



**FOREST SERVICE HANDBOOK  
NATIONAL HEADQUARTERS (WO)  
WASHINGTON, DC**

**FSH 2409.19 - RENEWABLE RESOURCES HANDBOOK**

**CHAPTER 60 - STEWARDSHIP CONTRACTING**

**Interim Directive No.:** 2409.19-2004-1

**Effective Date:** January 28, 2004 (except for portions in red which are draft for the Tribal Forest Protection Act)

**Duration:** This interim directive expires on 07/28/2005.

**Approved:** M.M. UNDERWOOD  
Acting Deputy Chief

**Date Approved:** 01/15/2004

**Posting Instructions:** Interim directives are numbered consecutively by Handbook number and calendar year. Post by document at the end of the chapter. Retain this transmittal as the first page(s) of this document. The last interim directive was 2409.19-91-1 to chapter 20, which expired.

<b>New Document</b>	id_2409.19-2004-1	36 Pages
<b>Superseded Document(s) (Interim Directive Number and Effective Date)</b>	None	

**Digest:**

**60 – Tribal Forest Protection Act Policy is included as draft policy in this existing Interim Directive and is in RED type.**

60 - Establishes this new chapter 60 to provide direction for implementing stewardship contracting as authorized by section 323 of Public Law 108-7, the Consolidated Appropriations Resolution, 2003 (16 U.S.C. 2104 note). Notice of the issuance of this interim directive was published in the Federal Register on January 28, 2004 (69 FR 4107). A joint notice was previously published by the Forest Service and the Department of the Interior, Bureau of Land Management (BLM) in the Federal Register on June 27, 2003 (68 FR 38285) to give notice and

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provide an opportunity for public comment on the interim guidelines for stewardship contracting developed jointly by the Forest Service and BLM.

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This chapter provides direction to implement the stewardship end result contracting (usually referred to as "stewardship contracting") authority. The guidance and procedures in this direction include appropriate use of the authority; stewardship contracting project development and, implementation; and monitoring use of the stewardship contracting authority.

### 60.1 - Authority

1. Section 347 of Public Law 105-277, the Omnibus Consolidated and Emergency Appropriations Act, 1999 (Pub. L. 105-277). Grants the Forest Service authority to enter into no more than 28 contracts with private persons and entities, 9 of which are authorized to Region 1, to perform services to achieve National Forest System land management goals that meet local and community needs.

2. Section 341 of Public Law 106-113, the Consolidated Appropriations Act, 2000, amending Public Law 105-277, sec. 347 (Pub. L. 106-113). Grants the Forest Service authority to use agreements as well as contracts to implement stewardship projects.

3. Section 332 of Public Law 107-63, the Interior Appropriations Act, 2001, amending Public Law 105-277, sec. 347 (Pub. L. 107-63). Grants the Forest Service authority to enter into an additional 28 stewardship contracts, at least 9 of which are authorized in Region 1 and at least 3 of which are authorized to Region 6.

4. Section 323 of Public Law 108-7 (16 U.S.C. 2104 note, as revised February 28, 2003 to reflect sec. 323 of J.J. Res. 2 as enrolled), the Consolidated Appropriations Resolution, 2003, amending Public Law 105-277, sec. 347. Grants the Forest Service authority until September 30, 2013, to enter into stewardship contracting projects with private persons or public or private entities, by contract or by agreement, to perform services to achieve land management goals for the National Forests or public lands that meet local and rural community needs.

Title 16 U.S.C. 2104 note (c)(4) exempts stewardship contracts or agreements from certain requirements of the National Forest Management Act (16 U.S.C. 472a). Section 14(d) of 16 U.S.C. 472a requires advertisement of all sales with an appraised value greater than \$10,000 unless extraordinary conditions exist. Section 14(g) of 16 U.S.C. 472a requires persons employed by the Secretary of Agriculture to designate, mark, and supervise the harvesting of trees, portions of trees, and forest products located on National Forest System lands.

5. Section 331 of Public Law 106-291, the Department of the Interior and Related Agencies Appropriations Act, 2001(Pub. L. 106-291). Grants the Secretary of Agriculture authority to permit the Colorado State Forest Service to perform watershed restoration and protection services on National Forest System lands when similar and complementary watershed restoration and protection services are being performed by the Colorado State Forest Service on adjacent State or private lands.

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6. Section 323 of Public Law 105-277, as amended by section 330 of Public Law 107-63 (Pub. L. 105-277). Authorizes the Secretary of Agriculture to use appropriations for the Forest Service for the purpose of entering into cooperative agreements with Federal, tribal, State, and local governments, private and nonprofit entities, and landowners to provide for the protection, restoration, and enhancement of fish and wildlife habitat and other resources; the reduction of risk from natural disaster where public safety is threatened; or a combination of the two on public or private land within a watershed.

7. Section 6611 of the Rural Revitalization through Forestry, National Forest Dependent Rural Communities Act of 1990 (7 U.S.C. chapter 95 as revised in 1993 and 1999). Grants permanent authority to the Forest Service to provide assistance to rural communities that are located in or near National Forest System lands and are likely to be economically disadvantaged by Federal or private sector land management practices. The purposes of such assistance include providing aid to diversify communities' economic bases and improve the economic, social, and environmental well-being of rural America.

8. Public Law 108-278, Tribal Forest Protection Act of 2004. Authorizes the Secretaries of the Interior and Agriculture to enter into an agreement or contract with Indian tribes meeting certain criteria to carry out projects on National Forest System lands to protect Indian forest land or rangeland when the National Forest System lands are bordering or adjacent.

## **60.2 - Objectives**

The general purpose of stewardship end results contracting is to achieve land management goals for the National Forest System lands while meeting local and rural community needs. Stewardship contracting is a tool and should be used when it is the most effective tool for accomplishing the land management objectives described by the land and resource management plan (FSM 1920 and FSH 1909.12). Specific objectives for stewardship contracting projects include those listed at section 61.2.

## **60.3 - Policy**

1. Stewardship contracting is a tool used to accomplish resource work that has been identified through project planning and National Environmental Policy Act of 1969 (NEPA) processes. Use of stewardship contracting authority to implement projects must be approved by the Regional Forester.

2. Stewardship contracting activities must be consistent with direction established in Forest plans and included in environmental documents and decisions developed in accordance with NEPA requirements (FSM 1950 and FSH 1909.15).

3. Stewardship projects must be designed to meet the objectives of section 60.2 and to achieve land management goals identified in the applicable land and resource management plan. See section 61.2, exhibit 01 for examples of appropriate stewardship contracting activities.

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4. Stewardship contracting activities must be carried out only on National Forest System lands and must be administered in accordance with the laws and regulations applicable to National Forest System lands (FSM 2401), except where specifically exempted as authorized by law (sec. 60. 1).
5. Stewardship projects should involve collaboration.
6. The proper use and management of stewardship contracting receipts must be assessed as a normal part of Regional and Forest renewable resource program and activity reviews.
7. The intent of stewardship contracting is to accomplish resource management. When excess receipts are generated by one project, they should be used for additional approved stewardship contracting projects.
8. Products that may be removed under stewardship contracting authority include timber and other forest products, such as, but not limited to, biomass, seed, forage, fungi, and Christmas trees.
9. Only one contracting officer shall be assigned to each stewardship contract

## **60.4 - Responsibility**

### **60.41 - Washington Office**

#### **60.41a - Chief**

The Chief reserves the authority to:

1. Delegate the authority to Regional Foresters to approve the use of stewardship contracting authority as a tool for implementing projects to accomplish land management goals.
2. Delegate stewardship contracting authority to qualified individuals, consistent with the authority and responsibility of Regional Foresters for the sale and disposal of timber and forest products at FSM 2404 (sec. 60.41f, para. 8, and 60.42a).
3. Delegate the authority to the Director of Acquisition Management, Washington Office, to determine the appropriate contracting officers for acquisition activities related to stewardship contracting, consistent with the authority and responsibility of the Director of Acquisition Management at FSM 6304 and FSH 6309.32-FAR (sec. 60.41b).

#### **60.41b - Director of Acquisition Management, Washington Office**

It is the responsibility of the Director of Acquisition Management, Washington Office to:

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1. Coordinate and manage stewardship contracting policies with the Director of Forest and Rangeland Management.
2. Annually, in cooperation with the Financial and Accounting Operations Staff and the Forest and Rangeland Management Staff, review Regional stewardship contracting retained receipt balances to identify funds in excess of those needed for additional approved projects. Any identified excess receipts should be directed to additional approved stewardship projects.
3. Ensure that preference program use is considered in cooperation with the Small Business Administration and in compliance with the Federal Acquisition Regulation (FSH 6309.32-FAR).
4. Process source selection plans, source selection approvals, multi-year authorizations, and other required approvals for stewardship contracts falling under the FAR authority.
5. Review the Regions' use of acquisitions to accomplish stewardship contracts.
6. Provide methodology and guidance for use of traditional acquisition elements, including the best value process, and assist Regional Foresters in the contractor source selection process.
7. Coordinate with the Director of Cooperative Forestry to provide guidance on the use of stewardship contracting agreements.
8. Delegate to the Regional Directors of Acquisition Management the authority to determine appropriate contracting officers for acquisition activities related to stewardship contracting.

**60.41c - Director of Financial and Accounting Operations, Washington Office**

It is the responsibility of the Director of Financial and Accounting Operations to:

1. Provide technical advice on use and accounting for funds used for stewardship contracting activities to the Deputy Chiefs for Business Operations and National Forest System; Regional Foresters; Forest Supervisors; District Rangers; and resource specialists.
2. Implement methodology to track the values of goods and services associated with stewardship contracts.
3. Conduct reviews of the fiscal and accounting operations for stewardship contracting activities.
4. Ensure that financial data in the annual stewardship contracting monitoring report are reconciled to the data in financial statements.

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5. Annually, by January 31, in cooperation with the Forest and Rangeland Management Staff and Acquisition Management Staff, review Regional stewardship contracting retained receipt balances to identify funds in excess of those needed for additional approved projects.

**60.41d - Director of Financial Policy and Analysis, Washington Office**

It is the responsibility of the Director of Financial Policy and Analysis to provide methodology to track the values of goods and services associated with stewardship contracts.

**60.41e - Director of Program and Budget Analysis, Washington Office**

It is the responsibility of the Director of Program and Budget Analysis to provide apportionment authority for obligating stewardship contracting receipts.

**60.41f - Director of Forest and Rangeland Management, Washington Office**

It is the responsibility of the Director of Forest and Rangeland Management to:

1. Jointly coordinate and manage stewardship contracting policies with the Director, Acquisition Management.

2. Advise the Chief on policy and oversee implementation of stewardship contracting policies.

3. Ensure preference programs are used in cooperation with the Small Business Administration.

4. Annually, by January 31, in cooperation with the Acquisition Management Staff and Financial and Accounting Operations Staff, review Regional stewardship contracting retained receipt balances to identify funds in excess of those needed for additional approved projects.

5. Coordinate programmatic monitoring of the role of local communities and other external stakeholders in development of stewardship contracts and agreements (sec. 68.1) with the assistance of the Director, Cooperative Forestry Staff.

6. Coordinate with the Director, Financial and Accounting Operations Staff to obtain concurrence on financial data to be included in the annual report to Congress (sec. 69).

7. Produce the annual report to Congress on stewardship contracting as required by 16 U.S.C. 2104 note (sec. 69).

8. Delegate to Regional Foresters the authority to determine appropriate contracting officers for stewardship contracting.

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9. Submit annually, to the Director, Office of Tribal Relations, a table containing tribal projects done through stewardship contracting pursuant to the Tribal Forest Protection Act, which shall include acres, contract number, type, risk, etc.

**60.41g - Director of Cooperative Forestry, Washington Office**

It is the responsibility of the Director of Cooperative Forestry to:

1. Advise the Chief on policy for interacting with and providing technical assistance to rural communities associated with community-based forestry opportunities, including stewardship contracting planning and implementation.
2. Provide technical assistance and advice related to stewardship contracting to the Deputy Chief for National Forest System, the Deputy Chief for State & Private Forestry, and Regional Foresters.
3. Assist the Director, Forest and Rangeland Management Staff in establishing and conducting the multi-party monitoring process for stewardship contracting (sec. 68).
4. Provide programmatic direction and technical assistance for the implementation of a range of economic assistance programs in support of developing the capacity of communities to fully participate in the planning and implementation of stewardship contracting, including the development of civic and industrial infrastructure as needed.
5. Coordinate with the Director, Acquisition Management Staff to provide guidance on the use of stewardship contracting agreements.

**60.41h – Director of Office of Tribal Relations, Washington Office**

It is the responsibility of the Director of Tribal Relations to produce the required report to Congress on contracts and agreements entered into under the Tribal Forest Protection Act of 2004 by July 21, 2008.

**60.41h - Other Washington Office Resource Staff Directors**

It is the responsibility of the Directors of the Engineering Staff, Fire and Aviation Management Staff, Recreation, Heritage and Wilderness Resources Staff, and Wildlife, Fish, Watershed, Air, and Rare Plants Staff:

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1. To assist the Director, Forest and Rangeland Management Staff in overseeing the implementation of stewardship contracting as it relates to these staff areas.
2. To provide advice concerning stewardship contracting as it relates to these staff areas to the Deputy Chief for National Forest System and Regional Foresters.

### **60.42 - Field Units**

#### **60.42a - Regional Foresters**

It is the responsibility of each Regional Forester to:

1. Approve the use of stewardship contracting as a tool to implement stewardship projects, **including those projects authorized under the Tribal Forest Protection Act of 2004 (sec. 61)** and, in addition, to:
  - a. Review and approve retention of residual receipts generated from a project where those residual receipts will be transferred to another approved project.
  - b. Review Forest reports of retained receipt balances and identify all excess retained receipts to the Washington Office by December 15 each year (sec. 67.1).

The responsibilities **noted below** cannot be redelegated to a lower level.

2. Review documentation submitted by Forest Supervisors associated with the contractor selection process (sec. 61.22).
3. Set priorities for stewardship contracting projects within the Region.
4. In consultation with the Director of Acquisition Management, Washington Office, advise Forest Supervisors on the appropriate use of stewardship contracts and agreements and the determination and assignment of contracting officers for specific projects.
5. Delegate management oversight responsibility of stewardship contracting activities to a Regional Staff Director.
6. Establish supplemental direction for Forest Supervisors' annual reviews of stewardship contracting activities, where appropriate, to determine if reported financial information is reasonable and consistent with actual workloads and costs and to follow up on any identified discrepancies.
7. Ensure Forest Supervisors review all stewardship contracting projects that were offered and did not receive bids. Reconfigure stewardship contracting projects to accomplish necessary resource work.

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8. Ensure Forests provide adequate and timely input into the monitoring and evaluation process for stewardship contracting (sec. 68), including completion and annual update of a stewardship contracting accomplishment report for each project (sec. 69).
9. Provide technical expertise to Forest Supervisors on the appropriate use of stewardship contracting agreements for projects (sec. 64).
10. Delegate by letter stewardship contracting authority to qualified individuals, consistent with the authority and responsibility of Regional Foresters and other line officers for the sale and disposal of timber and forest products (FSM 2404) and stewardship contracting (sec. 60.41a, para. 1).
11. In consultation with the Director of Acquisition Management, Regional Office and the regional director with responsibility for timber management, assign a contracting officer to each stewardship contract.
12. Approve or deny any tribal request made under the Tribal Forest Protection Act of 2004.

**60.42b - Forest Supervisors**

It is the responsibility of the Forest Supervisor to:

1. Review proposals for use of stewardship contracting and recommend proposals for Regional Forester approval, and identify Forest priorities for stewardship contracting projects.
2. Ensure that all stewardship contracting projects are in accordance with land and resource management plan objectives, and are developed using collaboration with Tribal Governments, local governments, non-government organizations, individuals, and other groups, as appropriate.
3. Advise District Rangers, as necessary, regarding proposed revisions to stewardship contracts under the Forest Supervisor's authority to implement stewardship contracting projects.
4. Document and provide to the Regional Forester all reasons for the use of less than full and open competition associated with selection of stewardship contractors based on "best value."
5. Ensure agreements used to implement stewardship contracting projects are in accordance with law, regulation, and the direction in this chapter.
6. Review with responsible District Ranger all stewardship contracting projects that were offered and did not receive bids. Reconfigure stewardship contracting projects to accomplish necessary resource work.

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7. Coordinate with the field Law Enforcement and Investigations Staff on stewardship contracting projects involving removal of products.

8. Prepare proposal response and recommendation for Regional Forester decision for Tribal requests made under the Tribal Forest Protection Act of 2004.

**60.42c - District Rangers**

It is the responsibility of the District Ranger to:

1. Develop stewardship contracting projects in accordance with land and resource management plan objectives and the goals of 16 U.S.C. 2104 note (sec. 61.02) using collaboration (sec. 61.12).
2. Ensure early and continued involvement of the appropriate technical specialists in proposing, planning, executing, and monitoring stewardship contracting projects (sec. 61-68).
3. Revise stewardship contracting plans for activities within project areas as necessary and as directed by the Forest Supervisor.
4. Consider the analysis and advice of the project planning interdisciplinary team and the information generated during collaboration when recommending stewardship contracting projects or when identifying required improvement projects to the Forest Supervisor.
5. Ensure stewardship contracting projects are clearly related to needs identified in National Environmental Policy Act (NEPA) documentation and the goals of 16 U.S.C. 2104 note (sec. 61.1).
6. Attempt to combine projects where appropriate to maximize use of equipment, supplies, and people to benefit a variety of resources.
7. Make a determination of the local community appropriate to a project and in collaboration with interested parties.
8. Consult with the Forest Supervisor to resolve any questions of appropriate use of stewardship contracting residual receipts (sec. 67.1).
9. Prepare plans for use of residual receipts as appropriate. Such plans may include Sale Area Improvement (KV) plans (ch. 10 of this Handbook) and Salvage Sale Fund Plans (FSH 2409.18, ch. 50).
10. Provide the Forest Supervisor with documentation that shows an annual review of stewardship contracting activities, including the separate tracking of the values of the goods being sold and the services being received for each project.

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11. Complete and update annually, the Stewardship Contracting Accomplishment Report (sec. 69).
12. Coordinate multi-party monitoring of stewardship projects, as appropriate (sec. 68).
13. Review with the Forest Supervisor all District stewardship contracting projects that were offered and did not receive bids.
14. Receive and acknowledge Tribal Requests made under the Tribal Forest Protection Act of 2004 and make recommendations to the Forest Supervisor.

### **60.5 - Definitions**

Best Value Basis. The expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirements of the acquisition. It is the process of selecting a contractor based on price and non-price criteria. Evaluation factors may include, but are not limited to, past performance, work quality, experience, and benefits to the local community.

Bordering or Adjacent. For the purposes of responding to requests from Tribes made under the Tribal Forest Protection Act of 2004, bordering or adjacent is defined as those National Forest System lands in the proximity of tribal lands which need restoration or which pose a fire, disease, or other threat to the Indian forest land or rangeland under the jurisdiction of the Indian tribe or tribal community. The recommendation of what is bordering or adjacent shall be made by the District or Forest line officer after discussions with the Indian tribe.

Designation by Description. A method of designating trees for removal without marking individual trees by describing the trees to be removed based on characteristics that can be verified after removal; for example, lodgepole pine less than a specified *stump* diameter. Designation by description may be used for commercial or noncommercial material. See section 61.31 for further direction.

Designation by Prescription. A method of designating trees for removal without marking individual trees by describing the desired end result of the treatment, for example, retain 60 percent crown closure. Designation by prescription may be used only for noncommercial material or for scaled sales. See section 61.31 for further direction.

Excess Offset Value. In accordance with 16 U.S.C. 2104 note, the net value available to the Government when the value of goods exceeds the cost of services under a stewardship contract. Payments received as a result of excess offset value are considered residual receipts.

Indian Forest Land or Rangeland. In accordance with the Tribal Forest Protection Act (Public Law 108-278), land held in trust by, or with a restriction against alienation by, the United States for an Indian tribe or a member of an Indian tribe; and is Indian forest land (as defined in

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section 304 of the National Indian Forest Resources Management Act (25 U.S.C. 3103) as follows: ““Indian forest land” means Indian lands, including commercial and non-commercial timberland and woodland, that are considered chiefly valuable for the production of forest products or to maintain watershed or other land values enhanced by a forest cover, regardless whether a formal inspection and land classification action has been taken.”

Indian Tribe. In accordance with the Tribal Forest Protection Act (Public Law 108-278), the term “Indian Tribe” has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b) which reads "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688) (43 U.S.C. 1601 et seq.), which is recognized as eligible for the special programs and service provided by the United States to Indians because of their status as Indians.

Interdisciplinary Process. The process used to evaluate opportunities and impacts associated with a resource management proposal under the National Environmental Policy Act (NEPA). In this process, a group of specialists assemble as a cohesive team with frequent interaction to solve a problem or perform a task.

Local Community. An area determined by the local line officer. The definition of local community is directly related to the project and community involved. In some cases, the local community might be defined by an area with a 15- to 20-mile radius from the project, while other times it might be a much larger area. See section 61.13 for further direction.

Multi-party Monitoring. A process for assessing the effectiveness of stewardship contracting in meeting the goals of 16 U.S.C. 2104 note that involves the Forest Service, any cooperating governmental agencies, including Tribal Governments, local communities, and any interested groups or individuals.

Multiple Year Contract. A contract for procurement of supplies or services over several designated program years that requires establishment of a renewal option for each program year after the first year. The renewal option must be exercised to continue the contract for each designated program year after the initial year.

Multi-year Contract. A contract for the purchase of supplies or services for more than 1 program year that does not require establishing and having to exercise an option for each program year after the first year. A multi-year contract may provide that performance under the contract during the second and subsequent years of the contract is contingent upon the appropriation of funds, and may provide for a cancellation payment to be made to the contractor if appropriations are not made. For the purposes of stewardship contracting, multi-year contracts can continue for up to 10 years before completion. Multi-year contracts should not be confused with multiple year contracts.

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National Forest System Lands. National Forest System lands include all National Forest lands reserved or withdrawn from the public domain of the United States, all National Forest lands acquired through purchase, exchange, donation, or other means, the National Grasslands and utilization projects, and other lands or interest therein which are administered by the Forest Service or are designated for administration through the Forest Service as a part of the system (16 U.S.C. 1609).

Public Lands. The term “public lands” means those lands as defined in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702) as follows “The term “public lands “ means any land and interest in land owned by the United States within the several States and administered by the Secretary of the Interior through the Bureau of Land Management, without regard to how the United States acquired ownership, except – (1) lands located on the Outer Continental Shelf; and (2) lands held for the benefit of Indians, Aleuts, and Eskimos..

Residual Receipts. The receipts generated by a stewardship contract when the receipts from goods exceed the cost of services rendered. Residual receipts may be transferred to other stewardship contracts when approved in advance by the Regional Forester in accordance with sections 67.1 and 67.3.

Retained Receipts. The portion of residual receipts that is retained for transfer to other stewardship contracts.

Secretary. The term “Secretary” means the Secretary of Agriculture, with respect to land under the jurisdiction of the Forest Service.

Stewardship Contracting Projects. Those projects approved by the Regional Forester as appropriate to be accomplished using stewardship contracting authority in accordance with 16 U.S.C. 2104 note, the Federal Acquisition Regulation (FSH 6309.32-FAR), and Forest Service regulations at 36 CFR part 223.

Stewardship Credits. The credits earned by a stewardship contractor in the exchange of goods for services when services are performed. Stewardship credits are applied toward the value of the products (goods) removed.

Tribal Community. A community that is part of a federally recognized tribe.

Warrant. A written document providing clear instructions regarding the limits of a delegated authority. Warrant limitations are based on training, experience, and need for resources.

## **60.6 - References**

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The following Forest Service Manual chapters and Handbooks contain related direction necessary to fully carry out stewardship contracting.

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**60.6 - Exhibit 01**

**List of Forest Service Manual Chapters and Handbooks Containing Related Direction  
To Follow in Stewardship Contracting**

<u>Topic</u>	<u>FSM and FSH Reference</u>
Acquisition Management	FSH 6309.32, Federal Acquisition Regulation (FAR)
Agreements	FSM 1580, Grants, Cooperative Agreements, and Other Agreements FSH 1509.11, Grants, Cooperative Agreements, and Other Agreements Handbook
Appropriation Use	FSH 6509.11g, Service-Wide Appropriation Use Handbook
Contract Administration	FSH 2409.15, Timber Sale Administration Handbook
Environmental Policy and Procedures	FSM 1950, Environmental Policy and Procedures FSH 1909.15, Environmental Policy and Procedures Handbook
Quantity of Goods	FSH 2409.11, National Forest Log Scaling Handbook FSH 2409.11a, National Forest Cubic Scaling Handbook FSH 2409.12, Timber Cruising Handbook
Residual Receipts	FSM 2430, Commercial Timber Sales FSH 2409.18, Timber Sale Preparation Handbook FSH 2409.19, Renewable Resources Handbook
Special Forest Products	FSH 2409.18, Timber Sale Preparation Handbook (Chapter 80, Uses of Timber Other Than Commercial Timber Sales)

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**60.6 - Exhibit 01--Continued**

**List of Forest Service Manual Chapters and Handbooks Containing Related Direction  
To Follow in Stewardship Contracting**

<u>Topic</u>	<u>FSM and FSH Reference</u>
Timber Sale Statement of Account	FSH 6509.17, Automated Timber Sale Accounting Handbook (sec. 22.3, Form FS-6500-174, Timber Stumpage Distribution and Associated Charge Basic Contract Data)
Trust Fund Accounts	FSH 2409.19, Renewable Resources Handbook
Valuation of Goods	FSH 2409.18, Timber Sale Preparation Handbook

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**61 - PLANNING STEWARDSHIP CONTRACTING PROJECTS**

1. Line officers may use stewardship contracting as a tool to achieve resource work that has been identified through the normal planning and National Environmental Policy Act (NEPA) processes. There is no specific, separate direction to follow in planning of stewardship contracting projects, except that:

- a. Projects shall be developed collaboratively with communities.
- b. Stewardship projects and resource activities should be grouped into reasonable segments to allow efficient use of equipment and to encourage maximum value being obtained for the public.

2. Stewardship contracting projects may differ from other timber sale projects in the following manner:

- a. Stewardship contracts shall be selected on a best value basis; contracts may use a performance-based format to meet end result objectives; and the service contract length may exceed 5 years but must not exceed 10 years;
- b. The Forest Service unit may apply the value of timber or other forest products removed as an offset against any services received;
- c. Designation and marking of trees, portions of trees, or special forest products may be done by persons not employed by the Secretary of Agriculture in accordance with 16 U.S.C. 2104 note;
- d. Trees and special forest products may be sold without advertisement regardless of value in accordance with 16 U.S.C. 2104 note (sec. 61.5);
- e. Monies received from the sale of forest products or vegetation removed under a stewardship contract may be retained and applied at the project site or at another stewardship project site without further appropriation;
- f. The Knudsen-Vandenberg (KV) Act (16 U.S.C. 576) does not apply to monies received from the sale of forest products or vegetation removed under a stewardship contract; however, KV collections may be made; and
- g. Deposits may be collected pursuant to the Deposits from Brush Disposal Act (16 U.S.C. 490) and the Cooperative Funds Act (16 U.S.C. 504) even if the timber purchaser did not harvest the timber.

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### 61.1 - Environmental Analysis

All stewardship contracting projects, including those authorized under the Tribal Forest Protection Act of 2004, must comply with the National Environmental Policy Act (NEPA) following the procedures set out in FSH 1909.15. Multiple NEPA documents may be used for a single stewardship contracting project.

#### 61.11 - Appeals

1. The denial of a project proposed by Tribes pursuant to the Tribal Forest Protection Act of 2004 shall not be subject to administrative appeal because such proposals are not Forest Service proposed actions under 36 CFR 215.
2. All projects, including Tribal Forest Protection Act projects, shall be subject to applicable agency appeals and dispute resolution processes in accordance with 36 CFR part 215.

#### 61.12 - Collaboration

1. The line officer at the appropriate level shall seek to involve the public in developing a stewardship contracting project. Such involvement may begin at the project design stage and continue through project completion and could include development of environmental analyses related to the project. In some cases, some activities involved in a stewardship contracting project may have had environmental analysis completed prior to developing the stewardship contracting proposal.
2. In developing a stewardship contracting project, the local unit should work in a collaborative manner and, as appropriate, should seek early involvement of local government agencies, Tribal Governments, and any interested groups or individuals in various phases of project development and implementation. The use of scoping letters alone does not meet the intent of collaborative efforts for stewardship contracting projects.
3. A stewardship contracting project should have considerable local support, as determined by the local line officer, and involvement by communities interested in the project. Care must be taken to comply with the Federal Advisory Committee Act (FACA) (5 U.S.C. Appendix 2). Consult local or regional FACA experts or the Office of General Counsel.

#### 61.13 - Identifying Local Community

The identification of what constitutes a local community is pertinent both to collaboration and to acquisition. The parameters of local community must be defined for each stewardship contracting project, and must be used consistently for each contract or agreement used to accomplish the goals of the project. The definition of local varies significantly depending on the

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unique and varying scopes of stewardship contracting projects. The definition must be considered in relation to the effect it would have on local and rural resource availability, geographical reasonableness, and the location of work under the stewardship contracts.

The local line officer shall, based on consultation with appropriate sources, make the determination of local community. Unit Acquisition Management Staffs routinely define local for procurement purposes using the Federal Acquisition Regulation (FSH 6309.32-FAR) as a guide and, therefore, can assist in determining the definition for stewardship contracting projects during the early stages of project development. Feedback from community collaboration should also be considered in the determination of local community.

### **61.14 - Internal Stewardship Project Team**

Line officers should involve a team made up of appropriate contract or agreement specialists, financial management specialists, and resource management specialists early in the development of stewardship contracting projects. This internal stewardship contracting project team can work in collaboration with the public, coordinate the needs and roles of various Forest Service staffs, and provide recommendations on decisions relative to a project. Such early involvement facilitates development of stewardship contracting projects that are feasible and can be implemented in accordance with appropriate authorities (sec. 60.1). Development of feasible projects helps to maintain credibility with the local community.

### **61.15 - Compliance with Existing Plans and Regulations**

All stewardship contracting projects must be consistent with plans relevant to the project including land and resource management plans, range allotment plans, fire management plans, and facilities master plans. All projects shall comply with applicable laws, regulations and agency direction affecting the project areas, including those addressing wilderness areas, endangered species, clean air and clean water, inventoried roadless areas, and any other requirements for designated special areas. All contracts and agreements shall comply with applicable laws, regulations, and agency direction.

### **61.16 - Identification of Project Areas**

The size of stewardship contracting project areas varies, but generally should be the size reasonable to include in the appropriate contract. In general, the various elements of a stewardship contracting project should be in geographic proximity to each other. An example of a stewardship contracting project area boundary might be a major drainage area (usually 6th order Hydrologic Unit Code (HUC) or smaller) or an appropriate geographic boundary.

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**61.17 – Project Selection Criteria Under the Tribal Forest Protection Act of 2004**

The Forest Service may entertain Indian Tribe requests to enter into a project to protect Indian forest land or rangeland that meets the following criteria:

1. The Indian forest land or rangeland borders on or is adjacent to land under the jurisdiction of the Forest Service
2. The Indian forest land or rangeland is under the jurisdiction of an Indian tribe or of a tribal community of a federally recognized tribe
3. The National Forest System land either poses a threat to the Indian forest land or rangeland or a tribal community; or the land is in need of land restoration activities
4. The activities proposed in the project are not already covered by a stewardship contract or other instrument that would present a conflict on the subject land; and
5. The National Forest System land involves a feature or circumstance unique to that Indian tribe, including treaty rights, biological, archaeological, historical, or cultural circumstances.

**61.18 – Response to Tribal Requests made under the Tribal Forest Protection Act of 2004**

After a request by an Indian Tribe to enter into a stewardship contract or agreement, the Regional Forester has 120 days to decide to:

1. Issue a public notice of initiation of any necessary environmental review.
2. Issue a public notice of the potential of entering into an agreement or contract with an Indian Tribe.
3. Issue a notice of denial to the Indian Tribe.

**61.2 - Appropriate Use of Stewardship Contracting**

While a wide variety of resource projects are appropriate, 16 U.S.C. 2104 note identifies seven categories of projects that should be considered for priority work using stewardship contracts. Stewardship contracting activities can be used to achieve land management goals. Exhibit 01 lists examples of the types of projects that may be performed using stewardship contracting.

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This list is not intended to be all inclusive, and determination of appropriate projects requires considerable judgment by approving line officers.

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**61.2 - Exhibit 01**

**Examples of Appropriate Stewardship Contracting Activities**

1. Road and trail maintenance or obliteration to restore or maintain water quality.
  - a. Obliterate and restore productivity on unneeded roads and travel ways
  - b. Install gates or traffic control barriers
  - c. Clear trails within an area or obliterate and relocate a section of trail to improve water quality
2. Soil productivity, habitat for wildlife and fisheries, or other resource values.
  - a. Rip or till compacted soils
  - b. Replace a culvert replacement to benefit fisheries
  - c. Enhance special forest product harvest opportunities through appropriate site treatments
  - d. Construct nest boxes, tree cavities, guzzlers, or water catchments
  - e. Restore an area burned by wildfire
3. Setting of prescribed fires to improve the composition, structure, condition, and health of stands or to improve wildlife habitat.
  - a. Conduct prescribed burns to reduce fuels
  - b. Conduct prescribed burns to enhance wildlife habitat and forest and rangeland ecosystems
4. Removing vegetation or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives.
  - a. Remove biomass to reduce fuel hazard
  - b. Masticate or mow surface and ladder fuels

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**61.2 - Exhibit 01**

- c. Thin trees to enhance growth or improve resistance to insects and disease
  - d. Allow grazing of a fuel break outside an allotment to reduce fire hazard
  - e. Remove forage outside allotments to reduce fire hazard
5. Watershed restoration and maintenance.
- a. Plant riparian vegetation and stabilize stream banks
  - b. Place large woody debris in streams to control stream temperature, and provide vegetative cover
  - c. Clean up existing landslide debris
  - d. Conduct fire rehabilitation and restoration work
6. Restoration and maintenance of wildlife and fish habitat.
- a. Manipulate vegetation to improve habitat connectivity
  - b. Improve or enhance wetland habitat
7. Control of noxious and exotic weeds and reestablishment of native plant species.
- a. Treat noxious weeds
  - b. Plant American chestnut seedlings

**61.21 - Limitations on Use of Stewardship Contracting**

Do not use stewardship contracts or retained receipts (sec. 67.2) generated by stewardship contracts for the following activities or similar activities listed in exhibit 01.

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**61.21 - Exhibit 01**

**Examples of Inappropriate Stewardship Contracting Activities**

1. Forest Service overhead costs.
  - a. Utilities
  - b. Rent
  - c. Office rental
2. Forest Service salaries for contract design, preparation, or administration.
  - a. District staff salary
  - b. Contracting officer salary
  - c. Engineering staff salary
3. Project planning or environmental analysis.
  - a. NEPA contract
  - b. Interdisciplinary team salary
4. Construction of administrative facilities or major developed recreation facilities.
  - a. Construction of visitor information centers
  - b. Construction of warehouses
  - c. Construction of office space
  - d. Construction of developed campgrounds

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**61.21 - Exhibit 01--Continued**

5. Utilization of forage within an allotment that could be authorized through a grazing permit.
  - a. Allowing grazing within an allotment boundary to reduce fire hazard
6. Protection, operation, or maintenance of improvements resulting from stewardship projects.
  - a. Maintenance of nest boxes installed through stewardship contracting
7. Inventories.
  - a. Cultural resource surveys
  - b. Silvicultural needs survey
  - c. Threatened, endangered, and sensitive species surveys
8. Research.
  - a. Research on the effectiveness of thinning on fire behavior
9. Preparation and planning of administrative studies.
  - a. Setting up a study area and control to study the effects of thinning on fuels

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## **61.22 - Contractor Requirements**

Certain actions arising from the removal of products are the responsibility of the contractor under a stewardship contract. Those responsibilities must be identified in the contract or agreement. Ensure the contractor is credited only once for performing an activity. Examples of activities for which the contractor is responsible include, but are not limited to:

1. Closing or rehabilitating roads used for stewardship contracting activities.
2. Establishing vegetation and controlling erosion for road banks, landings, and skid trails used during stewardship contracting activities.
3. Repairing structures or facilities, such as trails or fences damaged during stewardship contracting activities.

## **61.3 - Designation without Marking**

Title 16 U.S.C. 2104 note (c)(4) (sec. 60.1, para. 4) allows for the use of designation of trees by description and designation of trees by prescription without marking. These methods must be used in a manner that ensures that the amount of material removed is verifiable and accountable.

1. Designation by Description. Designation by description may be used for both commercial and noncommercial material, independent of the means of estimating the quantity of material to be removed. Designation by description should be used only when it is the most efficient method of designation. The description must be based on characteristics that can be verified after the material is removed; an example would be a certain species of tree with a given stump diameter. Washington Office special provisions must be used for all designation of trees by description.

2. Designation by prescription. Designation by prescription may be used for noncommercial material, independent of the means of estimating the amount of material to be removed, and for commercial material when the amount of material to be removed is determined by scaling in accordance with FSH 2409.11. Clearly identify the boundaries of the area from which material is to be removed in accordance with FSH 2409.12, section 71.22. Washington Office special provisions must be used for all designation of trees by prescription.

## **61.4 - Estimating Value and Cost**

1. Forest products shall be appraised at fair market value. The estimated value of the products to be removed and the estimated costs of the service contract work to be completed shall be determined before the approval of a stewardship contracting project.

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- a. The estimated costs of the service work shall be determined using approved methods, as defined by the local acquisition contracting officer, based on the type of work being proposed.
  - b. The appraisal for timber and other forest products shall be conducted using appraisal methods as specified in the Timber Sale Preparation Handbook (FSH 2409.18, ch. 40) and Regional guidelines. Rate redetermination for the value of materials to be removed shall be scheduled and conducted in accordance with FSH 2409.18, chapter 40.
2. The value of a stewardship project is based on the sum of the product value and service work combined. For example, if the product to be removed is valued at \$400,000 and the service work is valued at \$500,000, the project value is \$900,000.

**61.5 - Sale without Advertisement**

The authority to sell products without advertisement (sec. 60. 1, para. 4) must be used judiciously to provide reasonable opportunities to contractors and to protect the interest of the Government by obtaining the best value for goods removed.

**61.6 - Approval of Stewardship Contracting Projects**

1. It is the responsibility of the Forest Supervisor to present proposed stewardship contracting projects to the Regional Forester for review and approval. The request for approval must include appropriate information about the proposed project, such as, the land management goals of the project, stewardship contracting authorities and the method of contracting to be used, the value of products to be removed, the value of services to be received, the value of goods to be exchanged for services, contributed funds or work to be received, expected residual receipts from the project, and funds to be returned to the Treasury.
2. After reviewing a proposed project, the Regional Forester shall approve or disapprove the project through a formal written reply in correspondence to the Forest Supervisor.

**61.7 – Tribal Forest Protection Act Notice of Denial**

1. If the tribe's proposal for entering into a stewardship contract or agreement with the Forest Service is denied, the Regional Forester may issue a notice of denial to the Indian tribe which:
  - a. Identifies specific factors that caused, and explains the reasons that support, the denial.
  - b. Identifies potential courses of action for overcoming specific issues that led to the denial.

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c. Proposes a schedule of consultation with the Indian tribe for the purpose of developing a strategy for protecting the Indian forest land or rangeland of the Indian tribe and interests in the Indian tribe in National Forest System land.

## **62 - SELECTING STEWARDSHIP CONTRACTS**

The Forest Service may use all available authorities to involve a wide range of contractors or recipients. Methods could include full and open competition, Small Business Preference Programs (acquisition), the Javits-Wagner-O'Day Program (designed to provide employment for blind people and people with disabilities), Small Business Sawmill Programs, multi-year contracts, multiple year contracts with optional years, commercial items, or performance-based service contracting. The authority to be used shall be determined based on the goals of the individual stewardship contracting projects, market research, and feedback resulting from community collaboration.

### **62.1 - Contract Type**

Three interim contracts are available for field use in stewardship contracts: The Integrated Resource Timber Contract; Integrated Resource Service Contract; and Performance-Based Stewardship Contract. These interim contracts can be found at the following FSWeb/Intranet website under the section, "Stewardship Contract Forms":

[http://fsweb.r1.fs.fed.us/forest/land\\_stewardship/lsc\\_index.shtml](http://fsweb.r1.fs.fed.us/forest/land_stewardship/lsc_index.shtml).

### **62.11 – Contract Type for Tribal Forest Protection Act**

1. Where appropriate and justified in writing, sole source contracts with the tribes are permissible.
2. Tribal Forest Protection Act projects may be implemented through stewardship contracts and agreements and other instruments as appropriate. Forests are encouraged to select the best instrument appropriate to the circumstances.
  - a. It is expected that many of the projects under the Tribal Forest Protection Act will use stewardship contracting as the vehicle for implementation. Stewardship contracting helps meet the intent of the Act to reduce the threat to Tribal lands and communities and

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maximizes the efforts and areas treated when there are goods that can be traded for the services (work to be done to reduce the threat).

b. For stewardship contracts involving goods traded for services, the integrated resource contracts will be used and the service or timber version will be selected in the same manner as any other stewardship contract. For contracts in which there are no goods to be traded for the services to be accomplished, a traditional procurement service contract will be used.

c. Other agreements may be used when appropriate. Refer to FSM 1580.6 and contact the designated Regional Grants and Agreement Specialist for advice. The use of grants is not authorized under the Tribal Forest Protection Act.

d. Timber sale contracts used to implement the Tribal Forest Protection Act may be used only when the project is not part of the area included in the 5-year timber sale project plan or announced timber sale program.

## **62.2 - Contract Duration**

Stewardship contracting provides for multi-year contracts up to 10 years duration. The use of multi-year contracts is encouraged to provide incentives to potential contractors to invest in long-term landscape improvement projects. Use multi-year contracts in accordance with section 63.3.

Land managers shall document the rationale for the duration of a contract in the project file. This rationale should consider factors such as the scope of the project, the type of material to be treated, the amount of road construction, the production rates of potential contractors, the availability of local capacity to process and use the material removed, and the potential development of new markets for small diameter material, as well as operational factors such as local weather patterns, sensitive wildlife species habitat use cycles, and seasonal restrictions for wildfire prevention.

## **62.3 – Proposal Evaluation and Determination Factors for Federally recognized Indian Tribes under the Tribal Forest Protection Act of 2004.**

1. In considering whether to enter into an agreement or contract in response to a request of an Indian tribe, the Regional Forester may:

- a. Use a best-value basis, and

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b. Give specific consideration to tribally-related factors in the proposal, including:

- (i). the status of the Indian tribe as an Indian tribe;
- (ii). the trust status of the Indian forest land or rangeland of the Indian tribe;
- (iii). the cultural, traditional, and historical affiliation of the Indian tribe with the land subject to the proposal;
- (iv). the treaty rights or other reserved rights of the Indian tribe relating to the land subject to the proposal;
- (v). the indigenous knowledge and skills of members of the Indian tribe;
- (vi). the features of the landscape of the land subject to the proposal, including watersheds and vegetation types;
- (vii). the working relationships between the Indian tribe and Federal agencies in coordinating activities affecting the land subject to the proposal; and
- (viii). the access by members of the Indian tribe to the land subject to the proposal.

2. Proposals by tribes must be authorized in writing by the tribal government.

## **63 - AWARDING STEWARDSHIP CONTRACTS**

### **63.1 - Awarding Stewardship Contracts on Best Value Basis**

1. In awarding a stewardship contract on a best value basis, the Forest Supervisor or other authorized line officer shall consider criteria other than cost or price. These non-price criteria include, but are not limited to, the contractor's past performance, work quality, existing public or private agreements or contracts, on-time delivery, experience, and technical approach. The Forest Supervisor or authorized officer may consider the benefits to the local and rural community when awarding a stewardship contract on a best value basis. The Forest Supervisor may use nontraditional contractors or recipients, such as counties, private persons, or other private entities.

For evaluation of price-related criteria, the product value and service work value shall be considered separately. These values are then combined to determine the need for appropriated funds or the amount of residual receipts for the stewardship project.

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2. When anything less than full and open competition is used for contractor selection, the Forest Supervisor must document and submit to the Regional Forester the reasons for the selection process used. Documentation submitted shall include the level of competition to be used in the contracting process. Documentation of the level of competition shall address all appropriate considerations pursuant to the Federal Acquisition Regulation found in Title 48, Code of Federal Regulations, parts 6 and 19 (FSH 6309.32-FAR).

**63.2 - Small Business Administration Set Aside Program**

Invite field representatives of the Small Business Administration (SBA) to participate in stewardship contracting projects. The SBA has access to information about capabilities of small businesses that may be important to implementation of the projects and can provide an important link to small businesses during the selection and design of those projects. Provide an electronic copy of stewardship contracting project solicitations and awarded contracts to SBA field representatives.

To ensure that there is opportunity for use of local small business sawmills, ensure that the request for proposals for stewardship contracting projects considers technical evaluation criteria that give weight for use of local small businesses, including small business sawlog mills. During the evaluation and award process, give additional weight to those proposals that are responsive to the local community needs.

Do not include stewardship contracting sales in the timber sale set-aside program. Track the volume of all sawlogs in stewardship resource contracts separately on Form FS-2400-31a. Track the sawlog volume by volumes going to small and large businesses and to manufacturers and non-manufacturers, as defined in FSH 2409.18, chapter 90. Use this information at the end of the scheduled 5-year recomputation of shares for the regular timber sale set-aside program to determine if policy changes are needed in either the stewardship contracting or regular set-aside program relative to small business programs.

**63.3 - Determining Use of Multi-Year Contracts**

Consider a variety of issues in determining the use of multi-year contracts. Multi-year contracts are used primarily to acquire known requirements over a period of time exceeding 1 year. Consider if the following factors apply prior to using a multi-year contract:

1. The land management to be accomplished will require multiple years or steps to complete;
2. The need for the supplies or services is reasonably firm and continuing over the period of the contract; and

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3. A multi-year contract serves the best interests of the United States by encouraging full and open competition or promoting economy in administration, performance, and operation of the agency's programs.

The Washington Office, Director of Acquisition Management, is responsible for approving multi-year contracts. Coordinate the determination for use and final approval of a multi-year contract with the acquisition contracting officer assigned to the contract.

### **64 - AGREEMENTS**

Traditional agreements, such as cost-share agreements or participating agreements, may be used to implement stewardship projects. These agreements must be used in accordance with applicable laws, regulations, and the direction in this chapter. In considering use of a stewardship contracting agreement, consult the local or Regional Grants and Agreements Specialist for guidance early in project development.

### **65 - ADMINISTERING STEWARDSHIP CONTRACTS**

In accordance with the National Forest Management Act of 1976 (16 U.S.C. 472a) and Federal Acquisition Regulation found in Title 48, Code of Federal Regulations (FSH 6309.32-FAR), the Forest Service shall maintain authority over all phases of development and implementation of stewardship contracts and agreements. The assigned contracting officer shall maintain Federal agency control and oversight of operations to ensure the protection of public assets and compliance with environmental requirements. Individuals assigned to contract administration teams for stewardship contracts, acting within their individual delegated authority, shall implement and enforce contract terms.

#### **65.1 - Required Bonding**

Contractors who are awarded stewardship contracts are required to provide such bonds as are required under the contract, law, or regulation and as determined by the contracting officer. The Forest Service may require performance and payment bonds in order to protect the Government's investment in receipts from removal of forest products under a contract or agreement pursuant to 16 U.S.C. 2104 note and the Federal Acquisition Regulation (FSH 6309.32-FAR).

#### **65.2 - Contracting Officers [Reserved]**

#### **65.3 - Contract Administration Teams [Reserved]**

#### **65.4 - Law Enforcement Coordination**

In contracts involving removal of commercial products, it is the sale administrator's responsibility to notify law enforcement personnel in accordance with direction at FSH 2409.15,

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sections 13.42(b) and (c). Law enforcement personnel are responsible for reporting the results of any ensuing investigation as provided at FSM 2433.04(e).

## **66 - FUNDING FOR STEWARDSHIP CONTRACTING**

Stewardship contracting preparation, overhead, and monitoring costs normally shall be funded through appropriated funds similar to other contracting efforts, such that the primary purpose determines the funding source. Additional funds for projects can be obtained from cooperators, other agencies, and local donations. Contributed funds must be processed and tracked in accordance with FSH 6509.11g, Service-wide Appropriation Use Handbook. These additional funds should be used for project implementation activities. FSH 6509.11g includes direction regarding the treasury symbol and how to apply primary purpose to stewardship contracting.

## **67 - REVENUES FROM STEWARDSHIP CONTRACTING**

Deriving revenue from the sale of products designated for removal through stewardship contracting projects is a secondary objective to achieving land management goals.

In accordance with 16 U.S.C. 2104 note (d)(3), the value of services received, payments made, or resources provided under a stewardship contract shall not be considered to be monies received from the National Forest System for the purpose of calculating payments to States (FSH 6509.11g, sec. 61.1). Therefore, stewardship contracts do not require a minimum deposit to National Forest Fund (NFF) as prescribed in FSM 2431.31 and FSH 2409, section 45.42.

Other cooperative funds and work such as brush disposal, road maintenance, cooperative scaling, and erosion control may be included in a stewardship project.

### **67.1 - Residual Receipts**

When the value of the products generated by a stewardship contracting project exceeds the cost of the services rendered, excess offset value results and residual receipts (sec. 60.5) are generated. Residual receipts may be transferred to another stewardship contracting project (when approved in advance by the Regional Forester) or directed to trust funds. Residual receipts should be used on the same stewardship project or other approved stewardship projects. If salvage sale funds are spent to lay out a stewardship project, the funds should be replenished. Essential KV work and other KV work that would extend beyond the timeframe of a stewardship contract should be included in a sale area improvement plan.

### **67.2 - Retained Receipts**

1. Retained receipts (sec. 60. 5) from stewardship contracting may be used for another stewardship project in the same project area or may be transferred outside the original project area. Retained receipts may be used on other approved stewardship contracting projects outside

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the initial project area only if such transfer is identified in advance, made known to interested parties, and approved in advance by the Regional Forester. Residual receipts normally are used on the same administrative unit where they were generated.

2. Retained receipts shall be used to fund national programmatic multi-party monitoring.
3. Retained receipts shall not be used for overhead, administrative, or indirect costs nor for the completion of environmental studies or other planning and analysis (sec. 61.22).

**67.21 - Annual Review of Retained Receipts Balance**

Annually each Regional Forester must project the balance of retained receipts in the Region as of December 15 and compare that balance to the remaining services to be funded in approved stewardship contracts. Use a format similar to that in exhibit 01 to document the annual balance review. Coordinate the review with trust fund reviews.

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**67.21 - Exhibit 01**

**Example of Annual Review of Retained Receipts**

Projected Amount of Retained Receipts on Hand – October 30	\$376,400
Less Approved Stewardship Contracting Projects (by name) and Funds Required	
Ricky’s Run Watershed Improvement Project	- \$106,400
Redhead Ridge Fuel Reduction Project	- \$170,000
Vega Veeta Vita Mine Reclamation Project	- \$ 80,000
Mertz Valley Wildlife Opening Project	- \$ 20,000
Projected Balance	-0-
Amount Excess to Identified Needs	-0-

/s/ Lew C. Arnez

LEW C. ARNEZ  
Regional Forester

December 25, 2003

Date

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### **67.3 - Other Trust Funds**

1. The Forest Service may direct stewardship contracting residual receipts to trust fund programs pursuant to applicable laws and regulations. This includes, but is not limited to, the Knutson-Vandenberg Act of June 9, 1930 for K-V Funds and the National Forest Management Act of 1976 for Salvage Sale (SSF) and Brush Disposal (BD) Funds. Such collection is not required for stewardship contracts. The line officer must determine the appropriate distribution of receipts to resource work under the current stewardship contract, to various trust funds, or for transfer to other stewardship projects. In some cases, such as the use of the salvage sale funds, the line officer must balance the benefits of the stewardship projects with the needs of the salvage sale program. The line officer must include documentation of the reasons for distribution of collections with project recommendations.

2. Many of the activities typically accomplished through K-V can be incorporated into the stewardship contract. There are instances where it may be appropriate to collect K-V funds for treatments that exceed the contract length, such as for noxious weed control, or that require complex oversight, such as for prescribed fire. Follow the direction in chapter 10 when identifying projects for K-V collections and in section 21 when making collections.

3. Stewardship contracting projects may use salvage sale funds when they meet the qualifications of a salvage sale. Salvage sale funds should be used for sale preparation and administration only when it is anticipated that sufficient receipts can be collected to reimburse the salvage sale fund. See FSM 2435 for direction on the salvage sale program.

Brush Disposal deposits may be collected even though the timber purchaser did not harvest the timber. Make collections for Brush Disposal in accordance with FSM 2436.

Once residual receipts have been transferred to K-V, SSF, BD, or Cooperative Maintenance, section 61.22 no longer applies; however, expenditure of the funds must be in accordance with the trust fund to which they are transferred.

### **67.4 - Automated Timber Sale Accounting**

Except as specified in this section, complete automated timber sale accounting (TSA) in accordance with FSH 6509.17 for stewardship contracts where commercial goods are removed.

The contract may be defined by work items as stewardship credits and represent the value of work to be performed by the purchaser in exchange for timber. Under a stewardship contract authorization, any monies collected for stumpage values shall be deposited into a special pre-determined Cooperative Work Forest Service (CWFS) job code. The CWFS job codes are six-character alphanumeric codes and are to be entered into TSA as Fund ID 18 – Stewardship.

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**67.41 - Minimum to Principal Accounts**

The direction in this section applies to the six-digit numeric field required for each unit of measure contained in a new contract (U/M1, MIN1, U/M2, MIN2, and so on). Establish the minimum to principal accounts by unit of measure to Stewardship Demo on a stewardship sale, or in the case of a salvage sale, the minimum to principal account for Knutson-Vandenberg (KV), or a combination of the two. Transaction 0104 accommodates four units of measure and related minimum to principal account rates. In the very unlikely event that there are more than four units of measure, submit the additional units of measure and minimum to principal accounts after the initial contract has been established on a separate 0104 transaction using action code M (modify).

Submit each U/M and MIN1 rate combination together. On the left enter the two-digit unit of measure (U/M). Follow the U/M with a four-digit minimum to principal account rate (MIN1) to be used for the U/M. The minimum to principal account field has two digits to the left and two digits to the right of the decimal point.

For example, a user who wishes to enter a minimum rate of \$.25 for CCF, would enter the following on the 0104 transaction: 030025. The “03” stands for the CCF unit of measure and the “0025” stands for the \$.25 minimum rate. See exhibit 01 for an example.

**67.41 - Exhibit 01**

**Example of Minimum to Principal Accounts Submission**

Minimum to Principal Accounts							
U/M 1		U/M 2		U/M 3		U/M 4	
U/M	Minimum	U/M	Minimum	U/M	Minimum	U/M	Minimum
57 58	59 62	63 64	65 68	69 70	71 74	75 76	77 80
<b><u>03</u></b>	<b><u>00.25</u></b>		<b><u>—.</u></b>		<b><u>—.</u></b>		<b><u>—.</u></b>

The minimum to principal account can never be greater than any base rate for any S-P-U with the corresponding unit of measure. In other words, using the preceding example, any S-P-U sold in CCF could not contain a base rate less than \$.25.

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### **67.42 - Normal Distribution Accounts**

Enter a job code for each normal distribution account. Enter at least one job code for each principal normal distribution account when a new permit is entered into TSA. Principal normal distribution accounts are Fund IDs 02-06 and 18. Other normal distribution accounts are Fund IDs 19, 25, and 88. None of these can be principal accounts; therefore, permits containing Fund IDs 19, 25, and 88 must also contain one of the principal distribution accounts of Fund ID 02-06 and 18. Fund IDs 02 and 03 are not valid on the same permit. There may be no more than 8 normal distribution accounts on any one permit.

### **68 - MONITORING ACTIVITIES FOR STEWARDSHIP CONTRACTING**

The pilot authorities (Pub. L. 105-277, Pub. L. 106-113, and Pub. L. 107-63) and the 10-year authority (16 U.S.C. 2104 note) require multi-party monitoring of stewardship contracting. The difference is that the pilot authorities require multi-party monitoring at the project level, while the 10-year authority requires programmatic multi-party monitoring.

Monitoring is an important aspect of stewardship contracting. Results from short-term monitoring of projects provide insight into community benefits to improve the success of future stewardship contracting projects. Results from the longer term programmatic monitoring generate information about the utility of the stewardship contracting authority and help in determining if the authority should be made permanent.

It is not appropriate to conduct project monitoring through stewardship contracts or agreements or with revenues received from a stewardship contract. Programmatic level multi-party monitoring (sec. 68.1) may be funded with retained receipts.

#### **68.1 - Programmatic Level Multi-party Monitoring**

The focus of multi-party monitoring in accordance with the 10-year stewardship contracting authority (16 U.S.C. 2104 note) is national-level monitoring of collaboration and the role local communities in that process. The Director, Forest and Rangeland Management Staff, Washington Office coordinates contracting for monitoring the role of local communities and other external stakeholders in development of stewardship contracts and agreements. Information shall be obtained from a random sample of active stewardship contracting projects. Multi-party monitoring of individual projects is encouraged, but not required.

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## **68.2 - Project Level Multi-party Monitoring**

While the pilot stewardship contracting authorities in Public Laws 105-277, 107-63, and 106-113 have been superseded by 16 U.S.C. 2104 note, some transition from the pilot authority to permanent authority is necessary. In order to make the transition, the Forest Service shall address existing stewardship contracting pilot projects as follows:

1. Projects now under contract or agreement. Continue project level monitoring through the existing national stewardship project monitoring contract.
2. Projects with National Environmental Policy Act (NEPA) analysis completed, but not under contract or agreement. Continue project level monitoring through the existing national stewardship project monitoring contract.
3. Projects with NEPA analysis not completed. Conduct project level monitoring through the existing national stewardship project monitoring contract, or as part of programmatic monitoring under new authority. The Regional Foresters' selections of the method of monitoring is shown at: [http://www.fs.fed.us/forestmanagement/projects/stewardship/pilots/documents/Pilot\\_Project\\_Status\\_and\\_Monitoing\\_080103.pdf](http://www.fs.fed.us/forestmanagement/projects/stewardship/pilots/documents/Pilot_Project_Status_and_Monitoing_080103.pdf).
4. Projects with NEPA analysis not begun. Include these projects in programmatic monitoring conducted under new authority.

The approach set out in the preceding paragraphs for monitoring projects initiated under pilot authority provides for a transition to programmatic monitoring. In both paragraphs 3 and 4, when collaborative efforts have begun, units are encouraged to monitor items that the local collaborative group considers important even though monitoring those items may not be required.

## **68.3 - Environmental Monitoring**

Individual project monitoring (implementation, effectiveness, and validation) may be conducted, as appropriate, in addition to the stewardship contract monitoring set out in sections 68.1 and 68.2. Environmental monitoring should occur within the framework of land and resource management plan monitoring subject to priority and funding.

## **69 - REPORTING ACTIVITIES FOR STEWARDSHIP CONTRACTING**

In accordance with 16 U.S.C. 2104 note (sec. 60.1, para. 4), the agency's annual stewardship contracting reporting to Congress shall include:

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1. The status of development, execution, and administration of agreements or contracts,
2. The specific accomplishments that have resulted, and
3. The role of local communities in the development of agreement or contract plans.

### **69.1 - Stewardship Contracting Accomplishments Reporting**

District Rangers shall support National reporting accomplishments by completing information for each project at the time of project initiation and annually updating this information, according to the instructions issued by the Director of Forest and Rangeland Management, Washington Office. Regional Foresters shall ensure that accomplishment reports are completed and updated annually by December 15.

### **69.2 - Annual Report**

1. The responsible agency officials shall inform the multi-party monitoring contractor (sec. 68) about the requirement to provide a draft report on the role of local communities in stewardship contracting to the Director, Forest and Rangeland Management Staff, Washington Office. The Director of Forest and Rangeland Management Staff, Washington Office shall use the information from the contractor's draft report and from internal accomplishment reporting (sec. 69.1) to prepare a draft report to Congress for approval by the Chief of the Forest Service. The report shall respond to the three reporting items prescribed by 16 U.S.C. 2104 note (sec. 69).

2. The Chief shall submit an annual report by March 1 to the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate on the three items specified in section 69. The Chief shall also report stewardship contracting contributions to performance and workload measures consistent with the Government Performance and Results Act.

3. The Secretary shall submit to Congress, no later than July 21, 2008, a report that describes the Indian tribal requests received and agreements or contracts that have been entered into under the Tribal Forest Protection Act.