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AUG 19 2008

To: Jim Gowriluk, Regional Executive Director, Coast Region

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

Re: Amendment No. 5 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 5 to the *Coast Appraisal Manual* and attach a copy for your use. The following sections have been amended:

- Section 1.1 The definition of "Appraisal Data Submission" has been revised and a definition for "Bonus Offer" has been added.
- Section 4.1 An exception to the appraisal methodology has been added for section 6.1.1(5).
- Section 4.5 Housekeeping: expand reference to include Section 4.4.7.
- Section 6.1.1(5) A new subsection has been added for BCTS Innovative Timber Sale Licence Initiative (ITSLI) timber sales targeting low quality (including beetle attacked and pulp) timber.
- Section 6.1.1(6) A new subsection has been added indicating the variable cost to prepare the timber for sale is calculated by the Timber Sales Manager.
- Section 6.1.4 A new section has been added which describes what the upset stumpage rate applies to.

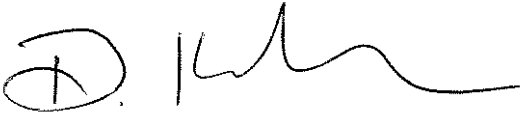


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TO SHINE

This amendment will come into force on August 19, 2008. Further amendments or revisions to this manual require my approval.

Interior Regional Managers



Pat Bell  
Minister

Attachment

pc: Murray Stech, Director, Revenue Branch  
Mike Falkiner, Director of Operations, BC Timber Sales



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 6<sup>th</sup> Floor - 727 Fisgard Street Victoria, BC V8W 1R8 Phone: 387-8377 PROFS userid: George.Silvestrini@gov.bc.ca FAX: 387-5670</p>	<b>MANUAL TITLE</b>	
	Coast Appraisal Manual	
	<b>AMENDMENT</b>	<b>ISSUE DATE</b>
	Amendment No. 5	August 19, 2008
<b>MANUAL CO-ORDINATOR</b>		
Judy Laton Manuals Co-ordinator		
<b>AUTHORIZATION (Name, Title)</b>		
Murray Stech Director, Revenue Branch		

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

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
	TABLE OF CONTENTS		
Remove	Chapter 1	1 - 4	After Chapter 1 Tab
Insert		1 - 4	
Remove	Chapter 4	1 - 2 23 - 24	After Chapter 4 Tab
Insert		1 - 2 23 - 24	
Remove	Chapter 6	1 - 4	After Chapter 6 Tab
Insert		1 - 4	
Remove	Index	1 - 4	After Index Tab
Insert		1 - 4	
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab



# **Definitions and Interpretations** **1**

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## 1.1 Definitions and Interpretations

In this manual:

"**Act**" means *Forest Act*;

"**Appraisal Data Submission**" means the information required by the person who determines the stumpage rate to determine that rate including the appraisal map, cruise information (including appraisal summary report, unless otherwise specified by the Director, Revenue Branch) and any other information required by the regional manager or district manager in the form required by the director, signed by a registered professional forester (RPF) or registered forest technologist (RFT), registered with the Association of British Columbia Forest Professionals;

"**Billing history record**" means a record of log scale data derived from a record kept by the Revenue Branch of log scale data reported on stumpage invoices issued by the Revenue Branch for timber scaled under section 94 of the *Act*;

"**Bonus Bid**" means a bonus bid described in section 103(1)(d) of the *Act*.

"**Bonus Offer**" means a bonus offer described in section 103(2) of the *Act*.

"**BCTS**" means British Columbia Timber Sales;

"**Coniferous cruise volume**" means that part of the total net cruise volume which is coniferous timber;

"**Cutting authority**" means:

- (a) a cutting permit issued under a forest licence, a timber sale licence, a timber licence, tree farm licence, a community forest agreement, a community salvage licence, a woodlot licence, or forestry licence to cut,
- (b) a timber sale licence that does not provide for the issuance of a cutting permit,
- (c) a licence to cut, or
- (d) a road permit;

"**Cutting authority area**" means the area where timber may be harvested under authority of:

- (a) a cutting permit,
- (b) a timber sale licence that does not provide for the issuance of a cutting permit,
- (c) a licence to cut, or
- (d) a road permit;

"**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.

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

"**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 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 Revenue Branch of the Ministry;

**"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;

**"Stumpage price"** means the market stumpage price;

**"Stumpage rate"** means market stumpage rate;

**"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: 
$$\text{tncv} = \frac{\text{ncv}}{\text{ha}} \times \text{tmta} ;$$

**"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.



# **Estimated Winning Bid**

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**4**

## **4.1 Appraisal Methodology**

1. **Except as provided in section 6.1.1(5)**, the person who determines the stumpage rate must estimate the stumpage rate for a cutting authority area in a manner that will produce the highest stumpage rate for the cutting authority area.
2. For each part of the cutting authority area, the person who determines the stumpage rate must use the procedures in this manual that must be used for the harvest method that produces the highest stumpage rate other than a method that the district manager states is unsuitable for that part of the cutting authority area.
3. Regardless of the harvest method that the holder of a cutting authority uses or intends to use on the cutting authority area or a part of the cutting authority area, or any other fact or law pertaining to the harvest method to be used, the district manager when deciding whether a harvest method is unsuitable may only consider:
  - a. the physical features and terrain stability of the cutting authority area and the areas through which access to the cutting authority area may be gained,
  - b. the physical features of the areas outside of the cutting authority area that may be affected by the harvesting in or the transportation of the timber from the cutting authority area,
  - c. visual quality objectives, and
  - d. public safety.

3. Where tree crown modification is approved:
  - a. the rate for each old growth coniferous tree that is modified is \$53.50, and
  - b. the rate for each second growth coniferous tree that is modified is \$36.38.

#### **4.4.7 Ecosystem Based Management Operating Costs**

1. Except as provided in subsection (2) of this section, the ecosystem based management adjustment may be considered in the appraisal or reappraisal of a cutting authority area effective on and after June 1, 2008 and that lies wholly within that part of the Coast Forest Region to which land use objectives have been made applicable by orders made by the Minister of Agriculture and Lands pursuant to Section 93.4 of the *Land Act* entitled:
  - a. South Central Coast Order, dated July 27, 2007, and
  - b. Central and North Coast Order, dated December 19, 2007.
2. The ecosystem based management adjustment shall not be considered in the appraisal or reappraisal of a cutting authority area that is authorized for harvest under:
  - a. a woodlot licence referred to in section 1(3) of the orders, or
  - b. a community forest agreement, the tree farm licence, or a non-replaceable forest licence that is referred to in section 1(4) of the orders.
3. The adjustment shall be \$2.75 per cubic metre.

## 4.5 Final Estimated Winning Bid

1. Subject to subsection 3 of this section the Final Estimated Winning Bid (FEWB) is the difference between the estimated winning bid and the total of the specified operations adjustments that are applicable to the appraisal or reappraisal of the cutting authority.
2. Expressed as an equation:

$$\text{FEWB} = \text{EWB} - \text{SOA}$$

Where:

EWB = The Estimated Winning Bid determined under section 4.3.

SOA = The sum of specified operations adjustments in an appraisal or a reappraisal of a cutting authority area as may be calculated under sections 4.4.1 through 4.4.7 and expressed in  $\$/\text{m}^3$ .

3. Where the FEWB calculated is less than  $\$0.25/\text{m}^3$ , then the FEWB shall be  $\$0.25/\text{m}^3$ .

# **Stumpage Rate Determination**

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

Sections 6.1.1 through 6.1.5 are the policies and procedures for determining 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), 6.1.1(3) and 6.1.1(4) the IUSR for a timber sale licence containing twenty percent or less mature 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 director of operations, BC Timber Sales and requested by the timber sales manager. 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 director of operations, BC Timber Sales, 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 director of operations, BC Timber Sales and requested by the timber sales manager. 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 mature 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 timber authorized for harvest under a timber sale licence is low quality (including Mountain Pine Beetle attacked or pulp quality) timber, and the invitation

to tender requires a bonus offer, and where the amount of stumpage payable will be based on a cruise of the timber under section 106 of the *Act*, the IUSR shall be the rate approved by the Director of Operations, BC Timber Sales. The rate approved under this section shall not be less than the variable cost to prepare the timber for sale. This section will expire on August 15, 2009.

6. 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 Director of Operations, BC Timber Sales.

### **6.1.5 Market Price**

The stumpage rate is the market price.

## **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.



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