



Forest Service
U.S. DEPARTMENT OF AGRICULTURE

No-bid timber sales: Agency and timber buyer perspectives on why public timber sales offerings sometimes go unsold

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Outline

What are “no-bids” and why are they important?

Qualitative Exploration

1. Framework for understanding the causes of no-bids
2. Perceptions of industry versus NFS
3. Survey results: perceptions of NFS
4. Key messages

Quantitative Exploration

1. Definitions
2. Summary statistics
3. Preliminary results
4. Messages from quantitative results



“No-bids”

- Timber that is offered, but not sold.
- Sometimes can be sold later with or without changes, after re-advertising or “off-the-shelf”
- Unsold timber has impacts:
 - Miss timber sales targets
 - Additional work required
 - Lost/Delayed opportunities for forest management



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Drivers of No-Bid Timber Sales in the National Forest System

Proximate causes: What immediate factors drive a timber sale to receive no bids?



| <u>Level of Control</u> | <u>Institutional Factors</u> | <u>Market/Appraisal Factors</u> | <u>Policy Factors</u> | <u>Operational Factors</u> |
|---|---|---|--|--|
| <u>Individual/Team Level (District)</u> | <ul style="list-style-type: none"> Communication (e.g., among team members, between disciplines, with industry, etc.) | <ul style="list-style-type: none"> Access to market/mill price information | | <ul style="list-style-type: none"> Sale location |
| <u>Forest/Region Level</u> | <ul style="list-style-type: none"> Staffing (e.g., turnover) Gate involvement (e.g., ID team composition) | | <ul style="list-style-type: none"> Policy Climate (e.g., inconsistencies, timeliness issues) | |
| <u>Policy/Higher Level (NFS)</u> | <ul style="list-style-type: none"> Sale design and urgency (e.g., pressure to meet targets) | <ul style="list-style-type: none"> Appraisal system (e.g., varying or inconsistent appraisal tools) | | |
| <u>Uncontrollable</u> | | <ul style="list-style-type: none"> Market Conditions | <ul style="list-style-type: none"> Litigation | <ul style="list-style-type: none"> Road Conditions (e.g., road availability) |

Underlying factors: What conditions influence the proximate causes?

Perceptions: Industry and NFS

Industry (n=9)

Proximate Causes

1. Limited operating periods
2. Equipment or implementation requirements
3. Infrastructure (tied)
3. Road packages (tied)

Underlying Factors

1. Appraisal system
2. Policy climate
3. Sale design & urgency

NFS Personnel (n=19)

Proximate Causes

1. Road packages
2. Infrastructure
3. Species composition & Condition

Underlying Factors

1. Staffing
2. Communication
3. Sale design & urgency

Survey of NFS Personnel

Survey Period:

Feb. – Mar. 2021

Sent to: “employees who are involved in or support timber sales in any capacity”

Total number of respondents:
784

Estimated response rate: **38.3%**

Average years in position: **8.3**

Average time spent on timber sales: **70%**

National Forest System Personnel Questionnaire on Timber Sales

This questionnaire is meant for all personnel on Regional, Forest, or District levels of the National Forest System that work on timber sales or support timber sales in any way. It should take less than ten minutes to complete.

Timber sales, for the purposes of this questionnaire, are those sales of harvestable timber on the National Forest that involve a bidding process (ex: 2400-6T, 2400-6S), also called “traditional timber sales.” However, this can also extend to Good Neighbor Authority, Stewardship, Small Business Set-Asides, etc. if it is relevant to your region, forest, or district (referred to as your “unit” throughout the survey).

Even if your involvement with timber sales is only at certain points in the timber sale process, we would still appreciate your input. Your responses will be used to help understand what resources are needed to assist forests reduce the likelihood of a no-bid timber sale. However, we will keep all given information confidential and, if there are three or fewer responses per unit, we will aggregate to the next highest level (ex: forest or region) so that no one person may be identified.

The majority of questions are optional so please feel free to skip any that are not relevant to your position or that you don't wish to share.

* Required

General Questions

1. Which of these best describes your position title? *

Select your answer

2. How many years have you been in this position?

The value must be a number

3. What Region do you primarily work in? *

If you work across Regions, please answer based on where your work station/office is located.

Select your answer

Top Proximate Causes

National Forest System

1. Construction/ reconstruction
2. Hauling cost
3. Low volume per acre

Region 8

1. Construction/ reconstruction
2. Market saturation
3. Marketability risk



Top Underlying Factors

National Forest System

1. Sale location
2. Pressure to meet targets
3. Road packages costlier than anticipated
4. Staffing
5. Planning timelines

Region 8

1. Sale location
2. Pressure to meet targets
3. Road packages costlier than anticipated
4. Planning timelines
5. Staffing

Key messages from perceptions

- There are many layers to the issue.
- There is no single solution.
- Industry and NFS agree on drivers, but disagree on relative importance
 - Industry – policies and systems
 - NFS personnel – staffing, internal pressure, planning, and training
- Road construction costs seen as a major issue by NFS personnel
- Hauling cost and low volumes are issues nationally
- Market saturation and risk a concern in Region 8

Binary Bid-Types (Bid or No-Bid)

| | |
|--------|-------------------------------|
| Type 1 | Never Sold |
| Type 2 | Sold with Contract Changes |
| Type 3 | Sold without Contract Changes |
| Type 4 | Sold |

Binary Groupings Based on Sale Type Categories

Stakeholder Primary Interest

| | No-Bid | Bid |
|---|---------|---------|
| Group A: Meeting Targets | 1, 2, 3 | 4 |
| Group B: Reducing Management Costs | 1, 2 | 3, 4 |
| Group C: Ecological Benefits | 1 | 2, 3, 4 |

Preliminary Results

**Primary Research Question:
What are the drivers of no-bid sales?**

Most timber is sold on the first try (Type 4) in all Regions

Example, Region 8:

Never Sold (192 Contracts)

Sold with Contract Changes (188 Contracts)

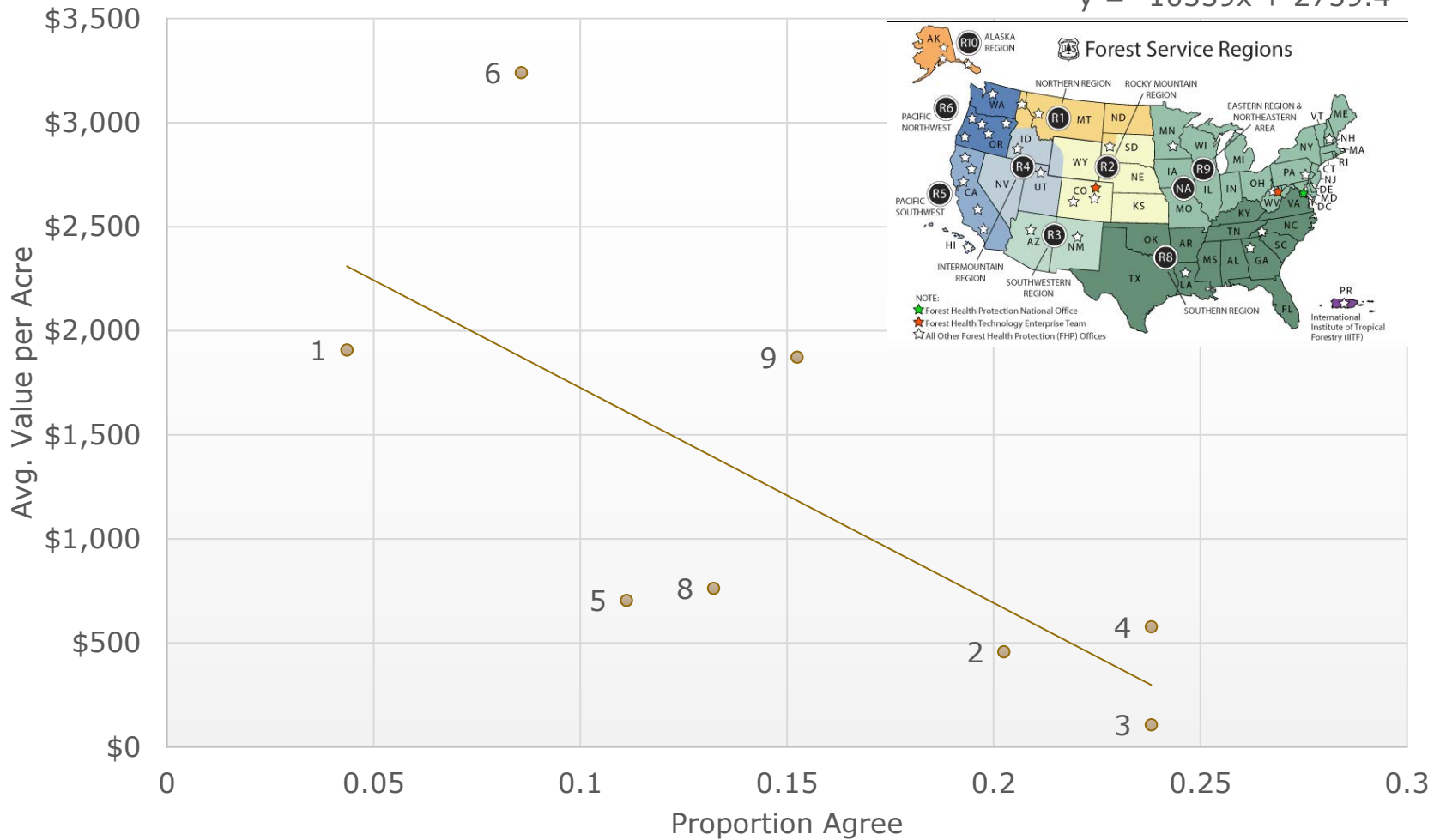
Sold without Contract Changes (125 Contracts)

Sold (4981 Contracts)

Example: The species in the sale are undesirable/unmarketable

Too Costly Species

$$y = -10339x + 2759.4$$



Concluding Remarks

1. Vocabulary for discussing no-bids is key!
2. No-Bids are happening for a reason (not random)
3. Survey respondents seem to have a pretty good idea why no-bids are occurring in their region

Questions or Comments?

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