



File: 308-07/CAPP

April 9, 1999

All *Coast Appraisal Manual* Holders

**Re: April 1, 1999, *Coast Appraisal Manual***

A typographic error was found in Chapter 7, Section 7.4.3.

Please go to Chapter 7 and remove page 7-8 from the manual and replace it with the attached page. We apologize for any inconvenience this may have caused.

Yours truly,

*for*

George Silvestrini  
Senior Timber Pricing Forester (Coast)  
Revenue Branch

Attachment





Where:

RS = 1, where the cutting authority area is accessible only by air or water and is not serviced by public ferries.  
Otherwise RS = 0.

FD = 9.2977 (North Coast Forest District)

16.1047 (Port McNeill Forest District)

19.1108 (Mid Coast Forest District)

15.6639 (Queen Charlotte Islands Forest District)

Otherwise FD = 0

NB = 5.3 (Coastal average number of bidders)

Preliminary Upset Stumpage Rate (\$/m<sup>3</sup>) = Preliminary Market Stumpage Price \* (1 - Discount Factor)

Where:

Discount factor = 0.30

### 7.4.3 Number of Bidders (Step 2)

Using the equation below calculate the estimated number of bidders.

$$\begin{aligned} \text{Number of Bidders} = & 2.4176 + 0.03876 (\text{Margin/CPIF}) + 0.09650 (\Delta \text{ALP/CPIF}) + \\ & 0.1760 (\text{VOL}/1000) - 0.00247 (\text{VOL}/1000)^2 - 2.2607 (\text{HP}) - \\ & 2.0634 (\text{BARGEDUM}) - 2.5571 (\text{CTDUM}) - 2.2939 \\ & (\text{SKYDUM}) - 2.9484 (\text{ADUM}) - 2.5990 (\text{BLOWD}) + \text{FD} \end{aligned}$$

If VOL is greater than 35 000, then VOL = 35 000.

If the calculated number of bidders is less than 2, then number of bidders = 2.

Where:

Margin = average log price current month - preliminary upset stumpage rate

$\Delta$  ALP = ALP current month minus ALP previous month (\$/m<sup>3</sup>)

FD = 1.0440 (South Island Forest District)

Otherwise FD = 0

The following variables take a value of 1 if the cutting authority area requires these specified operations, otherwise they are set to zero.

**BARGEDUM**                      BARGEDUM = 1, where part of the route from local tie-up grounds at the appraised point of origin to point of appraisal is exposed to the open ocean swell. Otherwise BARGEDUM = 0.

Only points on the West Coast of Vancouver Island north of Port Renfrew, (except those routes totally east of a line drawn from Cape Beale to Amphitrite Point, including Ucluelet Harbour), and all points north of Cape Caution on the mainland are considered to require barge transportation.

**CTDUM**                              CTDUM = 1, where the volume harvested from the cutting authority area is by commercial thinning. Otherwise CTDUM = 0.

Commercial thinning is a silviculture treatment that "thins" out overstocked second growth stands by removing trees that are large enough to be manufactured into lumber, post or pole products. It is carried out to improve the health and