



P.O. Box 757 • 283 WOODLAND ROAD • KAMIAH, ID 83536

November 8, 2012

Forest Management Service Center
2150 Centre Ave, Bldg A
Fort Collins, CO. 80526-1891

Attn: Lathrop Smith

Re: FR Vol. 77 No. 202, Advertised Timber for Sale

Dear Lathrop,

The purpose of this letter is to provide input from Blue North Forest Products, LLC., of Kamiah, Idaho, on the above referenced report published in the Federal Register.

Blue North Forest Products is a small business operation located in a rural county of north central Idaho. We employ 60 workers in the sawmill, and provide an additional 50 contract logging and hauling jobs for the local community. We produce 60MMBF of primarily dimension lumber operating on a one-shift basis. Although we now have adequate markets and equipment to absorb a second shift of lumber production, we currently do not have a sufficient amount of raw material, logs, to support a second shift of operation.

Our operation did not supply information to the Forest Service used in preparing your analysis in summarizing the time taken by the industry to prepare the various bid forms used in the sale of timber by the Forest Service. I appreciate the information you provided in our phone conversation of November 7, 2012, to clarify the numbers provided in the table on page 64097. The one suggestion I would make is to separate the actual time to fill out the bid sheets from the time it takes, including field inspection of the project area, to collect information needed to prepare the bid. Almost all forms can easily be filled out in 30 minutes, but the time to gather information for the bid can take anywhere from a few hours to many days depending on the size, location, complexity and how the sale will be sold.

While we have no further input on the time of preparing the various bid forms, we do have concerns over changes to the forms themselves. Particularly, the language chosen to record log deliveries for nonmanufactures fails to accurately collect information to track and periodically recalculate shares for the small business set-aside timber program.

This approach will not supply the information needed to fairly allocate timber resources to small business operations and meet the requirements of the 1971 MOU signed by the Forest Service and the Small Business Administration concerning the set-aside program.

Further, as we move ahead to resolve the issue of properly accounting for volume removed under the Stewardship Contract format, it is extremely important that actual log deliveries are tracked and reported so that future shares are set fairly, and set-aside triggers occur accurately.

The Forest Service has in place a ticket system that tracks each load to destination. Sufficient load information is either collected, or can be calculated and reported. This process is already a necessity for various required reporting at the State and Federal level, including verification of domestic processing as required by law. The available information only needs an agreed reporting format between the SBA and USFS.

You must consider that it is not realistic to require nonmanufactures to designate on their bid the percentage of timber to be hauled to small business mills, then to not be held accountable for the actual deliveries. This invites fraud from those who would use nonmanufacturing operations to establish a purchase history that would avoid triggering a set-aside program. Certainly, the agency would not allow nonmanufactures to sign domestic processing agreements, then allow them to export federal logs in violation of the law. Accountability is the auditor of integrity.

We encourage you to work with the Small Business Administration to develop revised language concerning nonmanufactures reporting and tracking the disposition of all logs generated from federal contracts.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bill Mulligan", with a stylized flourish at the end.

Bill Mulligan
Operating Manager

CC: Tom Clarke, SBA