

REQUEST FOR INFORMATION

FOR HARVEST OF TIMBER AND OTHER FOREST RESOURCES IN THE WAIĀKEA TIMBER MANAGEMENT AREA

July 21, 2016

INTRODUCTION

The Hawai‘i Department of Land and Natural Resources (DLNR) is requesting potential offerors to supply the DLNR’s Division of Forestry and Wildlife (DOFAW) with information to improve the quality of a possible Request for Proposal (RFP) for a Forest Product(s) Land License(s) to harvest and reforest the Waiākea Timber Management Area (WTMA) in accordance with Section 171-54, Hawai‘i Revised Statutes (HRS), as amended. There are approximately 10,608 acres of timberlands located in the WTMA on the Island of Hawai‘i. Timber Management Areas were established by the State of Hawai‘i on state-owned lands to stimulate and support the growth of a sustainable forest industry in Hawai‘i. This solicitation is a Request for Information (RFI) only. The objectives of this RFI are to:

1. Inform potential offerors about the DOFAW’s intent to release a Request for Proposals (RFP), and to stimulate interest and preparation necessary to submit responses to the RFP in a timely manner.
2. Seek suggestions about how to improve or frame potential RFP content and criteria to obtain well thought-out and realistic responses to the RFP, and the best-qualified applicant pool possible.
3. Improve understanding about potential offeror experience, interests, needs, proposed harvest and transportation systems, potential markets, proposed log breakdown and processing systems, markets, products, distribution chain, and how best to confirm an offeror’s experience, technical and financial resources to protect the interests of the State.
4. Seek potential offeror assistance in identifying issues or concerns that will discourage or serve as disincentives to achieve Board of Land and Natural Resources and DOFAW goals and objectives for the WTMA.

The information provided in response to the RFI will assist DLNR to prepare an appropriate RFP. RFP specifications may not be limited to specifications in this RFI or appendices, and may be expanded or modified based on information gained as a result of the RFI process. DOFAW may incorporate into its solicitation all or portions of recommendations or comments received for the Environmental Assessment for this project and responses to this RFI in accordance with the confidentiality assurances in Section C. Neither DOFAW nor the potential permittee/licensee has any obligation under this RFI.

DOFAW will not provide any reimbursement for the cost of developing, presenting, submitting, or reviewing any information in response to this RFI.

Further details about WTMA physical, biological and vegetative details, environmental concerns and requirements, management goals, and other pertinent information can be found in Appendix A – the WTMA Environmental Assessment (EA) (approved February, 2016) which includes the WTMA Forest Management Plan (approved April, 2016). The Management Plan provides a description of general conditions as of the date of the latest survey data available. All activities undertaken within the WTMA must conform to the approved Management Plan and EA, including guidelines, mitigation measures, and other direction. Responses to the possible WTMA RFP will be evaluated in part for conformance with Management Plan guidelines and required EA mitigation measures. Potential offerors are encouraged to become familiar with the WTMA Management Plan and EA requirements prior to submitting a response to the RFI and possible RFP. See the following link to the DOFAW web page for copies of the pertinent documents: <http://dlnr.hawaii.gov/forestry/frs/timber-management-areas/waiakeatma/>.

Please send RFI responses to the following Honolulu or Hilo addresses below by September 2, 2016 at 3:30pm (HST). **Include the company, organization, or entity's name, a contact person, and contact information with any submitted materials.**

The primary contacts for this RFI are:

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DEFINITION OF TERMS

“ <u>Board</u> ”	Board of Land and Natural Resources.
“ <u>DLNR</u> ”	Department of Land and Natural Resources.
“ <u>DOFAW</u> ”	Division of Forestry & Wildlife.
“ <u>HRS</u> ”	Hawai‘i Revised Statutes.
“ <u>License</u> ” or <u>Land License</u> ”	Timber Land License.
“ <u>Permittee/Licensee</u> ”	The person or company holding the Commercial Harvest Permit or Timber Land License.
“ <u>RFI</u> ”	Request for Information.
“ <u>RFP</u> ”	Request for Proposals.
“ <u>ROD</u> ”	Rapid Ōhi‘a Death.
“ <u>Proposal</u> ”	The formal document detailing the Offeror’s economic plan, terms of the offer, and other necessary information as required by the RFP.
“ <u>Offeror</u> ”	Those interested parties who submit a proposal to the State of Hawai‘i which details their qualifications, economic plan, terms of the offer, and other necessary information as required by the RFP.
“ <u>State</u> ”	The State of Hawai‘i or its authorized representative.
“ <u>Stumpage</u> ”	The price paid per unit of wood volume from a standing tree.
“ <u>WTMA</u> ”	Waiākea Timber Management Area.

A. PURPOSE

The purpose of this RFI is to seek business interest in wood products and non-timber forest product resources in the WTMA, and provide the opportunity to comment on what will be included in the RFP for the WTMA to meet the needs and interests of potential permittees/licensees, the State, local community, and Hawaii's forest industry at large. The State intends to use these forest resources to stimulate development of a local forest products industry, and create and retain quality jobs for residents of the State, while ensuring long-term sustainability and productivity of WTMA forest resources. Information gained from this RFI will be used for the development of the terms, conditions, and Evaluation Criteria of future RFPs.

Offerors should keep in mind that RFI responses have to include sufficient detail to help DOFAW frame realistic RFP specifications, requirements, and Evaluation Criteria. It is recognized though, that potential offerors may consider certain details proprietary and not wish to include them in RFI response. Potential offerors have the opportunity to clearly designate what they consider proprietary information in their RFI responses, which will be redacted if any requests for public inspection are received. Further information about how DOFAW will treat proposals to maintain confidential business and proprietary information is described in Section E.

B. WAIĀKEA TIMBER MANAGEMENT AREA (WTMA)

A detailed description of the WTMA including purpose, history, location, physical site data, timber and non-timber resources, management goals and prescriptions, and maps can be found in the WTMA Forest Management Plan (Appendix A) and on the WTMA website <http://dlnr.hawaii.gov/forestry/frs/tma/wtma/>. Specific environmental mitigation measures are described in the updated WTMA EA (Appendix A).

There are eight **Guiding Principles** cited in both the Management Plan and EA that will help frame the RFP and Selection Criteria:

Guiding Principle # 1

The State should utilize its land and timber within the WTMA to maximize local processing where feasible, create jobs, and encourage development of *integrated processing facilities* that provide suitable outlets for the range of species and grades of wood that currently exist. DOFAW should also look at current market and future demand projections, to help decide what will be the most valuable and in demand timber to replant.

Guiding Principle # 2

Effective soil erosion control practices, including harvesting methods and replanting; safe use of herbicides; and visual buffers along major transportation corridors will be required for all commercial forest operations within the WTMA as outlined in the State's *Best Management Practices*.

Guiding Principle # 3

The State will not replant non-native invasive species with a score rating of seven or higher on the Hawai'i Weed Risk Assessment within the WTMA. Further, the State will evaluate all non-native species proposed for planting in the WTMA for their potential invasiveness if they have not been evaluated through the Hawai'i Weed Risk Assessment. All species currently in the WTMA have the option of being replanted.

Guiding Principle # 4

The need to *involve the public* in project planning and development is important to account for the appropriate use of the resources, especially when it affects local communities. Careful integration of timber management with *hunting, recreational and gathering activities* will aid in developing

community support for growing and processing timber resources.

Guiding Principle # 5

A portion of the timber within the WTMA should be reserved to *supply local entrepreneurs and small businesses*, thus increasing community recognition regarding the economic opportunities offered by sustainable forest management. This reservation percentage will be based on the amount of local demand. The *higher value timber* within the WTMA can provide wood needed to take advantage of new forest marketing programs to stimulate the creation of *niche market for locally grown woods*. Portions of the WTMA should also be used for the development of non-timber forest products.

Guiding Principle # 6

The public forest estate in Hawai'i (11th largest in the U.S.) has a *low level of public investment* (e.g. one forester per 150,000 acres of public forest reserve on the Island of Hawai'i). This investment is not expected to increase significantly with the current fiscal situation in Hawai'i. In order to manage the WTMA sustainably, a portion of the timber proceeds should be reinvested back into the forest.

Guiding Principle # 7

Timber management and research activities in the WTMA can provide a valuable educational role in extension and training, contributing practical information to both the government and private sectors while helping create a professional forestry work force. Portions of the forest can be used as an outdoor laboratory for the forestry curriculum for various colleges within the University of Hawai'i system.

Guiding Principle # 8

There will be no timber harvesting, forest clearing, or other commercial timber operations within designated **native forest** sections of the WTMA. Special harvesting permits for the cultural gathering of native species may be granted.

The following specifications and comments are provided in addition to the information contained in the Management Plan and EA:

Timber Resources

Though DOFAW provided volumetric data in 1999 based on a 1997 timber inventory (see Appendix B) **these data were collected solely for management planning and were never intended to be the basis for timber bid estimates or sales**. Tree and stand volumes have likely changed since 1997 due to growth, mortality, aging or some combination thereof. Unlike the possible future RFP, this RFI will not include a site visit component; however, offerors are encouraged to independently verify any WTMA data prior to submitting their final RFI proposal. Until recently, approximately 1,000 acres of predominantly *E. saligna* were under a timber land license from which approximately 6,200 board feet were harvested.

Non-Timber Resources

Awarded offerors under the potential RFP may harvest tree ferns, as well as other non-timber forest products according to the policies and procedures set forth in Appendix A, and should take this into consideration when developing and submitting responses to this RFI and to the potential RFP. If there is no interest in the harvest of non-timber forest products, the State will reserve the right to enter into a license or permit agreement for these items with others within the same timber stands. The successful offeror shall be consulted concerning non-timber harvest activities in the areas of active harvest, planting, stand maintenance, and other forest operations.

Restrictions

The restrictions applying to activities in WTMA are listed in Appendix A. To avoid confusion, it is emphasized here that native and experimental forest sections will not be available for timber harvesting, forest clearing, or other commercial timber operations.

Also, timber felling will not be allowed between June 1 and September 15 due to potential impacts to the Hawaiian hoary bat, or ‘ōpe‘ape‘a (*Lasiurus cinereus semotus*).

Forest Health and Disease

Knowledge about the cause, spread, and severity of Rapid Ōhi‘a Death (ROD) (*Ceratosystis fimbriata*) was very limited at the time the WTMA Forest Management Plan was prepared. Offerors should be prepared to adjust operations and plans in response to new information and procedures necessary to slow or prevent the spread of ROD as well as other new disease or insect infestations.

Please visit the web site rapidohiadeath.org or call the DOFAW Hilo office at (808) 974-4221 for most recent information about ROD and its management implications.

C. RFI RESPONSE FORMAT/INFORMATION REQUESTED

1. Resources of Interest

Please provide a general idea of how the potential offeror plans to approach the harvesting and reforestation of the WTMA, including rotation, species, and follow-up stand tending requirements or practices. What are the key assumptions associated with these? The State may give more weight in future RFP Evaluation Criteria to proposals that reduce DOFAW administrative complexity and costs. However, the potential offeror may want to provide pragmatic reasons to consider other options. The RFI is an opportunity to provide information about which resources of the WTMA may interest your company sufficient to invest for the long-term.

Please keep in mind that the potential RFP will require a comprehensive harvest and replanting plan based at minimum on available inventory information, which will include at minimum harvest schedules and rotation, harvest seasonality, stand treatment priorities, prescriptions (including species choices, fuels treatment, site preparation, and where growing stock will be obtained), post-planting silvicultural treatments, number of acres and blocks, harvest systems, transportation plan, erosion control and compaction practices, and any other details pertinent to the Guiding Principles cited above, and in the Management Plan and EA direction. Based on prior experience, the potential offeror may want to provide other harvest, silvicultural, reforestation, and stand tending practices, factors and activities to consider or require in the RFP response. Please make key assumptions clear in RFI submission.

2. Markets and Products

Provide sufficient information about markets and products the potential offeror intends to pursue to help DOFAW refine the RFP and Evaluation Criteria; please consider the background information and requirements in the Management Plan, EA and Guiding Principles. Please consider utilization of both logs and processing residue. What sales and distribution channels may be used? Include some idea of investment required, and if sales and distribution channels and partners are already identified and confirmed. What key assumptions are made about markets and product lines?

3. Harvest Practices

What harvest systems does the potential offeror intend to use, including if this equipment is present already in Hawai‘i or if it will have to be purchased, leased or transported from the mainland? What is the history of performance of these harvest systems in Hawai‘i or other tropical settings? Breakdowns of equipment are expected, so explain realistically how quickly the systems chosen can be repaired to minimize delays in an island setting. Will use of the proposed systems involve special transportation permits, additional vegetation clearance for log landings or staging areas, or an increase in road standards because of size and weight? Are there skilled operators in Hawai‘i? If not, how long does it take to train competent operators? Include some idea of investment required, and if partners are already identified and confirmed. What key assumptions are made about the proposed harvest systems and capabilities?

4. Processing

Provide sufficient information about proposed log breakdown and further processing necessary to pursue the markets and product lines described previously to help DOFAW refine the RFP and Evaluation Criteria, and considering the background and requirements in the Management Plan, EA and Guiding Principles. Please consider logs, lumber and processing residue. The State may require proven commercial technology with a history of operation, performance warranties, and parts availability. Include some idea of investment required, and if sites and partners are already identified and confirmed. What key assumptions are made about processing?

5. Transportation

Specify the transportation systems required for both harvest and product distribution. Will local companies be used and if so, does the potential offeror already have an existing relationship and contracts? Given concerns about additional truck traffic on Stainback Highway, what does the potential offeror propose? Specifics about number of loads, destination, scheduling, alternative access or egress routes, confirmation of willingness of other landowners to cooperate, and expected road maintenance schedules and practices will be required for RFP responses. Please make key assumptions clear.

6. Timeline and Required Capital

Provide information about start-up time, production ramp-up time, investments required and timing, and anticipated date of on-the-ground activities and pre-stumpage payments, along with employment numbers. Potential offeror response to the RFP will include additional details, such as production targets, expected seasonal variation, and any other pertinent factors important to help establish realistic expectations for DOFAW and the local community. Please make key assumptions clear.

7. Forest Health & Safety

A high priority for management activities on the Island of Hawai‘i is to prevent the spread of invasive species, pests, and pathogens such as Rapid Ōhi‘a Death (*Ceratostyis fimbriata*), *Clidemia hirta*, and little fire ants (*Wasmannia auropunctata*). Please describe the anticipated risk of spreading these diseases and pests because of the potential offeror’s harvest/processing operations and what sanitation protocols will be used. Also describe prevention practices for fire

and response to hazardous material spills. Please make key assumptions clear.

8. Soil Protection

What erosion control and compaction mitigation practices will be used to avoid or minimize adverse impacts of proposed harvest activities? Please include your understanding of requirements based on the Management Plan and EA, and by reference State of Hawai‘i Best Management Practices.

9. Jobs

Estimate the number and types of jobs that will be created and retained by potential offeror activities by major activities, such as harvest, processing, marketing, reforestation, and stand tending, corresponding to the timeline provided in response to Item 6 above. How many estimated jobs will be able to be filled from local communities?

10. Corporate Structure and Finances

Describe the potential offeror’s corporate structure, key roles, who is expected to fill key roles, and background and experience of the company relevant to the proposed activities and location. About how much money will have to be raised to fully implement the proposed activities? Have financing sources been identified? Please note that the RFP will require additional details about financing, sources and letters of confirmation from those sources. DOFAW recognizes that certain financing will not occur until permits or licenses are obtained. What other instruments can be required for the purpose of the RFP to ensure adequate financing? Also please suggest the type(s) of insurance(s) and/or performance/liability bonds your company is able to provide for this license.

11. Pre-Stumpage Fees

To protect the interests of the State, DOFAW may continue its current practice of requiring pre-stumpage payments, whether or not the potential offeror is profitable or not. Please offer an estimate of what the potential offeror considers reasonable, considering DOFAW’s need to fund contract planning, preparation and administration with revenue from the WTMA permit or license, and the potential offeror’s realistic assessment of costs and markets.

12. Experience of Company & Pertinent Staff

Briefly describe the experience of the offeror and critical partners in tropical forestry or similar projects, especially if any has been in Hawai‘i, considering the full range of activities described above (e.g. forest planning, harvest, log processing, market research, sales and remanufacturing, reforestation, stand tending, financing, etc.). Which personnel will be involved and in what role? How well does their experience match up with their role in the project?

13. Length of Permit or License and Condition at End of Permit or License Period

Suggest the length, extension options, and performance benchmarks for the timber land license required for success of the activities and operations proposed in this RFI. Please describe if and how license length varies by area or resource. Please provide enough background and information to help DOFAW understand the context of projected rotation, given projected

species mix and areas involved described previously. What condition should the WTMA be left in upon completion of the license, including species, area, tree densities, estimated volumes, road maintenance, and other considerations.

D. RFI & RFP SCHEDULE

This schedule may be adjusted or amended due to unforeseen circumstances.

<u>Date</u>	<u>Milestone</u>
July 21, 2016	Release RFI
September 2, 2016	RFI Due
September 15, 2016	Begin mailing out RFP
October 3, 2016	Pre-Proposal Field Trip
November 1, 2016	Last day for RFP clarifications
November 15, 2016	Deadline for Receipt of Proposals
After proposal opening	Complete Evaluation of Proposals
After Award Notice	Negotiate Terms and Conditions of Land License
After Negotiation	Consultation with Attorney General’s Office
After Land License is drafted	Seek Board Approval of Land License

E. CONFIDENTIALITY STATEMENTS

Pursuant to Chapter 3-122 Hawai‘i Administrative Rules, if respondents so choose, they may submit two versions of responses to this RFI, one that can be made available to the public, if requested, and one with any proprietary or confidential information. The former copy will be clearly marked “For Public Inspection”. The latter shall incorporate information that could not be included in the potential public copy because of clear confidentiality, proprietary or trade secret concerns.