

**ADMINISTRATIVE PROCEDURES**

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| **80.03 Timber Sales** | **Revised: November 1, 2023** |

1. GOVERNING REGULATIONS

Timber sales are governed by System Regulation [21.01.02](http://policies.tamus.edu/21-01-02.pdf) *Receipt, Custody and Deposit of Revenues*, Rule [25.07.99.F1](http://tfsfinance.tamu.edu/modules/finance/admin/rules/250799F1%20Contract%20Administration.docx) *Contract Administration* and Administrative Procedure [01.02](http://tfsfinance.tamu.edu/modules/finance/admin/admin_procedures/0102%20Contracting%20Delegations.docx) *Contracting Delegations*.

2. OVERVIEW

Texas A&M Forest Service manages the State’s forests and, through contractual arrangements, manages timberland owned by governmental agencies and institutions, as well as certain trusts and foundations. Timber sales are conducted as part of the management plans for each property managed and will be handled according to these procedures.

3. ADMINISTRATION

The Field Operations Department is responsible for administering timber sales.

4. ADVERTISING AND BIDDING REQUIREMENTS

4.1 The minimum advertising and bidding requirements for timber sales are:

| **Estimated Sales Price** | **Advertising and Bidding Requirements** |
| --- | --- |
| ≤ $25,000 | Informal Bid Process  Contact at least three area bidders and obtain written price/unit quotes (faxes or e-mails acceptable). |
| > $25,000 | Formal Bid Process  Advertise in regional or statewide newspaper for one day and send bid solicitation to customers on mailing list. Allow 15 days for bidders to respond with written bids. Exception: The timber sale administrator may waive the 15-day requirement for emergency salvage sales. |

4.2 Generally, the contract is awarded to the highest bidder. Exceptions to this may be made for just cause, including but not limited to:

a. bidder has prior performance problems documented by the agency.

b. bidder is unable to execute the required contract documentation within a specified period of time.

Exceptions are documented in writing and retained in the bid file.

4.3 If the agency determines that the bids are below fair value for the timber, the agency may cancel the sale and re-solicit at a later date.

4.4 Timber sale documentation, including but not limited to advertisements, bid specifications, bids, and bid selections, will be maintained in a file for subsequent audit or review.

5. CONTRACTING PROCEDURES

5.1 A timber sale agreement will be completed and signed by the winning bidder and the agency. The agency uses two types of standard contracts based on type of sale: lump sum and pay as cut.

5.2 The forester conducting the sale will enter the required information into the appropriate contract form, including contractor information, description of the sale area, and other pertinent information outlined in the bid prospectus.

5.3 The draft contract, along with copies of the bid prospectus, bid maps and bid summary form will be forwarded to the Purchasing Department Head for review, finalization, and required signatures. Signed copies will be scanned and e-mailed to the forester and the Forest Resource Development (FRD) division business coordinator, who will ensure that all required payments are received prior to commencing harvest activities.

6. COLLECTION OF FUNDS

6.1 Timber Sales

Funds collected from timber sales will be receipted and deposited in accordance with agency cash collection procedures to the appropriate accounts:

| Timber Owner | Funds Received | Credit Account |
| --- | --- | --- |
| Texas A&M Forest Service | Buyer’s Deposits  Revenues | 014530-2500  145310-0549 |
| GLO | Buyer’s Deposits  Revenues | 014613-2500  014613-2500 |
| TDCJ | Buyer’s Deposits  Revenues | 014621-2500  014621-2500 |
| SHSU | Buyer’s Deposits  Revenues | 014615-2500  014615-2500 |
| City of Palestine | Buyer’s Deposits  Revenues | 014616-2500  014616-2500 |
| McMillan Foundation | Buyer’s Deposits  Revenues | 014618-2500  014618-2500 |
| Connor Trust | Funds paid directly to Connor Trust | N/A |

6.2 Timber Management Services – Agencies and Institutions

The contracted agencies and institutions will reimburse Texas A&M Forest Service for all timber management services and administrative fees. The management services reimbursements are based upon the owner approved management plan and the administrative fees are based upon the agreement terms. The reimbursements are recorded by the Budgets and Accounting Department as follows:

| Funds Received | Debit Account | Credit Account |
| --- | --- | --- |
| GLO Contract Land Management Fee | 014613-2500 | 146141-0725 |
| GLO Management Services | 014613-2500 | 146132-6335\* |
| TDCJ Contract Land Management Fee | 014621-2500 | 146141-0725 |
| TDCJ Management Services | 014621-2500 | 146211-6335 |
| SHSU Contract Land Management Fee | 014615-2500 | 146141-0725 |
| SHSU Management Services | 014615-2500 | 146151-6335 |
| City of Palestine Contract Land Management Fee | 014616-2500 | 146141-0725 |
| City of Palestine Management Services | 014616-2500 | 146161-6335 |

*\* The support account pertaining to the relevant fiscal year is used as needed.*

* 1. Timber Management Services - Trusts and Foundations

The contracted trusts and foundations will reimburse Texas A&M Forest Service for all timber management services and administrative fees. The reimbursements are based upon the agreement terms. The reimbursements are recorded by the Budgets and Accounting Department as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Payment to Texas A&M Forest Service** | | **Debit Account** | **Credit Account** |
| Connor Family Trust | |  |  |
|  | 5% Admin Fee |  | 146141-0725 |
|  | Reimbursement for Management Plan Expenses |  |  |
|  | Equipment Use |  | 146171-0728 |
|  | Machinery Work ($70/hr) |  | 146171-0728 |
|  | Misc. Supplies (Cost Reimbursement) |  | 146171-0728 |
|  | Misc. Services (Mkt Rate) |  | 146171-0728 |
| McMillan Foundation | |  |  |
|  | 10% Admin Fee | 014618-2500 | 146141-0725 |
|  | Reimbursement for Management Plan Expenses |  |  |
|  | Equipment Use | 014618-2500 | 146181-0728 |
|  | Machinery Work ($70/hr) | 014618-2500 | 146181-0728 |
|  | Misc. Supplies (Cost Reimbursement) | 014618-2500 | 146181-0728 |
|  | Misc. Services (Mkt Rate) | 014618-2500 | 146181-0728 |

*\* The support account pertaining to the relevant fiscal year is used as needed.*

Expenses should be charged directly to the appropriate timber management account when possible. Otherwise, a voucher correction request should be submitted to the Budgets and Accounting Department to change the expense account from the unit state account to the timber management account. If service provided includes labor, the expense transfer request should be submitted to the Budgets and Accounting Department to shift payroll and fuel costs from unit state accounts to the timber management accounts to offset revenues received for services. The standard split of revenues should be 84% for salaries and 16% for fuel.

* 1. Payment of Residual Funds

The Field Operations Department prepares reports of financial activity for contracted state agencies and institutions as requested by the owning entity. The reports show the revenues received, expenses incurred, and calculation of funds to be remitted to the agency or institution. The reports are based on a land management year ending August 31. The Field Operations Department submits a voucher and copy of the report to the Budgets and Accounting Department for processing of payment. The reports and vouchers should be submitted in time for payments to be received by the agencies and institutions before September 30.

| Residual Funds For | Debit Account |
| --- | --- |
| GLO | 014613-2500 |
| TDCJ | 014621-2500 |
| SHSU | 014615-2500 |
| City of Palestine | 014616-2500 |

* 1. Other Third-Party Timber Sales

From time to time, Texas A&M Forest Service contracts with other state agencies, local governments, or forest landowners to conduct timber sales and perform timber management services. Prior to commencement of any work, the Field Operations Department contacts the Budgets and Accounting Department Head to establish the appropriate account(s) and procedures.

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