of an acquisition that, in the government’s estimation, provides the greatest overall benefit in response to the requirement.

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

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

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

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

**Stewardship Credits:** As service work is completed, an equal amount of credit toward removal of forest products is accumulated and is accepted as payment for products.

## **Section 4. Responsibility**

### **Washington Office**

#### **Assistant Director, Resources and Planning (AD-200)**

- Designate a National Stewardship Coordinator.
- Function as the national Stewardship Contracting Information Database (SCID) business owner.
- Implement a management control review process to maintain a high level of accountability for stewardship contracting.

#### **Bureau Procurement Chief (WO-855)**

- Delegate in writing stewardship contracting authority to contracting officers (CO) and grants management officers (GMO) that have completed the Stewardship Workshop and the performance-based contracting course in accordance with BLM Manual 1203.

#### **Bureau Grants Program Manager (WO-855)**

- Approve Statement of Programmatic Involvement/Instrument Selection Determination (SPI/ISD) for stewardship agreements expected to exceed \$100,000 over the life of the agreement in accordance with BLM Manual 1511.

#### **National Stewardship Coordinator**

- Clarify stewardship contracting legislation through development of policy.
- Assign the appropriate SCID permission to State Stewardship Coordinators.
- Function as the SCID business owner's representative.
- Produce the annual Congressional report mandated by the authorizing legislation.
- Update and maintain a list COs and GMOs delegated authority by the Bureau Procurement Chief to execute stewardship contracts and agreements.
- Coordinate national stewardship training sessions at a minimum of every two years or as needed.

### **State Office**

#### **State Director**

- Approve stewardship projects using the Stewardship Project Review & Approval form. Approval authority may be re-delegated in accordance with Manual 1203, Delegation of Authority.

- Designate a stewardship coordinator for the respective state.
- Establish state-wide stewardship contracting priorities as needed.
- Ensure that district/field offices enter and maintain stewardship project and contract data in the SCID.
- Assess the use and management of stewardship contracting authority as a part of the BLM's program and activity reviews as applicable.

### **State Stewardship Coordinators**

- Clarify national stewardship contracting guidance.
- Review stewardship project proposals to ensure that the project objectives meet the stewardship land management goals.
- In the case of State Director (SD) or Deputy State Director (DSD) project approval, the Project Leader will forward the Stewardship Project Review & Approval form to the State Stewardship Coordinator to obtain the SD or DSD approval.
- Provide technical assistance to the CO/GMO for contract/assistance agreement execution.
- Grant and remove the appropriate SCID permissions for users in the respective state.
- Ensure that project reporting in the SCID database is accurate, timely, and financial accountability and accomplishments are reported at least monthly.

### **Contracting Officer (CO)**

- Complete the Stewardship Workshop and the performance-based contracting course, and be delegated stewardship contracting authority prior to stewardship contract administration.
- Forward stewardship contracts that exceed his/her warrant to the Oregon State Office (ORSO) for contract development and execution.
- Work closely with the project proponent to ensure the goals and objectives of the stewardship contract will be met.
- Assist with national stewardship training as needed.

### **Grants Management Officer (GMO)**

- Complete the Stewardship Workshop and the performance-based contracting course, and be delegated stewardship authority prior to stewardship assistance agreement administration.
- Forward stewardship agreements which are outside his/her delegation to a delegated stewardship GMO for processing and execution.
- Forward Statement of Programmatic Involvement/Instrument Selection Determination (SPI/ISD) for stewardship agreements expected to exceed \$100,000 over the life of the agreement to the Bureau Grants Program Manager in WO-855.
- Work closely with the project proponent to ensure the goals and objectives of the stewardship agreement will be met.
- Assist with national stewardship training as needed.

### **District/Field Office**

#### **District/Field Manager**

- Serve as the Authorized Officer when a stewardship forest product sales contract is used.

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

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

- Complete the Stewardship Workshop prior to developing a stewardship project.
- Submit proposed stewardship projects to the State Stewardship Coordinators using Exhibit 2.
- Conduct market research to identify expected service costs and product values.
- Coordinate stewardship activities that generate forest products with the District/Field Office Forester.
- Work with the appropriate CO or GMO to develop the stewardship contract/agreement.
- Provide technical assistance to the CO or GMO for contract or assistance agreement execution.
- Lead the Technical Evaluation Team under direction of the CO or GMO to identify the Best Value project proposal.
- Enter new stewardship projects into the SCID within two weeks of project approval.
- Maintain stewardship projects in the SCID database on at least a monthly basis and specifically before fiscal and calendar year ends.

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

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

**Section 5. Planning Stewardship Projects**

Project Design

**Purpose and Need**

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

- Developing the purpose and need statement, project scope, resource management objective(s), alternatives, and project design.
- Identifying local and rural community needs.
- Conducting market research to identify service costs and availability of cost saving innovations.
- Conducting or participating in contractor outreach and training activities.
- Serving on technical review panels for contracts as non-scoring members.
- Monitoring on-the-ground activities and outcomes.
- Providing feedback on the effectiveness of stewardship authorities and contracting procedures.

See Exhibit 3 Best Practices for Collaboration.

### **Size**

Landscape scale stewardship projects are encouraged; however, the size of stewardship projects can vary widely. In most instances, project size is topographically defined, such as delineation by a watershed boundary. However, economic factors like economies of scale and feasibility could also affect the size of a stewardship project. Regardless of the overall project size, the size of individual contracts can be considered separately. Some field offices prefer multiple small contracts as opposed to fewer, large contracts due to local capacity or the uncertainty in forecasting forest product markets.

### **Duration**

Multi-year stewardship contracts and financial assistance agreements may exceed five years but may not exceed ten years. For contracts or financial assistance agreements exceeding five years in duration, Project Leads may need to include rationale for the length of the project in the project approval documentation. For projects making use of the forest products contracts under the stewardship authority, the maximum length of the contract term for those projects is three years.

District/Field Offices are encouraged to consider factors such as the contractor capacity, funding availability, economic trends, and new market development for small diameter or woody biomass material when determining the appropriate length. Additionally, consider operational factors such as local weather patterns, sensitive wildlife species habitat, and seasonal restrictions for wildfire prevention.

### **Interagency Projects**

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



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

## Appropriate Use of Stewardship Contracting Authority

### **Collaboratives**

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

### **Forest Products**

Any forest product removal associated with a stewardship project must be a by-product of a treatment designed to accomplish one or more of the stewardship land management goals. Forest products available for removal under stewardship contracting authority include timber and other vegetative products, such as, but not limited to: biomass, fuelwood, seed, forage, fungi, Christmas trees and other by-products having a market.

### **Forage**

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

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

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

### **Contractor/Recipient Involvement**

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

### **Small Business Set Aside Procedures**

Project leaders need to be aware that procurement of services within a stewardship contract is subject to existing laws not amended in the stewardship legislation. Contracting Officers with stewardship authority utilize the Federal Acquisition Regulations (FAR) and often use simplified acquisition procedures which exclude firms that do not meet the definition for small business for the particular NAICS code used in the solicitation. Project leaders are encouraged to work with the CO to conduct market research to determine the most suitable market as well as determining the market price for contract services in conformance with stewardship legislation, “*A source for performance of a contract under subsection (a) shall be selected on a best value basis, including consideration of source under other public and private contracts*”. Contracting Officers can, at the request of the project leader, conduct a sources sought notice

to gather information. If market research does not result in a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market prices, quality, and delivery, then the market research is documented and the CO may solicit using full and open (unrestricted) procedures. Note: except as authorized by law, a contract may not be awarded as a result of a small business set-aside if the cost to the awarding agency exceeds the fair market price (see FAR 19.501(g)).

### **NAICS Code Designation**

During the solicitation phase of a procurement contract the CO will assemble the project details needed to advertise the contract and seek bid proposals. An important step that the CO is responsible for is the proper designation of the NAICS code. This code is used to classify businesses by the type of work they engage in so certain federal regulations can be applied to the relevant businesses. It is important to select the proper NAICS code prior to the solicitation to ensure that the correct firms are able to respond to the solicitation. For example, projects that involve thinning trees most commonly fall under the 113310 “Logging” NAICS code which includes tasks such as cutting and transporting timber, pulpwood, and in-forest chipping. See [WO-IM-2009-089](#) for further information and a determination worksheet.

### **Stewardship Project Approval**

- A stewardship project is ready for submission to the State Stewardship Coordinator once a firm project proposal exists and the District/Field Manager endorses the project.
- The Project Lead will submit a completed Stewardship Project Review & Approval form (Exhibit 2) to the State Stewardship Coordinator. (Review the respective state office’s Delegation of Authority (1203 Manual) to determine the approving official).
- The State Stewardship Coordinator will return the signed approval form to the Project Lead for the administrative file.
- The Project Lead shall enter the newly approved stewardship project into the SCID database within two weeks of project approval.

### **Net Value and Net Cost**

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

#### **1. More Service Work Cost than Product Value**

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

#### **2. More Product Value than Service Work Cost**

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

### **3. Service Work Cost Equal to Product Value**

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

## **Estimating Value and Cost**

The net value of the stewardship project must be estimated early in the project to assist in determination of the appropriate implementation vehicle(s), identification of restoration work activities, and determination of the need for additional funds (either retained receipts from past stewardship project(s), appropriated funds, or cooperator contributions).

### **Estimating Service Work Cost**

Production rates from past timber sales or service contracts where comparable equipment was used can be a good source to help estimate costs. In cases where the types of services needed have not been commonly procured in the area, work with the CO to estimate the cost of the service items.

### **Estimating Product Value**

Timber, forest products, and other vegetative by-products available for removal must be appraised to estimate fair market value. *Fair Market value* means the price a commercial product will return when offered for competitive sale on the open market (43 CFR 5400.0-5). Note that due to the variation in the price and technical approaches to service work, inherent in end results contracting, it can be difficult to accurately determine the fair market value of timber, forest, and other vegetative products. Additionally, each bidder may vary in differentiating between service work and production or logging costs. Given this complexity in appraising goods-for-services contracts, the highest bidder for products should be determined not by the bid price(s) for the products alone but by the lowest net deficit or high net receipt when the Project Lead wants to determine the highest bidder as defined in 43 CFR 5450.1.

Receiving the fair market value for timber, forest, and other vegetative products is best achieved by taking steps to attract multiple bidders and providing detailed project information to facilitate competitive bids that reflect the scope of the project.

Stewardship authority specifies that timber and forest products used as an offset “may be determined using a unit of measure appropriate to the contract and may include valuing products on a per-acre basis”. This indicates that the statute allows for latitude in implementing a prudent measurement and appraisal process. Biomass is an example of a product that can be estimated using quick and inexpensive qualitative observations to yield a per acre volume.

For policies on timber appraisal methods, see the [\*Forest Product Appraisal Manual M-9350\*](#) and for measurements see [\*Timber Measurement Manual – M-5300\*](#) and [\*Timber Cruising Manual – M-5310\*](#). For minimum rates for forest products refer to the respective state office’s minimum price list.

See Exhibit 4 for guidance on appraisals, or consult the state office forestry program lead for guidance on cost or value determination. Consider input during the collaborative process to help validate treatment costs and product values.

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

## **Section 6. Selection of Contracting Mechanism**

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

### **Implementation Options**

Three options are approved for use in stewardship projects:

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

Use the table titled “Decision Process – Agreement, Service or FPS Contract?” (Exhibit 5). The table provides general guidance to aid in determination of which instrument is appropriate to accomplish resource goals and objectives under stewardship authority.

### **Service Contract**

Stewardship authority provides for the exchange of vegetative products for the procurement of service and construction work within a single contract or agreement. The number and types of work activities bundled inside a stewardship contract can affect the contract type selected for the project, the economics of the project, the number of prospective contractors, and the benefits to local and rural communities. For stewardship contracts where the total cost of the service and construction is expected to exceed \$150,000, as prescribed in [Federal Acquisition Regulations \(FAR\) 13.003-\(b\)\(1\)](#), the solicitations must be prepared using performance-based acquisition techniques to the maximum extent practicable. For performance-based contracts, the government reserves the right to annually review and revise the performance standards by contract modification, over the life of the contract. For stewardship projects below the simplified acquisition threshold typical prescriptive contract language (terms and conditions) may be used as appropriate based upon the objectives of the project.

Service contracts, which are solicited pursuant to the FAR, are subject to the requirements of the Materials Act of 1947 and the O&C Act found in 43 CFR 5400 unless superseded by provisions in the stewardship law. Additionally, export restrictions, transfer of title and non-substitution provisions (43 CFR, Part 5400) shall apply (See Exhibit 6 – Minimum Clauses for Service Contracts).

### **Single Service Contract**

A single service stewardship contract, commonly referred to as a “stand-alone” service contract, has a known quantity of service work to be procured and an appraisal of the product value at the start of the

contract. These service contracts work best for projects less than five years and are typically one to three years in duration, although they may last up to ten years.

### **Indefinite Delivery/Indefinite Quantity Contract**

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

The IDIQ contract can be an effective contracting tool for large, long-term stewardship contracts.

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

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

### **Forest Product Sale Stewardship Contract**

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

- The product value must be greater than the service cost.
- The contract term must be equal to or less than three years in duration.
- The contract must be for less than 250 thousand board feet (MBF), with the limited exceptions referenced in 43 CFR 5402.0-6. Forest products not normally measured in board feet are not constrained by the 250 MBF limitations.
- The contract must be negotiated. 43 CFR 5450.1(a) requires awarding to the highest bidder while stewardship authority requires best value selection which may not coincide with the highest bid.
- Require a minimum performance bond in the amount of 20 percent of the total contract price as specified in 43 CFR 5451.1. A stewardship contract is not a timber sale contract and as such, forest products will not be the sole bid item in a FPS stewardship contract.
- When using the FPS contract for stewardship projects, the Service Contract Act wage rates do not apply; however, Davis Bacon wage rates apply to construction work in excess of \$2,000.
- The requirement for award based on “best value,” still applies to FPS stewardship contracts; therefore, the *minimum* criteria to be utilized for the determination of “best value” shall consist of weighted evaluation factors of the highest net revenue (product value minus service work cost), technical approach, and past performance. (See Section 7, Best Value Contracting).

## **FPS Contract Forms**

Five FPS Contract forms may be used for stewardship contracting:

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

## **Special Provisions**

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

“In addition to the authorities listed in this contract, this contract is made and entered into under the authority of the Agricultural Act of 2014 (P.L. 113-79), Section 8205.”

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

## **Section 7. Stewardship Contract Award**

### **Best Value Contracting**

Stewardship authority specifies the use of best value when selecting a source for performance. Best value is defined as - the expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement ([FAR 1.102](#)).

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

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

### **Past Performance**

This evaluation criteria focuses on how well the contractor performed and completed previous work and what capabilities and experiences the contractor has relevant to the proposal. It is important to document the contractor's performance on each contract, so their performance can be factored in future procurement processes.

### **Technical Approach**

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

Contractor responses to the technical criteria, coupled with any innovative alternative approaches they may propose enable the BLM to draw upon the valuable reservoirs of knowledge and ideas residing in the contractor community. Long term, best value contracts, coupled with end results contracting - like designation by description and/or prescription - allows quality, experienced contractors to focus on achievement of the desired restoration objectives.

### **Other Possible Best Value Considerations**

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

### **Best Value Tradeoffs Method: Weighing the Tradeoffs and Making a Decision**

Ultimately the decision comes down to two questions:

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

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

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

### **Tax Identification Number**

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



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

## **Section 8. Stewardship Contract Administration**

### **Bonding**

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

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

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

Note: Performance, payment, and other bond definitions differ when comparing FAR regulations with 43 CFR 5400 timber sale regulations.

### **Service Contracts**

Service contracts do not require a performance bond in accordance with FAR part 28.103-2 as cited in the stewardship law. As stated above, a payment bond (payment protection form [5450-](#)) is required if the contractor elects to acquire product value before an equal or greater value of service work is completed and accepted. In that case, a payment bond as defined by 43 CFR 5451 protects the Government from loss in the form of product value removed without payment as in a Forest Product Sale Contract.

### **Forest Product Sale Contracts**

A performance bond, as defined by 43 CFR 5451 ([BLM forms](#)), of 20 percent of the total contract price is required on FPS contracts greater than or equal to \$2,500.00. For contracts less than \$2,500.00, a performance bond is optional. Payment protection in the form of payment bonds must be used to protect the value of the by-product to be removed when the product will be removed prior to payment or the contractor earning stewardship credits for services performed and accepted. The payment bond and stewardship credits combined should be equal to the value of the products to be removed that are not covered by cash payment or negotiable securities. The term "securities" applies when the contractor provides something other than a corporate surety bond, e.g., individual sureties, letters of credit, cashier's check, certain bonds or notes. The same bonding rules apply to FPS contracts under a stewardship assistance agreement



## Product Value Reappraisal

Product value reappraisal for commercial products clause (Exhibit 6 – Minimum Clauses for Stewardship Contracts) may be inserted into contracts with duration of longer than three years, or as determined by the CO. Product value reappraisal allows the BLM to receive the best value for the product while minimizing risk to both the agency and the contractor/recipient. This tool is intended to be used to adjust product prices on long term contracts where prices set at contract initiation have the potential to significantly change in subsequent years. This provision is not intended for price adjustments on task orders once they have been ordered. It is expected that a task order is to be completed within a short time frame where price fluctuations are a part of the contractor’s risk. Reappraisal is not authorized for FPS stewardship contracts.

## Section 9. Stewardship Financial Assistance Agreements

### Purpose

Financial Assistance agreements are designed to be used when an outside party requests Government financial assistance to support a mutually beneficial public purpose. Stewardship Project Leads should review the “Decision Process –Agreement, Service or FPS Contract?” in Exhibit 5. The table provides general direction to aid in determining whether a stewardship cooperative agreement is the appropriate instrument to accomplish resource goals and objectives under stewardship contracting authority.

### Authority

The *Agricultural Act of 2014 (P.L.113-79, Sec. 8205)*(Exhibit 1) granted the BLM authority to enter into stewardship projects with private persons or public or private entities by contract or agreement to perform services to achieve land management goals for the national forests or public lands that meet local and rural community needs.

Only GMO’s who have completed a Stewardship Workshop and have been delegated stewardship contracting authority, are authorized to enter into stewardship cooperative agreements up to their delegated authority amount.

### Approval

The Statement of Programmatic Involvement (SPI) and Stewardship Project Review & Approval form completed by the Program Officer are forwarded to the GMO for review and approval. All SPIs are to be reviewed by State Stewardship Coordinators before posting of funding opportunity announcements.

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

A chart providing basic steps to be taken when developing a Stewardship Agreement is provided in Exhibit 7. The GMO and Stewardship Project Leader must determine if the objectives of the SPI can be achieved through a cooperative agreement or contract.

### Policy

A template for stewardship agreements can be accessed from Exhibit 8. For any stewardship agreement where the service activity generates forest or vegetative by-products, and is determined by the authorized officer to be in the public interest, the GMO may use the value of the by-product as an offset at not less than the appraised value, for the cost of services received.

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

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

### **Forest Products**

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

### **Volume Limitation**

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

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

## **Bonding**

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

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

## **Section 10. Funding for Stewardship Projects**

### **Appropriated**

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

### **Value Offset**

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

### **Revenues from Stewardship Contracts**

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

Excess receipt collections from stewardship projects shall be deposited according to the BLM collection procedures into the Stewardship Project Fund (5920) and managed according to the definition and requirements contained in the BLM Fund Coding Handbook, H-1684-1. Additional direction for deposits of excess receipts and suspense deposits associated with administration of the stewardship contracts are detailed in Guidance on Entering Stewardship Contracting Collections into the Collections and Billing System (IM BC-2005-032), Exhibit 9. See also Exhibit 10, Budget Activity 5920 Description. In general, excess receipts shall be used to fund other stewardship projects within the state where the receipts were generated, as allocated by the State Director.

Excess offset values shall not be used to fund project monitoring, overhead, administrative, or indirect costs.

## Contributed Funds

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

## Forest Ecosystem Health and Recovery Fund

Typically, the Forest Ecosystem Health and Recovery Fund (FEHRF) is not available for use on stewardship projects. However, use of FEHRF is at the discretion of the Senior Forester – Public Domain.

## Section 11. Monitoring Stewardship Projects

### **Multiparty Monitoring**

The BLM National Stewardship Coordinator will coordinate with the Forest Service, at least annually, to establish and/or conduct interagency multiparty monitoring for evaluating and reporting on the development of stewardship projects.

### **Internal Monitoring**

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

## Section 12. Reporting Stewardship Activities

### SCID Financial and Activity Tracking

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

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

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

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

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

## Accomplishments

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

- National Fire Plan Operations Reporting System (NFPORS) – Projects are funded throughout the Fuels Management Program shall be entered in NFPORS in accordance with the Fuels Management policy.
- National Stewardship Coordinator – Will produce an annual report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on:
  - The status of development, execution and administration of contracts;
  - The specific accomplishments that have resulted; and
  - The role of local communities in development of contract plans.

## EXHIBITS

### EXHIBIT 1 – The Law

#### **SEC. 8205. STEWARDSHIP END RESULT CONTRACTING PROJECTS.**

(a) IN GENERAL – Title VI of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591) (as amended by section 8204) is amended by adding at the end the following:

#### **SEC. 604. STEWARDSHIP END RESULT CONTRACTING PROJECTS.**

(a) DEFINITIONS – In this section:

(1) CHIEF – The term ‘Chief’ means the Chief of the Forest Service.

(2) DIRECTOR – The term ‘Director’ means the Director of the Bureau of Land Management.

(b) PROJECTS – The Chief and the Director, via agreement or contract as appropriate, may enter into stewardship contracting projects with private persons or other public or private entities to perform services to achieve land management goals for the national forests and the public lands that meet local and rural community needs.

(c) LAND MANAGEMENT GOALS – The land management goals of a project under subsection (b) may include any of the following:

(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.

(7) Control of noxious and exotic weeds and reestablishing native plant species.

(d) AGREEMENTS OR CONTRACTS –

(1) PROCUREMENT PROCEDURE – A source for performance of an agreement or contract under subsection (b) shall be selected on a best-value basis, including consideration of source under other public and private agreements or contracts.

(2) CONTRACT FOR SALE OF PROPERTY – A contract entered into under this section may, at the discretion of the Secretary of Agriculture, be considered a contract for the sale of property under such terms as the Secretary may prescribe without regard to any other provision of law.

(3) TERM –

(A) IN GENERAL – Except as provided in subparagraph (B), the Chief and the Director may enter into a contract under subsection (b) in accordance with section 3903 of title 41, United States Code.

(B) MAXIMUM – The period of the contract under subsection (b) may exceed 5 years but may not exceed 10 years.

(4) OFFSETS.—

(A) IN GENERAL – The Chief and the Director may apply the value of timber or other forest products removed as an offset against the cost of services received under the agreement or contract described in subsection (b).

(B) METHODS OF APPRAISAL – The value of timber or other forest products used as an offset under subparagraph (A) –

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

(ii) may –

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

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

(5) RELATION TO OTHER LAWS – Notwithstanding subsections (d) and (g) of Section 14 of the National Forest Management Act of 1976 (16 U.S.C. 472a), the Chief may enter into an agreement or contract under subsection (b).

(6) CONTRACTING OFFICER – Notwithstanding any other provision of law, the Secretary or the

Secretary of the Interior may determine the appropriate contracting officer to enter into and administer an agreement or contract under subsection (b).

(7) FIRE LIABILITY PROVISIONS – Not later than 90 days after the date of enactment of this section, the Chief and the Director shall issue for use in all contracts and agreements under this section fire liability provisions that are in substantially the same form as the fire liability provisions contained in—

(A) integrated resource timber contracts, as described in the Forest Service contract numbered 2400–13, part H, section H.4; and

(B) timber sale contracts conducted pursuant to section 14 of the National Forest Management Act of 1976 (16 U.S.C. 472a).

(e) RECEIPTS –

(1) IN GENERAL – The Chief and the Director may collect monies from an agreement or contract under subsection (b) if the collection is a secondary objective of negotiating the contract that will best achieve the purposes of this section.

(2) USE – Monies from an agreement or contract under subsection (b)—

(A) may be retained by the Chief and the Director; and

(B) shall be available for expenditure without further appropriation at the project site from which the monies are collected or at another project site.

(3) RELATION TO OTHER LAWS.—

(A) IN GENERAL – Notwithstanding any other provision of law, the value of services received by the Chief or the Director under a stewardship contract project conducted under this section, and any payments made or resources provided by the contractor, Chief, or Director shall not be considered monies received from the National Forest System or the public lands.

(B) KNUTSON-VANDERBERG ACT – The Act of June 9, 1930 (commonly known as the ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et seq.) shall not apply to any agreement or contract under subsection (b).

(f) COSTS OF REMOVAL – Notwithstanding the fact that a contractor did not harvest the timber, the Chief may collect deposits from a contractor covering the costs of removal of timber or other forest products under –

(1) the Act of August 11, 1916 (16 U.S.C. 490); and

(2) the Act of June 30, 1914 (16 U.S.C. 498).

(g) PERFORMANCE AND PAYMENT GUARANTEES –

(1) IN GENERAL – The Chief and the Director may require performance and payment bonds under sections 28.103–2 and 28.103–3 of the Federal Acquisition Regulation, in an amount that the contracting officer considers sufficient to protect the investment in receipts by the Federal Government generated by the contractor from the estimated value of the forest products to be removed under a contract under subsection (b).

(2) EXCESS OFFSET VALUE – If the offset value of the forest products exceeds the value of the resource improvement treatments, the Chief and the Director may –

(A) collect any residual receipts under the Act of June 9, 1930 (commonly known as the ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et seq.); and

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

(h) MONITORING AND EVALUATION.—

(1) IN GENERAL – The Chief and the Director shall establish a multiparty monitoring and evaluation process that accesses the stewardship contracting projects conducted under this section.

(2) PARTICIPANTS – Other than the Chief and Director, participants in the process described in paragraph (1) may include –

(A) any cooperating governmental agencies, including tribal governments; and

(B) any other interested groups or individuals.

(i) REPORTING – Not later than 1 year after the date of enactment of this section, and annually thereafter, the Chief and the Director shall report to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on –

(1) the status of development, execution, and administration of agreements or contracts under subsection (b);

(2) the specific accomplishments that have resulted; and

(3) the role of local communities in the development of agreements or contract plans.  
(b) CONFORMING AMENDMENT – Section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999 (16 U.S.C. 2104 note; Public Law 105–277) is repealed.



**EXHIBIT 2 - Stewardship Project Review & Checklist**

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

\_\_\_\_\_  
State Stewardship Coordinator

\_\_\_\_\_  
State Director / Deputy State Director / District Manager

## EXHIBIT 3 – Best Practices for Collaboration

### **Best Practices for Collaboration**

#### *Preparing to Collaborate*

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

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

#### *Identify and Involve Relevant Stakeholders*

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

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

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

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

The District/Field Manager shall establish clear objectives, roles, and responsibilities for all collaborative participants at the start of the process. The District/Field Manager shall also set realistic expectations of

the group, while encouraging participants to think creatively, optimistically, and practically throughout the process.

While encouraging stakeholders to participate, the BLM must also clearly convey that any decision is the sole responsibility of the District/Field Manager; the BLM staff shall not ask the group for a consensus decision; rather the collaborators shall share ideas and priorities with the District/Field Manager. Because collaboration includes multiple perspectives in the decision making process, the solutions developed through collaborative action are often more durable and more widely supported than those made using less inclusive forms of decision making.

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

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

#### *Define the Local Community*

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

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

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

#### **Outreach**

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

## **Resources for Collaboration**

The following websites provide additional information related to effective collaboration:

1. **[BLM 2007 Collaboration Desk Guide](#)**. This document identifies principles, desired outcomes and practices to help use a collaborative process to achieve Cooperative Conservation. It is not intended to be a set of step-by-step procedures, but rather a discussion of a range of proven methods.
2. **[Stewardship Contracting and Collaboration: Best Practices Guidebook](#)**. This publication includes information on opportunities for collaboration throughout the stewardship contracting process, offers best practices for each step, and includes links to additional resources.

## **EXHIBIT 4 – Forest Product Valuation Guidance for Stewardship Contracting**

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

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

### **DEFINITIONS**

In addition, the 9350 Manual provides the following definitions:

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

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

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

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

**APPLICABLE TO ALL APPRAISALS**

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

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

**Table 1. Basic Analytical Forest Product Appraisal Example**

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

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

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

## **IMPORTANT CONSIDERATIONS**

- For low value products like biomass, where grinding and transportation costs are high and markets are volatile, a minimum value of \$0.01 facilitates tracking the forest product(s) for reporting purposes.
- Clarify the location where the product was appraised; this is important to bidders developing stewardship proposals. For example, a contractor needs to know if his/her submitted bid for sawlogs, hog fuel, firewood, etc., is based upon the product value located at the stump or at the loading point.
- Often the resource objective is to cut and yard the vegetative material to a loading point and not leave material on site so that the forest product(s) is available for public use (i.e., firewood) regardless of whether the contractor chooses to utilize the material or not. As recommended above, if this is the objective, consider itemizing the logging production costs (cutting and yarding) under the service work in Schedule A.
- The forest products removal costs to be covered in the service work appraisal under Schedule A must constitute legitimate (i.e., benefiting subactivity concept) use of the intended appropriated fund(s). Loading and hauling forest products to a utilization center may not be a legitimate cost to meet fuels hazard objectives using fuels funding if it is less costly to pile and burn the material on site. However, using fuels funding for the removal and utilization of the vegetative material may be appropriate when there are risks associated with leaving residual fuels in a Wildland Urban Interface area and/or there are concerns about air quality and liability.

**EXHIBIT 5 – Decision Process– Agreement, Service or FPS Contract**

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

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

In addition to the “Primary Test,” other considerations could indicate or point towards the applicability of an agreement or contract. When in doubt, seek guidance from your State Procurement Analyst, CO or GMO.



## EXHIBIT 6 – Minimum Clauses for Stewardship Contracts

### Section C (Sec. D in CI)

#### **Introduction/Background**

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

#### **Log Export Restriction**

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

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

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

filed with the Authorized Officer. Additionally, when the other party is an affiliate of the Contractor/Purchaser, the Contractor/Purchaser will be required to update information under item (2) of Form 5450-17 (Export Determination) and file the form with the Authorized Officer.

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

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

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

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

### **Section E (Sec. D in CI)**

#### **Payment for Stewardship Activities**

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

#### **Stewardship Credits**

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

established for work that is in progress that has not been accepted by the BLM. No SCs will be established for work performed under the terms of Schedule B, Items \_\_\_\_\_.

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

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

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

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

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

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

### **Bonding Requirements for Commercial Product Performance Bond-Schedule B Only**

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

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

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

Contracting Officer. For contracts over \$150,000 in value, the offeror will be required to provide a 100 percent payment bond and 100 percent performance bond on all construction work.

### **Advance Deposits**

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

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

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

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

### **Refund of Excess Money Earned**

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

### **Section H (Sec. D in CI Contracts)**

#### **Mineral Materials/O&C Act**

Commercial product removed as required under this contract shall be in accordance with the authority of the Act of August 28, 1937, (50 Stat. 874), as amended, (43 U.S.C. 1181a-f), relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant lands, or under the Act of July 31, 1947, (61 Stat. 681), as amended, (30 U.S.C. Sections 601-604), relating to other lands under the jurisdiction of the Bureau of Land Management, and the regulations as set forth in 43 CFR Group 5400.

#### **Passage of Title & Risk of Loss**

Inspection of Commercial Volume and Disclaimer of Warranty

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

#### Passage of Title and Risk of Loss

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

#### **Commercial Volume Trespass and Suspension**

If in connection with operations hereunder the Contractor, its subcontractors, or the employees of any of them cuts, injures, or removes any Government commercial volume, other than commercial volume to be removed under this contract, such action shall be construed as trespass and the Contractor shall be liable for damages under applicable state law, up to triple damages.

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

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

### **Hold Harmless and Responsibility for Damages to the Government**

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

### **Protection of Roads, Utilities, Improvements and Monuments**

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

### **Simultaneous Use of Contract Area by Others**

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

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

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

The Contractor shall take every reasonable precaution not to pollute or obstruct any stream, lake, or reservoir on or near the contract area in connection with any operations under this contract. If the Contractor's operations cause pollution or obstruction of any stream, lake, or reservoir on or near the contract area, the Contractor shall correct the condition to the satisfaction of the COR.

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

### **Refuse Control and Disposition of Waste Materials**

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

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

### **Storage and Handling of Hazardous Materials**

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

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

### **Records and Reports**

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

### **Time for Removal of Personal Property**

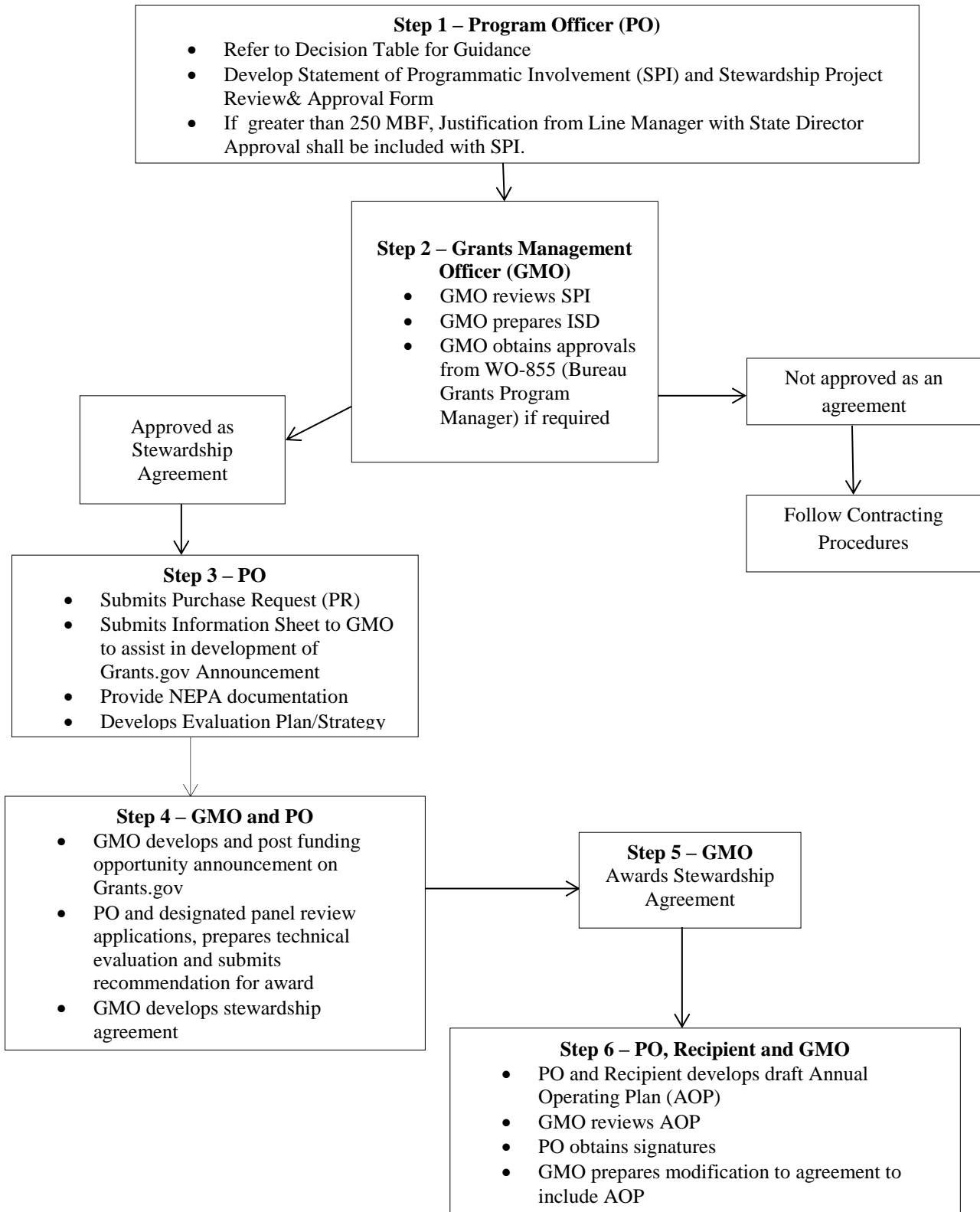
The Contractor shall have the right within one month after expiration of time for cutting and removal to remove equipment, improvements, or other personal property from Government lands or rights-of-way; provided, however, that any improvements such as road surfacing, culverts and bridges which have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

**IRS Form 1099 Misc.**

The BLM is required to return the name, address, and tax identification number of each person/contractor that the agency enters into a contract with during the calendar year, to include any other information the Secretary of the Treasury may require. Contractor will receive an IRS Form 1099-MISC entitled "Miscellaneous Income" for each tax (calendar) year. All forms of income to the Contractor under a stewardship contract are anticipated to be taxable, including consideration received from forest products.



## EXHIBIT 7 – Stewardship Agreement Process



**EXHIBIT 8 –Stewardship Contracting Templates Hyperlink**

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

## **EXHIBIT 9 - Guidance on Entering Stewardship Contracting Collections into CBS**

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

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

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

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

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

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

This attachment addresses situations at the point of collections. However, there will be times that a bill will first need to be created in CBS. The preparation of bills will be very similar to regular forest product sales, with the primary difference being the use of stewardship credits. For example, bills will not be created for performance or payment bonds, or for advance payments. Specifically, for stewardship contracts, bills will not be created when the value of stewardship credits already earned exceeds the value of the forest product to be removed.

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

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

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

### **a. Contractor harvests products prior to performing service work**

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

Cash payments should be entered into CBS as:

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

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

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

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

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

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

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

### **b. Contractor performs service work prior to harvesting products**

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

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

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

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

### **a. Contractor harvests products prior to performing service work**

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

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

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

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

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

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

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

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

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

**b. Contractor performs service work prior to harvesting products**

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

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

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

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

- a. Contractor harvests products prior to performing service work**  
The discussion in Scenario 1.a is applicable here.
  
- b. Contractor performs service work prior to harvesting products**  
The discussion in Scenario 1.b is applicable here.

**EXHIBIT 10 – Budget Activity: 5920**

**Stewardship Project Fund**

**(Requires Project Code)**

Stewardship legislation authorizes the BLM to retain residual receipts and apply these to other stewardship projects without further appropriations. Stewardship Project Funds (SPF) funds are allocated to district/field offices by the state office in the Annual Work Plan based upon identified need and approved project costs. District/field offices are directed to stay within their annual allocation and only expend funds on approved projects. All charges against subactivity 5920 must be accompanied by a project code that identifies it as a stewardship project. Project codes will be assigned from a discrete block of numbers by the respective state office after projects have been reviewed. Where other projects codes have already been assigned, such as in the Fuels Program, those assigned project codes will be reported to the respective state office and used to track the costs associated with those projects. No program overhead, administrative, or indirect costs may be coded to this account, including establishment of subactivity 0777 funds.

All receipts collected from approved stewardship contracts or agreements are to be deposited by the applicable office (see Exhibit 7). The following are the fund codes and common program elements (PE):

<u>Commodity Code</u>	<u>FFS Fund Code</u>	<u>Fund Symbol</u>	<u>Fund Title</u>
XX	326	14X5506.001	Stewardship Project Funds
PE CODE	PROGRAM ELEMENT TITLE		UNIT OF MEASURE
BT	Inventory Forest/Woodland Vegetation		# Acres
HD	Manage Forest and Woodland Commercial Sales		# Acres
HE	Biomass Offered		# Green Tons
HL	Apply Commercial Forest and Woodland Management		# Acres
JA	Apply Shrub/Grass Vegetation Treatments		# Acres
JB	Construct Shrub/Grass/PJ/Forest Projects		# Projects
JC	Maintain Shrub/Grass/PJ/Forest Projects		# Projects
JD	Apply Weed Treatments		# Acres
JE	Restore Forests and Woodlands Through Sales		# Acres
JG	Apply Stream/Riparian Treatments		# Miles

JL	Apply Fire Rehab Treatments	# Acres
JM	Implement Fuels Treatments Outside WUI	# Acres
JN	Restore Forests and Woodlands Through Development	# Acres
JQ	Implement Fuels Treatments Mechanically outside the WUI	# Acres
JR	Implement Fuels Treatments by other Means	# Acres
JT	Reduce Fuels Mechanically WUI	# Acres
JU	Reduce Hazardous Fuels Other WUI	# Acres
JW	Implement Fuels Treatments Within WUI	# Acres
JX	Decommission and Rehabilitate Roads and Trails	# Miles
MB	Evaluate Forest and Woodland Treatments	# Acres
MK	Evaluate Weed Treatments	# Acres
MO	Monitor Stream/Riparian Habitat	# Miles
MQ	Monitor Terrestrial Habitat	# Acres
MT	Monitor Fuels Treatments	# Acres
MU	Monitor Water Resources	# Acres
MX	Monitor Shrub/Grass Vegetation Treatments	# Acres
MZ	Monitor Fire Rehab Treatments	# Acres
RH	COLLECTIONS ONLY	None

The list above is intended to be a reference of PEs commonly used with 5920 and is not intended to preclude the use of other PEs that may better reflect the work being done. For the complete list of PEs, visit the reference section at the <http://abc.blm.gov/prodABC/> website.



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

<b>State</b>	<b>Cost Center</b>	<b>WBS</b>	<b>Name</b>
Alaska	LLAK000000	LSCCSTEWAK00	Alaska Stewardship Contracts
Arizona	LLAZ000000	LSCCSTEWAZ00	Arizona Stewardship Contracts
California	LLCA000000	LSCCSTEWCA00	California Stewardship Contracts
Colorado	LLCO000000	LSCCSTEWCO00	Colorado Stewardship Contracts
Idaho	LLID000000	LSCCSTEWID00	Idaho Stewardship Contracts
Montana	LLMT000000	LSCCSTEWMT00	Montana Stewardship Contracts
Nevada	LLNV000000	LSCCSTEWNV00	Nevada Stewardship Contracts
New Mexico	LLNM000000	LSCCSTEWNM00	New Mexico Stewardship Contracts
Oregon	LLOR000000	LSCCSTEWOR00	Oregon Stewardship Contracts
Utah	LLUT000000	LSCCSTEWUT00	Utah Stewardship Contracts
Wyoming	LLWY000000	LSCCSTEWY00	Wyoming Stewardship Contracts