

**File Code:** 2430**Date:** JUN 05 2019**Route To:****Subject:** 2430 Rates - Low Value Forest Products**To:** Regional Foresters

For low-value forest products, I am establishing the national Minimum Rates (base rates) for all species and products in non-stewardship sales at \$0.25 per CCF (cunit; 100 cubic feet of volume) or equivalent. This change is to better align our culture, policies, and procedures with current and future forest restoration needs in order to increase the pace and scale of restoration and improve forest conditions. An identified outcome of our work on forest products modernization is the recognition of the significant barrier that the removal of low-value material has on the delivery of forest products and completing restoration activities. Collectively, low-value material includes low grade, low quality, or material that has a lengthy distance to market.

I ask that you begin working on every forest restoration project with the intention of not letting low value material stop or inhibit a project, by using a combination of:

- The above minimum rate for all non-saw log material.
- The “Appraisal Decision Tree” process (enclosure 1) to guide field staff in selecting the most appropriate appraisal process.
- The “Best Tool Decision Tree” (enclosure 2) to aid in determining the most appropriate contract to use based on the type, size, complexity and the economics of the project.
- Flexibility in fuel treatment prescriptions to allow the optional removal of material under the Minimum Rate.
- Flexibility that recognizes the current export ban only applies to peeler grade and saw grade logs west of the 100th meridian.

This new Minimum Rate does not apply to stewardship sales, and other guidance for stewardship sales will not change. Minimum Rates are the lowest rate for which the Forest Service may sell forest products. As a reminder, forest products are to be sold for appraised rates or Minimum Rates (i.e., base rates) whichever is higher. Base rates are the appropriate advertised rate for sale in cases where the material for sale does not have an established market.

Regional Foresters may establish higher Minimum Rates for species and products on individual national forests or groups of national forests if market conditions indicate higher rates are justified (FSM 2404.15a).

- Standard Rates for some products may be equivalent to Minimum Rates following an appraisal and analysis of bid rates for those products (see FSM 2431.31a). Standard rates must be equal to or greater than Minimum Rates.



- Material resulting from a restoration treatment that does not have a defined market within the appraisal zone is not a product and will be treated as material that has no value and is a cost for disposal as a service work item.
- Consistent with the Best Tool Decision tree, if there are no markets for the material to be removed, use an Integrated Resource Service Contract (IRSC) or a procurement contract where treatment and removal can be paid for directly. In timber sales and IRSC contracts, material not defined as a product may be included upon request of the purchaser for no stumpage cost. Removal is subject to agreement on road maintenance cost and performance standards, and must be consistent with the NEPA decision.

In addition to the above, the Forest Products Modernization team is developing new direction on:

- The expanded use of a FS-2400-1 permit for disposal of small amounts of sawtimber west of the 100th Meridian.
- Revising “FS-2400-2 Contract for Sale of Decked Timber” for selling decked material that is not directly associated with a service contract.

I expect these changes to the way we value forest products will promote better utilization and will increase the pace and scale of restoration and improve forest conditions. This letter suspends current policy related to Minimum Rates in FSM 2431 as described above and serves as interim direction. This direction will remain in effect until policy changes are complete.

Washington Office Forest Management staff are working now to update agency directives, guidebooks, and training materials to align with these actions, and will work with Region and Forest sale preparation specialists to assist with implementing this direction. Contact John G. Church (johngchurch@usda.gov, 202-205-1732) if you have questions or need assistance with these issues. Please share this direction widely with all of your regional personnel.

I encourage all agency employees to continue to contribute their ideas to our urgent efforts to modernize our forest products delivery system. For more information about the Forest Products Modernization effort visit the FPM SharePoint site: <https://usdagcc.sharepoint.com/sites/fs-fm-fpm/SitePages/Home.aspx>.



CHRISTOPHER B. FRENCH
Acting Deputy Chief, National Forest System

Enclosures