



Ministry of  
Forests

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# Competitive Sale of Decked Timber

Ministry Guidelines and Procedures

Forest Tenures Branch

Version 1.01

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## 1. PURPOSE

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The purpose of these Guidelines is to provide ministry district staff and stakeholders with guidance on the tendering and awarding of a competitive sale of decked timber.

## 2. BACKGROUND

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Operations such as clearing for roads, hydro right of ways, gravel pits and other operations often result in Crown timber being cut and decked on a roadside or landing. This timber can be subsequently sold through a direct award or through the tendering and awarding of a competitive decked timber sale.

Factors to be considered when determining if the decked timber should be directly awarded or put up for competitive sale include: volume and value of the decked timber; distance from processing plant; number of parties that may be interested in the timber; expediency of removal (fire hazard; insect and disease).

Decks of timber that include volume greater than 500 m<sup>3</sup> should be referred to the local BC Timber Sales (BCTS) office. If BCTS is not interested in selling the decked timber, then the District Manager may proceed with the sale.

## 3. LEGISLATION

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Rights to remove decked timber are granted to the successful bidder under the authority of a decked timber Forestry Licence to Cut (FLTC) that is issued under section 47.6 (2.1) of *the Forest Act*. The authority to enter into this form of agreement has been delegated to Regional Executive Directors and District Managers.

The Advertising, Deposits and Disposition Regulation includes requirements regarding the advertising and the financial deposit requirements associated with FLTCs.

## 4. GUIDELINES

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When decked timber is to be sold via a competitive decked timber sale the following points should be considered:

- Ensure that the timber in question is Crown timber and that it is not from an area-based tenure such as a tree farm licence or a woodlot licence.
- Individual decks of timber may be group together in order to offer a sale of larger volume.

- Any decks of timber that are a result of Compliance and Enforcement actions must be sold separately under a different process.
- The Forest Officer is responsible to prepare an estimate of the volume by species of the timber involved, prepare a map and directions to the decked timber and take pictures of the timber that could form part of the invitation to tender.

## **5. TENDER PACKAGE**

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The package for the sale of decked timber includes a number of different documents. These include the following:

- Notice to Bidders
- Safety and Highlights Report
- Forestry Licence to Cut document
- Invitation for Applications
- Application and Tender
- Tender envelope

*Templates for all documents are available on Forest Tenures Branch's Sale of Decked Timber website.*

### **NOTICE TO BIDDERS**

- Includes a short description of the sale.
- Includes basic information and details on where tender packages may be obtained.

### **SAFETY AND HIGHLIGHTS REPORT**

- Informs prospective bidders of any known safety issues.
- Includes any other relevant information that may affect the operational costs of removing the decked timber.

### **FORESTRY LICENCE TO CUT DOCUMENT**

- Copy of the licence that the winning bidder will enter into.
- Includes the rights, terms and conditions of the sale as well as any licensee obligations.

## **INVITATION FOR APPLICATIONS**

- Comprehensive document that includes details of the competitive sale.
- Includes sale number, timing, location, estimated volume, particulars of the tender, bid type, processing of tenders, deposits etc.

## **APPLICATION AND TENDER**

- This form must be completed and signed by each prospective bidder.
- Includes information on upset stumpage rate.
- Applicant must be a legal entity that is capable of entering into an agreement with the Government of British Columbia at the time of the tender submission.
- Must include other information that may be required by the tender particulars.
- Must be signed by the applicant or a person who is authorized to sign on behalf of the applicant.

## **TENDER ENVELOPE**

- Label that is to be attached to the tender envelope submitted by the bidder.
- Includes address of where the envelope must be submitted and the date and time by which tenders must be submitted.

# **6. ADVERTISING**

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Decked Timber sales are to be advertised on the Official Notices System.

The advertising period should be for a minimum of 10 days to allow for clients to view the decked timber and prepare their tender<sup>1</sup>.

# **7. APPLICATION AND TENDER SUBMISSION, OPENING AND VERIFICATION**

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Tenders must be submitted to the appropriate District Office prior to the official closing date and time. They must be submitted in the approved sealed envelope; include all the required information and documentation as well as the required bid deposit in the approved form.

Submissions are recorded directly on the envelope and on a ledger for the date and time the tender was received. Sealed tenders are placed in a safe for safekeeping until the scheduled time of tender opening.

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<sup>1</sup> Ministry policy as the Advertising, Deposits and Disposition Regulation does not include a requirement for advertising the type of forestry licence to cut.

At the designated time, the District Manager will open each sealed tender in the order which it was received. The contents will be reviewed to ensure the Application and Tender contains the completed Application and Tender for the FLTC and the bid deposit for the correct amount and in an approved form.

Once all tenders have been opened and recorded, the District Manager will confirm the highest bid submitted.

The District Manager verifies the winning bid and commences a review of that bid. The review will confirm that the applicant is eligible to bid and meets all conditions of tender including, but not limited to, the bidder:

- a. not having any outstanding accounts with the ministry;
- b. not having a licence that is under suspension.

The security deposits and bonus offers submitted by all ineligible applicants will be returned, in accordance with the Advertising, Deposits, Disposition and Extension Regulation. The security deposits and bonus offers of all eligible applicants are retained until the District Manager has approved a tender.

Once the District Manager has approved a tender, the security deposits and bonus offers of the highest ranked applicant and the second ranked applicant will be retained. The deposits and bonus offers submitted by all other eligible applicants will be returned. The deposit for the second highest ranked applicant will be returned upon the FLTC being entered into with the approved bidder.

## **8. FINANCIAL DEPOSITS**

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Two different deposits are used during a competitive sale of decked timber. These include the “bid” deposit and the “security” deposit.

### **BID DEPOSIT**

A bid deposit must be included with every Application and Tender submitted by a prospective bidder. The main purpose of the bid deposit is to dissuade frivolous bidding practices.

In accordance with section 9 and 11.1 of the Advertising Awarding Deposits and Dispositions Regulation the bid deposit for a competitive FLTC has been delegated to the Regional Manager which may be sub-delegated to the District Manager or Forest Officer. The decision maker has full discretion with regard to setting the amount of the bid deposit which could be zero.

### **LICENCE SECURITY DEPOSIT**

Prior to entering into the FLTC, the successful applicant must submit an amount of money that, in addition to the big deposit equals the amount determined for the security deposit. The security deposit for a competitively awarded FLTC is 10% of the first \$100, 000 of the estimated total stumpage payable and 5% of the remainder. These funds are then held and managed in accordance with the forest legislation and the FLTC.

Acceptable Forms of Deposits include the following:

- cash
- cheque certified by a savings institution
- by money order issued by
  - a savings institution, or
  - the Canada Post Corporation
- by bank draft issued by a savings institution
- an irrevocable letter of credit issued by a savings institution

## 8.0 PRICING

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### GENERAL

Pricing of Decked Timber sales are priced in according to Section 6.5 of [the Interior Appraisal Manual](#) and section 7.6 of the [Coast Appraisal Manual](#).

A competitive sale of the timber can be in the form of a bonus bid only (\$/m<sup>3</sup>).

There are a number of options on how to calculate the upset stumpage rate depending upon how long the deck has existed and the expected ability to sell the deck give market conditions.

***The stumpage rate payable is the upset stumpage rate plus the bonus bid proposed by the applicant.***

## APPENDIX A – CALCULATING THE UPSET STUMPAGE RATE

### DECK LESS THAN 3 YEARS OLD – INTERIOR APPRAISAL MANUAL

UPSET STUMPAGE RATE CALCULATION					
(a)	(b)	(c)	(d)	(e)	(f)
SPECIES	ESTIMATED VOLUME (m <sup>3</sup> )	PERCENT OF TOTAL VOLUME (b) / total estimated volume	SILVICULTURE LEVY <sup>2</sup> (\$)	70% OF RATE SPECIFIED IN TABLE 6.4 OF IAM (\$)	PRORATED UPSET STUMPAGE RATE $c \times (d + e)$
UPSET STUMPAGE RATE = SUM OF PRORATED UPSET STUMPAGE RATES					

<sup>2</sup> As determined by the District Manager

## DECK LESS THAN 3 YEARS OLD – COAST APPRAISAL MANUAL

UPSET STUMPATE RATE CALCULATION					
(a)	(b)	(c)	(d)	(e)	(f)
SPECIES	ESTIMATED VOLUME (m <sup>3</sup> )	PERCENT OF TOTAL VOLUME (b) / total estimated volume	SILVICULTURE LEVY <sup>3</sup> (\$)	70% OF RATE SPECIFIED IN SECTION 7.1 OF CAM (\$)	PRORATED UPSET STUMPAGE RATE $c \times (d + e)$
UPSET STUMPAGE RATE = SUM OF PRORATED UPSET STUMPAGE RATES					

## DECK MORE THAN 3 YEARS OLD (INTERIOR AND COAST)

UPSET STUMPATE RATE CALCULATION		
(a)	(b)	(c)
SILVICULTURE LEVY <sup>4</sup>	PRESCRIBED MINIMUM (\$/m <sup>3</sup> )	UPSET STUMPAGE RATE $c = a + b$
	0.25	

<sup>3</sup> As determined by the District Manager

<sup>4</sup> As determined by the District Manager



## APPENDIX B – ESTIMATING TOTAL STUMPAGE PAYABLE

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The purpose of this table is to estimate the total stumpage payable that can then be used to determine the amount to be submitted and held as the security deposit for the sale.

(a)	(b)	(c)	(d)	(e)
ESTIMATED TOTAL VOLUME (m <sup>3</sup> )	UPSET STUMPAGE RATE (\$/m <sup>3</sup> )	BONUS BID (\$/m <sup>3</sup> )	STUMPAGE RATE (\$/m <sup>3</sup> ) (b) + (c)	ESTIMATED TOTAL STUMPAGE (\$) (a) x (d)

## **APPENDIX C – PERTENANT SECTIONS OF THE APPRAISAL MANUALS (AS OF MAY 2020)**

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### **INTERIOR APPRAISAL MANUAL**

#### ***6.5 Decked and Partially Harvested Timber for a non-BCTS Cutting Authority***

- When decked timber only is advertised for sale to the highest bidder, the upset stumpage rate for the timber must be the total of the silviculture levy determined under section 5.3 and:
  - a. The prescribed minimum stumpage rate if the timber has been decked for over three years, or
  - b. 70% of the stumpage rate from Table 6-4 for the applicable species and forest zone if the timber has been decked for three years or less.
- 5.
  - a. Where applications for decked timber or partially harvested timber being sold to the highest bidder have been invited with an upset stumpage rate determined under subsections 1 (b), 3 (b) or 6 (a) of this section and no applications have been received, the upset stumpage rate must be the rate approved by the Regional Manager.
  - b. Where the regional manager does not anticipate that applications will be received for decked timber or partially harvested timber being sold to the highest bidder due to market conditions or timber profile, the upset stumpage rate determined under subsections 1 (b), 3 (b) and 6 (a) of this section must be the rate approved by the regional manager.
- An upset stumpage rate determined under paragraphs (a) or (b) of this subsection must not be less than the district's variable cost to prepare the timber for sale.

#### ***5.3 Levies (Silviculture, Development, Administration)***

1. Where the Crown is responsible for basic silviculture on a cutting authority, a silviculture levy may be added to the stumpage rate or the reserve stumpage rate for any or all species and grades.
2. The levy is equal to the district manager's or timber sales manager's cost estimate of silviculture costs to be incurred by the Crown.

## COAST APPRAISAL MANUAL

### ***7.6 Decked and Partially Harvested Timber for a non-BCTS Cutting Authority***

1.

When decked timber only is advertised for sale to the highest bidder, the upset stumpage rate for the timber must be the total of the silviculture levy determined under section 7.4.1 and:

- a. The prescribed minimum stumpage rate if the timber has been decked for over three years, or
- b. 70% of the damaged timber salvage stumpage rate as approved under Section 7.1 for the applicable species and forest district if the timber has been decked for three years or less.

5.

- (a) Where applications for decked timber or partially harvested timber being sold to the highest bidder have been invited with an upset stumpage rate determined under Coast Appraisal Manual Miscellaneous Timber Pricing Policies December 15, 2019 7-12 subsections 1 (b), 3 (b) or 6 (a) of this section and no applications have been received, the upset stumpage rate must be the rate approved by the Regional Executive Director.
- (b) Where the Regional Executive Director does not anticipate that applications will be received for decked timber or partially harvested timber being sold to the highest bidder due to market conditions or timber profile, the upset stumpage rate determined under subsections 1 (b), 3 (b) and 6 (a) of this section must be the rate approved by the Regional Executive Director.
- (c) An upset stumpage rate determined under paragraphs (a) or (b) of this subsection must not be less than the district's variable cost to prepare the timber for sale.