

Forest Products Modernization (FPM)

National Partner Feedback Session

September 11, 2018

Presenters: Allen Rowley- Acting Associate Deputy Chief for NFS; John Crockett- Acting Director, FMRMVE; Dave Cawrse- FPM Implementation Team Leader

Facilitator of Virtual Session: Ben Irely, National Forest Foundation

On-site facilitator: Wendy Zirngibl, USDA Forest Service

On-site Note-takers: Ashley Warriner and Nicole Hutt, USDA Forest Service. See links below for transcript and audio recording.

Registrants

In-person: Tristan Daedalus, American Forest Foundation; Daniel Dructor, American Loggers Council; Ian Choiniere and Andrew Dodson, American Wood Council; Sandra Purohit and Mark Salvo, Defenders of Wildlife; Bill Imbergamo, Federal Forest Resource Coalition; Timothy O'Hara, Forest Resource Association; Henry Schienebeck, Great Lakes Timber Professionals Association; Cecilia Clavet, The Nature Conservancy; David Anderson, Natural Resource Results; Jim Beck, Dave Cawrse, Erin Connelly, John Crockett, Nicole Hutt, Ashley Warriner, Wendy Zirngibl, USDA Forest Service; Peter Wakeland, USDI Bureau of Indian Affairs; Wade Salverson, USDI Bureau of Land Management; and Chris Rackens, The Wilderness Society.

Online: Richard Edwards, Colorado State Forest Service; John Culclasure, Congressional Sportsmen's Foundation; Peter Nelson, Defenders of Wildlife; Diane Vosick, Ecological Restoration Institute; Veronica Warnock, Greater Hells Canyon Council; Vernon Stearns, Intertribal Timber Council; Ben Irely, National Forest Foundation; Dana Spessert, National Hardwood Lumber Association; Dan Buehler, Neiman Timber Company L.C.; Ben Livelsberger, Pennsylvania Department of Conservation and Natural Resources; Tyson Bertone-Riggs and Karen Hardigg, Rural Voices for Conservation Coalition; Robert Hoover, Sierra Pacific Industries; Stephanie Coleman, Cliff Dils, Dick Fleishman, Ian Fox, Randy Fuller, David Harris, Debby Hassel, Steve Lohr, Carl Maass, Debbie McGlothlin, Carol McKenzie, Susanne Tracy, Don Vandendriesche, Aly Warren, and Bill Yemma, USDA Forest Service; Lori Polin Jones, USDA OGC; Roger Jensen and Dawn Patterson, USDI Bureau of Indian Affairs; John Morse, USDI Fish and Wildlife Service; and Marla Fox, WildEarth Guardians.

Project Description: A strategic effort designed to better align our culture, policies, and procedures with current and future forest restoration needs in order increase the pace and scale of restoration, improve forest conditions, and improve efficiency of forest product delivery.

Session Objectives:

- Create awareness of the Forest Products Modernization effort.
- Collect partner feedback on preliminary solution ideas and actions underway or planned to inform FPM-related efforts on local, regional and national scales specifically related to contracting and permitting; appraisals; sale layout; and timber sale accounting, scaling and accountability, among others.
- Help us streamline our business practices for delivering forest products.

- Strengthen existing and develop new relationships with our partners including scientists, industry, partners, environmental groups, tribes, other government agencies, and the communities the Forest Service serves.

Virtual Session and Presentation

The session was held both virtually via AdobeConnect and in person. Presenters shared background, goals, and progress to date on the FPM effort via PowerPoint. The transcript and recording of the virtual session can be found on the [National Forest Foundation FPM site](#) and the [USFS FPM National SharePoint site](#).

Virtual Session Agenda

12:00 pm	Session Kickoff and Logistics (Wendy Zirngibl and Ben Irej)
12:10 pm	Welcome and Opening Remarks (Allen Rowley, Acting Associate Deputy Chief, National Forest System)
12:20 pm	Forest Products Modernization Overview & National Perspective <ul style="list-style-type: none"> • FPM overview (John Crockett, Acting Director, Forest Management, Range Management and Vegetation Ecology) • Key issues (Dave Cawrse, Forest Products Modernization Implementation Team Leader) • Director’s Recommendations (Allen Rowley, Acting Associate Deputy Chief)
1:20 pm	Questions and answers on national perspectives shared
1:30 pm	Break
1:40 pm	Feedback and Discussion
2:40 pm	Leadership close-out (John Crockett)
3:00 pm	Adjourn

Q&A from presentation (**Partner Questions and comments in blue bold text**):

Will the PowerPoint presentation be available? Yes, the presentation and the transcript it will be available on the [National Forest Foundation site](#).

Who was on the FPM guiding team? The guiding team is made up of agency employees who understand forest products and are in high-level positions like Regional Foresters, Directors and Forest Supervisors. We wanted to take on changing the culture around this and wanted some people who know the system well and the way it works now. We have since added a few external people, not on the guiding team, but in some of the work process teams.

Will the Innovations Underway be available to the public? Several of them are already available on our [Forest Service FPM webpage](#) and we are working on adding more.

Are you looking at markets so that you aren’t putting up timber where there is no one to buy it? We are talking about the feasibility. There is a lot of institutional knowledge we need to capture and use for how we do some of our basic business practices, including knowing how to have a sale that is responsive to the local market. We are addressing this in part through the training component of this effort. It is not a stand-alone action item but it’s something we are looking at regarding how we train our employees.

Priority # 10 on your list was markets. I think that needs to be bumped up. Because if you don't have markets and the ability to utilize that material, the other six are irrelevant. Accurately appraising low value material

will not help if there are no buyers. You need to include more than just the logger and the mill in your evaluation. Haul distance, fuel cost, logging systems, etc. all impact the viability of that sale.

There are some markets that the agency has influence over, and others that we don't. We need help from partners on figuring this piece out. Let's think more about this, particularly this afternoon.

This low value action item was designed to look at small-diameter and low value materials, biomass as we would call it in many instances, where we might have an objective to move it but we don't have a market to take it to. How do we take low value material to market?

Let's consider the relationship between certifications and markets. There's product certification through FSC and SFI. We looked at it about 10 years ago but we haven't pursued it. We have talked about pilot projects. For example, in the state of Wisconsin, all products that are removed off of county and state lands meet an SFI certification, which apparently increases their value. We also heard from Arkansas that if we could offer SFI products they would bid on them. Is there any interest from this group in certification?

The Forest Service does not have the capacity to successfully navigate a forest management certification process. The value of certification depends on the sector and market you're in. But certification can be handled through the controlled wood standards of both FSC and SFI. As long as you have a clear contract, clear title to the timber and good records of the sales, you can meet controlled wood standards of the mill. Don't base a decision on one or two cases where a mill was not taking anything other than certified fiber. The Forest Service is not able to pass FSC or SFI certification, so doing so would be a low priority.

FS management is based on legislation, which you're not going to change based on FSC or SFI. You are better off certifying the people doing the harvesting.

The only reason we need more certified fiber in Wisconsin is because it's the number one paper-making state in the nation and papermakers need that certification because their customers are asking for it. It really is a matter of trust and public perception of what happens on the ground. The largest furniture manufacturer in North America has no certification anywhere in their business. I agree that if we certified the guys doing the work on the ground that would be pretty sufficient.

Will the Forest Service be moving more towards using virtual boundaries in the future? We are testing this now. There are some places, like between sale units, where we could use virtual boundaries. Obviously in some places, like next to wilderness or private land we're not going to use them. We've done a demonstration project using virtual boundaries and we are developing the contract language on it including the type of equipment used, sampling error that goes with it, etc. We are also trying a virtual boundary demo on the Kaibab NF this fall and implementing next summer. We are putting in place the new manual direction associated with virtual boundaries.

BREAK

Following the presentation, four discussion questions were posed to participants to solicit feedback.

1. How do the priorities we've shared today resonate with you? What feedback do you have for us on what has been presented here today?
2. If you could do one thing to improve the Forest Service's business practices in the delivery of forest products, what would you do?

3. 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?
4. Other questions or suggestions?

How do the priorities that have been shared here today resonate with you?

Partners provided feedback as follows:

They seem well thought out and well thought through. I would reemphasize what was said about markets. Every aspect of how markets work including logging costs and volume per acre have to be front and center in your thinking as you streamline your business practices. We also want to make sure that the communication lines stay open on appraisals. In our view bid premium is not a problem with the appraisal process. If there is a problem with the appraisal process, we need to understand what it is. No bids should be a bigger red flag than bid premium.

If you are going to market low value products you should include high-value in the mix to make it a viable sale.

The priorities make sense. It is good that you have a number of action items already underway. We are seeing some of those things underway in the Central Sierras, especially DxP and use of Avenza maps that we are benefiting from in Region 5.

I appreciate the information and the work that the agency is doing. I think it is great that innovations are being uncovered and shared, but there is a difference between seeing an idea and being able to act or lead on that, especially with a lot of acting positions and personnel changes. Do you have a strategy to help people in their place take leadership on a new idea? Forest Service presenters responded:

- Like EADM, forest products modernization has been elevated as a high priority in the agency. If you talk to someone on a district about the EADM process, they will have some level of familiarity, even if it is not the nuts and bolts of it. Forest Products Modernization is right behind that idea. We are getting the word out so that employees know it's a priority and are able to take their frustrations or things that they've been wanting to innovate, and engage with that. It should transcend anybody that is Acting because this is about making a shift in our DNA.
- We made a run at this five years ago in 2013 and it didn't have the support that we are seeing right now. Former Chief Tony Tooke jumpstarted FPM with a letter to employees in the field in February. When you're in the field and you have that push it doesn't matter if you have an Acting or not; it's direction from the Chief. I think we are enjoying a good push from leadership on FPM.
- We have a lot of employees at the field level who are really creative and innovative and they are looking to put that creativity and innovation to use. For example, we have employees that have utilized drones recreationally and they see the benefits and the efficiency that can be gained by just having one that they can have on a unit, fly whatever area they want to fly and save a lot of on-the-ground time. That concept or idea is being pushed from the ground level and also on policy at the national level.

We talked about changing the culture within the agency. I don't see how you can change a culture within a culture without some type of external input. I have talked with folks that work with agency and they are frustrated because they want to do the right thing with their communities, but they don't feel that Washington has their back, after 10 years of lawsuits one on top of the other. We work on educational programs and try to

change the American public's perception and help them understand that it is okay to do forest management. We've become much better at what we do and we're more sustainable. But that cultural shift does not happen unless reliable outside information comes in. I would make the same appeal to this agency that if you have truthful outside input about what is going on, you will have a true, long-lasting cultural shift.

Another comment on the contracts. Think about what kind of timber you're selling. If you are selling a pure hardwood pulp sale, where a tree is worth \$.50-\$.80, it is really impossible for a forester to mark every tree and to make sure that the equivalent we utilized can get through that sale. It's okay for an officer to have some flexibility and then be consistent with that flexibility. With state sales, I'm looking at a 27-page contract. With a federal timber sale, I'm looking at who knows how many pages. That all takes time and money and this is a market where profit margins have gotten thinner just because of our global economy. So heading in that direction is very good.

Do you have any recommendations on how to engage partners?

- This session is a good step, but take it a little bit further down to the state level. Sometimes you have to go slow to go fast. If you bring the externals in up front you will get a lot more information and a lot more input.
- Anything that improves efficiencies going from Gate 1 to Gate 6 is better. Is there something after the regional partner sessions? Are you going to take this input and run with it? Forest Service presenters responded:
 - In September and October we are gathering additional input from employees as well as partners and stakeholders. We will roll all that up in November and include it in our comprehensive strategy that we rollout in the winter of 2019, February or March.
 - You mentioned efficiencies in Gate 1 through Gate 6. We actually had a Gate 7, sale administration, and a Gate 8, delivery to the mill. We want to look at all of those things. There are things that we can do in sale layout that may increase costs later on. The best example is designation by prescription. We can do sale layout quicker, but that can increase sale administration time, or the complexity of the sale is such that the purchaser has to check basal area or residual stand conditions, and that increases harvesting time. So we want to make sure that what we think of as efficiency in one of the earlier gates isn't offset later on.
- Nothing is going to be perfect because we're managing forests, but you have to put some faith in the operator of that machine to do operator selects without putting paint on every tree. If there's trust there, a sale administrator doesn't have to go out there every day. He can go out once a week. If we are not being trusted for what we're doing on the ground then yes, your prices will go up. Forest Service presenters responded:
 - A sale administrator can go out once a week to mark trees for a sale and twice a week on a DxP. So your sale administration costs double for DxP. Part of it is that the operator wants them out there too. They don't want to have over half the stand harvested and be missing the target conditions.
- But you've got one man going out checking the job twice a week instead of five employees going out marking timber. I can't see how that is more expensive to the agency than putting paint on trees.

I think in some instances this is growing pains, in terms of getting used to making sure that you have weight scaling or whatever it is to make sure you have timber accountability. They'll probably figure that they don't need to be out there twice a week. But the bigger issue is the Forest Service getting to the point where they are

no longer treating a 12 billion board foot Douglas fir sale program, where the government's chief concern is payment and avoiding timber theft the same as a restoration sale where you are selling commodity wood to achieve forest stand conditions. I'll put it this way: don't make law enforcement issues out of contract administration issues. That's a cultural shift. I hear too much about contract administration issues becoming issues where law enforcement is involved in something that could be worked out between the sale administrator and a purchaser.

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

Pass the Categorical exclusion in the House version of the Farm Bill. Aside from that, looking at markets and trying to be more efficient. Anything they can do to shorten NEPA timelines and become more efficient will help you increase your timber products and acres being treated.

Take your folks out into the field and observe how private industry has been managing their forests efficiently for the last 100 years and get up into the 21st century with the rest of us.

We mostly deal with private lands, and I think the priority there is paper markets and low-value materials, so I would probably focus on that.

I think with a lot times we tend to focus more on the process than the end result. Wisconsin has 32 counties with county forests that hit all of the targets of recreation, social impact, economic impact, environmental impact and timber supply. And they do it with a 20-page contract. But the result on the ground is what matters, and I think that's what really matters to the general public that wants to use that multi-use forest for different things. Focusing on improving those efficiencies and looking more at the end result and maybe not so much on the process is really a step in the right direction.

We are probably on the same page as far as focusing on low-value wood.

Know your customers in addition to knowing your partners. Loggers buy probably 60 to 70 percent of the sales that you put up. Loggers are your customers to a larger degree in terms of who is buying the contract. So partnerships are great, but you need to treat your customers like partners. And a second one, mark two or three more trees per acre.

I think we can also learn from what we are hearing. We have our own agency timber programs to critique and I've heard some valuable insights. I think the culture thing is something that we are looking at too. It can be a challenge to communicate to the field that sometimes we have to accept slightly less than ideal to get some of these efficiencies so it is a big challenge and we are looking at a lot of the same processes.

I'd say look within. You have some successes out there. I've seen an EA take six months, I've seen others take three years. Look within where you were successful. The Chequamegon-Nicolet is an example of putting out quality work in a short period of time.

How can we learn from private industry? We talked a little bit about a year ago about doing ride alongs and perhaps seeing how the industry manages forests—particularly around technology. What are some ways to make that happen?

It does not have to be formal. We can just invite you out on field trip to talk to the owners, land managers, companies. We might be buying 60% of timber but we're harvesting 100% of it. How are you going to learn what

we're doing today if you are not out there riding in the cab with us? The same with technology. Sure, you're going to have thieves steal timber, not loggers. But the majority of wood cut by loggers isn't going to be stolen and the markets are so bare now, where are they going to take it if they do steal it? You have weight scaling, bar codes, all those things available to you to be more efficient, but you have to start utilizing them. I think communication is another big thing, from the DC office all the way to the ranger district. It is taking way too long to get the new authorities to the ground, and you have too many people that are afraid they will lose their jobs or go to jail. We are doing operator select. We tell the contractor that we want this cut down to 100 basal area and he does it. We've been doing that for 30 years and you guys are still putting paint on every tree. It is so inefficient. Forest Service presenters responded:

- Our solution teams came up with some regional recommendations. Region 1 in Montana has been using weight scaling for years, and we forwarded that recommendation to the directors in Region 8 and Region 9 to explore opportunities for weight scaling in our eastern areas.

We have a group called the Federal Sustainable Forestry Committee. We've had some good discussions with the Forest Service who are a part of the group. When Good Neighbor Authority first kicked in, the Forest Service people felt like they couldn't get their job done and put the timber up for sale and they took that personally. Once we worked through that and they understood that we're not here to hurt you, we're here to help you get the job done, it went much faster and we're seeing results now. We go out annually with that group, and we're talking about why is this tree marked and that one is not. I think that having those cross-trainings with loggers and the agency has been helpful. You can see the results because we are getting pretty close to the ASQ on the Chequamegon-Nicolet and I see that improving more moving forward because of that.

This industry is pretty good at resisting change too. Good Neighbor Authority, stewardship contracting, we pushed back on those things, but they're working for the most part. How about forest wide environmental assessments? If you're going to treat a stand once every forty to fifty years, can you do a forest-wide EIS? Forest Service presenters responded:

- Going forest-wide on a programmatic EIS is a stretch, but we are trying to look at larger landscapes. For example with 4FRI, you can treat hundreds of thousands of acres under the same decision, so your efficiency costs go down. We are trying to streamline this, either through process or through CE. We are reforming our CFR 220 our NEPA regulations and trying to add new categorical exclusions. We are looking at lots of avenues to be more efficient, whether it is more tools for the CE, or more efforts to increase the landscape scale of environmental analysis. But to go programmatic, forest-wide, will be a bit of a stretch to clear, site-specifically at that large of a scale. As you mentioned, NEPA probably has a shelf life of about 4-5 years, so we had to find the sweet spot between scale and operating within a regional time frame to maintain that freshness.
- Didn't 4FRI do 1 million acres under one EIS, with individual task orders? The prescriptions follow the restoration, and then you have your archaeological clearance and so forth as the task orders are issued.
- We did do the first EIS that was just under 1 million acres and we are doing a second one at 1.2 million. What we learned from the first one was that we were too prescriptive and that tied our hands so we're looking at a more flexible toolbox approach for large-scale NEPA. It is very doable but it takes collaboration and a lot of people pulling in the same direction.

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?

The private sector doesn't have NEPA, but they achieve their stand objectives on the entry that they plan. They don't plan taking a stand down to X basal area and then mark it 20 percent higher. What we hear from crews on Forest Service projects is that they routinely come up short of what's in the cleared NEPA. Make sure that the contract does what the NEPA says. Don't write a contract and mark a sale that falls below the NEPA goals.

There is nothing more expensive than the contractor having to go back through the entire stand because he didn't take enough the first time. Tell us what we need to do and we'll do it.

Are the thoughts out there on practices, processes or implementation tools from state or private timber operations that the Forest Service should consider?

I'm anxious to see how Region 9 turns out with the scaling. The counties do it, and the state does it and it works very well. So we will see how that works out for the agency and how it will move forward because I think that can be a real tool in our area for those small-diameter, low value timber sales if we're given the leniency to do that on a regular basis and not over complicate the system.

What about state contracts? A purchaser in Fort Collins showed me a contract with the state of Colorado that was just a couple of pages that sells timber by the acre and doesn't estimate volume by the acre. Are there any examples like that that you can think of that you might want to share with us?

What the exception of the Forest Service, every timber sale that I have purchased has been by the cord or the board foot. I just have to have a formula to convert units back to board feet. State and private and county sales in our area are by the cord and not a lot by the ton. That's how we buy and sell it.

I think you should look at every state and county contract that you can and see what you can learn from it. But they have a very different mandate and they operate under state laws that are far less complex. You may find that you can get adequate security and allocation of liability between the purchasers and the Forest Service with a much shorter contract than what you have now. But I would say that to us making big changes to contracts is a low priority versus a better sale program that is consistently offered and consistently operable.

We will be doing three more of these sessions within the regions. Is there anything we can do differently for these sessions that would better elicit partner feedback in the future?

Change the date for Region 8. Most of the logging companies are going to be at Danny's national meetings with the chief on the date of one of the Region 8/9 sessions. It's also on a Friday during hunting season.

Leadership Closeout and Adjourn

Optional On-Site Dialogue

Following the virtual session, partners were given the opportunity to stay for further dialogue with FS leadership to discuss any issues or questions not addressed during the virtual session.

Attendees: Henry Schienebeck, Daniel Druator, Wendy Zirngibl, David Cawrse, Allen Rowley, John Crockett, Ashley Warriner, Nicole Hutt

Attendees were asked for their ideas for discussion topics at the beginning of the session and these were used as the agenda, as follows:

What does the FS need from partners?

- Feedback. We have one vision of ourselves, but it would be useful to get feedback from industry and stakeholders on how they see us. We need to be receptive to hear how FS decisions have impacted local communities.
- Ride-alongs in logger cabs. Tried it before, but didn't take off. Maybe need a more formal, specific arrangement. Ideally over the next few months so that we can integrate things we see into our FPM efforts
- Make sure you are talking to loggers and people on the ground using new technologies and not to the mills necessarily. Manufacturers like John Deere and Tiger Cat that can put you in touch with customers that are out on the ground using new technology and equipment.
- Sierra Pacific open to tours and ride-alongs. Using Avenza maps, low-cost. Almost all the operators have it on their smart phones. Something we're doing to save time and money and it's improving results.
- How do we get this modern technology into the cabs of loggers that aren't yet using it?
 - Manufacturers are putting this tech in all their machines built-in, so you can choose not to use it, but you're paying for it. In their interest to use it. A major limitation is cost. Current stumpage rates too high/lumber prices too low to allow a lot of people to buy it.
 - Smartphone technologies exist that are very inexpensive- Avenza is \$25 a year for a subscription.
 - Digital prescription guides: R3 is doing layouts on a tablet. Tablet doesn't have good GPS signal, so they have a wifi adapter on their helmet to get GPS. Have discussed FS purchasing this kind of technology and loaning it out to operators that would get returned at the end of the sale.
 - Need to make it easier for FS employees to get technology like Avenza. Can't get permissions to download it on FS devices, can't get reimbursed if they buy it themselves for their personal devices, etc.
- Is the WO getting information from local FS staff that have done ride-alongs, or what would it take to get WO in cabs in the woods?
- Usually it does not get elevated to the WO. Sometimes to RO. How to make a ride-along happen- doesn't need to be a formal process, just need to pick a date. Keep it informal to keep it simple. Keep it on private land.
- Task books for sale prep, harvest inspectors, resource assistant- could add ride-along for a task book for newer employees to encourage them to do that.
- Also keep in mind level of employees participating. Directors might enjoy/benefit from it, but someone working on a district can apply what they see in their job tomorrow.
- #10 out of the 12 priorities is 'Markets'- partners think this should be bumped up to show importance of markets and the role they play in the success of timber program
- Need more flexibility for removal of residuals/slash. Could save a lot of money if you allowed operators to collect/mulch low value material for personal use, etc. versus slash burns.

Increase volume: Marking 2-3 more trees per acre:

- Take what NEPA prescriptions say off the land. If NEPA says basal area needs to be 60 board feet (ex for a certain species' habitat), don't leave 100 standing. Do what the decision says you should do.

- If you're trying to get down to 75-80 basal area, why leave it at 100? Need to thin to have regeneration, especially for game species that browse regeneration.
- More forest-wide or landscape level EIS NEPA analysis to cover more ground

Use of weight scaling:

- R1 has been doing it for a long time. Initially our policy was that we sell by measurement. Now we do DxP, policy says do sales by tree measurement, unless it's salvage or DBP. Not sure where Regions 8 and 9 are on weight scaling.
- Truck scales have to be certified before they are allowed to take on a load. If states require truck scales to be certified anyway, why does the FS need another document that certifies the weight?
- Weight services agreement a hang-up for a lot of operators- refuse to even sign a contract with FS.

Use of Operator Selection:

- Let's set up pilots on smaller stands as a proof of concept.
- We would establish desired condition, take paint and cruising out of the equation and let the operator select. See if they achieve desired end result.
- DxP basically same as Operator select? Yes.
- We haven't been using paint or boundaries on private sales for years, unless the land is adjacent to other ownership. Most of the time landscape features serve as the boundaries.
- In private sales, we have signed contracts based on end result prescription, without volume estimation. Negotiate price per species, price for pulpwood or saw timber, and then you pay for what you take off the land. May not have that option on FS sale, but works pretty well on private sales, so question is whether there is flexibility. Is this policy or regulation?
- A lot of this isn't law; it's policy, and sometimes there are regional supplements that add more regulation on top of national policy. We are looking at this. We are using direction by the Chief. .
 - Ex: sampling error for scaled sales. 20% for sales 120K or more, less than that, error can be 30%. R6 would like to keep it 20% for certain sales (helicopter sales) when you need to have more accuracy.
 - Not only FS responsibility; purchasers need to be verifying what they're purchasing up front.
- Role of law enforcement officers and having more trust in operators to be able to select trees is important

Capacity versus demand

- There's a difference between sales and what the market might really be. The market may be in a slump for a certain species or product now but that doesn't mean it shouldn't be on the market.
- Companies need at least 30% saw timber in order to market the pulpwood in the sale.
- Local timber sale manager needs to be more in tune with what purchasers need or their current inventory. How can we put up sales that match current need? Feels like it should be more of a local conversation.
- Product mix: If you need to get rid of some low value material, fine, but you need to include some profitable product in the contract to make it worth it.
- WI chief forester mandate economics training for all new foresters and timber sale managers?

Contracts

- Simplify. R8, 2-page document for private sales. FS contract is an encyclopedia. Unless you simplify contracts, you won't get much competition because it's too easy to go to a private seller with a very simple contract or a county with a 20-page contract.
- Legal side, OGC piece, need to break down all of the history to figure out how we got to such long contracts to protect government interest.
- Find out how much is policy and how much is regulation to see what you can cut out. Contracts are based on the worst offenders and lowest common denominator and not on most operators who do things legally.
- Stewardship contracts (IRSC) not getting any bids because they are too risky for the operator. Operator bears too much responsibility for anything that could go wrong. The level of accountability for sub-contractors is too high. Everyone works with subcontractors, but FS contracts put legal responsibility on principal. Too risky, we don't have control over every action our subs take.

Appraisals

- Example of a market-based appraisal system pilot in R4 in Idaho on the Salmon Challis NF
- Workshop on how Oregon and Washington states are doing one-page appraisals.
- Weekly/monthly data being produced by private sector on timber values- International Wood Fiber Report. This is what private sellers use for their own appraisals. NFMA says that FS has to determine the appraised value for anything \$10K, but does not dictate how.
- Revision to handbook would lay out how appraisals are to be done. Policy, can change it. Law just says that FS has to appraise the timber, policy says how.
- What information is private industry using from FS appraisals?
 - Minimum required bid. We go out to the field and determine if we can meet the minimum required bid based on how much we know it's worth.
- We're spending dollars to chase a dime because there is no hard and fast science as to how to calculate the appraised value.
- When it comes to FS appraisals the bid premiums are not a problem. No bids are the problem. Low value material alone is not an option from a business standpoint- need valuable material to offset costs.

Forest Planning

- Need a seat at the table in forest planning
- Forest Service agreed to send out national schedule for forest plan revision