

3.13 FINANCIAL EFFICIENCY

Affected Environment

Introduction

The Forest Service Manual (FSM) 2432.12 requires a financial efficiency analysis for timber sale proposals that are expected to exceed \$100,000 in value. The Forest Service Handbook (FSH) 2409.18 Chapter 32.4 specifies that financial efficiency analysis must include costs and benefits for 60 years into the future. FSM 1921.12a. Under 16 U.S.C. 1604 (g)(3)(E,F) outlines specific management requirements that must be met in carrying out projects and activities on National Forest System lands.

Analysis Area

The analysis area includes both the project area and the working area for local mills and timber purchasers expected to utilize the products. The project is located in Rich County, Utah; however it is reasonably foreseeable that the timber may be transported to the north as far as Ovid, Idaho or to the south as far as Kamas, Utah or Mountain View, Wyoming.

Financial Efficiency

Table 3.13.1 displays the Net Value of the costs and revenues associated with each alternative, for this proposal. The cost of environmental document preparation is not shown, because those costs are incurred regardless of the final alternative chosen in the Record of Decision. It is not a requirement that timber sales produce financial benefits. Only that this information be considered in the decision. There are other non-tangible benefits that may result that are not expressed in dollar revenue. For example improved roads in the area would result in better access for recreational activities. Local jobs may be created and income to local business may increase as an indirect result of the project.

Table 3.13.1. Net value of costs and revenues.

Timber Sales	Alternative 1	Alternative 2	Alternative 3
Volume (CCF)	21,409	0	13,755
Total Revenue	\$1,072,991	\$0	\$667,408
Road Construction*	\$251,712	\$0	\$186,150
Sale Preparation	\$385,370	\$0	\$247,584
Sale Administration	\$321,141	\$0	\$206,320
Reforestation	\$39,720	\$0	\$21,979
Net Return	\$75,048	\$0	\$5,376

*Includes temporary and permanent service roads, and system road reconstruction

In order to project the financial analysis for the required 60 year period some reasonably foreseeable assumptions needed to be made about future management scenarios, which include two entries in many of the units. This proposal, analysis and decision however pertain solely to this first entry and in no way propose, approve or initiate future actions. Table 3.13.2 shows the Present Net Value of these foreseeable activities that would occur within a 60 year time frame.

Table 3.13.2. Present Net Value of Costs and Revenues

Timber Sales	Alternative 1	Alternative 2	Alternative 3
Volume (CCF)	34,553	0	21,900
Total Revenue	\$1,332,389	\$0	\$817,672
Road Construction*	\$306,760	\$0	\$407,349
Sale Preparation	\$449,807	\$0	\$287,394
Sale Administration	\$374,840	\$0	\$239,495
Reforestation	\$60,209	\$0	\$33,316
Net Return	\$140,772	\$0	\$35,768
Revenue/Cost	1.12	\$0	1.05

*Includes both temporary and permanent service roads

Costs and revenues for each of the activities are based on experienced costs and professional judgment, and represent the best estimated costs to implement the alternative. Costs include sale preparation (marking/cruising, appraisal, contract preparation, advertising, etc.), sale administration, temporary road construction and obliteration, and post-sale activities (planting, and regeneration surveys). Revenues are based on recent timber appraisals in the Intermountain Region.

Environmental Consequences

Economic impacts for the timber program have been addressed at the forest level in the Revised Forest Plan. That analysis estimated employment and employee compensation estimated to result from the implementation of each alternative. Estimates of job and income impacts were made with IMPLAN Input-Output models. IMPLAN estimates combine direct, indirect and induced effects into the total impact. The measure for “jobs” includes both full and part-time jobs. The measure for “income” is employee compensation. Impact areas (the counties affected by implementation) were based on U.S. Department of Commerce, Regional Economic Information System, 2000. These areas are defined as functioning economies based on commuting patterns. Each economic area includes, as far as possible, both the place of work and the place of residence of the labor force. The Revised Forest Plan analysis determined that the timber program on the Wasatch-Cache National Forest provides an annual average of 37 wood products related jobs, and \$800,000 annually in labor income (USDA Forest Service 2003, FEIS, Tables SE-10 and SE-11, p. 3-472 and 3-473).

Non-commodity values were not included in this analysis because these resources are evaluated under each specific resource section. Title 40, Code of Federal Regulations for NEPA (40 CFR 1502.23) states “For the purposes of complying with the Act, the weighing of the merits and drawbacks of the various alternatives need not be displayed in a monetary cost-benefit analysis and should not be when there are qualitative considerations.” Effects on resources are documented in individual resource sections in the FEIS.

a. Effects Common to Alternatives 1 and 3

State and local economies would be directly and indirectly affected by the monetary inputs this project represents. Timber products provided to the raw material markets through direct timber sales would contribute to the continuing operation of lumber mills. This would add directly and indirectly to the local and state economies through employment and tax revenues. This project represents opportunity for input to local and regional economies because of the proposed harvest activities. Employment opportunities in the wood products industries would be available.

b. Alternative 2 – No Action

Alternative 2 would produce no economic outputs. There would be no return on the cost of the environmental study. No volume is harvested in this alternative. The Present Net Value of the project is \$0 (refer to Table 3.13.2).

3.14 ENVIRONMENTAL JUSTICE

Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, and Departmental Regulation 5600-2 direct federal agencies to integrate environmental justice considerations into federal programs and activities. Environmental justice means that, to the greatest extent practicable and permitted by law, all populations are provided the opportunity to comment before decisions are rendered on, are allowed to share in the benefits of, are not excluded from, and are not affected in a disproportionately high and adverse manner by, government programs and activities affecting human health or the environment.

Implementation of any of these alternatives will be consistent with this Order and will not have a discernible effect on minorities, American Indians, or women, or the civil rights of any United States citizen. Nor will it have a disproportionate adverse impact on minorities or low-income individuals. No civil liberties will be affected. Public involvement and comment was sought and incorporated into this document. The Forest Service has considered all public input from individuals or groups regardless of age, race, income status, gender, or other social/economic characteristics (see project record).

Executive Order 12898 also directs agencies to consider patterns of subsistence hunting and fishing when an agency action may affect fish or wildlife. The decision would not alter opportunities for subsistence hunting by Native American tribes. Native American tribes were provided an opportunity to comment on the proposal (see project record).

Based on experience with similar projects on the Ogden Ranger District, none of the alternatives would substantially affect minority or low-income individuals, women, or civil rights. The implementation of this project is expected to provide job opportunities in communities such as Randolph or Ogden, Utah. Some of these communities include minority populations that may benefit from the economic effects. Small or minority-owned businesses would have the opportunity to compete for some of the work.

3.15 SHORT-TERM USES AND LONG-TERM PRODUCTIVITY

NEPA requires consideration of “the relationship between short-term uses of man’s environment and the maintenance and enhancement of long-term productivity” (40 CFR 1502.16). As declared by the Congress, this includes using all practicable means and measures, including financial and technical assistance, in a manner calculated to foster and promote the general welfare, to create and maintain conditions under which humans and nature can exist in productive harmony, and fulfill the social, economic, and other requirements of present and future generations of Americans (NEPA Section 101).

Harvesting provides timber products for public use and jobs associated with the timber harvest and manufacturing of products (FEIS, Section 3.13, Financial Efficiency). Using timber harvest and prescribed fire as tools to maintain or improve forest species and age class diversity and decrease fuel loading mimics some of the natural historic disturbance agents (FEIS, Section 3.9, Vegetation - Forested). Maintaining or improving forest species and age class diversity ensures continued long-term productivity of the forest resource (FEIS, Section 3.9, Vegetation - Forested) and wildlife habitat (FEIS, Section 3.12, Wildlife - Terrestrial) as well as reducing the likelihood or severity of catastrophic insect infestations and fire (FEIS, Section 3.3, Fire).

3.16 UNAVOIDABLE ADVERSE EFFECTS

Unavoidable adverse effects are similar under both action alternatives and differ only in the scale of the effects. They include a slight increase in level of pH of stream channels (FEIS, Section 3.11, Water Resources); a low rate of soil erosion and soil compaction (FEIS, Section 3.8, Soil); a slight increase in impacts to boreal toads in upland areas outside of RHCAs/buffer zone from May to September. (FEIS, Section 3.2, Aquatic Resources); a slight increase in fragmentation of forest stands from road construction (FEIS, Section 3.12, Wildlife – Terrestrial); increased wildlife disturbance from noise and traffic during harvest operations (FEIS, Section 3.2, Aquatic Resources and FEIS Section 3.12, Wildlife – Terrestrial); temporary decreases in habitat for wildlife species that depend on old forest conditions (FEIS, Section 3.12, Wildlife - Terrestrial); and effects on recreational opportunities due to visual effects (FEIS, Section 3.7, Scenery) and noise and dust from timber harvest activities and temporary smoke from prescribed fire, as well as possible closures during prescribed fire activities (FEIS, Section 3.6, Recreation).

Mitigation measures and design elements that are planned and are common to all of the action alternatives are displayed in Chapter 2, Table 2.2.1b. These are intended to primarily prevent unwanted adverse effects stemming from the planned activities. These recommendations are listed in Chapter 2 and in the various resource specialist reports on file in the project folder.

3.17 IRREVERSIBLE AND IRRETRIEVABLE COMMITMENTS OF RESOURCES

Irreversible commitments of resources are those that cannot be regained, such as the extinction of a species or the removal of mined ore. Irretrievable commitments are those that are lost for a period of time such as the temporary loss of timber productivity in forested areas that are kept clear for use as a power line rights-of-way or road.

There are no irreversible commitments of resources due to implementation of any alternative.

Irretrievable effects are limited to road construction of temporary and intermittent service roads. Approximately 9 miles (Alternative 1) and 5.6 miles (Alternative 3) of temporary roads are proposed to be constructed to access specific treatment units. Following treatments, all temporary roads would be obliterated, the road prism returned to contour, and the surface revegetated. Approximately 1.5 miles (Alternative 1) and 0.5 miles (Alternative 3) of roads are proposed to be constructed to access partial cut units in the spruce-fir cover type. Referred to as “intermittent service roads,” following project completion, these roads would be closed using gates or other physical barriers and seeded, but the road prism would be kept in place for future administrative use.

3.18 CUMULATIVE EFFECTS

Cumulative effects that are applicable to each resource are addressed in the environmental consequences sections in Chapter 3 by resource area. In Chapter 3, Section 3.1, Table 3.1.1 lists past, present, and reasonably foreseeable activities. Activities from that list are discussed where applicable in the environmental consequences by resource area.

3.19 OTHER REQUIRED DISCLOSURES

NEPA at 40 CFR 1502.25(a) directs “to the fullest extent possible, agencies shall prepare draft environmental impact statements concurrently with and integrated with ...other environmental review laws and executive orders.”

The Forest Service has consulted with or is not required to consult with the agencies listed below as required under the following Acts and laws:

- Utah State Historic Preservation Office in accordance with the National Historic Preservation Act for causing ground disturbing actions in historical places; and
- U.S. Fish and Wildlife Service in accordance with the Endangered Species Act (ESA) implementing regulations for projects with threatened or endangered species.