

# STEWARDSHIP CONTRACTING ON THE MALHEUR NATIONAL FOREST

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In September 2013, a ten year stewardship contract was awarded to Iron Triangle to complete restoration work on the Malheur National Forest in eastern Oregon's Blue Mountains. The contract was awarded largely in response to the imminent closure of a mill in the town of John Day, a local crisis that created an unlikely alliance of industry and environmentalists. Ultimately, state and federal government officials intervened to save the mill through an innovative stewardship contract. In order for the mill to remain operational, they needed assurance of a consistent and long term supply of wood. While stewardship contracts have been used by the Forest Service since 1999, this contract is significant for its ten year commitment and the benefit it brings to the local community.

## IMPLEMENTATION

After sending out a request for proposals, Malheur National Forest awarded a ten year Integrated Resource Service Contract (IRSC) to Iron Triangle, a contractor based out of John Day. Under the IRSC, Iron Triangle implements approved thinning projects on the Malheur NF and sells the logs to Malheur Lumber Company and other sawmills. Iron Triangle also subcontracts part of the restoration work to local contractors such as Grayback Forestry and Backlund Logging, who have done much of the pre-commercial thinning and hand piling. Iron Triangle subcontracted 12 businesses in the first year of the contract,<sup>1</sup> and has yet to turn anyone away for a job.

when the mill was saved, new opportunities were created locally because the contract could assure enough supply to sustain businesses. Residents report an increase in help wanted signs around the town of John Day, and an estimated 101 new jobs were supported in the first year of the contract.<sup>2</sup>

## BLUE MOUNTAIN FOREST PARTNERS

After several years of informal conversation between environmentalists and the timber industry, Blue Mountain Forest Partners (BMFP) was formed in 2006. The collaborative brings together timber and environmental interests as well as members representing community, Tribal, agency, political and academic interests to implement a vision for healthy forests and communities on the Malheur National Forest. The first collaborative project was implemented in 2009 and was successful in fostering trust among the group. BMFP is part of the Southern Blues Restoration Coalition, which received support from the Collaborative Forest Landscape Restoration Program (CFLRP) in 2012.

## OUTCOMES

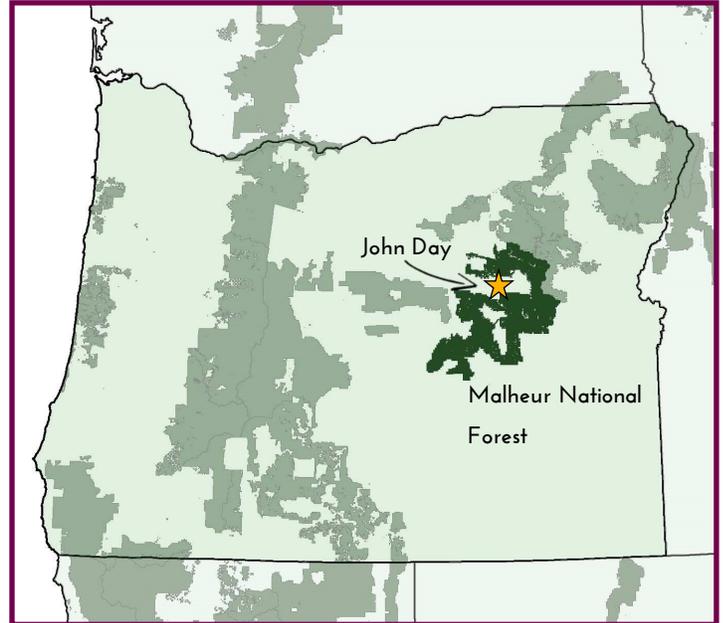
The ten year stewardship contract on the Malheur National Forest has generally been considered a success, particularly in revitalizing the local economy. In addition to the approximately 70 employees retained

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The Malheur National Forest hired additional employees, unemployment declined in Grant County by 3%, and Iron Triangle has invested in several other businesses that the company owns around town.

There has been an increase in pace and scale of restoration on the Malheur National Forest since the contract was awarded in 2013, with landscape scale projects being planned on areas up to 50,000 acres.<sup>3</sup> Timber harvest has steadily increased the past few years (up to 44,550 MBF in 2016<sup>4</sup>).

The stewardship contract provided a consistent supply of timber, which enabled investment in infrastructure and workforce development. Stable employment was possible through continued task orders, which led to the retention of trained employees. The stewardship contract enabled an overall increase of restoration work, but the diversity of work was just as important, sustaining multiple restoration fields and sub-contractors.



## STEWARDSHIP CONTRACTS AND AGREEMENTS

Stewardship contracts are a mechanism for implementing restoration work for increased local benefit. They are designed to focus on the end result of land management, rather than timber removed, and also emphasize local employment and community well-being. Stewardship contracts still operate as contracts, and thus have to be awarded by the USFS based on bids made by contractors.

There are two types of stewardship contracts:

- Integrated Resource Timber Contract (IRTC): the value of timber exceeds the cost of work.
- Integrated Resource Service Contract (IRSC): the cost of work exceeds the value of timber.

### Stewardship Agreements

Stewardship contracts are different than stewardship agreements, which are focused on collaboration and mutual benefit. Stewardship agreements are designed to create partnerships and do not require a bid. In an agreement, the partner provides 20% of the resources (in cash, equipment or time). Agreements can take the form of a single agreement or a Master Stewardship Agreement (MSA) up to ten years with Supplemental Project Agreements (SPAs) that last 1-3 years each.

## CHALLENGES

Initially there was pushback from the timber industry, including Iron Triangle, to the formation of the contract, stemming from industry reluctance to change their operations. The new model led to learning moments for Iron Triangle and the Forest Service. The stewardship contract includes service work which has sometimes proved a challenge for contractors.

There was also some local opposition to the stewardship contract by people who were not involved in the collaborative or were used to a more traditional sales approach. A lot of this resistance had to do with the perception that Iron Triangle was creating a monopoly in John Day and that the government was picking one company to do all the work on the Forest, leading to lost opportunities for other contractors.

Though the local opposition to the contract was seemingly resolved through the use of subcontracts and increased pace of work, the removal of non-merchantable woody biomass remains an ongoing challenge. The contract requires the removal of significant amounts of this material for which there are limited viable markets. Iron Triangle, Malheur Lumber, and other entities have been working to develop the capacity to process this material.

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## LESSONS LEARNED

1. The stewardship contract received significant support due to the threat of the Malheur Lumber mill closure. A significant number of employees would have lost their jobs if the mill had closed, and the Forest would have lost local infrastructure to process restoration byproducts. There was also considerable support from key members of the environmental community, who understood that stewardship contracting was key to retaining the capacity needed to carry out a suite of ongoing restoration activities.
2. Trust developed through years of collaboration through Blue Mountains Forest Partners (see inset) was instrumental in the success of the stewardship contract. By the time the contract was awarded, there was confidence that Malheur Lumber and Iron Triangle would follow through on their commitments.
3. The collaborative provided space to discuss the latest science and create a shared vision for the landscape and created the enabling conditions that allowed the contract to move forward without significant pushback. There was more confidence on the part of the USFS to award a ten year service contract because there were two long standing collaboratives working in the area (the other being Harney County Restoration Collaborative)<sup>5</sup>.
4. Stewardship contracts are a major change from past ways of doing business and there needs to be a better understanding of reasons to utilize stewardship contracts and their potential benefits.

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- 1 Ecosystem Workforce Program. (2015). Collaboration and the Malheur Ten-Year Stewardship Contract [Fact Sheet]. Retrieved from [http://ewp.uoregon.edu/sites/ewp.uoregon.edu/files/images/resources/economy/FS\\_8\\_Malheur.pdf](http://ewp.uoregon.edu/sites/ewp.uoregon.edu/files/images/resources/economy/FS_8_Malheur.pdf)
  - 2 Ibid.
  - 3 Kauffman, Marcus. Restoration Renaissance: A New Paradigm in John Day. Retrieved from <https://spark.adobe.com/page/bG8wBdrKy9vGO/>
  - 4 Headwaters Economics. (2017). National Forest Timber Sales and Timber Cuts, FY 1980-2017 . Retrieved from <https://headwaterseconomics.org/dataviz/national-forests-timber-cut-sold/>
  - 5 Ecosystem Workforce Program.



*Written by Lauren Burton (Sierra Institute) following interviews with Mark Webb (Blue Mountain Forest Partners) and Zach Williams (Iron Triangle). SCALE is funded by US Forest Service Pacific Southwest Region. Photos and design by Lauren Burton.*