WHITE MOUNTAIN STEWARDSHIP PROJECT

Using a Large Scale Stewardship Contract
Background and need

• Businesses continually say the need a “reliable supply” if they are to install new facilities
• High demand from the public to get forest health treatments done quickly
• Large scale treatments almost impossible without markets for the material
Background and need

• Congress and the President saw the need and gave Stewardship authority
• Among other things, this gave authority for sales up to 10 years
Strategy

• SW Region and A/S National Forest put these needs together with the new authority
• A/S felt they could do 15,000 acres annually, in addition to small projects for current local industry
• June 2003 began working on draft contract
June 19 @ 1550 hours
Size 25,000 Acres
1730
Collapsing column causes fire to cover 10,244 acres in 15 minutes—flame lengths nearly 1,000 feet
Rodeo-Chediski Fire Effects and Recent Forest Management History
Breaking (nearly) new ground

• New Authority, new territory, new concerns
• Several reviews between A/S NF and Regional Office
• Review by Washington Office and Office of General Council
• Want to make sure this one works
Bringing a single minded focus to...

- Complete initial treatment of WUI within 15 years.
- Double non-WUI treatments by 2011.
- Complete fire-use plans by FY2008.
- Provide for maintenance treatments into perpetuity.
Ecological Context

- Over 18.4 million acres of forested land in the Southwestern Region.
- Virtually all is Condition Class 2 or 3 and Fire Regime 1.
- Fire suppression has lead to forests with 300-3000 trees per acre instead of 20-60 per acre.
- Drought and insects exacerbate the problem.
Social Context

• Arizona and New Mexico are among the fastest growing states.
• Experiencing rapid expansion of the Wildland-Urban Interface – as much as 3.5 million acres.
• Severe fire seasons have helped convert the skeptical ….Cerro Grande, Rodeo-Chediski, Aspen…
• Exceptional support from local, state, and national elected officials.
• Strong science foundation for management.
Economic Context

- Many of the affected counties are among the poorest in the nation.
- Limited economic infrastructure.
- Forest products industry is gone.
- Recreation based industry is dependent on healthy forests.
- Good transportation infrastructure.
Stewardship Contracting: A Critical Tool

- Capturing economic value is essential to reducing treatment costs.
- An 8% reduction in treatment cost/acre is equivalent to a 10% reduction in all the Region’s non-vegetation treatment BLI’s.
- Authority to trade goods for services and 10-year contracts essential to attracting commercial investment.
- Scale of treatment is critical to achieving objective and attracting industry.
White Mountain Stewardship Contract

• 10-year contract – targeting 150,000 acres.
• Focused on:
  – Setting the stage for ecosystem restoration at a landscape scale.
• Through better utilization and trading “goods for services” we hope to reduce the cost of treatment from $500-700/acre to under $200-300/acre.
Key Contract Features

• Use of Stewardship Contract Authority maximizes the time period up to 10 years versus multi-year contracts which are only up to 5 years.

• Performance Based Service Contract where contractors propose methodology to achieve desired results.

• In addition to the evaluation criteria, the Request for Proposal’s (RFP) heavily considers the bidders utilization of:
  • Biomass Utilization
  • Contribution to local employment
Key Contract Features

• Indefinite Quantity Contract (task orders):
  • Requires government to furnish and contractor to treat at least 5,000 acres/year.
  • Provides contractor right-of-first refusal for acres above 150,000.
  • Multiple task orders can be issued in any given year.

• Incorporates a sub-contracting plan that utilizes existing local businesses and resources.
Key Contract Features

• Contract Bid Items are:
  – Value Items, i.e. Saw Timber bids will be dollars per CCF (Contractor pays Government) as determined from cruises.
  – Cost Items, i.e. Removal of small trees and slash will be dollars per Ton (Government pays Contractor)
Key contract features

• Required removal of material in excess of the needs of ecosystems
  – Sawlogs (MCF) – value item
  – Roundwood (MCF) – value or cost item
  – Limbs, tops and small trees (Tons) – cost item

• Normal contract specification on how to leave the land, watershed protection etc
Current Status

• Contract package is complete and notice of the upcoming solicitation was published in FedBizOpps on February 19, 2004.

• In FY 2004 the Region is ready to issue a task order which can range from 5,000 to 18,000 acres.

• Total of 30,000 acres currently covered by NEPA – 5,000 more nearly complete.

• A dedicated team will complete remaining NEPA to stay ahead of task orders.

• Community fire plans largely in place.
Industry Interest

- Attracted considerable interest from a variety of small and large business and state and local governments.

- Examples include:
  - Eastern Arizona counties who would utilize Biomass through oriented strandboard mill.
  - Bioenergy plants
  - Limited partnership of small logging companies.
  - Laminated truss and beam company.
Time Frame – Target Dates

- April 12-23, 2004 - Pre-proposal/site visit meetings.
- May 3, 2004 - Last date to request RFP.
- June 3, 2004 - Closing date for receipt of proposals.
- Within 2 to 3 weeks of June 3, 2004 technical evaluation team meets to evaluate proposals.
- If best and final offers are not needed, contract may be awarded within 2 weeks (late summer).
Lessons Learned

- Allow sufficient time for input, review, approvals
- Get key players involved at the onset from all levels (RO, SO, WO)
  - AQM, PD&B, Timber Management, Fiscal, OGC
- Determine instrument to be used (timber versus service contract) and type of warrant authority needed (procurement versus timber) for contract award.
- Ensure cost and price capability is available either in-house or by contract, to acquire a good estimate of the potential cancellation fee.
- Ensure monies are available to cover potential cancellation fees/minimum guarantee.

- You’d better want to do this…it’s not for the faint of heart!
Challenges and Risks

• Integrate resource areas to blur the functional boundaries for funding, target reporting and project design.
• More flexibility to describe the project by prescription to minimize preparation and layout costs on the ground.

• Measuring and tracking sawtimber values in a contract that contains a mix of biomass, pulp and sawtimber
• Find ways to reduce the contract costs and tracking requirements for timber in the small log projects.
• Potential that out-year NEPA could be tied up in court.
• Potential that large fires could burn several years of contract work.
• Better mechanisms to address the liability associated with providing the minimum acres each year and the potential for default.
Challenges and Risks

- Contractor Maturity
  - TSI Contractors
  - Loggers

- Min/Max Funding

- Cancellation Clause Ceiling

- 10 Year Firm Fixed Contract

- Termination for Default
150,000 acres

- Average: 15,000 acres
- Maximum: 25,000 acres
- Guarantee: 5,000 acres
- Minimum Task Order: 500 acres
- NEPA
- Region wide
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Questions?