



# **FOREST SERVICE HANDBOOK ALASKA REGION (R10) JUNEAU, ALASKA SALE PREPARATION HANDBOOK CHAPTER 10 - SALE PROGRAM DEVELOPMENT - GATE SYSTEM**

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(For) Regional Forester

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**New Document:** 2409.18-2018-1, 4 Pages

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**Digest:**

10 - Adds Table of Contents and makes minor grammar and stylistic corrections throughout the supplement.

13.05 - Updates definition of Pond Log Value and Residual Value.

13.11 - Updates link to Region 10 timber valuation programs website. Removes sentence stating a maximum volume alternative should be considered if selling values and costs are likely to improve.

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## 13 – FINANCIAL AND ECONOMICAL EFFICIENCY ANALYSES

Region 10's Financial Analysis Spreadsheet Tool – Residual Value (“FASTR”) is approved for use at Gates 1 and 2 on all timber sale projects which require either an environmental impact statement or an environmental assessment. At the line officer's discretion, FASTR may be used for projects proposed under a categorical exclusion.

FASTR uses “preliminary” data to provide options at Gate 1 or a relative comparison of anticipated project costs and revenues by alternative at Gate 2. FASTR is intended for initial planning purposes; actual timber sale salability and value is determined at Gate 4 when cruise volumes (by log grade) are finalized for the appraisal process.

### 13.05 – Definitions

Current Market. The most recent Residual Value (RV) appraisal bulletin is posted on the public Alaska Region Forest and Resource Management website (under Land and Resource Management; Resource Management; Timber Valuation Programs). Gate 1 analyses should reflect current market at time of position statement. Gate 2 analyses should be updated with new market conditions as alternatives are developed, analyzed, and finalized.

Pond Log Value. Pond Log Value (calculated for each species) is the purchaser's average end product selling value minus manufacturing cost. Delivered log value represents the price a purchaser can afford to pay for delivered logs.

Residual Value. An appraisal method to determine the fair market value of standing timber. Indicated advertised rate by species is calculated by subtracting costs (operational and production) and profit and risk from end-product selling values, FOB (free on board) Alaska and MBF log scale. Adjustments are made for species deficits (plus KV and NFF deposits) until all species “advertised rates” are at least as high as base rates.

Additional definitions are provided in FSH 2409.18 and FSH 2409.22.

### 13.1 - Program and Project Planning Analyses

Maintenance of FASTR. Regional Office Forest Management staff shall post FASTR updates on the public Region 10 timber valuation programs website, <https://www.fs.usda.gov/detail/r10/landmanagement/resourcemanagement>.

### **13.11 - Analysis at Gates 1, 2, and 3**

4. Financial Feasibility Determination at Gate 1. Data sources need to be documented in the FASTR analysis. The “total indicated advertised value” in the FASTR output provides a preliminary estimate of the project’s financial feasibility based on current market conditions. Actual project salability is determined during the appraisal process at Gate 4. Line officers shall decide whether or not to proceed with further investment or to redefine the scope of the project, based on results of the FASTR analysis.

5. Analysis at Gate 2. A positive stumpage value in the FASTR analysis indicates that the proposed alternative is “currently economical” to potential purchasers. Whether the “currently economical” and “maximum volume” alternatives are analyzed in detail shall be determined by the line officer during the Checkpoint process (Region 10, Tongass National Forest supplement to FSH 1909.15, chapter 10).