



# CITY OF COOS BAY CITY COUNCIL

## Agenda Staff Report

<b>MEETING DATE</b> March 18, 2014	<b>AGENDA ITEM NUMBER</b>
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TO: Mayor Shoji and City Councilors

FROM: Jennifer Wirsing, Engineering Service Coordinator  
Jim Hossley, Public Works Director 

THROUGH: Rodger Craddock, City Manager 

ISSUE: Consideration of Approval to Award the 2014 City Timber Sale

**BACKGROUND:**

The City is proposing a timber sale on 76.3 acres. The total acreage is located within the Pony Creek watershed as noted on the attached map. The total timber volume for the 2014 Timber Sale was cruised at 2,711 million board feet (mbf). The actual amount the City will receive will be based upon the bid price per species multiplied by the actual board feet harvested. The successful bidder purchases the standing timber from the City and is responsible for the logging operation and delivery to the mills.

The sale was advertised on February 7, 2014 and bids opened on March 7, 2014. The bid included three different options for the buyer. Option 1 required the buyer to provide the City with a \$30,000 down payment and the logging must be completed by March 29, 2015. Option 2 required the buyer to provide the City with a \$30,000 down payment and the logging must be completed by March 29, 2016. In addition, Option 2 also required that a total of \$250,000 (including the down payment) must be submitted to the City by July 15, 2014. Option 3 required the buyer to provide the City with a \$30,000 down payment and the logging must be completed by March 29, 2016. The buyers were not required to bid on all the options. The bid was based on a timber cruise performed by Stuntzner Engineering and Forestry. The following are the bid results and estimated totals based on the quantities of lumber identified in the cruise. The final totals may differ:

Bidder	Option 1	Option 2	Option 3
Southport Forest Products	\$1,160,971.18	-----	-----
Scott Timber Company	\$1,024,203.32	\$1,041,235.37	-----
Swanson Group	-----	-----	\$1,124,200.10
R8 Ranch Logging	\$610,755.00	-----	-----

The Southport bid should generate the highest income for the City. The smaller units to the east must be logged in the summer (this was a condition of the bid) while the larger unit had the option to be logged in the winter. While it is up to the logger to determine a schedule, Stuntzner anticipates that if Option 1 is chosen that the logger will start removing timber this summer from the smaller units (as required by the bid) and they believe that it is highly unlikely that the logger would plan on winter logging. However, if the logger decides to winter log the large unit and

summer log the smaller units; the summer work should generate approximately \$200,000 - \$250,000 in revenue for the City.

**ADVANTAGES:**

The City has typically conducted a log sale every other year. The last timber sale was in 2012 and comprised of approximately 40 acres. This sale will generate significant revenue for the City.

**DISADVANTAGES:**

Typically the City has conducted timber sales that are comprised of approximately 40 acres. This timber sale is almost double that amount due to funds needed for City projects. While the City's forest consultant has advised us that this sale will not adversely impact our unit rotation, double timber sales should be limited in the future.

**BUDGET IMPLICATIONS:**

As in past years, the costs associated with the 2014 Timber Sale will be funded from timber sale proceeds. The administration of the timber sale was contracted with Stuntzner Engineering, on a time and materials basis not-to-exceed \$50,200 (approved by council on November 4, 2013); reforestation costs are estimated at \$30,000; and the 1980 Water Board Road Use agreement reimbursement fee of \$6.00/mbf at approximately at \$16,266.

**RELATED CITY GOAL:**

The award of this sale will help the City move toward the following goals:

- Infrastructure and Services: To maintain and improve the City's physical infrastructure and provide quality services for current and future citizens.
- Economic Development & City Revitalization: To create a vibrant community for City citizens and entrepreneurs
- Finance: To adopt and maintain a sustainable budget that reflects City priorities and realizes current economic conditions

**ACTION REQUESTED:**

If it pleases the City Council, award the 2014 Timber Sale to Southport Forest Products for the amounts specified on their Bid Form for Option 1 for the March 7, 2014 bid opening.

**ATTACHMENTS:**

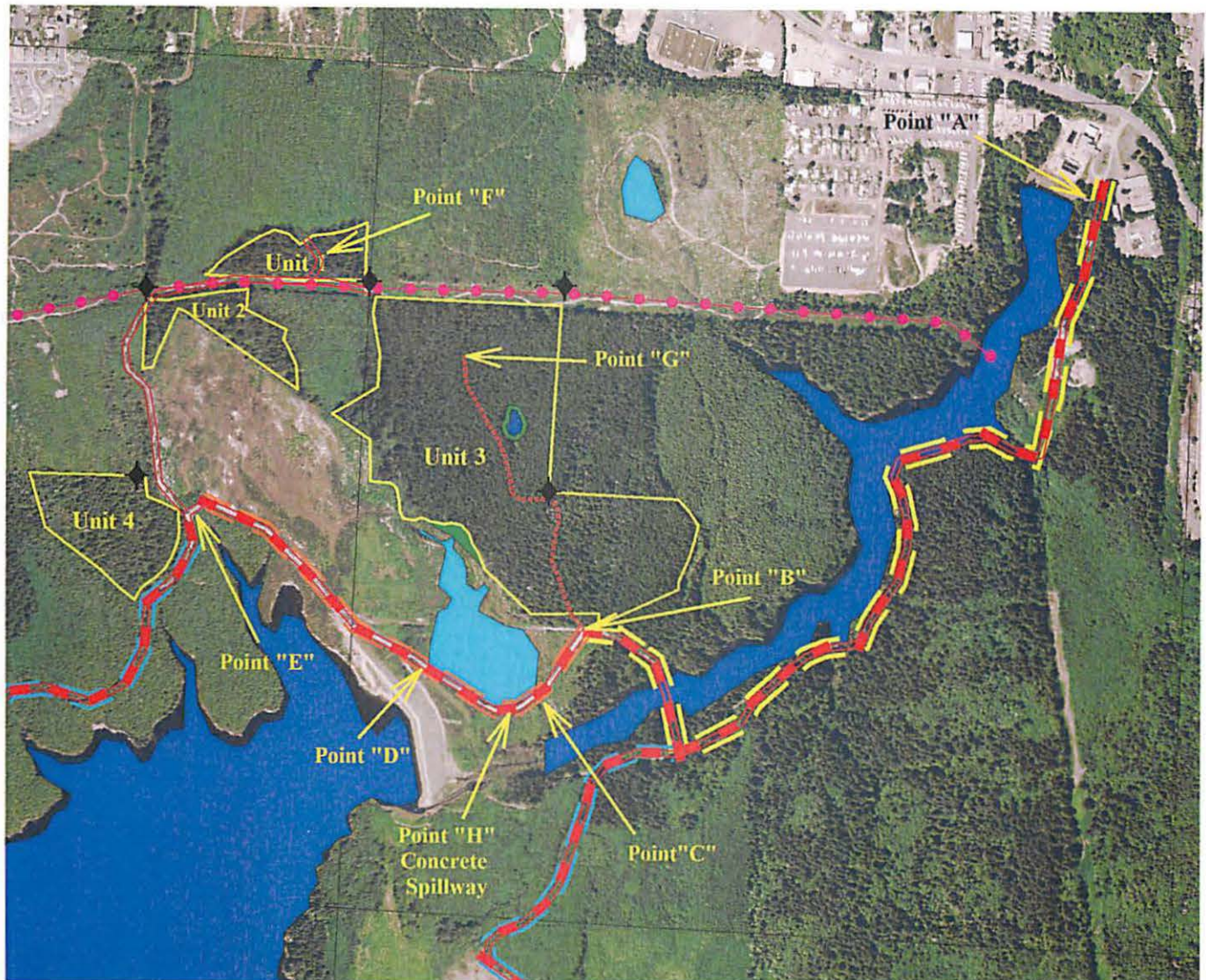
Map Labeled Exhibit B of the City of Coos Bay 2014 Timber Sale  
Spreadsheet of Bid Ranking by Total Income



# EXHIBIT "B"

## City of Boos Bay 2014 Timber Sale

Portions of Sections 28 and 29,  
T.25S., R.13W., W.M.,  
Coos County, Oregon



- ◆ Survey Corners
- Roads (by Type)
  - Existing Dirt
  - New
  - Rocked
- ◆ Power Lines
- 2014 Timber Sale
- Designated Haul Route (by season)
  - Winter
  - Summer Only
  - Summer/Winter
- Water
- Wetland Buffer
- plss\_no\_dlc
- Wetland
- 2012 NAIP

Unit	Acres
1	5.5
2	5.7
3	54.6
4	10.5
<b>Total</b>	<b>76.3</b>



Scale = 1 : 1000.00 (In : Feet)



01-22-2014

**City of Coos Bay Timber sale - 2014**  
**Friday, March 07, 2014**  
**Ranking by Total Income**

Species	Cruise MBF	Southport Bidder Option 1		Swanson Bidder Option 3		Scott Timber Bidder Option 2		Scott Timber Bidder Option 1		R8 Ranch Bidder Option 1	
		Bid \$/MBF	Total Estimated \$	Bid \$/MBF	Total Estimated \$	Bid \$/MBF	Total Estimated \$	Bid \$/MBF	Total Estimated \$	Bid \$/MBF	Total Estimated \$
Douglas Fir	1805	\$ 496.49	896,164.45	\$ 472.05	\$ 852,050.25	\$ 429.30	\$ 774,886.50	\$ 429.30	\$ 774,886.50	\$ 290.00	\$ 523,450.00
S. Spruce	243	\$ 296.49	72,047.07	\$ 331.05	\$ 80,445.15	\$ 279.19	\$ 55,693.17	\$ 229.84	\$ 55,851.12	\$ 75.00	\$ 18,225.00
W. Hemlock	443	\$ 296.49	131,345.07	\$ 297.05	\$ 131,593.15	\$ 332.87	\$ 147,461.41	\$ 332.87	\$ 147,461.41	\$ 120.00	\$ 53,160.00
PO Cedar	191	\$ 296.49	56,629.59	\$ 313.05	\$ 59,792.55	\$ 329.19	\$ 62,875.29	\$ 239.19	\$ 45,685.29	\$ 75.00	\$ 14,325.00
pulp	319	\$ 15.00	4,785.00	\$ 1.00	\$ 319.00	\$ 1.00	\$ 319.00	\$ 1.00	\$ 319.00	\$ 5.00	\$ 1,595.00
<b>Total Estimated</b>			<b>\$ 1,160,971.18</b>		<b>\$ 1,124,200.10</b>		<b>\$ 1,041,235.37</b>		<b>\$ 1,024,203.32</b>		<b>\$ 610,755.00</b>