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In Regard To: Forest Products Modernization

This letter is intended to provide the Forest Service with industry feedback on its ongoing efforts to better align agency policies and procedures with current and future forest restoration needs and to improve efficiencies of forest product delivery. AFRC members play a significant role in the implementation of forest management projects on Forest Service managed land throughout Region 6. As such, we believe that a healthy and robust timber industry is integral to the Forest Service achieving its land management goals. It's refreshing to see the Forest Service take a proactive approach to modernizing its practices as they relate to the delivery of forest products and we hope that our input will assist in this process. Ultimately, we believe that many of the desired outcomes of this effort will be met through aligning the agencies practices with those of the timber industry.

The American Forest Resource Council (AFRC) is a regional trade association whose purpose is to advocate for sustained yield timber harvests on public timberlands throughout the West to enhance forest health and resistance to fire, insects, and disease. We do this by promoting active management to attain productive public forests, protect adjoining private forests, and assure community stability. We work to improve federal and state laws, regulations, policies and decisions regarding access to and management of public forest lands and protection of all forest lands. AFRC represents over 50 forest product businesses and forest landowners throughout the West. The state of Oregon's forest sector employs approximately 76,000 Oregonians, with AFRC's membership directly and indirectly constituting a large percentage of those jobs.

Staffing & Training

As we mentioned above, AFRC members and their contractors represent the majority of operators of timber sale and stewardship contracts throughout the region. Quality timber sale layout is integral to the success of forest management treatments with a commercial timber output component and Forest Service staff that can complete this layout is crucial. In AFRC's experience, there exists significant variations in how each Forest and District are staffed. Some Forests simply lack the skill sets to design timber sales that align with current industry practices, and the results are evident of this.

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- We urge the Region to take a hard look at the organizational charts for each Forest to determine if the proper skill sets are in place to facilitate the development of quality timber sale design. At the minimum, we believe this skill set includes expertise in logging system design, forest road layout, and timber products assessment.

Any new authority or tool that the Forest Service is given must come with adequate training opportunities for the implementation staff if those tools and authorities are to be used properly. Two recent authorities that are relevant to increasing the pace and scale of the agency's program of work are Good Neighbor Authority and the expansion of the Knutsen-Vandenberg (KV) Authority.

- We recommend that the Forest Service consider providing staff with the necessary training on these two new authorities to ensure they are implemented effectively.

The best way to design timber sales that are operable for the local industry is to seek input from the local industry during timber sale design. Understanding the capabilities of local purchasers and their contractors is integral to quality timber sale design. In certain areas of the Region, AFRC is staffed to review a large amount of planned timber sales with enough scrutiny to provide detailed feedback on how timber sales are designed. However, AFRC cannot review every timber sale unit.

- Therefore, we urge the Forest Service to direct their staff to solicit industry feedback on challenging timber sale layout as early as possible. We also recommend that local offices familiarize themselves with the new technological advancements in logging equipment in their purchasing circles. New technologies are providing capabilities that are not currently being considered in NEPA documents; being familiar with these capabilities early in the planning process will allow staff to develop documents that recognize them accordingly.

Aligning Industry Needs with Agency Outputs

Each year the Regional Office assigns target output levels for each Forest measured in CCF. We believe these outputs should be reflective of what the local industry needs are. The timber industry in this region is dependent on saw log volume from all land ownerships, including the Forest Service. High quality saw logs, more than any other forest products, are what fuel the industry and support rural communities. Although residual material such as firewood and biomass are useful products that local communities often desire, we believe that they should be categorized distinctly from saw logs in a manner that is reflective of what the local industry demands are.

- We would like the Forest Service to strive toward a program that places appropriate emphasis on the products that fuel local economies most significantly by only permitting 10% of the regional target to be achieved through non-saw log products.

We also believe that it is important for the Forest Service to align their specifications of saw log material with local industry standards. The Forest Service should not be using a "one size fits all" approach to defining these specifications. Different areas of the region support different

manufacturing facilities that use different sized material to make different products. For these reasons, we believe it is most appropriate for decisions on individual timber sale parameters to be made at the Forest level rather than the Regional level. For example, local purchasers of timber from District A may be equipped to economically utilize saw logs down to 8 feet in length and 6 inches in DBH; whereas local purchasers from District B may only be equipped to economically utilize saw logs down to 16 feet in length and 8 inches in DBH. Additionally, these parameters may vary based on tree species. The bottom line is that these details are unique to each area of the Region.

- We urge the Regional Office to provide each individual Forest the latitude to determine which specifications are most appropriate for their working-circle, which would allow the final timber sale product to be best aligned with local industry needs.

How these products are measured should also be determined based on the local manufacturing systems. For example, in certain areas, utilizing weight scaling aligns well with the local manufacturing; while in other areas, log scaling is preferred.

- We urge the Regional Office to provide each individual Forest the latitude to determine which method of measurement is most appropriate for their working-circle and urge them to solicit input from their local purchasers to make this determination.

Tree Designation

The timber industry employs some of the most skilled forestry professionals in the region who are well equipped at implementing a variety of silvicultural prescriptions and meeting desired end-results. Forests that have taken advantage of this industry skillset and utilized designation by prescription (DxP) have reduced layout costs and shortened the timeframe from decision to implementation without sacrificing the quality of the end-results. We understand that the Forest Service is actively promoting the use of DxP and urge that you continue with these efforts.

A shift from ITM or LTM toward DxP and designation by description (DxD) also requires a shift in the type of sale associated. Scaled sales are the industry standard and the only type of sale that is appropriate for DxP and DxD tree designation. Lump sum sales impose too much uncertainty and risk for DxP as this tree designation method permits a level of subjectivity. Lump sum sales also pose uncertainty for DxD as this type of designation can also permit a level of uncertainty to what products are to be removed.

- We urge the Region to prohibit the use of lump-sum sales when designated timber with DxP or DxD

Regarding DxD, AFRC believes it is imperative for the Region to understand the role that quality stand exam data plays in achieving desired end-results. The parameters (tree spacing, diameter limits, etc.) of any DxD hinges on two elements: existing conditions and desired end results. It is impossible to develop a DxD without knowing these two elements. For example, in order to determine the correct tree spacing necessary to achieve a desired trees-per-acre end result, one must know the current stand conditions. Recently, a Forest in Region 6 elected to utilize a DxD on timber sale units that Forest Service staff had not collected and compiled stand exam data

since the 1990s. This outdated and inaccurate stand data resulted in a DxD that, when implemented, would not generate the desired end-results.

- AFRC strongly urges the Forest Service to only use a DxD when staff can collect and compile quality stand data. If such collection is not feasible, then the timber sale in question should be implemented with a DxP.

Appraisals

The Transaction Evidence Appraisal method of determining minimum bid rates is generally an ineffective method. However, in areas where timber sale solicitations regularly receive multiple bids, this rate is inconsequential; in this scenario the Forest Service will receive fair market value when the open market dictates the price. The only scenario where determining an appropriate minimum bid rate is useful is in market areas where only a single purchaser can compete for a given sale. In those scenarios, the best way for the Forest Service to determine this rate is through a simplified residual value appraisal. We understand that this method would be a significant undertaking by the agency, however, we see it as better method than what was proposed under the General Technical Report (GTR) titled “Revising the National Forest System Timber Sale Appraisal Process” in 2015.

Industrial Fire Precaution Level (IFPL)

AFRC members and their contractors regularly operate across multiple ownerships. This includes land managed privately, by state and county governments, BLM, and USFS. A unified set of IFPL rules that apply to all lands would create less confusion among operators while still providing appropriate fire safety precautions necessary during the hottest months of the year. In 2017, the Oregon Department of Forestry (ODF) amended their IFPL ruleset, which applies to private, state, and BLM land operations. This ruleset is generally consistent with the Washington Department of Natural Resources. This leaves the USFS as the lone land owner that operates under a unique set of rules.

- We urge the Forest Service to adopt the minor amendments adopted by ODF in order to establish a single consistent set of rules that operators must abide by across the region. This consistency would result in less confusion for operators and for Forest Service sale administration staff.

Log Scaling

As AFRC members encourage the use and Forest Service implements the use of alternative marking, and tree measurement becomes impractical and prohibitive in expense, it becomes imperative for the Forest Service to make several changes in log scaling practices.

Many inefficiencies exist due to the inconsistencies between the implementation of log scaling practices between the Forest Service and all other sellers of timber products in the region. Alignment between all sellers would eliminate confusion and create a more efficient process of buying, selling and scaling of logs. Western Oregon and Washington industry uses as its standard scaling rule the Northwest Log Rules 40-foot Scribner. The Forest Service not only uses a 20-foot rule but uses its own version of the rule. This creates confusion and inconsistency in the appraisal process. This also creates, in most cases, the added expense of double scaling

the logs from Forest Service sales as the purchaser will need volumes in the industry standard for valuation and inventory purposes. Northwest Log Rules are created and maintained by a neutral group of both buyers and sellers of wood products. This group includes voting representation from Region 10 as they use this rule as their scaling method.

- We recommend that, at a minimum, that the Forest Service should not be unilaterally writing its own scaling rules. We further recommend that the Forests west of the Cascades in Region 6 align its practices with the western Oregon industry by adopting the Northwest Log Rules that represent the industry “norm” in the region.

When log sellers write their own scaling rules, inconsistency becomes the norm. A good example is Region 6’s refusal to recognize insect damage as a deductible defect in its Scribner scaling rules. Region 6 is alone in this practice as all other Forest Service Regions recognize insect damage as deductible in its Cubic Rule as does BLM, the States of Oregon, Washington, Idaho, California, and all sellers of private timber. Given that insect damage is ongoing and continuous after the timber is harvested and can infect any uninfected lumber in any structure it is used in, insect damage can be the most harmful defect to have in a log. Increasing wildfires in the Region and consequent increased salvage volume as a component of the Region’s timber outputs make this a particularly pertinent issue. Yet Region 6 remains an outlier in recognizing its affects in logs it sells.

A good example of appropriate log scaling language used elsewhere within the agency can be found by reviewing Region 5’s log scaling handbook. Supplement 2409.11-2015-2 to Forest Service Handbook 2409.11, which we have attached as an addendum to this letter, recognizes insect damage in section 33.8g. The key language directs the Region to:

Make a deduction for wormholes that are over ¼ inch in diameter and massed. Massed wormholes are defined as wormholes located on the log end(s) which are 4 inches or less apart in any direction, and/or on the log surface which are 6 inches or less apart in any direction.

If wormholes on a log end are considered to be massed, and the extent of defect within the log cannot be determined, assume the penetration of defect to be one-half the segment length.

When wormholes are found in the sapwood area, determine the average depth of penetration on the log end(s). Use the appropriate deduction method for the area affected.

- We urge the Region to align this defect deductible with neighboring Regions as well as other sellers of timber in the region by adopting similar language to what is referenced above from Region 5.

The Forest Service needs to reimplement true third-party scale. While all Forest Service documents and correspondence refers to Third Party Scaling Organizations (TPSO) the reality is something else. In all of the industry the Third-Party Scaling Organizations are set up as independent, disinterested, non-biased, and neutral in their application of the scaling rules. They have no vested interest in the outcome. Their word (scale) is final. The Forest Service uses these scaling organizations and their work as a placeholder. That is to say if the Forest Service,

who as the seller, with a vested interest in the outcome approves of the work, it accepts it. If not, they have given themselves the option of adjusting the scale to a number that meets their approval. These adjustments are based on a miniscule random sample of Agency rescaled loads. This sample group may be as low as 1 in 200.

Further complicating the problem is the training levels of Forest Service personnel who are performing these check scales. While the agency has some excellent and well-trained professionals in some areas, many areas are lacking expertise.

- We urge the Forest Service to abide by the rules of true third-party scaling by eliminating the practice of optional adjustments based upon questionable random load samples.

AFRC appreciates the opportunity to provide our input and we are hopeful that it is useful as you move forward with modernizing the delivery of forest products. Should you have any questions regarding the above comments, please contact me at 541-525-6113 or ageissler@amforest.org.

Sincerely,

/s/ Andy Geissler

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