



Swan Valley Workforce Assessment Executive Summary

Northwest Connections conducted an ecosystem workforce assessment in the Swan Valley in 2010 to collect information about the type and amount of forest and restoration work occurring in the Swan Valley as well as the businesses contracted to perform that work. The assessment also documents the demand and capacity to do different types of work, which can be used to develop ideas and recommendations to increase the ability of the local workforce to successfully secure natural resource work.

Many changes have occurred in the Swan Valley in the past decade, making this type of assessment timely. The Montana Legacy project put roughly 45,000 acres of former Plum Creek Timber Company (PCTC) lands under United States Forest Service (USFS) management, likely creating new opportunities for local contractors on federal lands. In addition, there are existing and new federal and state programs offering work opportunities on both public and private lands.

The goal in conducting this assessment and following through on the recommendations that emerged was twofold. 1. Link contactors and contracting entities together so that the local workforce captures the economic benefits 2. Ensure that the contracting entities are getting the 'best value' for their projects by taking advantage of the skilled local workforce.

Over the course of several months in 2010, we conducted in-person interviews with 13 contractors and 6 contracting entities. Many specific recommendations are detailed in the report that follows. Our recommendations build on the ideas generated during these interviews as well as ideas developed at the contractor workshop held in January 2011 which was a direct product of this assessment. A total of 45 contractors and contracting entities attended this workshop, allowing for a great conversation and cross-pollination of ideas.

The assessment showed that there is significant capacity and interest to accomplish forest management and restoration objectives in the Swan and the local workforce has both the skill base and equipment to bid on much of this work. In general, work opportunities seem to have remained the same over the past five years and there is some indication that work may increase for some contracting entities. All of the contracting entities expressed their desire to use the local workforce whenever the opportunity arose. However, many recommendations emerged that could help ensure that the local workforce can best take advantage of increasing work, especially on Forest Service lands. Key recommendations include:

- **Best Value Criteria:** Build in contract criteria that include factors other than price to ensure that the projects provide local benefits and value the expertise in the local workforce. Many of the entities we interviewed utilize best value contracting for at least some of their work, but each entity defines it differently. Each entity should make clear how they define and weight their best value criteria and share that information with contractors when soliciting bids.
- **Trainings/Certifications:** Provide future trainings/certifications that match the work demand. For contractors to invest time in trainings to gain new skills or purchase new equipment they need to see that the work will be available. The contracts and agreements will determine investment.
- **Outreach:** A diverse outreach strategy should continue to be used to advertise work on federal lands. The traditional means of mailings, e-mail and personal contact are helpful and should be continued. Federal contracting websites can be a deterrent unless understood better. Contractors should utilize the services of our local Procurement Technical Assistance Centers, especially when navigating the federal contracting process. Ask PTAC's to hold trainings in our local area specific to federal contracting, as needed.
- **Contractor Preparation:** Qualified Vendors Lists are widely used by contracting entities. Local contractors should make sure they are on these Qualified Vendors Lists and that their information is current.
- **Contract Size:** There is a wide variety of contracting businesses in the Swan Valley, so no one type or size of contract will match the entire workforce. Bidding out a wide variety of contracts, both small and large, in the form of service, timber and stewardship may be a useful strategy in matching work opportunities with the local workforce. There currently appears to be a diverse range in contract size within and amongst the contracting entities we interviewed. We recommend that local workforce capacity continues to be factored in when determining contract size and type.
- **Markets:** It will be increasingly important to work with the local workforce on strategies to expand local market and business opportunities, especially opportunities that can utilize material off of fuels reduction projects.
- **Role of Non-Profit Groups:** Non-profit groups, especially groups that offer contracts like the Rocky Mountain Elk Foundation and Trout Unlimited, have been helpful in making their contracts less complex and by reducing financial risk for contractors. These groups should continue to explore ways to expand work opportunities on all lands, with a focus on Forest Service ownership.

This assessment has two parts. Part I is the workforce assessment that focuses on qualitative interviews with local contractors. Part II, the demand assessment, focuses on qualitative interviews with those entities that contract out work in the local area. That information is summarized beginning on page 14. The results and analysis of both assessments will be used to build our action plan moving forward.

Part I: Contractor Capacity for Timber and Restoration Work

Background and Purpose:

A great deal of conservation work has taken place in the Swan Valley, maintaining its rich ecology and rural character. While these conservation successes have ameliorated habitat fragmentation in our region, two significant challenges remain. First is the challenge of restoring some of the degraded forest and stream systems in the region. Second, and related, is the reduction in the timber industry and the loss of many timber related jobs. We are embarking on a transition from a timber-only era and the beginning of the restoration era.

With roughly 45,000 acres of former Plum Creek Timber Company (PCTC) lands now under United States Forest Service (USFS) ownership as a result of the Montana Legacy Project the potential for new opportunities for local contractors on federal lands will likely increase. In addition, there are existing and new federal programs offering new opportunities on both public and private lands; programs that can provide funding for expanded forest land management and restoration activities (fuels reduction and habitat/watershed restoration).

The main goal of this workforce assessment is to help increase the chances that local contractors will get the work on public and private lands. This assessment aimed to garner contractor's ideas and recommendations to meet this goal, as well as illustrate and document the highly qualified workforce (experience and equipment) that exists in the Seeley-Swan. This assessment aims to demonstrate what the local workforce's capacity to accomplish different types of forest management and restoration work, better link the needs of landowners/agencies with local contractors, assess contractor training needs (if any), and help structure contracts on USFS land to better fit local workforce capacity. The assessment was designed to provide insight into past contractor experience, current equipment ownership and access, and contractors' future work interests.

Methods:

Interviews with Condon based contractors were conducted in the Summer/Fall of 2010. The original list was generated by the Swan Ecosystem Center (SEC). Additional names were added to the list based on recommendations from other contractors, Swan Ecosystem Center and Northwest Connections (NwC) employees and United States Forest Service (USFS) and Department of Natural Resource and Conservation (DNRC) staff. Each meeting with a local contractor was conducted as an informal, in-person interview. NwC staff conducted a total of thirteen interviews. I offer my gratitude to all of the contractors who took the time to participate. Confidentiality was guaranteed to each individual interviewed.

The survey questions were developed by an advisory group made up of staff from the following agencies and organizations: Ecosystem Workforce Program, Northwest Connections, Swan Ecosystem Center, Restore Montana, Flathead economic Policy Center, DNRC and the USFS. Similar surveys have been

developed and used in other rural communities where there is a desire to increase economic opportunities for contractors on federal and other lands. People in these communities were consulted in both developing this survey and for their guidance on how to best utilize the results found here. We offer our gratitude to all of these organizations and community groups for their assistance. The Ecosystem Workforce Program, in particular, was an incredible resource throughout this process.

Findings were divided into the following topics: work experience and future interest, geographic area and ownership, federal lands, private lands, role of nonprofit groups, equipment, computers, training and certifications, biomass, contractor barriers and conclusions & recommendations.

Work Experience and Future Interest:

When asked about their experience and interest in conducting forest management and restoration work, the contractors surveyed demonstrated a great breadth of experience in forest management and restoration work. This, coupled with the current equipment owned demonstrates a local workforce with the talent, interest and capacity to undertake a variety of work on all land ownerships. The majority of the contractors have worked in commercial timber sales, non-commercial tree removal, and fuels reduction projects. Most of the contractors interviewed indicated that they did not engage in prescribed burning due to the liability risk. Most have experience conducting restoration work ranging from tree planting to road maintenance, construction and decommissioning. Fewer contractors have experience conducting botanical or biological assessments. There was overall interest in learning new skills, particularly in the restoration field (i.e. stream / wetland restoration) to expand the current scope of work that they could bid on.

Geographic area and Ownership:

When asked about where they currently work, and where they would prefer to work, the majority of contractors expressed that local work is preferable because it generates less transportation costs (mobilizing workforce and equipment). Although the preference is to work locally in the Swan or the region, many contractors indicated that they do and are willing to continue working outside of the Swan Valley.

Contractors were asked to indicate the percentage of total work they have contracted out on different ownerships in the last 3 years (federal, state, private or industrial). The majority of work has been contracted on private (59%) followed by federal lands (14%), industrial/PCTC (13.8%), and State lands (13%). Comments noted that the work on private lands is decreasing and that increasing work on other ownerships was needed.

Federal Lands:

There was a great amount of interest in doing more work on federal lands. Several contractors mentioned the need to increase restoration activities on this landbase. Most contractors have been either prime contractors or subcontractors on federal lands and felt that more work was needed due to its current condition. There was an overall sentiment that the federal contracting system is complex to navigate making it hard to find work, especially within the local geographic area. One contractor indicated that

the complexity of the system (time and paperwork) has made it so they do not consider bidding on federal contracts.

When asked what the best way was to find out about work on Forest Service lands there were several suggestions made.

- The majority of the contractors indicated that **direct mailings** are one of the easiest ways to learn about work.
- **E-mails** are also a good outreach tool but having them be more specific to opportunities in the local geographic region would be nice.
- Some have received **personal calls and notification** from the FS which has been helpful. This works when contractors are on qualified vendor's lists.
- Very few contractors that answered this question used the **federal business opportunities website (Fed biz opps.gov)** to find out about work. Comments made were that the website is time consuming to use and navigate through and as a result local opportunities can be missed. Another contractor commented that it is not very user friendly.
- One contractor mentioned that **personal outreach** (a forest service representative in the area) to link the contractor to the work would be a useful tool. One way to accomplish this would be to have the FS do a field tour of the project before it goes out for bid. If the bid package were given on the ground the FS could better explain the scope and purpose of the project. This would help the contractors better prepare the bid and it would also assist in building relationships with FS personnel.

i. Federal Stewardship Contracts¹:

Some contractors were not familiar with this type of federal contacting authority. Many have not been the prime bidders on Stewardship Contracts but some have been subcontractors on these projects.

Of those that were familiar with this contracting authority some concerns emerged:

- They are too complex. When all the work is bundled together it makes it hard for smaller, more specialized contractors to bid on them. Some would rather see the contracts broken into separate bids to make the work more accessible for smaller operators with specialized skills and equipment.

¹ **Federal Stewardship Contracting:** In 1998, Congress authorized "stewardship end-result contracting", commonly referred to as stewardship contracting "to perform services to achieve land management goals for the national forests that meet local and rural community needs." It is seen as a way for the Forest Service and BLM to collaboratively restore public lands and create economic benefit for rural communities. Any project using this contracting authority must be awarded on a *best value* basis.

- The large contracts can be a financial gamble in which small contractors cannot assume the risk. The two risks mentioned were: 1. Financial (particularly bonding) and the complexity of the technical proposal. Significant time is needed to learn the system.
- Some worry that the best value criteria² is still primarily determined largely on price.

Some benefits seen with Stewardship contracts:

- Some liked the focus on restoration work and guarantee that the agency would get this work accomplished.
- A focus on the local workforce was appealing to some contractors. (this comment was in reference to the best value criteria)

ii. Federal Contracting Barriers:

Many contractors responded that it is difficult to bid on federal contracts. Many felt that the system is too complex, both in navigating the system to find the work and in completing the paperwork. One contractor commented that “the system can be maize to navigate”. Another said. “The work is harder to get than it is to do”.

Barriers observed by respondents include:

- Several contractors said that getting paid from the agency can be time consuming and sometimes contractors have to upfront the money to pay their crews.
- Others commented that too many contracts are going to out of state contractors and that there is not an emphasis on keeping work local when the skills and experience exist in the local workforce.
- A comment was made that contracts are not flexible enough (timeframe and requirements). There needs to be more flexibility so contractors can do the best job on the ground.
- The size of contracts was mentioned as a barrier. When they are too large the pool is limited to the mills and large operators, making it harder for the smaller contractors to bid.

iii. Federal Contracting Recommendations:

- Explore diverse means of letting contractors know about local work. This should be done by both the agency and local partners.
- Offer a wider variety of contracts (timber, service and stewardship)so that they better fit the workforce capacity. The Forest Service should use a variety of bid options (contracts and agreements) so a diversity of contractors are able to take advantage of future work opportunities.
- Utilize criteria that prioritizes the local workforce (best value criteria).

²**Best Value:** It is the process of selecting a contractor based on price and non-price criteria. For the federal government, evaluation factors may include, but are not limited to the contractor’s past performance, work quality, existing public and private agreements and contracts, on-time delivery, experience, technical approach, and benefits to the local community.

- Conduct training on stewardship contracting. Federal stewardship contracting needs to be understood better by local contractors so they are better able to bid on this work. A workshop on writing technical proposals was suggested as a way to assist contractors in winning stewardship bids.
- Work with the Montana Logging Association and our Procurement Technical Assistance Centers who already offer numerous trainings and workshops on federal contracting.

Private Lands:

This is the landbase that has generated the most work for respondents in the last 3 years (59%) of the work. All of the respondents said that word of mouth is the best way to get work on private lands. Others mentioned that they have done advertising and marketing to secure more work; however, several said that marketing can be time consuming and often ineffective.

A question was asked about how non-profit organizations could assist in increasing work opportunities. There was an overall sentiment that the cost-share grants administered by the non-profits have helped secure more work during the down economy. The main concern with these grants is that it is a short influx of money for a limited time. It was also mentioned that this could actually hinder landowners in doing future work if they now expect cost share programs to cover up to 90% of the cost. Many contractors indicated that although the grants are helping to secure work, it would be good to see the grants go away-- it would indicate a timber market rebound. However, some contractors said they feel these grants do push the private landowners to do needed work that they might not do otherwise.

i. Barriers to work on private lands:

The main barrier to securing work on private lands is the down economy and the decline in the real estate market. The lack of markets for the product coming off of fuels reduction projects, especially with the recent closure of Smurfit Stone, are also increasing the challenges associated with work on private lands.

Additional comment made regarding barriers included:

- Payment. Sometimes contractors do not get paid until the work is complete. With large projects this can be financially challenging and possibly an inhibitor in securing the contract.
- Marketing their services can be hard.
- Lack of landowner understanding of equipment and skills.
- The contractor network is weak.
- Understanding by the landowner about the need for the work.
- Competition by larger companies and consulting firms from outside the area.
- Keeping requirements equal for all contractors (insurance, etc.) to help level what some believe can at times be an unlevel playing field.
- Short burning season, reducing the window for work.

- Agency assistance. Agencies (like NRCS) that broker the work on private lands are too complex to work with.
- Loss of pulp wood market with the closure of the pulp mill.

Role of non-profit groups:

Many non-profit groups in our region have and would like to expand their role in increasing natural resource based economic opportunities. Contractors were asked about their experience working with non-profit groups and specifically, how these groups can be helpful.

The following are suggestions about how non-profits have and can assist in increasing work on private and other lands:

- Find more funding for cost-share programs.
- Offer simple contracts as compared with federal contracts. (Trout Unlimited and Rocky Mountain Elk Foundation contracts were given as examples).
- Continued use of contractor lists. The more lists that contractors can get on the better because they help link contractors to landowners and agencies contracting work.
- Offer informational meetings. Contractor meetings can be helpful by providing information and increasing networking potential for contractors. This can assist contractors in learning from each other.
- Make bid packets available (hard copy or on the web)
- Reducing risk. Non-profits can assist by taking the busy work out of bidding and also by reducing the risk and time commitment on the contractor. They also can provide an element of credibility that bridges landowner relationships.

Bonding Requirements:

Many contractors who participated in this assessment have not had to get a bond for the work they do. Others indicate that bonding requirements can deter them from bidding on a contract. The reasons include: 1. In recent years, bonding has become more difficult in recent years through a bank or bonding company 2. Many cannot afford the cost of the bond, especially on a large sale project 3. Bonding is risky . Working with non-profit groups like RMEF can take that risk away.

Some contractors have secured smaller bonds from the bank or by obtaining a letter of credit. A few positive comments about bonding were that it can actually help reward the contractors that are serious about the work and can help reduce the competition.

Equipment and Technology:

Most contractors are not looking for new equipment to increase their work opportunities. Some are still paying off the equipment they currently own. To invest in new equipment there would have to be secured work in the future to make the investment solvent. Bank loans are hard to get right now. It can be cheaper to rent equipment to do the work than to invest in new equipment, especially when the demand for this work is uncertain.

Although most contractors have access to a computer with high speed internet, this is not the vehicle most used to find out about work. If they do use their computer to find work, they often have others assist them.

Recommendation:

Find new ways to ensure long term work (such as multi-year contracts), so contractors are able to make investments in new equipment.

Work with our local Procurement Technical Assistance Center and Montana Logging Association to host trainings/information sessions locally so contractors can receive assistance in using websites that advertize upcoming work opportunities.

Training and Certifications:

Most of the contractors did not immediately identify certification or training needs. However, when provided with specific examples several ideas emerged. A key message made by most of the contractors was that participating in new trainings or obtaining additional certifications was only beneficial if it helped them get more work. Otherwise they felt it was a waste of time and money.

Two specific questions were asked during the interviews regarding trainings and certifications. The questions were:

- Do you and/or your employees have any particular training needs for the current season, or for work you would like to do in the future?
- Are there certifications that you would like to receive?

Certifications: Most contractors have the Accredited Logging Professional (ALP) Certification offered by the Montana Logging Association (MLA). Questions emerged regarding the benefit of maintaining this certification. For example, do agencies require it or does it add to their competitiveness when bidding on contracts?

Other certifications that local contractors have include: Wetland delineation, Rosgin 1 (stream typing), Wildland fire and Pesticide/herbicide application.

Contractors are willing to obtain more certifications if they knew it would pay off with additional work – either that such work was available or that the certification added value during the bid evaluation.

There was sentiment amongst many contractors that they wanted to know what certifications were required (or looked at favorably) by the different organizations/agencies contracting the work. There was the most nebulosity about any certifications that the Forest Service required.

Recommendation: Add clarity to what certifications are either required or those that would give contractors a competitive edge. Also, ensure that contractors mention/highlight which certifications they have when bidding on any project.

Trainings: Again, for contractors to invest time in trainings, there needs to be a direct benefit for the time invested. One training that many of the contractors felt could be beneficial was one that offered guidance on the federal/state bidding process. As more work becomes available on federal and state lands, local contractors could benefit from a better understanding of how to navigate this bidding system. Several contractors already steer away from the bid process due to perceived complexity, but showed great interest in working on federal land projects if they could more easily bid on the work. MLA put on a training in the spring of 2010 called “Understanding DNRC and USFS Contract Language” which could be used as a template if a similar training would be replicated in the Swan. One contractor who attended the MLA training commented that it really helped him understand how to best present the information when bidding.

Other training ideas contractors expressed interest in: (these are listed in no particular order)

- Basic CPR
- Road decommissioning
- Restoration work in general
- Stream Restoration/ habitat improvement work
- Wetland restoration.
- Have more meetings at the Community Hall—so contractors can network and learn about more opportunities.
- Required Laws—NEPA rules, steamside laws and logging regulations.
- General Forest Ecology/ Insect and Disease.

Several contractors indicated that the best time for trainings are during spring break up.

General Bidding/Contracting on all lands.

Several themes emerged when talking with contractors about bidding and contracting. Most contractors would bid on both timber and service contracts. Not everyone is comfortable, at this point in time, with bidding on contracts that meld the two together. There is wide range of experience in bidding on diverse contract types. However, while some contractors prefer to be the prime contractor on projects and subcontract out work, others would rather avoid being a prime contractor and prefer to be a subcontractor, especially on more complex contracts that infuse timber and service work. There is currently a wide range of experience on both sides.

Length and Size of Contracts: The preferred size of a contract depends largely on the contractor, type of work and the equipment. The reasons given for long contracts (typically a year or more) include: assurance of a longer range of work, ability to work on multiple projects on the same piece of ground, helps in getting to know a piece of land over a longer period of time, reduces moving costs (equipment and workforce), and assists contractors in being able to watch the market.

The specific size of a contract (acreage) that is optimal, again, depends on the contractor. If the contract is too big, financial risks increase (like bonding requirements) and can limit the pool of contractors able to bid. Others appreciate the larger bid packages (acreage and length) especially the contractors structured to take on the risk and who are more comfortable subcontracting out work.

Although the ability to subcontract out work makes it easier for contractors to bid on large sales, many commented that it is important to know who you are partnering with because that often matters in the bid packages and the project's final outcome. A few contractors indicated that working together to bid on the larger sales can reduce risk and put the bid within grasp.

The type of contracts preferred by contractors also varied. While some would rather do straight timber sales, others were more comfortable doing multiple kinds of work on a piece of land (timber and service).

Bidding Process: There was an overall feeling that the bidding process can be complicated and can be a deterrent in getting the work. The simpler the contract the better. Suggestions included:

- Early notification of the contract: Knowing early in the process when the work will be bid allows contractors time to prepare the bid and align their other ongoing work.
- Receiving a bid package with maps in the mail is helpful. Offering an on the ground tour of the project while reviewing the bid package would benefit contractors.
- Many contractors offered the suggestion of keeping contracts local (adding a best value provision in the bid that prioritized the local workforce). Others however, felt that opening the field to anyone, and not giving special priority to the local workforce, was important.
- The bidding system for non-profits, like the Rocky Mountain Elk Foundation, was seen to be more straight forward and flexible. They allow flexibility and changes when unforeseen circumstances arise. These groups can also reduce risk for contractors (financial) and help to negotiate with the Forest Service (or other agencies) , removing that role from the contractor.

Biomass:

Overall the sentiment amongst contractors was that biomass utilization is not economical right now, and the loss and lack of markets needs to be addressed to help make the work pencil out. Existing markets are limited and the local market is flooded. There was an interest in new technologies that would utilize woody biomass. Many were interested in how small local markets could be created (for example, a chipping site, small pellet mill, firewood business, local heating system etc.) so wood could be processed without incurring transportation costs. One contractor pointed out that finding creative ways to utilize biomass is also an important evaluation criterion for some FS stewardship contracts.

To advance these ideas, many mentioned the need for market assistance in both establishing new markets (creating new value added businesses) and in marketing the product.

In addition to establishing new local markets, others would like to see the regional pulp market reinvigorated.

Conclusions and Recommendations:

The interview responses indicate that there is significant capacity and interest to accomplish forest management and restoration objectives in the Swan and that the local workforce has both the skill base and equipment to bid on much of this work. Where new work opportunities arise there is a general interest in acquiring any new skills and equipment needed to help secure this work. However, for contractors to invest time in trainings to gain new skills or purchase new equipment, they need to see that the work will be available. The contracts and agreements will ultimately determine investment.

Although most of the respondents spend a large percentage of their time working on private lands, there is a strong interest in expanding work on Forest Service lands. For local contractors to take advantage of increasing work on federal lands, we propose the following recommendations:

- The Forest Service should develop contracts that match the range of local contractor capacity. There is a wide variety of contracting businesses in the Swan Valley, so no one type or size of contract will match the entire workforce.
- Offering a wide variety of contracts, both small and large, in the form of service, timber and stewardship may be a useful strategy in matching work opportunities with the local workforce.
- Offering a training specific to technical proposal writing for federal stewardship contracts may be useful if this contracting authority expands in the region.

A diverse outreach strategy needs to be continued to advertise work on federal lands. The traditional means of mailings, e-mail and personal contact are helpful and should be continued since these are the preferred methods of finding out about work by local contractors. However, the federal business opportunities website (www.fbo.gov), where many federal jobs are now posted, is not widely used and as a result, local contractors could be missing out on key contracting opportunities. Two main strategies to expand knowledge of upcoming work on federal lands include: 1. Hold on-the-ground field tours with contractors to explain bid packages and field questions and suggestions by contractors; and 2. Help contractors better utilize the federal business opportunities website by hosting information sessions with our local Procurement Technical Assistance Centers (PTAC). After consulting with federal contracting officers (both procurement and timber) and our local PTAC representatives, it became clear that this website is now the main source to find out about federal work. Contractors will need to become familiar with and utilize this website to find out about federal contracting opportunities, especially as this website expands in use by the agency.

There was a strong interest in using contract criteria that include factors other than price to ensure that the projects provide both local benefits and value the expertise in the local workforce. Each contracting entity should make it clear how they define and weight their best value criteria and share that information with contractors when soliciting bids. In addition, all organizations and agencies contracting work should make it clear which trainings and certifications are required and which ones are helpful in the bid evaluation process.

The main barriers in securing work on all ownerships are loss of local and regional markets and the down economy. Although some grant programs have helped to maintain work, especially on private lands, more needs to be done to address these overarching barriers. It will be increasingly important to work with the local workforce on strategies to expand local market and business opportunities, especially opportunities that can utilize the non-merchantable material off of fuels reduction projects. The lack of a market for biomass material is a key barrier in making forest management work profitable. A strategy to work regionally and partner with economic development groups and other interested parties will be an important next step.

Non-profit groups in the Valley should continue to fund cost-share programs to expand work on private lands, especially during the down economy. Contractor lists are useful in assisting contractors in connecting to landowners and agencies and should be continuously updated. Non-profit groups, like Trout Unlimited or the Rocky Mountain Elk Foundation, that offer contracts have been helpful in making their contracts less complex and by reducing financial risk for contractors. These groups should continue to explore ways to expand work opportunities on all lands, with a focus on Forest Service ownership.

Local contractors should make sure they are on Qualified Vendors Lists and that their information is current. While only a few contracting entities require specific trainings for some of their work, the general opinion was that the more experience and training a contractor has, the better positioned he/she will be in the evaluation process for best value.

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Part II: Demand for contracted work in the Swan Valley

Background and Purpose:

An important aspect of a workforce assessment is to determine the 'demand' for different types of work. The purpose of the demand assessment is twofold: 1) Determine how much and what type of work is being contracted out in the area; and 2) Determine the extent to which the local contractors and workers are capturing this work opportunity. The 'demand assessment' we conducted in the Swan collected information from those agencies and entities that contract out work in the area to determine what the current local demand is for work and how local contractors might better capture this work.

Methods:

Similar to our contractor interviews, we determined that qualitative data collection was the best method to gather the most pertinent and useful information to assist our local workforce. We conducted interviews with contracting entities (agencies and non-profits) in the Fall/Winter of 2010. Each meeting with a contracting entity was conducted as an informal interview. A total of nine interviews were conducted with six contracting entities. I offer my gratitude to all of the contracting entities who took the time to talk with me.

Interviews were conducted with the following contracting entities:

- Big Blackfoot Chapter of Trout Unlimited
- Montana Department of Natural Resources and Conservation – Swan River State Forest
- The Nature Conservancy
- Rocky Mountain Elk Foundation
- Swan Ecosystem Center
- US Forest Service – Flathead Timber Contracting Officer.

We asked each entity the following questions:

- 1) What work does your agency/organization typically contract out in the Swan Valley (forest management and other restoration work)?
- 2) What type of work has increased or decreased over time? What work do you anticipate expanding?
- 3) What are the sizes of contracts and how has this changed over time?
- 4) What percentage of this work do you think is captured by local contractors? What do you consider local?
- 5) Do you believe there are training and/or equipment needs that would assist local contractors in getting this work?
- 6) When contracts go to contractors outside of our local area, what are the primary reasons? Do you see ways in which local contractors could better capture this work?
- 7) Do you utilize qualified vendors lists? How do contractors get on the list and how do they get chosen from the list?

8) Do certifications (MLA, Rosgen, etc.) benefit contractors in the bidding process?

Summary and Recommendations

In general, work opportunities seem to have remained the same over the past five years and there is some indication that work may increase for some contracting entities. Private work has increased due to ARRA and state and private forestry grants. Forest work ranges from traditional logging, to fuels reduction thinning to watershed focused work (roads, wetlands, weeds).

The agencies and entities utilize a variety of contract types and evaluation criteria, but most reported using best value for at least some of their work. Best value contracting typically includes a combination of the following criteria: Past Performance and References, Technical Approach, Equipment, Price and Local Hire. Each contracting entity defines best value using different criteria. As such, it will be important for contractors to understand how their bid will be evaluated by different entities based on best value contracting.

Contracting entities also utilize Qualified Vendors Lists and Bid Lists. Contractors should contact the appropriate agency/entity to get their names added to these lists.

Most contracting entities expressed a strong desire to use the local workforce whenever possible. It appears that most of the work being contracted out in the Swan watershed is going to local contractors. When work goes to contractors outside of our local area it is because there is the need for additional expertise and or equipment that cannot be found locally.

Contract size varies depending on the project and the contracting entity advertising the work. There currently appears to be a diverse range in contract size within and amongst these entities. We recommend that contracting entities continue to factor in local workforce capacity when determining contract size.

Finally, the contracting entities offered a few ideas for trainings that would assist the local workforce in capturing future work. A couple of contracting entities mentioned that some contractors are not well versed in writing technical proposals so assistance in that area could be useful. Simply navigating the federal contracting system for Forest Service projects would also be useful. In terms of on-the-ground workshops: road decommissioning and road BMPs, ecology (how to work on the land in an ecologically sensitive way) were mentioned as possible future trainings. The Montana Logging Association (MLA's) Accredited Logging Professional (ALP) course, was mentioned as important when reviewing past performance and contractor' certifications as part of their best value criteria.

In closing I would just say that all the contracting entities I interviewed were forthcoming with information and very interested in the process. Conducting these interviews has opened a communication path that will hopefully reap rewards for all involved.

Summaries of contracting entities answers are below. Each of these summaries was written in a format to be handed out to contractors to provide them with helpful contracting information and tips.

Big Blackfoot Chapter Trout Unlimited

Work Opportunities

- Channel and riparian habitat restoration
- Streambank stabilization
- Fish ladders
- Bridge construction
- Culvert upgrades or removal
- Road decommissioning
- Riparian revegetation
- Invasive species management
- Wetland restoration
- Fencing
- Off-site water developments

Over the last five years BBCTU has been doing 10-15 projects per year. This should remain steady into the future – potentially more road decommissioning on The Nature Conservancy lands.

Contracting

Stream projects range from 500-18,000 feet of stream. Road decommissioning projects are up to 5.5 miles of road. TU utilizes time and materials contracts - contractor is paid on the basis of (1) actual cost of direct labor, usually at specified hourly rates, (2) actual cost of materials and equipment usage, and (3) agreed upon fixed add-on to cover the contractor's overheads and profit (income). Projects are funded from grants (state, federal, private) and donations.

Most of the contractor work is done by local contractors (Ovando area). They have utilized a contractor from Eureka. Consultants generally come from Missoula, Helena, and Whitefish.

TU has a Qualified Vendors List for contractors and consultants. There is an advisory panel that determines who is on the QVL. For contractors, there is an in-stream list and a structural (fish screens, culverts, bridges) list. There are currently 15 contractors on their QVL. Contract determinations are low bid (but you have to be on their QVL). Components like years of experience, types of experience and reputation help determine the QVL. A contractor can be removed for bad performance. The last time they advertised the QVL was in 2007 but contractors can be added or removed at any time. Certifications and trainings make a difference in terms of getting on the QVL.

Training

For in-stream work, contractors must have 2 years of experience with this kind of work and completed at least the first level "Rosgen" Applied Fluvial Geomorphology training.

Contact:

Ryen Neudecker, Project Coordinator

BBCTU Fisheries and Habitat Committee

Box 1

Ovando, MT 59854

(406) 677-6454

ryen@montanatu.org.

Montana Department of Natural Resources and Conservation

Work Opportunities

Montana DNRC work has been stable over the last five years and Swan River State Forest Unit Manager Dan Roberson predicts it will be stable into the future, partly through utilizing the forest improvement program which uses fees from harvested timber to improve the health, productivity, and value of forested trust lands.

The DNRC contracts out the following types of work:

- Road Maintenance
- Logging
- Site Prep – piling, scarification, etc.
- Burning
- Tree planting
- Emergency services – Fire equipment, etc.
- Fire fighters
- Carpenters
- Foresters
- Office workers

Contracting

Timber contract sizes usually run about 1 mmbf. Road maintenance and other service work vary quite a bit.

Work goes to contractors in the Swan Valley and across NW Montana. Thinners and Christmas as tree contractors tend to come from Flathead while tree planters tend to come from Oregon. Dan considers local to be in the Swan Valley.

The DNRC contracts out 80-90% of their work, with only 10-20% being done in house. Much of their of their work goes to local contractors. The DNRC has a “call when needed list” when they need someone quick for projects under \$5000 (rates, equipment). There is a drawing out of a hat for getting on the list. Fire work is contracted out on a best value system which looks at past performance.

Although the DNRC values certifications because they can help avoid problems on the ground, there are no points awarded for certifications in the bidding process.

Training

The DNRC did not have many training suggestions in part because there is a good match between contractors and work offered. The DNRC is doing more work on steep slopes – piling and scarification – contractors with the skills and equipment to do this work will be in demand in the near future.

Contact:

Dan Roberson, Unit Manager
Swan Unit Office, Swan River State Forest
58741 Hwy 83 S

Swan Lake, MT 59911
406-754-2301
droberson@mt.gov

The Nature Conservancy

Work Opportunities

The Nature Conservancy plans to harvest approximately 3 MMBF of timber per year in the 1st, 3rd and 4th quarters of the next 8 years to fulfill their fiber supply agreement with Plum Creek Timber Company. They may also have some small (\$1k-10k) projects for roads/gates/barricades/bmp/restoration work.

Road and weed work will continue to be a major focus. Harvest activities have taken up some of the void left by Plum Creek selling this land. Stewardship work (roads, weeds, aquatic, etc.) has remained the same or is perhaps slightly less than when Plum Creek owned the land. Much of the land is held by US Forest Service so a lot of the stewardship work is now under their purview.

Contracting

Contracts range in size from \$25,000 to \$125,000. Including the fiber supply agreement (50-500 MBF), the total contract amount per quarter is roughly \$325-350,000. They have broken contracts up into smaller pieces, but they don't have the person power to handle many small contracts. Timber contracts will probably decrease in size over time. Contracts for stewardship work have ranged from \$1-10K, based on lowest and best bid.

Most of this work is going to local or at least regional contractors. The exception would be Northwest Area Management (based in Moscow, ID with offices in Helena). TNC considers "local" to be anyone in Missoula, Lake or Flathead Counties. TNC's goal is 100% local and 50% of the work to go to people from the Seeley Lake, Condon and Swan Lake communities.

Price, experience, references, and having the right equipment all influences the decision.

Certifications matter. They require Montana Logging Association Accredited Logging Professional status as part of their SFI certification. For watershed stewardship projects, David Rosgen's Wildland Hydrology course helps but is not required.

TNC has a bid list for timber harvest. Contractors should submit their contact information, equipment capacity and references to:

Northwest Management, Inc.
attn: Greg Bassler
233 E. Palouse Dr.
PO Box 9748
Moscow, ID 83843.

They are welcome to bid on any contracts.

For stewardship work, they don't have a specific vendors list. They use mainly references and past project work quality

Training

For timber harvest activities: They require Montana Logging Association Accredited Logging Professional status. They require low ground pressure/low ground disturbance equipment

For stewardship work: restoration experience/ road removal/ riparian experience are helpful but not essential. Mainly they look for operators who can think in new and different ways, are self-starters and efficient, and have an understanding of ecology.

Contacts:

Chris Bryant

Western Montana Director of Outreach

406-543-6681

cbryant@tnc.org

Henry Fassnacht

Western Montana Forester

(406) 543-6681 Ext. 13 (Phone)

(406) 240-8273 (Mobile)

hfassnacht@tnc.org

Steven Kloetzel

Western Montana Land Resource Manager

3270 Kleinschmidt Flat Rd

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Rocky Mountain Elk Foundation (RMEF)

Work Opportunities

- Vegetation Management
- Road Best Management Practices (BMP's) and decommissioning
- Other work that benefits elk and other wildlife

RMEF has doubled their number of projects and would like to see their work expand through an increase in Forest Service Stewardship Agreements and BLM grants. In Montana and Idaho, RMEF is anticipating issuing as many as six Requests for Proposal's (RFPs) for Stewardship Contracting in 2011. They don't have a current project list but they are anticipating one maybe two projects out of the North Fork Ranger District, Salmon-Challis NF in Idaho, and one on the Seeley Lake Ranger District, Lolo National Forest.

Contracting

RMEF contracts range in size from \$50,000 - \$500,000. In six years they have treated over 8,000 acres and 2,000 of these acres have been in the last quarter.

RMEF uses an open and competitive bidding process based on best value where non-cost factors are considered more important than cost. Best value considerations will be made on the following:

1. The extent of mutual interest and benefit;
2. The advantages and effectiveness of mutual participation;
3. Joint expertise;
4. Factors relevant to cost such as volunteer participation, contribution from other parties, cost sharing, etc.
5. Ability to utilize a local workforce.
6. Ability to complete work in a timely manner.
7. Experience in performing similar work.
8. Ability to conduct work in an environmentally sound manner.

After the bids are received, RMEF will do a preliminary Best Value evaluation using the following criteria and weight: Past Performance-30%, Technical Proposal-30%, Price-30%, and Local Hire-10%.

Local is included in the best value criteria and is based on the available workforce who bids. RMEF defines local as the Five Valleys, Seeley, Swan, Lincoln and Flathead. Local is not a final determination for getting a bid. Contracts might go outside the local area due to loss of the local equipment base (many contractors have been forced to sell equipment due to lack of work). To assist local contractors in getting the work, they could utilize Forestry consultants to help with proposal writing, get on qualified vendors lists, have a portfolio of work, etc. The old low bid system is a thing of the past and contractors need to find diverse ways in which to promote themselves.

RMEF has a Contractor List on their website:

<http://www.rmef.org/Conservation/HowWeConserve/Stewardship/Services/stewardshipform.htm>

They have melded several agency lists with theirs.

RMEF goes give 'extra credit' to contractors for any professional certifications that they may have. So it is important to include those certifications when bidding on RMEF contracts.

Trainings

These are some training ideas to increase local workforce capacity:

- Technical proposal writing
- Road work (BMP work, decommissioning, culvert upgrades)

Contact

Dale Kerkvliet, CF®
Habitat Stewardship Services
PO Box 8249
5705 Grant Creek Road
Missoula, MT 59808
406-523-4537
dkerkvliet@rmef.org.

For more information on RMEFs Habitat Stewardship Services program:

<http://www.rmef.org/Conservation/HowWeConserve/Stewardship/Services/>

Swan Ecosystem Center (SEC)

Work Opportunities

Work opportunities through SEC include:

- Stewardship
- Fuels Reduction (about 80% of the work)
- Reforestation
- Forest Health
- Weeds
- Fish and Wildlife Habitat Improvement
- Wetland Restoration
- Forest Stewardship Plans

In the past couple of years, SEC has received Western States funding (US Forest Service State and Private Forestry) for fuels reduction, funding to work on private lands adjacent to public lands and American Recovery and Reinvestment Act (ARRA) money which is more general and allows for multiple goals. During the economic downturn in the timber industry, these grant programs have assisted in keeping work steady on private lands.

Wetland work has increased due to the US Fish and Wildlife Service inventory and ground-truthing program (restore wetlands that have been converted to hayfields) and their Treasured Landscapes Program. Fuels reduction work has increased thanks to ARRA and Western States funding. They will continue seeking more of this funding in the future.

Contracting

Fuels reduction projects on private lands average 14 acres but most are less than 10 acres.

SEC considers 10-20 mile radius to be local, though work does go to Seeley Lake contractors. Almost all of SEC's work goes to local contractors.

Work could potentially go outside the local area if you needed a specialized or niche contractor (special piece of equipment) for a particular job. Teaming up to bid on projects too big for one contractor might be a good way to keep the work local.

SEC has a contractor list that highlights equipment and specialties. Contractors need to help SEC keep it up to date.

Training

Sustainable Forestry Initiative (SFI) standards and Montana Logging Association (MLA) trainings are useful. SEC could help advertise and educate about training opportunities.

Contact:

Roger Marshall
6887 MT Highway 83
Condon, MT 59826-9005
(406) 754-3137

MT.Forester@yahoo.com

US Forest Service – Flathead National Forest

Timber Sale Contracting

Work Opportunities

Integrated Resource Timber Contracts (IRTC's) or Stewardship Contract opportunities have stayed about the same in recent years. Work may increase due to pine beetle infestation.

Upcoming Projects:

- Red whale Stewardship 7MMBF
- Middle Fork LP Stewardship 1MMBF
- Desert View Stewardship 3MMBF
- Cyclone Reid TS 4.75MMBF
- Valley Face Stewardship 4.3 MMBF

Contracting

Timber contract sizes usually run from 1 MMBF to 5 MMBF. 90% of contracts go to local contractors. Contractors within 50 miles from Condon are considered local for sales in the area. Sawmills have not been buying as many sales due to low timber value.

The Forest Service is looking for the best value to the government - i.e. higher price for timber, better utilization of timber and capability and past performance.

The agency has a qualified bidders list. Interested contractors should contact Mike Shira (information below).

Training

There is a good match between contractors and the work offered. NO NEED.

Contact:

Mike Shira

Timber Contracting Officer, Flathead National Forest

650 Wolfpack Way

Kalispell, MT 59901

406-758-5290

mshira@fs.fed.us

Appendices:

- A. Big Blackfoot Chapter Trout Unlimited Contracting
- B. Contracting on the Swan River State Forest
- C. RMEF Insurance Requirements