

Summary of Batch 2 Timber Management Directives Updates

Below is a summary of updates to the 2400-series Timber Management Directives. The full list of changes is included in the digest at the beginning of each chapter. Current directives can be found here: [FSM 2400](#) and [FSH 2400](#).

FSM 2420 Timber Appraisal, Last amended 02/14/2003.

This manual is revised to include requirements and references to stewardship contracts and clarify timber appraisal criteria. Substantive changes are as follows:

- Adds authority for rate redetermination requirements for stewardship contracts per 36 CFR 223.304(b)(3).
- Clarifies that stumpage value redetermination to ensure fair market value will occur on contracts greater than 7 years as well as shorter term contracts as determined by the deciding officer. Adds reference to stewardship contract requirements for rate redetermination (FSH 2409.19, sec. 61.4).
- Adds policy reference for advertised rates which states that “Timber shall be advertised at its appraised value and advertised rates shall not be less than minimum rates” (FSM 2431.31)
- Updates policy to give Regional Forester authority to include establishment of higher minimum rates if market conditions are justified (FSM 2431.31).
- Clarifies determination of advertised values in relation to bid values. Clarifies that stewardship sales, whether negotiated or direct, are not to be included when making adjustments to the appraisal system to achieve the 70 percent appraisal performance criteria.
- Adds policy clarification on rate redeterminations to include references to stewardship contracts. Adds separate direction for catastrophic and environmental rate redetermination categories.
- Clarifies policy that information collected for maintenance of the transaction evidence appraisal system shall be treated as confidential under regulations of the Secretary of Agriculture (7 CFR 1.12).
- ***Changes made in response to public comment:***
 - Concerns regarding adding appraisal methods other than transactional evidence (FSM 2420)
 - Issue: Other appraisal methods were added to the handbook to allow the field the opportunity to develop more appropriate appraisals. Resolution: Left as is to allow field this opportunity.

FSH 2409.19 Chapter 10 Knutson-Vandenberg Sale Area Program Management: Last amended 6/17/2010.

- Throughout chapter replaced sale area Knutson-Vandenberg (K-V) with CWKV (Cooperative Work Knutson Vandenberg). Also replaced any references to ATSA (Automated Timber Sale Accounting) with FPFS (Forest Products Financial System).
- Incorporates chapter 30 (CWKV Collections, Costs and Accounting) in its entirety.
- Includes new authority that now allows KV funds to be used for restoration activities outside the timber sale area boundaries in the Region where they are collected.
- Updates directives to reflect the 2018 Omnibus Appropriations Act prohibition on collection of K-V funds from stewardship contracts.
- Adds policy direction on use of CWKV funds for wildlife management.

- Revised to include direction for construction, maintenance of facilities or purchase of equipment not within the boundary of a specific sale.
- Revised policies to guide when K-V funds can be converted to Forest and Regional K-V (CWK2).
- Includes greater clarity around when the Sale Area Improvement (SAI) plan is developed and the process in FACTS.
- Replaced the exhibit of the old FS-2400-50 form with the revised FS-2400-0050A Sale Area Improvement and K-V Collection Plan to include estimation of additional funds for outside sale areas. Added details to the instructions to aid the user.
- Revised the timeframe for when the annual review of Sale Area Improvement plans must be completed. Added clarification about soil treatments and whether they are considered required reforestation or KV-Other activities.
- ***Changes made in response to public comment:***
 - List of limitations on the use of KV was too broad.
 - Resolution: Agreed to suggested changes on the limitations on use of KV.

FSH 2409.19 Chapter 20 Knutson-Vandenberg Forest and Regional Program Management: Last amended 3/24/2008.

- Includes new direction on how Forest and Regional K-V (CWK2) funds are generated. Includes new direction on CWKV collections for use outside the sale area and how those funds are converted to CWK2.
- Adds new policy section on development of annual forest CWK2 inventory of work.
- Adds new policy section on identification of CWK2 needs and prioritization of projects.
- Clarifies the list of inappropriate uses of CWK2 funds.
- ***Changes made in response to public comment:***
 - Accepted suggestions to modify definitions, including adding one on K2.

FSH 2409.19 Chapter 30 CWKV Collections, Costs, and Accounting: Last amended 4/5/2010.

- Moved entire chapter 30 into chapter 10.

FSH 2409.19 Chapter 60 Stewardship Contracting: Last amended 6/13/2016.

- Revises, recodes and updates information, procedures and direction throughout the chapter. Reorganizes and recodes the chapter where needed. Removes references to obsolete contract forms and procedures.
- Adds references to stewardship agreements where appropriate.
- Removes obsolete authorities and adds additional authorities such as 2018 Omnibus and 2018 Farm Bill. Updates amendments to the Healthy Forest Restoration Act of 2003. Adds Section 202 of Public Law 115-325, the Indian Tribal Energy Development and Self-Determination Act Amendments of 2017. Adds Wyden Amendment, Section 323(A) of the Department of Interior and Related Agencies Appropriations Act, 1999.
- Revises re-delegation authority policies. Emphasizes the requirement to accomplish resource management objectives with a focus on restoration based on the Seven Land Management Goals contained in the law. Use of stewardship contracting authority to implement projects must be approved by the Regional Forester. The Regional Forester may re-delegate the authority to approve stewardship projects to a Forest Supervisor. Stewardship projects must be designed to meet the objectives of section 60.2 and achieve land management goals identified in the applicable land and resource management plan.

- Adds language from 2018 Omnibus bill requirement which allows for retaining receipts after other liabilities are paid for. Removes requirement for excess funds to go to the Treasury
 - Stops collection of K-V and Salvage Sale Funds on Stewardship projects.
 - Specifies direction not to not transfer Retained Receipts to K-V, Salvage Sale, Timber Pipeline or other stumpage accounts while still allowing for collection of Brush Disposal funds.
- Includes new legislative authority which allows policy statements on use of 20-year stewardship contracts and agreements.
 - Adds direction on determination of Fire Regime requirements for 20-year stewardship contract and agreements.
 - Clarifies procurement preference under a 20-year contract.
- Adds direction on new legislative authority regarding funding cancellation ceilings.
- Clarifies responsibility with respect to use of less than full and open competition.
- Clarifies definitions of Earned Stewardship Credit and Local Community. Adds definitions for Mandatory Work Items and Optional Work Items. Revises definition of Payment Bond to include previous definitions for Payment Bond and Payment Guarantee. Revises definitions of collaboration, Residual Receipts, Retained Receipts, and Stewardship Credits.
- Adds reference to Forest Restoration Best Tool Decision Tree to help identify the best contract instrument to use for any given project. Adds a list of example key elements.
- Clarifies policy associated with agreements used to implement a stewardship project.
- Clarifies cancellation and correction to the sample contract.
- Revises description of Service-only contracts.
- Adds direction for documentation of best approach determination.
- Clarifies authority to bundle work activities.
- Specifies that certain cost centers can be considered service activities.
- References regional appraisal systems. Removes the ability to use "other" appraisal systems to be consistent across all timber-related contracts.
- Clarifies that road packages should be prepared in same manner as regular service or construction packages. Clarifies the use of appropriated funds in road construction.
- Describes how road work under IRSC can be an appraisal cost center.
- Specifies that road work not associated with timber removal should be paid for. Removes section on contractors performing traffic generated performance.
- Clarifies policy on evaluation of best value methods. Adds highest price technically acceptable option for consideration.
- Clarifies when bonds can be used to pay for materials removed when credits are earned.
- Revised policies on depositing into Retained Receipts accounts. Clarifies uses of retained receipts. Adds pre-project surveys to the approved list. Adds authority to use funds for monitoring.
- ***Changes made in response to public comment:***
 - The proposed directive stated that no additional Retained Receipts funds could be added to a stewardship contract. A commenter proposed allowing this in certain cases where expected revenues to do service work did not materialize. Comment was accepted and change was made.
 - A comment noted that under 62 Exhibit 01, performance bonds would generally not be required and requested that performance bonds be required. No change to policy was made, but the directive was revised

to clarify that performance bonds should be mandatory whenever a contract or agreement requires compliance work following timber harvesting.

A comment requested that in stewardship agreements that include product removal that is counted toward the Forest's assigned timber target outputs, the volume cut and removed shall be tracked by the Partner and reported to the Forest on a regular basis. Resolution: This comment was not accepted since the agency is involved in the implementation of these agreements.

NEW- FSH 2409.19 Chapter 80 Good Neighbor Authority

- Consolidates legislative authorities granted under Public Law 113-79 (Agricultural Act (Farm Bill) of 2014), Pub. L. 115-141 (Consolidated Appropriations Act, 2018) and Pub. L. 115-334 (Agriculture Improvement Act (Farm Bill) of 2018).
- Consolidates authorizing states, counties and tribes to conduct projects under Good Neighbor Authority (GNA).
- Provides direction based on the legislation that revenues generated from GNA projects can only be used on federal lands. Cooperator or FS can add dollars to Agreement. Wyden Authority can be used with appropriated funds where funds are combined on a prorated basis.
- Provides direction based on new legislative authority that allows states to collect and retain revenues generated from timber sale projects for use on service work or other projects on National Forest lands. 82.4
 - Sets guidance on working with the potential expiration of the GNA authority (Oct 1, 2023).
 - Provides direction on use of collection agreements to collect funds back from states in order to accomplish required reforestation activities.
- Provides policy direction on whether FS or state will sell the timber.
 - Adds direction that allows for cooperator to perform certain activities if FS sells timber.
 - Adds direction with requirements of cooperator if they sell timber.
- Provides policy direction to allow for use of K-V and SSF to fund projects, but funds cannot be collected back from projects.
- Sets policy that all sales will have a valid appraisal done either by state or FS.
- Provides policy direction on FS retaining authority to determine negligence on all GNA sales.
- Provides policy direction that GNA timber plans need to include required reforestation, slash and road maintenance, regardless of who manages sale.
- Includes the ability of cooperator to maintain roads as authorized in the 2018 Omnibus Bill.
 - Provides authorizes reconstruction, repair, or restoration of existing permanent roads necessary to carry out a good neighbor project and the decommissioning of National Forest System roads that are determined to be unneeded.
- Provides guidance on how to manage GNA sales in TIM.
- Revises direction to include FS retaining responsibility to lead fire investigations.