

Forest Products Modernization

Contracting and Permitting Issue Paper

A strategic effort designed to better align our culture, policies, and procedures with current and future forest restoration needs in order increase the pace and scale of restoration, improve forest conditions, and improve efficiency of forest product delivery.

Introduction

Working with agency leaders and employees across the country, the Forest Products Modernization team has identified several needs that must be addressed to move toward our long-term goal of aligning our practices, policies, and guidance to be more agile, flexible, and adaptable to better meet current and future forest improvement goals. The team is examining training, policy reform, technological efficiencies, systems changes, and business changes. One area of focus is contracting and permitting.

The Forest Products Modernization effort seeks to:

- 1) Examine our policy and procedures for timber sale contracting and non-commercial forest products permitting to determine if any can be eliminated, changed, or streamlined when in the best interest of the parties involved; and
- 2) Consider low-value markets, post-contract awards, term adjustments, award timeframes, road package contracts, end-results clauses, and stewardship and Good Neighbor Authority contracts.

Where are we now?

The Forest Service uses a variety of permits, contracts, and agreements to implement restoration activities. Currently the direction and guidance for use of these instruments are in multiple handbooks across timber management and acquisition management. Deciding which contract, permit, or agreement to use is not clearly outlined in one central location.

Opportunities

Agreements and stewardship contracts often include appropriated funds as a part of the agreement/contract. New funding opportunities using conservation financing are being developed that may be a source for funding within contracts and agreements entered into under an existing authority. The Rocky Mountain Region and Pacific Southwest Region currently are integrating conservation financing through pilot Forest Resilience Bond projects that achieve small-scale, non-commercial restoration activities within challenge-cost share agreements. Partnering with Blue Forest Conservation, the objective of the partnership is to infuse private capital into restoration projects to accelerate fuels reduction treatments on small-scale pilot projects. The pilot projects will help the agency determine viability of using conservation financing and whether additional authority is needed.

Where do we want to go?

- Develop an efficient permit system that serves the public well and reduces impacts to front liners and resource assistants and to monitor resources left on the ground.
- Develop a thorough understanding of which mechanisms are available to facilitate forest products delivery so the proper tool can be used.

Some metrics to consider for monitoring achievement of desired condition:

	Action	Outcomes
Available metrics	New contracting and permitting policy and requirements	
Possible metrics	Frequency of use of different contract or permit types by product, market, or project type; numbers of term adjustments; length of award times	FTEs or agency cost (\$) per contract or permit type; contractor or bidder satisfaction surveys

Need for change

Permits

- There is a need to meet customers' demand to obtain forest products permits online.
- There is a need to remove "waste products," such as slash piles, and reduce service costs associated with removing service materials. Currently free-use permit holders are not allowed to profit from resale of the product issued under free use.

All contracts and agreements

Forest products delivery is achieved through a variety of contracts and agreements. Currently the guidance for which contract to use is located in multiple manuals and handbooks. There is a need to create a one-stop document/decision tree that aids in the selection of the proper instrument to meet restoration objectives. Tied to

the contract/agreement decision tree is understanding where the Forest Service can use incentives within contracts to meet restoration end results and increase the pace and scale of restoration.

There is a need to explore timber sale contract clauses and Integrated Resource Timber Contracts (IRTC's) to use the same numbering system to simplify certification and create consistency between the Forest Service and purchasers and contractors. However, this change would be a formidable undertaking and could cause confusion in the short-term transition.

There is a need to cross-train timber contracting officers (CO's) and AQM CO's to expand understanding of what can be accomplished by each contract or agreement type and reduce complexity in managing stewardship contracts and agreements. This improvement will provide increased efficiency in instrument creation and administration of the instruments.

There is a need to understand and quantify costs of States implementing Good Neighbor timber sales, including a review of State contracts in relation to Forest Service policy and regulations. For example, State GNA contracts do not require the use of water-based tracer paints that Forest Service contracts require. A review of State contracting procedures will help determine whether state procedures may be appropriate for Forest Service contract instruments.

There is a need to fully explore contract and agreement options for blended contracts (combining FS authorities with 1) grant infrastructure funding opportunities from other agencies/entities; 2) combining FS authorities for products and local government authorities for tax and funding opportunities; and 3) agreements to use conservation financing opportunities). Addressing this need could entail combining 36 CFR 223 and Federal Acquisition Regulations, which could take substantial time and OGC and DOJ involvement.

There is a need to increase capacity and knowledge of how to assess technical proposals and business plans for large, long-term Integrated Resource Service Contract (IRSC) proposals that are tied to infrastructure development.

How do we get there?

In order to address this need for change and get where we want to go through modernization, we recommend the following actions be considered. Some of these are underway now (ongoing actions), while others are recommended for future implementation.

Ongoing actions

- * A pilot project for online Christmas Tree tags (ePermits) is in testing. The pilot is for tags issued strictly under the Federal Lands Recreation Enhancement Act (FLREA) on the Mt. Hood, Shoshone, Arapaho & Roosevelt and Flathead National Forests, and does not connect to any Forest Management reporting or financial application.

- * Effectiveness of huckleberry self-permits on the Gifford Pinchot National Forest is being evaluated to determine whether this process can be incorporated into Forest Service reporting and financial applications.

- * A contract/agreement decision tree has been developed and is being integrated into Basic Sale Preparation, Stewardship, and Timber Management for Line Officers training.

Additional recommended actions

The Forest Management Director has directed a team to develop a streamlined and simplified contracting process. This team should consider the following:

- * In order to expand capacity and improve knowledge base for review of long-term IRSC contracts, explore using vendors, other agencies, as well as local, state and county economic development personnel to review technical proposal business plans.

- * Explore whether to integrate incentives into contracts or agreements to accelerate the pace and scale of restoration. This includes exploring whether authorities currently exist or need to be developed that could facilitate these opportunities.

- * Explore opportunities to integrate Conservation financing into contracts and agreements that could accelerate the pace and scale of restoration. This could include exploring whether authorities currently exist or need to be developed.

- * Coordinate with AQM and State and private organizations on Conservation financing opportunities to create long-term agreements for landscape-scale projects; see if Conservation financing can be included in blended contracts.

- * Explore timber contract consistency in clauses/provisions. Finalize the FS-2400-13/13T contract form to be consistent with the FS-2400-6/6T forms. Review Appendix B in the 33 and 1449 forms for consistency with the IRTC forms. Unifying the contract clauses between the Timber Sale Contract and the Stewardship Contract would greatly reduce the complexity of administering these activities and create consistency between the Forest Service and purchasers/contractors.

- * Investigate the feasibility of timber contract streamlining and referencing. Determine if there is a way to streamline the timber sale contract so it is less complicated. One idea is to reference a website with the mandatory contract clauses.

- * FS-2400-4T is the current "Green Sheet" contract type. Consider similar authorities as BLM. (Green Sheet Authority in BLM to sell up to 50 mbf/green per contract).

Low-value forest product recommendations

The Forest Management Director has directed a team to explore opportunities for low-value forest products and develop a policy on appraisal, removal, and management of such items during timber sales.

* Explore whether our current contracts adequately handle low-value products. For example, examine whether volume measured in total CCF is the appropriate metric, or if volume measured on a per acre basis is more appropriate for simpler contracts involving low-value products? In addition, review free-use authority that may be expanded to meet restoration goals (for example, free-use slash piles eliminate cost of burning and social cost of smoke).

* Explore performance incentives within contracts or grant authorities for contractors to meet Forest Service desired end results.

* Explore expanding ePermitting to make it easier for the public to obtain permits for a wider variety of forest products, while also saving front liner and resource assistant time.

* Explore expanding self-permitting to other free-use permits to deliver forest products efficiently to the public and save front liner and resource assistant time.

* Continue training and coordination between Timber and AQM CO's. Many COs are not qualified as AQM CORs, so there becomes a complexity in how to manage the Stewardship Contracts/Agreements where AQM is the lead CO.

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