

Forest Products Modernization
Intermountain Partner Feedback Session Notes- All Locations
October 11, 2018

Presenters: Dave Wilson, National Presale Forester and FPM Project Leader, USDA Forest Service (USFS); and Dave Cawrse, FPM Implementation Team Leader, USFS

Virtual Session: Ben Irely, National Forest Foundation

On-site Locations: MTDC Missoula, MT; R2 RO, Lakewood, CO; Cibola NF SO, Albuquerque, NM; Pinetop Firehouse, Pinetop, AZ; R4 RO, Ogden UT

On-site Facilitators: Debbie Hassel, R1; Bill Yemma, R2; Ian Fox, R3; Mary Farnsworth, R4

On-site Note-takers: Buck Sanchez, Charlotte Kennymore, Susanne Tracy, Stephanie Coleman

Registrants:

Joe	Adamski	BLM Idaho State Office
Jerry	Bednarczyk	Forest Service
Gaylene	Birky	Randy Birky Logging Inc.
Dan	Buehler	Neiman Timber Company L.C.
Gary	Cantrell	Atica, Inc.
Dave	Cawrse	US Forest Service WO Forest Management
Dave	Clay	US Forest Service, Northern region
Stephanie	Coleman	USDA Forest Service
Terry	Conley	T C Company
Brian	Cottam	Utah Division of Forestry, Fire and State Lands
Philip	Cowee	USDA Rural Development
Chip	Davis	Deputy District Director for Congressman Tom O'Halleran
Samantha	Delfing	Jefferson Conservation District
Mike	Eckhoff	Hoover Treated Wood Products, Inc.
V.	Ediger	Central Oregon Forest Stewardship Foundation
Richard	Edwards	Colorado State Forest Service
Alex	Eubanks	Senator Heinrich
Frank	Falzone	Jefferson Conservation District
Chris	Farley	USFS Rocky Mountain Research Station
Jonas	Feinstein	USDA - Natural Resources Conservation Service
Craig	Foss	Idaho Department of Lands
Ian	Fox	USDA Forest Service
Randy	Fuller	USDA Forest Service
John	Galvan	Pueblo of Jemez

Patrick	Gayner	Markit! Forestry Management LLC
Gerry	Gray	Utah DNR Division of Forestry, Fire & State Lands
Jim	Greene	Chandler Firewood
Jeff	Halbrook	Ecological Restoration Institute
Han-Sup	Han	Ecological Restoration Institute, NAU
Debby	Hassel	USFS R1
Rick	Holliday	Holliday Timber
Benjamin	Irey	National Forest Foundation
Eric	Jacoby	Woodgrain Millwork, Inc.
Becky	Johnstone	Payette Forest Coalition
Mike	Jolovich	Ranch Creek Ltd.
Kim	Kostelnik	NM Forest Industry Association
Jerry	Krueger	Black Hills National Forest
Russell	Laney	Timber Tramp Logging
Scott	Lerich	National Wild Turkey Federation
Steven	Lohr	USDA FS R2 RR
Erin	Mader	Idaho Forest Group
Rob	Marshall	The Nature Conservancy
Armando	McDonald	University of Idaho
Debbie	McGlothlin	USDA Forest Service
Carol	McKenzie	USFS Northern Region
Paul	McKenzie	F.H. Stoltze Land & Lumber Co.
Jeff	McLemore	US Army Fort Carson- Department of Public Works - Environmental Branch
Lewis	Mendive	Resource Concepts Inc.
Matt	Millar	Flagstaff Watershed Protection Project
Dennis	Murphy	Spatial Interest, LLC
Kelly	Norris	Wyoming State Forestry Division
Jeffrey	Parrett	Wheeler Lumber/IFA
Willy	Peck	Idaho Forest Group
Justin	Perry	Complete Tractor Services
Paul	Pierson	Neiman Timber Company
Molly	Pitts	Intermountain Forest Association
Kent	Reid	NMFWRI
Roderick	Robinson	SIGBT LLC
John	Rodenhausen	T3Energy/SIGBT LLC
Brett	Sammon	Caterpillar
Gordy	Sanders	Pyramid Mountain Lumber, Inc.
Jay	Smith	Coconino County
Rick	Smith	Smith Logging, Inc.

Garrett	Stephens	Jefferson Conservation District
Dierdre	Tarr	Claunch-Pinto SWCD
Adolfo	Torres	Custom Crates & Pallets, LTD
Tom	Troxel	Federal Timber Purchasers Committee
Kate	Ulam	Morgan Timber Products
Josh	Van Vlack	Wyoming State Forestry
Diane	Vosick	Ecological Restoration Institute - Northern Arizona University
Ashley	Warriner	US Forest Service
Ben	Wudtke	Intermountain Forest Association
William	Yemma	USDA FS R2 RR Timber Management
David	Youngstrom	Yellowstone Log Homes

VIRTUAL SESSION

Questions and Comments on Presentation:

Q: What is the time frame for valuation of low value material?

- A: DW: We are working on it right now. A small team is evaluating the definition of low value and how that will change policy. Within the next couple of months, the team should be able to share this definition and plans for short-term actions identified, and later the longer-term actions should be apparent. USFS will be open to discussion about the definition and actions.
- A: DC: Dick Fitzgerald is heading up the low value team and they've had a couple of meetings. We want to have short-term actions defined soon and long-term actions defined by Jan-Feb.

Q: Is low value of wood products a trigger for designation by prescription (DxP)?

- A: Direction is needed to consider stand conditions a trigger for DxP use instead of the value of the timber. DxP is appropriate for harvesting of low-value materials. USFS was not able to define low-value across regions. In areas where restoration is being prioritized, thinning or small diameter material is called low value, but that definition doesn't carry its weight outside of the forest. Where forests interface with urban areas, USFS has to pay for fuel hazard reduction.

Q: How will you stay up to date as new technologies present themselves? Are you going to have to repeat this process again?

- A: DC: We want to develop policies that give us the flexibility to stay up to date, maybe through engagement with SAF, to be more nimble and flexible to adapt to new technologies as they come along. This is not a one-time thing, we want this to be a dynamic and agile strategy.

Q: Jerry Smith Forest Energy- We missed the better part of the presentation, but the low value caught my eye. In our area, the last 5 or 6 sales haven't even been bid on because we can't afford it. My company makes pellets, which are low value, but we have to compete with lumber companies, so we have to buy timber to make pellets. Escalating timber sales are unaffordable. There are also expensive road packages include, I saw one that had \$100K road package. We can't afford that, so I am interested to know how you will provide markets for low value material.

- A: DF: At the moment, a couple of folks are looking at the type of materials you are talking about. Perhaps something like the White Mountain Stewardship Project would work. We are looking the various materials involved in timber sales and their valuations, and breaking them out separately and not treating everything as logs. We know that value depends on the target marketplace for the end product. Also looking at roads. There are opportunities for small businesses to use option under NFMA to build a road, and the cost is taken away from stumpage like any other sale. But for the material you are talking about, some of those road costs are prohibitive and we recognize that so we are trying to come up with suggested alternatives for that.

Q: Can I invoke policy number B6.4 ("gross economic impracticability") when the USFS requires sending unusable (but meeting contract clause A2) logs to our lumber mill? Or, will this issue be rectified in the new process?

- A: USFS needs to come up with an answer to this question and circle back.

Q: How will appraisals work regarding projects that produce products in the form of improved forest conditions and watersheds and are not quantifiable by tree volume and the time, equipment and material to haul wood out of forests?

- A: This topic came up in discussions among the USFS solutions team: shall we appraise for watershed improvement or fire resiliency? Such things could be more valuable than a wood product. But Congressionally, USFS has to look at the wood product existing. USFS is considering some form of an end-value approach, like in Colorado where timber is sold by the acre versus amount of wood.

Q: The financial sustainability of America's wood products industry relies on maximizing net returns per acre harvested. Is USFS committed to providing the resource characterization at a geographic resolution to make this possible?

- A: USFS recognizes the wood products industry's need to maximize returns from harvests. One way is to minimize USFS hard costs when putting up the sales. Industry can help by becoming as efficient as possible, removing unnecessary barriers to get wood out as cost-effectively as possible. USFS recognizes the industry's need for financial sustainability, but USFS is responsible for meeting its restoration mission to render forests sustainable, using cost-effective restoration methods. For example, it can cost two thousand dollars per acre to have acres treated to meet a forest's resiliency needs in a fire regime. Water and recreation are other objectives. USFS is looking at ways to get a better return. The idea is to at least break even when restoring America's forests.

Q: Jay Smith Coconino County: If this becomes a national policy will there be flexibility to look at different markets that vary by region? If there is no flexibility by region, we will end up in the same situation we are in now. Need to adjust low value strategies and policies by region.

- A: DW: USFS is factoring in this need for flexibility. We are trying to minimize how prescriptive we are at the national level to leave more decisions up to the USFS Regional Offices. Their task will be to take a look at local markets.

- A: DC: Dave mentioned letter from the Chief. That letter by direction is good for one year. The letter directed people to use DxP, whereby the Washington Office (WO) sets a general direction but expects the regions to define the scope and prescriptions. The same is true with sampling error for timber sales. For example, the WO set the sampling error at 30%, but then Region 6 adjusted it to 20%, because of the fact that helicopter-scale sales require more accurate estimates due to the type of equipment being used.

Q: Dennis Murphy: Potential efficiency between EADM and FPM: Appraisals depend on volume and value estimates. Are any forests managing vegetation inventories at a resolution sufficient for use both NEPA analysis of a landscape scale restoration project and timber sale appraisal for a contract that will implement actions within that landscape?

- A: DW: Yes. Region 1 has started this type of inventory, but it's not yet at a resolution appropriate for appraisals. But that is an example of the efficiencies that we are looking for between EADM and FPM, at the project planning level and the environmental assessments that have to be done.

Q: Ben Wudtke: With the final strategy expected early next year, what is the expected timeline for completing handbook and manual revisions out of that strategy and will those revisions be national, regional, both?

- A: ORMS looking at first batch of policy reform now. We will have a mechanism for regular updates to the handbooks. We are not only trying to modernize our FP delivery system but also our system for keeping our manuals up to date.
- DC: Our policy batches and handbooks are national. We are prioritizing national level policy updates right now.

Q: R2: Mark Morgan: I see that your #1 priority is recruitment and training and retention of employees, and you want to make a lot of changes. In Washington is there an atmosphere of acceptance of occasional failures? I have talked to people in the field and they are reluctant to propose things because they thought radical changes were a risk to their career if their innovation or changed failed.

- A: DW: There have leadership changes and we are willing to look at doing things differently. Things are not the same as they were 40 or 50 years ago. But we do need to update the way we do things, within certain parameters, but let's give things a try if they seem feasible.
- DF: The Chief was sworn in this morning and she reemphasized this. There will be some failures, but we need to try new things within what is legal. We have to be willing to try to do things differently, and not just keep doing things because they are the way we've always done them
- DC: With DXP everything is still going to be taken off and weight scaled and a timber sale manager told me "well I still have to report it to law enforcement if there is an extra log"...but why if they are meeting the stand prescription? And she said it was part of her job description and her responsibility to report it. So we need to look at making those sorts of changes and developing new frameworks that allow people to use new authorities like DXP.

Q: Has FPM considered completing an on-the-ground study tour of large forest (TIMO) forest inventory, timber marketing and harvest timber sale administration?

- A: USFS funded a timber marketing study this past year, and needs to explore FPM in regard to TIMO's further. We may not have considered that, but if there is potential and folks can benefit, maybe we should look at that.

Discussion Questions:

How do the priorities we've shared today resonate with you?

Comment: I'd like to go back to looking at saving habitat and watersheds and making the forest more resilient. Look to the insurance industry for data on this, but the risk of catastrophic injury to firefighters. There is data on the cost to government when a firefighter dies. That should also be considered in the end-value of our forests and federal lands...potential lives saved should be part of the equation.

- A: USFS is looking at the end value of harvesting, but should think in terms of what it might be saving in terms of lives. Add it to the equation. Valuing fire fighter lives is important. Avoided suppression costs is a benefit measure.

Q: R4: An idea that came out of our on-site group is putting GPS locations on the sale prospectus. In order for purchasers to look at Google Earth for a quick review of access and assess expenses....has that been considered?

- A DW: It's not part of prospectus now, but we are looking at ways of having all the info digital so that we can share with contractors digital boundaries, etc. That's another idea that if we don't already have it, it's easy to add.
- A DC: I am working with the contracts group and that is a great idea that I will pass on. There are a lot of ways to modernize our maps.

Patrick Gaynor market forestry: You want to increase pace and scale of contracting work, but personnel recruitment and training takes time and money. And you have industry that is willing and capable of taking on more work like NEPA, sale layout for the FS. I want to know how the FS is looking at project preparation. The Colville A to Z project is a good example. Are you going to do more of that?

- A DW: AQM folks can help us set up IDIQs to allow us to have quicker access to outside consultants that can help us on contracts, looking into G&A authorities to bring in states to help on projects. We are exploring all avenues to expand capacity of FS by using external support. Not just presale and sale admin, but looking agency wide, even HR, to help bring more people on.

R2 Mark Morgan: Timber harvest costs are approaching almost 50% for transportation and we are transporting on a FS road network that was designed for timber production, and we are now sharing it with huge volumes of recreational travel. Your roads are rapidly deteriorating. Is this strategy looking at resources to repair and maintain these roads?

- A DW: Another change efforts is infrastructure and engineering. We are looking at needed road support for these modernization efforts, how we can integrate. G&A can work with states to manage roads, especially if our roads are within a state road network. We have a long way to go and there is a big backlog of road maintenance.

David New: Ultimately increasing wood products manufacturing depends on reducing investment risk this starts with world class resource characterization. Resource characterization and the utilization of new LIDAR and high resolution timber inventory processes should have a higher priority.

- A: USFS is identifying ways to incorporate modern technologies, and is using more LIDAR on individual demonstration projects that are shared across the agency. This is a priority as a new way to do business. This could help reduce USFS costs and risks for the investors in the projects. USFS funded a project with the University of Northern Arizona to assess how to get volume estimates so cruising is not necessary. LIDAR can generate a whole census for the stand to identify unsafe places and unsalvageable wood.

Q: Intermountain Region - Ogden, UT: Is there a mechanism in place or how we can more effectively match loggers with timber buyers (i.e. Log Home Manufacturers)?

- A DW: Trade associations could fill that gap – in Colorado, the association matches loggers to mills. USFS State and Private Forestry can also help with ideas (e.g. on use of biomass). FPM will share this idea with other staff areas and we are hoping someone can take it on.

Comment: William Peck ID Forest Group: I agree that markets and product utilization should be much further up on list. Another thing is silviculture has huge impact on end product and we see a huge difference between districts and regions and how they treat the forest. So I think that should be higher on the list as well.

If you could do one thing to improve the Forest Service's business practices in the delivery of forest products, what would you do?

Using the example of the Lolo National Forest, USFS could increase pace and scale of projects by adding two additional NEPA teams. This is a short-term fix that could be deployed immediately. Decision processes need to be in place before treatment can be done.

- A: It's cumbersome to hire personnel even if there's funding. Yet adding staff capacity is an easy fix. USFS has no choice but to abide by USDA policy. However, SAF recruitment events help – and USFS could explore more of these types of avenues.

Rick Holliday, Holliday Timber: When we get bad weather, we get shut down pretty quick or we get shut down because we have to wait on paperwork. If your money quit coming like our money quits coming when we get shut down, I think that would speed things up. We need to build better partnerships and do things not on government time but on industry time,

- A DW: I hope you can have a face to face discussion on that this afternoon The paperwork and bureaucracy bottlenecks that we are looking at, we are looking at making that as efficient as possible.

Comment: I spoke with Leslie Weldon and regional people on this, but continuity in the FS as far as who we are detailing with, is always changing with details, and fire duty, we never know who is coming out. Sometimes no contracting officer shows up because they are on a fire and we flew out four helicopters and a lot of people. WITH 4FRI, we have had a lot of turnover and that is an issue. We always have new

CORs showing up with new ideas on how we should be doing things and that costs a lot of money and affects continuity.

Comment: Treat purchasers as partners and not enemies.

- A: This attitude came about in era of timber theft, and regulations arose to address it. But USFS needs to view dealings with the industry as a partnership.

Chris Farley 2: Re:#2 If I could do anything, it would be a real culture shift/framing from top-down make it easier to “meet targets” to a bottom-up “provide tools to the local field accomplish work”. Some of that is reflected in the priorities, but I still worry about a clash between what the politicians and WO are pushing down, vs. what is realistically accomplished (and should be accomplished to steward the resource) in the field. The legal and local barriers that constrain local decision-making both hurt the local accomplishment of work, but also create societal worries about why certain actions are being taken.

- A DW: We are looking at new ways of doing project mgmt. that may alleviate some of this. Thanks for the thought, and yes that is on our mind.

R3: Matt Allen:We have also had restoration efforts held up when someone critical goes off on a fire. Another thing that should be done post haste is to quit painting trees and start doing DXP and eliminate some of the punitive stuff so that people aren’t walking on eggshells. That would save the FS a lot of money in paint and labor.

- A DW: Last year we had a number of DXP trainings, and want to do more. That will really help us pick up the pace and keep costs down. More trainings on that is a priority.
- A DC: We agree the \$70 per acre is a problem, and DXP can help with that. But I would like to mention an area north of Flagstaff where they are implementing complex prescriptions, clumping prescriptions that have clumps and gaps in the stand and are popular with the public. Digital prescription guides can help operators see where they need to harvest and what they need to leave alone. So there are areas where even if it is a complex prescript you can still use DXP.

Comment: If you could streamline NEPA to the maximum possible, let your contract C clauses to address things that were brought up in the NEPA document, the I would die a happy man if during sale prep, the sale manager said my expertise is not needed here

- A DC: At a national level, EADM is trying to address that, but it does go down to the local level. We are working with the EADM group to identify barriers that go both ways.

Comment: DXP is a double edge sword. We have a lot of experience and you have to understand that the FS is passing on costs to contractor. For every half an acres of production that you slow me down, you are costing me 100-150 a day per half acre in labor costs. Spread that out over a 500 acre sale ad you are talking about 100K in costs that I am going to pass onto FS through a higher bid.

- A DW: A DXP prescription is not always the most appropriate tool in all cases. There are things we can do to make it easier, very simple marking guides, things like that that we are teaching in our classes.

What practices, process, or implementation tool from state or private timber operations would you recommend the Forest Service consider in order to achieve forest restoration objectives?

Q: Is FS using any non-FS partners to test or implement modernization efforts and if so, who are the partners? Question from Steve Horner, Campbell Global

- A DC: I know the Digital prescription guide was first tested on state land, and TNC has been testing dig prescription guide. Virtual boundaries, I think industry is using those. There is an app called Timber Navi no John Deere tractors that has been in use for a while now.
- A DW: In the future, if there are projects that partners would like to work with the FS, we are willing to discuss those and see if we can put something in place to give it a try. If forests want to try new ideas, we are going to let them put together a proposal and go forward with it. We've talked with operators about our sale administrators going out on ride alongs to see how things are done on private lands and vice versa so that everyone knows how things are being done.

David New: The Forest Service needs to expend just as much effort to maximize outputs and work towards finding avenues to make projects work as they do finding excuses to throw areas out or make projects falter. A lot of this has to do with personnel across the agency. A culture shift is necessary to make this strategy move forward.

- A DW: We need to improve decision making process we need better information to be able to find ways to keep as much area as possible within a project. So we are whole-heartedly looking to make that process as efficient as possible. Doesn't do any good to do an analysis and have it thrown out at the end, or if we can make better decisions up front, the more we can get done.
- A DC: When we talk about culture, identity, tone from leadership, regulations and finally individual actions. Right now our identity is sustainability of NFS land and restoration. Yes timber sold is increasing, but that is being done in the context of restoration.

David New: Increasing the pace and scale of restoration strategically is reliant on increasing investments in wood products manufacturing in parts of many Western regions. What can we in industry do to help USFS staff better understand that investment recruitment is much more than simply offering timber sales?

A DW: For us to be successful in restoration, we need to be looking at the market, looking at biomass markets. SO I would say look at S&PF grants. National Wood Products Week coming up will feature a call for innovation grants administered out of USFS State & Private Forestry. Industry should apply for these for grants - \$250 thousand each. Several million dollars are allocated for grants. One example of an innovation is use of cross-laminated timbers instead of concrete and steel in construction.

Other questions or suggestions?

Is USFS looking at why GNA is working? What can USFS do to make contracts easier to develop and implement?

- A: USFS has agreements with 35-40 states. States can be more nimble and generally have simpler contracts. Another idea is sale maps with geo references. Or simpler prospectuses that could be emailed out. Combining contracts, numbering provisions, and digital maps are other ideas. Regarding stewardship – USFS needs to look at IRTC and IRSC more closely, specifically procurement aspects, because they are so complex that they are not getting bids.
- The Colorado state forest service has worked through the GNA for 20 years now, since it piloted the GNA in 1998. The state has used its own contracting – and now has 12 supplemental project agreements. The state has a briefer contract format than USFS, and is happy to share state documents with USFS at any point. Contracts have quadrupled since the initiation of GNA.

<CONCLUSION OF VIRTUAL SESSION>

ON-SITE DIALOGUE NOTES

Region 1 <no notes provided>

Region 2 RO- Lakewood, CO

Mark Morgan: #1 priority is recruiting and retention of employees, is there an atmosphere of success, industry is going to have to accept. People felt careers are at risk. Will WO accept failures and move forward?

Patrick Gaynor: staffing and training, industry willing to take on more work, NEPA ect, how is FS planning to taking on the work?

Mark Morgan: harvesting costs are 50% of cost, network roads were built to accommodate, now sharing with recreation, is there a way to get funding since roads are falling apart, is there a way to fix roads?

Steve: Accomplishments and procedures in place now:

- Industry to help with NEPA, A to Z project, industry did NEPA themselves, exploring options in R2. Would be up for bid, but purchaser may not get the bid.
- Roads funding, we need to be smart in building roads, we agree but need to work thru it, sharing roads with rec, so we need to explore
- Streamline NEPA, we have used authorities and have cleared another 30,000 acres, and using it on other forests. Diversify portfolio in case things break down
- DxP, we have not used it in the region very much, need to use it in the right situation, can be trouble on both sides. Agree with Pat as we don't want to transfer costs to the purchaser.

Patrick G: We have experienced DxP and have after action reviews, it was difficult for them. They had 3 different species grouped together with mixed conifer, with mistletoe, slowed down production and was very difficult and time consuming, a balance that he is willing to look out but needs to estimate production if it is a complex prescription.

Mark: double edged sword, but would like to take a positive side, they had done DxP and there are positive aspects of it, once you are used to it, it can be fast, often times you are looking for marks, so

this would make that faster, sometimes folks work slower because they are looking for marks, it is hard to explain prescriptions to folks, can be faster using DXP, sometimes it is reduction in costs, sometimes it can be a savings and they have had experience with both being positive and negative.

Molly: It will work on the San Juan, they are not concerned about DXP, flexibility is key, works with large amounts of acres, longer term projects it works well with NEPA, maintain flexibility with implementation.

Mark: DXP, mark timber and harvest timber, you get a better stand, it is still hard for painter in some stands, so DXP is easier to visualize

Dave: not used everywhere, but purchaser doesn't have equipment, what if FS purchased equipment? GPS & harvest

Molly: DXP, Flagstaff, saw tablets and prescription, to numerous circles on the map, it is complexity and how it works, if you put numerous circles on a map, it doesn't work

Ben: Keep it simple, latitude for staff on the ground, if operator cuts the wrong tree, they need to have some latitude.

Mark: loggers don't trust technology, tech is being advanced by tech companies and not necessary to the logger, too many circles on the map. We are not stupid, just tell us what needs to be done.

Mark: NEPA- disconnect between SA and prescription, leaves out the Silv, logger and SA, connection doesn't make sense on landscape, SA needs to be included on the ID team.

Kelly: training, invest a lot of time in training, if we look at what the states are doing, think about mentoring and work on the ground. We are training too specialized and complex, prescriptions do not make sense on the ground. We need to keep things simple. Need to make sure loggers are making a profit so they will bid on more sales.

- Steve- agree, we are working on silviculture and prescriptions.

Mark: Perfect is the enemy of good - there is a disconnection between Silvs, SAs, prescriptions, etc. exposed mineral, NEPA stated that it had to be done to eliminate noxious weeds, a disconnect.

- Kate: Had to get an override, to get seeds

Megan: 20 years timber background, keep it simple, if you can't do it on 5 fingers, it is too complex. I've been there and understand

Kelly: look at huge target how do we make prescriptions feasible. Feasibility is why sales are not being sold. #1 recommendation, simplify contracts, simplify COs to go thru training and understanding, diameter issues, who is your audience and who is your customer, costs are based on paperwork and understanding contract, contracts are too intense you need to have someone who can read and understand the contract.

Megan: Silviculturists can't kick it down the road, they need to know how to get log out of the woods.

Dave: big issue, federal contracts protect purchasers more than state contracts do, IRSC is horrible contract, procurement FAR regulations can't get together to get a good contract, there is a team working on this, it is hard due to the legal language makes it tougher to streamline.

Ben: NEPA, a lot can be done to simplify, streamlining the proposal, others are looking to utilize stewardships, latitude in each region to address complexity. Not looked at in FS modernization. Declining industry across the county puts purchasers in sticky spot during proposals. We need to streamline as much as possible.

Bill: IRSC, there is a lot of stuff that can be done but takes a lot of time going through the manual. It is up to AQM to streamline. There are tools in place but require getting staff to work through it.

Kelly: 15 page contracts, invoicing, etc. done in 50 page, 2 3" binders full before the first three was cut.

Bill: Need to determine what we want on the ground, and build contract backwards from that.

Pat: would like to see streamlining, RFPs are too different among forests, too much to learn inconsistencies between forests.

- Steve: We work through AQM. They may be handling each RFP differently.

Mark: Suggestion- people fear what they are not familiar with, contractors get smaller and lose experience, so it becomes an issue, different levels of contract used to be simplified, escalation, etc. doesn't matter to loggers; contract should match the size of the job. C clauses, do they need to be there, need to eliminate some of the clauses.

Dave: 100th meridian issue; has too many degrees of complexity

Kelly: Why is FS still using paint, why are we not getting away from that?

- Tracer paint came from audits, timber theft, etc. we can't get away from it.

Flipchart comments:

Simplify contracts

- Makes everything simpler
- Service contracts are expensive for contractors to administer
- Starts w/ NEPA
- Streamline proposal process for stewardship contracts
- Consistency on RFPs among forests
- Make contracts commensurate with size of the sale
- Do we need C Clauses?

Industry can take on more NEPA work

Issues w/ road conditions and associated costs

Streamline NEPA- reduce requirements in contracts through NEPA

DXP is double-edged sword- is it right? Is it feasible? Simple prescriptions- KISS.

Relax tight administration- provide some latitude

Cultural shift needed- some employees are not supporting efforts.

R2 could use better remote sensing technology but don't go overboard. Use operator common sense too.

Training: think about it as mentoring and experience on the ground. Ex: Silviculturists not on timber sales.

Region 3- Cibola NF SO

Plan revision: Continuing effort at various stages. Project level NEPA and implementation comes later that results in contracts for implementation. We could improve, internally, in how we integrate NEPA planning, mitigation, and implementation/contracting. How can we manage and mitigate impacts of restrictions on implementation (employee development/training)? What is the agency/unit's mindset? How do we most effectively transition for NEPA to contracting/implementation?

Logger/operator training on DXP and DXP digital marking with tablets: Complicated prescriptions. Terry's point => less controversy on implementation, especially if there are questions or issues with the cruise data, if trees are marked as compared to DXP. Cliff's remarks... group selection cuts can be more difficult to estimate volume. DXP may be easier to teach/communicate with simple prescriptions. Topographic diversity and forest composition likely impact the practicality of DXP. Trainings are being scheduled that are available for operators. Ian => some transition are needed for FS, e.g., DXP and designation by description.

Low value: Matt, very interested in conversations about low value and how this is being considered by sawmills. Russell – there is a need to consider an adequate mix that includes enough larger material, otherwise a subsidy is required (stated that he needed an average of about 15-16 inches).

NEPA contracting and restoration vs. timber sales (for future conversation). With restoration, we are requesting a service.

Request form for policy change/clarification. Mentioned as a tool to submit concepts for policy change consideration.

Decision-making and authority: Russell suggested simplification of approval/adjustment process and being more decisive. Mentioned getting permission to make a recent adjustment took eight people to be involved in decision. Terry noted similar concerns - Similar to Russell's concern. COR and sale administrators in the past had authority to make decision on the ground. Now, more people need to be involved in decisions/adjustments without having to checking-in with fire and engineering, for example. Question for us – who needs to be involved in decisions/adjustments (minimum)? Cliff, could be related to contracting authority – for example, the sale administrator. New people may not be as comfortable making decisions/adjustments and could be some confusion in who needs to be involved or notified, if any, besides the CO. Terry suggested that internally, this is a real problem for the FS. Sometimes seems

like union mentality (I do only what I am hired for?). Currently, high demand for good forestry personnel. Employees need have a better understanding of their authorities (training?). Similar concerns discussed for grants and agreements.

Bottom line:

- Help people understand the contracting authority? Arrange for appropriate authority/operational designations and training,
- Consider day-to-day operations and work ethic.
- Account for comfort through experience (mistakes are learning opportunities vs fear that if the make a mistake and may not be able to advance).
- Develop smooth and seamless transition between NEPA planning, mitigation development, and implementation/contracting.
- Participate in identifying policy revisions.
- Prioritize policy and innovation with low value material.
- Explore options for DXP along with designation by description.

Region 3- Pinetop

Highest Priority Topics/Comments/Ideas:

Continuing Issues – Not discussed, but brought forward for the list.

- Branding and painting of every log over 7" in a load, costing loggers a lot of funding. There are waivers for that, other loggers have only had to paint/brand 7 logs/load. Sale administration continuity.
- Weight scaling every load.
- Ticket book distribution – waiting longer than necessary, which impacts work and increases costs.
- Forest closure inconsistencies/ area closures: differences in wording between staging and storing logs which leads to not being able to remove cut logs.

Partnership/trust between FS and contractors

Approval of skid trails, landings, staffing and wait time.

Acquisition CO vs. Timber CO and the differences in people or between them in regards to contracts and administration. Same with CORs.

(Transformational – Partners and trust, Relationships) Forest Service Culture is not staying in one place, but moving around. There needs to be succession planning and training so there is a seamless transition when employees move or others have to step in.

Westside – need for a mill. FS has a lot of land, the problem on the west side is industry but there is nowhere to put a saw mill in Coconino Co. Can the FS find land for a mill? Is there the possibility of a Special Use Permit for a saw mill on the West Side, which will just take NEPA. Can the County assist with getting the West side mill? Log decks need 50 ft between log runs and 100,000g on site for fire prevention on decks, so water is an issue.

- Conventional thinking on mills, decks, etc. is not the same. Sawmills can be laid out to take multiple diameter size, and make it profitable. It's sporadic in its value.

How to tailor a timber sale to facilitate small diameter logs for pellets, etc. and the large logs for mills? Distance between the various industries (Flagstaff, East Side, and Heber).

- In the past, if you had 20 MBF under contract you had enough to start up a mill, has that changed? What would it need now?
- Low Value timber

Cultural change is needed in Forest Service from when we had high value versus the low value we have now. We aren't even cruising for grade, but we are still focused on the individual tree.

Balancing the value of the timber to the service work to offset (PCT, BD). This drives contract type, and it makes it more complex. When Colorado (State) is simply paying by the acre. What is the barrier to greatly revamping the contract system? In the process we don't have enough higher value, the value of that is being dropped by all the low value. (transformational)

Low Value timber (pellets, bedding). Contractor is taking topwood from others, but have to bid on the contracts and can't afford to. (transformational/culture shift)

- Small Business sales???
- Suggestion – for the low value group go beyond just looking at it. Think of a new model so that we can get forests restored. Do you think the 20 contract with help? Industry will need it paid back in 7-8 years, not 20 years.

Implementation Issues

It would be good to identify the things that are incremental, transitional, implementation and modernization. Basically looking at where items fall across two axes to determine feasibility and priority.

- FS mission has changed, we need people to get used to change and implementing it for the long term to persist as well as the transformational.

Appraisal process – tying the timber here to WWPA indices doesn't work. (Transformational)

- Fallacy of using the WWP index to value timber now.
- Differences in the diameters within sales once contractors get on the ground, which changes what the trees can be used for. Example is a sale that was appraised for 11% of trees 11" and up, but it is really 45%.

Is FS keeping up with their own WWPA to know what's going on this state, talking to mills. There is, but it is not a formal census. If FS gets that data, then it can be FOIA'd by a competitor. So we need an independent third party to do that and provide the Forest Service with the summary, rather than the individual company information. Talk to manufacturers and what they are getting for it, so that we can have a market value.

We are putting value on timber that we cannot give away, shifting to the idea of the end product = restoration. Ecological Services and focus on that which may bring in other funding options (Conservation Bonds).

How are new foresters being trained and is that with the tree=value mindset or end product = value mindset? (Transformational)

- Timber sale size – issues with 3k acre sales and payments if they can't work (restrictions/weather). So contractors looking at smaller payment units or sale areas to make that feasible. –Looking at escalation and flat rate (13T).
- It how we put up the sales and product mix/size as far as escalation. Appraisals are based on saw boards, so we are appraising for a product not made here based on our mill structure. So appraising appropriately.

IRSC C.7.1 sustainable products and bio-preferred products. People not bidding because they didn't know they can say they can't do that. Regionwide-Forest wide training for contractors on contract types. We need to find out the things people don't understand and then come back with answers. (Implementation)

Round table to train, white paper for continuity through Industry Roundtable

- Forest service road weight limits – differences between Forests and between State roads and Forests. Axle overage 5%???

We don't have support from engineering to increase weight limit.

It is about the axles and not the overall load.

- Road maintenance packages – something to figure out between FS and Contractors to get to a state where work can occur. Public use that ruins roads which then falls back on the contractor to fix.

If AZGFD is going to sell hunt permits, then they should assist with road maintenance funding.

The public use (hunting, recreation) etc. is a huge impact to roads and will increase in the future.

Cut to length systems eliminate a lot of road costs (maintenance and closure).

- White Mountain Stewardship – IRSC

Modernization Issues

DxP, table marking, and industry (Transformational)

- There is a learning curve with DxP and DxP with or without tablets.

- Forest Service needs to make sure they are bringing all of industry along with that technology to ensure capacity as well as an even playing field.
- TNC working Avenza to use same Timber Guides and create a platform that you can put on an Apple or Android tablet.
- Tablets can be government furnished tablets.
- TNC tablet marking – initial marking was too complex in shape and prescription. Need to simplify that so it isn't costing them time in the cab to make decisions. That's a cost to industry, how can we bring that cost back into the contract (logging costs) to drop the price and account for that. Determine the logging cost of a DxP sale. Hoot owl and tree quality at night. DxP and DxD – contractor can go mark ahead but it is a cost to the contractor.
- DxP Compliance. Using the individual tree for the compliance and not looking at the bigger picture rather than the individual tree.
- Concern over DxP sales because CORs change, unless COR is there daily for inspections. Tell you concerns, what was wrong or right. Copies to everyone.
 - Need inspections and end focus on the end result, not individual trees. (Partnerships, trust, etc.)

What is the effect of flagship targets on development and implementation of innovation?

- Creating stress on Forest Service staff to meet target and innovate simultaneously.
- Unintended consequences with partners of increasing acres of sales rather than the bigger picture (Restoration)
- Tablets in cab, timestamps every tree cut. Number of trees cut/day was same as marked trees. Number of trees being cut/density may be high so acres cut may be low in some areas.

High resolution Lidar and new technologies, if that type of work is implemented with a timber sale ensure it can be done timely and information given to contractors. See how that fits with industry that exists here.

- Forest Service will be using it for sale layout, cruising, boundaries, appraisal, credible resource plan as well as message to industry that we are going to provide the information needed to bid and plan, market value, etc. (Transformational)
 - What is the quality control, what kind do you want, etc.?
 - Resource Evaluation (Transformational)
- Whiteriver Mill use of Lidar – They are in the process of using high pulse rate Lidar to grade timber along with ground based reference plots for determining sales and utilization. Saying that Lidar can used to determine grade 4-common rather than P-99) as well as pitch pockets, birds eye, and intermodal space. With a pulse rate of ~420/m, they can designate every tree on the acre and grade them. Took imagery real time with Lidar. They can share what they are doing and learning with FS.

How soon are these modernization ideas going to be implemented?

- TNC is doing a 20K acre stewardship project on the Coconino and trying some modernization. The modernization effort is a good thing. Here is Arizona because of the global and domestic timber markets we are going to have to vastly reduce the risk to entice industry to come back.

- Modernization looks incremental, but we need some things to be transformational (particularly to reduce industry risk) or we may not be able to overcome the local hurdles.

In November there will be a Wood Summit in Ruidoso, there will be Ponsse exhibit. AZ is welcome to come. Don V. will get an invite out.

Dick Fleishman is trying to get a westside industry meeting to discuss the No Bids and how we can improve our offerings.

Region 4 RO

Conversation with in person individuals – did not stay for afternoon session, did not feel as though much of what was being discussed or talked about pertained to them or their business. However we had a discussion before they left.

Mountain of fluff you have to get through before you can do anything – logger preference is private, state and BLM. Forest Service is the last choice, because of the price, time etc. ----explained these are things we are working on and realize there is room for improvement, which is why we are engaging in this effort.

Salvage sales - 2nd half of fire sale, planted trees before standing dead was taken out, took so long. ----We are having more successes in court and great opportunity at the national level to improve and change policy. At a local level we are trying to take action of what is within our control

Coffield area – microburst or tornado, salvage sale (I guess wasn't allowed) Environmental organization tried to stop the sale. Took more timber in an effort to get it out while the getting was good, tough decisions, but environmental groups just wait for someone to slightly break the rules to stop everything from going forward, even though the forests made the right choice
---this does cause some people to avoid taking risks – however we are not moving enough wood to reduce fires and we have to do more. More palatability to discuss options because of catastrophic fire risk.

Transportation costs are a huge impact. -----some of the things we are looking at in the appraisal process.

Eric Jacoby – Woodgrain in Emmet Idaho – active FS timber buyers

Joe Adamski (BLM ID) joined the afternoon session:

ERIC - Very excited about the topic and it's been a long time come, good to see it moving. Put in a new mill that is highly technical, u saw (cuts small logs) thought that the FS would be removing a lot of small diameter timber. Working out well so far, however, the bottom portion of the saw logs really hurts the industry. Thought it would be great to hear additional information and be supportive and encourage the evolution. 8' ponderosa pine are useless, cannot fit in the u saw – and typically the problem is the biggest gripe and challenge. Need at least 10' with small diameter.

Forest products utilization and markets - Utilization standards was the topic that he related to the most, felt that this was his opportunity to communicate what a large problem this is. Overbids are based on straight good logs. Needs to be options with pope or firewood, just a killer to haul it and then try and

sell it. Selling timber by the ton is a double edged sword, you get some junk and then have to find something to do with it. Suggests selling by 1,000 board ft. or calculating how much pulp will be in sold a sale by the ton. Would like to use MBF.

Ashton (FS) explained the challenge of lumping and splitting

Shannon (FS) can do sells by CCF – and take it somewhere else.

Meagan (FS) switched to CCF because of smaller diameter trees, scaled vs non scaled

ERIC – have done volume tree count sales, and it is a tremendous risk and doesn't work around there. CCF vs MBF – you can change how you sell it but the people know what it is worth and you're not going to get any more out of it. Buyers will figure out what the wood is worth. Would like to buy pay as cut. Scale the wood at the mill and sample it. Need to keep negative value wood from going to a saw mill.

Mary (FS) – the need to meet industry and the FS in a common place. How do we get together to meet each other's needs. FS looking at how to make the process easier and more contemporary.

ERIC – Need to sit down and investigate the process, wish we would've been aware of the modernization effort much sooner. Think it is a great thing, most needed part of FS change, and it is needed. It shows the FS is willing to evolve. Adaptive management has been – how do you do less harvesting, think there is finally some recognition that lumber is good for the economy.

Mary (FS) – You haven't missed out on much yet, with the effort, there is a national effort, but we are also working on a local level in the region, some of the things we are working on is issuing waivers and doing things differently. Timelines have been set to change policies, but it is also allowing some local innovations. We are seeking innovations and the folks working on the ground are coming up with some great ideas. We will be talking internally to employees but we are not waiting for the national effort we are working on long and short term plans. You still have plenty of opportunities to provide input.

ERIC – looks like major initiative, so I worry about the environmental community and the vulnerability of the potential.

Mary – we are not making decisions, there may at some point be a rulemaking. Some may go to the federal registry for public comments. We take comments from EVERYONE and then make the best decision. Everyone gets to weigh in. Processes can be adjusted and those are opportunities that we are looking for, that don't require policy changes. We are also comparing our processes and paperwork to other agencies. We are looking at categorical exclusions and determining what opportunities there are to do the right amount of environmental analysis.