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To: Jim Gowriluk
Regional Manager
Coast Forest Region

From: The Honourable Rich Coleman, Minister of Forests and Range

Re: **Amendment No. 1 to the Coast Appraisal Manual**

I hereby approve Amendment No. 1 to the *Coast Appraisal Manual* and attach a copy for your use. The following sections have been amended:

Section 3.3.1: This revision allows the criterion that was in place prior to June 1, 2006 to apply to cutting authorities where the last appraisal or reappraisal was prior to June 1, 2006.

Section 4.2: The definition of the BC Consumer Price Index (CPI) has been updated.

This amendment will come into force on August 1, 2007. Further amendments or revisions to this manual require my approval.



Rich Coleman
Minister

Attachment

pc: Bill Howard, Director, Revenue 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 6th Floor - 727 Fisgard Street Victoria, BC V8W 1R8 Phone: 387-8377 PROFS userid: George.Silvestrini@gov.bc.ca FAX: 387-5670</p>	MANUAL TITLE	
	Coast Appraisal Manual	
	AMENDMENT	ISSUE DATE
	Amendment No. 1	August 1, 2007
MANUAL CO-ORDINATOR		
Judy Laton Manuals Co-ordinator		
AUTHORIZATION (Name, Title)		
W. Howard Director, Revenue Branch		

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

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT TABLE OF CONTENTS	PAGE(S)	COMMENTS
Remove	Table of Contents	i - iv	After Table of Contents Tab
Insert		i - iv	
Remove	Chapter 2	3-4	After Chapter 2 Tab
Insert		3-4	
Remove	Chapter 3	3 - 14	After Chapter 3 Tab
Insert		3 - 14	
Remove	Chapter 4	3 - 4	After Chapter 4 Tab
Insert		3 - 4	
Remove	Index	1 - 4	After Index Tab
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INSERT	Letter from Bill Howard, Director Transmittal Sheet		After Amendments Tab

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2.2 Numbering System

The following exemplifies the numbering system that is used in this manual.

- 1. = Chapter
- 1.1 or 1.1.1.1 = Section
- 1.1.1.1 (2) = Subsection.
- Table 4-2 = Table 2 within chapter 4

2.2.1 Calculation Conventions

1. Every calculation required to be performed will be performed to the full capacity of a calculating machine with the results truncated at four places of decimals and rounded to two places.
2. A result from 5 to 9 will be rounded upward and a result from 1 to 4 will be rounded downward.
3. Each calculation of a tenure obligation adjustment or specified operation adjustment expressed in dollars per cubic metre will be rounded to the nearest cent.
4. Where a value is specified as a limit, for example a constraint or a requirement for an equation,
 - a. the value will be treated as an absolute value, and
 - b. an actual measurement or record will not be rounded before use unless otherwise specified in this manual.

2.2.2 Cutblocks within a Cutting Authority Area

1. All cutblocks within a cutting authority area must:
 - a. constitute a logical unit,
 - b. be tributary to the same appraised point of origin, and
 - c. be contained within the same timber supply block, or in the case of a cutting authority area under a tree farm licence, be contained within the same forest district.
2. Helicopter single standing stem selection as described in section 4.4.4 must not be combined with any other harvest method within the same cutting authority area.

3. Except as provided in subsection (2) of this section, there are no other restrictions on what types of harvest methods may be used in or which types of timber can be contained in a cutting authority area.

3.2 Appraisals

1. An appraisal is a process used to determine a stumpage rate for a cutting authority area using the manual in effect on the effective date of the cutting authority. The appraisal is effective on the effective date of the cutting authority.
2. A licensee or BCTS shall submit the appraisal data submission to the district manager when the licensee or BCTS makes an application for a cutting authority.
3. The district manager may require the licensee or BCTS to complete and submit an estimated stumpage rate calculation for both helicopter and cable methods of harvesting when the district manager is not satisfied that the method proposed by the licensee or BCTS is the only method that is suitable for the area intended to be harvested.
4. The district manager may review the licensee or BCTS appraisal data submission and may inform the licensee or BCTS of any omissions, errors or provisions of the manual that, in the opinion of the district manager, the signing RPF or RFT may not have considered. The licensee or BCTS signing RPF or RFT may consider the district manager's information and may revise the appraisal data submission.
5. The district manager shall give any information supplied by the licensee or BCTS under this section to the person who determines the stumpage rate together with any other information that the district manager considers relevant to the appraisal.
6. The person who determines the stumpage rate may review the licensee or BCTS submission, and information supplied by the district manager, and may inform the licensee or BCTS of any omissions, errors or provisions of the manual that, in the opinion of the person who determines the stumpage rate, the signing RPF or RFT may not have considered. The licensee or BCTS signing RPF or RFT may consider the information and may revise the appraisal data submission.
7. The person who determines the stumpage rate shall consider:
 - a. the information provided by the licensee or BCTS and the district manager, and
 - b. any information available to the person who determines the stumpage rate that is relevant to the appraisal.
8. Regional staff will notify the applicant of the stumpage rate determination.

3.3 Reappraisals

1. A reappraisal is a process used to redetermine a stumpage rate for a cutting authority using the manual in effect on the effective date of the reappraisal.
2. Except as provided for under sections 3.3.1(1)(d), 3.3.1(2)(d), 3.3.2, 3.3.3 and 3.3.4, a reappraisal is based on a complete reassessment of the cutting authority area on the effective date of the reappraisal, as if the area has been returned to the condition as it was prior to development or harvesting.
3. Non-tabular cost estimates made in the appraisal of a cutting authority area may be re-estimated once in a subsequent reappraisal after works have been constructed using information required under section 5.3.4.
4. Road development costs originally estimated using ministry approved competitive bids may not be re-estimated in a reappraisal.

3.3.1 Changed Circumstances

1. A changed circumstance on or in relation to a cutting authority area where the effective date of the most recent appraisal or reappraisal of the cutting authority area prior to the circumstance was prior to June 1, 2006 means a circumstance where:
 - a. (i) The licensee planned or plans to use a method of harvesting to harvest at least twenty-five percent of the volume of timber in the cutting authority area that was or is different from the method that was planned to be used for that timber at the time of the most recent appraisal or reappraisal of the cutting authority area, and
 - (ii) the different method of harvesting that was or is planned to be used:
 - (aa) when used in the changed circumstance reappraisal will produce the highest stumpage rate, and
 - (bb) is or was different from the method of harvesting that was used in the most recent appraisal or reappraisal, or
 - b. The licensee planned or plans a change in the amount of road development that will lead to a difference of at least twenty-five percent between the total road development unit cost that was used in the most recent appraisal or reappraisal and the total road development unit cost that will be used in a changed circumstance reappraisal done in accordance with the changed circumstance reappraisal procedure, or
 - c. land containing merchantable timber has been either added to or deleted from

the cutting authority area since the most recent cruise compilation or recompilation **that** was used in **that most recent** appraisal or reappraisal that exceeds either:

- (i) **twenty-five** hectares or
 - (ii) **twenty-five** percent of the area of the cutting authority area as it was prior to the addition or deletion of the land, or
- d. at least **twenty-five** percent of the total net cruise volume that was used in the most recent appraisal or reappraisal of the cutting authority area has been suddenly and severely damaged, unless the timber was damaged by a fire for which the licensee was responsible and the licensee failed to comply with **the Wildfire Act and Regulations**.
2. A **changed circumstance on or in relation to a cutting authority area where the effective date of the most recent appraisal or reappraisal of the cutting authority area prior to the circumstance was on or subsequent to June 1, 2006** means a circumstance where:
- a. (i) **The licensee planned or plans to use a method of harvesting to harvest at least fifteen percent of the volume of timber in the cutting authority area that is different from the method that was planned to be used for that timber at the time of the most recent appraisal or reappraisal of the cutting authority area, and**
 - (ii) **the different method of harvesting that was or is planned to be used:**
 - (aa) **when used in the changed circumstance reappraisal will produce the highest stumpage rate, and**
 - (bb) **is or was different from the method of harvesting that was used in the most recent appraisal or reappraisal, or**
 - b. **The licensee planned or plans a change in the amount of road development that will lead to a difference of at least fifteen percent between the total road development unit cost that was used in the most recent appraisal or reappraisal and the total road development unit cost that will be used in a changed circumstance reappraisal done in accordance with the changed circumstance reappraisal procedure, or**
 - c. **land containing merchantable timber has been either added to or deleted from the cutting authority area since the most recent cruise compilation or recompilation that was used in that most recent appraisal or reappraisal that exceeds either:**
 - (i) **fifteen** hectares or

- (ii) fifteen percent of the area of the cutting authority area as it was prior to the addition or deletion of the land, or
 - d. at least fifteen percent of the total net cruise volume that was used in the most recent appraisal or reappraisal of the cutting authority area has been suddenly and severely damaged, unless the timber was damaged by a fire for which the licensee was responsible and the licensee failed to comply with the *Wildfire Act and Regulations*.
3. The licensee must notify the district manager immediately of a changed circumstance.
4. Where the district manager believes that a changed circumstance has occurred, the district manager will notify the licensee of that belief.
5. A cutting authority area other than a cutting authority area that is the subject of a road permit or a cutting authority with fixed rates, must be reappraised when a changed circumstance has occurred.
6. Where a cutting authority area is reappraised because of a changed circumstance, any bonus bid in existence prior to the reappraisal does not change and remains in effect.

3.3.1.1 Changed Circumstance Reappraisal Procedure

1. Where the cutting authority area must be reappraised because of a changed circumstance, the licensee shall submit to the district manager an appraisal data submission.
2. Thereafter, the reappraisal procedure shall be the procedure required by section 3.2(2) through 3.2(8).

3.3.1.2 Effective Date of Changed Circumstance Reappraisal

1. Except as provided in subsections (3) and (4) of this section, the effective date of the reappraisal required under section 3.3.1(1) is the first day of the month following the date of the licensee's notification to the district manager or the district manager's notification to the licensee that a changed circumstance has occurred.
2. Except as provided in subsections (3) and (4) of this section, a reappraisal because of a changed circumstance under section 3.3.1(2) is effective on the day after the effective date of the most recent appraisal or reappraisal of the cutting authority area prior to the changed circumstance reappraisal.
3. Where the changed circumstance is because of an amendment to the cutting authority area referred to in subsection 3.3.1 (1)(c) or 3.3.1(2)(c), the reappraisal is effective on the first day of the month following the date that the district manager approves the amendment.

4. Where the changed circumstance is a result of sudden and severe damage referred to in subsection 3.3.1(1)(d) or 3.3.1(2)(d), the effective date of the reappraisal is the first day of the month following the date when the event that caused the sudden and severe damage stopped on the cutting authority area.

3.3.2 Annual Reappraisal of a Road Permit

1. Subject to section 7.3, a cutting authority area that is the subject of a road permit must be reappraised effective February 1st of every year.
2. The stumpage rate determined under subsection (1) of this section will be a fixed stumpage rate until the cutting authority area is reappraised.

3.3.3 Annual Reappraisal of Salvage Logging Stumpage Rates

1. Except where a cutting authority requires the payment of a bonus bid or a bonus offer, where the stumpage rate for a cutting authority has been determined under section 7.4, the cutting authority area authorized for harvest under that cutting authority must be reappraised effective March 1st of every year.
2. A stumpage rate determined under subsection 1 of this section will be a fixed stumpage rate between the time that the cutting authority area is reappraised and the time that it is subsequently reappraised.

3.3.4 Minister's Direction

1. The Minister may direct that a reappraisal be made at any time and that the redetermined stumpage rate will be effective on any future date.
2. The Minister may specify criteria and procedures for an appraisal or reappraisal.

3.3.4.1 Minister's Direction Reappraisal Procedure

1. Where the Minister directs a reappraisal to be made under section 3.3.4, and the district manager requests the licensee to submit an appraisal data submission, the submission shall be submitted to the district manager within forty-five days of the district manager's request.
2. Thereafter the reappraisal procedure shall be the procedure required by section 3.2 (2) through 3.2 (8).

3.4 Quarterly Adjustments

1. Unless a cutting authority, previous manual, or a provision of this manual specifies that the stumpage rates of a cutting authority are fixed, the stumpage rate of a cutting authority is adjusted quarterly on January 1, April 1, July 1, and October 1 of each year.
2.
 - a. At the time of the quarterly adjustment referred to in subsection (1) of this section, the stumpage rate will be recalculated in accordance with the equations applicable for the appraisal effective date and the appraisal data submission which was used in the most recent appraisal or reappraisal. The log selling prices and CPI effective for the month of the adjustment will be used in the calculation of the adjustment. All other data, including the estimated number of bidders, will remain unchanged.
 - b. The procedure referred to in this subsection is conducted each quarter until the cutting authority area is reappraised or the cutting authority expires.

3.5 Fixed Rates and Extensions of Term

Timber Sale Licences

1. A fixed stumpage rate for a timber sale licence means that the upset stumpage rate and bonus bid will not change during the term of the timber sale licence and all extensions, except where:
 - a. a reappraisal is done under section 3.3.1(d) due to sudden and severe damage, or
 - b. a reappraisal is done under section 3.3.4 due to the Minister's direction.
2. Every timber sale licence entered into under section 20 of the *Act* that was advertised on or after November 1, 2003 must have a fixed stumpage rate.
3. Notwithstanding anything to the contrary in this manual, a fixed stumpage rate for a timber sale licence may not be corrected where there has been an error in the appraisal.

Woodlots

4. a. The stumpage rate for a cutting authority issued under a woodlot licence shall be an adjusting stumpage rate unless:
 - i) the stumpage rate for the cutting authority is changed to a non-adjusting stumpage rate under this section, or
 - ii) the cutting authority is a road permit.
- b. A licensee may choose to have an adjusting stumpage rate changed to a non-adjusting stumpage rate under this subsection by giving written notice of that choice to the regional appraisal coordinator.
- c. Where the licensee gives notice to the regional appraisal coordinator of that choice, the adjusting stumpage rate shall become a non-adjusting stumpage rate three weeks after the regional appraisal coordinator receives the notice.
- d. On the date that the stumpage rate becomes a non-adjusting stumpage rate, the stumpage rate for the cutting authority continues to be the stumpage rate of the cutting authority that was in effect on that date.

- e. Where a stumpage rate is changed from an adjusting stumpage rate to a non-adjusting stumpage rate, the stumpage rate for the cutting authority shall not change for the term of the cutting authority and all extensions from the date that the stumpage rate is changed to a non-adjusting stumpage rate, except where the cutting authority area is reappraised under section 3.3.1(d) or under section 3.3.3.

Average Stumpage Rates by District and Species

5. Where the stumpage rate for a cutting authority has been determined under section 7.1 or section 7.2 and the term of the cutting authority is extended, the stumpage rate shall not change during the term of the cutting authority and all extensions.

Miscellaneous Stumpage Rates

6. Except where miscellaneous stumpage rates are otherwise specified in a cutting authority the miscellaneous stumpage rates applicable to timber under section 7.7 are the rates that are in effect on the date that the timber is scaled.

3.6 Correctable Errors

1. In this section, a correctable error means:
 - a. an error made by a Ministry employee in selecting or transcribing the correct log grade source, or
 - b. a stumpage adjustment calculation that has not been made by using a stumpage appraisal parameter in effect on the effective date of the stumpage adjustment.
2. Where a person believes that a correctable error has been made in a stumpage determination, that person shall give written notice of the correctable error as follows:
 - a. in the case of an appraisal or a reappraisal, the notice shall be given to the regional manager, and in the case of a quarterly adjustment, the notice shall be given to the director, and
 - b. the notice shall identify the stumpage determination, the correctable error, and the cause of the correctable error to the extent reasonably possible.
3. The regional manager or the director, upon receipt of the notice shall determine whether or not a correctable error was made.
4. Where the regional manager or the director determines that a correctable error has not been made, the person who determined the stumpage rate or director shall notify the person who gave the notice of the correctable error.
5. Where the regional manager or the director determines that a correctable error has been made, then:
 - a. the regional manager or the director will notify the person who gave the notice of the correctable error,
 - b. the regional manager or the director will take reasonable steps to ensure that all licensees who may have been affected by a similar correctable error are informed of the decision, and
 - c.
 - (i) where the regional manager determines that a correctable error has been made in an appraisal or a reappraisal the cutting authority area shall be reappraised to correct the error by the person who determined the stumpage rate, using the procedure under subsections 3.2(7) to 3.2 (8), and,
 - (ii) the effective date of the reappraisal shall be the first day of the month following the date on which the notice of the correctable error was received by the regional manager.

- d. (i) where the director has determined that a correctable error has been made in the calculation of a quarterly stumpage adjustment, the adjustment must be correctly recalculated unless the cutting authority, the appraisal manual or the application and tender for a timber sale licence specifies that the stumpage rate is fixed, and,
- (ii) the effective date of the redetermined rate shall be the first day of the month following the date on which the notice of the correctable error was received by the director.

3.7 Redetermination of Stumpage Rate by Agreement

1. Where, within twenty-one days of the date of a Stumpage Advisory Notice, the person to whom the Notice has been sent and an employee of the Ministry of Forest authorized to redetermine a stumpage rate under section 1.4 of this manual agree, the stumpage rate set out in the Notice, hereinafter referred to as the original stumpage rate, may be redetermined by the employee, and the redetermined stumpage rate shall be effective on the effective date of the original stumpage rate.
2. The twenty-one day period referred to in subsection (1) of this section may be extended by agreement between the person to whom the Notice has been sent and the employee.

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4.2 Market Pricing System (MPS) Variables

STUMPAGE PRICE	The stumpage price for the cutting authority expressed in \$/m ³ .
ALP	Average coniferous log selling price estimate expressed in \$/m ³ . This is based upon a consideration of log grades and species for the cutting authority area, and schedules of log market values collected and published by the Revenue Branch.
DFIR2G	If selling price zone in the appraisal data submission is 52, then DFIR 2G is the fraction of the coniferous cruise volume that is Douglas-fir. If the selling price zone is not 52, then DFIR 2G = 0. DFIR2G is in decimal form, rounded to 2 decimal places.
HEMBAL	The fraction of the coniferous cruise volume that is hemlock and balsam. HEMBAL is in decimal form, rounded to 2 decimal places.
HEMBALOG	The fraction of the coniferous cruise volume that is hemlock and balsam, if the selling price zone is not zone 52. If the selling price zone is 52, then HEMBALOG = 0. HEMBALOG is in decimal form, rounded to 2 decimal places.
SLOPE	The average side slope percentage for that part of the cutting authority area that will not be helicopter yarded.
NHSVPH	Non-helicopter selection volume per hectare is the cruise volume of coniferous timber per hectare for that part of the cutting authority area that will not be harvested by a helicopter selection method or helicopter single standing stem selection. NHSVPH is expressed in m ³ /ha and is rounded to 2 decimal places.
HS	The fraction of the total net cruise volume, including deciduous volume, of timber in a cutting authority area that will be harvested by a helicopter selection method (excluding helicopter single standing stem selection). HS is in decimal form, rounded to 2 decimal places.
HSSSS	The fraction of the total net cruise volume, including deciduous volume, of timber in a cutting authority area that will be harvested by helicopter single standing stem selection (section 4.4.4). HSSSS is in decimal form, rounded to 2 decimal places.
VPH	$[1 - (HS + HSSSS)] * NHSVPH + (HS + HSSSS) * 442$ VPH is expressed in m ³ /ha and is rounded to 2 decimal places.
PIECESIZE	The cruise coniferous net volume per 10 m log. PIECESIZE is expressed in m ³ and is rounded to 2 decimal places.
HELI	The fraction of the total net cruise volume, including deciduous volume, of timber in a cutting authority area that must be helicopter yarded or yarded by skyline where logs are fully suspended more than 600 m in a straight line to the centre of the closest possible

landing. This is calculated by dividing the total volume of timber that must be helicopter yarded or skyline yarded over 600 m by the total net cruise volume of the cutting authority area. HELI is in decimal form, rounded to 2 decimal places.

VOL That part of the total net cruise volume in the cutting authority area that is coniferous timber except that where the cutting authority is a timber licence or is issued under a licence with an AAC greater than 10 000 m³, then VOL = 19 925. VOL is expressed in m³, rounded to the nearest whole number.

CPI Monthly BC Consumer Price Index (CANSIM 326-0020, 2002 = 100) multiplied by 1.1787.

CPIF CPI divided by 109.3.

LOCATION The net cruise volume weighted average straight line distance measured in kilometres between the geographic centre of each part of a cutting authority area and the latitude and longitude co-ordinate listed in table 4-1 (which lists the major centres) that is closest to that part of the cutting authority area.

Table 4-1: Latitude and Longitude Co-ordinates

Degrees and Minutes:		At or Near	Code
Latitude	Longitude		
50°01'	125°15'	Campbell River	CARV
49°11'	121°55'	Chilliwack	CHWK
54°23'	126°39'	Houston	HOUS
50°07'	120°46'	Merritt	MERR
49°10'	123°57'	Nanaimo	NANA
54°18'	130°19'	Prince Rupert	PRRU
54°31'	128°36'	Terrace	TERR
49°16'	123°06'	Vancouver	VANC
48°25'	123°21'	Victoria	VICT

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