

CITY OF COOS BAY CITY COUNCIL
Agenda Staff Report

MEETING DATE April 5, 2016	AGENDA ITEM NUMBER
--------------------------------------	---------------------------

TO: Mayor Shoji and City Councilors

FROM: Jessica Spann, Engineering Services Coordinator

THROUGH: Rodger Craddock, City Manager *RC*
 Jim Hossley, Public Works Director *JH*

ISSUE: Approval of 2016 Timber Sale Award

BACKGROUND:

The City is proposing a timber sale on 47 acres for the 2016 Timer Sale (see on attached map). The timber volume for the 2016 Timber Sale, as determined by a cruise (survey) performed by Stuntzner Engineering and Forestry, is 1,406 thousand board feet (MBF). The sale was advertised on March 4, 2016 and the City received two responses. The total amount received will be based on actual board feet harvested. The following are the results and estimated totals based on the quantities of lumber identified in Stuntzner's cruise for the two responses received:

Logger	Amount
Swanson Group	\$542,203.10
Scott Timber Company	\$412,468.80

The logger will be required to submit a payment of \$25,000 to the City upon contract signing to be applied as a credit toward the final payment. All merchantable timber must be cut by December 1, 2017.

The table on the next page is a comparison of the past three Timber Sales within the Pony Creek Watershed. It shows the Doug Fir, Special Cull, Alder Sawlog and Red Cedar have gone up in price since the Water Boards Timber Sale in 2015. Prices for all but Red Cedar are less than the 2014 sale. The Peelable Cull and Utility Cull currently have no sale value, which is significant compared to 2014 prices. However these two make up only a minute fraction of the overall timber in this year's harvest area.

**Comparison of City Coos Bay 2016 Timber Sale
Bids to 2014 and 2014 Watershed Sales**

Species	City 2014	Water Board 2015	City 2016	Three Year Average	% of Species Type for 2016 Timber Sale
Doug fir	\$496.49	\$430.75	\$457.63	\$461.62	46.8%
Speical Cull	\$100.00	\$50.00	\$100.00	\$83.33	1.8%
Peelable Cull	\$100.00	\$25.00	\$0.00	\$41.67	0%
Utility Cull	\$200.00	\$1.00	\$0.00	\$67.00	0.7%
Hemlock	\$296.49	\$313.00	\$232.63	\$280.71	10.0%
Spruce	\$296.49	\$280.50	\$257.63	\$278.21	13.8%
PO Cedar	\$296.49	\$291.00	\$282.63	\$290.04	2.8%
Alder Sawlog	\$300.00	\$265.00	\$282.63	\$282.54	17.1%
Red Cedar	\$300.00	\$725.00	\$792.63	\$605.88	7.0%
Other	N/A	N/A	N/A	N/A	0%
\$/mbf - Stumpage (The 0% was identified as incidental during the Timber Cruise)					100%

Additional cost will be necessary to complete the 2016 Timber Sale. These costs consist of seedling procurement, reforestation, and the reimbursement fee for the original construction of the Loop Road and the annual Loop Road maintenance costs (NOTE: The Loop Road provides access to the City's timber stands within the watershed). Estimates for these costs are as follows:

Additional Items	Costs
Repayment of Loop Road Construction	\$10,000
Maintenance of Loop Road	\$8,000
Reforestation	\$15,000
Seedling Procurement	\$15,000
Contingency 10%	\$4,800
Total	\$52,800

ADVANTAGES:

The City has typically conducted a timber sale every other year which is in conformance with the Watershed Management Plan. The last timber sale was 2014. This sale will generate revenue for the City.

DISADVANTAGES:

None

BUDGET IMPLICATIONS:

As in past years, the costs for additional items to complete the 2016 Timber Sale will be funded from timber sale proceeds. The source of funds for this contract is the Major Capital Reserve Fund, Timber Costs (34-870-520-2301). Reforestation costs, the reimbursement payment for construction

of the Loop Road, the cost to purchase seedlings, and the Loop Road maintenance costs are estimated to be \$48,800 with a contingency of 10% (\$4,800) for a total of \$52,800. The sale is expected to net the City just under \$500,000.

ACTION REQUESTED:

If it pleases the City Council, award the 2016 Timber Sale to Swanson Group and approve the additional costs required to complete the 2016 Timber Sale for an amount not to exceed \$52,800.

ATTACHMENTS:

Timber Sale Map
Bid Form (2 sheets)

SWANSON

deemed terminated and the deposit of the bidder shall be forfeited. Consistent with ORS 279, the City reserves the right to waive any and all irregularities in any bids submitted and to reject any or all bids.

BID FORM
City of Coos Bay 2016 Timber Sale

Scaled Bid Due: On or before 1:30 p.m. March 17, 2016
At the Office of: City of Coos Bay Public Works Dept.
 500 Central Ave.
 Coos Bay, Oregon 97420

Following is our bid for the timber described in the City of Coos Bay 2016 Timber Sale Notice and Prospectus.

<u>Estimated volume</u>	<u>Species</u>	<u>Bid Price</u>
656 MBF	Douglas fir, No. 4 Sawmill Better, Net Scale	\$ <u>457.⁶³</u> /M
26 MBF	Conifer, Special Cull, Adjusted Gross Scale	\$ <u>100.⁰⁰</u> /M
Incidental	Conifer, Peelable Cull, Adjusted Gross Scale	\$ <u>Ø</u> /M
10 MBF	Conifer, Utility Cull, Adjusted Gross Scale	\$ <u>Ø</u> /M
		and
		\$ <u>Ø</u> /ton
141 MBF	Hemlock, No. 4 Sawmill & Better, Net Scale	\$ <u>232.⁶³</u> /M
Incidental	Grand Fir, No. 4 Sawmill & Better, Net Scale	\$ <u>282.⁶³</u> /M
194 MBF	Spruce No. 4 Sawmill & Better, Net Scale	\$ <u>257.⁶³</u> /M
40 MBF	Port Orford-cedar No. 4 Sawmill & Better, Net Scale	\$ <u>282.⁶³</u> /M
Incidental	Maple, No. 4 Sawmill & Better, Net Scale	\$ <u>32.⁶³</u> /M
		and
		\$ <u>3.76</u> /ton
240 MBF	Red alder, Net Scale	\$ <u>282.⁶³</u> /M
		and
		\$ <u>32.⁶⁰</u> /ton
99 MBF	Red cedar, Net Scale	\$ <u>782.⁶³</u> /M

All volumes are Scribner Scale. Average conifer log length to be cut 34 feet.

SCOTT

BID FORM

City of Coos Bay 2016 Timber Sale

Sealed Bid Due: On or before 1:30 p.m. March 18, 2016
At the Office of: City of Coos Bay Public Works Dept.
500 Central Ave.
Coos Bay, Oregon 97420

Following is our bid for the timber described in the City of Coos Bay 2016 Timber Sale Notice and Prospectus.

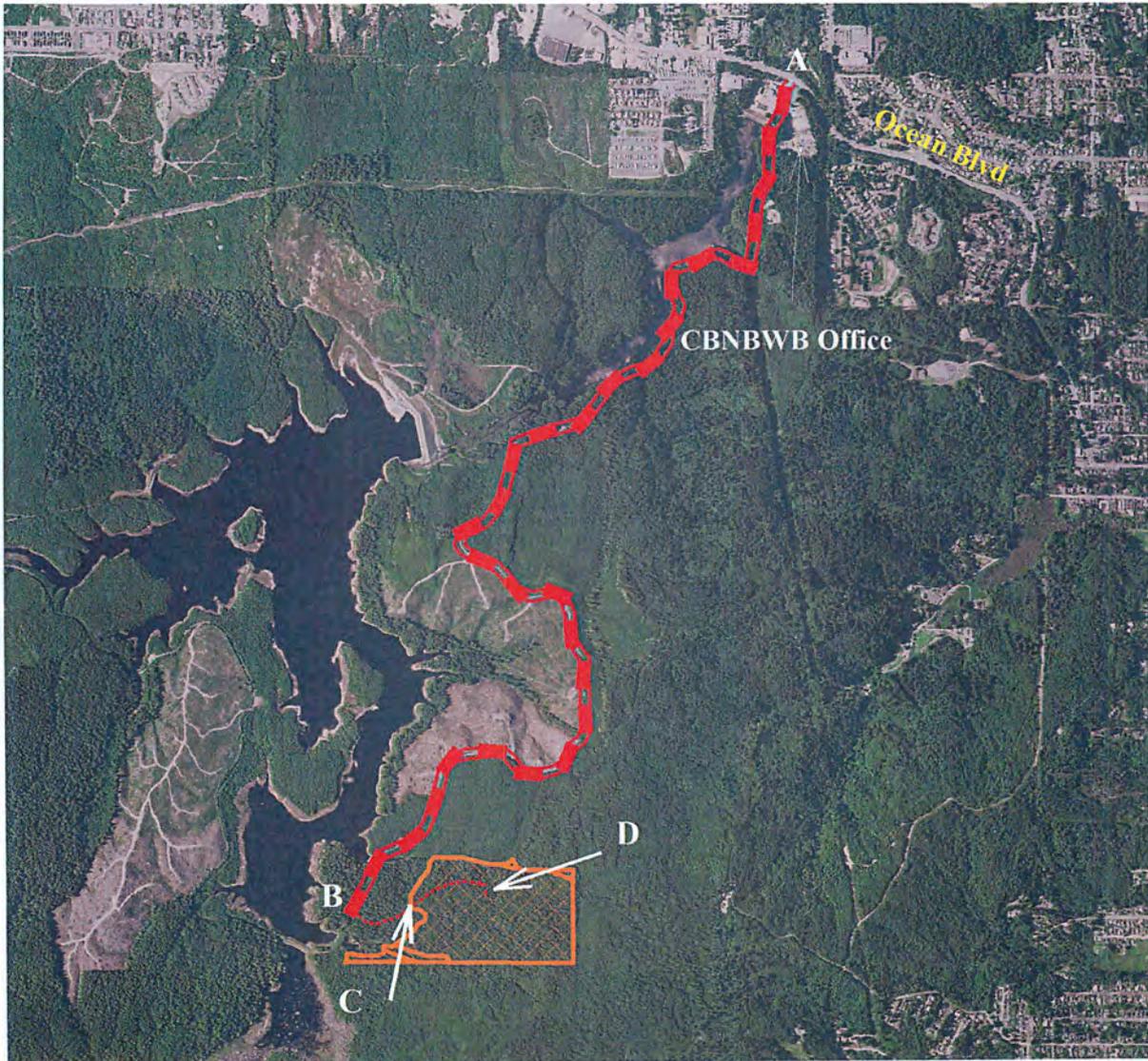
<u>Estimated volume</u>	<u>Species</u>	<u>Bid Price</u>
656 MBF	Douglas fir, No. 4 Sawmill Better, Net Scale	\$ <u>380⁴⁴</u> /M
26 MBF	Conifer, Special Cull, Adjusted Gross Scale	\$ <u>25⁰⁰</u> /M
Incidental	Conifer, Peelable Cull, Adjusted Gross Scale	\$ <u>1⁰⁰</u> /M
10 MBF	Conifer, Utility Cull, Adjusted Gross Scale	\$ <u>1⁰⁰</u> /M
		\$ <u>1⁰⁰</u> and <u>1⁰⁰</u> /ton
141 MBF	Hemlock, No. 4 Sawmill & Better, Net Scale	\$ <u>216¹²</u> /M
Incidental	Grand Fir, No. 4 Sawmill & Better, Net Scale	\$ <u>216¹²</u> /M
194 MBF	Spruce No. 4 Sawmill & Better, Net Scale	\$ <u>139²³</u> /M
40 MBF	Port Orford-cedar No. 4 Sawmill & Better, Net Scale	\$ <u>224¹⁶</u> /M
Incidental	Maple, No. 4 Sawmill & Better, Net Scale	\$ <u>1⁰⁰</u> /M
		\$ <u>1⁰⁰</u> and <u>1⁰⁰</u> /ton
240 MBF	Red alder, Net Scale	\$ <u>224¹⁶</u> /M
		\$ <u>26³⁷</u> and <u>424¹⁶</u> /ton
99 MBF	Red cedar, Net Scale	\$ <u>424¹⁶</u> /M

All volumes are Scribner Scale. Average conifer log length to be cut 34 feet.

Exhibit A

2016 City of Coos Bay Timber Sale Designated Haul Route

-  Designated Haul Route
-  New Road Const.
-  2016 Sale
-  2014 NAIP



Scale = 1 : 2000.00 (In : US Feet)

2000 0 2000 4000 US Feet



01-13-2016

Agenda Item #11