

Supporting Statement for OMB 0596-0017

Timber Purchasers' Costs and Sales Data

March 2007

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

Laws, Statutes, Regulations

- National Forest Management Act, 16 USC §472a
- 36 CFR, part 223.60
- Provision B(BT) 6.9

The information collection is necessary to implement the various statutes, regulations, and policies designed to ensure that National Forest System timber is sold at not less than appraised value.

The National Forest Management Act (NFMA), 16 U.S.C. §472a, is applicable to appraisal of National Forest timber sales. The NFMA requires that the Federal government receive not less than the appraised value of timber or forest products (shown below).

Title 16 - Conservation
Chapter 2 - National Forests
Subchapter I - Establishment and Administration
Section 472a. Timber sales on National Forest System lands

- (a) "Authorization; rules and regulations; appraised value as minimum sale price. For the purpose of achieving the policies set forth in the Multiple-Use Sustained-Yield Act of 1960 (74 Stat. 215; 16 U.S.C. 538-531) and the Forest and Rangeland Renewable Resources Planning Act of 1974 (88 Stat. 475) [16 U.S.C. 1600 et seq.], the Secretary of Agriculture, under such rules and regulations as he may prescribe, may sell, at not less than appraised value, trees, portions of trees, or forest products located on National Forest System lands."

Title 36 CFR Part 223.60 is applicable to appraisal of National Forest timber sales. This regulation governs the appraisal of National Forest System timber and forest products (shown below).

Title 36 - Parks, Forests, and Public Property
Chapter II - Forest Service, Department of Agriculture
Part 223 - Sale and Disposal of National Forest System Timber - Table of Contents
Subpart B - Timber Sale Contracts
Section 223.60 Determining fair market value

"The objective of Forest Service timber appraisals is to determine fair market

Supporting Statement for OMB 0596-0017
Timber Purchasers' Costs and Sales Data

value. Fair market value is estimated by such methods as are authorized by the Chief, Forest Service, through issuance of agency directives (36 CFR 200.4). Valid methods to determine fair market value include, but are not limited to, transaction evidence appraisals, analytical appraisals, comparison appraisals, and independent estimates based on average investments. Pertinent factors affecting market value also considered include, but are not limited to, prices paid and valuations established for comparable timber, selling value of products produced, estimated operating costs, operating difficulties, and quality of timber. Considerations and valuations may recognize and adjust for factors which are not normal market influences.”

Provision B(BT) 6.9 - Records. This provision authorizes the collection of information for timber sale appraisals (shown below).

“B(BT) 6.9 Records. Upon request, Purchaser shall provide access to appropriate annual records in Purchaser’s books and accounts to enable Forest Service to obtain and analyze accurate operating costs and selling price data for appropriate use in appraising Federal timber. However, upon receiving such a request from Forest Service, Purchaser may make written notice that such data shall be provided through an independent certified public accountant approved by Forest Service. Purchaser agrees that the certified public accountant shall do such work in accordance with specifications provided by Forest Service. Costs of such services shall be paid by Purchaser. Data so provided shall be subject to acceptance by Forest Service, and shall also be subject to review and adjustment, where needed, by Forest Service.

Operating cost and selling price data shall include that applicable for appraising timber obtained from Federal sources in or processed in the Region. Access to such data shall be provided by Purchaser on behalf of subsidiary entities owned or controlled by Purchaser to the extent they participate in harvesting, manufacturing or marketing said timber into products recognized in National Forest timber appraisals in the area. To a like extent, Purchaser shall request in writing Purchaser’s contractors and subcontractors to make such data available to Forest Service. Information so obtained shall be treated as confidential as provided in regulations issued by the Secretary of Agriculture (7 CFR 1.12) and shall be available for review by parties from whom such data are obtained.”

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

a. What information will be collected - reported or recorded? (If there are pieces of information that are especially burdensome in the collection, a specific explanation should be provided.)

The various appraisal specialists in each Forest Service region will collect cost and selling value information from timber sale purchasers. This information will be used to develop costs and values to support the residual value and transaction evidence appraisal methods.

b. From whom will the information be collected? If there are different

respondent categories (e.g., loan applicant versus a bank versus an appraiser), each should be described along with the type of collection activity that applies.

National Forest System timber sale purchasers, pursuant to timber sale contract provision B/BT 6.9.

c. What will this information be used for - provide ALL uses?

The information will be used to develop and/or update Forest Service timber sale appraisal procedures. There are no other uses for this information.

d. How will the information be collected (e.g., forms, non-forms, electronically, face-to-face, over the phone, over the Internet)? Does the respondent have multiple options for providing the information? If so, what are they?

Respondents may provide the information electronically or by hard copy. There is no prescribed format. Clarification of information provided may occasionally require answering questions face-to-face, over the phone, or by Internet.

e. How frequently will the information be collected?

Information will be collected annually.

f. Will the information be shared with any other organizations inside or outside USDA or the government?

The information will not be shared with any other organizations inside or outside the USDA or government.

g. If this is an ongoing collection, how have the collection requirements changed over time?

Greater reliance on transaction evidence appraisal procedures has reduced the need to collect detailed operating costs and selling price data from timber sale purchasers.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The information collected consists of the timber purchasers business records relating to costs and product values. This data may be collected in hard copy or electronically.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

Each item of data collected is unique

5. If the collection of information impacts small businesses or other small

Supporting Statement for OMB 0596-0017

Timber Purchasers' Costs and Sales Data

entities, describe any methods used to minimize burden.

Timber sale purchasers may send the information to the Forest Service or allow the Forest Service to examine and duplicate the purchasers' cost and selling value records.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The Forest Service will be unable to determine the fair market value of National Forest System timber proposed for sale. Compliance with statutes and regulations will not be possible and the Federal government may not receive fair market value for timber sold off National Forest System lands.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **Requiring respondents to report information to the agency more often than quarterly;**
- **Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **Requiring respondents to submit more than an original and two copies of any document;**
- **Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **That includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8 (d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years even if the collection of information activity is the same as in prior periods. There may be circumstances that may

preclude consultation in a specific situation. These circumstances should be explained.

A Federal Register Notice requesting comments was published on January 12, 2007, on page 1487 in Volume 72, Number 8.

The Forest Service received two comments. Neither respondent is a timber sale purchaser subject to the cost collection requirements in a timber sale contract.

Commenter 1 - B. Sachau:

With regard to how to place a value on the types of products more typical of stewardship contracting and biomass generation, i.e. small diameter, low end products:

1. *What analysis has been conducted to date to both determine appropriate values and test the accuracy of the valuation process?*

Forest Service (FS) Response: National standards for appraisal performance are outlined in Forest Service Manual 2400, Section 2422.1. Regional Foresters report to the Washington Office the performance of advertised rates as a percentage of bid rates for each six month period ending March 31 and September 30.

2. *What information has been collected from the field, i.e. the various ranger districts where these product classes have been sold?*

FS Response: Each Forest Service region maintains its own appraisal system. The types of information that have been collected in the past and may be collected in the future varies by region based on their individual needs.

3. *What information and valuation methodology have forest appraisers relied on to determine minimum bid values for these products in the past?*

FS Response: Except for Region 10, regions are required to use the transaction evidence appraisal method as the primary timber appraisal method. Region 10 is currently authorized to use a residual value appraisal method. Other valid appraisal methods may be used for small sales where detailed appraisal is not warranted, such as appraisal by comparison of similar sale offerings and the use of standard rates.

4. *How has and will the agency monitor the accuracy of the valuation techniques and data used for these non-traditional product classes?*

FS Response: Regions monitor appraisal performance semi-annually. Some changes may be needed to show how this is done in the future to address non-traditional material such as biomass.

5. *What performance measures have been or will be used to ensure timely and accurate monitoring and review of this issue?*

FS Response: Refer to response to question 1 above.

Commenter 2 - Mary Krueger, The Wilderness Society:

Supporting Statement for OMB 0596-0017

Timber Purchasers' Costs and Sales Data

How often are purchasers requested to provide cost information?

FS Response: With the emphasis on the transaction evidence appraisal method, most purchasers are not requested to provide cost information on a routine basis. As products, technology and logging methods change, individual regions may perform customized cost collecting to develop or verify appraisal allowance for specific components of their appraisal system. The few purchasers that are contacted for cost information are unlikely to be asked for cost information more than once per year.

The announcement lists twenty estimated annual respondents. Does that represent the number of firms that are asked for data or the number that respond? What is the response rate?

FS Response: The twenty estimated annual respondents are the total number of firms that are asked for data. Response rate is 100 percent, as providing the information is a contractual requirement.

Are requests made to all purchasers during a certain timeframe or to certain purchasers for particular reasons? If particular reasons, what are they?

FS Response: Requests for cost information are tailored to the needs of the region making the request. For example, a request might be limited to just purchasers who are manufacturers or limited even further to those that manufacture specific products. A request might also be limited to purchasers that use specific logging methods, such as helicopter or skyline. The appraisal components that the region is trying to establish or verify would be the driving factor in determining which purchasers are contacted and why.

How is the specific data used to update and inform the valuation process?

FS Response: As products, technology, and logging methods change, individual regions may perform customized cost collecting to develop or verify appraisal allowance for specific components of their appraisal system.

Overall we feel this notice and request for comment is lacking in the background and context necessary for meaningful comment, except in a limited sense by those purchasers who have replied to requests in the past.

FS Response: The background information provided was sufficient for the target audience, which was timber sale purchasers who have replied to requests in the past, or may be asked to in the future.

One can assume that the overall purpose of this type of data collection is to ensure that federal timber products are not sold for less than the appraised value and that appraised values are accurately calculated using sound methodology with up-to-date information.

FS Response: Yes

This notice makes it appear that the Forest Service purchases lumber product values from the Western Wood Products Association, supplements it with information from individual purchasers and uses it to develop fair market average values and costs information and advertised prices for federal timber products.

Supporting Statement for OMB 0596-0017

Timber Purchasers' Costs and Sales Data

FS Response: Each Forest Service region maintains its own appraisal system. Regions 1-6 use lumber product values from the Western Wood Products Association as a component of their appraisals for saw timber. The type of information that has been collected in the past and may be collected in the future varies by region based on their individual needs.

Disclosure of the amount of data collected from purchasers and the extent to which it informs other data sources is necessary for informed comment.

FS Response: The information provided was sufficient for the target audience, which was timber sale purchasers who have replied to requests in the past, or may be asked to in the future.

If these data sources play a large role in developing accurate product valuation, standardization of the format for data collection would increase the efficiency and effectiveness of the data.

FS Response: Each Forest Service region maintains its own appraisal system. Since the types of information that have been collected in the past and may be collected in the future varies by region based on their individual needs, the process does not lend itself to a standardized format for the data collection.

The Forest Service needs to provide more information on the product valuation process.

FS Response: The information provided was sufficient for the target audience, which was timber sale purchasers who have replied to requests in the past, or may be asked to reply in the future.

The comments did not specifically address the cost and hour burdens associated with information collection under OMB 0596-0017, so no changes were made to the estimates provided in the Federal Register notice (72 FR 1487).

The following are the names and telephone numbers of representatives of three firms from whom the information is to be obtained. These individuals were contacted regarding the estimated cost and time burdens associated with this information collection.

- **Donna Olfield, 907-755-8880, Viking Lumber Co.**

Q: Was contact representative of those from whom info is obtained or compiled?

A: Yes

Q: Availability of data:

A: Yes, data is available

Q: Frequency of collection:

A: Quarterly data is not necessary; it takes up much of my time

Q: Clarity of instructions and record keeping responsibilities, disclosure, or reporting format:

Supporting Statement for OMB 0596-0017
Timber Purchasers' Costs and Sales Data

A: This is fine

Q: Data elements to be recorded, disclosed, or reported:

A: Data is disclosed and recorded. This is fine.

Q: Was contact informed this info will be part of public record?

A: Yes

- **Sally Tinkess, 907-723-1252, 3D Logging**

Q: Was contact representative of those from whom info is obtained or compiled?

A: Yes

Q: Availability of data:

A: Most of it is readily available.

Q: Frequency of collection:

A: Once per year is okay

Q: Clarity of instructions and record keeping responsibilities, disclosure, or reporting format:

A: Yes. We learned a lot about record keeping and its value.

Q: Data elements to be recorded, disclosed, or reported:

A: Data is disclosed and recorded. This is fine.

Q: Was contact informed this info will be part of public record?

A: Yes

- **Steve Seley, 907-225-2692, Pacific Log and Lumber**

Q: Was contact representative of those from whom info is obtained or compiled?

A: Yes

Q: Availability of data:

A: Most requests are reasonable and data is available

Q: Frequency of collection:

A: The frequency of data collection is right on

Q: Clarity of instructions and record keeping responsibilities, disclosure, or reporting format:

A: No problem

Q: Data elements to be recorded, disclosed, or reported:

A: Data is disclosed and recorded. Elements are fine.

Q: Was contact informed this info will be part of public record?

A: Yes

9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

No payment or gift will be provided to respondents.

Supporting Statement for OMB 0596-0017

Timber Purchasers' Costs and Sales Data

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Requests for the information collection will be processed under the Freedom of Information Act and associated exemptions. When not in use, the information is in a locked filing cabinet, with access limited to Federal employees that need access to the information.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

No questions of a sensitive nature are part of this information collection.

12. Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form.**

- a) **Description of the collection activity**
- b) **Corresponding form number (if applicable)**
- c) **Number of respondents**
- d) **Number of responses annually per respondent,**
- e) **Total annual responses (columns c x d)**
- f) **Estimated hours per response**
- g) **Total annual burden hours (columns e x f)**

Table 1

(a) Description of the Collection Activity	(b) Form Number	(c) Number of Respondents	(d) Number of responses annually per Respondent	(e) Total annual responses (c x d)	(f) Estimate of Burden Hours per response	(g) Total Annual Burden Hours (e x f)
Timber Purchasers' Cost and Sales Data	N/A	20	1	20	1	20
Totals	---	20	---	20	---	20

- **Record keeping burden should be addressed separately and should include columns for:**

- a) **Description of record keeping activity: None**
- b) **Number of record keepers: None**
- c) **Annual hours per record keeper: None**
- d) **Total annual record keeping hours (columns b x c): Zero**

Supporting Statement for OMB 0596-0017

Timber Purchasers' Costs and Sales Data

- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.**

Table 2

(a) Description of the Collection Activity	(b) Estimated Total Annual Burden on Respondents (Hours)	(c) Estimated Average Income per Hour	(d) Estimated Cost to Respondents
Timber Purchasers' Cost and Sales Data	20	\$25	\$500
Totals	20	---	\$500

- 13. Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information, (do not include the cost of any hour burden shown in items 12 and 14). The cost estimates should be split into two components: (a) a total capital and start-up cost component annualized over its expected useful life; and (b) a total operation and maintenance and purchase of services component.**

There are no capital operation and maintenance costs.

- 14. Provide estimates of annualized cost to the Federal government. Provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.**

The response to this question covers the actual costs the agency will incur as a result of implementing the information collection. The estimate should cover the entire life cycle of the collection and include costs, if applicable, for:

Employee labor and materials for developing, printing, storing forms

Employee labor and materials for developing computer systems, screens, or reports to support the collection

Employee travel costs

Cost of contractor services or other reimbursements to individuals or organizations assisting in the collection of information

Employee labor and materials for collecting the information

Employee labor and materials for analyzing, evaluating, summarizing, and/or reporting on the collected information

The information provided by each respondent requires approximately eight hours of a Federal government employee's time to collect and another eight hours to analyze and process the relevant appraisal information. Cost per hour includes salary, supervision, and overhead. The person collection and analyzing the cost and value information is usually a GS-12 salary scale (approximately \$40.00 per hour, including benefits).

20 respondents x 16 hours collection/analysis = 320 hours

320 hours x \$40.00/hour = \$12,800

- 15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of OMB form 83-I.**

A review of the respondents' burden was completed since the last renewal of this collection. Decrease in burden due to decrease in the number of respondents and decrease in estimated time per response. The change in cost estimate is correction of error in previous submissions.

- 16. For collections of information whose results are planned to be published, outline plans for tabulation and publication.**

There are no plans to publish the information collected for statistical use. The data will be summarized and used as the basis for updating the Forest Service Handbook covering timber sale appraisals.

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

Supporting Statement for OMB 0596-0017

Timber Purchasers' Costs and Sales Data

No collection forms are associated with this information collection. The agency is not seeking to omit the OMB number from any documents associated with this information collection.

18. Explain each exception to the certification statement identified in item 19, "Certification Requirement for Paperwork Reduction Act."

The agency is able to certify compliance with all provisions in item 19.

B. Collections of Information Employing Statistical Methods

This information collect does not employ statistical methods.