



Ref: 246328

Date: April 2, 2019

To: Mike Pedersen, Regional Executive Director, Cariboo Region

From: Honourable Doug Donaldson, Ministry of Forests, Lands, Natural Resource Operations and Rural Development

Re: Cariboo Region 2017 Wildfires – Pilot: Scale Adjusted Reappraisals

Through this policy I direct you to reappraise all scale-based cutting authorities that meet the following criteria:

- issued in the Cariboo Chilcotin District and 100 Mile House District on November 1, 2018 or later;
- located in Douglas-fir leading stands¹ of timber damaged by the 2017 wildfires;
- issued under Forest Licence: A20020, A20001, A20002, A20017, A81492, A20003, A20015, A20016, A20018, A20019, A20021, A84592, A89570; and
- have an adjustable stumpage rate.

The reappraisal of each cutting authority shall be in accordance with the applicable *Interior Appraisal Manual* (IAM) except for the following:

- a licensee representative must submit a complete reappraisal data submission no later than 45 days from the completion of the final waste field assessment for the cutting authority. The submitter must also provide details of the calculations used to adjust the appraisal data elements;
- the reappraisal shall use the existing appraisal data in the most recent appraisal or reappraisal except for the following:
 - species volume;
 - volume per hectare;
 - volume per tree;
 - final specified operations cost estimate; and
 - final tenure obligation adjustment cost estimate.
- the reappraisal data listed above must use the *Cariboo Region 2017 Wildfires – Procedure for Scale Adjusted Reappraisals* to calculate the adjusted values;

¹ This applies to cutting authorities with more than 50% Douglas-fir

Mike Pederson, Regional Executive Director, Cariboo Region

- missing or incompatible data that is necessary for the reappraisal, or is not in accordance with the procedures in the IAM, will be added or changed by the Statutory Decision Maker responsible for the stumpage redetermination; and
- the reappraisal shall be effective on the day after the issue date of the cutting authority. If a cutting authority requires a changed circumstance reappraisal, the effective date of the scale adjusted reappraisal is the day after the effective date of the changed circumstance reappraisal.

The licence holder of any cutting authorities subject to the criteria in this Pilot must have the following:

- scale stratum (burnt timber) specifically for cutting authorities subject to this Pilot; and
- waste volume estimates completed using the standards and procedures described in the *Provincial Logging Residue & Waste Measurement Procedures Manual* authorized on or after April 1, 2019.



Doug Donaldson
Minister

Attachment: Cariboo Region 2017 Wildfires – Procedure for Scale Adjusted Reappraisals

pc Jim Schafthuisen, A/Executive Director, Forest Policy and Indigenous Relations Division
Allan W. Bennett, Director, Timber Pricing Branch
Patrick Asante, Timber Pricing Manager, Timber Pricing Branch
Len Marsh, Director, Timber Pricing and Tenures, Thompson Okanagan Region
Bruce Sullivan, Revenue Officer, Regional Operations Division, Thompson Okanagan Region

Cariboo Region 2017 Wildfires – Procedure for Scale Adjusted Reappraisals

Introduction

The standards and procedures in this document are for the specific use in a reappraisal directed by the Minister’s memorandum *Cariboo Region 2017 Wildfires – Pilot: Scale Adjusted Reappraisals*.

Background

This initiative is a result of the extensive area and volume of timber affected by the wildfires in 2017. The pilot recognizes the extended period required for licensees to complete fire salvage operations.

As time passes and the timber deteriorates, there is less merchantable volume available. This may create a disincentive for licensees to salvage the fire damaged timber. The following procedure will address the deterioration expected between the time it is cruised and the time of scale. It is also expected to resolve discrepancies between the original cruise information and the scaled and waste volumes reported.

Scale-to-Cruise Factor

A “scale-to-cruise” (StC) factor is applied to the appraisal data elements to approximate the deterioration in the quality and volume of merchantable timber in the cutting authority.

The factor is based on the Harvest Billing System (HBS) reported scale net volume and the waste merchantable volumes.

The StC factor is determined by the following equation:

$$\text{StC All Grades Factor} = \frac{(\text{HBS Scale Volume} + \text{Merch. Waste Volume})}{\text{Appraisal Adjusted Net Merch. Cruise Volume}}$$

Where:

HBS Scale Volume = HBS reported volume (grades 1, 2 and 4 -including dry 4).

As per normal billing procedures, the scaled volume will be adjusted at each population year end. If the cutting authority is declared harvest complete within a population scale year, then final billing will be initiated at the end of the month when harvest was declared complete instead of waiting for the population year end. The weight scale strata must contain timber from cutting authorities that meet the requirements approved by the Minister for this pilot.

All timber from eligible/authorized cut blocks must be scaled within these strata. The licensee must monitor HBS data to ensure that:

- a) all loads from authorized cut blocks are limited to these strata and
- b) no loads from unauthorized cut blocks enter these strata

For the purposes of the scale adjustments identified in this paper, the stratum averages will be applied.

Merch. Waste Volume = Avoidable and unavoidable waste reported volume (grades 1, 2 & 4 -including dry 4)

Waste volumes will be reported using the standards and procedures as described in the *Provincial Logging Residue & Waste Measurement Procedures Manual* authorized on or after April 1, 2019 and amended from time to time.

Appraisal Adjusted Net Cruise Volume = the \sum (species NCV x species cruise adjustment factor from table 4-6 in the applicable IAM) from the previous appraisal or reappraisal.

To account for additional low grade expected from the deterioration of timber over time, a second Scale-to-Cruise Factor (StC¹) is used for the SO and TOA adjustment.

StC¹ Sawlog Grades Factor

$$= \frac{(\text{HBS Scale Net Sawlog Volume} + \text{Merch. Waste Sawlog Volume})}{\text{Appraisal Adjusted Net Merch. Cruise Volume}}$$

Reappraisal Data Elements

Net volume in the reappraisal are adjusted by multiplying the value in the previous appraisal or reappraisal by the applicable StC factor. The adjusted amounts are entered in the Electronic Commerce Appraisal System (ECAS).

- Cruise information
 - CP Avg. Vol./Tree x StC factor
 - CP Avg. Vol./ha (calculated by ECAS) x StC factor
 - Species Volume x StC factor
- Tree to Truck
 - Vol. to be harvested x StC factor
 - Net Volume/tree x StC factor
 - Volume/hectare x StC factor

Important: If there are development costs for culverts, roads or engineered costs, the applicable volume will also need updating to match the total harvest volume.

A “Miscellaneous” TOA must also be entered in ECAS to account for the adjustment in the Final TOA and Final SO. The person responsible for determining the stumpage rate must enter this into ECAS on the Control screen.

The Miscellaneous TOA is determined by the following equation:

$$\text{Miscellaneous TOA} = (\text{Final SO} + \text{Final TOA}) \times (1 - \text{StC}^1 \text{ Factor}) / \text{StC}^1 \text{ Factor}$$

Where:

Final SO = the total adjusted specified operation amount from the previous appraisal or reappraisal. **Note: Timber Pricing Branch will provide a spreadsheet to calculate the amount.**

Final TOA = the total adjusted tenure obligation amount from the previous appraisal or reappraisal. **Note: Timber Pricing Branch will provide a spreadsheet to calculate the amount.**

StC¹ Factor = the scale-to-cruise calculated using the procedure describe above.

¹ Grades are 1 and 2 only in the HBS scale and waste volume. The Appraisal Adjusted Net Cruise Volume is the \sum adjusted (species NCV x (1-species LG %)) from Table 4-8 of the IAM).