

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FORESTRY

TIMBER SALE PROSPECTUS

Timber Sale NC-1075T

Tok Biomass Fuel Sale

INTRODUCTION:

This prospectus is intended to furnish sufficient information to enable prospective bidders to decide whether further investigation of the sale is warranted. Descriptions, estimates and other information within this prospectus are not a part of the contract unless otherwise stated. Should the prospectus be in error or contradict the sample contract, the sample contract governs. Prospective bidders are urged to examine the timber sale and to make their own estimates. Quantities and quality of timber in the contract are not guaranteed. The sale area and sample contract should be reviewed prior to submission of a bid.

LOCATION AND AREA:

The sale area encompasses state land within an approximate 40 mile radius of the community of Tok, Alaska located in Township 18N, Range 13E, in the Copper River Meridian. Tok is found on the United States Geological Survey 1:63,360 Quadrangle map titled Tanacross B-4. The sale area is shown on the attached Map I Tok Vicinity & Land Ownership.

Acreage is based on aerial photo interpretation and the subsequent use of Geographic Information System (GIS) derived data based on photo interpretation with statistically limited verification. The acreage is not based on surveyed traverses.

GIS imagery and inventory data sets may be obtained from the Inventory Forester, Northern Regional Office, Alaska Division of Forestry, Fairbanks, AK or by calling (907) 883-1400.

TOPOGRAPHY The topography ranges from the relatively flat Tanana and Tok River bottomland to the rolling hills north of the Tanana River. The elevation varies from 1,450 feet to 3,200 feet. Slopes in the sale area include nearly flat bottomlands and valleys along the major drainages to the rolling (20% to 50%) slopes in the hills north of the Tanana. Steeper slopes will likely preclude any significant operations. These types of soils will support harvest operations throughout dry season summer conditions and during winter frost periods.

AUTOMATED LAYOUT AND POSITIONING The purchaser is responsible for locating themselves adequately to perform the tasks associated with this contract. The sale units and access roads will be designated by the DOF in a Forest Land Use Plan (FLUP) and further described in a GIS electronic format. A record of this location will be provided to the purchaser and will be the basis of the purchaser's operating plan. The purchaser will be responsible for installing and maintaining necessary GIS, GPS or other navigation system technology to track and direct construction and harvest machinery operations in real time per the electronic plans provided by the DOF for the life of this contract. The standard of real-time accuracy shall be less than 3 meters. The DOF will physically flag road centerline control points (I.E.-significant water crossings, junctions, etc.), all property boundaries and riparian retention areas located within ¼ mile of operations. All other location services are the purchaser's responsibility and liability to be performed to the standards, requirements and level of accuracy as described in the contract, the FLUP and purchaser's operating plan.

VOLUME AND DESCRIPTION OF TIMBER:

The timber being offered is generally defined by the document: Final Best Interest Finding for a Long Term Timber Sale for Biomass Utilization in Tok, Alaska (BIF), NC-1075T published on April 3, 2013. The representative volumes/acre of the timber being offered is estimated based on the Tanana Valley State Forest inventory system maintained by the DOF. The timber types for the area are depicted in Table 2 on Page 17 of the BIF.

The DOF is offering for sale approximately 700 to 900 acres of timber a year for a contract period of 25 years. The DOF estimates that the timber harvested for this sale will be approximately one third pole size timber types and two thirds sapling timber types. The size classes and species mix made available on a year by year basis will vary and be dependent on a variety of factors. The goal of this contract is to harvest approximately 35,000 Green Tons of mixed species timber a year.

The sale was designed to use the above ground timber in an effort to reduce the risk of wildfire to the community of Tok. Some sawlog volume may be incidentally scattered in the sale but due to the location and type of the timber, it is not a major component of the stands being offered. The majority of the timber that will be designated for harvest in the sale are relatively old stands, described as sapling (less than 5" average DBH) to pole timber type sizes (between 5 and 8.9 inches DBH). The purchaser will be required to utilize the available timber (biomass) and leave the harvest units as described in the contract harvest prescription.

The purchaser shall not remove the below ground portions of the trees from the harvest units. The majority of the other timber (biomass) within the unit, unless explicitly reserved by the DOF in the harvest prescription is expected to be utilized by the purchaser. Woody biomass - For this sale, refers to the aboveground portions of white and black spruce, birch, aspen and balsam poplar.

Due to the term of this contract the specific timber offered by the DOF for the contract period is not identified. The land base from which the timber will be selected, the type of timber and the residual conditions of the units harvested are established in the BIF and the sample contract. The primary objective of this sale is the reduction of hazardous fuels in the Tok area.

The harvest units, access and any associated parameters will be specifically defined on a regular reoccurring basis by the DOF for an operational subset of the area described in the BIF through the development of Forest Land Use Plans (FLUP). The FLUPs will generally describe an operational area needed to harvest a net amount of 700-900 acres per year. The FLUPs will provide specific management direction for the site based on the Alaska Forest Practices Act, the area management plans, agency recommendations and professional judgment.

The Purchaser will be responsible for maintaining a written Operational Plan as part of the timber sale contract that reflects the purchaser's day to day operations. The purchaser will only operate in areas designated by the DOF in FLUP documents following DOF approval of the Purchaser supplied Operating Plan. The operating plan is a separate responsibility of the Purchaser and will be built based on the FLUP which is DOF's statutory responsibility.

The State neither expressly nor impliedly warrants its quantity estimate, nor the quality or marketability of the timber sold and strongly urges the prospective bidder to visit the area and evaluate the timber before submitting a bid.

CONTRACT REQUIREMENTS AND STIPULATIONS:

The predominant harvest method will be patch clear-cuts with reserves. The patches will be separated by uncut timber stands while the reserves will consist of uncut clumps of trees within the patch clear-cut. Unharvested areas which include the reserves and uncut timber between the patches will be approximately 40% of the area. Size and shape of each cut will be determined by site specific characteristics such as terrain, soils, and water bodies and will be addressed in the Forest Land Use Plan. Residual slash conditions will conform to the requirements of the Alaska Forest Resources and Practices Act (FRPA) and meet the utilization requirements of the contract. No burning will be allowed of residual slash.

Site preparation and scarification to mineral soil by the purchaser will generally be required over 75% of the area in the harvested units in a manner as is applicable to the site conditions and will be identified in the FLUP. Scarification will be completed within one season of harvest of the timber. Responsibility for reforestation under the FRPA will reside with the DOF.

Costs and operating conditions will vary over the life of the contract. The stumpage rate will be redetermined on a regular basis as defined in the contract. The redetermination interval will be a product of the management prescription as developed in the FLUP, market conditions and costs of maintaining the access infrastructure for the sale.

The Purchaser will have 30 days from the receipt of the contract for signing to return it to the Tok Area Forester, properly signed and notarized. The Director may grant an extension of this period of an additional 30 days.

ACCESS: The sale will require the construction and maintenance of access as identified in the FLUPs and in accordance to the contract. Access to the harvest areas will include existing maintained roads, abandoned and currently unmaintained roads and new forest roads. Unmaintained roads such as portions of the Eagle Trail and the abandoned Alaska Highway will need to be reconditioned prior to use. The Tok Cut-Off, the Alaska Highway, and the Taylor Highway (Alaska Routes 1, 2, & 5) are the major state highways serving the Tok area. Other secondary roads serving subdivisions will be used to access stands. Existing logging roads and development of new secondary forest and spur roads will be required as part of the contract for the purchaser to operate.

New road construction will include both winter and all-weather roads. Most of the ground is generally capable of supporting truck traffic during the majority of the year with the removal of only the duff layer. The rivers of the area will force a large majority of the more remote timber harvesting and hauling to occur in the winter when operators can utilize ice bridges and winter roads.

All forest roads used in timber and biomass operations are subject to the road construction and maintenance standards in 11 AAC 95.285 to 11 AAC 95.335. In addition, forest roads in the Tanana Valley State Forest are required to follow guidelines in the Transportation section of the Forest's Management Plan as well as the standards in the Plan's Appendix F.

BIDDING: This is a SEALED BID SALE. To qualify for bidding all bidders must, prior to the bid opening, submit a copy of their current Alaska Business License. The business license copy may accompany the sealed bid. Sealed bids, submitted in duplicate, on forms provided by the Division of Forestry, marked on the outside with the timber sale name and number, and addressed to Tok Area Office, Alaska Division of Forestry, P. O. Box 10, Tok, AK 99780, will be accepted until 4:30 P.M. prevailing time, August 20, 2013. Sealed bids may also be presented in person to the Tok Area Forester before the bid opening. All bids must be in the physical possession of the Tok Area Forester before the bid opening.

The State reserves the right to reject any or all bids. Unless all bids are rejected, the State will award the sale to the responsible qualified bidder offering the highest total bid for the timber, which is the only bid item. The minimum acceptable bid for the timber is \$2.50/ green ton. BIDS MUST BE SUBMITTED ON FORMS PROVIDED BY THE STATE AND CAN BE OBTAINED AT THE ABOVE SAID LOCATION.

If a tie in the high sealed bid occurs, the successful bidder will be determined by lot at the time of bid opening.

If bidding as an agent for an individual, partnership, or corporation, the agent must submit with the bid a notarized power-of-attorney authorizing such agency. No agent may represent more than one principal, or bid in competition with the agent's principal.

BID DEPOSIT: A bid deposit in the amount of \$50,000 will be required at the time bids are submitted. Deposits from unsuccessful bidders will be returned at the time the sale is awarded. The deposit furnished by the high bidder whose bid was declared acceptable will be retained as liquidated damages if the bidder does not execute the contract and furnish a satisfactory performance bond within 30 days of receipt of the contract for execution. The bid deposit shall be in the form of certified check, cashier's check, or money order, or any combination of these. The bid deposit will be applied to the payment of minimum stumpage fees.

PERIOD OF CONTRACT: All contract obligations shall be completed by September 30, 2038. In order to protect public safety, soil productivity and environmental quality, the STATE reserves the right to temporarily suspend operations during periods of excessive wetness or high fire danger.

PERFORMANCE BONDS:

1. Performance Bond. A performance bond will be deposited with the State upon execution of this contract. The amount of the performance bond will be \$65,000.00.
2. Scarification Bond. A scarification bond will be deposited with the State prior to commencing operations. The scarification bond will be based on \$80.00/acre (adjusted annually for inflation by the accumulated prevailing rate). The amount of the scarification bond at a minimum will equal the acreage harvested and un-scarified times \$80.00/ acre. The purchaser will deposit a scarification bond based on the operating plan's total proposed harvest acreage prior to starting the season. The purchaser will maintain the bond to reflect the acres to be harvested in the operations plan as it changes during the period of this contract. The State will seasonally determine the adequacy of the scarification completed by the purchaser and will reduce the scarification bond held proportional to the acreages actually scarified.

The PURCHASER shall deposit the two separate bonds with the State as specified either in the form of cashier's checks or money orders made payable to the STATE. If the bond is in the form of cash or check the STATE shall place the bond in a separate State account and all interest on the bond shall accrue to the benefit of STATE.

PAYMENT: Harvest units shall be released by the DOF in management blocks that are logical subsets or settings of the areas defined in the FLUPs. Work in all situations will be in an orderly and workman like manner and subject to DOF approval of purchaser's good financial standing per the contract and a currently acceptable operational plan. Payment shall be submitted by certified mail or in person to the Tok Area Office of the Alaska Division of Forestry.

All woody biomass produced from the Timber Sale Area shall, unless otherwise agreed in writing will be weight scaled at a designated area and manner approved in the Operating Plans. PURCHASER shall use its best efforts to ensure that woody biomass is weighted within 24 hours of removal from State land. Products will be weighed prior to being stock piled. Weighing for the basis of scale payment will be performed on each truck load or chip van load as applicable: (i) net weight of woody biomass will be determined using the difference of empty (tare) to loaded weight of the truck on a per trip basis; (ii) in accordance with the industry standards for weight scale of chip and log trucks in the Pacific Northwest and meeting the Alaska Division of Measurement Standards [Sec. 45.75.010-020]; (iv) the net weight of the woody biomass will be the basis of weight payment for all merchantable timber.

RESERVATIONS: The state reserves the right to waive technical defects in this prospectus and reject any and all high bids. The State reserves the right to award the timber for the amount of the next high bid to the next highest bidder if the Director considers the highest bidder unqualified to fulfill the requirements of the contract, or if the contract is not executed by the highest bidder. The State also reserves the right to waive any informality in the bids received whenever the waiver is in the best interests of the State.

GENERAL: Further information, including copies of this prospectus, bid form, sample contract, appraisal may be obtained by writing to Tok Area Office, Alaska Division of Forestry, P. O. Box 10, Tok, AK 99780 or by calling (907) 883-1400. The information and documents may also be picked up in person by visiting the Tok Area Office.