

# 9350 – FOREST PRODUCT APPRAISAL

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.01 Purpose. This Manual Section sets forth goals and procedures for developing, administering, and maintaining a forest product appraisal system.

.02 Objectives. The objective of BLM forest products appraisal is to ensure that the Bureau receives fair market value for forest product disposals from land under its administration, whether through advertised sales, nonadvertised sales, exchanges, or unauthorized use.

.03 Authority

A. Statutes.

1. The Act of August 28, 1937, (50 Stat. 874, 43 U.S.C. 1181a) authorizes the sale of timber from the revested Oregon and California Railroad and Reconveyed Coos Bay Wagon Road grant lands.
2. The Act of July 31, 1947 (61 Stat. 681) as amended by the Acts of July 23, 1955 (69 Stat. 367, 30 U.S.C. 601 et. seq.) and the Act of September 25, 1962 (76 Stat. 587) authorizes the disposal of timber and other vegetative resources on the public lands of the United States.
3. The Act of May 24, 1898 (30 Stat. 414, 16 U.S.C. 615a) authorizes small sales of timber for use in Alaska.
4. The Federal Land Policy and Management Act, (90 Stat. 2745), requires receipt of fair market value of the use of public land resources, unless otherwise provided for by the statute.

B. Regulations. Regulations pertaining to forest products appraisal are set forth in 43 CFR Parts 5400, 5420 and 5470.

.04 Responsibility

A. The Assistant Director, Renewable Resources establishes Bureau appraisal policy and practice to achieve goals in setting appraised values for forest products.

B. State Directors. Each State Director directs the Bureau's forest product appraisal system within his/her respective jurisdiction, including:

1. Providing appraisal guidelines and procedures to District Managers.
2. Ensuring that the application of established appraisal procedures result in acceptable appraised values for forest products.
3. Advising the Assistant Director, Renewable Resources of appraisal needs or problems and recommending policy or procedural changes.
4. Providing technical instruction for forest product appraisals and reviewing district appraisals on a regular basis.
5. Establishing a minimum price list for forest products.
6. Monitoring district advertised sales and taking immediate steps to alert the Assistant Director, Renewable Resources when bidding indicates that the appraisal system is out of phase with market conditions.

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7. Recommending updated values and procedures to be introduced into the appraisal system.

C. Oregon State Director. In addition to the preceding, the Oregon State Director:

1. Develops and tests new appraisal procedures.
2. Develops and maintains updated logging costs schedules.
3. Collects and analyzes current lumber selling value data to facilitate publishing current realization values for major commercial forest tree species on Bureau lands.
4. Provide timber cruise and scale electronic data processing.

D. District Managers: District Managers insure that accurate appraisals are prepared in their district by:

1. Providing appraisal training for forestry personnel.
2. Ensuring that all forest product appraisals are prepared accurately and in compliance with established procedures.
3. Ensuring that all forest product appraisals are made at fair market value.

.05 Definitions. See Glossary of Terms.

.06 Policy. Unless otherwise provided by statute, the Bureau must receive fair market value for the disposal of forest products (see Section 102(9) of the Federal Land Policy and Management Act of 1976 (90 Stat. 2745)).

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### Glossary of Terms

#### **-A-**

Advertised Sales: Sales made after inviting competitive bids through publication and posting.

Analytical Appraisal: An appraisal method by which the stumpage value of timber is determined from the sum of the timber product values (realization values) minus all costs of production and profit and risk values, synonymous with Conversion Return Appraisal.

Appraised Value: The value developed from the standard BLM appraisal system, at which advertised sales of forest products are offered for public auction. Also, the value upon which nonadvertised sales are consummated.

#### **-B-**

Bid Price: The selling price of forest products sold at public auction.

#### **-C-**

Comparable Sales: Sales of forest products which are similar to the subject sales.

Contract Extension: The objective of a contract extension is to modify the termination date to permit additional time for operations under the terms of the contract.

#### **-E-**

Economic Unit: The timber parcel where the value of timber products exceeds harvest costs making it a viable timber sale tract.

#### **-F-**

Fair Market Value: See Market Value.

Forest Products Disposal: The sale, exchange, free use or unauthorized use of vegetative resources grown upon or near forest lands.

Forest Products: All vegetative resources grown upon or near forest lands.

#### **-I-**

In-Place-Value: The appraised value which forest products have on the site where they occur.

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### -M-

Market Value: The price which forest products will return when offered for competitive sale on the open market. For forest product disposal purposes, market value is synonymous with fair market value.

Market Value Appraisal: An appraisal method where the appraised value of forest products is determined through an analysis of prices being paid for comparable sales.

Minor Forest Products: Timber which is often measured and sold in units other than board fee, i.e., shake bolts, posts, poles, fuelwood, etc.

### -N-

Nonadvertised Sales: All sales other than advertised sales.

### -P-

Pond Value: The value remaining after the manufacturing cost is deducted from the Realization Value.

Profit and Risk: An appraisal allowance, expressed as a percent of product selling value, which protects the purchaser's profit margin and compensates for risks inherent in the sale.

### -R-

Realization Value: The value in dollars of the products processed from timber.

### -S-

Sale as Whole: In the reappraisal of a partially completed sale by market value procedures, the tract is appraised as it was at the time of award of contract. By so doing, the value of improvements, such as roads, which may have been added to the sale area by the purchaser subsequent to award of the contract are not reflected in the market value of the remaining timber.

Standard BLM Appraisal System: The appraisal concepts, definitions, and procedures prescribed by the Bureau of Land Management.

Stumpage Value: The appraised value at which timber is offered for sale, the bid value of an advertised sale, or the appraised value at which a nonadvertised sale is consummated.

Subject Sale: The sale which is being appraised.

### -T-

Timber: Standing trees, down trees or logs which are capable of being measured in or converted to board feet.

Transaction Evidence Appraisal: An appraisal method based on the regression analysis of bid prices and their relationship to associated variables.

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**-U-**

Unautahorized Use: Unauthorized damage, severance or removal of timber or other forest products from Bureau of Land Management administered lands.

**-V-**

Vegetative Resources: All vegetative material that cannot be measured in board feet or units not convertible to board feet.