

TIMBER SALE PROSPECTUS

Sale Name: Canyon Creek PREF Type of Sale: Weight Measurement

National Forest: Idaho Panhandle Ranger District: Priest Lake

Bidding Method: Sealed Bid Guarantee: \$ 31,500.00

Location of Bid Opening: Office: Forest Supervisor's Office
Idaho Panhandle National Forests
Address: 3815 Schreiber Way
Coeur d'Alene, Idaho 83815

Date: November 25, 2003 Time: 9:30 a.m.

1. INTRODUCTION. This prospectus furnishes prospective bidders with information not contained in the published advertisement and is designed to enable bidders to decide whether or not to further investigate the sale. The prospectus is not a legally binding document, but is offered to provide general information about a sale. The contract does not include descriptions, estimates, and other data in this prospectus, unless otherwise stated. In the event that the prospectus contains an error or contradicts the sample contract, the contract governs. Bidders are urged to examine the timber sale and make their own estimates. Timber sale Contract **Form FS-2400-6** will be used. Inspect the sale area and the sample contract before submitting a bid. Obtain the appraisal, other information on the timber, and conditions of sale and bidding at Forest Service offices listed above and in the named attached advertisement.

2. BIDDING. This is a **SEALED BID** sale. Bidders must submit sealed bids on prepared forms they can obtain from Forest Service offices listed above and in the attached advertisement. The forms include instructions for bidding and submission of the required certifications. A bid guarantee must be included with the bid in the form of cash, a bid bond on Form FS-6500-13 (4/82) or later, certification of annual bid bond allocation on Form FS-6500-13a (4/82) or later, an irrevocable letter of credit, a certified check, bank draft, cashiers check, official bank check, or bank or postal money order payable to the Forest Service, USDA in the amount specified above and in the bid form. The bid guarantee shall be returned to each bidder whose bid is not accepted.

Total Sale Value Bidding:

Prospective purchasers must submit bids in terms of the minimum acceptable total sale value. The bid form states minimum acceptable bid rates and estimated quantities of timber, together with the minimum acceptable total sale value. The advertised minimum acceptable total sale value is only for the biddable species, as listed on the bid form in the upper section of block 14. It does not include any non-biddable, fixed rate species listed in the lower section of block 14 titled "Required Removal at Fixed Rate. Only the Fixed Rate Applies." The bidder should enter the offer on the bid form only in terms of the total sale value. The Forest Service shall establish bid rates by species in the contract by

multiplying each species' minimum acceptable bid rate by the bid increase percentage. Such rates will be rounded to the nearest cent. The bid increase percentage is the bidder's total sale value bid rate divided by the minimum acceptable total sale value. The total amount for stumpage is the volume of each biddable species multiplied by its bid rate, plus the volume of each fixed rate species multiplied by its fixed rate.

3. LOCATION AND DESCRIPTION OF TIMBER. Refer to the sample contract and sale area map attached to the sample contract for legal location of sale area, location of payment units, location of cutting units, the acreage of sale area, and the cutting unit acreage.

THE FOLLOWING GENERAL LOCATION, ROUTES OF ACCESS, ACREAGES, AND OTHER SPECIAL LOCATION DATA DO NOT SUPERSEDE THE SALE AREA MAP OR SAMPLE CONTRACT.

The sale area is 1310 acres in size and is located in sections 19 and 30, T58N, R3W, and in sections 23, 24, and 25, T58N, R4W, Boise Meridian, Bonner County, Idaho. The timber stand atlas compartment number is 857, Priest Lake Ranger District, Idaho Panhandle National Forests. Harvest is planned on 198 acres. The sale area lies in the Canyon Creek drainage.

4. TIMBER QUANTITIES AND RATES. The quality, size, cut per acre, and product suitability of the timber are estimates based on detailed cruise information on file and available for inspection at the Forest Service offices listed above and in the advertisement. VOLUME QUANTITIES LISTED HEREIN ARE MADE AVAILABLE WITH THE UNDERSTANDING THAT VALUES SHOWN ARE FOREST SERVICE ESTIMATES AND ARE NOT GUARANTEED. For these reasons, bidders are urged to examine the timber sale area and make their own estimates.

Road Construction Costs. The advertised rate does not include the estimated cost of specified road construction. The estimated road construction cost has been included in the appraisal as a cost that the purchaser will incur. The purchaser will be responsible for the road construction cost and WILL NOT receive credit towards stumpage costs for this expense, i.e., THIS SALE DOES NOT INCLUDE PURCHASER CREDIT and bidders should consider the cost of road construction when developing their bids.

THE MINIMUM ACCEPTABLE BID RATE IS STATED IN THE ATTACHED BID FORM. THESE RATES ARE EFFECTIVE AT THE TIME OF ADVERTISEMENT.

Estimated Quantities and Rates per Unit of Measure

| Species | Product | Unit of Measure | Estimated Quantities | Average DBH | Advertised Rates | Base Rates | Required Deposits | |
|----------------|---------------|-----------------|----------------------|-------------|------------------|------------|-------------------|------------------|
| | | | | | | | Slash Disposal | Road Maintenance |
| Grand Fir | Sawtimber | Ton | 1273 | 14.1 | 22.36 | 5.86 | 7.05 | 0.22 |
| Lodgepole | Sawtimber | Ton | 109 | 12.2 | 22.36 | 5.86 | 7.05 | 0.22 |
| Hemlock | Sawtimber | Ton | 1829 | 13.1 | 22.36 | 5.86 | 7.05 | 0.22 |
| Douglas Fir | Sawtimber | Ton | 4098 | 14.6 | 22.36 | 5.86 | 7.05 | 0.22 |
| Larch | Sawtimber | Ton | 917 | 14.4 | 22.36 | 5.86 | 7.05 | 0.22 |
| Spruce | Sawtimber | Ton | 6 | 15.3 | 22.36 | 5.86 | 7.05 | 0.22 |
| White Pine | Sawtimber | Ton | 185 | 16.6 | 22.36 | 5.86 | 7.05 | 0.22 |
| Ponderosa Pine | Sawtimber | Ton | 32 | 11.6 | 22.36 | 5.86 | 7.05 | 0.22 |
| Cedar | Sawtimber | Ton | 4974 | 11.2 | 22.36 | 5.86 | 7.05 | 0.22 |
| Topwood | Non Sawtimber | Ton | 629 | --- | 22.36 | 5.86 | 7.05 | 0.22 |
| TOTAL | | | 14052 | | | | | |

The minimum acceptable total sale value bid for advertised timber is \$ 314,202.72 . It does not include any non-biddable, fixed rate species listed on the bid form in the lower section of block 14 titled “Required Removal at Fixed Rate. Only the Fixed Rate Applies.” The total amount for stumpage is the volume of each biddable species multiplied by its bid rate, plus the volume of each fixed rate species multiplied by its fixed rate.

The bid rate for species and unit of measure are assigned under procedures for average bid premium bidding, as noted in this prospectus. This rate has been established by appraisal, with a cost allowance for the roads specified by the contract, if any. Required deposits for slash disposal and road maintenance are in addition to the advertised rates for timber. Purchasers are responsible for the cost of specified road construction. Specified road construction costs ARE NOT available to use as credit for the payment of stumpage, i.e., THIS SALE DOES NOT INCLUDE PURCHASER CREDIT.

Estimated Knutson-Vandenberg deposit for sale area improvement work in a total amount of \$ 81,164.34 is included in total timber value.

5. **PERIOD OF CONTRACT.** The normal operating season covers the period between June 1 and October 31 .

The contract termination date is September 30, 2006 . Extensions of this contract may be granted only when the purchaser has met specified conditions.

The purchaser must submit a general operating plan to the Contracting Officer for approval before operations begin or within 60 days of sale award, whichever is earlier. The plan must show how the purchaser plans to complete the contract by the termination date. In addition to the general operating schedule, the purchaser must submit an annual schedule of operations before commencing operations. This schedule will include the anticipated major activities and needs for harvest. This annual schedule of operations does not require concurrence of the Forest Service.

6. PAYMENT. Payment for timber and any required deposits for slash disposal or road maintenance are required in advance of cutting. The Purchaser may transfer purchaser credit into the contract, or provide an acceptable payment guarantee prior to cutting. Payment for required deposits must be a cash payment. At advertised rates, the transfer-in purchaser credit limit is \$ -0-. The purchaser shall make advance deposits in accordance with provision B4.222 - Advance Deposits.

The high bidder whose bid is accepted shall, at the time the contract is signed and returned by the bidder, make a downpayment pursuant to Title 36, Section 223.49, of the Code of Federal Regulations. The Contracting Officer will notify the high bidder of the amount necessary to make this payment. In no case shall the downpayment be less than 10 percent of the total advertised value and 20 percent of the bid premium. The bidder may use transferred-in purchaser credit to meet this requirement. After receipt of the downpayment and a satisfactory performance bond and upon execution of the timber sale contract, the Forest Service will return the bid guarantee. A cash bid guarantee may be applied to the downpayment at the request of the purchaser. The purchaser cannot apply the amount deposited as a downpayment to cover other obligations due on the sale until stumpage value representing 25 percent of the total bid value of the sale is shown to have been cut, removed, and paid for on the statement of account.

By October 31, 2005, the purchaser shall have paid for, or in lieu thereof, deposited cash in the amount of: (1) 50 percent of the total estimated bid premium, or (2) 35 percent of the total estimated sale value at bid date, exclusive of required deposits, rounded up to the next \$100. Purchaser credit transferred in may be used to meet this requirement. Transferred-in purchaser credit cannot be subsequently transferred to another sale unless the credit is replaced by cash.

If a qualified bidder elects to have the Forest Service construct specified roads, the contract shall provide for collection of not less than the full estimated cost of the roads stated in this prospectus, in addition to the current contract rate value and required deposits. Contract Form FS-2400-6T provides for collecting the estimated public works road construction cost as each payment unit is released for cutting, at a rate accelerated on 80 percent of the estimated volume.)

If bidder elects the road option, payment for right-of-way timber will be made in advance of cutting. The timber will be decked by the road contractor and will be made available to the purchaser when notified by Forest Service of location and availability. If purchaser and road contractor agree, purchaser may cut and remove right-of-way timber as part of the specified road construction.

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7. **PERFORMANCE BOND**. A performance bond is required. The penal sum of the bond will be 10 percent of the total bid value of the sale, rounded up to the nearest \$100 when the total bid value is \$10,000 or less; and rounded up to the nearest \$1,000 when the total bid value exceeds \$10,000 or \$ 32,000.00 whichever is greater. If an irrevocable letter of credit is used to secure the performance bond, the termination of the letter of credit must be at least 6 months past the contract termination date.

8. **SPECIFIED ROADS**. The Forest Service has determined that the following National Forest System roads shall be constructed or paid for, in whole or in part, by the timber sale purchaser. Sufficient information to permit a prospective bidder to calculate the likely cost to be incurred for road construction is available at the Forest Supervisor's Office. See the sample contract for verification of specific details and information concerning construction specifications. CONSTRUCTION ESTIMATES AND INFORMATION CONTAINED HEREIN, TOGETHER WITH RELATED SPECIFICATIONS, ARE NOT GUARANTEED. The following roads are those that Forest Service considers necessary to remove the timber from this sale.

| Road Number | Road Name | Design Class | Approximate Miles | Estimated Road Construction Cost | Type of Work * |
|-------------|---------------|--------------|-------------------|----------------------------------|----------------|
| 597A | Headquarters | C | 1.77 | 2079.30 | R |
| 597C | Center Ridge | C | 3.60 | 9388.05 | R |
| 597D | Ida Point | C | 2.84 | 5967.79 | R |
| 597D1 | PREF Local D1 | D | 1.63 | 8254.86 | R |
| 597G | North Ridge | C | 1.45 | 2584.97 | R |
| 597M2 | PREF Local M2 | C | 0.40 | 1266.06 | R |
| 597Q2 | PREF Local Q2 | D | 2.11 | 23898.61 | R |
| 597S2 | PREF Local S2 | D | 0.61 | 3303.20 | R |

* C = Construction R = Reconstruction

The required specified road completion date for all roads is October 15, 2004. If provision C5.13# – Road Completion Date has different dates for projects, this is the final road completion date.

Total estimated road construction cost allowed in appraisal is \$ 56742.84.

A bidder qualifying as a small business concern may elect to have the Forest Service construct the specified roads listed above. Completion dates for construction apply whether construction is performed by the purchaser or by the Forest Service. If the

bidder elects Forest Service construction, it is the Forest Service's intent to perform construction through **CONTRACT**. The Forest Service shall not award the timber sale contract unless either it receives a satisfactory road construction bid or, if it fails to receive such a bid within 120 days of opening timber sales bids, the bidder agrees to perform road construction.

If purchaser elects Forest Service construction, the total estimated public works construction cost that would be paid in addition to current contract rates is \$ 70067.42. See provision C4.12# – Amount Payable for Timber in the sample contract for additional information.

9. ROAD MAINTENANCE. Purchaser shall perform or pay for road maintenance work, commensurate with purchaser's use, on roads controlled by Forest Service, and used by purchaser in connection with this sale. Road maintenance requirements are based on the predicted haul route. Any change in the purchaser's actual haul route may necessitate a change in the roads to be maintained and/or in the amount of required deposit for road maintenance. Required deposits for road maintenance are listed in Section 4 and in the sample contract. Maintenance specifications are in the sample contract.

10. INAPPLICABLE STANDARD PROVISIONS. See the attached sample contract.

11. SPECIAL PROVISIONS. See the attached sample contract.

12. FINANCIAL ASSISTANCE. The Small Business Administration (SBA) may be able to assist small business concerns in financing construction of specified roads listed in the sample timber sale contract. Such SBA assistance, if available, may be in the form of guaranteed bank loans or direct participation SBA loans. Applicants must meet SBA size and eligibility requirements. **APPLICANTS ALSO MUST MEET CREDIT REQUIREMENTS OF SBA AND/OR A LOCAL BANK. APPROVAL OF LOAN ASSISTANCE RESTS WITH SBA AND IS CONTINGENT ON AVAILABILITY OF LOCAL FUNDS OR SBA FUNDS. FAILURE TO BE ELIGIBLE OR TO OBTAIN A LOAN IN NO WAY AFFECTS REQUIREMENTS OF BID FOR ADVERTISED TIMBER SALE OR THE TIMBER SALE CONTRACT.** If requested by the purchaser, the timber sale contract can provide repayment of direct SBA loans through the Forest Service as the timber is cut.

13. SET-ASIDE SALES. Not Applicable

14. LOG EXPORT AND SUBSTITUTION RESTRICTIONS.

The contract requires domestic processing of included timber except for species declared to be surplus, and prohibits the use of such included timber in substitution for unprocessed private timber exported. The bidder, by signing the bid for advertised timber, certifies compliance with the applicable prohibitions against export and substitution prescribed in the Forest Resources Conservation and Shortage Relief Act of 1990, as amended (16 U.S.C. 620, et seq.) with each bid.

15. EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE REVIEW.

If the total bid value plus required deposits for this contract exceeds \$10 million, before award, the Forest Service shall request an equal employment opportunity compliance review of the high bidder to determine compliance with the provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967 and Executive Order No. 12086 of October 5, 1978.

16. AWARD. The Contracting Officer is required to make a determination of bidder responsibility as stated in Title 36, Section 223.101, of the Code of Federal Regulations.

To determine a purchaser to be responsible, a Contracting Officer must find that:

- a. The purchaser has adequate financial resources to perform the contract or the ability to obtain them;
- b. The purchaser is able to perform the contract within the contract term taking into consideration all existing contracts and Governmental business commitments;
- c. The purchaser has a satisfactory performance record on timber sale contracts. A prospective purchaser that is or recently has been seriously deficient in contract performance shall be presumed not to be responsible, unless the Contracting Officer determines that the circumstances were beyond the purchaser's control and were not created through improper actions by the purchaser or affiliate, or that the purchaser has taken appropriate corrective action. Past failure to apply sufficient tenacity and perseverance to perform acceptably under a contract is strong evidence that a purchaser is not a responsible contractor. The Contracting Officer shall consider the number of contracts involved and extent of deficiency of each in making this evaluation;
- d. The purchaser has a satisfactory record of integrity and business ethics;
- e. The purchaser has or is able to obtain equipment and supplies suitable for logging the timber and for meeting the resource protection provisions of the contract.

f. The purchaser is otherwise qualified and eligible to receive an award under applicable laws and regulations.

17. FALSE STATEMENTS ACT. Bidders, by signing the bid form, certify that they are aware that bidder is subject to the penalties prescribed in 18 U.S.C. 1001, Chapter 47, Fraud and False Statements (P.L. 104-45). The Act states “whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than 5 years, or both.”

18. DAMAGES. This contract shall be terminated for breach pursuant to paragraph 16, 19, and/or 21 of the bid form and the terms of the sample contract if: 1) bidder fails to execute a timber sale contract, furnish a downpayment, or furnish a satisfactory performance bond within 30 days of the award letter’s date; or 2) bidder is found to have violated the False Statements Act in making any statement or certification on the bid form including not meeting purchaser responsibility requirements, and bidder has made a false statement. The bid guarantee shall be retained, in whole or in part, by the Forest Service to satisfy any damages that may be assessed.

19. SUSPENSION AND DEBARMENT CERTIFICATION. Non-procurement debarments and suspensions are governed by the Government-wide common rules (7 CFR 3017).

These rules require each timber sale purchaser, to submit a certification for itself, its principals, and its affiliates when bidding on sales. The bidder must designate its status regarding debarment, suspension, and other matters as specified on the bid form. The bidder, by signing the bid form, certifies this status. An explanation for not submitting a certification may be submitted. The Contracting Officer will determine whether the explanation provides sufficient reason for permitting participation in the bidding. Also, as a timber sale purchaser enters into transactions with subcontractors, these subcontractors must certify their eligibility. The certification titled “Subcontractor Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion” must be provided to subcontractors, but completed certifications are not required to be submitted with bid forms. Purchaser must keep these subcontractor certification forms on file for review by the Forest Service, if requested.

The certification forms and instructions for subcontractors transactions are provided as an addendum to the bid form.

20. OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA) LOGGING REGULATIONS. Conduct of operations on this timber sale is subject to inspection for compliance with the logging operations regulations at 29 CFR 1910.266 by OSHA. This standard is applicable to the entire logging industry wherever logging operations occur. Information is available to assist purchasers to ensure compliance with the logging operations regulations during conduct of this timber sale from the U.S. Department of Labor, Occupational Safety and Health Administration, **(Insert local address and telephone number of OSHA.)**

21. GENERAL.

The following changes will be made to the sample contract when the Forest Service constructs specified roads:

A3 - Timber Designations: "Specified Road Clearing" will be changed to "Construction Clearing" C2.323.

A9 - Change the title to "Permanent Roads To Be Constructed by Forest Service."

A11 and A12 - Delete and replace with new pages. Add "None" as appropriate.

A28 - Make the following changes in A28:

Add C2.323 - Construction Clearing

Add C4.12# - Amount Payable for Timber

Add C8.41 - Limitation of Performance by Other Than Purchaser

A. Tractor skidding is suitable on units 6, 8, 12, 15, 21, and 24. There will be some adverse skidding in unit 24 along an existing trail to a landing on road Q3. Use existing skid trails/corridors whenever possible. Skyline yarding is required on 1, 2, 3, 4, 5, 7, 9, 10, 11, 13, 14, 16, 17, 18, 19, 20, 22, and 23. Intermediate supports may be necessary to log some corridors in units 9 and 22. Skyline profiles have been analyzed and copies are available at the District, upon request. (C6.4#)

B. A deposit will be collected for surface replacement and vegetative brushing on all roads in the haul route. The purchaser will be responsible for recurrent maintenance, including dust abatement. (C5.31, C5.32)

C. Purchaser shall need to recondition road Q3 before hauling (1.3 miles). The road will need to be opened by brushing and blading, and a gate will need to be installed at the junction with road 597D. (C5.312#)

D. Limb, Lop, and Buck. In cutting units 1, 2, 6, 12, 15, 21, and 24 prior to skidding operations, Purchaser shall cut all exposed limbs from Included Timber. Such limbing shall be done to a top diameter of approximately 4 inches diameter inside bark, at which point the top will be cut from the remainder of the stem. Limbs cut from the top and

boles will not extend over 2 feet in height above the ground. Buck all pieces not meeting utilization standards and over 3 inches in diameter not to exceed 12 feet in length.

Yard Tops. In cutting units 3, 4, 5, 7, 8, 9, 10, 11, 13, 14, 16, 17, 18, 19, 20, 22, and 23 purchaser shall leave tops of felled trees attached to the top log and yard them to landings.

E. Mechanical felling must be approved in advance, to protect reserve trees and soils. Mechanical fellers shall only be allowed off skid trails if they travel on a slash mat or 18" settled snow or frozen ground. (C6.41)

F. Roads currently brushed in will be opened and gated with this timber sale. When going behind the gates on these roads 597D1, 597S2, 597Q2, and 597Q3 to log, purchaser shall be closed the gate at the end of the day. (C5.41#)

G. Keep landings away from creeks as designated on the sale area map. Protect the sensitive plant population between units 4 and 5 in the cut bank of road 597D. Protect the research plot area adjacent to unit 1 and keep equipment out. (C6.6, C6.25)

H. Purchaser shall treat noxious weeds by spraying herbicides along travelways on all roads used for hauling (C6.27). Do not spray within the sensitive plant site along road 597D. In order to prevent the spread of noxious weeds into the sale area, purchaser shall be required to clean all off-road logging and construction equipment prior to entry onto the sale area. (C6.351)

I. Topwood is required removal in all units. (C2.2#)

J. Most cutting unit boundaries have been marked on three sides of cutting unit boundary trees with streaks of orange paint extending from near ground level to a height of 6 feet or more and orange stump marks. The middle streak faces the cutting unit. Units 1, 2, 3, 9, 17, 22, 23, and 24 have orange tags instead of orange paint at about dbh and orange stump marks. Where a unit boundary follows a system road, the road is the boundary and no paint was used. (C2.359, C2.358)

K. Reserve trees in all units will be protected from damage by purchaser's operations. Purchaser shall pay \$2500 for each reserve tree, PP or WP >20.0" dbh, damaged or destroyed by the purchaser's operations, except for safety reasons. (C2.301#, C6.32#)