

23 February 2018

Steve Carruth
Executive Director
Wood Supply Research Institute
317 Domingo Road
Valley Head, WV 26294
stevecarruth@yahoo.com

Re: Proposal for Value Assessment of Certified Logger Programs

Dear Steve:

This proposal by James W. Sewall Company (Sewall) is submitted to the Wood Supply Research Institute (WSRI) in response to the Request for Proposals dated December, 2017, and as a result of Sewall having been selected to provide a final proposal during the just-completed pre-proposal process.

Background

In the 1990s, the majority of larger forest land management and consuming mill organizations implemented then-new forest practice certification systems, including the Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC). These programs include extensive performance standards and regular third-party audits.

Not long after that, in the early 2000s, the third leg of the forest industry stool – professional logging businesses – designed and implemented certification programs specific to their business. The effort was organized through the American Loggers Council (ALC), a national association primarily made up of representatives from state logging associations.

ALC adopted a template or model program, based in large part on a program that was already operating in the State of Maine. According to WSRI, 18 states have approved templates and eight of those states are actively certifying loggers. Meanwhile, the Maine program expanded to all of New England and New York as the Northeast Master Logger Certification Program, and similar programs arose in the Lake States.

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Numerous state-level programs across the country provide valuable logger *training* for safety, environmental, and business management practices. Based on the RFP, we understand the focus of this study to be more narrowly focused on Master Logger *Certification* (MLC) programs per se. We understand the characteristics that define a MLC program include:

- Certification of logging *firms* (large or small, including sole proprietorships) rather than individual persons;
- A defined set of *performance standards*;
- An *initial audit* of the firm as part of the process of gaining certification; and
- *Periodic third-party audits* to maintain the certification.

MLC programs have been in operation in various states for 10 to 15 years.

Our Understanding of Your Needs

WSRI seeks an independent analysis of the nature and magnitude of net benefits, if any, that MLC programs have generated for certified logging businesses *and* for their immediate customers: land managers and consuming mills. WSRI has identified *financial* and *operational* benefits as of most interest, including efficiencies or cost savings from reduced duplication of effort as different players seek to position their operations or products as green-certified. We understand that the extent of environmental or ecological benefits to society as a whole is not the primary question of interest in this study.

The detailed evaluation of benefits will focus on states with active MLC programs. In addition, WSRI is seeking an analysis of states that have an approved template, but are not yet actively certifying loggers. In these states, the goal is to assess the perception of *potential benefits*, and to understand what the *perceived barriers* are to moving ahead with an active program.

Sewall Project Team

The *principal investigator* shall be Gary Mullaney, a Sewall forest economist with over 35 years' experience in forest management and forestry consulting. Mr. Mullaney came to Sewall after 26 years in the forest industry (MWV), where he provided strategic planning and financial analysis for an operating unit and for the forestry division as a whole. This work included two resource studies which were presented at the Southern Forest Economics Workers (SOFEW) and published in their Proceedings. In addition, he was responsible for environmental compliance for company lands in Kentucky and Tennessee and for the development of GIS and forest inventory systems. As Director of Systems at Sewall, Mr. Mullaney supervised a consulting team which delivered software engineering, web services, database administration and systems integration to Sewall clients in a number of different industry and government sectors. In 2012, his role was expanded to include forest economics and wood resource studies. His problem definition, analysis, and writing skills have been applied to a wide range of forest resource and economic questions.

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The *lead interviewer* will be Mark Leathers, LPF, Forest Resource Consultant with Sewall. Mr. Leathers has completed the Maine Certified Logging Professional (CLP) individual training program for both conventional and mechanical logging and is a licensed scaler. He has more than 19 years' experience in forest management and planning, external relations and negotiation, and supervision and training. He has worked on large landholdings in Wisconsin and other Lake States, New England and Maine, plus New Brunswick and Nova Scotia.

Diane Vatne, PhD, Proposal and Communications Manager for Sewall, will serve as *interviewer and response data manager*. Dr. Vatne manages and writes our large cross-disciplinary proposals, writes and produces marketing documents and press releases, and edits and formats reports and technical user manuals for clients.

Project Plan and Schedule

Overview

Sewall envisions four phases in the project: a pilot study among selected active states, the full survey of active states, a parallel investigation of inactive states, and finally a period of analysis, presentations, and report preparation. A proposed project schedule with numbered tasks and timeline is included in Appendix A. The project plan indicates five planned occasions when Sewall will interact with WSRI to provide progress information and allow for collaboration.

Pilot Survey – Selected Active States

In studies that involve gathering structured data from a significant number of individuals in different groups or classes, our experience shows that much can be gained by first testing the methods on a smaller, representative group.

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The project team will identify the states, the classes of participants (loggers, land managers, mills, other affected parties), and finally the names and contact information for the participants. Other affected parties may include logger trainers and certifiers, related insurers, state policy-makers and forest products/logger associations. We will develop structured questions for each class of participant.

The pilot questions will be posed by the project team members primarily by telephone, with some elements of web survey forms or email in order to evaluate these methods.

Full Survey – Active States

After the pilot data has been collected, compiled, and reviewed by the team, a final “full production” set of questions will be developed. We will identify participants in all of the remaining states with active programs. The total number of states is anticipated to be close to ten. Before proceeding with the full survey, the project team will provide an update and review session for WSRI (Task 11).

The full survey of active states will be conducted by phone, email and/or web survey form depending on the results of the pilot. This is the longest phase of the project, spanning three months.

During the second half of this period, Sewall will again update WSRI and seek assistance regarding non-responders (Task 13).

All interview responses will be keyed into a standard database. We understand that WSRI members will receive the data *in aggregate form*. In advance of beginning interviews, WSRI will be asked for guidance in distributing aggregate data and conclusions back to respondents who are not WSRI members.

Survey of Inactive States

States with approved but inactive programs will require a different set of questions and, to some extent, participants. The inactive state survey will be designed and conducted after the pilot, but in parallel with the active states. It will include a check-in with WSRI once the questions and the participants have been identified (Task 19).

Deliverables

After a period of analysis, Sewall will create a *presentation* covering the project team’s conclusions and the evidence supporting those conclusions. For MLC programs in active states, the presentation will be organized in a manner similar to the following outline.

1) Participant Class: Certified Loggers

- a) *Benefit Category: Financial*
 - i) Benefit: Insurance Savings
 - (1) Evidence
 - (2) Magnitude
 - (3) Distribution
 - (4) Additional Potential
 - ii) Benefit.....
- b) *Benefit Category: Operational*
 - i) Benefit.....

2) Participant Class: Landowners/Land Managers

- a)

3) Participant Class: Consuming Mills

- a)

4) Summary

For states without an active program, the presentation will be organized in two sections. We will cover stakeholder perceptions of *potential benefits*, and then their perceptions of the barriers or other factors that have thus far prevented the state from active implementation.

The presentation will be shared with WSRI leadership (Task 23) for review and comment. After revisions to reflect WSRI's input, the final presentation will be offered as a live webinar (Task 25) for up to 24 locations, with any number of persons per location. The webinar will enable WSRI members to interact with the project team.

The material in the presentation will then be captured in a more formal *report* format for delivery to WSRI.

A Sewall representative will attend the 2019 Forest Resources Association (FRA) spring annual meeting and present the project results in that forum.

The project deliverables include:

- Draft presentation to WSRI leadership
- Final presentation as a webinar
- Formal project report
- In-person presentation at 2019 FRA
- The database containing the survey results (individual responses confidential)
- All questionnaires and survey forms.
- Contact lists for respondents (confidential)

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The last three deliverables will make it possible to conduct a re-survey in the future in order to determine the direction and degree of changed attitudes toward MLC programs.

Qualifications

Sewall is the oldest, continuously operating forest consulting company in North America. We perform consulting in 20-25 states annually. We are members of the Society of American Foresters (SAF), Association of Consulting Foresters (ACF) and Forest Resources Association (FRA). As members, we have an extensive network of contacts to whom we can reach out for input on this valuable effort. The project will encompass many states and we feel uniquely qualified by virtue of regular project assignments in many of these states.

In 1991, Sewall was under contract to The Maine Tree Foundation and the Maine Forests Products Council to initiate the first Certified Logging Professional (CLP) program in the United States. Maine's program not only predates those of SFI and FSC, but SFI adopted Maine's program as their own.

In a similar manner, Sewall has been in forefront of other new developments in the forest industry. We served as consultants in the earliest cases of forest landowners monetizing carbon sequestration credits. As industry sold its lands to investment managers, we played a significant role in the development of real estate indexes for timberland values.

Our work often extends into the area of forest policy. We provided economic and biological analyses as part of an initiative in Wisconsin to improve the state's competitiveness in attracting forest industry investment. When the National Alliance of Forest Owners prepared to comment on a proposed rule that threatened to designate forest roads as point sources of pollution, they engaged Sewall to conduct an independent economic impact analysis.

With extensive experience in assessing logging operations, managing timberlands, assessing timberland and maintaining an active practice in a wide variety of forestry consulting roles, Sewall is well qualified to perform the study of the value of Master Logger Certification for WSRI.

Sincerely,

JAMES W. SEWALL COMPANY