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To: Regional Managers - Interior

From: The Honourable Michael de Jong
Minister of Forests

Re: Amendment No. 3 to the *Interior Appraisal Manual*

I hereby approve Amendment No. 3 to the *Interior Appraisal Manual*, and attach a copy for your use. The following sections have been amended:

Section 4.3.2: Table 4-3 Road Groups. Williams Lake Timber Supply Area, Supply Block I is added to Road Group 8.

Section 7.4.2: Market Stumpage Price Equation. The equation has been revised for small diameter timber.



This amendment will come into force on November 1, 2001. Further amendments or revisions to this manual require my approval.


for Michael de Jong
Minister

Attachment

pc: Bill Howard, Director, Revenue Branch

All Subscribers, *Interior Appraisal Manual*



FOR FURTHER INFORMATION CONTACT:

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MANUAL TITLE

Interior Appraisal Manual

REVISION No.

3

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PUBLICATIONS CO-ORDINATOR

Judy Laton
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AUTHORIZATION (Name, Title)

W. Howard
Director, Revenue Branch

Please make the following changes to your copy of the above Ministry manual. Please insert the following specified pages and **file this notice** immediately after the Amendments Tab.

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
	TABLE OF CONTENTS		
REMOVE	Chapter 4 – Operating Cost Estimation	4-17, 4-18	
INSERT	Chapter 4 – Operating Cost Estimation	4-17, 4-18	
REMOVE	Chapter 7 – Market Pricing System	7-9, 7-10	
INSERT	Chapter 7 – Market Pricing System	7-9, 7-10	

Table 4-3 Road Groups

Road Group #	Districts Included	Within the Geographic Boundary of a TSA, SB and TFL
1	Kalum, Kispiox	
2	Bulkley - (Cassiar), Lillooet	
3	Lakes, Morice	
4		Williams Lake TSA, SBs J, K & L Prince George TSA, SBs G & H, TFLs 30, 53 Quesnel TSA, SBs E, F, G, H & I, TFL52 100 Mile House TSA, SBs, G & H
5	Vanderhoof	Prince George TSA, SBs C, E, F & I
6	Fort St. James	Mackenzie TSA, SBs G through P
7	Dawson Creek Fort St. John Fort Nelson	Mackenzie TSA, SBs A through F
8	Chilcotin	Williams Lake TSA, SBs F, G, H, I and P Quesnel TSA, SBs A, B, C & D, TFL5 100 Mile House TSA, SBs A, B, C, D, E, F
9	Kamloops Merritt Penticton Vernon	
10	Boundary Cranbrook Invermere	
11	Arrow Columbia (Golden, Revelstoke) Kootenay Lake	
12	Clearwater Robson Valley Salmon Arm	Williams Lake TSA, SBs M & N

Woodlot and Timber Licence cutting authorities are assigned to the road group for the area in which they are geographically located.

4.3.2.4 Drainage Structures

An appraisal may include a cost estimate for large drainage structures only where their requirement is substantiated by field data. Such structures shall be placed so as to maintain the natural drainage pattern of the area crossed by the proposed road. All pipe culverts under 950 mm in diameter and all single log abutment culverts under 3.5 m span length are included in the subgrade cost estimates (see Section 4.3.2.1).

See page 39 of the *Forest Road Engineering Guidebook* for a detailed description.

See pages 85 (Pipe Culverts) and 93 (Log Culverts) of the *Forest Road Engineering Guidebook* for detailed description.

1. Culverts

The cost estimates for the supply and installation of culverts from 0.95 m to 1.8 m in diameter are determined from Table 4-4 that follows. Detailed engineering cost estimates are required for larger metal culverts (culverts smaller than 0.95 m are included in the subgrade costs). No interpolation of values is permitted. Total installation cost for culverts includes all costs of transporting the culvert to the jobsite and all costs of installation of the culvert to the final subgrade stage.

7.4.2 Market Stumpage Price Equation

Using the variables defined in Section 7.4.1, the selling price calculated in Section 7.3.2 and the equation below, calculate the market stumpage price (MSP).

$$\begin{aligned} \text{MSP} = & [44.1590 + 0.1895 * \text{SP/CPIF} - 0.9615 * \text{DC/CPIF} + 0.1747 * (\text{VOL}/1000) \\ & - 0.1327 * \text{S\%} + 9.0319 * \ln(\text{VPT}) + 0.009378 * \text{VPH} - 12.7571 * \\ & (\text{BWDN\%}/100) - 7.7502 * (\text{CY\%}/100) - 35.8595 * (\text{HP\%}/100) - 9.7689 * \\ & (\text{HORSE\%}/100) - 21.9802 * (\text{BURN\%}/100) - 2.0871 * \text{CYCLE} - 7.8954 * \\ & \text{HECE} + 29.5252 * (\text{WH\%}/100) - 7.9152 * \text{Z9} - 5.4166 * \text{SAL} - 0.5179 * \\ & (1/\text{VPT})] * \text{CPIF} \end{aligned}$$

For the above equation the following definitions apply:

- if the percentage of Hemlock, Balsam and Cedar volume in the cutting authority is greater than or equal to 50 percent of the total net cruise coniferous volume, then HECE = 1, otherwise enter 0,
- if the selling price zone is Fort Nelson Peace (9) then Z9 = 1, otherwise enter 0,
- if the total net cruise coniferous volume is greater than 50 000, then VOL = 50 000,
- if horse or helicopter log appraisals, then VPT = 0.5490.
- if the cutting authority is for the salvage of damaged or diseased timber at risk of being lost, then SAL = 1 otherwise enter 0.

7.5 Calculation of MPS Stumpage Rate

For each cutting authority area, the MPS upset stumpage rate is determined by selecting the greater of:

- the MPS upset stumpage rate, or
- the prescribed minimum stumpage rate.

7.5.1 Upset Stumpage Rate Calculation

The upset stumpage rate (USR) is calculated by multiplying the Market Stumpage Price (MSP) by the difference between 1 and the discount factor (DF) as follows:

$$\text{USR} = \text{MSP} * (1 - \text{DF})$$

Where:

USR	=	Upset stumpage rate
MSP	=	Market Stumpage Price as defined in Section 7.4.2
DF	=	0.30

7.5.2 Prescribed Minimum Stumpage Rate

The minimum stumpage rate is prescribed by the Minimum Stumpage Rate Regulation (BC Regulation 354/87). The current minimum stumpage rate is \$0.25 per cubic metre.

7.5.3 Total MPS Stumpage Rate

The total stumpage rate is the upset stumpage rate plus any bonus bid.