

**Forest Management and Stump-to-Forest Gate Chain-of-Custody
Certification Evaluation Report for the:**

Mendocino Redwood Company

**Conducted under auspices of the SCS Forest Conservation Program
SCS is an FSC Accredited Certification Body**

**CERTIFICATION REGISTRATION NUMBER
SCS-FM/COC-00026N**

Submitted to:

Mendocino Redwood Company

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Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the SCS website (www.scs-certified.com) no less than 30 days after issue of the certificate. Section B contains more detailed results and information for the use of Mendocino Redwood Company.

FOREWORD

Scientific Certification Systems, a certification body accredited by the Forest Stewardship Council (FSC), was retained by Mendocino Redwood Company to conduct a re-certification evaluation of its forest lands in Mendocino County, California. Under the FSC/SCS certification system, forest management operations meeting international standards of forest stewardship can be certified as “well managed”, thereby enabling use of the FSC endorsement and logo in the marketplace.

In June 2005, an interdisciplinary team of natural resource specialists was empanelled by SCS to conduct the evaluation. The team collected and analyzed written materials, conducted interviews and completed a 4 day field and office audit of the subject property as part of the certification evaluation. Upon completion of the fact-finding phase of the evaluation, the team determined conformance to the 56 FSC Criteria in order to determine whether award of certification was warranted.

This report is issued in support of a recommendation to award FSC-endorsed certification to Mendocino Redwood Company, for the management of its forest lands. As detailed below, certain pre-conditions (also known as Major Corrective Action Requests) that were stipulated by the audit team upon completion of the field audit were addressed by Mendocino Redwood Company and cleared by SCS prior to finalization of this report. In the event that a certificate is awarded, Scientific Certification Systems will post this public summary of the report on its web site (www.scscertified.com).

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SECTION A- PUBLIC SUMMARY AND BACKGROUND INFORMATION

1.0 GENERAL INFORMATION

1.1 FSC Data Request

Applicant entity	Mendocino Redwood Company
Contact person	Sarah Billig, Stewardship Director
Address	850 Kunzler Ranch Road, P.O. Box 996, Ukiah, CA 95482
Telephone	(707) 463-5110
Fax	(707) 463-5530
E-mail	sbillig@mendoco.com
Certificate Type	Single FMU
Number of FMUs in scope that are more than 10 000 ha in area	1
Location of certified forest area	
Latitude	W 39 degrees 9 minutes
Longitude	N 123 degrees 12 minutes
Forest zone	Temperate
Total forest area in scope of certificate which is:	
privately managed ¹	92361.6 ha
state managed	0
community managed ²	0
Number of forest workers (including contractors) working in forest within scope of certificate	85
Area of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives	754.66 ha
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	754.66 ha
Area of forest classified as 'high conservation value forest'	754.66 ha
List of high conservation values present ³	<p>HCV 1 – Globally, regionally, or nationally significant concentrations of biodiversity values HCV 2 – Globally, regionally, or nationally significant large landscape level forests HCV 3 – Rare, threatened, or endangered ecosystems</p> <p>All of MRC lands are in the redwood ecosystem, which is rare (found only on the north coast of California and the very southern coast of Oregon) and considered by most conservation groups to globally significant.</p>

¹ The category of 'private management' includes state owned forests that are leased to private companies for management, e.g. through a concession system.

² A community managed forest management unit is one in which the management and use of the forest and tree resources is controlled by local communities.

³ High conservation values should be classified following the numbering system given in the ProForest High Conservation Value Forest Toolkit (2003) available at www.ProForest.net

	MRC's land contains relatively high populations of a number of threatened or endangered species, including Northern Spotted owls, Coho Salmon, and Steelhead.
Chemical pesticides used	
Total area of production forest (i.e. forest from which timber may be harvested)	91498 ha
Area of production forest classified as 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF)	0
Area of production forest regenerated primarily by replanting ⁴	66%
Area of production forest regenerated primarily by natural regeneration	33%
List of main commercial timber and non-timber species included in scope of certificate (botanical name and common trade name)	redwood (<i>Sequoia sempervirens</i>), Douglas-fir (<i>Pseudotsuga menziesii</i>), white fir (<i>Abies concolor</i>), hemlock (<i>Tsuga heterophylla</i>), tanoak, madrone
Approximate annual allowable cut (AAC) of commercial timber	Redwood – 102041m ³ Douglas-fir – 66327 m ³ Fir/Hemlock – 10204 m ³
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	No NTFP's are included in the scope of the certificate
List of product categories included in scope of joint FM/COC certificate and therefore available for sale as FSC-certified products	Logs

1.2 Management Context

California has some of the most rigorous forest practice regulations in the United States. These regulations are developed by a governor appointed Board of Forestry and based on the Z'Berg-Nejedly Forest Practices Act of 1973. Additionally, the Federal Endangered Species Act, the California State Endangered Species Act and EPA Clean Water Act also play a significant role in regulating forestry activities in California.

An overarching long-term sustained yield plan must be prepared for all ownerships larger than 50,000 acres (20,243 ha). Further, a Timber Harvest Plan (THP) must be prepared for every timber harvest project. The THP is considered the functional equivalent of an environmental impact report (EIR) under the California Environmental Quality Act (CEQA). The lead agencies for overseeing THP process are the California Department of Forestry and Fire Protection (CDF) and California Regional Water Quality Control Board (CRWQCB). The California Department of Fish and Game (CDF&G) and the California Department of Mines and Geology (CDM&G) also provide significant input into the THP process. As a group, the agencies review the written THP and evaluate the company's compliance with the FPA by making onsite visits before, during and after harvest. Moreover, the THP process is a

⁴ The area is the *total* area being regenerated primarily by planting, *not* the area which is replanted annually. NB this area may be different to the area defined as a 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF) or for other purposes.

public process. The project proponent files their long-term plan and THP with the state and the public is given opportunity to provide written or verbal comment to the agencies. The agencies are required to respond to each comment in writing. Additionally, the National Marine Fisheries monitors each project's protection of RTE anadromous fish (salmon and steelhead). The California Department of Fish and Game monitors other RTE species on behalf of the National Fish and Wildlife Service.

The State also regulates the protection of historical and archeological sites. Native American Tribes are given significant opportunities to protect sites of cultural importance.

1.2.1 Environmental Context

The MRC property is located in the California coast range of Mendocino and Sonoma Counties, California. Most of the land is within 20 miles of the Pacific Ocean. Primary rivers include the Russian, Gualala, Garcia, Albion, Navarro, Big, Noyo, and Eel. Ninety-five percent of the MRC properties are in the timber production areas of Mendocino County, accounting for 10 percent of the county's private land. Other industrial and non-industrial forestlands along with small communities and subdivisions adjoin the property. In both counties timber production, ranching, agriculture (primarily vineyard production), urbanization, recreation and tourism are the common uses of the land.

Historically industrial ownerships in this region were heavily over-cut. In the 1970's, for example, Mendocino County was ranked second in the state for the most timber volume harvested. California, at this time, was ranked second in the nation in volume harvested. MRC's lands were among those heavily harvested by the previous owner. This led to the decline of some species that subsequently landed on rare, threatened and endangered (RTE) species lists. The RTE species that most notably affects forestry on the north coast of California are the northern spotted owl, marbled murrelet, coho salmon and steelhead, and, specific to Mendocino County, the Point Arena mountain beaver.

The MRC property is composed primarily of second and third growth natural forests. The forest type is primarily redwood/mixed conifer. Redwood (*Sequoia sempervirens*), Douglas fir (*Pseudotsuga menziesii*), grand fir (*Abies grandis*), hemlock (*Tsuga heterophylla*) and hardwoods, tanoak (*Lithocarpus densiflora*) and Pacific Madrone (*Arbutus menziesii*) are the primary tree species in this association with occasional chinquapin (*Castanopsis chrysophylla*), black oak (*Quercus kelloggii*), Oregon white oak (*Quercus garryana*), canyon live oak (*Quercus chrysolepis*), coastal live oak (*Quercus agrifolia*) Bigleaf Maple (*Acer macrophyllum*), and red alder (*Alnus rubra*). There are some residual old-growth trees left in the stands and five small unentered old growth redwood stand (under permanent protection). Most of the lands classify primarily as site III (moderate growing potential). Slopes are moderate to steep in gradient.

1.2.2 Socioeconomic Context

Timbering began in Sonoma and Mendocino County in the late 19th century. After the San Francisco earthquake in 1906, timbering increased significantly and became the area's largest employer. Communities developed around sawmills sites along the coast (mostly at the mouth of rivers) as lumber was transported to San Francisco by ship. During the housing boom after World War II, more mills were built in the inland valleys as highways and

railways then provided for the bulk of the lumber transportation. There were literally hundreds of sawmills in Sonoma and Mendocino Counties. In 1955 the county produced an incredible 1 billion board feet of lumber

By the late 1970's when most of the old-growth had been liquidated timbering was tapering off, many of the least productive timber properties were subdivided into smaller parcels and the productive industrial forestlands were consolidated under fewer corporate ownerships. By the late 1980's, subdividing of forestlands had slowed considerably as a result of county planning and regulatory efforts. Many of these properties have traded hands several times over the last thirty years. Timber harvesting remains relatively light on these small forestland holdings because the primary objective of the owner is to maintain recreational, aesthetic, wildlife or spiritual values rather than timber production.

Timber production remained high until the mid 90's (around 600 million board feet), however, this severe over-harvesting led to social conflicts over forest management in NW California. At the same time, forest related employment began to plummet significantly. Reasons for the decline in timber employment could be attributed to range of issues including changes in mill technologies, corporate consolidation of the industry and associated downsizing, diminishing log supplies from historic over-harvesting mill capacity, shifting policy priorities on public lands, and increases in environmental regulation. The conflicts over forest management have subsided in the last few years as private owners like MRC have bought forestlands from corporate owners and have made significant improvements to the forest environment. Additionally, timber has become a secondary employer and timber receipts and taxes lag behind the wine and tourism industries. However with the exodus of the higher paying lumber manufacturing jobs, Mendocino county, as opposed to Sonoma, has a relatively high rate of people living on some form of public assistance.

Mendocino and Sonoma County has a relatively large population of Native American people. Before the white settlers came they lived freely throughout the area. Since then they have been relegated to reserves within the county. Round Valley Reservation in Mendocino County is the second largest reservation in California.

1.3 Forest Management Enterprise

1.3.1 Land Use

Mendocino Redwood Company, LLC (MRC), is owned and controlled by Sansome Forest Partners, Limited Partnership (hereinafter referred to as Sansome Partners) a private San Francisco-based firm specializing in long-term investments. The Fisher family is the primary investor in Sansome Partners. Sansome Partners acquired the forestlands in summer of 1998 and formed Mendocino Redwood Company on June 30, 1998. MRC owns the property as a titled, fee simple property with clear tenure. In general, the property boundaries are clearly identified on the ground. Surveyors are contracted on a regular basis wherever questions arise regarding boundary issues.

Timber management is the main land management activity occurring on MRC's land, with one hunting club lease maintained on the property.

1.3.2 Land Outside Scope of Certification

Mendocino Redwood Company's entire forest estate is under the scope of this certificate.

1.4 Management Plan

1.4.1 Management Objectives

As described in the MRC management plan, the main goal of their management is "to manage a large block of productive forestland utilizing high standards of environmental stewardship and at the same time to operate as a successful business"

Several management objectives have also been specified:

- Improve conifer inventory by doubling the standing volume in 50 years
- Improve terrestrial and aquatic habitat
- Restore species composition and wildlife to resemble the composition before commercial harvesting began
- Be a business that people want to work for and the community can be proud of
- Produce quality products
- Earn a return on investment.

1.4.2 Forest Composition

The forest type is primarily redwood/mixed conifer. Redwood (*Sequoia sempervirens*), Douglas fir (*Pseudotsuga menziesii*), grand fir (*Abies grandis*), and hardwoods, tanoak (*Lithocarpus densiflora*) and Pacific Madrone (*Arbutus menziesii*) are the primary tree species in this association with occasional chinquapin (*Castanopsis chrysophylla*), black oak (*Quercus kelloggii*), Oregon white oak (*Quercus garryana*), canyon live oak (*Quercus chrysolepis*), coastal live oak (*Quercus agrifolia*) Bigleaf Maple (*Acer macrophyllum*), and red alder (*Alnus rubra*).

1.4.3 Silvicultural Systems

Whereas the prior owner's management regime was based upon either clearcutting or two- or three-entry even-aged management (i.e., shelterwood systems), MRC has adopted and is implementing a policy of moving to a broader mix of both even and un-even aged systems with a long term transition to exclusively un-even aged silviculture. At the end of 1998, MRC announced a policy of no clearcutting, in favor of "variable retention" harvesting. This system is predominantly employed in forest stands that have an over-abundance of hardwoods. During the first year of operations under MRC management, this new policy generally meant that approximately 10% of the basal area of a harvest block was retained, in clumps and scattered residual trees of both hardwood and conifer species. That is, variable retention harvests during the first year of MRC operations were largely one-entry regeneration harvests but with a fixed amount of green retention. However, under the direction of senior management, variable retention silviculture as practiced by MRC has undergone substantial evolution during the second year of operations. By the time of the

resumed (Phase III) certification evaluation in September 2000, MRC was employing variable retention silviculture in a manner more befitting its name, with the extent and spatial patterns of retained trees varying in response to site-specific circumstances (10% to 40% of pre-harvest basal area), but with the average level of retention at approximately 20%. These higher levels of retention are much more effective in maintaining diversity within harvest units and in transitioning the forest to an multi-aged structure.

Selection silviculture is increasingly being prescribed on the ownership. Under the tutelage of Chief Forester Mike Jani, whose background is in un-even aged timber management in the Santa Cruz Mountains of California's central coast, MRC is now on course to move fully to un-even aged silviculture, over time and as the backlog of stands with substantially unbalanced hardwood composition are treated with variable retention even-aged silviculture. The general approach is that variable retention harvesting will be prescribed on a stand only once, followed by subsequent entries employing selection silviculture.

1.4.4 Management Systems

The management system is overseen by the senior forestry personnel, including:

- Chief Forester: Oversees all forest management activities; reports to the president
- Stewardship Director: Responsible for overseeing stewardship goals of the company
- Timberland Manager: Supervisors the area foresters' daily management of the forestry operations.
- Forest Science Manager: Oversees biology staff, planning and research
- Area Forester: Implements the forest management plan for specifically assigned forest management block
- Biologists: Oversees survey and protection measures for RTE species. Provides consultation to the area foresters on plant, fish and wildlife issues.
- Administrative staff: Supports the forestry staff

The MRC forest is divided into 11 management blocks. Each block has an area forester who is responsible for the daily activities on those lands.

- Albion
- Big River
- Garcia
- Navarro East
- Navarro West
- Noyo
- Rockport
- Sonoma
- South Coast
- Ukiah

Most harvesting operations are performed by outside contractors, although MRC does maintain their own road crew.

1.4.5 Monitoring System

MRC has initiated a variety of monitoring programs to assess baseline conditions and changes in conditions over time. Monitoring programs assess:

- Timber inventory, growth and yield through sample plots and growth modeling;
- Fine-filter (species specific) and coarse-filter (faunal groups) ecological aspects;
- Broad-scale inventory and habitat (i.e. structure classes); and
- Aquatic habitat (i.e. watershed analysis).
- Road conditions, including stream crossings
- Economic (local purchasing) and social affects of forest management (responses to meetings regarding large planning initiatives).

1.4.6 Estimate of Maximum Sustainable Yield

The maximum sustainable yield on MRC’s land is estimated to be 35 million board feet. This figure is based on inventory data from permanent plots on MRC’s land, standard growth and yield calculation methods for the redwood region, while considering the constraints of MRC’s silvicultural system and management objectives..

1.4.7 Estimated, Current and Projected Production

Botanical name	Common trade name	Annual allowable cut	Actual harvest in last year	Projected harvest for next year
<i>Sequoia sempervirens</i>	Redwood	102041 m3	90740 m3	102041 m3
<i>Pseudotsuga menziesii</i>	Douglas fir	66327 m3	60974 m3	66327 m3
<i>Abies grandis / Tsuga heterophylla</i>	White fir / Hemlock	10204 m3	4097 m3	10204 m3
Total		178572 m3	m3	178572 m3
<i>Hardwoods</i>		20,000 tons	6654 tons	7000 tons
Total annual estimated log production:		178,572 m3		
Total annual estimates production of		m3		

1.4.8 Chemical Pesticide Use

Chemical pesticides are used on MRC’s land for control of competing vegetation, primarily tanoak. Pesticides are used in conjunction with mechanical management, and various alternatives have been investigated over the past five years. All pesticides used were reviewed by the auditors and none are in conflict with the FSC pesticide policy as described in “Chemical Pesticides in Certified Forests, Interpretation of FSC Principles and Criteria, July 2002”. The following pesticides are used by MRC:

- Glyphosate
- Imazapyr

Triclopyr
Sulfometuron Meth

2.0 GUIDELINES/STANDARDS EMPLOYED

As the applicant forest property is located in California, the certification evaluation that is the subject of this report was conducted against the duly-endorsed FSC Pacific Coast Regional Standard, version 9.0, May 9, 2005 (include version number and finalization date). The standard is available at the FSC-US web site (www.fscus.org) or is available, upon request, from Scientific Certification Systems (www.scscertified.com).

3.0 THE CERTIFICATION ASSESSMENT PROCESS

3.1 Assessment Dates

The field portion of the evaluation took place from June 27th through June 30th, 2005.

3.2 Assessment Team

Robert Hrubes, Ph.D., RPF, Team Leader - Robert is Senior Vice-President of Scientific Certification Systems (SCS). He is a California State Registered Professional Forester (RPF) and forest economist with 26 years of professional experience in both public and private forest management issues. He is the team leader for SCS' reassessment of MRC. He served as team leader for SCS for the initial MRC Forest certification evaluation in 2000. Before becoming Senior Vice-President of SCS, Robert worked in collaboration with SCS to develop the programmatic protocol that guide all their Forest Conservation Program evaluations. Robert has led numerous SCS Forest Conservation Program evaluations of North American (U.S. and Canada) industrial forest ownerships, as well as operations in Scandinavia, Chile, Solomon Islands, New Zealand, Australia and Japan. He also has professional work experiences in Brazil, Germany, Guam (U.S.), Hawaii (U.S.), and Malaysia. Robert is a founding member of the FSC and served on the first elected board of directors. He is a member of the FSC's Pacific Coast Working Group. He has a Ph.D. in Wildland Resource Science from the University of California, Berkeley.

Walter Smith, Senior Technical Specialist - Walter is a Senior Technical Specialist for the SmartWood Program of the Rainforest Alliance. He has seventeen years experience in logging, training and forest resource management and fifteen years experience in Forest Stewardship Council (FSC) forest management and chain of custody certification. Walter is a pioneer of the FSC system and considered a senior authority on certification. He developed an FSC type certification system with the Institute for Sustainable Forestry in 1990 before the establishment of the FSC. He is a founding member of the FSC and was on the original FSC Principles and Criteria Working Group. Walter began working with SmartWood in 1995. Since then he has been a team leader on over 150 forest management and chain of custody assessments and audits in Canada, China, India, Indonesia, Japan, Malaysia, Nepal, Philippines, Singapore, Vietnam and all regions of the United States. He is a principal

instructor for the SmartWood Assessor Training Program and has participated in 22 training workshops in North America and Asia. Walter is the co-author of a book on certification with Chris Maser.

Steve Radosevich, Ph.D., Forest Ecology and Ethics - Steve is a professor of Forest Science at Oregon State University since 1983. Before relocating to OSU, he was an associate professor of Botany at the University of California at Davis. His current research and teaching includes early stages of forest succession, ecology of invasive plant species, influence of humans on plant succession and the ethics of natural resource management. He is the Program Leader of the OSU Sustainable Forestry program and member of the Sustainable Forestry Partnership. His teaching includes courses on issues in forest science, weed ecology, sustainable forestry, and ethical issues in the natural resource sciences. Steve is the author of the first book on weed ecology (now in its second edition) and more than 100 scientific papers. Steve is also co-author of the FSC's policy on herbicides. He has participated in a number of SmartWood certification assessments and audits, including Mendocino Redwood Company (2000), Hancock Timber Resources, Integrated Resource Management and Confederated Tribes of Warm Springs Reservation. He has a Ph.D. in Agronomic Crop Science from Oregon State University.

Jonathan Kusel, Ph.D., Resource Sociologist - Jonathan is founder and executive director of the Sierra Institute for Community and Environment, an organization that specializes in community-based natural resource research and education. Recently he served as the principal investigator of the National Community Forestry Center, and director of the Pacific West Community Forestry Center, which focused its work on underserved and ethnically diverse groups. As a community sociologist Jonathan participated on the Clinton Administration's "Option 9" Forest Ecosystem Management Assessment Team, He also led the community assessment team and public participation team for the Sierra Nevada Ecosystem Project. Jonathan has worked on the Montreal Indicators, serving as team leader for review of Criterion and, more recently as part of the final review team for Criterion 6 and Criterion 7 immediately prior to the ten-year world review. Jonathan has written or edited three books on community forestry: *Forest Communities*, *Community Forests*, *Community Forestry in the United States: Lessons from the Past, Crafting the Future* (coauthored with Mark Baker) and *Understanding Community-Based Forest Ecosystem Management* for which he served as science editor. Jonathan has a Ph.D. in resource sociology from the University of California, Berkeley.

Brendan Grady

Brendan Grady is a staff forester with Scientific Certification Systems, focusing on the Forest Conservation Program. He received his B.S. in Forestry from the University of California, Berkeley, in 2004. His previous experience includes forestry work with the California Department of Forestry and Fire Protection and research on tropical plantations in Moorea, French Polynesia, with the Service du Developement Rurale.

3.3 Assessment Process

3.3.1 Itinerary

Date	General Location (main sites)	Main activities
June 27, 2005	MRC Ukiah Forestry Office	<ul style="list-style-type: none"> • Interview MRC staff • Review documents and information • Develop schedule and itinerary for site visits
June 28, 2005	Ukiah Block Navarro Block	<ul style="list-style-type: none"> • Forest management activities, past and present • Road maintenance • Nursery and tree genetic research • Radiata site rehabilitation and site preparation • Buffer dispute with State Parks
June 29, 2005	Albion Block Rockport Block Big River Block	<ul style="list-style-type: none"> • Stakeholder site tour of MRC road easement on State Park • Road construction and maintenance • Watershed Restoration • Active harvesting • Stakeholder interviews • Logger Interviews
June 30, 2005	MRC Ukiah Forestry Office	<ul style="list-style-type: none"> • Assessor deliberations • Staff Interviews • Debriefing meeting with MRC Staff

3.3.2 Evaluation of Management System

The MRC offices in Ukiah and Fort Bragg were visited and inspected during the evaluation. Evaluation of the management system was largely carried out through interviews with senior personnel and field staff. Management plans and maps were reviewed and field observations confirmed that the management system was properly implementing the management plan. In total, the auditors interviewed a large portion of the MRC management team, including the president, chief forester, timberlands manager, stewardship director, selected area foresters, reforestation forester, and Forest Science Manager.

3.3.3 Selection of FMU's to Evaluate

For the 2005 reassessment, a tentative itinerary for field visits was set after discussions between the assessment team and MRC staff, with the understanding that options for adjusting the itinerary would be open at any time. The team wanted to make sure that they

visited a cross section of sites that provided an accurate, current overview of MRC management with regards to conforming to the FSC Pacific Coast Regional Standards (see sites visited in the table below). Six of the MRC Management blocks were reviewed: Big River, Navarro East and West, Rockport, South Coast and Ukiah. On the third day of the assessment, the assessment team split so that they could cover more area. Several deviations from the itinerary occurred. Auditors met with stakeholders for a review of a MRC forest road easement that traverses a portion of a bordering state park. Additionally, auditors traveled to upper Big River to review upland watershed harvesting. Moreover, the auditors made random stops during the travel between scheduled review areas.

During the five previous years of evaluations, each management block has been visited multiple times. In addition to seeking a cross section of MRC’s land, management blocks were selected for review based on the frequency with which they had been audited in the past and whether stakeholder consultation had revealed concerns about specific sites.

3.3.4 Sites Visited

Type of site	Sites visited	Type of site	Sites visited
Road construction/ reconstruction	Rockport, Big River, Navarro West	Buffer zone	Navarro, Ukiah East/West, Big River, Rockport
Road Decommission	Rockport	Bridges/stream crossing	Ukiah, Rockport
Road erosion controls	Big River, Navarro East/ West, Rockport, Ukiah	Chemical storage	Navarro West
Tree nursery & genetic research	Navarro West	Steep slope	Navarro, Ukiah East/West, Big River, Rockport
Planned Harvest site	Rockport	Riparian zone	Navarro, Ukiah East/West, Big River, Rockport
Ongoing Harvest site	Rockport, Big River	Planting	Navarro West, Rockport
Completed logging	Navarro, Ukiah East/West, Big River, Rockport	Herbicide use	Rockport, Navarro East/West
Soil scarification	Navarro West	Natural regeneration	Navarro, Ukiah East/West, Big River, Rockport
Planting site	Navarro East/West, Big River, Rockport	Endangered species	Navarro East/West, Big River, Rockport
Site Preparation	Navarro West	Wildlife management	Navarro East/West, Big River, Rockport

Felling	Rockport, Big River	Nature Reserve	Navarro West
Skidding/Forwarding/Yarding	Rockport, Big River	Special management area	Navarro East/West, Big River, Rockport
Clearcutting	Rockport, Ukiah, Navarro West	Recreational site	Navarro West, Rockport
Selective felling	Navarro East/West, Big River, Rockport	Local community	Big River, South Coast, Ukiah
Stream restoration	Rockport, Ukiah	Dispute resolution	Big River, Navarro West
Forest type restoration	Navarro West		

3.3.5 Stakeholder Consultation

Pursuant to SCS protocols, consultations with key stakeholders were an integral component of the evaluation process. Consultation took place prior to, concurrent with, and following the field evaluation. The following were distinct purposes to the consultations:

To solicit input from affected parties as to the strengths and weaknesses of Sample Company’s management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.

To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests.

Principal stakeholder groups of relevance to this evaluation were identified based upon results from the scoping evaluation (if applicable), lists of stakeholders from the Sample Company, and additional stakeholder contacts from other sources (e.g., chair of the regional FSC working group). The following types of groups and individuals were determined to be principal stakeholders:

- MRC employees, including headquarters and field
- contractors
- lease holders
- adjacent property owners
- Pertinent Tribal members and or representatives
- Members of the Pacific Coast FSC Working Group
- FSC International
- Local and regionally-based environmental organizations and conservationists
- Local and regionally-based social interest organizations
- Forest industry groups and organizations
- Purchasers of logs harvested on MRC’s forestlands

- Local, State and Federal regulatory agency personnel
- User groups, such as hikers, ATV users, and others
- Other relevant groups

3.3.5.1 Summary of Stakeholder Concerns and Perspectives and Responses from the Team Where Applicable

A summary of the comments on the standard (where applicable) and major perspectives and concerns expressed by the stakeholders that were consulted during the course of this evaluation include:

Economic Concerns

Comment/Concern	Response
Commendations were received for MRC's watershed restoration work, along with the recognition of the importance of the flow of products from the forest. Most feel that MRC management has led to large-scale landscape improvements, especially over the previous owners.	Noted during deliberation
The company is recognized as a critical employer in the area.	Noted during deliberation
Stakeholders generally felt MRC complied with and exceeded all laws and rules. MRC was exemplary and set a standard for other area operations.	Noted during deliberation
MRC may take advantage of their certified status and "push" the edges of compliance.	The auditors investigated specific instances in which stakeholders felt MRC was trying to use their certified status to violate state regulations. In all cases, the disputes had been settled to the satisfaction of state agencies, and no further corrective action was warranted by the certifiers. MRC has an informal policy that forest practice violations are unacceptable, and any such violations are remedied swiftly.

Social Concerns

Comment/Concern	Response
The company has improved its tribal consultation process since the previous	Noted during deliberation

audit and beyond what is legally required.	
Tribal stakeholders agreed that MRC displays an exemplary relationship to tribal groups by regularly consulting, and closely working with them on educational projects, including joint grant writing, to advance projects on MRC land that are of mutual interest.	Noted during deliberation
A request was made to operation that it inform tribal contacts if any historical or cultural resources were discovered during field activities.	This is already standard procedure, but the request was relayed to MRC.
Many stakeholders indicated that consultation process and inclusion has improved and/or is sufficient. But concerns were voiced about the lack of public opportunity to comment on or participate in Habitat Conservation Plans.	CAR 2005.1 has been issued, asking MRC to develop an appropriate strategy for public consultation on management planning initiatives.
MRC employees felt that pay and benefits for employees is fair and better than most forestry companies. Company employees feel MRC tasks are distributed equitably, and that is a good company to work for. Contractors were pleased with company pay and the structure of MRC contracts.	Noted during deliberation
A legal challenge is currently being brought against the state for regarding MRC's restricting rights of access and the validity of company access through the state park land to its MRC property.	The auditors met with the complainants on the road access site in the park. The assessors also questioned park staff. The park recognizes MRC's right to use the road. The legal challenge has not as yet been as yet upheld by the courts and so SCS must conclude that MRC has legal rights to the road. The gate on the road only restricts public access by motorized vehicles.

Environmental Concerns

Comment/Concern	Response
Pesticides are being used too aggressively on MRC's land.	Pesticide use was one of the main topics of the evaluation, and has been the subject of numerous corrective action requests over the past five years. The auditors have observed a decline in

	<p>the total amount of pesticide being used over the past five years as applications have become more focused and selective. No FSC-banned chemicals are in use. No corrective actions were issued in regards to pesticide use, but the issue will be monitored in future audits.</p>
<p>The primary concern among several stakeholders is that the company does not do an adequate job on botanical surveys and there is no opportunity for the comment. Two interviewees indicated that monitoring was inadequate with respect to project monitoring and temporal landscape monitoring.</p>	<p>The assessors investigated the issue of monitoring extensively and a CAR was issued for MRC to clarify their monitoring procedures. MRC provided a thorough document describing how they are monitoring:</p> <ul style="list-style-type: none"> • Forest growth, yield and inventory • Forest structure and composition • Regeneration • Post harvest implementation checklist • HCVF and reserve areas • Annual RT&E species and habitat surveys • Stream temperature, flow • Aquatic and terrestrial faunal groups • Herbicide usage and water contamination • Restoration • Annual employee attrition rates and job satisfaction • Community responses to management <p>The audit team determined that MRC's monitoring elements and procedures are adequate and will improve as the HCP and NCCP are finalized.</p> <p>Regarding botanical surveys in particular, surveys are done when there is a question of rare, threatened or endangered species. Surveys are either done by outside professional consultants or by MRC field personnel. More comprehensive botanical surveys are</p>

	being planned in coordination with the Habitat Conservation Plan and Natural Communities Conservation Plan, and will be implemented once the planning process is completed.
Similar to the above: concerns exist about spatial and temporal monitoring at the landscape scale, but most respondents felt that the forest under MRCs management is a considerable improvement over previous industrial managers.	The monitoring plan includes landscape scale monitoring of HCVF. MRC completed an analysis, consulting with appropriate experts, stakeholders, agencies and managers of other significant forested properties, across the regional landscape in which the MRC property is located, to determine if the reserve areas (HCVF) proposed on the MRC property can be augmented to fill any gaps that may exist at the landscape level.
MRC is not following its own old growth policy, specifically regarding mistakenly fallen old growth trees being left in the woods	The auditors investigated this claim, but could not determine a specific instance to which it referred. The MRC old growth policy was the subject of frequent discussion during the evaluation, and the audit team is satisfied that the existing policy complies with the requirements of the standard and is adequate to ensure ecosystem integrity.

3.4 Total Time Spent on audit

Approximately 30 person days were spent during the evaluation, including document review and audit preparation, stakeholder interviews, and field investigations.

3.5 Process of Determining Conformance

FSC accredited forest stewardship standards consist of a three-level hierarchy, principle, then the criteria that make up that principle, then the indicators that make up each criteria. Consistent with SCS Forest Conservation Program evaluation protocols, the team collectively determines whether or not the subject forest management operation is in conformance with every applicable indicator of the relevant forest stewardship standard. Each non-conformance must be evaluated to determine whether it constitutes a major or minor non-conformance at the level of the associated criterion or sub-criterion. Not all

indicators are equally important, and there is no simple numerical formula to determine whether an operation is in non-conformance. The team must use their collective judgement to assess each criterion and determine if it is in conformance. If the forest management operation is determined to be in non-conformance at the criterion level, then at least one of the indicators must be in major non-conformance.

Corrective action requests (CAR's) are issued for every instance of non-conformance. Major non-conformances trigger major CAR's and minor non-conformances trigger minor CAR's

Interpretations of Major CAR's (Preconditions), Minor CARs and Recommendations

Major CARs/Preconditions: Major non-conformances, either alone or in combination with non-conformances of other indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant FSC Criterion given the uniqueness and fragility of each forest resource. These are corrective actions that must be resolved or closed out prior to award of the certificate. If major CAR's arise after an operation is certified, the timeframe for correcting these non-conformances is typically shorter than for minor CAR's. Certification is contingent on the certified operations response to the CAR within the stipulated time frame.

Minor CARs: These are corrective action requests in response to minor non-conformances, which are typically limited in scale or can be characterized as an unusual lapse in the system. Corrective actions must be closed out within a specified time period of award of the certificate.

Recommendations: These are suggestions that the audit team concludes would help the company move even further towards exemplary status. Action on the recommendations is voluntary and does not affect the maintenance of the certificate. Recommendations can be changed to CARs if performance with respect to the criterion triggering the recommendation falls into non-conformance.

4.0 RESULTS OF THE EVALUATION

Table 4.1 below, contains the evaluation team's findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of forest stewardship. The table also presents the corrective action request (car) numbers related to each principle.

Table 4.1 Notable strengths and weaknesses of the forest management enterprise relative to the P&C

Principle/Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard	CAR/REC #s
P1: FSC Commitment and Legal Compliance	<ul style="list-style-type: none"> • Meets or exceeds all laws and regulations • Commitment to FSC both written and demonstrated 	<ul style="list-style-type: none"> • No weaknesses were observed by the evaluation team 	<ul style="list-style-type: none"> • No CAR's were issued in response to Principle 1
P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> • Land ownership is clear • Boundaries are marked prior to harvest. • MRC allows customary uses on their land given notification and permit • Easements and land transfers have taken place where stakeholder have identified special areas 	<ul style="list-style-type: none"> • No weaknesses were observed by the evaluation team 	<ul style="list-style-type: none"> • No CAR's were issued in response to Principle 2
P3: Indigenous Peoples' Rights	<ul style="list-style-type: none"> • MRC actively engages Native American tribes over identifying and protecting archaeological and cultural sites • MRC allows Native Americans to practice cultural activities on their land. 	<ul style="list-style-type: none"> • No weaknesses were observed by the evaluation team 	<ul style="list-style-type: none"> • No CAR's were issued in response to Principle 3
P4: Community Relations & Workers' Rights	<ul style="list-style-type: none"> • Quality employment is provided to staff and contract workers • Bilingual staff help communicate with Latino workers • Competitive compensation and above average benefit program • Goods purchased locally if available • MRC provides multiple educational opportunities for the public 	<ul style="list-style-type: none"> • No opportunities for public comment on the HCP/NCCP process have been provided since 2002. • Sections of the MRC Website describing public input and long-term planning initiatives are out of date. 	<ul style="list-style-type: none"> • CAR 2005.1 • CAR 2005.2

	<ul style="list-style-type: none"> • MRC and contractors have an excellent safety record • Archaeological, cultural and historical sites are identified prior to harvest and protected (See Principle 3). • Stakeholder grievances are consistently resolved before legal action is taken 		
P5: Benefits from the Forest	<ul style="list-style-type: none"> • MRC has invested significantly in forest management planning, restoration and road rehabilitation • Damage to residual stands are minimal • Large amounts of biomass and large woody debris are left in the forest. • MRC sells logs to local processors • MRC hires local contractors of varying sizes • MRC management and restoration enhances forest services and watershed resources • Harvest levels are well below AAC 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • No CAR's were issued in response to Principle 5
P6: Environmental Impact	<ul style="list-style-type: none"> • Pre-harvest environmental assessments are made • Historical species distribution is being restored • Threatened and endangered species are identified and protected • Ecological functions are maintained • Water and lake protection zones cover over 12% of the land base • Management promotes a diversity of tree 	<ul style="list-style-type: none"> • MRC's current harvesting guidelines do not specifically preclude timber harvesting and road building on areas with extreme risk of landslides. 	<ul style="list-style-type: none"> • CAR 2005.3

	<ul style="list-style-type: none"> species and sizes • Type 1 old growth stands are preserves. Type 2 old growth is maintained. Single old growth trees that meet MRC's old growth policy are retained • Stream protection exceed both the state regulatory requirement and FSC Pacific Coast standards • Roads and stream crossings are rehabilitated. Failing culverts are replaced. Roads are reshaped to repel water. Problematic roads are decommissioned. • MRC has created a reserve system that includes nearly 20% of their land base • A tree propagation program is in place to enhance redwood genetic diversity. 		
<p>P7: Management Plan</p>	<ul style="list-style-type: none"> • The management plan is a compendium of documents that includes their Management Plan, Policies and Targets August 2000 version, Option A, Wildlife Planning Agreement, Road inventory and plan, watershed analysis and stand level timber harvest plans • The management plan contains goals and objectives • The management plan has data on growth and inventory, forest structure, wildlife habitat types, rare, threatened and endangered species, employment, worker safety, archaeological information and 	<ul style="list-style-type: none"> • MRC is considering altering their silvicultural system, but the ecological effects of proposed changes have not been fully documented and addressed 	<ul style="list-style-type: none"> • CAR 2005.4

	<p>community issues.</p> <ul style="list-style-type: none"> • The plans describe silvicultural and logging systems • MRC staff and contractors are well trained to implement the plan • The entire MRC management plan is available to the public 		
<p>P8: Monitoring & Assessment</p>	<ul style="list-style-type: none"> • Monitoring includes: <ul style="list-style-type: none"> ○ Forest growth, yield and inventory ○ Forest structure and composition ○ Regeneration ○ Post harvest implementation checklist ○ HCVF and reserve areas ○ Annual RT&E species and habitat surveys ○ Stream temperature, flow ○ Aquatic and terrestrial faunal groups ○ Herbicide usage and water contamination ○ Restoration ○ Annual employee attrition rates and job satisfaction ○ Community responses to management • MRC's forest CoC system is well documented 	<ul style="list-style-type: none"> • MRC needs to improve the public availability of results of their monitoring efforts 	<ul style="list-style-type: none"> • CAR 2005.5 • CAR 2005.6

P9: Maintenance of High Conservation Value Forest	<ul style="list-style-type: none"> • MRC has a reserve system that includes old growth set-asides • MRC has an old growth policy that protects both old growth stands and individual trees • MRC has no cut zones on category A streams • Stakeholders and experts have provided input for identifying HCVF 	<ul style="list-style-type: none"> • No weaknesses were observed by the evaluation team. 	<ul style="list-style-type: none"> • No CAR's were issued in response to Principle 9
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4.2 Preconditions

Preconditions are major corrective action requests that are placed on a forest management operation after the initial evaluation and before the operation is certified. Certification cannot be awarded if open preconditions exist. In the case of a re-certification evaluation, any pre-conditions would have to be cleared prior to the expiration of the existing certificate.

No pre-conditions were issued during this evaluation.

5.0 CERTIFICATION DECISION

5.1 Certification Recommendation

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that the Mendocino Redwood Company be awarded FSC certification as a “Well-Managed Forest” subject to the corrective action requests stated in Section 5.2. Mendocino Redwood Company has demonstrated that their system of management is capable of ensuring that all of the requirements of the Pacific Coast Regional Standard are met over the forest area covered by the scope of the evaluation. Mendocino Redwood Company has also demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate.

5.2 Open Corrective Action Requests

Background/Justification: The reserve system has not undergone review from outside experts and the general public.	
CAR 2003.1	MRC managers must complete and make public the initial delineation and outside review of its reserve system that includes and integrates areas categorized as high conservation value forest. Outside review must include scientific peer review as well as opportunities for comment and input from the general public.
Deadline	In conjunction with the finalization of the HCP/NCCP
Reference	Indicator 6.4
Company Actions: A reserve system has been created, including old growth, WLPZs, oak (<i>Quercus</i> spp.) woodlands, viewshed easements, conservation easements, TES species buffer zones, pygmy forest, special treatment zones, etc. In total, approximately 20% of MRC’s land is in reserved status. MRC completed an analysis of their reserve system, to determine if the reserve areas proposed on the MRC property can be augmented to fill any gaps that may exist at the landscape level and are considered HCVF. Consultation included contact with state agencies, regional scientific experts, environmental organizations, neighboring landowners, and other groups.	
Auditor Response: This CAR has been Closed	

Background/Justification: MRC has not yet completed their HCP/NCCP, which will comprise a significant portion of their overall management plan.	
CAR 2003.1	MRC must complete and publicly distribute the umbrella

	management plan document.
Deadline	Within 6 months of completion of the HCP/NCCP
Reference	Criterion 7.1
Company Actions: The HCP/NCCP process is nearing completion, but is not yet in a state where it can be publicly distributed in accordance with this CAR. Interim guidelines for forest management activities are in place, based on the completed portions of the HCP/NCCP.	
Auditor Response: This CAR remains open, as the final document is not ready for distribution. Several CAR's were issued during the evaluation in order to address the slow pace of the HCP/NCCP process, including 2005.1 regarding public input, and 2005.5 and 2005.6 regarding monitoring protocols.	

5.3 New Corrective Action Requests

Background/Justification: Maintaining a high level of stakeholder communication has always been of paramount importance to MRC. However, it was clear to the audit team that the level of public interaction has declined since the initial certification and needs to be augmented, especially in regards to keeping public information on the website current, staff outreach interested stakeholders, and offering input into land management planning.	
CAR 2005.1	<ul style="list-style-type: none"> • Complete an update of the company website • Analyze the capacity and training needs of the staff to consult with stakeholders and maintain public information. This analysis may be accomplished best through consultation with external experts in communications, public interaction, etc. • Develop a written strategy to provide information and opportunities for input to interested stakeholders regarding MRC management planning initiatives (e.g., HCP/NCCP, landscape planning)
Deadline	Within 90 days of re-certification
Reference	Indicator 4.4.a

Background/Justification: This CAR is issued in conjunction with CAR 2005.1 to allow for a separate timeline for implementing the stakeholder strategy required in that CAR.	
CAR 2005.2	Prior to the next annual audit, implement the stakeholder strategy for informing and receiving input on MRC's management planning initiatives.
Deadline	The first annual audit
Reference	Indicator 4.4.a

Background/Justification: MRC's current harvesting guidelines do not specifically preclude timber harvesting and road building on areas with extreme risk of landslides.	
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CAR 2005.3	MRC shall develop and implement a policy that excludes timber harvesting and roading on any areas rated as “extreme” with respect to risk of landslides (mass soil movement). In order to implement this policy, MRC must develop a credible working definition of extreme landslide risk, and means of determining the presence of such areas on the MRC property, that is consistent with available methodologies.
Deadline	Prior to the beginning of the next harvesting season- to be reviewed at the first annual audit.
Reference	Indicator 6.5.c

Background/Justification: MRC is currently considering altering their silvicultural regime, and the forest managers need to demonstrate that the proposed system does not violate the Pacific Coast Regional Standard.

CAR 2005.4	Prior to the next annual audit, MRC shall prepare a written assessment of all current and proposed silvicultural regimes. MRC shall consider whether a broad application of any silvicultural technique, especially variable retention (given the proposed retention levels and configuration) can maintain conformance with FSC Pacific Coast Regional Indicators 6.1.c, 6.1.d, 6.3.a, 6.3.c, 6.3.f, 6.6.b, 6.9.b.
Deadline	The first annual audit
Reference	Indicator 7.2.a

Background/Justification: The public summary of monitoring protocols and results does not currently address all required elements of the standard, and should be updated in conjunction with CAR 2005.5

CAR 2005.5	Prior to the next annual audit, a written summary of monitoring protocol and non-confidential results (per 8.5.a) shall be made public.
Deadline	The first annual audit
Reference	Indicator 8.5.a

Closed Corrective Action Requests

Background/Justification: Currently, monitoring on MRC’s land consists of a wide array of individual protocols and projects. However, a coordinated description of monitoring efforts does not exist, as required by criterion 8.5. As a result it is difficult for the auditors to determine to what level MRC is in conformance with the various monitoring requirements of the standard and whether or not any gaps exist in their monitoring

CAR	MRC shall design and put in written form a comprehensive and coordinated monitoring protocol that demonstrates conformance to
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	the content and analytical requirements contained in FSC Principle 8, particularly Pacific Coast Regional Indicators 8.1.a, 8.2.b.1, 8.2.c 8.2.d.3, 8.2.d.4, 8.4.a, and 8.5.a.
Reference	Indicator 8.5.a
<p>Company Action: The document titled “MRC monitoring plan” was sent to the auditors by Sarah Billig on 8/18, describing what current and planned monitoring systems are in place to address the requirements of the specified indicators. Certain programs of the monitoring system have yet to be fully implemented, including:</p> <ul style="list-style-type: none"> • Disturbance tracking • Mesocarnivores • Small Mammals • Red-Legged Frogs • Tailed Frogs • Foothill yellow-legged frog • Stream Temperature, Watershed Analysis, Long-term Channel Monitoring, Turbidity, and Dissolved Oxygen • Rare plant surveys <p>The lack of these programs, however, does not warrant keeping this CAR open, as their absence does not trigger a non-conformance to any indicator in the standard. These programs are mostly tied to the completion of the HCP/NCCP. During future audits, auditors should verify that these elements have been implemented as planned.</p>	
<p>Auditor Response: This CAR has been closed.</p>	

6.0 SURVEILLANCE EVALUATIONS

6.1 2006 Annual Audit

6.1.1 Assessment Personnel

For this annual audit, the team was comprised of Dr. Robert J. Hrubes and Mr. Bill Eastwood, who also served as co-team leader.⁵ Dr. Hrubes has served as SCS lead auditor for all MRC audits since 2000; this is the first time that Mr. Eastwood has served on an MRC audit team.

Dr. Robert J. Hrubes, Team Leader: Dr. Hrubes is Senior Vice-President of Scientific Certification Systems. He is a registered professional forester and forest economist with over 30 years of professional experience in both public and private forest management issues. He served as team leader for the initial MRC Forest certification evaluation. Dr. Hrubes worked in collaboration with SCS to develop the programmatic protocol that guide all SCS Forest Conservation Program evaluations. Dr. Hrubes has led numerous SCS Forest Conservation Program evaluations of North American (U.S. and Canada) industrial forest ownerships, as well

⁵ As explained in prior MRC certification reports, MRC was initially evaluated and subsequently certified under a dual and coordinated format involving SCS and Smartwood, the two FSC-accredited certification bodies most active in the U.S. For this annual audit, a single joint audit team was convened that served in support of both SCS and Smartwood.

as operations in Scandinavia, Chile, and Japan. He also has professional work experience in Brazil, Germany, Guam (U.S.), Hawaii (U.S.), and Malaysia. Dr. Hrubes is the principal author of this audit report.

Mr. Bill Eastwood, Team Member: Bill Eastwood is a geologist with 25 years experience in various aspects of watershed restoration and sustainable forestry. He has a Master's degree in geology from the University of California at Berkeley. He is the co-director of the Eel River Salmon Restoration Project. Since 1983 he has directed watershed planning projects, stream habitat improvement projects, a wild broodstock salmon and steelhead rearing supplementation program, salmon in the classroom educational projects, and studies of fish. Bill is a founding member of the Institute for Sustainable Forestry (ISF) and served on the staff for ten years. He helped develop the Ten Elements of Sustainable Forestry and the ISF's Pacific Certified Ecological Forest Products forest certification program, which later was absorbed into the SmartWood program. He has participated in FSC-related 3 assessor trainings, 7 FSC certification assessments, 3 FSC reassessments, 11 FSC audits, one FSC scoping, and several FSC peer reviews.

6.1.2 Assessment Dates

The surveillance audit that is the subject of this report was conducted on September 25 and 26, 2006.

6.1.3 Assessment Process

Prior to the 2006 field surveillance audit, and over the course of the 12 months since the 2005 recertification audit, there was periodic contact between MRC personnel and Dr. Hrubes, focusing on issues such as progress on addressing open CARs, ongoing progress in completing the HCP/NCCP, and continued evolution in the company's silvicultural strategy.

On September 25th and 26th, 2006, the SCS audit team (Hrubes and Eastwood) conducted the annual audit of MRC, including on-site inspections of field operations as well as extensive interviews with MRC management and field personnel.

On the morning of the first day of the audit, the audit team held an opening meeting in MRC's Ukiah forestry office and discussed the following topics:

- Overview of MRC's business activities in the prior year
- Overview of HCP/NCCP planning process and the additional overlay of a PTEIR (programmatic timber environmental impact report) as well as a Water Quality MOU
- Ongoing discussions with the resource agencies regarding rocked versus armor-filled fords
- Status of MRC's responses to the open CARs
- Finalization of the field itinerary

The afternoon and evening of Day 1 was devoted to the following activities:

- Field reconnaissance visits to MRC's Big River tract
 - North Face and South Face THPs, near Russell Brook
- Dinner meeting in Fort Bragg with 6 MRC employees
 - Discussion of wildlife management issues, special projects and monitoring programs
 - General overview of forestry activities on the coast side of the land base

Day 2 of the surveillance audit was comprised of the following activities:

- Opening discussion in the Ukiah forestry office, addressing the following topics:
 - Briefing to MRC of recent developments in the FSC pesticide use policy
 - Overviews presented by Mike Janie and Richard Higgenbottom
- Field reconnaissance visits to MRC’s Noyo River tract
 - Appleland THP: timber management prescription in “type 2” old growth, erosion control measures, interaction with neighbors, nearby road work under DFG grant program
- Exit meeting in the Ukiah forestry office
 - General findings of the audit
 - Disposition of the open CARs
 - Closure of the audit.

6.1.4 Status of Open Corrective Action Requests

Background/Justification: Maintaining a high level of stakeholder communication has always been of paramount importance to MRC. However, it was clear to the audit team that the level of public interaction has declined since the initial certification and needs to be augmented, especially in regards to keeping public information on the website current, staff outreach interested stakeholders, and offering input into land management planning.	
CAR 2005.1	<ul style="list-style-type: none"> • Complete an update of the company website • Analyze the capacity and training needs of the staff to consult with stakeholders and maintain public information. This analysis may be accomplished best through consultation with external experts in communications, public interaction, etc. • Develop a written strategy to provide information and opportunities for input to interested stakeholders regarding MRC management planning initiatives (e.g., HCP/NCCP, landscape planning)
Deadline	Within 90 days of re-certification
Reference	Indicator 4.4.a
MRC Actions in Response to this CAR: On February 16, 2006, MRC submitted materials via email that document actions taken in response to this CAR. On the basis of this submittal, SCS closed this CAR on February 23, 2006.	

Background/Justification: This CAR is issued in conjunction with CAR 2005.1 to allow for a separate timeline for implementing the stakeholder strategy required in that CAR.	
CAR 2005.2	Prior to the next annual audit, implement the stakeholder strategy for informing and receiving input on MRC’s management planning initiatives.
Deadline	The first annual audit (2006)

Reference	Indicator 4.4.a
<p>MRC Actions in Response to this CAR: During the September 25th discussions in the MRC Ukiah forestry office, the SCS auditors were informed that MRC has developed and is implementing a documented strategy for affording interested stakeholders with opportunities for input into MRC management planning initiatives. As explained to SCS, the strategy includes guidance to appropriate MRC staff to determine when to seek stakeholder input and three methods for receiving such input. In the context of this discussion, it was brought to the attention of the SCS auditors that MRC, jointly with CDF, held two public scoping sessions for the development of the new Program Timber Environmental Report (PTEIR) overlay to the HCP/NCCP plan development. Notes and presentations from these scoping sessions are available on the MRC web site at: http://www.mrc.com/habitat_conservplan.html. We note further, on the basis of the overview of the company’s web site during the September 25th discussions, that the informational content on MRC’s web site is truly exemplary, far exceeding the informational content found on any other private sector FSC-certified operation with which we are familiar.</p>	
<p>Disposition of this CAR as a Result of this Surveillance Audit: On the basis of the evidence presented during this surveillance audit, the SCS auditors conclude that MRC has responded adequately to this corrective action request. As such, this CAR is now closed.</p>	

<p>Background/Justification: MRC’s current harvesting guidelines do not specifically preclude timber harvesting and road building on areas with extreme risk of landslides.</p>	
CAR 2005.3	<p>MRC shall develop and implement a policy that excludes timber harvesting and roading on any areas rated as “extreme” with respect to risk of landslides (mass soil movement). In order to implement this policy, MRC must develop a credible working definition of extreme landslide risk, and means of determining the presence of such areas on the MRC property, that is consistent with available methodologies.</p>
Deadline	Prior to the beginning of the next harvesting season (2006)
Reference	Indicator 6.5.c
<p>MRC Actions in Response to this CAR: During the September 25th discussions in the MRC Ukiah forestry office, the SCS auditors were provided evidence that the company has now explicitly elaborated a policy that excludes timber harvesting and roading on any areas rated as “extreme” with respect to landslide risk.</p>	
<p>Disposition of this CAR as a Result of this Surveillance Audit: Based upon the evidence provided during the 2006 surveillance audit, the SCS audit team concludes that MRC has satisfactorily responded to this correct action request. As such, this CAR is now closed.</p>	

<p>Background/Justification: MRC is currently considering altering their silvicultural regime, and the forest managers need to demonstrate that the proposed system does not violate the Pacific Coast Regional Standard.</p>	
CAR 2005.4	<p>Prior to the next annual audit, MRC shall prepare a written assessment of all current and proposed silvicultural regimes. MRC</p>

	shall consider whether a broad application of any silvicultural technique, especially variable retention (given the proposed retention levels and configuration) can maintain conformance with FSC Pacific Coast Regional Indicators 6.1.c, 6.1.d, 6.3.a, 6.3.c, 6.3.f, 6.6.b, 6.9.b.
Deadline	The first annual audit (2006 annual surveillance audit)
Reference	Indicator 7.2.a
MRC Actions in Response to this CAR: At this audit, the SCS auditors were informed that MRC has elected to not proceed with the silvicultural initiative presented in draft form during the 2005 audit. That is, MRC has elected not to pursue greater use of even-aged management/variable retention and, instead, will continue with its main emphasis on all age forest management.	
Disposition of this CAR as a Result of this Surveillance Audit: MRC has withdrawn the silvicultural initiative that was the trigger for this CAR. As such, this CAR is now closed.	

Background/Justification: The public summary of monitoring protocols and results does not currently address all required elements of the standard, and should be updated in conjunction with CAR 2005.5	
CAR 2005.5	Prior to the next annual audit, a written summary of monitoring protocol and non-confidential results (per 8.5.a) shall be made public.
Deadline	The first annual audit
Reference	Indicator 8.5.a
MRC Actions in Response to this CAR: During the opening discussion in the Ukiah forestry office on September 25 th , MRC staff presented to the SCS auditors a detailed overview of monitoring results that are now posted on the MRC web site (http://www.mrc.com/monitoring/monitoring_index.html). The overview included a “real time tour” through the MRC web site using a computer terminal set up in the conference room for that purpose.	
Disposition of this CAR as a Result of this Surveillance Audit: On the basis of the real time tour of the revised MRC web site, the SCS auditors conclude that MRC now has robust summary information of monitoring activities and results that are publicly available that demonstrate clear conformance with FSC Criterion 8.5. As such, this CAR is now closed.	

6.1.5 New Corrective Action Requests and Recommendations

There were no new CAR’s or Recommendations issued as a result of the 2006 annual surveillance audit.

6.1.6 General Observations

1) MRC’s ongoing response to the CAR issued 6 years ago (and now closed) to develop an umbrella management plan has undergone many transformations over the intervening years. The initial intent included the possibility of developing a SYP; subsequently, a decision was made to develop a multi-species HCP and

shortly thereafter a decision was made to add a NCCP to this effort. In the past year, a commitment has been made to also add a PTEIR. SCS has no issues with this current direction but we do wish to observe that this complex planning initiative is taking substantially longer than originally anticipated and that due effort should be invested to see that the initiative is completed at the earliest practicable time.

2) Chemical use remains a highly controversial issue both in the context of Mendocino County and broadly within the FSC system. The FSC environmental chamber is more vociferously pressing the FSC, for instance, to resist the requests of the CANZUS group of certificate holders to revise the list of highly hazardous (prohibited chemicals) and to grant derogations for the continued use of chemicals such as imazapyr. In this context, it would be helpful if MRC more extensively documented the effectiveness of the hardwood removal, stand restoration program and to continue to provide publicly available information that documents the company's temporal progress in reducing overall chemical use.

3) A new web site, FSC-Watch, has been created upon which or posted very critical profiles of what are considered by a loose consortium of environmental activists as "controversial." This web site has been used by Mendocino County activists who have posted claims that MRC is harvesting virgin old-growth redwood forests. MRC should periodically monitor this web site and consider correcting the record through postings on the web site or other means, as needed.

6.1.7 General Conclusion of the 2006 Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that MRC's management of its forest estate in Mendocino County, California continues to be in strong overall conformance with the FSC Principles and Criteria, as further elaborated by the Pacific Coast Regional Standard. That is, the SCS audit team has concluded from this annual audit that MRC's forest management program is in solid overall conformance with FSC Principles 1 through 9 (Principle 10 is not applicable as MRC's operations are classified as "natural forest management" under the FSC definitions). As such, continuation of the certification is warranted, subject to further annual surveillance audits.

The audit team would also like to note with appreciation the logistical and planning support provided by MRC Stewardship Director, Sarah Billig, who facilitated the scheduling and execution of this audit.

6.2 2008 Annual Audit

Pursuant to FSC and SCS guidelines, annual/surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or corrective action requests (CARs)
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior audit
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

At the time of the 2008 annual audit, there were three open Corrective Action Requests.

6.2.1 Assessment Dates

The office and field portions of this surveillance audit were conducted on September 30 and October 1, 2008. The audit required approximately 6 person days.

6.2.2 Assessment Personnel

For this annual audit, the team was comprised of Dr. Robert J. Hrubes, Mr. Kyle Meister, and Mr. Foster Dickard, who also served as co-team leader.⁶ Dr. Hrubes was part of the 2000 full evaluation as well as the 2001, 2002, 2006, and 2007 annual audits, thus providing good continuity.

Dr. Robert J. Hrubes, Team Leader: Dr. Hrubes is Senior Vice-President of Scientific Certification Systems. He is a registered professional forester and forest economist with 29 years of professional experience in both public and private forest management issues. He served as team leader for the initial MRC Forest certification evaluation. Dr. Hrubes worked in collaboration with SCS to develop the programmatic protocol that guide all SCS Forest Conservation Program evaluations. Dr. Hrubes has led numerous SCS Forest Conservation Program evaluations of North American (U.S. and Canada) industrial forest ownerships, as well as operations in Scandinavia, Chile, and Japan. He also has professional work experience in Brazil, Germany, Guam (U.S.), Hawaii (U.S.), and Malaysia.

Mr. Foster Dickard, Co-Team Leader:

Mr. Kyle Meister, Team Member: Mr. Meister is a new Certification Forester with Scientific Certification Systems. This was his first field audit with SCS. He has experience as an environmental educator and natural resource consultant in the U.S., Mexico, Ecuador, Costa Rica, and Colombia. He speaks Spanish and Portuguese. Mr. Meister is the principal author of this report.

6.2.3 Assessment Process

Prior to the 2008 field surveillance audit, and over the course of the 12 months since the 2007 field surveillance audit, there was periodic contact between MRC personnel and Dr. Hrubes, focusing on issues such as progress on addressing open CARs and continued evolution in the company's silvicultural strategy.

On September 30th and October 1st, 2008, the SCS audit team (Hrubes, Dickard and Meister) conducted the annual audit of MRC, including on-site inspections of field operations as well as extensive interviews with MRC management and field personnel.

On the morning of the first day of the audit, the audit team held an opening meeting in MRC's Ukiah forestry office and discussed the following topics:

- Update of MRC business activities and personnel changes during the past year.

⁶ As explained in prior MRC certification reports, MRC was initially evaluated and subsequently certified under a dual and coordinated format involving SCS and Smartwood, the two FSC-accredited certification bodies active in the U.S. For this annual audit, a single joint audit team was convened that served in support of both SCS and Smartwood.

- Progress of MRC’s Forest Science, Six Sigma and HCP/NCCP initiatives.
- Mendocino lightning fires/ Salvage and restoration operations.
- Status of MRC’s responses to open CARs.
- Finalization of Field Itinerary.

The afternoon and evening of Day 1 was dedicated to the following activities:

- Lunch with Robb Rempel (area forester Big River/Noyo) and Eric Gordon (new GIS analyst)
 - Increasing user friendliness of GIS and use by other divisions
- Navarro Road Division
 - Mendocino lighting fire response: Navarro Fire
 - Interaction with local fire departments
 - Fire preparedness work
 - Staff participation in fires
 - Reforestation/ salvage assessment
 - Terrestrial wildlife effects and conservation measures
 - Assessment of fire effects on long-term planning
- Dinner with MRC staff
 - Wildlife assessments – songbirds, mesocarnivores, northern spotted owl, pacific mountain beaver, pre- and post-harvest evaluations, post-fire evaluations
 - Training and projects tracking and accountability – Six Sigma process improvement system (martial arts belt system rubric)

Day 2 of the surveillance audit was comprised of the following activities:

- Breakfast in Fort Bragg
 - Invasives and use of pesticides
- Slaughterhouse Gulch Fire
 - Fire response
 - Road maintenance and use during fire and post-fire
 - Salvage/ reforestation
- Aquatic ecology program
 - Road maintenance and streams
 - Stream physical, chemical and biological monitoring
- Milk Vetch
 - Milk Vetch adaptive management
- Timber harvest operation on salvage site
 - Worker safety and training
- Exit Meeting in Fort Bragg Office
 - General findings of the audit
 - Disposition of the open CARs
 - Closure of the audit

6.2.4 Status of Corrective Action Requests from the August 2007 Surveillance Audit

Background/Justification: Contractors did not conform with proper safety protocols.	
<ul style="list-style-type: none"> • First aid kits were not on the job site. • The loader operator did not put on a hardhat when he got out of the loader to speak with the auditors. • A crew member was standing between the loader and the yarder where he was vulnerable to being hit by logs lifted from the yarder drop point to the log deck. 	
CAR 2007.1	MRC shall require that contractors meet OSHA requirements and maintain safe work practices. MRC shall include a review and evaluation of safety practices on the part of contract loggers and their employees during supervisory inspections of the job sites.
Deadline	Prior to next annual audit
Reference	FSC Pacific Coast Standard Indicator 4.2a
MRC Actions in Response to this CAR: MRC requires all contractors to meet OSHA requirements and maintain safe work practices. Before beginning work on MRC lands, all contractors must review MRC's Environmental Health and Safety Handbook and fill out an Environmental Health and Safety Checklist prior to engaging in work on MRC lands. This requirement is a part of item 6b in MRC's logging contract (item 20 in MRC's independent contractor agreement). MRC employees who note non-compliance with safety and environmental protocols must report this to the contract administrator, who then contacts the job foreman to address these issues. Contract administrators and area foresters fill out an annual contractor review form, (updated in 2007 with sections added on safety and environmental compliance).	
Disposition of this CAR as a Result of this Surveillance Audit: This CAR has been closed.	

Background/Justification: Staff research and reports on forest ecological conditions (e.g., terrestrial and aquatic wildlife, soils, and hydrology) are not adequately incorporated into forest management activities. MRC has developed a protocol for the development of timber harvest plans that incorporates the results from field research. However, it appears that the protocol is not being implemented.	
CAR 2007.2	MRC shall provide training or guidance to foresters regarding the use of environmental research and reports generated by other MRC staff while planning forest management activities.
Deadline	Prior to next annual audit.
Reference	FSC Pacific Coast Standard Indicator 6.1c
MRC Actions in Response to this CAR: MRC will use a checklist to insure that rare species and species of special concern of aquatic and terrestrial systems are addressed in management activities. This process will serve to ensure that appropriate biological expertise is applied when a rare or sensitive species may be affected by a proposed forest management operation. MRC annual reports will include a section evaluating the results from research conducted on MRC lands and their adaptive implications. Findings that suggest a need for change in forest management will be forwarded to the stewardship	

director, forest science director, and timberlands manager for further review and to determine their application and feasibility. Solicitation of peer-review from experts outside MRC may also be necessary and helpful in the decision-making process.

MRC provided evidence of use of the checklist by foresters in the China Gulch FMU on November 12, 2008.

Disposition of this CAR as a Result of this Surveillance Audit: Pursuant to the evidence MRC has provided, **this CAR has been closed.**

Follow-up actions: Auditors will monitor the implementation of these new policies in the future.

Background/Justification: During the previous field visit, the auditors observed two sites where unforeseen damage to the environment occurred (both sites were brought to the attention of the auditors by MRC staff). One was a relatively significant landslide and the other was inadvertent brush clearing and site preparation by the logger within the WLPZ. At the time of the audit it did not appear that there was sufficient company guidance provided to MRC staff for addressing and/or mitigating these kinds of unforeseen developments in a timely fashion (i.e., responding to natural and management disturbances).

CAR 2007.3	MRC shall develop and implement procedures and guidance for responding to unanticipated developments that compromise management goals and compliance with FSC standards.
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Deadline	Prior to next annual audit.
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Reference	FSC Pacific Coast Standards 6.5g and 6.5p
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MRC Actions in Response to this CAR: For discovery of individual unexpected outcomes (e.g., a legacy slide is noted while doing a wildlife survey or a large hole in the road is discovered while reviewing areas for potential timber harvest plans) follow this procedure:

- i. For items that pose risk to ecological resources:
 - a. If the unexpected occurrence will cause significant adverse impacts to aquatic or terrestrial resources, consult timberlands manager or stewardship director within 1 business day of discovering the occurrence.
 - b. If the unexpected occurrence will not cause significant adverse impacts, consult the Forest Science Director and the Area Forester within 1 week of discovering the occurrence. Forest Science director will ensure that the GIS layer reflects any change in known conditions (i.e., new raptor nest site is located, etc.).
- ii. For items that pose a safety risk to employees and/or contractors:
 - a. Take immediate action to eliminate hazard if possible, otherwise minimize the hazard.
 - b. Notify the area manager of the hazard immediately so the hazard can be fixed or avoided and necessary communication can occur.

For large catastrophic events (e.g., the floods of 2006 or the Mendocino Lightning Fire

Complex of 2008) use a multi-staged assessment focused initially on ensuring the safety of individuals while the event is occurring. Initial restoration efforts should focus on areas with significant adverse impacts to aquatic or terrestrial resources. Area forester will coordinate with state, federal, and local agencies to determine priorities for restoration and mitigation. Significant disturbance events will be recorded on our GIS and road restoration updates and needs will be captured via our road inventory following road work.

Disposition of this CAR as a Result of this Surveillance Audit: Pursuant to evidence that MRC provided to SCS on 10/07/2008 and 10/16/2008, **this CAR has been closed.**

6.2.5 General Observations

The auditors’ overall assessment of the MRC forestry staff remains that they are an exceptionally qualified and competent group of foresters and resource professionals operating in a forest management business notable for its environmental and social sensitivity. MRC operations remain in solid overall conformance with what is expected of all FSC-certified operations.

Due to lightning fires during the summer of 2008, MRC has initiated salvage operations and also is planning erosion and invasive species control measures in affected areas. Please refer to the recommendations section on the next page for more information.

6.2.6 New Corrective Action Requests, Recommendations, and Observations

Background/Justification: One of the permissible herbicides currently in use for invasive species control was not included in list of names and quantities of herbicides used on MRC property during the past year. Staff did not follow MRC protocols for herbicide use.

CAR 2008.1	Staff must follow MRC’s herbicide application protocols by reporting all applications of herbicide in management activities, including the name and quantity used, to the reforestation forester.
Deadline	2009 annual audit
Reference	Indicator 6.6g

Recommendations

Background/Justification: MRC has based its salvage logging protocols for Redwood (*Sequoia sempervirens*) on Douglas-fir (*Pseudotsuga menziesii*) salvage guidelines from literature published by the USDA Forest Service. All or some parts of said guidelines may or may not be appropriate for salvage and regeneration of Redwood and protection of soils and water resources.

REC 2008.1	MRC should monitor the effectiveness of the its salvage logging protocols, and erosion mitigation and water resource protection efforts on areas recently burned in the 2008 Mendocino Lightning
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	Fires. Peer-review of MRC's methods by UC Extension Foresters and/or other experts may be helpful in these matters.
Reference	FSC Pacific Coast Standard Indicators 6.3.b.1, 6.3.c.4, 7.1.a.1.A, and 7.2a.

Background/Justification: MRC's fuel spill policy is clear and in conformance with FSC principles and local laws. However, interviews with a private contractor revealed that the contractor's work crew was not very clear on the proper procedures in handling fuel spills.	
REC 2008.2	All incidents that occur under operations assigned to independent contractors should be reported to the appropriate MRC staff, as is required in MRC's contracts. MRC staff should perform follow-up investigations if necessary to ensure that contractors followed proper protocols in responding to and mitigating the potential harmful effects of incidences.
Reference	FSC Pacific Coast Standard Indicator 6.7b.

Background/Justification: On multiple occasions, a neighbouring landowner's cattle have entered a riparian area deemed important for a federally listed threatened species, the California red-legged frog. MRC has dealt with issues stemming from this landowner's cattle in the past, however, it appears that the landowner's response has been insufficient.	
REC 2008.3	MRC should pursue stronger control measures to protect this sensitive area from cattle intrusion. Should this problem continue, the auditors must issue a CAR during subsequent annual audits.
Reference	FSC Pacific Coast Standard Indicator 6.5t

6.2.7 General Conclusions of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that MRC's management of its forest estate in Mendocino County, California continues to be in strong overall compliance with the FSC Principles and Criteria, as now further elaborated by the Pacific Coast Regional Guidelines. That is, and while there remains aspects of the management program that are deficient relative to the standard of certification, the SCS audit team has concluded from this annual audit that MRC's forest management program is in general conformance with FSC Principles 1 through 9 (Principle 10 is not applicable as MRC's operations are classified as "natural forest management" under the FSC definitions). As such, continuation of the certification is warranted, subject to ongoing progress in closing out the one open CAR and subject to subsequent annual audits.

6.3 2009 SURVEILLANCE DECISION AND PUBLIC RECORD

Pursuant to FSC and SCS guidelines, annual/surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or corrective action requests (CARs)
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior audit
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

At the time of the 2009 annual audit, there was one open Corrective Action Request.

6.3.1 Assessment Dates

The office and field portions of this surveillance audit were conducted on September 15-16, 2009.

6.3.2 Assessment Personnel

For this annual audit, the team was comprised of Dr. Robert J. Hrubes, and Mr. Foster Dickard, who also served as co-team leader.⁷ Dr. Hrubes was part of the 2000 full evaluation as well as the 2001, 2002, 2006, 2007 and 2008 annual audits, thus providing good continuity. Ms. Amy Hsu, SCS' FM Program Coordinator, participated in this audit as an observer trainee. As part of her training, Ms. Hsu assisted the lead auditor in preparing this report.

Dr. Robert J. Hrubes, Team Leader: Dr. Hrubes is Senior Vice-President of Scientific Certification Systems. He is a registered professional forester and forest economist with 29 years of professional experience in both public and private forest management issues. He served as team leader for the initial MRC Forest certification evaluation. Dr. Hrubes worked in collaboration with SCS to develop the programmatic protocol that guide all SCS Forest Conservation Program evaluations. Dr. Hrubes has led numerous SCS Forest Conservation Program evaluations of North American (U.S. and Canada) industrial forest ownerships, as well as operations in Scandinavia, Chile, and Japan. He also has professional work experience in Brazil, Germany, Guam (U.S.), Hawaii (U.S.), and Malaysia.

Mr. Foster Dickard, Co-Team Leader: As senior forester for the SmartWood USA Region, Foster is responsible for providing overall management and leadership for forest management certification portfolio, client recruitment and quality control for all forest management services primarily in southern and western United States. Foster holds a bachelors degree in forestry, a graduate degree in wildlife and extension education from Mississippi State University and has over 25 years of experience as a wildlife biologist and land management forester. Foster is a certified wildlife biologist and has been very active in environmental education through Project Learning Tree and FFA.

Amy Hsu, Forest Certification Coordinator and auditor trainee, Scientific Certification Systems: Amy Hsu has a background in Natural Resource Conservation from the Faculty of Forestry at the University of British Columbia. She has previously worked in the forest industry as a summer intern at the Ministry of Forestry, BC and the California Department of Forestry and Fire Protection. She has worked for Scientific Certification Systems since May, 2009. Ms. Hsu assisted the lead auditor in the preparation of this report.

⁷ As explained in prior MRC certification reports, MRC was initially evaluated and subsequently certified under a dual and coordinated format involving SCS and Smartwood, the two FSC-accredited certification bodies active in the U.S. For this annual audit, a single joint audit team was convened that served in support of both SCS and Smartwood.

6.3.3 Assessment Process

Prior to the 2009 field surveillance audit, and over the course of the approximately 12 months since the 2008 annual surveillance audit, there was periodic contact between MRC personnel and Dr. Hrubes, focusing on issues such as progress on addressing the open CAR/Recommendations, personnel actions at MRC in response to the deepening housing recession, and continued evolution in the company's silvicultural strategy.

On September 15-16, 2009, the SCS audit team (Hrubes, Dickard, Hsu) conducted the annual audit of MRC, including on-site inspections of field operations as well as extensive interviews with MRC management and field personnel.

On the morning of the first day of the audit, the audit team held an opening meeting in MRC's Ukiah forestry office and discussed the following topics:

- Introductions and Field Audit Itinerary Review
- Review of MRC actions in response to 2008 Corrective Action Requests and Recommendations
- MRC's Short and long term plan for staffing and implementation of MRC's management plan
- Review of MRC 2005 assessment of High Conservation Value forest (HCVF) and Representative Sample Areas (RSA)
- General Updates on MRC activities since the 2008 annual audit for Forest Science
- Update on the MRC Habitat Conservation Plan (HCP) and Natural Community Conservation Plan (NCCP)

After lunch at the MRC Ukiah forestry office, the afternoon and evening of Day 1 was dedicated to the following activities:

- Travel to Big River/Russell Brook
- Stop 1-Meeting at Big River Entrance (first big river gate)
 - Security Issues: MRC approach to security during reduced harvest activities on the forest estate
 - MRC inventory summary
 - Geographic Information Systems (GIS)- updates of activities since 2008 audit
 - Map review of Russell Brook Area and HCVF/RSA in Big River tract.
- Stop 2- Russell Brook Type I old growth stand
 - Review of Mid-slope harvest (near Type I old growth stand with goshawk nesting area)
 - Summary of treatments adjacent to Type I old growth stand
 - Hike through Type I old growth stand
- Travel to Fort Bragg, dinner with MRC staff at Fort Bragg

Day 2 of the surveillance audit was comprised of the following activities:

- Breakfast in Fort Bragg at MRC Fort Bragg Office
 - 2009 updates: Hydrology, Aquatic Biology, Coast Harvest
- Travel to Norden Confluence harvest plan
- Stop 1: Norden Confluence Plan
 - Observation of active logging (interview with Robin Bird and logging contractors)
- Stop 2: Lunch at Flynn Fire Overlook

- Seed collection effort
- Emergency harvest Operations
- Exit Meeting in Fort Bragg Office
 - General findings of the audit
 - Disposition of the open CAR
 - Closure of the audit

6.3.4 Status of Corrective Action Requests from the August 2008 Surveillance Audit

Background/Justification: One of the permissible herbicides currently in use for invasive species control was not included in list of names and quantities of herbicides used on MRC property during the past year. Staff did not follow MRC protocols for herbicide use.	
CAR 2008.1	Staff must follow MRC’s herbicide application protocols by reporting all applications of herbicide in management activities, including the name and quantity used, to the reforestation forester.
Deadline	2009 annual audit
Reference	Indicator 6.6g
<p>MRC Actions in Response to this CAR: In response to this car, MRC has developed a process document entitled “Herbicide Application Reporting Process”, developed by key staff Andy Armstrong (Reforestation Forester) and Jessica Fracchia. This document was shared and distributed to staff involved in the reporting process. Currently, MRC only has one licensed herbicide applicator. As new staff is hired, they will be trained in this reporting process as well. This process requests that 1) All herbicide application reports are sent to Reforestation Forester and 2) the reforestation forester reviews all reports prior to their publication for any errors. The MRC financial coordinator will receive accumulated reports and track and tally the herbicide usage and prepare an annual report for SCS. The report will be separated by sustainability unit, by active ingredient, and list pounds of active ingredient applied and acreage affected. MRC had provided a 2008 report of the quantity and acreage of herbicide applied in 2008 by area.</p>	
Disposition of this CAR as a Result of this Surveillance Audit: Pursuant to evidence that MRC provided to SCS, this CAR has been closed.	

6.3.5 General Observations

The auditors' overall assessment of the MRC forestry staff remains that they are an exceptionally qualified and competent group of foresters and resource professionals operating in a forest management business notable for its environmental and social sensitivity. MRC operations remain in solid overall conformance with what is expected of all FSC-certified operations.

Since the previous annual audit in 2008, staff reductions and furloughs have taken place. Also, 5 employees have been reassigned to Humboldt Redwood Company. Due to these staff reduction, the workload of the remaining employees has increased, and all of the remaining employees have taken a pay reduction. Lack of staff resulted in reduced avian surveys, frog monitoring, and fire monitoring. Timber harvest plan preparation and marking has also been reduced since the staff reductions.

6.3.6 New Corrective Action Requests, Recommendations, and Observations

No new Corrective Action Requests were issued as part of this 2009 annual surveillance audit. That is, the audit team detected no non-conformities relative to the Pacific Coast Standard in the course of completing the audit. However, the audit team did identify five opportunities where MRC can enhance its overall conformity to the Pacific Coast Standard. These are presented, below.

Observations:

Background/Justification: MRC's fuel spill policy is clear and in conformance with FSC principles and local laws. However, interviews with private logging contractors revealed that there was no spill kit on site. Although there was a spill kit is available in the Ukiah forestry office, spill kits should be available on site in case of a spill.	
OBS 2009.1	MRC should ensure that spill kits are readily available on site during forest operation activities. Although the logistical problems with transporting spill kits are understandable, MRC should work with staff and contractors to find a solution to transport spill kits on site.
Reference	FSC Pacific Coast Standard Indicators 6.7b

Background/Justification: On multiple occasions, a neighbouring landowner's cattle have entered a riparian area deemed important for a federally listed threatened species, the California red-legged frog. MRC has dealt with issues stemming from this landowner's cattle in the past; however, it appears that the landowner's response has been insufficient. Since the 2008 audit, MRC has communicated via email and written letter to the adjacent landowner, suggesting a solution to fix the fencing by applying for a grant. However, the problem still has not been resolved and the problem continues.	
OBS 2009.2	MRC should pursue stronger control measures to protect this sensitive area from cattle intrusion. If this problem continues, the auditors must issue a CAR during subsequent audits.
Reference	FSC Pacific Coast Standard Indicator 6.5t

Background/Justification: The MRC management plan has not been updated since

August 2000. This management plan is available publically through the MRC website, but needs to be modified and updated. Management plans are modified every 10 years or in accordance with the frequency of harvest for the stand of forest.	
OBS 2009.3	MRC should ensure that an updated management plan incorporates new results of monitoring or new scientific and technical information as well as responses to changing environmental, social and economic circumstances since the previous management plan. MRC should revise and update their management plan accordingly before the next certification audit.
Reference	FSC Pacific Coast Standard Indicator 7.2

Background/Justification: Record keeping could be improved in regards to contractor oversight. There are currently no documents or logs to record daily logging activities in active logging areas.	
OBS 2009.4	MRC should improve its recording procedures so that they are consistent and replicable over time to allow for comparison of results and assessment of change. Daily logs of activities would greatly assist area foresters in monitoring logging activities and ensure tracking of reoccurring operational problems.
Reference	FSC Pacific Coast Standard Indicator 8.1

Background/Justification: MRC has recently undergone major staffing reductions that may have adversely impacted their ability to conduct their monitoring programs. Due to lack of staff, many projects have been reduced in size or postponed. Some watershed restoration projects and wildlife monitoring projects such as Coastal Tail Frog monitoring were not conducted as a result of the staff reductions.	
OBS 2009.5	MRC should ensure that frequency and intensity of monitoring projects is appropriate to the scale and intensity of forest management operations. Staffing changes that could negatively affect the ability for MRC to conduct monitoring activities should be avoided.
Reference	FSC Pacific Coast Standard Indicator 8.1

6.3.7 General Conclusions of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that MRC’s management of its forest estate in Mendocino County, California continues to be in strong overall compliance with the FSC Principles and Criteria, as now further elaborated by the Pacific Coast Regional Guidelines. That is, and while there remains aspects of the management program that are deficient relative to the standard of certification, the SCS audit team has concluded from this annual audit that MRC’s forest management program is in general conformance with FSC Principles 1 through 9 (Principle 10 is not applicable as MRC’s operations are classified as “natural forest management” under the FSC definitions). As such, continuation of the certification is warranted, subject to ongoing annual audits. MRC is reminded that a full re-certification evaluation is required in 2010.

7.0 SUMMARY OF SCS COMPLAINT AND APPEAL INVESTIGATION PROCEDURES

The following is a summary of the SCS Complaint and Appeal Investigation Procedures; the full versions of the procedures are available from SCS upon request. The SCS Complaint and Appeal Investigation Procedures are designed for and available to any individual or organization that perceives a stake in the affairs of the SCS Forest Conservation Program and that/who has reason to question either the actions of SCS itself or the actions of a SCS certificate holder.

A **complaint** is a written expression of dissatisfaction, other than **appeal**, by any person or organization, to a certification body, relating to the activities of staff of the SCS Forest Conservation Program and/or representatives of a company or entity holding either a forest management (FM) or chain-of-custody (CoC) certificate issued by SCS and duly endorsed by FSC, where a response is expected (ISO/IEC 17011:2004 (E)). The SCS Complaint Investigation Procedure functions as a first-stage mechanism for resolving complaints and avoiding the need to involve FSC.

An “**appeal**” is a request by a certificate holder or a certification applicant for formal reconsideration of any adverse decision made by the certification body related to its desired certification status. A certificate holder or applicant may formally lodge an appeal with SCS against any adverse certification decision taken by SCS, within thirty (30) days after notification of the decision.

The written Complaint or Appeal must:

- Identify and provide contact information for the complainant or appellant
- Clearly identify the basis of the aggrieved action (date, place, nature of action) and which parties or individuals are associated with the action
- Explain how the action is alleged to violate an SCS or FSC requirement, being as specific as possible with respect to the applicable SCS or FSC requirement
- In the case of complaints against the actions of a certificate holder, rather than SCS itself, the complainant must also describe efforts taken to resolve the matter directly with the certificate holder
- Propose what actions would, in the opinion of the complainant or appellant, rectify the matter.

Written complaints and appeals should be submitted to:

Dr. Robert J. Hrubes
Senior Vice-President
Scientific Certification Systems
2200 Powell Street, Suite 725
Emeryville, California, USA94608
Email: rhrubes@scscertified.com

As detailed in the *SCS-FCP Certification Manual*, investigation of the complaint or appeal will be confidentially conducted in a timely manner. As appropriate, corrective and preventive action and resolution of any deficiencies found in products or services shall be taken and documented.