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APR 29 2010

To: Sharon Hadway
A/Regional Executive Director
Coast Forest Region

From: The Honourable Pat Bell, Minister of Forests and Range

Re: Amendment No. 7 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 7 to the *Coast Appraisal Manual* and attach a copy for your use. The following section has been amended:

Section 1.1	New definitions
Section 2.4	Housekeeping
Section 6.1	Updated for organizational changes at BC Timber Sales.
Section 7.7 (e)	New section added for BC Timber Sales road development contracts.

This amendment will come into force on May 1, 2010. Further amendments or revisions to this manual require my approval.



Pat Bell
Minister

Attachment

pc: Murray Stech, Director, Pricing Branch





Ministry of
Forests
and Range



MANUAL REVISION TRANSMITTAL

<p>FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:</p> <p>George Silvestrini Senior Timber Pricing Forester (Coast) Revenue Branch Ministry of Forests 1st Floor, 1520 Blanshard Street Victoria, BC V8W 3K1 Phone: 250 - 387-8377 PROFS userid: George.Silvestrini@gov.bc.ca FAX: 250 - 387-5670</p>	MANUAL TITLE	
	Coast Appraisal Manual	
	AMENDMENT	ISSUE DATE
	Amendment No. 7	May 1, 2010
MANUAL CO-ORDINATOR		
Judy Laton Publication/Administrative Co-ordinator		
AUTHORIZATION (Name, Title)		
Murray Stech Director, Revenue Branch		

Please make the following changes to your copy of the above Ministry manual.

ACTION	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
(Remove/Insert)	TABLE OF CONTENTS		
Remove	Chapter 1	3 - 6	After Chapter 1 Tab
Insert		3 - 6	
Remove	Chapter 2	7 - 8	After Chapter 2 Tab
Insert		7 - 8	
Remove	Chapter 6	1 - 4	After Chapter 6 Tab
Insert		1 - 4	
Remove	Chapter 7	11 - 12	After Chapter 7 Tab
Insert		11 - 12	
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab

"**Deciduous timber**" means timber that is any of the alder, birch, cottonwood and maple species;

"**Detailed engineering**" means non-tabular;

"**Director**" means director of Revenue Branch of the Ministry of Forests and Range;

"**District manager**" means:

- (a) Except as provided in paragraph (b) of this definition, the district manager or district manager's designate.
- (b) Where the cutting authority area being appraised or reappraised is located in a controlled recreation area designated under the *Resort Timber Administration Act*, (RTAA) then district manager means an employee of the Ministry of Tourism, Sports and the Arts to whom the minister of that ministry has delegated the minister's powers and duties under section 2 of the RTAA.

"**Effective Date**" means, unless otherwise specified in the manual,

- i. the date the stumpage rate is determined when required for advertising for competitive award, or
- ii. the effective date of the cutting authority when the stumpage rate is determined for a cutting permit or a direct award licence;

"**Executive Director, Field Operations**" means Executive Director, Field Operations or Executive Director, Field Operations' designate;

"**Helicopter Selection**" means the harvesting of single trees within standing residual timber that have been felled and then removed using a helicopter;

"**Hogged Tree Material**" means tree residues or by-products that have been shredded into smaller fragments by mechanical action. All post-harvest material where a waste assessment has been made and the material will be hogged at the roadside or the landing;

"**Immature coniferous timber**" means coniferous timber that is younger than 121 years old;

"**Licensee**" means the holder of a cutting authority;

"**Low grade**" means grades 'X' and 'Y' of all species and 'U' grade hemlock and balsam;

"**Main Access Road**" means a long-term (i.e., in use for more than ten years) mainline road that is tributary to the appraised cutting authority area, or is used to transport bulk fuels, supplies, equipment or harvesting crews necessary to carry out day-to-day

harvesting activities on that area, and has an average stabilized subgrade width greater than seven metres;

"Manual" means *Coast Appraisal Manual*;

"Mature coniferous timber" means coniferous timber that is 121 years old or older;

"Minister" means Minister of Forests and Range;

"Ministry" means Ministry of Forests and Range;

"Net cruise volume" means the gross volume of all species listed in section 4.2.3(1), plus alder, birch, cottonwood and maple in the cutting authority area minus the volume of decay, waste and breakage in that timber unless otherwise specified in the *Cruising Manual*;

"Old growth coniferous timber" means coniferous timber that is 141 years old or greater;

"Regional manager" means regional executive director or regional executive director's designate;

"Regulations" means regulations under the *Act*;

"Remaining volume" means the total net cruise volume of a cutting authority area minus the total volume of timber in the billing history record of the cutting authority area on the effective date of the reappraisal of the cutting authority area;

"Revenue Branch" means Pricing Branch of the Ministry;

"Road Permit" means road permit or the timber mark for a road permit that is associated with the applicable tenure listed in Section 115(1) of the *Act*;

"Second growth coniferous timber" means coniferous timber that is less than 141 years old;

"Selling price zone 51" means the table of coast market pricing system log values for old growth coniferous timber, approved by the director, Revenue Branch;

"Selling price zone 52" means the table of coast market pricing system log values for second growth coniferous timber, approved by the director, Revenue Branch;

"Skyline" means any method of yarding where the logs are fully suspended above the ground by a short span, long span, or multi-span system using a carriage with standing or running lines;

"Total net cruise volume" of a cutting authority area (tncv) is the product of the net cruise volume per hectare of the cutting authority area (ncv/ha) multiplied by the total merchantable timbered area to be harvested under the cutting authority (tmta). Expressed as an equation: $tncv = \frac{ncv}{ha} \times tmta$;

"Tributary cutting authority area" means a cutting authority area from which timber must be transported over the road that is developed, or a cutting authority area to which bulk fuels, supplies, equipment and harvesting crews necessary to carry out the day-to-day harvesting activities on that area must be taken on a regular basis over the road that is developed;

"Unit cost" means cost estimate expressed in dollars per cubic metre;

"Woodchips" means timber that has been cut into small pieces by a chipper. Made from post-harvest material where a waste assessment has been made and the material will be chipped at the roadside or the landing.

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2.4 Appraisal Data Submission

The form of the appraisal data submission required by the director for the:

- a. market pricing system using the Electronic Commerce Appraisal System (ECAS) may be found at;

<http://www.for.gov.bc.ca/hva/ECAS/index.htm>

- b. miscellaneous timber pricing policies using the Miscellaneous Appraisal Data Submission (Misc ADS) may be found at;

<http://www.for.gov.bc.ca/rco/revenue>

2.5 Appraisal Map

The appraisal map must be completed in accordance with the requirements of Appendix V of this manual.

Stumpage Rate Determination

6

6.1 Stumpage Rate Calculation for a Cutting Authority Entered into Under Section 20 of the Act

Sections 6.1.1 through 6.1.4 are the policies and procedures for **calculating** a stumpage rate for a cutting authority that is entered into under section 20 of the *Act*.

6.1.1 Indicated Upset Stumpage Rate (IUSR)

1. Notwithstanding 6.1.1(2) and 6.1.1(3) the IUSR for a timber sale licence containing twenty percent or less old growth coniferous timber shall be equal to the upset stumpage rate determined by the person who determines the stumpage rate and shall be the greater of:
 - a. Seventy percent of the final estimated winning bid (FEWB) for that timber sale licence calculated according to section 4.5, or
 - b. The variable cost to prepare the timber for sale.
2. Where applications for a timber sale licence with an upset stumpage rate determined under section 6.1.1(1) have been invited but no applications have been received, the upset stumpage rate for the re-advertised timber sale shall be equal to the rate approved by the **executive director, field operations**. The upset stumpage rate determined under this section shall not be greater than an estimate of the upset stumpage rate that would be determined under section 6.1.1(1) and not less than the variable cost to prepare the timber for sale.
3. Where the **executive director, field operations**, does not anticipate that applications for a timber sale licence with an upset stumpage rate determined under section 6.1.1(1) will be received due to market conditions or timber profile, the upset stumpage rate shall be equal to the rate approved by the **executive director, field operations**. The upset stumpage rate determined under this section shall not be greater than the upset stumpage rate determined under section 6.1.1(1) and not less than the variable cost to prepare the timber for sale.
4. The IUSR for a timber sale licence containing greater than twenty percent old growth coniferous timber shall be equal to the upset stumpage rate determined by the person who determines the stumpage rate and shall be the lesser of:
 - a. Seventy percent of the final estimated winning bid (FEWB) for that timber sale licence calculated according to section 4.5, or
 - b. The variable cost to prepare the timber for sale.
5. Where the invitation to tender for timber authorized for harvest under a timber sale licence requires a bonus offer, and the amount of stumpage payable will be based on a cruise of the timber as authorized under section 106 of the *Act*, the upset stumpage

value shall be the value approved by the **executive director, field operations** that may not be less than the variable cost to prepare the timber for sale.

6. Where decked timber is sold competitively, refer to section 7.6(2) and (4).
7. The variable cost to prepare the timber for sale shall be calculated by the Timber Sales Manager.

6.1.2 Prescribed Minimum Stumpage Rate

The minimum stumpage rate is prescribed by the minimum stumpage rate regulation (BC Regulation 354/87). The current minimum stumpage rate is \$0.25 per cubic metre.

6.1.3 Upset Stumpage Rate

The upset stumpage rate for a timber sale licence is the greater of:

1. The indicated upset stumpage rate, or
2. the prescribed minimum stumpage rate.

6.1.4 Stumpage Rate

1. The stumpage rate is the total of the upset stumpage rate plus the bonus bid, if any, that must be paid by the licensee.
2. Where the upset stumpage rate is determined under section 6.1.1(5) the stumpage rate applies to the timber species and volumes specified by the **executive director, field operations**.

6.2 Stumpage Rate Calculation for a Cutting Authority Other than a Cutting Authority Entered into Under Section 20 of the Act or a Cutting Authority for which a Stumpage Rate is Determined Under Chapter 7

Sections 6.2.1 through 6.2.5 are the policies and procedures for determining a stumpage rate for a cutting authority other than timber sale licence entered into under section 20 of the *Act* or a cutting authority for which a stumpage rate is determined under chapter 7.

6.2.1 Indicated Rate (IR)

1. The IR is the difference between the final estimated winning bid (FEWB) determined for the cutting authority under section 4.5 and the tenure obligation adjustment (TOA) determined under section 5.10.
2. Expressed as an equation:

$$\text{IR} = \text{FEWB} - \text{TOA}$$

6.2.2 Prescribed Minimum Stumpage Rate

The minimum stumpage rate is prescribed by the Minimum Stumpage Rate Regulation (BC Regulation 354/87). The current minimum stumpage rate is \$0.25 per cubic metre.

6.2.3 Reserve Stumpage Rate

The reserve stumpage rate for a cutting authority is determined by selecting the greater of:

1. the indicated rate, or
2. the prescribed minimum stumpage rate.

6.2.4 Upset Stumpage Rate

The upset stumpage rate is the total of the reserve stumpage rate plus any administration and silviculture levies which may be charged under section 7.4.1.

6.2.5 Total Stumpage Rate

The total stumpage rate is the upset stumpage rate plus the bonus bid, if any, that must be paid by the licensee.

7.7 Linear Tenures

1. For this section:

“Linear tenure” means a licence to cut issued for a:

- a. right-of-way issued under an authority other than the *Forest Act*, or
- b. a pipeline right-of-way, or
- c. a highway right-of-way for a road administered by the *Ministry of Transportation*, or
- d. transmission line, penstock, or powerhouse, or
- e. a forestry licence to cut issued under section 47.6(3) of the Act in conjunction with a BC Timber Sales road development contract.

“Licensee” means the licensee who has been issued a linear tenure.

2. The stumpage rate for a linear tenure shall be obtained from the schedule of average sawlog stumpage rates approved by the director under section 7.1, for the forest district in which the cutting authority area for the linear tenure is located.
3. A stumpage rate determined under this section shall be redetermined in accordance with section 3.3.4.
4. Notwithstanding any other paragraph in this section, if the total volume exceeds 2 500 m³ the stumpage rate for a linear tenure may be determined through a full appraisal. Where a stumpage rate has been determined under this subsection, the procedures in chapter 3 shall apply.

7.8 Miscellaneous Stumpage Rates

Miscellaneous Stumpage Rates

1. Unless otherwise specified in a cutting authority, Table 7-1 in effect on the date of scale shall be used to determine the stumpage rates for deciduous species, low grade logs and timber in specified areas.

Special Forest Products

2. Unless otherwise specified in a cutting authority, Table 7-2 in effect on the date of scale shall be used to determine the stumpage rates for the specified products from all sources of Crown timber.

7.8.1 Marine Log Salvage

7.8.1.1 Beachcomb

A beachcomb rate may apply to logs salvaged in the Vancouver log salvage district under Part 9 of the *Act*, and stray logs salvaged elsewhere in coastal waters.

The stumpage rate for beachcomb is listed in table 7-1.

7.8.1.2 Root Buck

A root buck rate may apply to any species where the roots are attached at the time stray logs are salvaged in coastal waters. Excludes logs salvaged from coastal waters within the boundaries of the North Coast and Kalum Forest Districts.

The rate for root buck is listed in table 7-1.

7.8.1.3 Wahleach Island Catchment Basin

The stumpage rate for logs salvaged at Wahleach Island catchment basin operated by B.C. Debris Control Board is listed in table 7-1.

7.8.1.4 Deadhead Logs

A deadhead rate may apply to deadhead logs as defined in the log salvage regulation, salvaged in coastal waters and subject to scaling requirements under part 6 of the *Act*.

The stumpage rate for deadhead logs is listed in table 7-1.