



File Code: 2450
Route To: 2420

Date: AUG 22 2016

Subject: Correction of Material Error in Big Thorne Stewardship Contract Haul Cost Appraisal

To: Ted Sandhofer, Contracting Officer

Viking Lumber Company, the purchaser of the Big Thorne Stewardship Contract has indicated that the haul costs they are experiencing appear to be significantly higher than those estimated in the final appraisal. They also notes that there seems to be a significant difference in haul cost allowances between the original appraisal in 2013 and the final offer appraisal in 2014. They have requested that the CO review the appraisal to determine if there are any errors in the calculations for haul costs.

Forest Management personnel in the Regional Office assisted you with that review and determined that there was a material error of omission of a significant component of the haul cost. Haul cost calculations in the appraisal consists of two separate components: 1) the round-trip-minutes (RTM's) that it takes for a log truck to leave the landing, travel to the mill or sort yard site and return to the landing and 2) "delay time", defined as time waiting to load, unload, set binders, open gates, put on tire chains etc. Delay time is added to RTM's to equal the total average sale RTM's for haul cost calculation purposes. The review indicates that delay time, in the standard amount of .5 hour was omitted from the final total round-trip-minutes (RTM's) used. The result is an incorrect average haul cost allowance and a correspondingly larger advertised rate.

You are directed to correct this material error in the appraisal, with the assistance of Regional Office Forest Management Valuation personnel, and apply a rate correction to the contract. The correction basis must be the original appraisal premise and base year values with the only change in the appraisal premise being the addition of .5 hour of delay time to the RTM's currently entered into the appraisal program.

Please contact Dave Harris at (907) 586-7875 or dpharris@fs.fed.us for additional information.

BETH G. PENDLETON
Regional Forester

cc: Earl Stewart, Charles Streuli, Matt Anderson, Inga Petaisto





Forest Service

Alaska Region

P.O. Box 21628
Juneau, AK 99802-1628

File Code: 2450
Route To: 2420

Date: September 7, 2016

Subject: Rescinded Direction. Correction of Material Error in Big Thorne Stewardship Contract Haul Cost Appraisal

To: Ted Sandhofer, Contracting Officer

On August 22, 2016, I directed you to correct an alleged material error in haul cost calculations on the Big Thorne Stewardship Contract. That direction is hereby rescinded. Please contact Dave Harris at (907) 586-7875 or dpharris@fs.fed.us for additional information.

BETH G. PENDLETON
Regional Forester

cc: Earl Stewart, Charles Streuli, Matt Anderson, Inga Petaisto, Christine Dawe

