

An Analysis of Forest Service and BLM Contracting and Contractor Capacity in Lake County, Oregon

1994-1999



Sustainable Northwest

Marcus Kauffman
July 2001

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Lakeview Office:

25 North E Street, Suite 3
Lakeview, OR 97630
(541) 947-5461
dukeb@gooselake.com

Portland Office:

625 SW Main Street, Suite 112
Portland, OR 97205
(503) 221-6911
info@sustainablenorthwest.org

Sustainable Northwest is a Portland, Oregon-based nonprofit organization dedicated to forging a new economy in the Pacific Northwest—one that reinvests in the people, the communities, and the landscapes in the region.

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— M. Kauffman

Executive Summary

Introduction and Purpose

This document examines the federal contracting sector in Lake County, considering both the federal land management agencies' demand for services and the capacity of local contracting firms to carry out the work. It is hoped that this information will aid the development of a high-skill high-wage contracting sector in the county.

This report analyzes contracts awarded by the Fremont National Forest and the Bureau of Land Management's (BLM) Lakeview District between 1994 and 1999. It also examines the capacity of 17 contracting firms in Lake County. This assessment seeks to:

- Quantify the Forest Service and BLM demand for contracted services in Lake County.
- Determine how much and what types of work were awarded to contracting firms located within Lake County and Bly from 1994-1999.
- Gauge the capacity of the local contractors to provide the services sought by the federal agencies.
- Offer recommendations to help increase the competitiveness of local firms and make federal contracts more attractive to local firms.

About Lake County

Lake County is a collection of remote, rural communities in south central Oregon. It has a population of 7,400 residents and extends over 8,000 square miles. Agriculture, manufacturing (mostly forest products), and government are the largest employment sectors. The federal government owns 78% of the land in the county. The economic boom of the late 1990s was modest in Lake County. In 2000, the unemployment rate was above 10% and the poverty rate was twice the statewide average.

Assessment of Federal Contracting

Between 1994 and 1999, the Fremont National Forest and the BLM's Lakeview District together awarded \$12.25 million in contracts. Of this amount, the Fremont National Forest awarded \$5.72 million or \$950,000 per year and the Lakeview District \$6.53 million or an average of \$1.09 million per year. However, the annual total contract value on the Fremont National Forest decreased dramatically over the course of the 1990s. In 1994, the Fremont National Forest awarded more than \$1.8 million in contracts but by 1999 the annual total had declined to \$600,000.

The Fremont National Forest offered 279 contracts between 1994 and 1999. Ninety percent of the work was in reforestation, stand improvement, and road and other construction work. During the study period, stand improvement and in-stream work remained more or less stable, road and other construction decreased slightly, and reforestation decreased dramatically.

Between 1994 and 1999, contractors located in Lake County and Bly obtained 20% of the contract value from Fremont National Forest and 1% of the Lake District BLM contract value. They were particularly competitive in janitorial and grounds maintenance, road and construction, and range work. However, local contractors captured far less contract value in the highest value categories of reforestation and stand improvement. Although the Fremont National Forest is not likely to undertake as much reforestation as in the past, it expects to increase its stand improvement contracting, suggesting one area that local contractors might be able to capture more contract value.

During the study period, locals captured 88 contracts or 33% of all contracts. Of these, 83 were valued at less than \$25,000 and only one over \$100,000. The average contract value for locals was \$12,924 while it was \$30,612 for non-locals.

Assessment of Local Contractor Capacity

The assessment of local contractor capacity considers the number, size, experience, and equipment of local firms based on 17 interviews and surveys. The responses show that Lake County and Bly had significant capacity to work with heavy equipment, especially in road and culvert work; campground construction and maintenance; range work such as building cattle guards, ponds, and springs; and in-stream work such as check dams and bank stabilization. The survey also indicated that several firms had experience with two labor intensive tasks—non-commercial thinning and fencing. The respondents indicated no experience in the more technical tasks of fish, vegetation, and wildlife surveys.

The assessment also shows that the largest and longest standing firms are ones that do equipment intensive work. Four of the five firms with employees were equipment intensive firms and only one was labor intensive. Given that many labor intensive activities on federal land require a crew of people, the firms in the sample may have relatively little capacity to compete for labor intensive contracts. However, the experience of the respondents suggests that a labor pool exists that could do the work. The contractors surveyed generally lacked experience bidding large jobs and managing large crews with respect to labor intensive activities.

Nearly all of the contractors said that they were interested in participating in federal contracts even though less than half had received contracts during the previous six years.

The contractors identified a number of issues that affected their participation in federal contracting. The most salient ones were:

- The highly competitive nature of the federal contract market
- The prevalence of unfair labor practices by firms located outside of the county
- The lack of contracts scaled to fit the capacity of local firms

The contractors also suggested a number of changes to improve federal contracting including:

- Offering more work

- Leveling the playing field by enforcing migrant labor laws and payroll certification
- Rewarding firms that do high-quality work
- Designing contracts to fit the capacity of local firms
- Offering consistent work year after year
- Simplifying bidding procedures

The survey also identified several actions that the community could take to assist local contractors including:

- Providing training about non-commercial thinning, tree planting, and seed collection
- Assisting contractors to get certified as HUB Zone contractors
- Providing training about how to bid service projects, particularly non-commercial thinning
- Assisting firms interested in obtaining pesticide applicator and operator licenses
- Assisting firms seeking to increase their bonding capacity

Conclusions and Recommendations

This analysis demonstrates that firms from Lake County and Bly participate in some parts of the federal contracting sector and that opportunities may exist to increase their involvement. Below we offer some recommendations to strengthen the ecosystem management industry in Lake County.

Contractor Assistance and Training

- Train contractors on how to bid service and construction contracts.
- Train contractors in work that is increasingly available on federal lands.
- Assist contractors to sign up as HUB Zone contractors.
- Help contractors get bonded and licensed.
- Consider conducting a comprehensive ecosystem management training program.

Forest Service and BLM Contracting

- Structure some contracts to fit the capacity of the local contracting sector.
- Expand the use of contract language that provides credit to contractors that use local labor or provide other community benefits.
- Consider developing a timber sale embedded in a service contract to allow contractors to utilize the material from restoration thinnings.
- Set aside more contracts for HUB Zone-certified firms.
- Increase the procurement warrant on the Fremont National Forest.

Chapter One: Purpose and Methods

Lake County, Oregon, like many rural communities in the West, has suffered from the decline in the regional timber industry. In the mid-1990s, community leaders began to explore new employment opportunities based on their close proximity to the Fremont National Forest. The downsizing of federal land management agencies combined with the shift to ecosystem management may present opportunities if the community can adapt to the changing circumstances. This assessment examines the federal contracting sector in Lake County, both the demands for services from the federal land management agencies and the capacity of local contracting firms to carry out the work. It is hoped that this information will aid the development of a high-skill high-wage contracting sector in the county.

About Lake County, Oregon

Lake County is located in south central Oregon, bordering California and Nevada. It is approximately 8,340 square miles and has a total population of about 7,400, making the population density less than one person per square mile. The major sectors of the Lake County economy include forestry and forest products, ranching and farming, government, and services. Since the early 1980s, the poverty rate in Lake County has remained more than twice the state average. Lake County was also the only county in the state that experienced a net job loss during the 1990s and unemployment was above 10% in 2000 (Moseley and Kauffman 2000).

The federal government manages 78% of the land in the county. The BLM controls 2.6 million acres or 49% of the county. The Forest Service manages 857,000 million acres or 16% of the county. The primary administrative units are the Forest Service's Fremont National Forest and the Bureau of Land Management's Lakeview District. Included in the Fremont National Forest is the Lakeview Federal Sustained Yield Unit, created in 1950. The Unit designation offers right of first refusal on all timber sales offered within the Unit to companies located in Lakeview and Paisley, the county's two largest towns. Currently, there is one primary processor (Collins Pine's Fremont Sawmill) and several secondary manufacturers operating within the Unit (for more information see Moseley and Kauffman 2000).

Purpose of this Report

The analysis was designed to:

- Quantify the demand from the Forest Service and BLM for contracted services in Lake County
- Determine how much and what types of work were awarded to local firms from 1994-1999
- Gauge the capacity of local contractors to provide services sought by the federal agencies
- Provide recommendations to increase the number and value of contracts captured by local firms

- Provide recommendations to make federal contracts more attractive to local firms.

Methods

To accomplish these tasks, we conducted two related analyses. First, we analyzed contracts that the Fremont National Forest and the Bureau of Land Management’s Lakeview District awarded between 1994 and 1999. Second, we conducted interviews with 17 contracting firms located in Lake County and Bly.

For the purposes of this analysis, firms located in Lake County and the community of Bly were considered “local.” The county contains several small rural communities including Lakeview, Paisley, Adel, Silver Lake, Summer Lake, and Christmas Valley. The community of Bly, located on the boundary of Klamath and Lake Counties was considered local because of its proximity to Lake County and distance from other Klamath County communities.

Assessment of Federal Contracting

To analyze trends in federal contracting in Lake County, we examined the complete contract register of the Fremont National Forest and BLM’s Lakeview District for the fiscal years 1994-1999. We obtained the contract register for the Fremont National Forest and Lakeview District BLM from the local contracting officers. Because the BLM state office in Portland is responsible for all contracts valued over \$25,000 we submitted a Freedom of Information Act request to obtain copies of the contracts. We also downloaded additional BLM contract data that were on the BLM web page.

The Forest Service and BLM contracting registers include:

Contract number	Project description
Cost estimate	Ranger district of the work
Award amount	Solicitation mechanism
Award date	Contracting firm name

This information was entered into an Excel spreadsheet. In addition, we entered into this sheet the city, state, and zip code of the contractors who won each award. We used this information to determine which contracts were local (contractor offices located in Lake County and Bly) and non-local (anywhere else). To obtain the contractor’s addresses, we reviewed copies of contracts, used the Fremont National Forest bidders lists, and a local telephone book. Finally, we asked contracting technicians and officers from the Forest Service and BLM for information about the remaining contractors.

To analyze information about work type, we divided the contracts into nine categories. Table 2.1 lists the specific tasks included in eight of these categories. We assigned a category to each contract based on the project description on the contract register. Purchases of goods was eliminated from the study due to lack of relevance. In addition, timber sale contracts (included timber-related road building) were not included in the analysis but was discussed briefly in Moseley and Kauffman (2000). The information from the contract registers, task categories, and contractor location was used to create summary statistics and charts.

Assessment of Local Contracting Capacity

To gauge the capacity of local firms, we interviewed 17 contractors chosen at random from the bidder's list maintained by the Fremont National Forest. The bidder's list contained 37 firms located in Lake County and Bly. Community leaders helped arrange interviews with the contractors, and all the interviews were conducted face to face.

We used an open-ended interview and a written survey to gauge the capacity of the contractors. Appendix A contains the interview questions and the written survey. The respondents' comments were recorded in writing during the interviews.

These interviews/conversations generally lasted between 30 and 90 minutes. In an attempt to make the interviews as convenient as possible for the respondents, we conducted interviews across Lake County and Bly, using Forest Service offices, other public buildings, restaurants, and the offices of local contractors.

At the end of each interview, the contractors were asked to complete a short written survey with questions regarding their experience, interest in future contracting, and interest in training for 50 different work activities typical of federal contracting in the south-central Oregon region. Interview and survey responses are confidential.

Chapter Two: Assessment of Federal Contracts

Purpose

The analysis of Forest Service and BLM contracts seeks to:

- Identify the main characteristics and trends in the federal contracting in Lake County, Oregon.
- Quantify the federal demand for contracted services and construction in the county.
- Determine how much and what type of work was awarded to local firms.
- Identify the types and sizes of contracts local firms have captured.

Findings

The assessment of federal contracting examined contracts that the Fremont National Forest and the Lakeview District BLM awarded from 1994 until 1999. Over the six-year period, the Fremont National Forest and the BLM's Lakeview District together awarded \$12.25 million in service and construction contracts. Of this amount, the Fremont National Forest awarded \$5.72 million or an average of \$950,000 per year and the Lakeview District \$6.53 million or an average of \$1.09 million per year.

Contractors located in Lake County and Bly obtained 20% or \$1,279,534 of the total value of contracts on the Fremont National Forest and less than 1% or \$46,046 of contract value from the Lake District BLM (see Figures 2.1 and 2.2).

Figure 2.2 shows that contractors outside the county won nearly all of the contracts on the Lakeview District BLM. Several reasons may account for the lack of participation by firms from Lake County and Bly. First, the Lakeview District BLM lets relatively large contracts, which may be beyond the capacity of the local workforce to capture. Additionally, our analysis found that the majority of the work is prescribed burning (a highly capital intensive and technical operation) and is awarded to only about three contractors. In addition, most of the forestland, and apparently contracted work, is on the Klamath Resource Area in Klamath County. The BLM land in Lake County is largely rangeland, which requires limited maintenance that the BLM largely does in-house. Thus, it is likely that local firms did not bid on the vast majority of projects from the Lakeview District BLM.

Although the BLM land in Lake County may present future opportunities, due to the limited local participation during the review period, further examination of contract patterns did not produce relevant insights. Thus, the remainder of the document focuses on the contracts awarded by Fremont National Forest.

Figure 2.1
Percentage of Total Contracts by Location
Fremont National Forest, 1994-1999

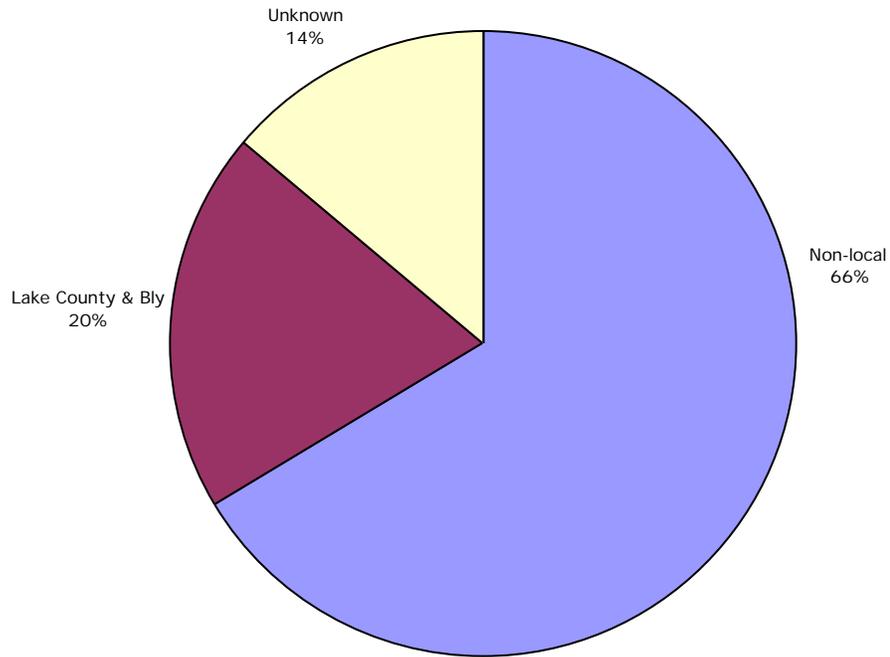
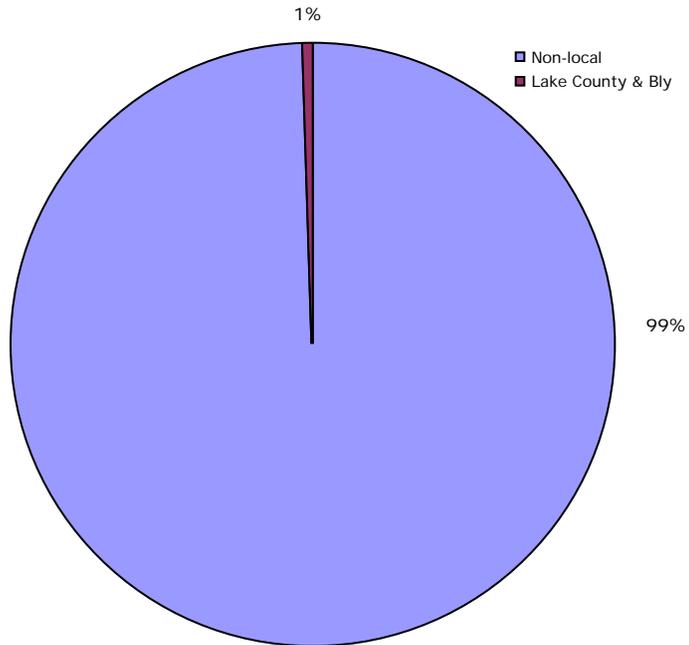


Figure 2.2
Percentage of Total Contracts by Location
Lakeview District, BLM 1994-1999



Although the summaries of total capture reveal much about the participation of local firms, these averages hide the fact that the annual total value on the Fremont National Forest decreased dramatically over the course of the 1990s (see Figure 2.3). For example, in 1994, the Fremont National Forest awarded more than \$1.8 million in contracts but by 1999 the total contract value had dropped to just over \$600,000.

Figure 2.3
Total Annual Contract Value by Location
Fremont National Forest, 1994-1999

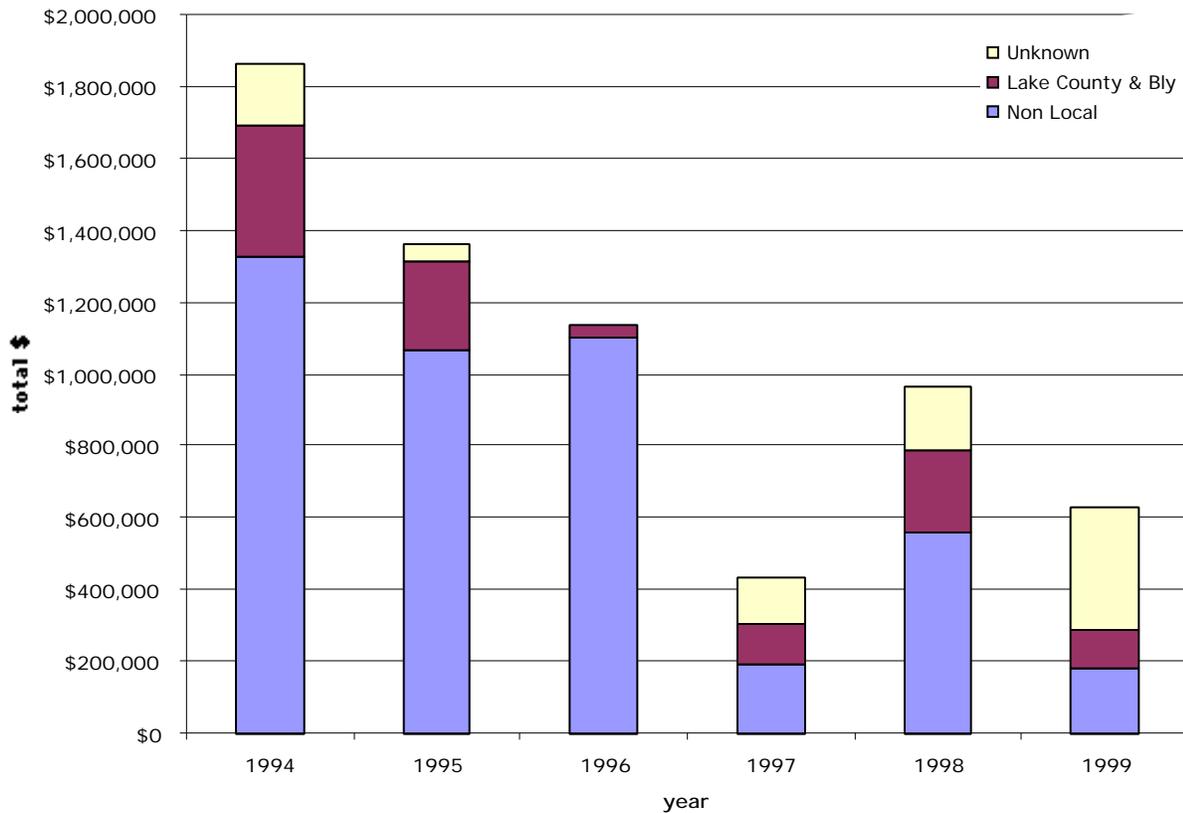


Figure 2.3 also shows the total value awarded to local, non-local, and unknown contractors for each year during the six-year period. The figure makes clear that local firms captured only a small percentage of the work awarded. Local firms captured a high of \$366,989 in 1994 but it declined to a mere \$34,058 two years later in 1996. By 1999, the figure had climbed back to \$102,297. The volatility shown from 1994 through 1999 should lend a cautionary note to future development strategies.

Contracts by Work Type

Information about total contract value and to whom they went paint an overall picture of the size of the federal contract market. However, to understand where local contractors were competitive, we need to consider who captured what type of work.

The Fremont National Forest contracted work ranging from constructing roads and bridges to tree planting, thinning, and bank stabilization during the analysis period (see Table 2.1). Three contract areas comprised 89% of the total contract value: reforestation accounted for 45%, stand improvement for 28%, and road and other construction for 16%.

Table 2.1
Service and Construction Contracts Categorized into Types

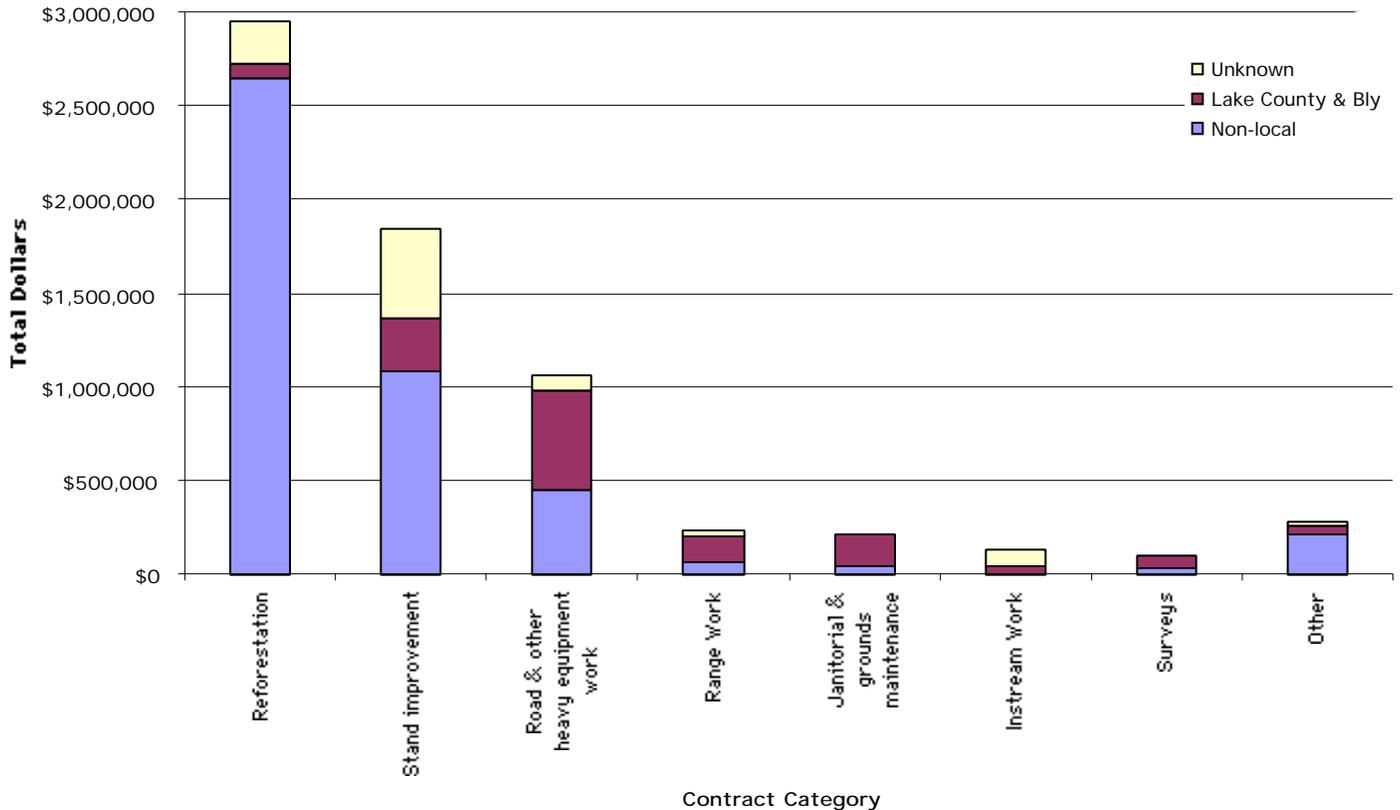
In-stream Work	Check dams, vortex weirs, root wads, bank armoring, riparian planting
Janitorial and Ground Maintenance	Janitorial services, ground maintenance
Range work	Fence building and repair, cattle guards, guzzlers, juniper removal, noxious weed removal
Reforestation	Cone picking, tree planting, rodent control, survival and growth surveys, big game repellent, tubing and tubing maintenance, gopher baiting
Road & other heavy equipment work	Road building, maintenance, and deconstruction; turnarounds, parking areas, and campgrounds; trail, and bridge maintenance; culverts and arches; snow plowing, rock hauling, cat rental, sign base placement, roadside brushing
Stand Improvement	Tree marking, thinning (pre-commercial, undesirable tree, aspen), prescribed burning
Surveys	Cultural, wildlife, plant, cadastral surveys, land appraisals; not plantation surveys
Other	Land appraisal; employee services; office carpeting; mule deer capture, building maintenance and construction, unknown

Figure 2.4 provides information about contract capture by local firms. Local firms captured little value from the two largest work categories—reforestation and stand improvement. They won 11% of the contracts but only 2% of the value (\$72,000 of the \$2.9 million) spent on reforestation. They faired slightly better in stand improvement, where they captured 21% of the contracts and 15% of contract value (\$278,575 out of approximately \$1.75 million in awarded contracts).

Figure 2.4 also shows that local contractors most frequently won janitorial and ground maintenance (78% of contracts and 76% of contract value), range work (50% of contracts and 57% of contract value), and road and other heavy equipment (67% of contracts and 50% of contract value). Although locals won most of the janitorial and ground maintenance contracts, local contracts in this category amounted to only \$60,000 over six years. Road construction and heavy equipment accounted for over \$500,000, with local firms capturing most of contract value

in this category. Local firms were also highly competitive in range work (fences, cattle guards, guzzlers, etc.), capturing earning over \$134,000 during the six-year period.

Figure 2.4
Total Contract Value by Work Type
Fremont National Forest, 1994-1999



The findings from Figure 2.4 should not be surprising given the nature of the regional contracting market. Firms travel across the Pacific Northwest to work on national forests especially for labor intensive contracts such as reforestation and thinning (Moseley and Shankle 2001). It is logical that firms from Lake County and Bly were more competitive in road and range work. Road construction and other heavy equipment work require firms with a diverse array of heavy equipment and experience using it in a forest setting. Many firms participating in these contracts had a long history in commercial logging, of which road building was a significant part. Moreover, the costs of moving heavy equipment long distances may raise the costs of non-local bidders.

With regard to range work, Lake County has numerous ranches that also solicit for similar services as the federal landowners. Given the strong local market for fencing, cattle guards, and other range activities, it is not surprising that local contractors were more competitive than firms from outside the area.

Figure 2.5
Total Value by Work Type and Year
Fremont National Forest, 1994-1999

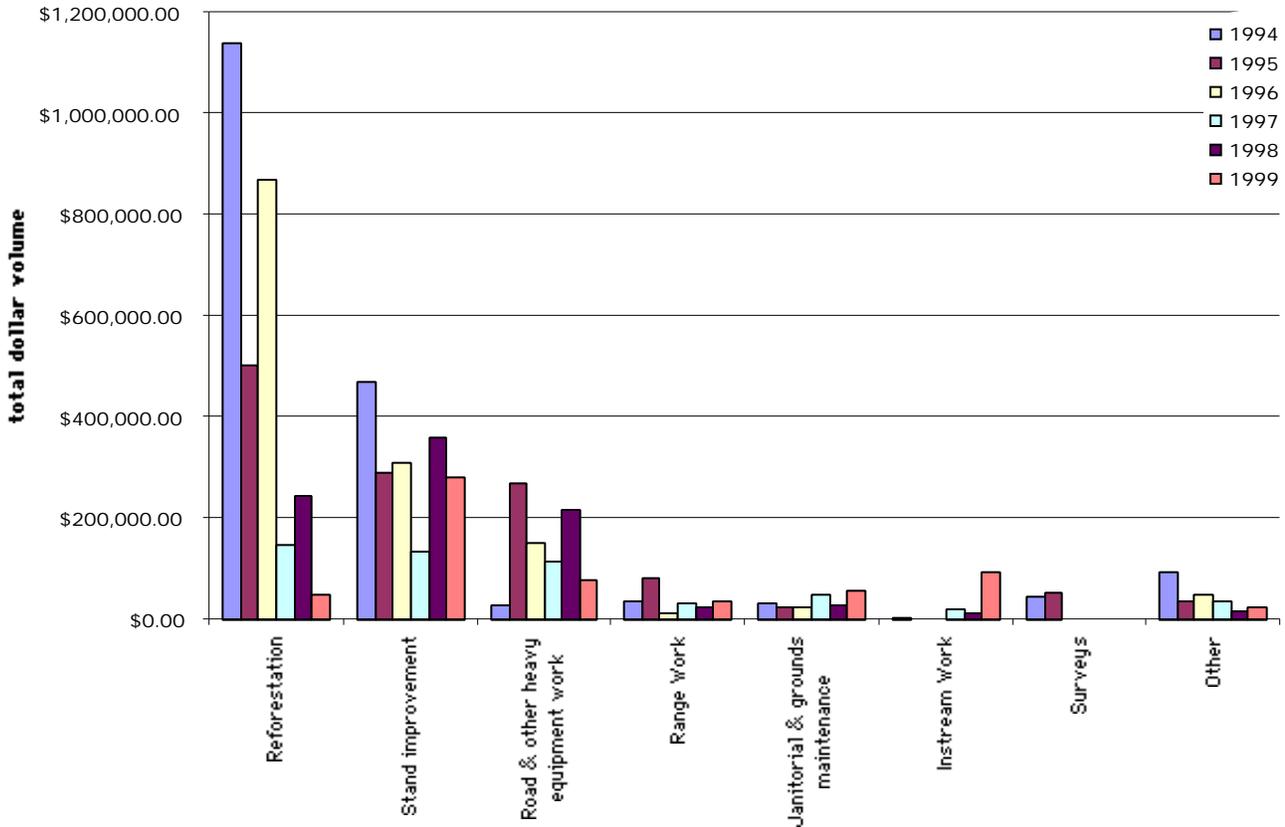
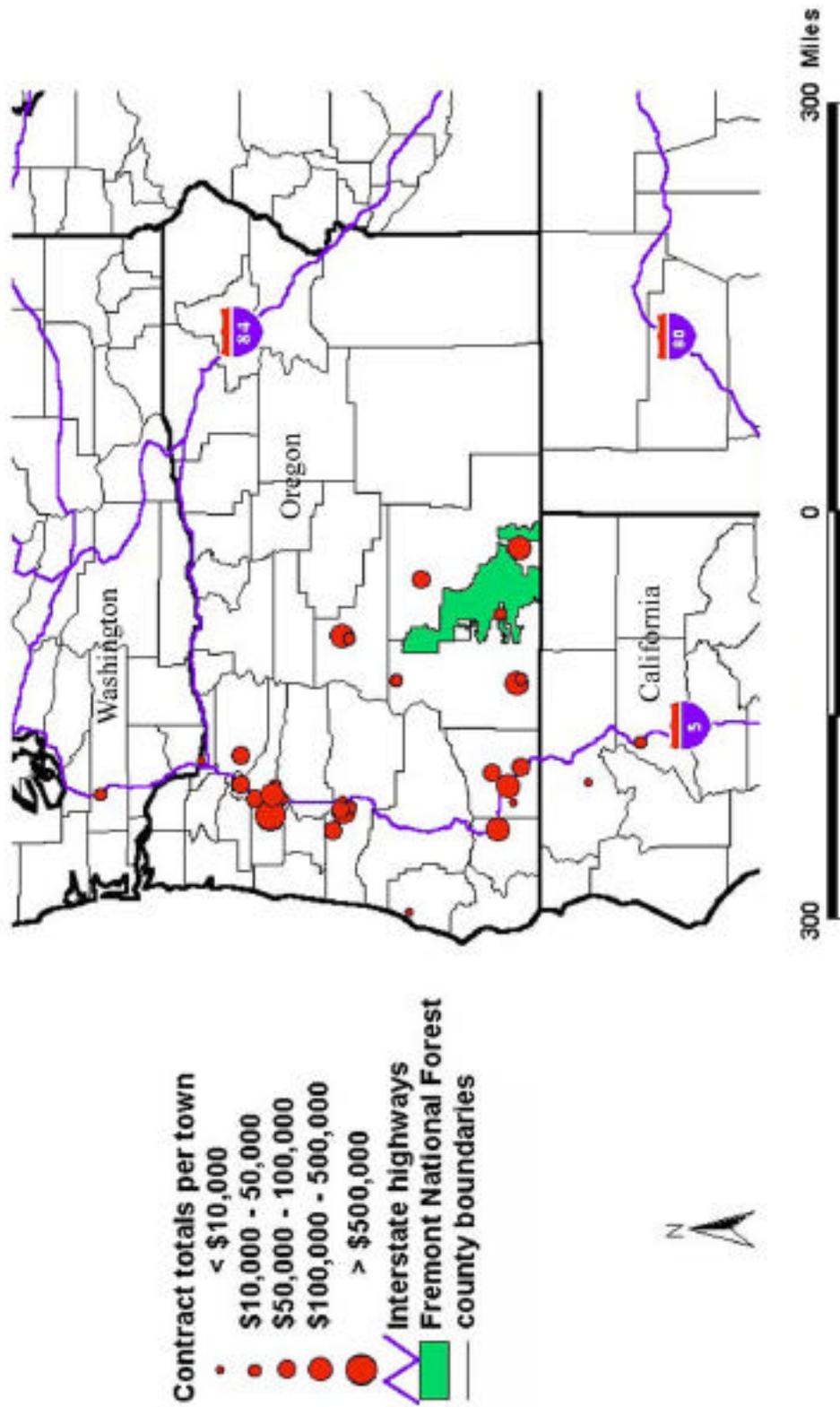


Figure 2.4 shows the total dollar volume awarded in each category on the Fremont National Forest. However, these overall numbers obscure changes that have occurred over time. Figure 2.5 breaks this information down by year on the Fremont National Forest. This graph shows a dramatic decrease in reforestation over time. Yet, stand improvement was fairly steady and, although beyond the scope of this study, increased in 2000 and 2001. In addition, range work was also stable and roadwork decreased only slightly while in-stream work increased.

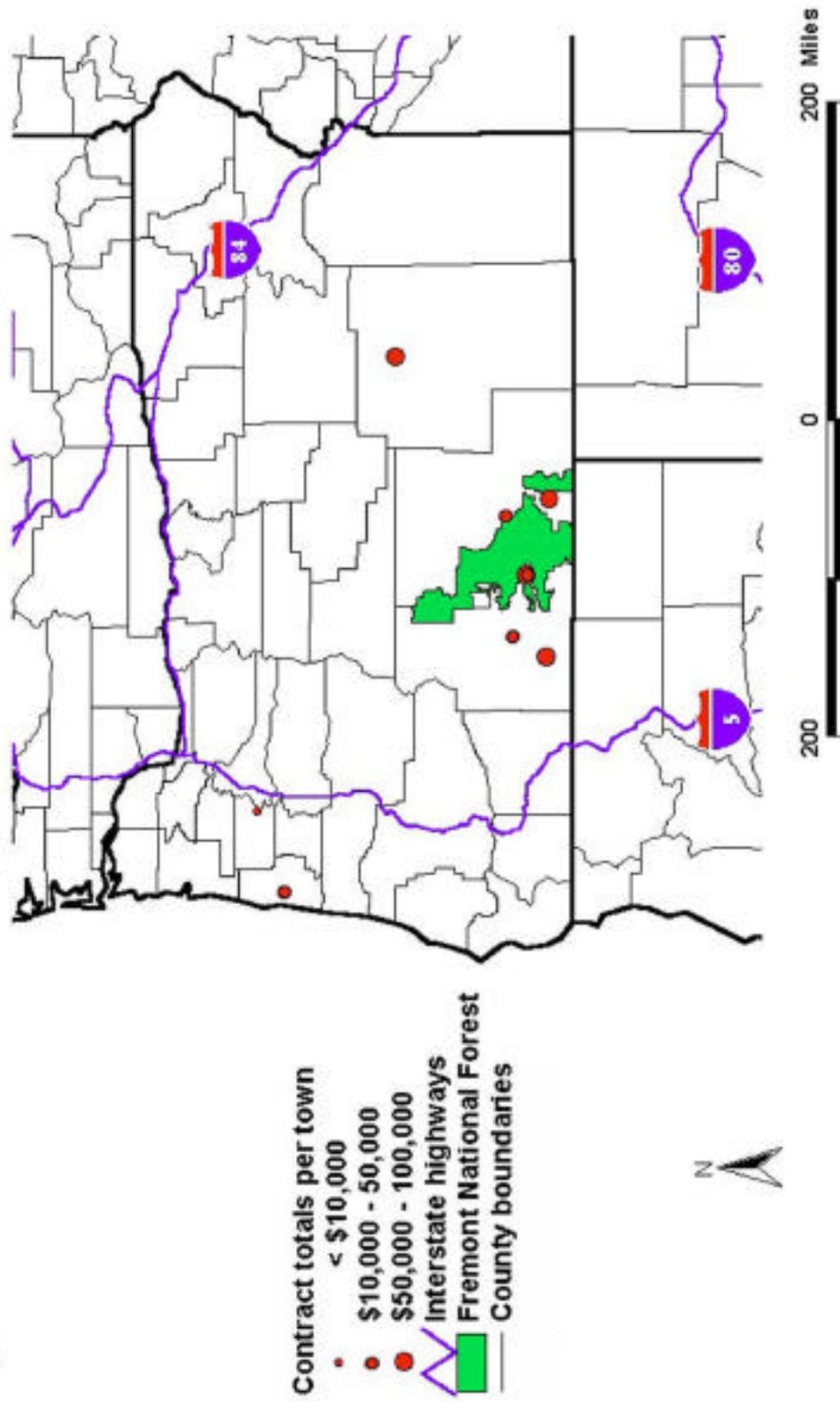
The data presented so far have revealed that firms from Lake County and Bly captured little of the work in the highest value categories. However, the data do not indicate who captured the remaining contracts. Figures 2.6 and 2.7 answer this question with some precision. Moseley and Shankle (2001) provide a graphic illustration of the pattern of contract awards on the Fremont National Forest. Each dot represents the total contract value awarded to a single zip code over the study period. Firms from the Oregon's Willamette Valley captured a considerable amount of the reforestation and stand improvement contract value while firms from Lake and Klamath counties captured the majority of road and other heavy equipment contract value.

Figure 2.6 Reforestation and thinning contracts by contractor location, Fremont National Forest, 1994-1999.



Source: Cassandra Moseley and Stacey Shankle. 2001. Who Gets the Work? National Forest Contracting in the Pacific Northwest. *Journal of Forestry*, forthcoming.

Figure 2.7 Road work contracts by location. Fremont National Forest, 1994-1999.



Source: Cassandra Moseley and Stacey Shankle. 2001. Who Gets the Work? National Forest Contracting in the Pacific Northwest. *Journal of Forestry*, forthcoming.

Number and Value of Contracts

In addition to considering the total contract value that went to locals and non-locals, the study also examined the number and average value of contracts awarded to local and non-local contractors. This data helps determine the areas where the local workforce was most competitive and where additional opportunities may lie.

Between 1994 and 1999, the Fremont National Forest issued between 30 and 50 contracts each year (see Figure 2.8). Somewhat unexpectedly, this number remained fairly steady over the period, despite the decrease in total annual contract value and the decline in contracting staff on the Forest. This would suggest that the average value of the contracts decreased during this time.

Figure 2.8
Total Number of Contracts per Year
Fremont National Forest, 1994-1999

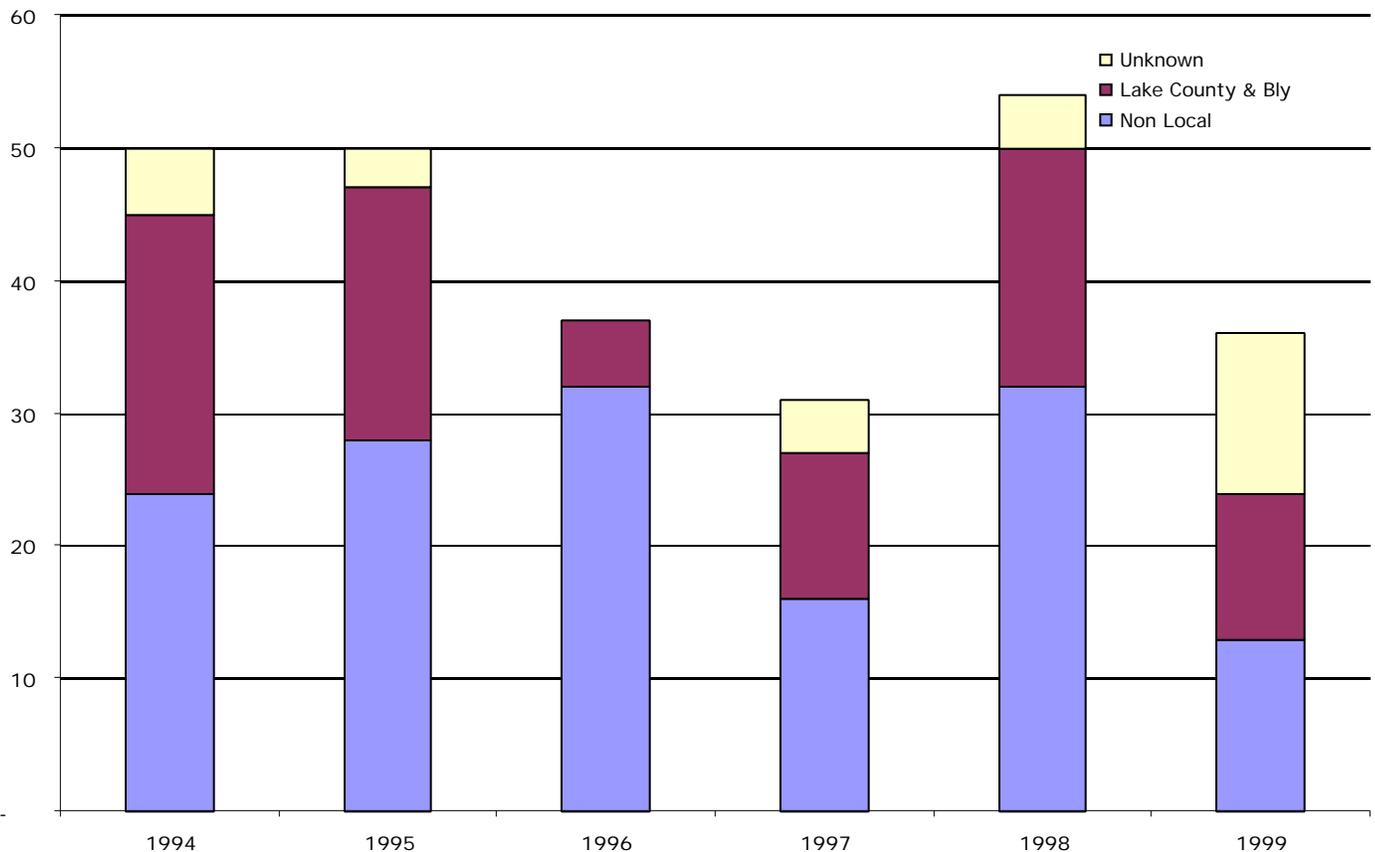


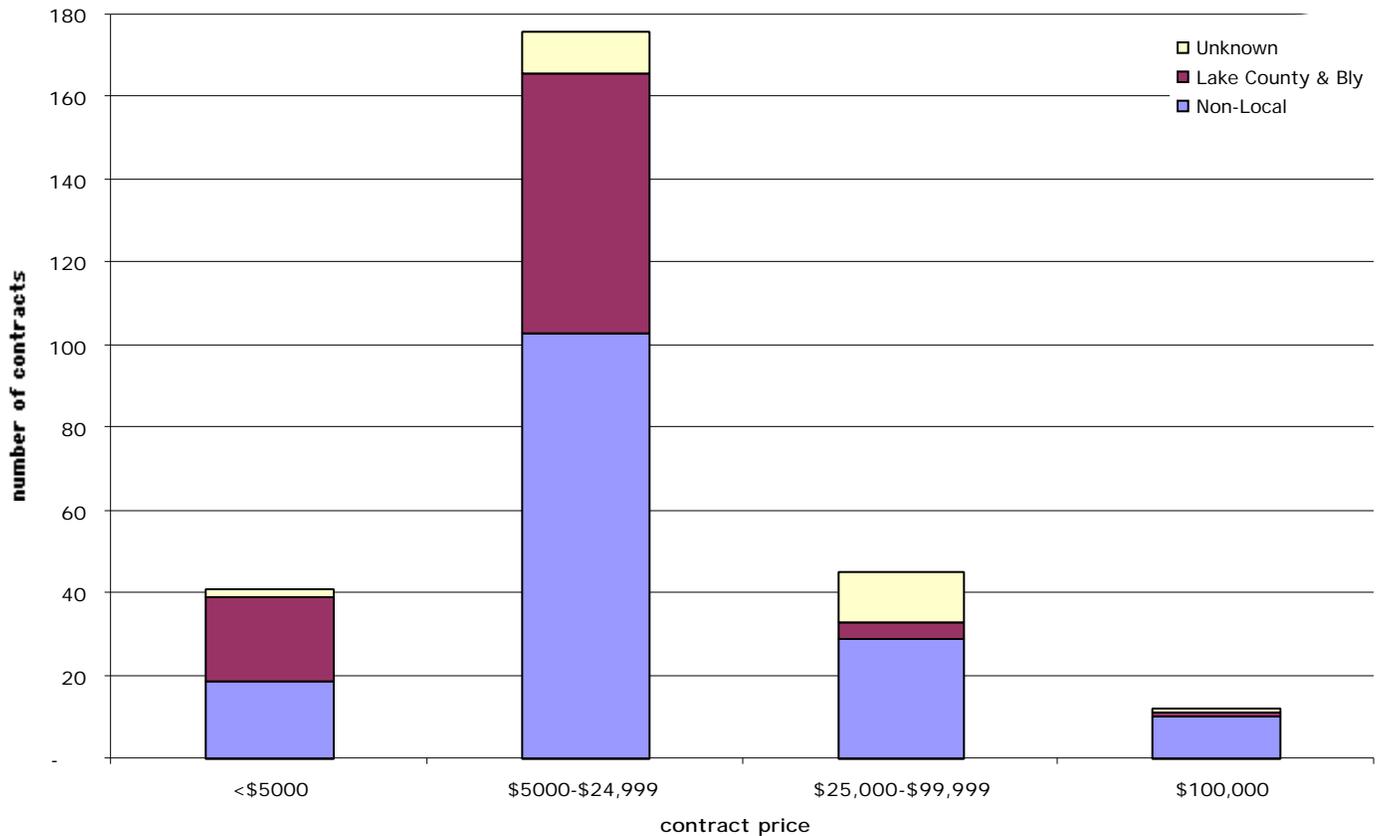
Figure 2.8 also shows that the number of contracts captured by local firms varied from year to year. In 1994 and 1995 local firms won 21 and 19 contracts respectively. The following year that figure plummeted to 5 and then edged upward again to 11 in 1997. In 1998, there was a brief surge to 18 contracts but by 1999 the figure had dropped back to 11.

Two points are worth noting here. First are the dramatic swings in the amount of local capture. Second, and perhaps more revealing, is that locals captured a relatively large number of

contracts but this did not translate into large total value. We know from earlier figures that local firms captured only about 20% of the total value of contracts awarded. However, during the period they captured 33% of contracts awarded. This suggests that locals are capturing many low value contracts.

Figure 2.9 confirms this assertion by showing that the overwhelming majority of contracts awarded to local firms were less than \$25,000. During the six-year period local firms captured 88 contracts. Eighty-three of these were less than \$25,000. Firms from Lake County and Bly captured only one contract above \$100,000. Although local firms did not capture large contracts, these numbers do suggest room for expansion by local firms. Local firms captured 63 out of 176 contracts awarded in the \$5,000 to \$25,000 range.

Figure 2.9
Number of Contracts in Each Size Class
Fremont National Forest, 1994-1999



Measuring in total value rather than numbers of contracts, Figure 2.10 shows that the Fremont National Forest issued approximately the same dollar value of contracts in the top three

price categories. However, locals only captured significant contract value in the \$5,000-\$25,000 range.

Figure 2.10
Total Value by Size Class
Fremont National Forest, 1994-1999

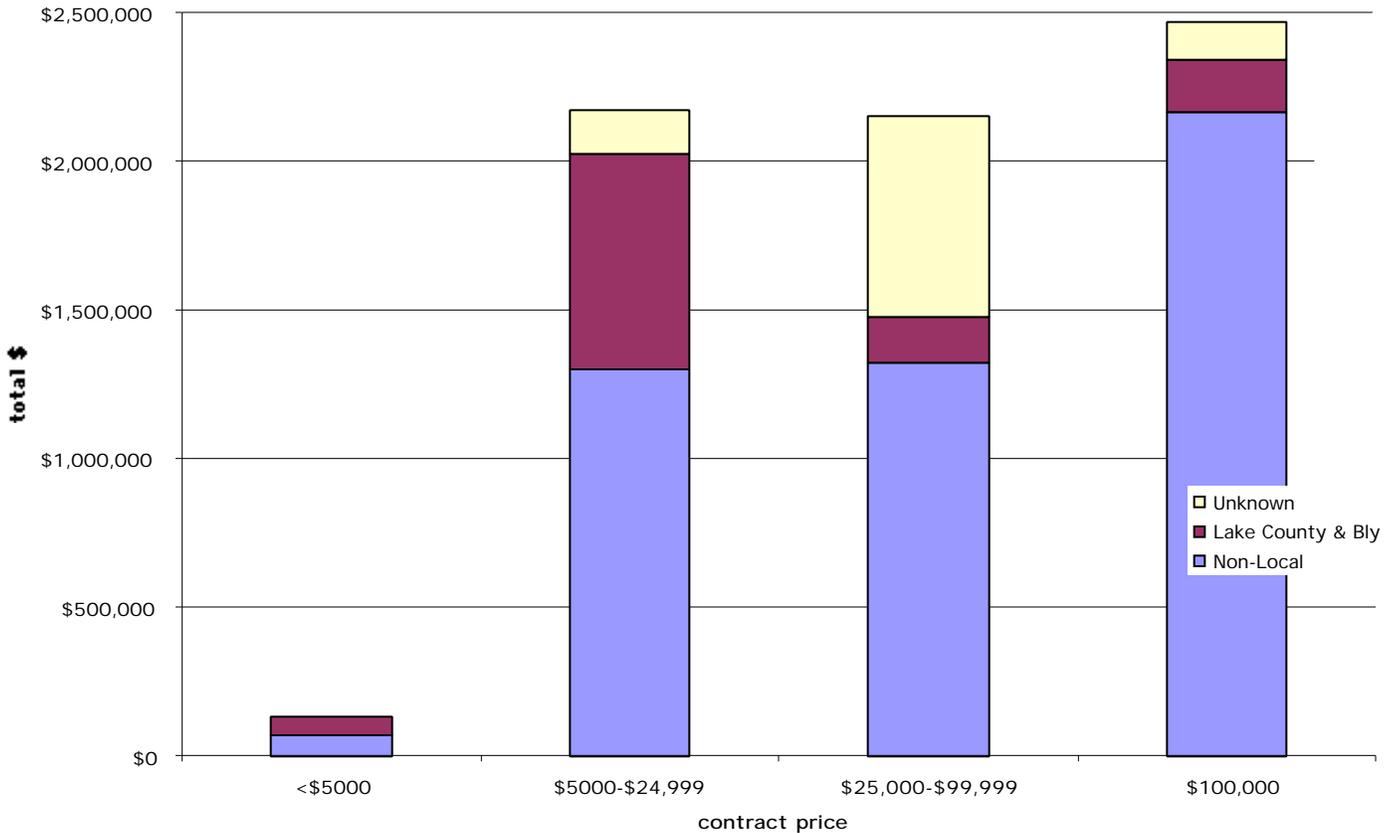
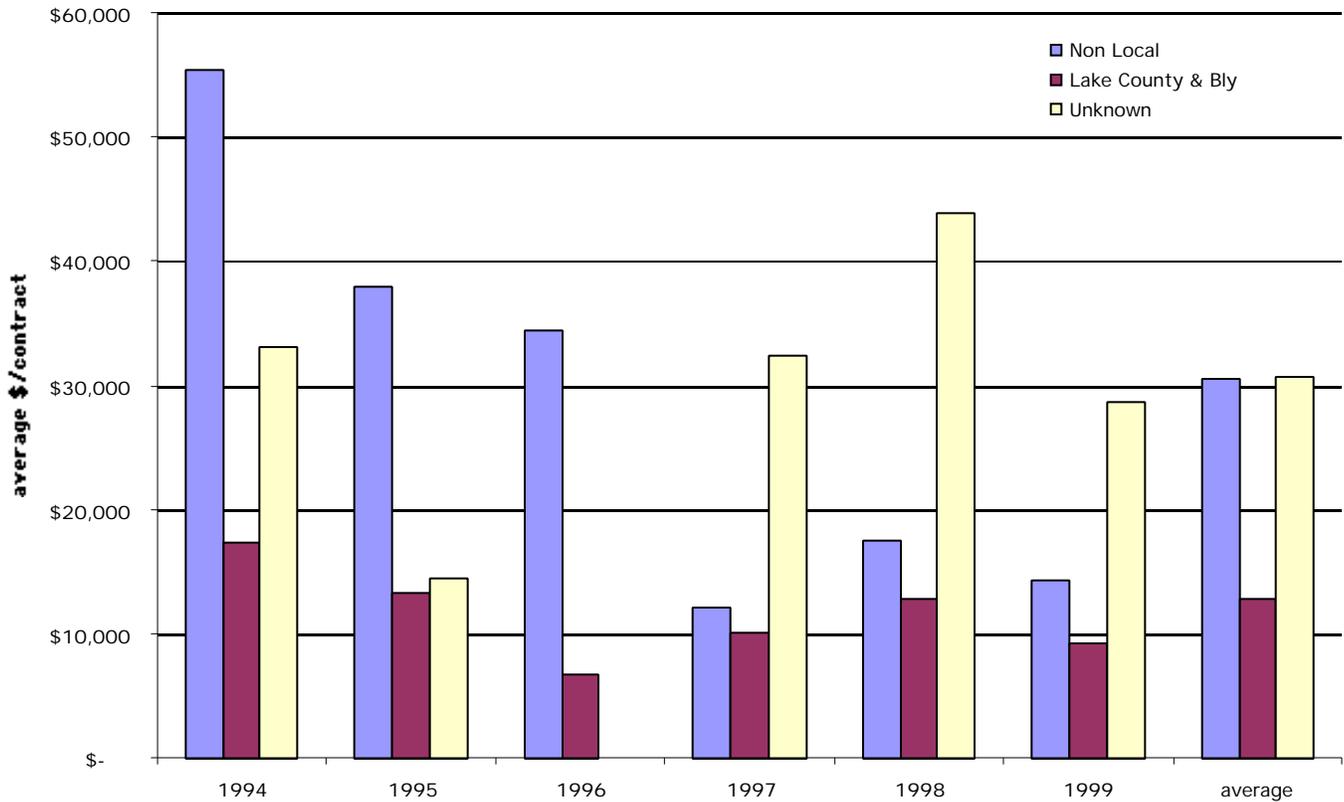


Figure 2.11 further shows the stark contrast in size of contracts that local and non-local firms captured. Overall, the average contract price for locals was \$12,924 while the averages for non-locals and unknowns were more than twice this at \$30,612 and \$30,734 respectively. Interestingly, when looking at average contract value over time, we see that the average value decreased for locals and non-locals alike. However, average contract value decreased less for local contractors than for non-local ones.

Figure 2.11
Average Contract Price by Year
Fremont National Forest, 1994-1999



Conclusions

This chapter presents an analysis of Forest Service and BLM contracting in Lake County. The study revealed that the two agencies together awarded \$12.5 million in contracts during the six-year period but that the amount awarded varied considerably from year to year and had declined significantly by the end of the period.

Firms from Lake County and Bly won 33% of Forest Service contracts but captured only 20% of contract value. Local firms captured only 1% of contract value from the BLM. They generally captured contracts less than \$25,000, most frequently in road construction, range work, and janitorial and grounds maintenance.

Despite a decline in the total value of contracts that the agencies issued, some types of work remained steady or increased slightly: road construction and other heavy equipment work, range work, and in-stream work. Local firms captured significant percentages of work in these areas, suggesting that small and medium contracts may be a future niche.

Chapter Three: Assessment of Local Contracting Capacity

Introduction and Purpose

Chapter Two addressed one half of the federal contracting market: the demand for services from the Forest Service and the BLM. It also detailed the niche that local firms occupy—small contracts in range work, road construction and other heavy equipment work, and janitorial and grounds maintenance. This chapter offers a detailed look the local contracting sector to:

- Determine local contractor size, experience, and equipment
- Gauge their interest in participating in federal contracting
- Identify barriers that may hinder their increased participation in federal contracting
- Gather contractors' suggestions for increasing local participation in federal contracts
- Collect contractors' ideas about training and assistance that could improve their ability to capture federal contracts.

Findings

The assessment of local contracting firms reveals that Lake County and Bly contractors could provide many, but not all, of the services solicited by the Fremont National Forest and the Lakeview District BLM.

Number, Experience, Equipment, and Size of Local Firms

Counting the number of contractors in Lake County and Bly is an inexact science because no single, complete list exists. However, the 2000 Fremont National Forest bidder's list contained 37 contractors. We do not know if more contractors work exclusively for private landowners and do not appear on the list. Twenty-four contractors from Lake County and Bly won contracts between 1994 and 1999 but not all of these were on the bidder's list in 2000. A few contractors who received contracts during the study period were no longer in business by 2000. We interviewed 17 contractors from the 2000 bidder's list. Of these, 8 contractors had received Forest Service contracts between 1994 and 1999.

The survey of 17 contractors shows that firms have a diversity of equipment and experience including in logging and road building, heavy equipment construction, range work (fences, cattle guards, spring development), various types of non-commercial thinning, and in-stream restoration (bank stabilization, rock check dams, etc). The sample showed no capacity for some of the more technical activities, such as fish, wildlife, and plant surveys. Table 3.1 details this experience by counting the number of respondents that indicated they had done this work for at least a year.

**Table 3.1
Contractor Experience by Work Activity
Lake County and Bly, 2000**

Category	Experienced Contractors	Category	Experienced Contractors
Vegetation Management		Range Management	
non-commercial thinning *	6	fence construction	9
prescribed burning	3	spring development	8
site preparation	3	pond construction	7
tree planting	2	cattle guards	6
mechanical harvest	2	guzzler installation	5
stream delineation	2	production/utilization survey	0
tree marking	2		
noxious weed control	1	In-stream Treatments	
gopher baiting	1	loose rock check dams	4
stand exams	1	bank stabilization	4
cone collection	0	habitat structures **	4
native grass collection	0	vortex weirs	2
unit layout/traverse	0		
Recreation		Road Construction and Maintenance	
trail maint./construction	7	road construction	7
campground maint./construction	7	maintenance/stabilization	7
bridge maint./construction	4	culvert removal/replacement	6
sign installation	3	contouring/decommissioning	5
		brush disposal	5
		sub-soiling	2
Survey and Monitoring		Wildlife Habitat Enhancement	
fish surveys	0	snag creation	0
plant surveys	0	bat boxes	0
wildlife surveys	0	owl platforms	0
cultural heritage surveys	0	big game repellent	0
		mule deer capture	0
* plantation, natural stand, aspen release, juniper		**large rocks, pools, logs, etc.	
<i>Number of contractors surveyed = 17</i>			

Table 3.1 suggests that contracting firms have considerable experience working with heavy equipment especially road and culvert work, campground construction and maintenance, range work such as cattle guards, ponds, and springs, and in-stream work such as check dams and bank stabilization.

The two labor intensive areas in which many contractors had particular experience were non-commercial thinning and fencing. Nine of 17 respondents indicated that they had experience building and maintaining fences. Also, 6 respondents noted that they had experience with various types of non-commercial thinning.

Aside from fencing and non-commercial thinning, a few respondents reported having experience in the other labor intensive activities. Two respondents claimed to have experience with tree planting and tree marking and only one participant declared prior experience with the tasks of noxious weed control and gopher baiting. No participant had experience with other labor intensive activities, such as cone collection, native grass collection, and timber sale unit layouts. In addition to equipment intensive and labor intensive activities, the survey also asked respondents to report their experience with more technical work. No respondents indicated that they had at least a year's experience with surveying or wildlife enhancement work. However, a local land-surveying firm not interviewed did win a contract during the study period.

Experience is one criterion for gauging the capacity of the workforce, size of the firm and the length of experience are two other important indicators. All 17 contractors surveyed qualify as micro-businesses as defined by the Small Business Administration because they have less than 25 employees. In fact, 13 of the 17 firms interviewed were sole proprietorships with no employees. Five firms reported having employees, two with six or more employees and the remaining three firms with three or fewer employees. Of the firms with employees, all but one could be categorized as an equipment intensive company. Only one labor intensive firm in the sample had employees at the time of the interview.

In general, the equipment intensive firms had been in business longer than firms that had specialized in labor-intensive activities. The 9 equipment intensive firms reported from 2 to 30 year's experience with an average of 19 years. The 8 labor-intensive firms reported a range from 1 to 14 years with an average of nearly 9 years.

It may take an entrepreneur many years to become an independent contractor with expensive heavy equipment and individuals may not last as long in labor-intensive activities because of the physical labor involved. However, the limited of experience of the labor-intensive firms and their lack of employees indicates that the firms in Lake County and Bly had far less capacity to implement labor intensive contracts that require multi-person crews than the equipment intensive ones. Many of the large labor intensive contracts that the Forest Service issues require crews of 5 to 20 people.

The survey also asked contractors about the types of equipment that they owned. Table 3.2 lists the equipment that labor-intensive contractors owned and Table 3.3 lists the equipment that equipment intensive contractors owned. Clearly, no contractor owned every piece of equipment on the list and these lists may miss some equipment because they were based on off-the-cuff answers rather than detailed inventories. The difference in amount and cost of equipment between the two lists is striking. Cost aside, the equipment lists of the individual contractors involved in roadwork and logging tended to be longer than those who, for example, built fence.

Table 3.2
Labor Intensive and Technical Contractors' Equipment
Lake County and Bly, 2000

All terrain vehicle	Pick-up
Auger	Post pounder (mechanical, hydraulic)
Chain saw	Power tools (saws, drills, etc.)
Computer/Internet	Prism
Fence equipment	Trackhoe
Hand tools (axe, pick, shovel, polaski)	Tractor
Hatchet reloscope	Trailer
Personal fire equipment	Sprayer

Table 3.3
Equipment Intensive Contractors' Equipment
Lake County and Bly, 2000

Backhoe	Log loader
Brush crusher	Road grader
Cats (D6, D7, D8)	Rock crusher
Dragline	Roller
Dump truck (belly, end, side, wheel)	Shop truck with welder
Excavator (w/ thumb, bucket)	Skidders
Fire truck	Trackhoe
Front loader	Trailer (lowboy, 5th wheel)
Hand tools	Truck (pick-up, long haul, short haul, semi)
	Water tender

Interest in Participating in Federal Contracting

Interview participants were asked whether they had any interest in pursuing federal contracting. The majority of firms reported a high interest in pursuing federal contracting. However, many contractors said that they preferred to work for private parties if possible. A couple of contractors said that they would only bid on a project if it were a perfect fit with their skills and experience. Moreover, many firms' interest in federal contracting was dependent on other work opportunities at the time. Due to the low timber prices at the time of this report, several logging firms were interested in pursuing more restoration-thinning projects on public land because of the lack of logging work on private land.

Issues and Potential Barriers

The interviews were designed to engage the contractors in a conversation about how federal contracting could be improved. Specifically, we wanted to understand the opinions of the contractors toward issues and potential barriers. The respondents said that several issues limited their participation in federal contracting including:

- The highly competitive market for federal contracting. Many respondents said that they could not bid high enough to make even a minimal profit and still win the contract.
- A lack of interest and difficulty getting the bonding needed for larger jobs. Many of the small and sole proprietors lacked the business acumen and financial records needed to get bonding.
- A lack of experience with Forest Service bid mechanisms and procedures. Many firms said that the contract solicitations were too time consuming and unduly complex.
- Unequal or unfair labor practices. Several contractors complained about the use of illegal labor and lack of a “level playing field.”
- Unequal or unfair distribution of contract solicitations. Several contractors said that they were on the bidder’s list but did not receive solicitations.
- Inconsistent and unpredictable supply federal contracts from year to year. Firms reported that they would be willing to equip themselves to pursue federal contracting if they had some assurance that opportunities would exist in future years.
- Labor intensive contracts, such as thinning, are too large in scale and too short in duration to accommodate the needs of small firms.
- Slow payment makes it difficult to make payroll in a timely manner.

Contractors’ Suggestions for Improving Federal Contracting

In addition to asking about barriers to federal contracting, we asked contractors to provide suggestions about how federal contracting could be improved. Their responses included:

- Offer more work.
- Reward firms that do high-quality work.
- Design contracts to fit the capacity of local firms.
- Offer consistent work year after year.
- Level the playing field by enforcing migrant labor laws and payroll certification
- Offer ways to utilize the by-products of restoration thinning projects.
- Simplify bidding procedures.

Assistance and Training Needs

During the interviews contractors were asked if there were specific training and assistance that Sustainable Northwest and community leaders could provide. Their responses included:

- Provide training for:
 - Thinning, tree planting, pesticide application, and seed collection

- Assist contractors to get certified as Historically Underutilized Business Zone (HUB Zone) contractors. Administered by the SBA, the HUB Zone program directs federal agencies to set aside contracts above \$100,000 for firms from economically distressed communities including Lake County. Only certified contractors can bid on these contracts.
- Provide training on how to do business with the federal government.
- Provide training on how to bid service contracts, particularly non-commercial thinning.
- Assist firms to obtain their pesticide applicator and operator licenses.
- Assist firms seeking their Forest and Farm Labor License and the Migrant Seasonal Worker Protection Act License.
- Provide assistance to firms seeking to increase their bonding capacity.

Conclusion

The assessment of local contracting capacity in Lake County and Bly paints the picture of a small contracting pool with significant experience in work requiring heavy equipment and in fencing. The study shows many firms with experience in labor intensive activities as well. However, the size of the firms and their lack of employees may be barriers to increased participation in large labor intensive contracts.

Despite the fact that less than half of the firms had been awarded federal contracts and that they reported many issues with federal contracting in general, most firms wanted to pursue federal contracting. This suggests that local firms may be willing partners in attempts to develop a high-skill high-wage ecosystem industry in Lake County.

Chapter Four: Recommendations

This analysis demonstrates that firms from Lake County and Bly participate in some parts of the federal contracting sector and that opportunities may exist to increase their involvement. However, given the small size of local firms and the general lack of economic activity in Lake County in recent years, these firms would be challenged to make significant changes on their own. Below we offer some recommendations that the community and the two federal agencies might consider to strengthen the ecosystem management industry in Lake County.

Contractor Assistance and Training

- Train contractors on how to bid service and construction contracts, especially request for quotes and eventually request for proposals.
- Train contractors in work—thinning for example—that is increasingly available on the Fremont and other neighboring national forests and forested BLM lands.
- Assist contractors to sign up as HUB Zone contractors and on Pro Net.
- Help contractors get bonded or increase their bonding levels.
- Assist firms with the licensing requirements for federal contracting.
- Consider conducting a more comprehensive ecosystem management worker/contractor training program that would increase the skills of the local workforce.

Forest Service and BLM Contracting

- Structure some contracts to fit the capacity of the local contracting sector. For example, make some projects available that do not require large work crews over short periods of time.
- Expand the use of contract language that provides credit to contractors that use local labor or provide other community benefits.
- Consider developing a timber sale embedded in a service contract to allow contractors to utilize the material from restoration thinnings on the national forest.
- Set aside more contracts for HUB Zone-certified firms.
- Increase the procurement warrant on the Fremont National Forest to reduce the number of contracts sent to the Winema National Forest.

Monitoring and Evaluation

- Repeat the analysis of federal contracting at regular intervals to track the progress of the community's efforts to develop a high-skill high-wage ecosystem management industry.

References

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Appendix A: Contractor Survey

Interview Questions

About the Business

Name of the business/Proprietor:

Number of Employees:

Time in existing location:

General Work Experience

Please describe the type of work have you done in the last three years.

Please describe the kinds of work would you be interested in doing.

Federal Contracting in General

Have you or your firm participated in many federal contracts?

Do you want to continue to participate in federal contracts?

How much of your work is from BLM, Forest Service, other federal agencies, and private?

Do you see any barriers that prevent you from participating in more federal contracts?

About Federal Contracts Work Opportunities

How long do federal contracts usually last? What length is preferable?

What is the average dollar volume of the contracts you receive and bid on? What size is preferable?

Are you interested in bundled or multi-task contracts, longer duration contracts, and good for services?

How do you learn about federal contracts? —Is this sufficient?

Contracting on Private Land

Do you contract with private companies or individuals?

What kind of work do you do on private land?

If so, who are your major clients?

Equipment, Technology and Tools

What equipment do you own and/or lease?

Do you need any additional equipment? If so, what?

Access to Capital

How is your business financed?

How well does that work?

If your company needs additional equipment or operating capital, do you have access to capital to get it?

Licenses

Do your employees have commercial drivers licenses?

Are you a licensed contractor with the State of Oregon?

Are you or your company licensed as Farm Labor Contractor with Forestry Endorsement?

Are you or your company licensed under the Migrant and Seasonal Worker Protection Act (MSWPA)?

Are you or your company licensed to operate and apply pesticides?

Are you a certified HUB Zone Contractor?

Are you registered on Pro-Net?

Bonding

Is bonding a barrier to your continued or increased participation in federal contracts?

If so, do you have any suggestions about how to address the issue?

Do you carry workman's compensation?

Bidding

Do you have any experience with invitation for bid, request for quotes, requests for proposals, and negotiated contracts?

Workforce and Training Needs

Have you participated in formal training?

Do you have an on-the-job training program?

Do you any particular training needs for the current or upcoming season?

Do you have any difficulty in getting or keeping skilled employees? If so, do you have any suggestions for improvement?

Written Survey

Vegetation Management	Length of Experience (# of mo. or yrs.)	Interest in contracting? (yes or no)	Interest in training? (yes or no)
<input type="checkbox"/> upland planting	_____	_____	_____
<input type="checkbox"/> riparian planting	_____	_____	_____
<input type="checkbox"/> pre-commercial thinning	_____	_____	_____
<input type="checkbox"/> commercial thinning	_____	_____	_____
<input type="checkbox"/> site preparation	_____	_____	_____
<input type="checkbox"/> mechanical harvest	_____	_____	_____
<input type="checkbox"/> skyline yarding	_____	_____	_____
<input type="checkbox"/> low impact yarding	_____	_____	_____
<input type="checkbox"/> juniper removal	_____	_____	_____
<input type="checkbox"/> aspen release	_____	_____	_____
<input type="checkbox"/> unit layout/traverse	_____	_____	_____
<input type="checkbox"/> stream delineation	_____	_____	_____
<input type="checkbox"/> tree marking	_____	_____	_____
<input type="checkbox"/> cone collection	_____	_____	_____
<input type="checkbox"/> native grass collection	_____	_____	_____
<input type="checkbox"/> noxious weed control	_____	_____	_____
<input type="checkbox"/> prescribed burning	_____	_____	_____
<input type="checkbox"/> other (please specify)	_____	_____	_____

Range Management	Length of Experience (# of mo. or yrs.)	Interest in contracting? (yes or no)	Interest in training? (yes or no)
<input type="checkbox"/> fence construction	_____	_____	_____
<input type="checkbox"/> cattle guards	_____	_____	_____
<input type="checkbox"/> guzzler installation	_____	_____	_____
<input type="checkbox"/> pond construction	_____	_____	_____
<input type="checkbox"/> spring development	_____	_____	_____
<input type="checkbox"/> production/util. survey	_____	_____	_____
<input type="checkbox"/> other (please specify)	_____	_____	_____

Recreation	Length of Experience (# of mo. or yrs.)	Interest in contracting? (yes or no)	Interest in training? (yes or no)
<input type="checkbox"/> trail maint/const	_____	_____	_____
<input type="checkbox"/> campground maint/const	_____	_____	_____
<input type="checkbox"/> bridge maint/const	_____	_____	_____
<input type="checkbox"/> sign installation	_____	_____	_____
<input type="checkbox"/> other (please specify)	_____	_____	_____

Survey and Monitoring	Length of Experience (# of mo. or yrs.)	Interest in contracting? (yes or no)	Interest in training? (yes or no)
<input type="checkbox"/> level II fish surveys	_____	_____	_____
<input type="checkbox"/> level III fish surveys	_____	_____	_____
<input type="checkbox"/> stand exams	_____	_____	_____
<input type="checkbox"/> vegetation surveys	_____	_____	_____
<input type="checkbox"/> cultural heritage surveys	_____	_____	_____
<input type="checkbox"/> rare plant surveys	_____	_____	_____
<input type="checkbox"/> wildlife surveys	_____	_____	_____
<input type="checkbox"/> other (please specify)	_____	_____	_____

Wildlife Habitat Enhancement	Length of Experience (# of mo. or yrs.)	Interest in contracting? (yes or no)	Interest in training? (yes or no)
<input type="checkbox"/> snag creation	_____	_____	_____
<input type="checkbox"/> bat boxes	_____	_____	_____
<input type="checkbox"/> owl platforms	_____	_____	_____
<input type="checkbox"/> big game repellent	_____	_____	_____
<input type="checkbox"/> gopher baiting	_____	_____	_____
<input type="checkbox"/> mule deer capture	_____	_____	_____
<input type="checkbox"/> other (please specify)	_____	_____	_____

Road Construction and Maintenance

	Length of Experience (# of mo. or yrs.)	Interest in contracting? (yes or no)	Interest in training? (yes or no)
<input type="checkbox"/> construction	_____	_____	_____
<input type="checkbox"/> maintenance/stabilization	_____	_____	_____
<input type="checkbox"/> contouring/decommission	_____	_____	_____
<input type="checkbox"/> sub-soiling	_____	_____	_____
<input type="checkbox"/> brush disposal	_____	_____	_____
<input type="checkbox"/> culvert removal/replace.	_____	_____	_____
<input type="checkbox"/> other (please specify)	_____	_____	_____

In-stream Treatments

	Length of Experience (# of mo. or yrs.)	Interest in contracting? (yes or no)	Interest in training? (yes or no)
<input type="checkbox"/> loose rock check dams	_____	_____	_____
<input type="checkbox"/> vortex weirs	_____	_____	_____
<input type="checkbox"/> bank stabilization	_____	_____	_____
<input type="checkbox"/> habitat structures (rocks, logs, pools, etc.)	_____	_____	_____
<input type="checkbox"/> other (please specify)	_____	_____	_____