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

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

High Cost
- Road packages
- Infrastructure (haul cost, mill location)
- Environmental mitigation
- Equipment or implementation requirements
- Other restoration mitigations

Low Revenue
- Species composition and condition
- Market demand
- Volume per acre/Size of sale

Timing and Uncertainty
- Seasonal restrictions
- Risk surrounding marketability
- Market saturation
- Sale timing

Unanticipated Causes
- Natural disasters (e.g., wildfires)
- Road closures

Institutional Factors
- Communication (e.g., among team members, between disciplines, with industry, etc.)
- Staffing (e.g., turnover)
- Gate involvement (e.g., ID team composition)
- Sale design and urgency (e.g., pressure to meet targets)
- Access to market/mill price information

Market/Appraisal Factors
- Appraisal system (e.g., varying or inconsistent appraisal tools)
- Market Conditions

Policy Factors
- Policy Climate (e.g., inconsistencies, timeliness issues)
- Litigation

Operational Factors
- Sale location

Level of Control
- Individual/Team Level (District)
- Forest/Region Level
- Policy/Higher Level (NFS)
- Uncontrollable

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%
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

<table>
<thead>
<tr>
<th>National Forest System</th>
<th>Region 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sale location</td>
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<tr>
<td>2. Pressure to meet targets</td>
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<tr>
<td>3. Road packages costlier than anticipated</td>
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<td>5. Planning timelines</td>
<td>5. Staffing</td>
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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)

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Type 1</td>
<td>Never Sold</td>
</tr>
<tr>
<td>Type 2</td>
<td>Sold with Contract Changes</td>
</tr>
<tr>
<td>Type 3</td>
<td>Sold without Contract Changes</td>
</tr>
<tr>
<td>Type 4</td>
<td>Sold</td>
</tr>
</tbody>
</table>

#### Binary Groupings Based on Sale Type Categories

**Stakeholder Primary Interest**
- No-Bid
- Bid

<table>
<thead>
<tr>
<th>Group A: Meeting Targets</th>
<th>Group B: Reducing Management Costs</th>
<th>Group C: Ecological Benefits</th>
</tr>
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<tbody>
<tr>
<td>1, 2, 3</td>
<td>1, 2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>3, 4</td>
<td>2, 3, 4</td>
</tr>
</tbody>
</table>
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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