



FSH 2409.19 - RENEWABLE RESOURCES HANDBOOK

CHAPTER 60 - STEWARDSHIP CONTRACTING

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Digest:

60 - Revises chapter in its entirety.

60.1 - Adds direction specific to the 2014 Farm Bill, section 8205.

60.1 - Clarifies citation for 2014 Farm Bill amendment to Healthy Forests Restoration Act.

61.3 - Updates guidance for use of Designation by Prescription.

62.1 - Includes guidance and authority for non-recurring special provisions

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Digest--Continued:

62.7 - Clarifies 10-year term for completion of activities

62.11 & 62.12 - Updates legal authority reference to the 2014 Farm Bill, section 8205 and 36 CFR 223 Subpart I.

63.1 - Clarifies contractor evaluation and award procedures.

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This chapter provides direction for implementing the stewardship end result contracting authority, including stewardship agreements (collectively referred to as stewardship contracting authority). The direction and procedures in this chapter address the appropriate use of the stewardship authority for project development, implementation, and monitoring.

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 (NFS) 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 contracting projects.
3. Section 338 of Public Law 106-291, H.R. 4578, FY2001 Appropriations Act for Interior and Related Agencies. The authority to enter into stewardship and end result contracts provided to the Forest Service in accordance with section 347 of title III of section 101(e) of division A of Public Law 105-825 is hereby expanded to authorize the Forest Service to enter into an additional 28 contracts subject to the same terms and conditions as provided in that section: Provided, that of the additional contracts authorized by this section at least 9 shall be allocated to Region 1 and at least 3 to Region 6.
4. Section 332 of Public Law 107-63, the Interior Appropriations Act, 2002, amending Public Law 105-277, sec. 347 (Pub. L. 107-63). Section 347(a) of the Department of the Interior and Related Agencies Appropriations Act, 1999, as included in Public Law 105-277, is amended by striking '2002' and inserting '2004'. The authority to enter into stewardship and end result contracts provided to the Forest Service in accordance with section 347 of title III of section 101(e) of division A of Public Law 105-277 is hereby expanded to authorize the Forest Service to enter into an additional 28 contracts subject to the same terms and conditions as provided in that section: Provided, that of the additional contracts authorized by this section at least 9 shall be allocated to Region 1 and at least 3 to Region 6.
5. 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 and the Bureau of Land Management authority until September 30, 2013, to enter into stewardship contracting projects for up to 10 years with private persons or public or private entities,

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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. Section 323 supersedes the original authority granted to the Forest Service in section 347. Stewardship contracting projects approved as pilot projects now fall under section 323. Title 16, United States Code, section 2104 Note (c) (4) exempts stewardship contracts and agreements from sections 14(d) and (g) of the National Forest Management Act (16 U.S.C. 472a). These exemptions mean that products with an appraised value in excess of \$10,000 may be sold without advertisement and that persons other than those employed by the Secretary of Agriculture may mark or determine the trees to leave, or to be cut and removed, to meet restoration objectives.

6. Section 604 (16 USC 6591c) of Public Law 108-148 as amended by Section 8205 of Public Law 113-79, the Agricultural Act of 2014. Grants the Forest Service and the Bureau of Land Management authority to enter into stewardship contracting projects for up to 10 years 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. Section 8205 supersedes the authority granted to the Forest Service in section 347.

7. 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 NFS 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. The “Colorado Good Neighbor” legislation was extended to September 30, 2013, in section 422 of Public Law 111-88, Department of the Interior, Environment, and Related Agencies Appropriations Act.

8. Section 337 of Public Law 108-447, Consolidated Appropriations Act, 2005. Grants the Secretary of Agriculture authority to permit Utah State Forester to perform forest, rangeland, and watershed restoration services on NFS lands in Utah.

9. Public Law 105-277, Section 323 as amended by Public Law 109-54, Section 434, and permanently authorized by Public Law 111-11, Section 3001. Authorizes the Forest Service to use Forest Service appropriations to enter into cooperative agreements to benefit resources within watersheds affecting National Forest System lands. Agreements may be with willing Federal, State, tribal, and local governments, private and nonprofit entities, and landowners to conduct activities on public or private lands for the following purposes: protection, restoration, and enhancement of fish and wildlife habitat and other resources; reduction of risk for natural disaster where public safety is threatened; or a combination of both.

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10. Public Law 108-278, July 22, 2004, 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 project selection criteria established in the Act to carry out projects on NFS lands to protect Indian forest land, rangeland, or tribal communities when the NFS lands are bordering or adjacent.

11. 48 CFR Chapter 1, Federal Acquisition Regulation. The Federal Acquisition Regulations System is established for the codification and publication of uniform policies and procedures for acquisition by all executive agencies. The Federal Acquisition Regulations System consists of the Federal Acquisition Regulation (FAR), which is the primary document, and agency acquisition regulations that implement or supplement the FAR. The Federal Acquisition Regulation (FAR) is issued as Chapter 1 of Title 48, Code of Federal Regulations (CFR). Subsequent chapters are reserved for agency acquisition regulations that implement or supplement the FAR; at 48 CFR Chapter 4, the Department of Agriculture issues policies and procedures that supplement the FAR.

60.2 - Objectives

The general purpose of stewardship contracting is to achieve land management goals for 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 land management objectives. Appropriate uses for stewardship contracting include those listed in section 61.2, exhibit 02.

60.3 - Policy

1. Use stewardship contracts and agreements to accomplish resource management objectives with a focus on restoration.
2. Use of stewardship contracting authority to implement projects must be approved by the Regional Forester. The Regional Forester shall re-delegate the authority to approve stewardship projects to a Forest Supervisor, provided that the forest has had extensive experience with stewardship contracting.
3. Stewardship projects must be designed to meet the objectives of section 60.2, achieve land management goals identified in the applicable land and resource management plan, and included in environmental documents and decisions developed in accordance with National Environmental Policy Act (NEPA) requirements (FSM 1950 and FSH 1909.15). See section 61.2, exhibit 02 for examples of appropriate stewardship contracting activities.

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4. Except where specifically exempted by law (sec. 60.1), stewardship contracts and agreements must be carried out only on National Forest System (NFS) lands and must be administered in accordance with the laws and regulations applicable to NFS lands (FSM 2401).
5. Collaboration must be a part of stewardship project planning and continue throughout the life of the project.
6. The proper use and management of stewardship contracting receipts must be assessed as a normal part of Regional and Forest Renewable Resource programs and activity reviews.
7. When retained receipts are generated by one project, they should be used for additional approved stewardship 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. Only one Unit of Measure is allowed per contract.
9. Each stewardship contract must be signed by only one Contracting Officer.
10. Best value, as described in Federal Acquisition Regulations, must be the basis for evaluating proposals for awarding stewardship contracts. Best approach determination is the evaluation method used by the Forest Service to approve stewardship agreement technical proposals.
11. Pursuant to the Tribal Forest Protection Act, Forest Service officials shall provide advice and information to Indian tribes in advance of the tribes submitting proposals for stewardship contracts or agreements.

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 contracts and agreements as a tool for implementing projects to accomplish land management goals.

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2. Delegate stewardship contracting and stewardship agreement 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 2404.26 and FSM 2404.28 (ex. 01).
3. Delegate the authority to the Washington Office, Director of Acquisition Management, to determine the appropriate Contracting Officers for procurement 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 - Washington Office, Director of Acquisition Management

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

1. Coordinate and manage stewardship contracting and stewardship agreement policies with the Director of Forest Management.
2. Annually, by January 31, in cooperation with the Financial Management staff and the Forest Management staff, review regional stewardship contracting retained receipt balances to identify funds in excess of those needed for 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 (FAR) (FSH 6309.32).
4. Process source selection plans, source selection approvals, multi-year authorizations, and other required approvals for stewardship contracts under the FAR authority.
5. Review how effectively the Regions are using and complying with acquisition procedures to accomplish stewardship projects.
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 agreements.
8. Delegate to the Regional Directors of Acquisition Management the authority to determine appropriate Contracting Officers for acquisition activities related to stewardship contracting. For Regions without a Director of Acquisition Management, this authority is retained by the Washington Office, Director of Acquisition Management.

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60.41c - Washington Office, Director of Financial Management

It is the responsibility of the Washington Director, Director of Financial Management to:

1. Provide technical advice on use and accounting for funds used for stewardship contracts and agreements to the Deputy Chiefs for Business Operations and National Forest System, Regional Foresters, Forest Supervisors, District Rangers, and Resource Specialists.
2. Provide methodology to track the values of goods and services associated with stewardship contracts and agreements.

60.41d - Washington Office, Director of Budget and Finance, Albuquerque Service Center

It is the responsibility of the Washington Office, Director of Budget and Finance, Albuquerque Service Center to:

1. Implement methodology to track the values of goods and services associated with stewardship contracts and agreements.
2. Conduct reviews of the fiscal and accounting operations for stewardship contracts and agreements.
3. Ensure that financial data in the annual report to Congress are reconciled to the data in financial statements.
4. Annually, by January 31, in cooperation with the Forest Management Staff and Acquisition Management Staff, review regional stewardship contracting retained receipt balances to identify funds in excess of those needed for stewardship projects.

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

It is the responsibility of the Washington Office, Director of Program and Budget Analysis to provide apportionment authority for obligating stewardship contracting retained receipts (SSCC).

60.41f - Washington Office, Director of Forest Management

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

1. Jointly coordinate and manage policies for stewardship contracts and agreements with the Director of Acquisition Management.

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2. Advise the Chief on policy and oversee implementation of stewardship agreements and contracts.
3. Ensure preference program use is considered in cooperation with the Small Business Administration.
4. Annually, by January 31, in cooperation with the Acquisition Management staff and Financial Management staff, review regional stewardship contracting retained receipt balances to identify funds in excess of those needed for stewardship 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 assistance of the Director, Cooperative Forestry Staff.
6. Coordinate with the Director, Financial Management 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 Title 16, United States Code, section 2104 Note (sec. 69).
8. Delegate to Regional Foresters the authority to determine appropriate Contracting Officers for stewardship contracts and agreements.
9. Submit annually, to the Director, Office of Tribal Relations (OTR), a table containing tribal projects done through stewardship contracting or other instrument pursuant to the Tribal Forest Protection Act, which must include acres, agreement or contract number, type, location of the project and such other information as the Director of OTR determines necessary.

60.41g - Washington Office, Director of Cooperative Forestry

It is the responsibility of the Washington Office, 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 planning and implementation of stewardship contracts and agreements.
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.

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3. Assist the Director, Forest Management in coordinating programmatic monitoring of the role of local communities and other external stakeholders in development of stewardship contracts and agreements (sec. 68.1).
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 to provide guidance on the use of stewardship contracts and agreements.

60.41h - Other Washington Office Resource Staff Directors

It is the responsibility of the Washington Office, Directors of Ecosystem Management Coordination, Engineering, Office of Tribal Relations, Fire and Aviation Management, Law Enforcement and Investigations, Recreation and Heritage Resources, and Watershed, Fish, Wildlife, Air, and Rare Plants:

1. To assist the Director, Forest Management in overseeing the implementation of stewardship contracts and agreements as it relates to these staff areas.
2. To provide advice concerning stewardship contracts and agreements 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

Except as noted, the responsibilities below cannot be re-delegated to a lower level. All delegations must be in writing.

It is the responsibility of each Regional Forester to:

1. Approve the use of stewardship contracts and agreements as a tool to implement stewardship contracting projects (sec. 61). When a National Forest has demonstrated proficiency in the use of stewardship contracts and/or agreements, the Regional Forester shall delegate authority to approve new stewardship contracting projects to the Forest Supervisor.

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2. Review and approve retention of receipts generated from a stewardship project where they will be transferred to another stewardship project. When a National Forest has demonstrated proficiency in the use of stewardship contracts and/or agreements, the Regional Forester may delegate the authority to review and approve retention of receipts generated from a stewardship project that will be transferred to another stewardship project on the Forest to the Forest Supervisor.
3. Approve use of less than full and open competition on stewardship contracts, in addition to approvals required by Acquisition Management (AQM).
4. Review forest reports of retained receipt balances and identify all excess retained receipts to the Washington Office each year in conjunction with Annual Trust Fund Analysis Reporting requirements (sec. 67.1).
5. Review documentation submitted by Forest Supervisors associated with the contractor selection process (sec. 63.1).
6. Set priorities for stewardship contracts and agreements within the Region.
7. In consultation with the Washington Office, Director of Acquisition Management, advise Forest Supervisors on the appropriate use of stewardship contracts and agreements and the determination and assignment of Contracting Officers for specific projects.
8. Delegate management oversight responsibility for stewardship contracts and agreements to a Regional Staff Director.
9. Establish supplemental direction for Forest Supervisors' annual reviews of stewardship contracts and agreements, 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.
10. Ensure that Forest Supervisors review all stewardship contracts that were offered and did not receive bids. Reconfigure no-bid stewardship contracts to accomplish restoration objectives.
11. Ensure that Forests provide adequate and timely input into the monitoring and evaluation process for stewardship contracts and agreements (sec. 68), including updating accomplishments for each stewardship project (sec. 69).
12. Provide technical expertise to Forest Supervisors on the appropriate use of stewardship agreements and contracts (sec. 64).

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13. Delegate 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) through stewardship contracts and agreements (sec. 60.41a, para. 1).
14. Delegate to a named individual Contracting Officer authority to issue stewardship contracts, for a given contract type (Integrated Resource Timber Contract (IRTC) or Integrated Resource Service Contract (IRSC)), and for stewardship agreements with forest product disposal.
15. Approve use of retained receipts for multi-party project level process monitoring.
16. Approve or deny any tribal request under the Tribal Forest Protection Act of 2004 through current level of delegated authority appropriate to the type of contract or agreement authority used.

60.42b - Forest Supervisors

It is the responsibility of the Forest Supervisor to:

1. Identify forest priorities for stewardship projects. Approve the use of stewardship contracts and agreements as a tool to implement stewardship contracting projects (sec. 61), if delegated that authority by the Regional Forester;
2. Ensure that all stewardship projects are in accordance with land and resource management plan objectives, and are developed in collaboration with cooperating Federal, State, and local agencies, tribal governments, non-government organizations, local communities, and any interested groups or individuals, as appropriate;
3. Review proposed revisions to stewardship contracts and agreements;
4. Document reasons for the use of less than full and open competition for stewardship contracts and agreements;
5. Review with the responsible District Ranger all stewardship contracts that were offered and did not receive bids. Reconfigure no-bid stewardship contracts to accomplish restoration objectives;
6. Coordinate with the field Law Enforcement and Investigations staff on stewardship projects involving removal of products;

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7. Approve monitoring activities and determine the appropriate levels of use of retained receipts and appropriated funds in support of project level multi-party process monitoring; and
8. Prepare proposal response and recommendation for Regional Forester decision for tribal requests made under the Tribal Forest Protection Act of 2004. The recommendation of what borders on or is adjacent to Indian forest land, rangelands, or a tribal community must be made by the District or Forest Line Officer after consultation with the Indian tribe and consideration of the threat potential and geographic location.

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 Title 16, United States Code, section 2104 Note (sec. 61.1);
2. Provide leadership and assure collaboration is an integral part of stewardship projects (sec. 61.12). If one does not exist, develop a collaborative group with interested partners, stakeholders, non-governmental organizations, county, city, tribal, and State Governments;
3. Ensure early and continued involvement of the appropriate technical specialists in proposing, planning, executing, and monitoring stewardship contracts and agreements (secs. 61-68);
4. Propose revision of stewardship contracts and stewardship agreements as necessary;
5. Consider the analysis and advice of the project planning interdisciplinary team and the information generated during collaboration when recommending using stewardship contracts or agreements;
6. Ensure stewardship projects are clearly related to needs identified in National Environmental Policy Act (NEPA) documentation and the goals of Title 16, United States Code, section 2104 Note (sec. 61.1);
7. Combine work items, when appropriate, into a stewardship contract or agreement to maximize use of equipment, supplies, and people to benefit a variety of resources;
8. Make a determination of the local community appropriate to a project and work in collaboration with interested parties during project design, as well as implementation;

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9. Consult with the Forest Supervisor to resolve any questions regarding appropriate use of stewardship contracting retained receipts (sec. 67.2);
10. Prepare plans for use of retained receipts, as appropriate;
11. Prepare and approve plans such as Sale Area Improvement (K-V) Plans (ch. 10 of this handbook), Brush Disposal Plan, and Salvage Sale Fund Plans (FSH 2409.18, ch. 50), as appropriate for Integrated Resource Timber Contracts. Approval of such plans cannot be re-delegated;
12. Sign TIM certifications for Gates 1-4 for stewardship contracts and agreements. The approval of the certification forms cannot be re-delegated;
13. Provide the Forest Supervisor with documentation that shows an annual review of stewardship contracts and agreements, including the separate tracking of the values of the goods being sold and the services received for each project;
14. Each fiscal year, update the accomplishments for each stewardship project (sec. 69);
15. Coordinate multi-party monitoring of stewardship contracting projects, as appropriate (sec. 68);
16. Approve the use of Designation by Prescription. (FSM 2441.04d);
17. Review with the Forest Supervisor all District stewardship contracts that were offered and did not receive bids; and
18. Receive and acknowledge tribal requests made under the Tribal Forest Protection Act of 2004 and make recommendations to the Forest Supervisor. The recommendation of what borders on or is adjacent to Indian forest land, rangelands, or a tribal community must be made by the District or Forest Line Officer after consultation with the Indian tribe and consideration of the threat potential and geographic location.

60.5 - Definitions

Best Approach Determination. The evaluation method used by the Forest Service to approve stewardship agreement technical proposals. Best approach determination is required for all stewardship agreements and fulfills the best value requirement in the stewardship contracting legislation.

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

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criteria. Evaluation factors may include, but are not limited to, past performance, work quality, experience, technical approach for performing the work, and benefits to the local community. Best value selection is required for all stewardship contracts.

Collaboration. A process through which parties who see different aspects of a problem constructively explore their differences and search for solutions that go beyond what any one group could envision alone. See section 61.12 for further direction.

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, lodge pole pine less than a specified stump diameter. Designation by description may be used for commercial or noncommercial material. See section 61.3 for further direction.

Designation by Prescription. A method of designating trees for removal by describing the desired end result of the treatment; for example, retain 60 square feet of basal area per acre of dominant and co-dominant trees. See section 61.3 for further direction.

Earned Stewardship Credit. Credit earned and recorded on a stewardship contractor's account in the Forest Service's Automated Timber Sale Accounting System (TSA) for the value of work performed or services rendered. These credits will subsequently be used to offset the cash equivalent of above base value of forest products removed from a stewardship contract area (non-monetary) or paid for with Federal funds (cash).

Excess Offset Value. In accordance with Title 16, United States Code, section 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, land that is 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 (a) is Indian forest land (as defined in section 304 of the National Indian Forest Resources Management Act (25 U.S.C. 3103); (b) has a cover of grasses, brush, or any similar vegetation; or (c) formerly had a forest cover or vegetative cover that is capable of restoration.

Indian Tribe. 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 services provided by the United States to Indians because of their status as Indians; (P.L. 103-454, 25 U.S.C. 450b).

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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 responsible 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 (for example within a 15- to 20-mile radius from the project area), while other times it might be described as a county, group of counties, HUBZone, and so forth. See section 61.13 for further direction.

Multi-party Monitoring. A process for assessing the effectiveness of stewardship contracting in meeting the goals of Title 16, United States Code, section 2104 Note that involves the Forest Service, cooperating Federal, State, and local agencies, tribal governments, local communities, non-governmental organizations, 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. An integrated resource service contract may be a multiple year contract.

Multi-year Contract. A contract for the procurement of supplies or services over several designated program years that does not require establishing and exercising an option for each program year after the first year. A multi-year contract may specify 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 such funds are not available. For the purposes of stewardship contracting, a multi-year contract may be extended up to 10 years total contract length. Multi-year contracts should not be confused with multiple year contracts. An integrated resource service contract may be a multi-year contract.

National Forest System Lands. 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).

Offeror. Means offeror or bidder (FAR 2.101 Definitions).

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Payment Bond. In an Integrated Resource Service Contract or Service Contract, a form of security assuring payment as required by law to all persons supplying labor or material in the performance of the work provided for in the contract (FAR Part 28.001 Definitions).

Payment Guarantee. In stewardship contracts and agreements, a form of security assuring payment of advance deposits for stumpage and required deposits until paid by the contractor. Stumpage is the value of timber as it stands uncut in terms of an amount per unit or area.

Performance Bond. A bond securing performance and fulfillment of the principal's obligations under a contract. See section 65.1 for additional information.

Public Lands. Those lands as defined in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702).

Qualified Individuals. Personnel who have been recognized by the Forest Service through accreditation or delegation to perform specialized duties related to the management of National Forest System lands by completing required training, having accumulated sufficient experience, and having demonstrated the ability to perform at an acceptable level.

Residual Receipts. The receipts generated by a stewardship contract when the receipts from goods exceed the cost of services rendered.

Retained Receipts. The portion of residual receipts that is deposited into a Forest's SSCC account and retained for transfer to other stewardship contracts and agreements, when approved in advance by the Regional Forester or Forest Supervisor (if delegated) in accordance with sections 67.1 and 67.3.

Secretary. The Secretary of Agriculture, with respect to land under the jurisdiction of the Forest Service.

Stewardship Agreement. A formal written document between parties indicating how actions will be taken on stewardship contracting projects. Stewardship agreements must be awarded on a best approach determination that takes into account a technical and cost evaluation. Stewardship agreements typically include the exchange of goods for services, use of retained receipts, or a combination of both. Stewardship agreements must share mutual benefit and interest in the same qualitative way.

Stewardship Credits. A stewardship credit is earned and established in the Automated Timber Sale Accounting system ((ATSA) and its successors) when service work described in the contract has been performed and accepted. These credits are

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subsequently used by the Contractor to offset the cash equivalent of above base rate value of forest products removed from a stewardship contract area (non-monetary) or will be paid for with federal funds (cash).

Stewardship Projects. Projects approved by the Regional Forester or Forest Supervisor (if delegated) as appropriate to be accomplished using either an Integrated Resource Timber Contract, an Integrated Resource Service Contract, a service contract, or a stewardship agreement in accordance with Title 16, United States Code, section 2104 Note, the Federal Acquisition Regulation (FSH 6309.32-FAR), and Forest Service regulations at Title 36, Code of Federal Regulations, Part 223.

Task orders. Formal written direction to a contractor on agreed work items to be performed in a specified time frame. Task orders normally will reflect work to perform during a specific fiscal year.

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 to a procurement Contracting Officer. Warrant limitations are based on training, experience, and need for resources.

60.6 - References

The following exhibit 01, 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 and Handbooks Containing Related Direction
 To Follow in Stewardship Contracting**

Topic	FSM and FSH Reference
Acquisition Management	FSH 6309.32, Federal Acquisition Regulation (FAR), Agriculture Acquisition Regulations (AGAR), and Forest Service Acquisition Regulations (FSAR)
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
Fiscal Management	FSH 6509.11k, Ch. 50
Special Forest Products	FSH 2409.18, Timber Sale Preparation Handbook (Chapter 80, Uses of Timber Other Than Commercial Timber Sales)
Integrated Resource Statement of Account via Automated Timber Sale Accounting System (ATSA)	FSH 6509.17, Automated Timber Sale Accounting Handbook and ATSA Desk Guide
Treasury Symbol for Retained Receipts	FSH 6509.11k, Chapter 50
Trust Fund Accounts	FSH 2409.19, Renewable Resources Handbook, Chapter 90
Valuation of Goods	FSH 2409.18, Timber Sale Preparation Handbook, Chapter 40

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61 - PLANNING STEWARDSHIP CONTRACTING PROJECTS

1. Line Officers may use stewardship contracting as a tool to achieve restoration objectives that have 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. Develop projects collaboratively with cooperating Federal, State, and local government agencies; tribal governments; non-governmental organizations; and any interested groups or individuals, including resource advisory committees, fire safe councils, resource conservation districts, and watershed councils. Project proposals may be initiated from external sources as well as from within the agency.
 - b. Group resource activities within a stewardship agreement or contract into reasonable segments to allow efficient use of equipment and to encourage obtaining maximum value for the public.
 - c. Use public input from a collaborative group, partners, and other stakeholders to guide the agency in determining specific lands to be treated and types of restoration work activities to be conducted.
 - d. Projects which were originally designed to implement land management objectives using either a standard service contract and/or standard timber sale contract, and have completed NEPA analysis, can be approved as stewardship projects. Review of the purpose and need of the decision document should indicate that included work activities have a restoration basis. Existing projects proposed to use stewardship authorities must be consistent with the land management goals stated in Title 16, United States Code, section 2104 Note, (b).
 - e. Agency staff shall complete the stewardship contracting proposal form and submit to the Line Officer delegated the authority to approve stewardship projects.
 - f. Stewardship contracts and agreements are tools for meeting resource objectives and should not be included in the NEPA document and decision notice as a requirement of the project.
2. Stewardship projects differ from developing standard timber sale, service contracts, and agreements in the following manner:
- a. Stewardship contracts and agreements must be awarded on a best value basis and may use a performance-based format to meet end result objectives.
 - b. Multiple year and multi-year IRSCs, IRTC's, service contracts, and stewardship agreements using stewardship contracting authorities can be up to 10 years in length.

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- c. The Forest Service unit shall apply the value of timber or other forest products removed as an offset against any services received.
- d. 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 Title 16, United States Code, section 2104 Note.
- e. Trees and special forest products may be sold without advertisement regardless of value in accordance with Title 16, United States Code, section 2104 Note (sec. 61.6).
- f. Monies received from the sale of forest products or vegetation removed under a stewardship contract or agreement may be applied at the project site or at another stewardship project site without further appropriation.
- g. The Knutson-Vandenberg (K-V) Act (16 U.S.C. 576) does not apply to monies received from the sale of forest products under an Integrated Resource Service Contract or stewardship agreement. K-V collections may be made and expended on appropriate K-V projects under an Integrated Resource Timber Contract in accordance with chapters zero, 10, and 20 of this Handbook, including the limitation on use of K-V funds to administer activities funded with residual receipts from stewardship contracts (sec. 13.5, para. 3).
- h. Deposits may be collected on an Integrated Resource Timber Contract pursuant to the Deposits from Brush Disposal Act (16 U.S.C. 490) and the Cooperative Funds Act (16 U.S.C. 498) - road maintenance and surface deposits. Deposits may not be collected on an Integrated Resource Service Contract or a stewardship agreement pursuant to Deposits from Brush Disposal Act (16 U.S.C. 490) or the Cooperative Funds Act (16 U.S.C. 498).
- i. Salvage Sale Funds (National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.) may be collected on an Integrated Resource Timber Contract. Salvage Sale Funds (National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.) may not be collected on an Integrated Resource Service Contract or a stewardship agreement.

61.1 - Environmental Analysis

All stewardship projects 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 contract or agreement.

61.11 - Appeals

1. All projects are subject to applicable agency appeals and dispute resolution processes in accordance with Title 36, Code of Federal Regulations, Part 215.

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2. The denial of a project proposed by tribes under the Tribal Forest Protection Act of 2004 is not subject to administrative appeal because such proposals are not Forest Service proposed actions under Title 36, Code of Federal Regulations, Part 215, they are tribal proposals.
3. Proposals that meet the criteria set forth in the Tribal Forest Protection Act and which are then considered and analyzed by the Forest Service in a decision consistent with NEPA, are subject to applicable agency administrative appeal procedures.

61.12 - Collaboration

While the enabling legislation does not specifically mention collaboration in stewardship projects, the Secretaries of Interior and Agriculture have directed the Forest Service and the Bureau of Land Management to involve States, counties, local communities, tribal governments; non-governmental organizations, and interested stakeholders in a public process to provide input on implementation of stewardship projects. Make an effort to involve a variety of local interests and engage key stakeholders in collaboration throughout the life of the project, from project design through implementation and monitoring.

61.12a - Principles of Collaboration

1. Identify and Involve Relevant Stakeholders. The Line Officer at the appropriate level shall seek to involve the public in a collaborative manner while developing each stewardship project. Seek early involvement of Federal, State, and local government agencies; tribal governments; non-governmental organizations; local communities; 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 should also be part of the collaborative group, however, contractors and timber sale purchasers shall not participate in the design of work activities, development of requirements and specifications, or in the formulation of the Statement of Work (FAR 8.405-2, (b)).

The authorized Forest Officer may initiate a collaborative group if one does not exist, provide information and data to the group, and have the Forest Service participate as a member, but not chair or direct the collaborative group. Care must be taken to comply with the Federal Advisory Committee Act (FACA) (5 U.S.C. Appendix 2). For questions on FACA considerations, consult local or Regional FACA experts or the Office of General Counsel. Collaboration for stewardship projects is typically expected to go beyond the public involvement requirements of NEPA analysis. This involvement should begin at the project design stage and continue throughout the life of the project.

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2. Design a Strategy to Conduct an Open, Inclusive, and Transparent Process. Establish clear objectives, roles, and responsibilities for all participants at the beginning. The process should create incentives for a variety of interested individuals and organizations to participate, yet the decision space should be clearly defined at the start. The Forest must clearly explain stewardship project principles, share ideas, and ask for input from collaborators. Forest Service employees shall not ask the group for a consensus decision, rather the collaborators should share ideas and priorities with the Line Officer. The method for facilitating the collaborative process should be discussed and decided upon early in the process. Consider using skilled facilitators to assist in creating a constructive dialogue. The Line Officer shall work to set realistic expectations, while encouraging participants to think creatively, optimistically, and pragmatically throughout the process. It should be clear from the outset that the decision is the sole purview of the responsible Line Officer.

3. Plan for Implementation and Evaluation as Part of the Collaborative Effort. Share information widely and continuously. Possible sources 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, local economic data, and the risk of trade-offs inherent to active management. Utilize local knowledge in conjunction with scientific research. In some cases, some activities involved in a stewardship project may have had environmental analysis completed prior to developing the stewardship contracting proposal (sec. 61). Honor commitments made by the Line Officer to the collaborative group, consistent with existing laws and regulations. The collaborative group may remain involved in monitoring after project completion.

61.12b - Resources for Collaboration

The following websites provide additional information related to collaborating effectively with local communities:

1. Forest Service Stewardship Contracts and Agreements. Internal and external web sites containing resources for collaboration with interested individuals and organizations;
2. Forest Service Partnership Office. A website functioning as a clearinghouse of information and tools to help partners and Forest Service employees initiate, learn about, and work with partnerships and collaboration. The information on the website includes a partnership/collaboration capacity tool and examples of successful collaborative efforts. A comprehensive listing of available beginning, intermediate and advanced training in collaboration may also be found on this site; and
3. Red Lodge Clearinghouse. A website that provides collaboration resources and technical assistance.

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61.13 - Identifying Local Community

The identification of what constitutes a local community is pertinent both to collaboration and to evaluation of submitted stewardship proposals. The parameters of local community must be defined for each stewardship project and used consistently across all contracts and/or agreements used to accomplish the goals of the project. The definition of local varies significantly depending on the unique and varying scope of each stewardship project. It is generally not a function of NFS administrative boundaries. 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 contract or agreement.

Local Line Officers 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 as a guide and, therefore, can assist in determining the definition for stewardship contracting projects during the early stages of project development. Feedback from collaboration should also be considered in the determination of local community.

61.14 - Internal Stewardship Project Team

Line Officers shall 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. The internal stewardship contracting project team may 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. Early involvement facilitates development of stewardship projects that are feasible and may be implemented in accordance with appropriate authorities (sec. 60.1). Development of feasible projects helps maintain credibility with the local community.

61.15 - Compliance with Existing Plans and Regulations

Stewardship 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 must 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, minimum road system (36 CFR 212.5(b)/FSM 7710.3), designations for motor vehicle use (36 CFR 212.56), and any other requirements for designated special areas. All contracts and agreements must comply with applicable laws, regulations, and agency direction.

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61.16 - Identification of Project Areas

The size of stewardship project areas varies, but generally should be the size reasonable to include in the appropriate contract or agreement. In most instances, the various elements of a stewardship project should be geographically related. An example of a stewardship project area boundary might be a major drainage area (usually 6th order Hydrologic Unit Code (HUC) or smaller) or an appropriate geographic boundary. The project location and size should be determined through the collaborative process considering the objective of local workforce benefits and other benefits tied to the scale of the local economy.

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

As stated in section (c) of the Act, the Forest Service may consider proposals submitted by an Indian tribe to enter into a contract or agreement to carry out a project to protect Indian forest land or rangeland that meets all 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 forestland 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 described in the application of the Indian tribe involves a feature or circumstance unique to that Indian tribe, including treaty rights, biological, archaeological, historical, or cultural circumstances.

61.18 - Responses to Tribal Requests Made Under the Tribal Forest Protection Act of 2004

Line Officers may accept proposals only from a representative of the governing body of a tribe, such as a Tribal Council or Tribal Chairman. The tribe may submit a proposal on behalf of a tribal member that owns an allotment that meets the qualifications for a project under section 61.17.

After a request by an Indian tribe to enter into a stewardship contract or agreement, the Agency has 120 days to:

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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; or
3. Issue a notice of denial to the Indian tribe.

61.19 - Responses to Tribal Requests Made Under the Tribal Forest Protection Act of 2004 from Tribes in Alaska

Lands selected by Alaska Native Corporations under Alaska National Interest Lands Conservation Act are not held in trust or with a restriction against alienation. Therefore, such lands are outside the scope of the Tribal Forest Protection Act.

The Tribal Forest Protection Act states that “Indian forest land or rangeland” means land that is 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. Individual Indian allotments, of which there are some in Alaska, are lands held with a restriction against alienation. Therefore, a tribe to which the individual Indian allottee belongs may submit a request to the Forest Service to enter into an agreement or contract to carry out a project to protect the allottee’s land, which would then be considered according to the criteria in section 61.17. Similarly, tribal reservations in Alaska, such as the Metlakatla Reservation, would be lands held in trust and thus are eligible under the Tribal Forest Protection Act.

61.2 - Appropriate Use of Stewardship Contracts and Agreements

Use the chart in exhibit 01 to determine if a stewardship contract or agreement is the appropriate tool. Exhibit 02 lists examples of the types of activities that may be performed using a stewardship contract or agreement. The list is not intended to be all inclusive and determination whether or not to use a stewardship contract or agreement ultimately lies with the Line Officer.

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61.2 - Exhibit 01

IS A STEWARDSHIP CONTRACT OR AGREEMENT THE RIGHT TOOL TO USE?

STEWARDSHIP CONTRACTS AND AGREEMENTS

COULD THE PROPOSED PROJECT UTILIZE ONE OR MORE OF THE FOLLOWING STEWARDSHIP OPPORTUNITIES?

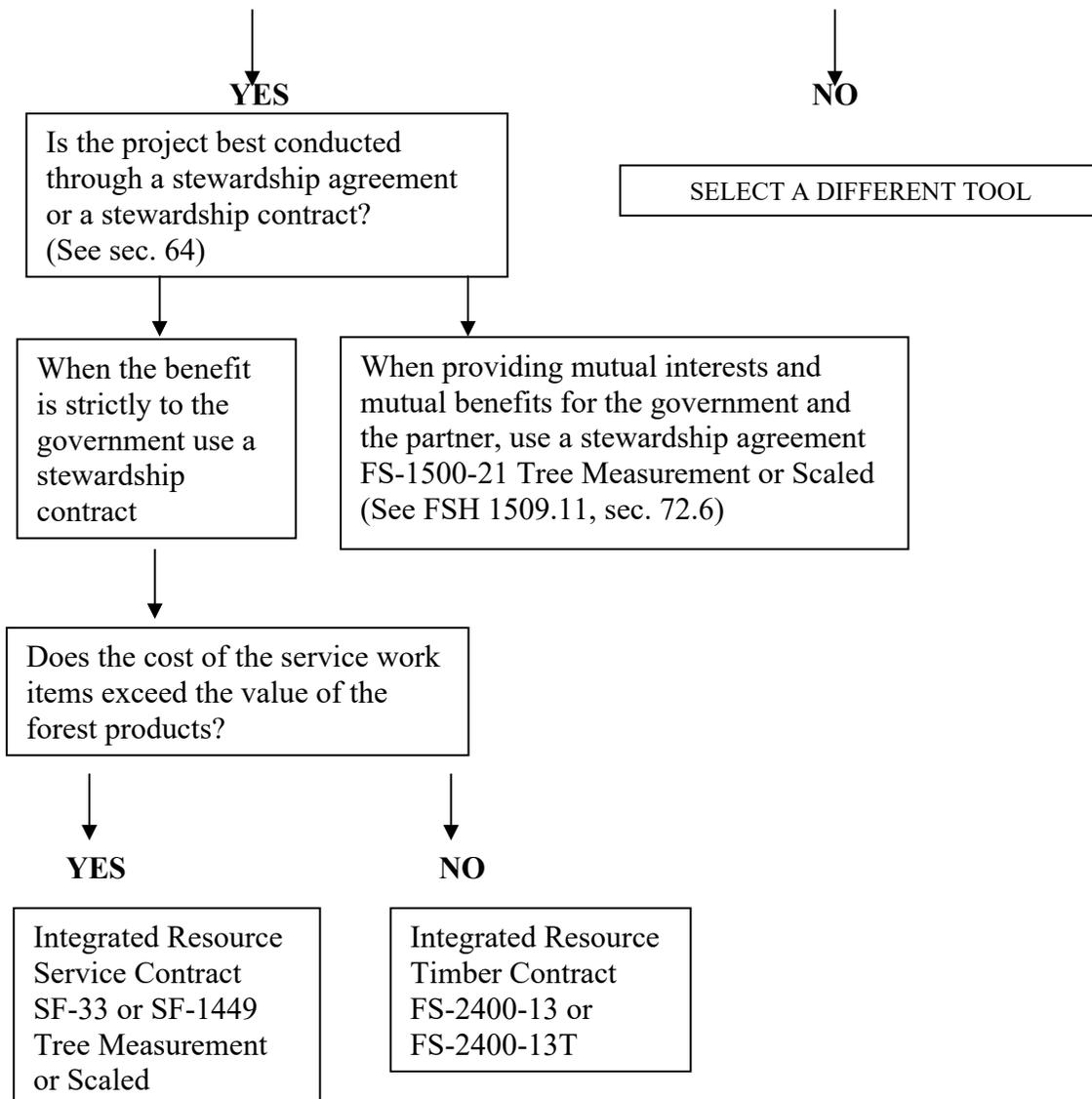
- Ability to bundle several contracts into one and treat a larger landscape scale.
- Ability to trade goods for services.
- Contract term of up to 10 years.
- Up-front collaboration with government agencies (Federal, State, local), Tribal governments, local communities, non-governmental organizations, and any interested groups or individuals (NEPA scoping is not adequate collaboration).
- There are organizations interested in completing restoration treatments through an agreement
- Best value contracting.

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61.2 - Exhibit 01—Continued

DOES THE PROPOSED ACTION MEET ONE OF THE SEVEN LAND MANAGEMENT GOALS CONTAINED IN THE LAW?

1. Road and trail maintenance or decommissioning 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 improve wildlife habitat.
4. Removing vegetation or other activities to promote healthy forests, reduce fire hazards, or achieve other land management objectives.
5. Watershed restoration and maintenance.
6. Restoration and maintenance of wildlife and fish habitat.
7. Control of noxious weeds and exotic weeds, and re-establishment of native plant species.



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61.2 - Exhibit 02

Examples of Appropriate Stewardship Project Work Items

1. Road and trail maintenance or decommissioning to restore or maintain water quality.
 - a. Decommission and restore vegetation on unneeded or unauthorized roads and travel ways.
 - b. Install gates and other traffic control devices to restrict or eliminate use and prevent damage to roads, trails, and resources.
 - c. Clear trails within an area or relocate a section of trail to reduce erosion and/or improve water quality.
 - d. Road or trail maintenance needs that are causing erosion and/or degradation of water quality.
 - e. Placing a road in long-term storage
 - f. Reconstruct the surface of a road to minimize erosion
2. Soil productivity, habitat for wildlife and fisheries, or other resource values.
 - a. Rip or till compacted soils.
 - b. Replace a culvert obstructing aquatic organism passage to permit the passage of aquatic species.
 - 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.
 - f. Repair or replace an outhouse in a primitive campsite when the existing outhouse is degrading water quality.

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61.2 - Exhibit 02--Continued

Examples of Appropriate Stewardship Project Work Items

3. Setting of prescribed fires to: reduce wildfire hazards, improve the composition, structure, condition, and health of forest stands; or to improve wildlife habitat.
 - a. Conduct prescribed burns to reduce fuels.
 - b. Conduct prescribed burns to enhance forest and rangeland ecosystems.
 - c. Conduct prescribed burns to enhance wildlife habitat.
4. Removing vegetation or other activities to promote healthy forest stands, reduce wildfire hazards, or achieve other land management objectives.
 - a. Remove biomass to reduce fuel hazard.
 - b. Masticate or mow surface and ladder fuels.
 - 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.
 - f. Maintain or establish water sources (stock tanks, guzzlers).
 - g. Roadside vegetation management.
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.

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61.2 - Exhibit 02--Continued

Examples of Appropriate Stewardship Project Work Items

6. Restoration and maintenance of wildlife and fish habitat.
 - a. Manipulate vegetation to improve habitat connectivity.
 - b. Improve or enhance wetland habitat.
 - c. Maintain, establish, or create permanent wildlife openings and fish structures.
 - d. Restrict use of roads and motorized trails (in accordance with road management objectives) and decommission unauthorized roads to reduce disturbance or improve utilization of existing habitats.
7. Control of noxious and exotic weeds and reestablishment of native plant species.
 - a. Treat noxious weeds.
 - b. Plant American chestnut seedlings.
 - c. Remove non-native invasive trees species to restore savannah habitat.
 - d. Remove non-native invasive plants in riparian areas and plant with native varieties.
8. Project Level Multiparty Process Monitoring (sec. 68.2).

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61.21 - Limitations on Use of Stewardship Contracts and Agreements

Do not use stewardship contracts, agreements, or retained receipts (sec. 67.2) for the following or similar activities.

61.21 - Exhibit 01

Examples of Inappropriate Stewardship Contracting and Agreement Activities

1. Forest Service overhead costs.
 - a. Utilities.
 - b. Rent.
 - c. Office rental.
2. Forest Service salaries for contract or agreement design, preparation, or administration or stewardship project implementation.
 - a. District staff salary.
 - b. Contracting Officer salary.
 - c. Engineering staff salary.
 - d. Tree marking crew salary.
3. Forest Service purchase of supplies¹.
 - a. Tree marking paint.
 - b. Herbicides.
4. Project planning or environmental analysis.
 - a. NEPA contract.
 - b. Interdisciplinary team salary.
 - c. Preparation of burn plans.

¹ Exception: purchase of tree seedlings to be supplied for contractor's work on a stewardship contract or agreement.

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61.21 - Exhibit 01--Continued

Examples of Inappropriate Stewardship Contracting and Agreement Activities

5. 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.
6. Utilization of forage within an allotment.
 - a. That could be authorized through a grazing permit.
 - b. To reduce fire hazard.
7. Protection, operation, or maintenance of improvements resulting from stewardship projects.
 - a. Maintenance of nest boxes installed through a stewardship contract or agreement.
 - b. Maintenance of non-haul roads not causing water quality degradation.
8. Inventories.
 - a. Cultural resource surveys.
 - b. Silvicultural needs survey and stand examinations.
 - c. Plantation stocking surveys and certification examinations.
 - d. Threatened, endangered, and sensitive species surveys.
9. Research and environmental monitoring.
 - a. Research on the effectiveness of thinning on fire behavior.
 - b. Environmental monitoring of stewardship projects.

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61.21 - Exhibit 01--Continued

Examples of Inappropriate Stewardship Contracting and Agreement Activities

10. Preparation and planning of administrative studies.
11. Land Acquisition.
 - a. All activities associated with land exchanges or acquisition.
 - b. Surveying and location of National Forest boundaries, including refreshing of property boundaries leading to or forming a portion(s) of boundaries of areas to be treated.

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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 receives stewardship credit only once for performing an activity. Examples of activities for which the contractor is responsible include, but are not limited to:

1. Opening and/or closing roads during a stewardship contract or agreement,
2. Establishing vegetation and controlling erosion on road banks, landings, and skid trails used during a stewardship contract or agreement, and
3. Repairing structures or facilities, such as trails, fences or other existing improvements.

61.3 - Designation Without Marking

Stewardship contracting authority (sec. 60.1) allows for the use of designation of trees by description and designation of trees by prescription by exempting stewardship contracts from National Forest Management Act of 1976 section 14 subsection (g). Use area designation to reduce sale layout costs when such methods would accomplish the silvicultural objectives. Examples of area designation include clearcut units, overstory or understory removal, designation by description (DxD), and designation by prescription (DxP). See FSM 2441 for additional direction on the use of DxD and DxP.

1. Designation by Description. Designation by description (DxD) may be used for both commercial and noncommercial material, independent of the means of estimating the quantity of material to be removed. Use designation by description only when it is the most efficient method of designation and when objective criteria may be applied to the selection of cut and leave trees. The descriptive criteria must be based on characteristics that can be verified after the material is removed; for example, a certain species of tree with a given stump diameter. Clearly identify the boundaries of the area from which material is to be removed in accordance with FSH 2409.12, chapter 70. Washington Office special provisions, or regional special provisions approved by the Washington Office, are to be used for all designation of trees by description. Examples of appropriate use of DxD include:
 - a. Uniform stands of one species with a narrow diameter-breast-high (dbh) range thinned to a specified spacing,
 - b. Removing all trees of one or more specified species,
 - c. Removing all trees greater than or less than a specified stump diameter or diameter range,

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- d. Opening up a stand to a specified crown closure that leaves the desired trees that will meet the management objective,
- e. Removing all of one product from a stand, and
- f. Removing every third row in a pine plantation starting with row two.

Measurement methods for payment purposes in using designation by description can be either tree measurement or scale.

2. Designation by Prescription.

Designation by prescription (DxP) may be used to designate commercial and noncommercial timber on timber sale and stewardship contracts where the final volume for payment purposes will be determined using one of the post-harvest scaling methods (FSM 2441.03 and 2443.03). DxP is not authorized for use in tree measurement contracts.

Clearly identify the boundaries of the area from which material is to be removed in accordance with FSH 2409.12, chapter 70. Washington Office special provision with Regionally approved companion inspection and acceptance provisions must be used for all designation of trees by prescription. Examples of appropriate use of DxP include:

- a. Thinning a stand to 120 square feet of basal area per acre,
- b. Leaving 10 scattered wildlife trees greater than 21 inches dbh, identified by species, per acre, and
- c. Thinning to a 15' x 15'+/-2' spacing, always retaining healthy larger trees when selecting the leave tree.

In DxP, the contractor selects the trees to be cut or left. Stewardship contractors may select cut trees based on DxP criteria in the contract without pre-harvest marking unless pre-harvest marking is specified in the contract as a means of verifying compliance with the prescription prior to harvesting. This type of tree designation requires close on-the-ground monitoring by the contract administrator. Contracts using designation by prescription require all products to be scaled post-harvest as the measurement method for payment purposes.

61.4 - Estimating Value and Cost

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. Forest products must be appraised at fair

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market value. The estimated value of the stewardship project must be determined early in the planning process to assist in determining the appropriate contract type(s), identifying restoration work activities, assessing the economics of the project for NEPA, and determining the need for additional funds (either retained receipts from another approved stewardship project, appropriated funds, or cooperator contributions). An appraisal should be completed again as part of contract preparation to finalize mandatory and optional work items.

- a. Estimating Cost of Service Work. Estimated cost of service work must be computed using methods determined by the local Procurement Contracting Officer for the type of work being proposed.
- b. Estimating Value of Products. The appraisal of timber and other forest products must be conducted using appraisal methods as specified in the Timber Sale Preparation Handbook (FSH 2409.18, chapter 40) and Regional guidelines. The volume of products to be appraised should be determined using standard techniques. When appraising salvage sales, estimate the volume of trees to be removed at the mid-point of the contract length. Minimum rates for forest products, as defined in FSM 2431.3, are waived in the appraisal of forest products for stewardship projects. A rollback factor should not be applied when appraising for stewardship agreements or sole source stewardship contracts.
- c. Integrated Resource Timber Contract. When the original contract term is greater than 5 years include Special Provision K(T)-D(T).3.5# Scheduled Rate Redetermination in the contract. Base rates are only applicable for essential reforestation when the work needs to be completed after the term of the contract or cannot be completed by the contractor as part of the contract. If this is the case, include the cost of essential reforestation in the appraisal to assure an adequate redetermination of rates so that needed funds are collected.

61.5 - Down Payments and Periodic Payments

Down payments and periodic payments are not required under the Integrated Stewardship Timber Contract. Down payment and/or periodic payment are not authorized under an Integrated Stewardship Service Contract or stewardship agreements.

61.6 - Sale Without Advertisement

The authority to sell products without advertisement (sec. 60.1) 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. Document the rationale for non-advertisement in the proposal submitted to the Regional Forester for approval as a stewardship contracting project or as part of the project folder; this is in addition to any required AQM approvals for an IRSC. Do not apply a roll-back factor (FSH 2409.18, chapter 40) to appraisals of forest products removed under a stewardship contract or agreement offered without advertisement.

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61.7 - Approval of Stewardship Projects

If the Regional Forester has not delegated the responsibility to approve stewardship project to the Forest Supervisor, the Forest Supervisor will submit proposed stewardship projects to the Regional Forester for review and approval. If the National Forest has had experience with and demonstrated proficiency in implementing stewardship projects, the Regional Forester may delegate the authority to approve stewardship projects to the Forest Supervisor. When the Regional Forester has delegated authority for approving stewardship projects to the Forest Supervisor, it is the responsibility of the District Ranger to submit proposed stewardship projects to the Forest Supervisor 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 authorities to be used; the instrument to be used (IRTC, ITSC, or agreement); the estimated value of products to be removed; the estimated value of services to be received; the estimated value of goods to be exchanged for services; contributed funds needed or work to be received (in the case of an agreement); and expected residual receipts from the project. The Washington Office Forest Management website contains a sample proposal format.

After reviewing a proposed stewardship project, the responsible Line Officer shall approve or disapprove the project through a formal written reply in correspondence to the Line Officer submitting the proposal. Only projects and associated work activities approved by the responsible Line Officer and with a completed NEPA decision are to be included in a stewardship contract or agreement.

61.8 - Notice of Denial for Projects Submitted Under the Tribal Forest Protection Act

As stated in Section (2)(d) of the Act, if the tribe's proposal pursuant to the Tribal Forest Protection Act for entering into a contract or agreement or other instrument with the Forest Service is denied, the Regional Forester shall issue a notice of denial to the Indian tribe which:

1. Identifies specific factors that caused, and explains the reasons that support, the denial,
2. Identifies potential courses of action for overcoming specific issues that led to the denial, and
3. 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 of the Indian tribe in National Forest System land.

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62 - PREPARING STEWARDSHIP CONTRACTS AND AGREEMENTS

The Forest Service shall use all available authorities to involve a wide range of contractors or partners. Methods may include but are not limited to full and open competition, multi-year contracts, multiple year contracts with optional years, commercial items, or performance-based service contracting. Determine which authority to use based on the goals of the individual stewardship project, market research, and feedback resulting from collaboration.

62.1 - Contract Type

Stewardship contracts combine product removal and service work and provide for the offset of service work costs through the establishment of credits that can be applied to the value of the timber above base rate. Only contract types approved by the Forest Service, Washington Office are used for stewardship contracts. Contract language and format, and provision text in national standard and special provisions, are not to be changed or edited. New regional special provisions proposed for use in the FS-2400-13(T) are to be approved by the Washington Office prior to use. Non-recurring special provisions may be used to meet management objectives on a particular sale area. District Rangers or Forest Supervisors may request use of special provisions from the Regional Forester. The Regional Forester's authorization is limited to a particular sale (FSH 2409.18, ch. 50, sec. 53.53).

There are five contract types approved for use in stewardship projects:

1. Integrated resource timber contract-scaled (FS-2400-13) (IRTC),
2. Integrated resource timber contract-tree measurement (FS-2400-13T) (IRTC),
3. Integrated resource commercial services contract (SF-1449/T) (IRSC),
4. Integrated resource construction contract (SF-33/T) (IRSC), and
5. Service contract.

The contract type selected for approved stewardship projects should be appropriate for completing planned restoration activities and meeting restoration and community objectives. The four integrated resource contracts may be obtained from the Washington Office, Forest Management website. Exhibit 01 contains a matrix for determining the appropriate type of integrated resource contract to use in a particular situation.

A stewardship agreement may also be used to implement a stewardship project (See FSH 1509.11, ch 70). A stewardship agreement may include forest product removal and/or services. For more information on determining whether a contract or an agreement is the appropriate tool, see sec. 64, exhibit 01.

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62.1 - Exhibit 01

Stewardship Contract and Agreement Use Matrix

Type of Use	CONTRACTS			AGREEMENTS
	Integrated Resource Timber Contract (IRTC) FS-2400-13 Scaled and FS-2400-13T Tree Measurement	Integrated Resource Service Contract (IRSC) for Commercial Services SF-1449 Scaled and Tree Measurement	Integrated Resource Service Contract (IRSC) for Construction SF-33 Scaled and Tree Measurement	Stewardship Agreement
Full NEPA compliance required	Yes	Yes	Yes	Yes
Contracting Officer	Timber	Procurement	Procurement	Timber
Advertise/Solicit	Advertise	Solicit	Solicit	No
Full and Open Competition Allowed	Yes	Yes	Yes	No
Less than Full and Open Competition Allowed	Yes	Yes	Yes	Yes
Best Value Required	Yes	Yes	Yes	Yes
Trade Goods for Services	Yes	Yes	Yes	Yes
Must have mandatory and may have optional/ elective work activities	Yes	Yes	Yes	Yes
Produce Retained Receipts	Yes	No ²	No ³	No ⁴
Spend Retained Receipts ⁵	No	Yes	Yes	Yes
Maximum Length of Original Contract/ Agreement	10 Years	10 Years	10 Years	10 Years
Payment at Flat Rates	Yes	Yes	Yes	Yes
Payment at Escalated Rates ⁶	Yes	No	No	No

² It should not be the intent to collect retained receipts under an IRSC; however, cases may occur where product value exceeds costs of services at the end of the contract.

³ It should not be the intent to collect retained receipts under an IRSC; however, cases may occur where product value exceeds costs of services at the end of the contract.

⁴ It should not be the intent to collect retained receipts under a stewardship agreement since the goal is to have approximately equal amounts of product value and costs of services; however cases may occur where residual receipts exist at the end of the agreement.

⁵ Retained Receipts may be spent off NFS lands using the Wyden Authority (Public Law 105-277, Section 323 as amended by Public Law 109-54, Section 434, and permanently authorized by Public Law 111-11, Section 3001).

⁶ FSM 2431.341. d. In the Western United States, timber sale contracts that exceed 1 year in length must provide for stumpage rate adjustment, except when: d. Flat rates will provide the best value for stewardship contracts.

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62.1 - Exhibit 01--Continued

Type of Use	CONTRACTS			AGREEMENTS
	Integrated Resource Timber Contract (IRTC) FS-2400-13 Scaled and FS-2400-13T Tree Measurement	Integrated Resource Service Contract (IRSC) for Commercial Services SF-1449 Scaled and Tree Measurement	Integrated Resource Service Contract (IRSC) for Construction SF-33 Scaled and Tree Measurement	Stewardship Agreement
Associated Charges (e.g. Road Maintenance/ surface replacement, Scaling, etc.)	Yes	No	No	No
Type of Bond Security ⁷	Any	Any	Any	Any
Use of Payment Guarantees	Yes	Yes	Yes	Yes
Periodic Payments Required	No	No	No	No
Downpayment Required ⁸	No	No	No	No
Bid Guarantee	No	Waived	Waived	No
Performance Bond Required	Optional ⁹	No ¹⁰	Yes ¹¹	Optional ⁹
KV/SSF/BD Fund Plans Allowed	Yes ¹²	No	No	No
Service Contract Act (SCA) wages required	No	Yes ¹³	Yes ¹⁴	No
Davis-Bacon Act wages required	Turn back roads only	No	Yes	No
Local woods wage rates applicable	Yes	No	No	No
Special Requirements Allowed	Yes	Yes	Yes	Yes
Incompletely Marked Timber	Yes	No	No	No
Export Requirements West of 100th Meridian	Yes	Yes	Yes	Yes

⁷ Secure bonds with corporate surety, deposited securities, cash, irrevocable letter of credit, or assignment of savings account or certificate of deposit (FSH 6509.11k §83.3).

⁸ Use of downpayment is optional, not required.

⁹ See 65.12 for more information.

¹⁰ See FSAR 4G37.710-3.

¹¹ See FSAR 4G37.710-2.

¹² See Section 67 for more information about allowable collections for CWKV.

¹³ Service Contract Act (SCA) wages apply on contracts greater than \$2,500 in value.

¹⁴ Service Contract Act (SCA) wages apply on contracts greater than \$2,500 in value.

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62.1 - Exhibit 01--Continued

Type of Use	CONTRACTS			AGREEMENTS
	Integrated Resource Timber Contract (IRTC) FS-2400-13 Scaled and FS-2400-13T Tree Measurement	Integrated Resource Service Contract (IRSC) for Commercial Services SF-1449 Scaled and Tree Measurement	Integrated Resource Service Contract (IRSC) for Construction SF-33 Scaled and Tree Measurement	Stewardship Agreement
Painting and Branding West of 100th Meridian	Yes	Yes	Yes	Yes
Specified Roads ¹⁵	Yes	No	No	No
SBA Road Option	Yes	No	No	No
Include road construction and reconstruction as a service item	Yes	Yes	Yes	Yes
Temporary Road Construction	Yes	Yes	Yes	Yes
Design contract as an Indefinite Delivery Indefinite Quantity (IDIQ) contract	No	Optional ¹⁶	Optional ¹⁷	N/A
Modification Allowed	Yes	Yes	Yes	Yes
Scheduled Rate Redetermination ¹⁸	Yes	No	No	No
Contract Term Extension	Yes	No	No	No
Additional Timber Allowed	Yes	Yes	Yes	Yes
Normal Operating Season for product removal	Yes	No	No	No
Reimbursement of Bond Premium (for construction or performance under FAR)	No	Yes	Yes	Yes
Periodic Adjustment of Cost of Service Work	Yes	Yes	Yes	Yes
Market-Related Contract Term Addition	Yes	No	No	No

¹⁵ Road construction for which there is an appraisal allowance.

¹⁶ See sec. 62.12 for more information.

¹⁷ See sec. 62.12 for more information.

¹⁸ Schedule a rate redetermination for contracts with a term longer than 5 years, pursuant to K/T-D/T.3.5# Scheduled Rate Redetermination.

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62.1 - Exhibit 01--Continued

Type of Use	CONTRACTS			AGREEMENTS
	Integrated Resource Timber Contract (IRTC) FS-2400-13 Scaled and FS-2400-13T Tree Measurement	Integrated Resource Service Contract (IRSC) for Commercial Services SF-1449 Scaled and Tree Measurement	Integrated Resource Service Contract (IRSC) for Construction SF-33 Scaled and Tree Measurement	Stewardship Agreement
Contract Term Adjustment	Yes	No	No	No
3rd Party Agreements Allowed	Yes	No	No	No
Timber Subject to Agreement	Yes	Yes	Yes	Yes
Default Damage Provisions	Yes	No	No	No
Catastrophic Damage Provisions	Yes	No	No	No
Tripartite or Bipartite Land Exchange Provisions	No	No	No	No
Special Provisions Must be Added to Protect Known Heritage Resources	Yes	Yes	Yes	Yes
Special Provisions Must be Added to Protect Habitat of Threatened, Endangered, and Sensitive Species	Yes	Yes	Yes	Yes
Special Provisions Must be Added to Protect Cave Resource	Yes	Yes	Yes	Yes
Report side of the FS-2400-17 ¹⁹	Yes	Yes	Yes	Yes
Transaction Evidence Appraisal (TEA) Summary (FS-2400-17)	Yes	Yes	Yes	Yes

¹⁹ Only the name of the successful contractor/partner and the total value of the timber are to be included on the FS-2400-17 for distribution to the public.

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62.1 - Exhibit 01--Continued

Type of Use	CONTRACTS			AGREEMENTS
	Integrated Resource Timber Contract (IRTC) FS-2400-13 Scaled and FS-2400-13T Tree Measurement	Integrated Resource Service Contract (IRSC) for Commercial Services SF-1449 Scaled and Tree Measurement	Integrated Resource Service Contract (IRSC) for Construction SF-33 Scaled and Tree Measurement	Stewardship Agreement
Integrated Resource Statement of Account	Yes	Yes	Yes	Yes
Embed a timber sale	No	No	No	No
SBA Set-asides	No	No	No	No
SSTS Set-asides	No	No	No	No
Cooperative Agreements Allowed (FS-2400-16)	Yes	No	No	No

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62.11 - Integrated Resource Timber Contract

Integrated Resource Timber Contract (IRTC) forms (FS-2400-13 and 13T) were developed for exclusive use in implementing stewardship projects when the value of goods exceeds the cost of services. Each IRTC must include mandatory restoration work items and may include optional restoration work items. An IRTC cannot be structured as an Indefinite Delivery Indefinite Quantity contract. Use of the IRTC requires adherence to the laws, regulations, policy, and direction applicable to timber sales and implemented in 36 CFR 223 Subpart I, while incorporating the stewardship authorities granted by Congress per stewardship authority (sec. 60.1).

As a guideline for determining the quantity of mandatory work activities to include in an IRTC, use approximately 75 percent of the total product value at appraised rates if products will be scaled, and approximately 90 percent of the total product value if products will be paid for on a tree measurement or lump sum basis. If the contract is subject to stumpage rate adjustment, reduce the percent of total product value on scaled contracts to approximately 50 percent, and to about 60 percent on tree measurement contracts. It is appropriate to have a list of optional work items displayed in priority order for completion that may be added at the government's discretion if stumpage value becomes available. The Timber Information Manager (TIM) system must be used for preparing Integrated Resource Timber contracts utilizing the FS-2400-13 and 13T contract formats.

The responsible Line Officer approves the work completed in each gate by signing the TIM generated Certification Form for Gates 1-4. This authority cannot be redelegated. The Timber Sale Contracting Officer signs the TIM generated Certification Form for Gates 5.

List the government inspection process and credit thresholds for all service work items. Credits can be accrued as progress is made and portions of the restoration work is completed and accepted. Stumpage must be covered prior to cutting by cash, earned stewardship credits or payment guarantee.

Integrated Resource Timber Contracts must be advertised for at least 30 days, or more depending on the complexity of the project. A field trip to take prospective contractors to the contract area is recommended and if conducted should be scheduled and completed at least 20 days prior to when proposals are due. The field trip provides an opportunity for prospective contractors to see the treatment areas and ask questions about the project. If the sample contract is changed to reflect feedback during the field trip, extend the advertisement to allow all prospective contractors an opportunity to consider the changes.

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62.12 - Integrated Resource Service Contract

Integrated Resource Service Contract (IRSC) forms (SF-33 and SF-1449) were developed for exclusive use in implementing stewardship contracting projects when the cost of services or construction exceeds the value of the goods. The IRSC may trade goods for services, use appropriated funds, and use retained receipts from another stewardship contracting project to pay for service work. An IRSC combines service work and product removal and is patterned after the standard procurement contract. Each IRSC should have mandatory restoration work items and may include optional restoration work items, which may be added at the government's option. The IRSC contains procurement clauses and national, regional, and forest timber provisions used in the FS-2400-13 and -13T contracts. Use of an IRSC requires adherence to the laws, regulations, policy, and direction applicable to procurement contracts (Federal Acquisition Regulations (FAR) and timber sales (36 CFR 223 Subpart 1) while incorporating the stewardship authorities granted by Congress as described in Section 60.1. Retained receipts may be approved by the Regional Forester or by the Forest Supervisor, if delegated, for use on any IRSC in place of appropriated funds. Products removed from the project area must meet national, regional, and forest timber accountability requirements (paint, hammer branding, product removal receipts, export requirements, and so forth).

Contract information related to stewardship projects using the IRSC must be entered into the Timber Information Manager (TIM) through Gate 6. TIM is used to facilitate upward reporting of project accomplishment, but TIM is not programmed to produce an IRSC. The responsible Line Officer approves work completed in each gate by signing the TIM generated Certification Form for Gates 1-4. This authority cannot be redelegated. The procurement Contracting Officer signs the TIM generated Certification Form for Gate 5. To determine the amount of appropriated and/or other funds to commit or obligate subtract from the estimated cost of services approximately 75 percent of the total product value at appraised rates if products will be scaled, and approximately 90 percent of the total product value if products will be paid for on a tree measurement or lump sum basis. Products included in an IRSC must be sold at flat rates and not be subject to stumpage rate adjustment. Products must be covered prior to cutting by cash, earned stewardship credits or payment guarantee.

An IRSC can be set up as an Indefinite Delivery Indefinite Quantity (IDIQ) contract. Applicable FARs, Manual and Handbook direction related to IDIQ contracts are to be followed. Work activities must be identified in a completed NEPA decision before they are included in an IDIQ contract. One NEPA document can be completed for the entire contract, or each task order issued under an IDIQ contract can be covered by one or more NEPA documents.

Prepare and administer each task order issued under an IDIQ contract as a separate contract with a unique contract name and number. Complete each task order (contract), and Appendices A-D, using approved IRSC formats, and identify the work to be completed under the task order. The volume of products to be removed, the quantity of each restoration work item to be completed, and the appropriated funds or retained receipts to be obligated must be identified for each task

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order. The value of the products to be removed must be appraised per sec. 62.3. Estimated cost of service work must be computed using methods determined by the local procurement Contracting Officer for the type of work being proposed. These estimates serve as the starting point in negotiations with the contractor prior to agreeing on the product value and cost of each task order. Each task order is entered in the Timber Information Manager (TIM) application through Gate 6. TIM will not be used to generate task orders so complete each gate with the minimum amount of data needed to allow the gate to be locked. TIM assigns a contract number to each task order and is the application used for recording timber volume awarded under the task order. For each task order ATSA will track payments, credits and completed work in the same manner as any other Integrated Resource Service Contract. If the task order generates retained receipts, they are to be transferred to the forests' SSCC account for use on the next task, and future task orders, until expended under the contract.

Appendix B is to be used to identify the requirements and utilization standards for the removal of forest products in an IRSC. Regional provisions may be added to identify specific requirements, or to limit or prohibit operations. Timber Subject to Agreement is available for use in the IRSC. Include in Appendix B Section A (T) and the Special Provision as in the FS-2400-13(T) contracts. Do not duplicate provisions in Appendix B that have a counterpart in the body of the contract.

An IRSC must be solicited online in Federal Business Opportunities for at least 30 days, or more depending on the complexity of the project. A site visit to take prospective contractors to the contract area is recommended and if conducted should be scheduled and completed at least 20 days before proposals are due. The site visit provides an opportunity for prospective contractors to see the treatment areas and ask questions about the project. If the sample contract is changed to reflect feedback during the site visit, the Contracting Officer should consider extending the solicitation closing date to allow all prospective contractors an opportunity to consider the changes.

62.13 - Service Contracts

Assemble stewardship service contracts in the same manner as a regular service contract. Product removal is not included as part of a stewardship service contract. If products need to be removed, use an IRTC, IRSC, or stewardship agreement. Service contracts cannot contain an embedded timber sale contract to remove products.

A stewardship service contract cannot trade goods for services, but can use retained receipts from an approved stewardship contracting project and/or appropriated dollars to pay for service work. The work activities to be completed within a service contract must be part of an approved stewardship project. The use of retained receipts for a stewardship service contract must be approved by the Regional Forester or Forest Supervisor, if delegated.

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62.14 - Contract Type Under the Tribal Forest Protection Act

1. Proposals submitted under the Tribal Forest Protection Act, may be eligible for consideration under applicable sole source contracting authorities. Follow the procedural direction for the application, development, execution, and administration of contracts and agreements in FSH 1509.11 and FSH 6309.32.
2. Tribal Forest Protection Act projects may be implemented through stewardship contracts and agreements and other instruments as appropriate. National Forests shall select the best instrument appropriate to the circumstances.
 - a. Stewardship contracts or other instruments may be used to help meet the intent of the Act to reduce the threat to Indian forest land, rangelands, and tribal communities. Stewardship contracts can maximize the efforts and areas treated when there are goods that can be traded for the services work to be done to reduce the threat. (For additional information see FSH 1509.11 and FSM 6300).
 - b. For stewardship contracts or other instruments involving goods traded for services, the integrated resource contracts may be used and the service or timber version may 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 may be used.
 - c. Agreements may be used when appropriate. Refer to FSM 1580 and contact the designated regional Grants and Agreement Specialist for advice. The use of grants is not authorized under the Tribal Forest Protection Act.

62.2 - Area Map and Treatment Area Boundaries for Stewardship Contracts and Agreements

Prepare maps for IRTCs, IRSCs, and stewardship agreements similar to those used for a regular timber sale. Reference appropriate provisions or clauses and use map symbols listed in FSH 2409.18, section 53.54. Use regional map symbols for items not listed in FSH 2409.18, sec. 53.54.

Boundaries of stewardship treatment areas in which commercial forest products will be removed must be posted and marked in the same manner as a regular timber sale. Follow the national paint scheme in FSH 2409.12, chapter 70 when designating trees and boundaries.

Boundaries of stewardship treatment areas in which commercial forest products will not be removed may be designated with flagging, paper or plastic signs, and/or paint as deemed appropriate by the Contracting Officer. Ensure that only authorized tree marking paint is used if boundaries are painted and follow the national scheme for non-harvest.

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62.3 - Appraisals and Cost Estimates for Stewardship Contracts and Agreements

The law authorizing the use of stewardship authorities requires that the value of products removed be determined using approved methods of appraisal. The law did not waive the requirement that products are to be offered at their fair market value. For sales appraised using the transaction evidence appraisal (TEA) method; the base period price (appraisal group's volume-weighted average winning bid price of sales in the base period) is adjusted by differences in sale conditions, values, and costs between base period sales and the sale being appraised. Given that stewardship sales quite often include service items that otherwise would be the contractor's responsibility; an adjustment should be made for the reduced cost of doing business. For example, if a service item included the skidding and decking of forest products (normally the contractor's responsibility under the timber sale); the appraisal would reflect the elimination of this logging cost with an upward (positive) adjustment. The value represented by the base period cost for skidding and decking (volume weighted average for all sales in the base period) would be added to the base period price. See FSM 2420 and FSH 2409.18, chapter 40, and regional appraisal procedures for additional guidance concerning the appraisal of forest products.

1. Appraise forest products in an IRTC as in a regular timber sale but do not reduce stumpage value for costs associated with appraisal items that wholly or in part will be included as service items. Specified road costs and deposits are included in the TEA just as in a timber sale appraisal; although, K-V and SSF collections are limited (sec. 67.3).
2. Appraise forest products in an IRSC as in a regular timber sale, except that specified road costs are not included in the TEA, and deposit collections are limited (sec. 67.3). Do not reduce stumpage value for costs associated with appraisal items that wholly or in part will be included as service items. Road construction, reconstruction, and road maintenance will be considered work items using Service Contract Act wages or Davis-Bacon wage rates as appropriate.
3. Appraise forest products in stewardship agreement as in a regular timber sale, except that specified road costs are not included in the TEA, and deposit collections are limited (sec. 67.3). Do not reduce stumpage value for costs associated with appraisal items that wholly or in part will be included as service items. Road construction, reconstruction, and road maintenance will be considered work items. Do not include a roll-back factor when appraising stewardship agreements.

Other appraisal methods for forest products may be allowed upon approval of the Washington Office, Director of Forest Management. Estimated cost of service work must be computed using methods determined by the local procurement Contracting Officer for the type of work being proposed.

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62.4 - Engineering Packages

During the planning process, a list of restoration activities will be prioritized and weighed against the potential amount of product value to be generated. Some of these activities may be road and trail-related work. Restoration work items that take place on IRTC specified roads that are not necessary to remove Included Products are to be identified as mandatory or optional as determined in the planning process. Prepare a separate package of drawings, specifications, and schedules of items for each mandatory and optional project in a manner similar to additive items on public works construction contracts. These projects are work items listed in the contract for individual bids.

The following direction is applicable when preparing a road package for an IRTC:

1. Prepare road packages in the same manner as for commercial timber sales (FS-2400-6(T));
2. If the time needed for Forest Service personnel to complete road packages will delay advertisement of the contract, engineering services can be performed by the Forest Service after the contract is awarded as in a commercial Timber Sale;
3. Contracting the road design cannot be a stewardship work item. Road design falls under an Architecture and Engineering contract type which requires a special contracting procedure; and
4. Appropriated funds cannot be added to an IRTC, except to build a road to higher standard than needed to remove included forest products. In the case of building a road to a higher standard, such work may also be included as a mandatory or optional service item paid for through goods for services.

The following direction is applicable when preparing a road package for an IRSC or stewardship agreement:

1. Appropriated funding for roads (CMRD) and trails (CMTL) may be added to an IRSC or stewardship agreement to accomplish road and trail work.
2. Prepare a road package in the same manner as a regular service or construction contract.

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62.5 - Work Items Involving Road and Trail Construction and Maintenance

Some of the authorities, policy, and direction related to roads include the following:

1. National Forest System Roads: Plan, design, and operate transportation facilities for stewardship contracts in the same manner as for Timber Sales according to FSM 2353, FSM 2432.34, FSM 7710, FSM 7721 and FSM 7732. All roads and trails must have approved RMOs/TMOs (FSM 7714). All direction regarding commensurate share and cost share applies;
2. Temporary Roads: Utilize temporary roads only for short-term, non-recurrent Contractor use. Do not plan or permit contractors to construct temporary roads in lieu of building specified roads needed for future management of the area (FSM 2432.34b); and
3. Easements: Acquire easements that provide for full multiple-use traffic. A term easement or permit may be acquired after a transportation analysis report is prepared and subjected to the environmental assessment process, and the decision document indicates that the road will be a temporary facility, not needed for future access to National Forest System lands (FSM 5461).

Stewardship projects may include road and trail reconstruction or maintenance activities that are restorative in nature such as road decommissioning (obliteration), measures to mitigate road-related sediment, preventive measures for resource protection (for example, water bars on local roads), culvert replacement to accommodate fish passage, and so forth. When work takes place on a specified road in an IRTC that is not required for removal of forest products, it should be identified as a service work item.

Coordinate with Engineering and Recreation staff to identify access issues, identify roads designated for motor vehicle use (36 CFR 212.56/FSM 7716), determine the condition of the potential haul routes (including bridges and structures), and establish a framework for the engineering package to be included in the stewardship contract. Identify work necessary to safely accommodate activities included in the stewardship contract and maintain the transportation facility as in a commercial timber sale.

Estimate quantities of work based on anticipated haul due to the stewardship contract. The use of performance-based road maintenance specifications is encouraged in stewardship contracts.

62.51 - Road and Trail Work on an IRTC

The following direction is applicable for road and trail work items in an IRTC:

1. Mandatory and optional service work items not used for the removal of Included Products are to have separate road and trail design packages and their cost should be included in the government cost estimate, not included in the appraisal. For example,

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replacing a culvert on the haul route that meets current standards, but needs to be replaced to allow fish passage, would be a service work item. List the project requirements as separate work items to allow the contractor or partner to bid on each work item separately; and

2. Construction and reconstruction on the haul route necessary for the hauling of log products and biomass (chip vans) and road maintenance of the haul route due to log and biomass transport vehicles are to be costed and included in the appraisal as in a regular timber sale.

62.52 - Road and Trail Work on an IRSC and Stewardship Agreement

The following direction is applicable for road and trail work items in an IRSC and stewardship agreements:

Road and trail construction, reconstruction, and maintenance, anywhere in the contract area or on the haul route are service work items and their costs should not be included in the appraisal. Itemize requirements for road construction, reconstruction, and maintenance into separate work items to allow the contractor to offer separately on each item. Enter “0.00” into the TEA input screen as the sale specific road maintenance cost. When developing the government estimate (IRSC) for the road and trail construction and reconstruction, use Davis-Bacon wage rates. Under an Agreement, road maintenance may be included in the partner’s contribution.

Contractors must perform traffic- generated (surface blading, dust abatement, and so forth) maintenance (FSM 7732.03 and FSM 7732.22). The contract should identify what types of damage to the road the contractor would be responsible for and require that damage to be repaired by the contractor.

All direction regarding commensurate share is applicable to stewardship contracts (FSM 7732). Road maintenance is the responsibility of commercial users. The authority to waive road maintenance responsibilities remains with the Regional Forester and has not been redelegated (FSM 7731.04).

62.6 - Bundling Activities in a Stewardship Contract

Stewardship contracts contain a variety of work items bundled into one contract. A Class Determination & Findings (D&F) was issued to allow bundling of work activities on all Stewardship projects for the USDA Forest Service that are properly approved in accordance with FSH 2409.19, chapter 60. The D&F is renewed periodically and is posted on the Acquisition Management Stewardship Contracting website.

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 potential contractors, and the benefits to local and rural communities. Projects with work activities

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requiring specialized equipment or equipment not readily available should occur at a sufficient frequency or on a scale to assure an adequate return on investment to support purchase and maintenance of the equipment. The mix of work activities in a particular contract should meet the following criteria:

1. Accomplish restoration objectives in the most efficient and cost effective manner.
2. Result in the least impact on the resources.
3. Benefit local and rural communities.
4. Utilize local workforce to the extent practical.
5. Provide training opportunities to increase number of contractors and/or number of workers.
6. Provide products that can be used economically in local, regional, and national markets.
7. Can be performed with similar equipment and/or labor skills.

Examples of appropriate bundling of work activities include the following:

1. Combining commercial thinning of some stands and precommercial thinning of other stands in the project area to meet a variety of objectives, such as creating wildlife openings, maintaining desired species diversity, and reducing forest density to slow spread of fire.
2. Realignment of an existing road that is adversely affecting water quality away from the stream, while installing an arched culvert to improve aquatic organism passage.
3. Removing commercial timber to improve forest health while utilizing local businesses, and providing jobs for local workers by placing large logs in-stream to improve pool to riffle ratio and providing rearing and resting habitat for juvenile fish.
4. Re-establish vegetation in riparian areas with appropriate species while thinning a monoculture plantation and inter-planting a variety of coniferous and hardwood species to improve wildlife habitat and create a future old growth area.
5. Road maintenance or decommissioning to reduce sedimentation, bundled with treatment of noxious weeds along roads, and replanting of native species.

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62.7 - Stewardship Contract and Agreement Duration

Stewardship contracts and agreements are authorized to be up to 10 years in length. All contractual activities must be completed 10 years from award unless the contract is extended because of factors that are beyond the contractor's control such as including, but not limited to, acts of God, acts of the public enemy, acts of the Government, labor disputes, fires, insurrections, or floods as provided for in the particular contract.

The use of multi-year IRSC contracts, over 5 years in length but may not exceed 10 years, is encouraged to provide incentives to potential contractors to invest in long-term landscape improvement projects. Use multi-year contracts in accordance with section 63.5.

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.

62.8 - Tracking Work Progress

Update work accomplishment monthly for all stewardship contracts using spreadsheets designed to track current month and historical work progress for all services. Service work traded for goods are tracked separately from service work items paid for with appropriate funds or retained receipts. The spreadsheets are available on the Washington Office, Forest Management Stewardship website. Track work progress using the spreadsheets for Integrated Resource Service Contracts, Integrated Resource Timber Contracts, and stewardship agreements.
<http://fsweb.wo.fs.fed.us/fm/stewardship/documents/index.shtml>

63 - AWARDING STEWARDSHIP CONTRACTS

63.1 - Awarding Stewardship Contracts on Best Value Basis

The Contracting Officer shall award all stewardship contracts on a best value basis, including consideration of criteria other than cost or price. The award decision is based on evaluation criteria that are tailored to the project and may be developed based partially on needs identified through the community collaboration phase. To the extent possible, projects and their specifications should be described in the contract in terms of the desired end result to allow Offerors to provide proposals to utilize technology and techniques that provide the best value to the government in terms of results and price. A Procurement Contracting Officer should advise the team on process and procedures for developing evaluation criteria and evaluating proposals to meet best value requirements.

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Proposal evaluation is an assessment of the proposal and the Offeror's ability to perform the prospective contract successfully. As such, evaluation factors and significant sub-factors must represent the key areas of importance and emphasis to be considered in the award decision and support meaningful comparison and discrimination between and among competing proposals. For all stewardship contracts, the solicitation must clearly describe all the evaluation factors and sub-factors that will be used as the basis for award. The instructions must identify the relative weight of each factor and sub-factor as well as their relationship to price. For example, technical evaluation criteria may be listed in order of importance or described as approximately equal. Quantified relationships, such as percentages, are discouraged. Generally, all sub-factors should be approximately equal. The importance of cost or price may depend on factors such as how clearly requirements are defined and the subsequent risk of unsuccessful contractor performance. Price must be either significantly more important, significantly less important, or approximately equal to all technical factors combined. In most cases, cost or price should be at least as important as the combined weight of the technical factors.

63.11 - Non-Price Evaluation Factors

Non-price evaluation factors must be evaluated independently of price or cost factors. Listed below are non-price evaluation factors for use in stewardship contracts. The order of and requested information for sub-factors may be tailored to the type of contract and project objectives. Other sub-factors specific to the project derived from NEPA or through collaboration may be added for evaluation.

1. Technical Approach. This factor evaluates the Offeror's understanding of the project according to the proposed plan to complete both timber harvest and stewardship project work.
 - a. Plan of Operations. Evaluates how the work will be completed to meet project objectives, contract specifications, and timelines for completion.
 - b. Quality Control. Evaluates methods proposed to ensure completed work meets project requirements.
 - c. Equipment. Evaluates adequacy equipment to be used to accomplish both harvest and stewardship activities.
 - d. Production Capability. Evaluates rates of production sufficient to meet project timelines.

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2. Capability and Past Performance. This factor evaluates relevant experience and capability of the offeror, key personnel, and proposed subcontractors.
 - a. Past Performance. Evaluates how well the contractor has performed on previous contracts similar in nature to this project, and considers relevant experience, work quality, customer satisfaction, timeliness, business relations and/or other key concerns.
 - b. Key Personnel. Evaluates the experience of key personnel who will be working on or managing this project.
 - c. Subcontractors. Evaluates the qualifications of subcontractors proposed for use in this contract and the work activities planned for subcontracting. Describes subcontractor's past performance and any relevant certifications.
3. Benefits to Local Community. This factor evaluates the socio-economic benefits provided to the local community defined for the project that would result from the contractor receiving the award. The Government will consider how direct and measurable the benefits will be, such as the number and types of jobs created for local employment. The relative importance of this factor must take into consideration any specific benefits requested by the Government for evaluation.

Each of the 3 factors above should be used to evaluate the Offeror's technical proposal to accomplish the stewardship projects and timber removal work as specified in the sample contract. Evaluation factors may not be applied to specifications not included in the sample contract.

63.12 - Price-Related Criteria

A confidential government estimate is made for each mandatory and optional work item in the contract and also includes the appraisal of the forest products. When evaluating price-related criteria, consider separately the offer for the forest products and the offer for the service work items. Then combine the two to determine the amount of appropriated or other funds needed in the Integrated Resource Service Contract, or the expected amount of residual receipts generated from the Integrated Resource Timber Contract.

63.13 - Evaluation of Proposals

The team assembled to evaluate the technical proposal should include the appropriate Resource and Operation Specialists with knowledge of the work to be completed to be able to adequately assess specific details of the contractor's proposal. When evaluating proposals, each proposal must be evaluated only against the price and technical evaluation criteria included in the instructions to Offerors. Proposals are not to be evaluated against other proposals or evaluation factors not included in the instructions to Offerors. The relative strengths, deficiencies,

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significant weaknesses, and risks supporting proposal evaluation must be documented in the contract file. Evaluations should be documented to demonstrate consistency and clear judgment in a manner suitable for audiences that are not subject material experts.

63.14 - Notification to Unsuccessful Offerors

The Contracting Officer will provide notification to offerors whose proposal was in the competitive range but was not selected for award. Notification requirements are outlined in Federal Acquisition Regulation (FAR) 15.503. Upon request, and within 3 days of notification that the contract was awarded, the unsuccessful offerors may request a post award debriefing and furnished the basis for the selection decision and contract award (FAR 15.506).

63.15 - Contractor Selection

The Contracting Officer shall consider the use of nontraditional contractors or recipients, such as counties, private persons, or other private entities when awarding a stewardship contract. Monetary contributions to the local community, collaborative group, or other financial arrangements and/or inducements in support of collaboration, project level monitoring, paying for a non-profit to manage application process for use of retained receipts, or other activities that do not accomplish on the ground treatments included in a proposal, must not be considered in determining best value for the Government.

Contracting Officers, Program Managers, and G&A Specialists should be familiar with ethics related laws, regulations, and directives, including, but not limited to: Conflict of Interest, Federal Criminal Conflict of Interest, and the Standards of Ethical Conduct for Employees of the Executive Branch. See USDA Ethics, Rules of the Road, index at <http://www.usda-ethics.net/rules/index.htm> for links to additional ethics related resources. Ethical determinations from departmental or ethics officials should be obtained in a timely manner, documented, and retained in the stewardship project files.

63.16 - Less Than Full and Open Competition

When anything less than full and open competition is used for contractor selection, the Forest Supervisor shall document and submit to the Regional Forester the rationale for the selection process used. Documentation submitted must include the level of competition to be used in the contracting process. Documentation of the level of competition must 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).

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63.17 - Contractor Capabilities

Review contractors' financial and logistical capabilities to fund and complete the contract as part of a best value determination. Contractors with no or limited experience contracting with the government, or completing required work, may be required to provide a performance bond to protect the interests of the Government.

63.18 - Releasing Information Related to Awarded Contracts

Federal Acquisition Regulation, Subpart 15.506, provides the following direction related to releasing information on all stewardship contracts and agreements.

1. Information prohibited from disclosure or exempt from release includes:
 - a. Trade secrets,
 - b. Privileged or confidential manufacturing processes and techniques,
 - c. Commercial and financial information that is privileged or confidential, including cost breakdowns, profit, indirect cost rates, and similar information, and
 - d. The names of individuals providing reference information about an offeror's past performance.
2. Federal Acquisition Regulation, Subpart 24.202 Prohibitions, adds the following:
 - a. A proposal in the possession or control of the Government, submitted in response to a competitive solicitation, and
 - b. A dispute resolution communication that is between a neutral person and a party to alternative dispute resolution proceedings.
3. Other information release requirements:
 - a. The report side of the form FS-2400-17 is to list only the name of the contractor awarded the contract, and the amount of the timber value to be exchanged or paid for,
 - b. The awarded contract can be released, excluding the information contained in items 1 and 2 above, and
 - c. In accordance with FAR Subpart 15.5, the following information is releasable after contract award: the number of offerors solicited, the number of proposals received, the name and address of each offeror receiving an award, and the dollar amount of the award.

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63.2 - Proposal Evaluation and Determination Factors Under the Tribal Forest Protection Act of 2004

As stated in section 2(e) of the Act, in entering into an agreement or contract in response to a request of an Indian tribe, the Authorized Officer shall:

1. Use a best-value basis,
2. Give specific consideration to tribally-related factors in the proposal, including:
 - a. The status of the Indian tribe as an Indian tribe,
 - b. The trust status of the Indian forest land or rangeland of the Indian tribe,
 - c. The cultural, traditional, and historical affiliation of the Indian tribe with the land subject to the proposal,
 - d. The treaty rights or other reserved rights of the Indian tribe relating to the land subject to the proposal,
 - e. The indigenous knowledge and skills of members of the Indian tribe,
 - f. The features of the landscape of the land subject to the proposal, including watersheds and vegetation types,
 - g. The working relationships between the Indian tribe and Federal agencies in coordinating activities affecting the land subject to the proposal, and
 - h. The access by members of the Indian tribe to the land subject to the proposal.
3. Proposals by Tribes must be authorized in writing by the Tribal Government.

63.3 - Time Limits in Awarding Stewardship Contracts

Contracting Officers shall schedule individuals that will be evaluating offers so that contracts can be promptly awarded following receipt of offers. Financial review of contractors, when needed, can result in awards being made as long as 90 days from the date offers were to be received. Contracting Officers shall monitor the award process and take action to prevent prolonged delays.

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63.4 - Small Business Administration Set Aside Program and Special Salvage Timber Sale (SSTS) 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 contract solicitations and awarded contracts to SBA field representatives.

To ensure that there is opportunity for use of local small business sawmills, make certain 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 contracts and agreements in the timber sale set-aside program. Track the volume of all sawlogs in stewardship contracts and agreements separately on form FS-2400-31a. Track the sawlog volume 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.

63.5 - 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 utilizing the Integrated Resource Service Contract (IRSC) or service contract formats. Consider if the following factors apply prior to using a multi-year contract:

1. The land management to be accomplished requires 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
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.

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The Washington Office, Director of Acquisition Management has completed a determination and findings for the use of multi-year contracts. When using a multi-year contract, obtain the determination and findings at Acquisition Management's stewardship website. For individual projects, the Contracting Officer shall address the cancellation ceiling in their source selection plan and ensure funds are available for the cancellation ceiling.

The following should be considered in calculating the cancellation charge under FAR 52.217-2 Cancellation Under Multi-year Contracts:

1. Contractor costs of providing services under a multi-year stewardship contract should only be a factor in the cancellation ceiling determination if the costs can be tied to a contract requirement.
2. For qualifying contractor investments, the costs may be included in the cancellation charge only to the extent that the multi-year stewardship contract benefits. This allocability rule should figure into all cancellation charge computations.
3. When the Agency sells forest products and requires removal, but does not specify where the material is to be removed or what manufacturing is to be done, then the post-removal manufacturing costs are not applicable to the items or services to be furnished under the multi-year contract requirements. For this reason, those costs would not be included in the cancellation charge calculation.

The Agency is not liable under FAR 52.217-2 Cancellation Under Multi-year Contracts if it terminates a multi-year contract for reasons other than lack of funding. Instead, it is liable under the termination for convenience clause.

64 - AGREEMENTS

Stewardship agreements are used when both parties contribute resources to the accomplishment of mutually beneficial projects when mutual interest exists. Agreements must follow authorizing statute and agency-specific guidelines and do not allow for profit. Stewardship agreements are typically entered into through a non-competitive process to meet the mutual interest and benefits of the partner and Agency, while accomplishing land management goals. Stewardship agreements can be up to 10 years in length.

Stewardship agreements are expected to have a 20 percent partner match. However, the Partner is only required to match at least 20 percent of the "Total Federal Share" column in the "Stewardship FP" tab of the stewardship agreement financial plan (FS-1500-21B). The partner is not required to match the value of the "Forest Product (Goods) for services" tab in the financial plan. In the event of a low value of match and a high value of goods for services the Line Officer should carefully consider whether the project is better suited to a competitively awarded stewardship contract instead of a stewardship agreement.

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Unless otherwise stated, all requirements for stewardship contracts apply to agreements, such as bonding, financial accountability, and administration requirements. Additional direction for stewardship agreements is found in FSM 1580 and FSH 1509.11, chapter 70.

Exhibit 01 provides direction for determining whether an agreement or contract is the appropriate instrument for accomplishing resource goals and objectives under stewardship authority.

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64 - Exhibit 01

Agreement or Contract Use Determination

Use the “Primary Test,” and “Other Considerations” to determine whether the use of an agreement or contract best meets Agency land and resource-management objectives. If in doubt, seek guidance from your agency Grants and Agreements Specialist or Contracting Officer.

Primary Test	Agreement	Contract
Is the project for the mutual interest and benefit of the parties? That is, does it advance the mission of the proposed partner, other than for monetary gain, and achieve the Forest Service’s resource land management goals for the National Forests that meet local and rural community needs?	Yes	No
Will the agency have substantial, ongoing involvement in the project?	Yes	No
Does the project encompass cost sharing principles?	Yes	No
Is the entity a non-profit, State, local government, or educational institution?	Yes	Yes
Is the entity a for-profit business?	<u>1</u> /	Yes
Is the entity a Tribe?	Yes	Yes

For further direction regarding agreements, refer to FSH 1509.11, chapter 70:

1. Is there potential for disputes due to the nature and complexity of the work? If yes, then contact may be best since no formal dispute resolution process exists for agreements.

2. Does project failure pose substantial risk to the Agency, for example, non-accomplishment of specific mandated land management goals? If yes, then contract may be best.

3. Will the project create significant financial risks for either party? If yes, probably does not meet mutual benefits standard for agreements.

4. Will the project pose significant safety liability risks for either party? If yes, then a stewardship contract may be the best instrument as either party may terminate an agreement.

5. Is there competitive interest in the forest products? If yes, use of a competitively advertised contract is in the best interests of the Agency.

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64.1 - Best Approach Determination for Agreements

Before entering into a stewardship agreement with a particular entity, the Grants Management Specialist should make a best approach determination. Such consideration must primarily consider criteria other than cost. These non-price criteria include, but are not limited to, extent of mutual cooperation and benefits, cost-share, past performance, experience, partner capacity, technical approach, and benefits to the local community. Cost estimates for service work should be validated and reasonable.

64.2 - Templates for Stewardship Agreements

Templates for stewardship agreements are available on the website:

<http://fsweb.wo.fs.fed.us/aqm2/wo/grants/Templates.php>

Stewardship agreements must be used in accordance with applicable laws, regulations, and direction in this chapter and FSM 1580. In considering use of a stewardship agreement, consult the Grants Management Specialist for guidance early in project development. Stewardship agreements, as opposed to other types of agreements should be used when exchanging goods (forest products) for services, utilizing retained receipts, or a combination of both while working within an approved stewardship project.

64.3 - Using Retained Receipts (SSCC) Off Of National Forest Lands Citing the Wyden Amendment

Stewardship retained receipts (SSCC) may be used to fund stewardship agreements to complete projects on private lands that result in a direct benefit to National Forest System lands within the watershed. Forests are to work with their grants management specialist to set up and implement agreements under P.L. 111-11, Section 3001 (Wyden Amendment), per FSH 1509.11, section 21 and section 72.2.

65 - ADMINISTERING STEWARDSHIP CONTRACTS AND AGREEMENTS

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), and OMB circulars (as guidelines for stewardship agreements), 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 or agreements, acting within their individual delegated authority, shall implement and enforce contract or agreement terms. Agreements are generally dynamic and flexible, with all parties collaborating throughout the process.

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65.1 - Required Bonding

Contractors who are awarded stewardship contracts and agreements 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 shall 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 stewardship authority (see sec. 60.1) and the Federal Acquisition Regulation (FSH 6309.32, Part 4G37-FAR). Refer to FAR 28.106-1; FSH 6509.11k, chapter 80; FSM 2456; and FSH 2409.18, section 55 for acceptable form of bond.

Exhibit 01 displays acceptable forms of payment and performance bonds for integrated resource timber contracts, integrated resource service contracts, and stewardship agreements.

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65.1 - Exhibit 01

Stewardship Contract and Agreement Bonding Requirements

	Integrated Resource Timber Contract (IRTC)	Integrated Resource Service Contract (IRSC)	Service Contract (SC)	Service Contract with Construction	Agreements (SA)
<u>Bid Guarantee Required</u>	No	Waived <u>12/</u>	Waived <u>12/</u>	Waived <u>12/</u>	No
- Purpose	N/A	<u>11/</u>	<u>11/</u>	<u>11/</u>	N/A
- Minimum Amount Required	N/A <u>1/</u>	Waived <u>12/</u>	Waived <u>12/</u>	Waived <u>12/</u>	N/A
- Type of Bid Guarantee	NA	Waived <u>12/</u>	Waived <u>12/</u>	Waived <u>12/</u>	N/A
- References	FSM 2431.43 FSM 2456.2 FSH 6509.11k, 83.3	FSAR 4G37.710-1	FSAR 4G37.710-1	FSAR 4G37.710-1	N/A
<u>Performance Bond Required</u>	Optional <u>2/</u>	Yes Contracts with construction \geq \$150,000 <u>13/</u>	No	Contracts with construction \geq \$150,000 <u>13/</u>	No
- Purpose	<u>3/</u>	NA	NA	<u>13/</u>	N/A
- Minimum Amount Required	Optional <u>4/</u>	See FAR Part 28	NA	See FAR Part 28	N/A
- Minimum Term of Bond <u>7/</u>	5 Years or less <u>5/</u>	One year following completion & acceptance of construction.	NA	One year following completion & acceptance of construction.	
- Type of Bond Security	Any <u>16/</u>	Any <u>18/</u>	NA	Any <u>18/</u>	N/A
- Form	SF-25	SF-25	NA	SF-25	SF-25
- References	FSM 2456.1 FSH 2409.15, 63.1 FSH 6509.11k, 83.3	FAR 28.102-1	FAR 28 and FSAR 4G37.710-3	FAR 28.102-1	FSM 2456.1 FSH 2409.15, 63.1 FSH 6509.11k, 83.3

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65.1 - Exhibit 01--Continued

	Integrated Resource Timber Contract (IRTC)	Integrated Resource Service Contract (IRSC)	Service Contract (SC)	Service Contract with Construction	Agreements (SA)
Payment Guarantee Required	Optional <u>6/</u>	Optional <u>6/</u>	No	Optional <u>6/</u>	Optional <u>6/</u>
- Purpose	<u>8/</u>	<u>8/</u>		<u>8/</u>	<u>8/</u>
- Minimum Amount Required	30-60 Day Cut <u>9/</u>	30-60 Day Cut <u>9/</u>		30-60 Day Cut <u>9/</u>	30-60 Day Cut <u>9/</u>
- Minimum Term of Guarantee <u>7/</u>	1 Year <u>10/</u>	1 Year <u>10/</u>		1 Year <u>10/</u>	1 Year <u>10/</u>
- Type of Bond Security	Any <u>17/</u>	Any <u>18/</u>		Any <u>18/</u>	Any <u>17/</u>
- Form	FS-6500-12 FS-6500-12a <u>15/</u>	FS-6500-12 FS-6500-12a <u>15/</u>		FS-6500-12 FS-6500-12a <u>15/</u>	FS-6500-12 FS-6500-12a <u>15/</u>
- References	FSM 2456.3 FSH 2409.15, 42.4 FSH 6509.11k, 83.3	FSM 2456.3 FSH 2409.15, 42.4		FSM 2456.3 FSH 2409.15, 42.4	FSM 2456.3 FSH 2409.15, 42.4
Payment Bond Required (Service Contracts)	NA See Payment Guarantee	Construction >\$30,000 <u>14/</u>	No	Construction >\$30,000 <u>14/</u>	NA See Payment Guarantee
- Purpose	NA	Guarantee payment to subs and suppliers		Guarantee payment to subs and suppliers	NA
- Minimum Amount Required	NA	100%		100%	NA
- Minimum Term of Bond <u>7/</u>	NA	One year following completion & acceptance of construction.		One year following completion & acceptance of construction.	NA

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65.1 - Exhibit 01--Continued

	Integrated Resource Timber Contract (IRTC)	Integrated Resource Service Contract (IRSC)	Service Contract (SC)	Service Contract with Construction	Agreements (SA)
- Type of Bond Security	NA	Any <u>18/</u>		Any <u>18/</u>	NA
- Form	NA	SF-25a		SF-25a	NA
- References	NA	FAR Part 28		FAR Part 28	NA

1/ Not applicable. The best value award process and financial expenditure by the contractor in preparation of a technical proposal demonstrates their business capability and commitment.

2/ See section 65.11 and 65.12 for more information.

3/ To guarantee performance and fulfillment of contract obligations associated with product removal by contractor including erosion control, brush disposal, and road maintenance not included as stewardship work items.

4/ The performance bond needed is the amount to cover only required work released in a task order, or in a harvest or work area, as compared to bonding the entire contract (FSM 2456.14)

5/ When the duration of a contract is 5 years or less, the bond must cover the entire contract period (FSH 6509.11k, sec. 83.3).

6/ Contract requires cash deposits or credits in advance of cutting timber unless a payment guarantee has been established.

7/ Note that surety bonds have indefinite terms with no expiration date, but other types of bond security, that is, an irrevocable letter of credit, have an expiration date.

8/ To guarantee payment for forest products and required deposits.

9/ The minimum penal sum for a payment bond must equal the value of the minimum advance payment specified in the contract (FSH 6509.11k, sec. 83.3). These payment bonds may be used to cover timber cut and removed up to the billing due date, down timber cut but not removed, and timber anticipated to be cut within the next 30- to 60-day period on a scaled contract or for payment units released for cutting and additional timber anticipated to be cut within 60 days on a tree measurement contract (FSH 2409.15, sec.42.4).

10/ Payment bonds may be accepted subject to a minimum period of 1 operating year. The termination date must be in the non-operating season (FSH 6509.11k, sec.83.3).

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65.1 - Exhibit 01--Continued

11/ A form of security ensuring a bidder will execute a written contract, furnish required cash deposits, and furnish required bonds.

12/ A Class Determination & Findings (D&F) has been signed to waive the requirement for a bid guarantee on all procurement stewardship contracting projects. (FSAR 4G37.710-1).

13/ The Miller Act (40 U.S.C. 270a) requires performance and payment bonds for construction contracts exceeding \$150,000, except as authorized by law. (FAR 28.102-1) Performance bonds must not be used on service work activities or timber product value (FSAR 4G37.710-2). Alternate Payment Protection is required on all construction between \$30,000 and \$150,000.

14/ Federal Acquisition Streamlining Act requires a 100 percent alternate payment protection for construction contracts between \$30,000 and \$150,000, unless the Contracting Officer determines that a lesser amount is adequate for the protection of the Government. No performance bond is required. (FAR 28.102-2). No payment guarantee is required for construction contracts less than \$25,000. Performance and payment guarantee of 100 percent of the contract value are required for construction greater than \$150,000.

15/ FSH 6509.11k, sec. 83.3(2)(a).

16/ Secure performance bonds with corporate surety, deposited securities, cash, irrevocable letter of credit, or assignment of savings account or certificate of deposit (FSH 6509.11k, sec. 83.3).

17/ Secure payment bonds with corporate surety, deposited securities, irrevocable letter of credit, or assignment of savings account or certificate of deposit (FSH 6509.11k, sec. 83.3).

18/ 48 CFR Part 28.2.

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65.11 - Bonding and Wage Requirements of Integrated Resource Service Contracts and Stewardship Agreements

65.11a - Bonding for an Integrated Resource Service Contract and Stewardship Agreement

A Class Determination & Findings (D&F) was issued to waive the requirement for a bid guarantee on all stewardship projects, (FSAR 4G37.710-1). The Miller Act (40 U.S.C. 270a) requires performance and payment bonds for construction contracts exceeding \$150,000, except as authorized by law (FAR 28.102-1).

Form SF-25 and form SF-25a must be used for performance and payment bonds for construction contracts. Alternate Payment Protection is required for construction projects estimated between \$30,000 and \$150,000. A payment guarantee is not required for construction contracts under \$30,000. However, a Payment Bond, as used in an IRTC to guarantee for advance deposits and the value of products removed, is available for use in an IRSC and stewardship agreement.

Bonds for other than construction should not be used on an IRSC per FSAR 4G37.710-3.

65.11b - Wage Requirements for Integrated Resource Service Contract and Stewardship Agreements

1. Service Contract. For contracts greater than \$2,500, Service Contract Act (SCA) wages rates apply (FAR 22.1001-1). Applicable to the IRSC using SF-1449 contract format which contains no construction or reconstruction and to the IRSC using SF-33 contract format for all work other than construction.
2. Construction Contract. For construction contracts greater than \$2,000, Davis-Bacon Act wage rates apply (FAR 22.403-1). Applicable to the IRSC using SF-33 contract format having construction and/or reconstruction.
3. Cost Items in Timber Appraisals. For cost items using labor such as timber faller/bucker, yarding engineer, skidder operator, truck driver, and so forth, use the greater of local or woods rates and Department of Labor minimum wage rates for listed occupations. Work with your Procurement Contracting Officer in making the determination of the appropriate wage rates to use.

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65.12 - Bonding and Wage Requirements of Integrated Resource Timber Contracts

65.12a - Bonding Integrated Resource Timber Contracts

A bid guarantee, down payment, and scheduled or periodic payments are not required for integrated resource timber contracts. Generally, a performance bond is not required for an integrated resource timber contract and is based upon a risk assessment by the Contracting Officer. Situations that may require a performance bond include:

1. Large construction or reconstruction projects.
2. Projects with only a single contractor in the surrounding area.
3. Contractors that have:
 - a. Limited or no previous experience working on government contracts.
 - b. Marginal financial resources.
 - c. A history of poor performance in completing required work.
4. Situations in which the Contracting Officer determines the interest of the Government must be protected.

When a performance bond is required, the Contracting Officer shall adjust the actual amount needed to cover only required work released in a task order or in a harvest or work area, as compared to bonding the entire contract. The initial amount of the performance bond based upon the approved operating schedule may be included in the award letter.

65.12b - Advance Deposit Requirements and Billing Deferral

To the extent that payment guarantee is provided, requirements for advanced cash deposits must be waived for the value of timber on the contract or agreement area that is cut but not removed, and for the value of products removed from the contract or agreement area for not more than one monthly period, except as follows. Payments for the value of products removed from the contract area may be deferred for the value of timber not exceeding the amount of stewardship credits remaining to be earned and available payment guarantee. Payment bond, cash, or earned stewardship credits may be used to meet advanced deposits requirements (FSH 6509.11k).

In an IRTC, IRSC, or stewardship agreement, if the contractor/partner has a payment guarantee or stewardship credit limit that is equal to or exceeds the current value of the products to be removed, billings may be deferred beyond the normal 15 day billing cycle. In these situations, TSA will not issue a bill for products removed. However, the contract/agreement administrator

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shall monitor the contractor's/partner's TSA account to assure sufficient payment guarantee and/or unearned stewardship credits are available to cover the value of forest products in the contract.

65.2 - Contracting Officers for Stewardship Contracting Projects

Regional Foresters shall designate either a Procurement Contracting Officer or a Timber Sale Contracting Officer for stewardship contracts and agreements consistent with the type of instrument as follows:

Contract Type	Type of Contracting Officer
Integrated Resource Service Contract (IRSC) - SF-33 Construction	Procurement
Integrated Resource Service Contract (IRSC) – SF-1449 Commercial Services	Procurement
Integrated Resource Timber Contract (IRTC) – FS-2400-13T Tree Measurement	Timber Sale
Integrated Resource Timber Contract (IRTC) – FS-2400-13 Scaled	Timber Sale
Service Contract	Procurement
Stewardship Agreement with Product Removal	Timber Sale

The Regional Forester shall delegate to a named Procurement Contracting Officer (FSM 2404.26) the authority to sell and dispose of forest products contained in a stewardship project, in an amount up to 10,000 CCF.

65.21 - Contracting Officer and Grants Management Specialist Qualifications

Contracting Officers shall complete at least 24 hours of training related to stewardship contracts and agreements prior to being delegated as a Contracting Officer on a stewardship contracting project. Training may include National, Regional, or Forest sponsored stewardship sessions and hands-on training in planning and implementing a stewardship project. Grants Management Specialists managing stewardship agreements must meet all the training and qualification requirements described in FSM 1580, FSH 1509.11, chapter 10, and FSH 1509.11, chapter 70.

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65.3 - Contract and Agreement Administration Teams

Contract and agreement administration teams for stewardship projects must include the following personnel:

1. Integrated Resource Service Contract (FSH 6309.32, 4G37.716-1 FAR):
 - a. Procurement Contracting Officer (CO).
 - b. Timber Sale Contracting Officer as a consultant to the Procurement Contracting Officer.
 - c. Contracting Officer Representative (COR). The COR for timber harvesting and product removal activities shall meet the minimum requirements for a timber sale administrator (FSM 2452.4). If not qualified, the COR will designate an inspector who meets timber sale administration requirements to oversee harvesting and product removal.
 - d. Contracting Officer's Representative for Public Works Construction (COR-PW). The COR-PW shall meet the minimum requirements found in FSH 7109.17.
 - e. Engineering Representative (ER – FSH 7109.17), as needed.
 - f. Inspectors as needed (harvest, engineering, wildlife, fuels, and so forth).
2. Integrated Resource Timber Contract (FSH 2409.15):
 - a. Timber Sale Contracting Officer (CO).
 - b. Procurement Contracting Officer as a consultant to the timber sale contracting officer.
 - c. Forest Service Representative (FSR).
 - d. Certified Sale Administrator (SA). The Sale Administrator for service activities shall meet the minimum requirements for procurement COR.
 - e. Engineering Representative, as needed (ER).
 - f. Inspectors as appropriate (harvest, engineering, wildlife, fuels, and so forth).
3. Stewardship Agreements (including forest product removal):
 - a. Forest Supervisor.

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- b. Grants Management Specialist.
- c. Timber Sale Contracting Officer (CO).
- d. Forest Service Representative (FSR).
- e. Certified Sale Administrator (SA).
- f. Contracting Officer Representative (COR).
- g. Engineering Representative, as needed (ER).
- h. Inspectors as appropriate (harvest, engineering, wildlife, fuels, and so forth)

65.4 - Law Enforcement Coordination

The Contracting Officer Representative (COR) and/or Sale Administrator are responsible for following protocols for notifying law enforcement personnel in accordance with FSH 2409.15, sections 13.42 and applicable Regional Timber Theft Prevention Plans. Law Enforcement personnel are responsible for coordinating investigations with the Contracting Officer and the contract administration team members and reporting the results (FSM 2433.04).

66 - FUNDING FOR STEWARDSHIP CONTRACTS AND AGREEMENTS

Preparation, overhead, and monitoring costs for stewardship contracts and agreements are paid with appropriated funds similar to other contracting efforts, such that the primary purpose determines the funding source as intended in the budget restructuring included in the Interior and Related Agency Appropriations Act of 1995.

Document the rationale used for identifying the source of funding in the project workplan and include the budget line items available for use, which one(s) were selected, and the rationale for the funding decision. During actual project implementation, any service work item costs that are not offset by forest products should be funded by the primary purpose of the work activity.

When a stewardship project contains multiple contracts, the specific purpose and need associated with each contract should serve as a basis for funding, as opposed to using a single budget line item for all contracts.

Additional funds for projects may be obtained from partners, 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.

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When road, trail, or facility maintenance, construction, or reconstruction is included in a stewardship contract, these items must be expensed and not capitalized (FSH 6509.11k).

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 Title 16, United States Code, section 2104 Note (d)(3), the value of services received, payments made, or resources provided under a stewardship contract or agreement must 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 and agreements do not require a minimum deposit to National Forest Fund (NFF) as prescribed in FSM 2431.31 and FSH 2409.18, section 45.42.

Product stumpage value derived from a given stewardship contract or agreement will be distributed as follows:

1. Integrated Resource Timber Contract:
 - a. Exchange of goods for services;
 - b. Collect cash deposits (base rate) for essential Knutson-Vandenberg fund (CWKV)²⁰, commensurate with approved plan;
 - c. Reimburse salvage sale fund (SSF) expenditures incurred in preparing the project;
 - d. Other Knutson-Vandenberg fund work that cannot be performed by the Contractor as a service item.
 - e. Remaining receipts are considered retained receipts and should be deposited into SSCC. Funds in SSCC should be used for additional work in a different approved stewardship project using an Integrated Resource Service Contract, Service Contract, or Stewardship Agreement; however, they may not be transferred to another IRTC or to trust fund accounts; and
 - f. Remaining SSCC funds are excess and should be returned to the U.S. Department of Treasury.

²⁰ Deposits for CWKV should only be collected for Essential K-V and K-V Other work that needs to be completed after the term of the stewardship contract (such as planting surveys) or cannot be completed by the contractor as part of the contract.

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2. Integrated Resource Service Contract: Exchange of goods for services.
3. Stewardship Agreements: Exchange of goods for services.

67.1 - Residual Receipts

When the value of the products generated by an IRTC exceeds the cost of the services rendered, excess offset value results and residual receipts (sec. 60.5) are generated. The design of stewardship contracting projects utilizing trading goods for services should approximately equal the value of products removed with the cost of services received, so that pools of retained receipts are not created and maintained. If, during the course of an IRSC or agreement there is excess timber value, optional work items should be added. If no other services can be added, those residual receipts are deposited to SSCC retained receipts. On an IRTC, if salvage sale funds are spent to plan, layout, or administer the contract, those SSF funds are to be replenished.

Essential K-V and K-V other work that would extend beyond the timeframe of an IRTC should be included in a sale area improvement plan, or included in the current or future approved stewardship projects. Remaining residual receipts are deposited into SSCC upon written approval of the Contracting Officer.

Adjusting residuals receipts from the SCSDNG (suspense) account can be approved by the Contracting Officer at any time it is determined that no further services are to be added or as deposits for essential CWKV are collected on an IRTC.

67.2 - Retained Receipts

Retained receipts must be deposited into treasury account 12X5540, using fund/program code SSCC.

1. Use of Retained Receipts. Retained receipts (SSCC) are not to be used for Forest Service salary, overhead, administrative, or indirect costs or for the completion of environmental studies or other planning and analysis (sec. 61.21).

Retained receipts (sec. 60. 5) may be used for:

- a. Another stewardship project in the same project area, applied to the succeeding task order in an IRSC IDIQ contract, or may be transferred to another approved stewardship project outside the initial project area if such transfer is identified in advance, made known to interested parties, and approved in advance by the Regional Forester or Forest Supervisor, if delegated. Retained receipts are typically used on the same administrative unit where they were generated;

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- b. In the event of a default by the contractor, receipts paid by the Contractor and deposited into the SDNG fund code or guaranteed by a performance bond in an IRTC and performance bond in an IRSC, can be used to complete required restoration work items. The required work can be added to another approved stewardship contract or agreement, or completed under a separate service contract utilizing the receipts from the original contract;
 - c. Funding national multi-party programmatic process monitoring; and
 - d. Supporting project level multi-party process monitoring when there is interest and support from local collaborative partners. Retained receipts may defray the direct costs of local multi-party process monitoring and support the collaborative process by paying for facilitation, meeting rooms, travel, and minor amounts of incidental expenses. Forest Supervisors shall approve monitoring activities and determine the appropriate levels of use of retained receipts and appropriated funds in support of project level process monitoring. Regional Foresters shall approve the use of retained receipts for project level monitoring. Process monitoring is distinct from environmental monitoring. Environmental monitoring should occur within the framework of land and resource management plan monitoring subject to priority and funded with other than stewardship receipts.
2. Capital Assets. Do not use SSCC funds for the acquisition of capital assets. When road, trail, or facility maintenance, construction, or reconstruction is included in a stewardship contract or agreement these, items must be expensed and not capitalized (FSH 6509.11k).

67.21 - Annual Review of Retained Receipts Balance

Annually, each Regional Forester shall prepare an analysis of the receipts and expenditures from SSCC in conjunction with the annual review of trust fund balances. This analysis is due to the Washington Office by November 15. Regional offices shall provide a regional balance analysis rather than just submitting the individual analyses provided by each Forest.

67.22 - Receipts Collected to Cover Volume Removed Prior to Service Work

When receipts are collected prior to completion of service work, deposit these receipts into treasury account 12X6500 using fund/program codes SDNG/SDNG. Use the Timber Sale Accounting (TSA) System to identify deposited amounts to be held in fund code SDNG until the service work is performed, at which time the deposits must be returned to the contractor.

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67.23 - Adjustment of Existing Cash Balances

Each Region shall adjust existing cash balances to either fund code SSCC or fund code SDNG with retained receipts balances adjusted to SSCC and timber charges adjusted to SDNG. Use the Timber Sale Accounting (TSA) System to perform financial transactions which will directly interface with financial management system and general ledger.

67.3 - Other Trust Funds

The Forest Service shall direct stewardship contracting residual receipts from an IRTC to the following trust funds: K-V Funds²¹ and Salvage Sale Funds (SSF)²². Direct stewardship receipts to trust funds based upon approved plans in the amounts needed to complete the on-the-ground work. Funding for the planning, preparing and administering of restoration work is to be with appropriated or other funds.

Commensurate with approved plans, required deposits are collected in addition to stumpage value. Both IRTCs and IRSCs may have cash deposits collected for contract scaling, road maintenance, surface rock replacement, erosion control and be deposited to relevant Cooperative Work-Other Funds (CWF2) account. Under an IRTC brush disposal (BDBD) can also be collected commensurate with approved plan. The amounts deposited are for work to be completed by the Forest Service that is unique in nature and the skills to complete lay solely with the Forest Service, or is so minor that it would be cost prohibitive to bring in a contractor, or the risk associated with the required work prevents the contractor from obtaining insurance or bonding. Additional required deposits and accounting may be added for late fees, liquidated damages, and so forth.

Stewardship agreements should not have trust fund deposits.

The Authorized Officer shall include documentation of the reasons for distribution of collections with project recommendations. Once receipts have been transferred to K-V, SSF, BD, or CWFS, expenditure of the funds must be in accordance with the trust fund to which they are transferred.

1. Knutson-Vandenberg Act of June 9, 1930 (16 U.S.C. 576, 576a-576b). Many of the activities typically accomplished through Knutson-Vandenberg collections (K-V) can be incorporated as work items in the stewardship contract. There are instances where it may be appropriate to collect K-V funds under an IRTC for treatments that exceed the contract length, such as for noxious weed control, prescribed burning, or planting surveys.

²¹ Deposits for CWKV should only be collected for Essential K-V and K-V Other work that needs to be completed after the term of the stewardship contract (such as planting surveys) or cannot be completed by the contractor as part of the contract.

²² Only if salvage sale funds are spent to plan, layout, or administer the IRTC.

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Follow the direction in FSH 2409.19, chapter 10, when identifying projects for K-V collections and in FSH 2409.19, chapter 30 when making collections. Work completed in conjunction with a stewardship contracting project using K-V funds is to follow laws, regulations, and agency direction associated with the generation and use of K-V funds.

2. Salvage Sale Funds (National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.)). IRTCs may use and collect salvage sale funds (SSF) if the contract meets the qualifications of a salvage sale. The Line Officer shall balance the benefits of the stewardship contract with the needs of the salvage sale program. Use salvage sale funds for sale preparation and administration only when it is anticipated that sufficient receipts can be collected from the IRTC to reimburse the salvage sale fund. See FSM 2435 and FSH 2409.18 for direction on the salvage sale program.
3. Brush Disposal Funds (Brush Disposal Act of 1916 (16 USC 490) and Granger-Thye of 1950 (16 U.S.C. 572)). Brush disposal (BD) funds may be collected on IRTCs. Make collections for brush disposal in accordance with FSM 2436.
4. Cooperative Work-Other (31 U.S.C. 1321). Make collections for cooperative work in accordance with FSH 6509.11g, sec. 71.2. Cooperative work for an IRTC may include road maintenance, rock replacement, erosion control, and contract scaling. However, for an IRSC and stewardship agreement road maintenance and erosion control should be included as a service item.

67.4 - Automated Timber Sale Accounting

Following financial transaction procedures described at FSH 6509.11k, ATSA provides monthly General Ledger posting entries to FMMI for non-monetary transactions and Balance Voucher (BV) transfer for the earned receipts from Timber Sale Deposit Fund (TDTD) to appropriate job codes. The status of Stewardship Credits (services rendered) earned and used and Forest Products removed (goods provided) will be reported on an Integrated Resource Statement of Account (TSA470) each month there is activity on the contract or agreement. The Statement will allow identification of amounts that may be due to the contractor or partner for the value of work performed that exceeds the value of forest products removed, and record payment to the contractor or partner of these amounts.

Much of the contract or agreement data needed for the ATSA system to perform its prescribed functions is obtained by direct electronic interface with the Timber Information Manager (TIM) system. Reference TIM Contract User Guide, TIM Financial Management as well as FSH 6509.17 and ATSA Desk Guide for guidance on the accumulation, recording, and reporting of financial information and related accomplishments of stewardship contracts and stewardship agreements that include removal of forest products.

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Stewardship Credit, for ATSA purposes, is the value of service work provided by the contractor or partner under terms of the stewardship contract or stewardship agreement. This value will initially be the sum of the 'Mandatory Service Work Items' included in the original contract or agreement. If, during the life of the contract, adjustments are made to the mandatory work items, or if 'Elective' or 'Optional' service work items are later incorporated in the contract or agreement, the stewardship credit limit will be adjusted.

Any monies collected for stumpage values must be initially distributed to SDNG. See sections 67.2 and 67.22 for more information.

67.41 - Normal Distribution Accounts

Under a stewardship contract or agreement the normal distribution (stumpage) accounts are the stewardship suspense job code SCSDNG (TSA Fund ID 16) as well as stewardship retained receipts job code SCrrff (TSA Fund ID 19). A normal distribution percentage of 100 percent will be established in SCSDNG when the sale is input in Timber Information Manager (TIM), and the TSA system will maintain the SCSDNG percent at 100 percent throughout the life of the sale. Adjustments between other normal distribution accounts must be documented and approved by the delegated official, which will be source for TSA transaction 4006.

68 - MONITORING ACTIVITIES FOR STEWARDSHIP CONTRACTING AND STEWARDSHIP AGREEMENTS

Monitoring is an important aspect of stewardship agreements and contracts. Under the 10-year authority (16 U.S.C. 2104 Note), the agency is required to complete programmatic monitoring. The National Monitoring Report will be completed at a programmatic level.

68.1 - Programmatic Level Multi-party Process Monitoring

The focus of multi-party monitoring in accordance with the 10-year authority (16 U.S.C. 2104 Note) is programmatic monitoring of collaboration and the role of local communities in stewardship projects. The Washington Office, Director of Forest Management staff, coordinates a national programmatic process monitoring contract on the role of local communities and other external stakeholders in development of stewardship contracts and agreements. Each year, information must be obtained from a sample of active stewardship projects. Programmatic level multi-party process monitoring at the national level may be funded with retained receipts.

68.2 - Project Level Multi-party Process Monitoring

Since FY05, national monitoring is completed at a programmatic level. National Forests shall still complete project level process monitoring with retained receipts as outlined in section 67.2, when there is interest and support from local collaborative partners.

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68.3 - Environmental Monitoring

Conduct, as appropriate, individual project monitoring (implementation, effectiveness, and validation), in addition to the stewardship contract monitoring described 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. Retained receipts cannot be used to fund environmental monitoring of stewardship projects.

69 - REPORTING ACTIVITIES FOR STEWARDSHIP CONTRACTS AND AGREEMENTS

In accordance with Title 16, United States Code, section 2104 Note (g), the Agency's annual stewardship contracting report to Congress shall include:

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 - Annual Report

The Responsible Agency Official 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 contracts and agreements to the Washington Office, Director of Forest Management. The Director of Forest Management shall use the information from the contractor's draft report and from internal accomplishment reporting to prepare a draft report to Congress for approval by the Chief of the Forest Service. The report must respond to the three reporting items prescribed by Title 16, United States Code, section 2104 Note (sec. 69).

The Chief shall submit an annual report 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 of this Handbook. The Chief shall also report contributions of stewardship projects to performance and workload measures consistent with the Government Performance and Results Act.

69.2 - Stewardship Contracts and Agreements Accomplishments Reporting

District Rangers shall support national accomplishment reporting by completing information for each project at the time of project initiation and annually updating this information, according to the instructions issued by the Washington Office, Director of Forest Management. Regional Foresters shall ensure that accomplishment reports are completed and updated annually by October 31st.