



## **Forest Management Public Summary**

**for**

## **Mendocino Redwood Company, LLC**

**Certification Code: SW-FM/COC-128**

Date of Certification: November 15, 2005

Date of Public Summary: November 10, 2005

**This document was produced according to the guidelines of the Forest Stewardship Council (FSC) and the SmartWood Program. No part of the report should be published separately.**

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## INTRODUCTION

To earn SmartWood certification, a forest management operation must undergo an on-site field assessment. This Public Summary Report summarizes information contained in the initial assessment report, which is produced based on information collected during the field assessment. Annual audits are conducted to monitor the forest management operation's activities, to review the operation's progress toward meeting their certification conditions (corrective action requests), and to verify compliance with the SmartWood standards. Addenda providing the updated information obtained during these annual audits are included as attachments to the Public Summary Report.

This report presents the findings of an independent certification assessment conducted by a team of specialists representing the SmartWood Program of the Rainforest Alliance. The purpose of the assessment was to evaluate the ecological, economic and social practices of Mendocino Redwood Company, LLC forest management as defined by the Forest Stewardship Council.

The purpose of the SmartWood program is to recognize conscientious land stewardship through independent evaluation and certification of forestry practices. Forestry operations that attain SmartWood certification may use the SmartWood and FSC labels for public marketing and advertising.

### Standard Conversions

1 acre = 0.405 hectares  
1 foot = 0.3048 Meters  
1 mile = 1.60934 Kilometers  
  
1 mbf = 5.1 m<sup>3</sup>  
1 cord = 2.55 m<sup>3</sup>  
1 Gallon (US) = 3.78541 Liters

## 1. SCOPE OF THE CERTIFICATE

### 1.1. Scope of the certificate

Mendocino Redwood Company's (MRC) forests comprise 92361.6 hectares of timberland in Mendocino and Sonoma Counties, California, USA. SmartWood assessed the entire ownership for combined Forest Stewardship Council (FSC) forest management and chain of custody certification. Mendocino has control over the entire property with regards to forest management operations.

See more detailed information about the FMO and areas covered by the certificate in Appendix II and III.

### 1.2. Exclusion of areas from the scope of certificate

No areas owned by MRC are excluded from the certificate.

## 2. ASSESSMENT PROCESS

### 2.1. Certification Standard Used

The standard used for the reassessment of MRC was the FSC US Pacific Coast Regional Standards version 9.0. In addition, MRC was evaluated on a criterion level conformance basis, meaning that MRC must be in conformance with each criterion within a Principle in order to receive a certificate (or to be re-certified). The FSC regional standards and certification procedures policies can be found at: <http://www.fscus.org/>

### 2.2. Assessment team and qualifications

**Walter Smith, Team Leader, Forest Management** - 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.

**Robert Hrubec, Ph.D., RPF, Forest Management and Economics** - 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.

**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, Forester** - 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. Brendan participated in the 2004 audit of MRC.

**2.3. Report peer reviewers**

No peer reviewers. This is a reassessment.

**2.4. Assessment schedule (including pre-assessment and stakeholder consultation)**

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

June 30, 2005	MRC Ukiah Forestry Office	<ul style="list-style-type: none"> <li>• Assessor deliberations</li> <li>• Staff Interviews</li> <li>• Debriefing meeting with MRC Staff</li> </ul>
Total number of person-days used for the assessment: <b>20</b> = number of assessors participating <b>4</b> times total number of days spent for the audit (including pre-assessment activities) <b>5</b> * Detail on sites visited provided in Appendix x.		

## 2.5. Evaluation strategy

This is a reassessment for MRC. A reassessment is full evaluation of an operation at the end of a five-year certification contract period. The evaluation strategy was therefore developed taking into account MRC's five years of successful maintenance of their FSC - SmartWood certificate. During the five years of annual audits on the MRC forestlands, audit teams, consisting of 8 different auditors, have spent over 165 person days in the field and have visited all 11 management blocks.

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.

### List of management aspects reviewed by assessment team:

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	Herbicide use	Rockport, Navarro

	East/West, Big River, Rockport		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, Albion
Skidding/Forwarding/Yarding	Rockport, Big River	Special management area	Navarro East/West, Big River, Rockport
Variable Retention	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		

## 2.6. Stakeholder consultation process

The purpose of the stakeholder consultation strategy for this assessment was threefold:

- 1) To ensure that the public is aware of and informed about the assessment process and its objectives;
- 2) To assist the field assessment team in identifying potential issues; and,
- 3) To provide diverse opportunities for the public to discuss and act upon the findings of the assessment.

This process is not just stakeholder notification, but wherever possible, detailed and meaningful stakeholder interaction. The process of stakeholder interaction does not stop after the field visits, or for that matter, after even a certification decision is made. SmartWood welcomes, at any time, comments on certified operations and such comments often provide a basis for field assessment.

Prior to the actual assessment, a public consultation stakeholder document was distributed by email, FAX and mail. With input from MRC, the local community, government agency staff and FSC Pacific Coast Working Group members a list of stakeholders was developed and public announcements were distributed to them. This list also provided a basis for the assessment team to select people for interviews (in person or by telephone or through email).

<b>Stakeholder Type (NGO, government bodies, local inhabitant, contractor etc.)</b>	<b>Number of Stakeholders informed</b>	<b>Stakeholders consulted or providing input (#)</b>
Local business owners	20	2
Local environmentalists	22	6
Native American Tribes	10	3
Local logging contractors	8	3
Regional and National ENGO	4	1
Local Government	4	1
State and Federal Government	22	4

### 3. ASSESSMENT FINDINGS AND OBSERVATIONS

#### 3.1. Stakeholder comments received

The stakeholder consultation activities were organized to give participants the opportunity to provide comments according to general categories of interest based upon the assessment criteria. The table below summarizes the issues identified by the assessment team with a brief discussion of each based upon specific interview and/or public meeting comments.

FSC Principle	Stakeholder Comments	SmartWood Response
<b>P1: FSC Commitment and Legal Compliance</b>	Stakeholders generally felt MRC complied with and exceeded all laws and rules. A couple stakeholders felt that MRC may take advantage of the certification process or “push” the edges of compliance, but most felt that MRC was exemplary and set a standard for other area operations.	None needed
<b>P2: Tenure &amp; Use Rights &amp; Responsibilities</b>	One group has questioned and brought legal challenge to MRC’s restricting rights of access and the validity of company access through the state park land to its MRC property. Otherwise there is no question about MRCs tenure and use rights.	The SmartWood assessment team 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 courts have not as yet upheld the legal challenge. SmartWood then concluded that MRC has legal rights to the road.
<b>P3 – Indigenous Peoples’ Rights</b>	The company has improved its consultation process from the last 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.	SmartWood conducted interviews with indigenous representatives and relevant government institutions to explore this topic. No major issues arose, however a request was made to operation that it inform tribal contacts if any historical or cultural resources were discovered during field activities.
<b>P4: Community Relations &amp; Workers’ Rights</b>	There are individuals and a few small groups opposed to MRC activities. Issues of concern include opposition to timber harvests— particularly to the taking of larger, older trees, opposition to the use of herbicides, opposition to access restrictions associated with MRC controlling state park access gates, and a concern voiced by several that the company does inadequate (or no) botanical work prior to harvest operations. Another concern focused on the lack	As stated above, the park access issue appears legally to favor MRC. The assessors also investigated the issue of botanical surveys. Surveys are done when there is a question of rare, threatened or endangered species. Many of these surveys are done by outside professional consultants. There will be further, more comprehensive studies when the Habitat Conservation Plan and Natural Communities Conservation plan are completed. SmartWood has issued CAR 1/05 for

	<p>of watershed plans, and lack of public opportunity to comment on or participate in Habitat Conservation Plans.</p> <p>Most indicated that consultation process and inclusion has improved and/or is sufficient. Perhaps the primary area of concerns remains closed process of long-term planning. 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 it is a good company to work for. Contractors were pleased with company pay and the structure of MRC contracts.</p>	<p>MRC to develop an appropriate strategy for public consultation on management planning initiatives.</p>
<b>P5: Benefits from the Forest</b>	<p>There are commendations for MRC 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. The company is recognized as a critical employer in the area.</p>	<p>SmartWood interviewed a diverse group of stakeholders that overall believe MRC is both an environmental and economic benefit to the county.</p>
<b>P6: Environmental Impact</b>	<p>Some feel large, old trees are being taken and that this compromises ecosystem integrity. The majority of comments included acknowledgement of improved landscape management.</p>	<p>SmartWood reviewed the MRC old growth policy and found it adequate to protect ecosystem integrity.</p>
<b>P7: Management Plan</b>	<p>The primary concern lies in the public's opportunity to learn about and comment on the long-term management plan. Inadequate opportunities have been provided for comment/engagement in the HCP process.</p>	<p>See comments in P5.</p>
<b>P8: Monitoring &amp; Assessment</b>	<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 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. MRC provided a thorough document describing how they are monitoring:</p> <ul style="list-style-type: none"> <li>• Forest growth, yield and inventory</li> <li>• Forest structure and composition</li> <li>• Regeneration</li> <li>• Post harvest implementation checklist</li> <li>• HCVF and reserve areas</li> <li>• Annual RT&amp;E species and</li> </ul>



		<ul style="list-style-type: none"> <li>habitat surveys</li> <li>• Stream temperature, flow</li> <li>• Aquatic and terrestrial faunal groups</li> <li>• Herbicide usage and water contamination</li> <li>• Restoration</li> <li>• Annual employee attrition rates and job satisfaction</li> <li>• Community responses to management</li> </ul> <p>The SmartWood team determined that MRC's monitoring elements and procedures are adequate and will improve as the HCP and NCCP are finalized.</p> <p>See comments P4.</p>
<b>P9: Maintenance of High Conservation Value Forest</b>	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.
<b>P10 - Plantations</b>	N/A	

### 3.2. Main strengths and weaknesses

<b>Principle</b>	<b>Strengths</b>	<b>Weaknesses</b>
<b>P1: FSC Commitment and Legal Compliance</b>	<ul style="list-style-type: none"> <li>• Meets or exceeds all laws and regulations</li> <li>• Commitment to FSC both written and demonstrated</li> </ul>	<ul style="list-style-type: none"> <li>• None noted</li> </ul>
<b>P2: Tenure &amp; Use Rights &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>• Land ownership is clear</li> <li>• Boundaries are marked prior to harvest</li> <li>• MRC allows customary uses on their land given notification and permit</li> <li>• Easements and land transfers have taken place where stakeholders have identified special areas</li> </ul>	<ul style="list-style-type: none"> <li>• None noted</li> </ul>

<b>P3 – Indigenous Peoples’ Rights</b>	<ul style="list-style-type: none"> <li>• MRC actively engages Native American tribes over identifying and protecting archaeological and cultural sites</li> <li>• MRC allows Native Americans to practice cultural activities on their land</li> </ul>	<ul style="list-style-type: none"> <li>• None noted</li> </ul>
<b>P4: Community Relations &amp; Workers’ Rights</b>	<ul style="list-style-type: none"> <li>• Quality employment is provided to staff and contract workers</li> <li>• Bilingual staff help communicate with Latino workers</li> <li>• Competitive compensation and above average benefit program</li> <li>• Goods purchased locally if available</li> <li>• MRC provides multiple educational opportunities for the public</li> <li>• MRC and contractors have an excellent safety record</li> <li>• Archaeological, cultural and historical sites are identified prior to harvest and protected (See Principle 3)</li> <li>• Stakeholder grievances are consistently resolved before legal action is taken</li> </ul>	<ul style="list-style-type: none"> <li>• No public comment has been provided for the HCP/NCCP since 2002. See CAR 1/05 and 2/05</li> </ul>
<b>P5: Benefits from the Forest</b>	<ul style="list-style-type: none"> <li>• MRC has invested significantly in forest management planning restoration and road rehabilitation</li> <li>• Damage to residual stands are minimal</li> <li>• Large amounts of biomass and large woody debris are left in the forest</li> <li>• MRC sells logs to local processors</li> <li>• MRC hires local contractors of varying sizes</li> <li>• MRC management and restoration enhances forest services and watershed resources</li> <li>• Harvest levels are well below AAC</li> </ul>	<ul style="list-style-type: none"> <li>• Senior management staff has been reduced. (See observations)</li> </ul>
<b>P6: Environmental</b>	<ul style="list-style-type: none"> <li>• Pre-harvest environmental assessments are made</li> </ul>	<ul style="list-style-type: none"> <li>• Operations are not prohibited on areas where the risk of</li> </ul>

<p><b>Impact</b></p>	<ul style="list-style-type: none"> <li>• Historical species distribution is being restored</li> <li>• Threatened and endangered species are identified and protected</li> <li>• Ecological functions are maintained</li> <li>• Water and lake protection zones cover over 12% of the land base</li> <li>• Management promotes a diversity of tree species and sizes</li> <li>• 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</li> <li>• Stream protection exceed both the state regulatory requirement and FSC Pacific Coast standards</li> <li>• Roads and stream crossings are rehabilitated. Failing culverts are replaced. Roads are reshaped to repel water. Problematic roads are decommissioned</li> <li>• MRC has created a reserve system that includes nearly 20% of their land base</li> <li>• A tree breeding program is in place to enhance redwood genetic diversity</li> </ul>	<p>landslides is extreme. See CAR 3/05</p> <ul style="list-style-type: none"> <li>• MRC's proposed changes to the landscape plan and silvicultural scheme may not include sufficient analysis. See CAR 4/05</li> </ul>
<p><b>P7: Management Plan</b></p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• The management plan contains goals and objectives</li> <li>• 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 community issues</li> </ul>	<ul style="list-style-type: none"> <li>• None noted</li> </ul>

	<ul style="list-style-type: none"> <li>• The plans describe silvicultural and logging systems</li> <li>• MRC staff and contractors are well trained to implement the plan</li> <li>• The entire MRC management plan is available to the public</li> </ul>	
<b>P8: Monitoring &amp; Assessment</b>	<ul style="list-style-type: none"> <li>• Monitoring includes: <ul style="list-style-type: none"> <li>○ Forest growth, yield and inventory</li> <li>○ Forest structure and composition</li> <li>○ Regeneration</li> <li>○ Post harvest implementation checklist</li> <li>○ HCVF and reserve areas</li> <li>○ Annual RT&amp;E species and habitat surveys</li> <li>○ Stream temperature, flow</li> <li>○ Aquatic and terrestrial faunal groups</li> <li>○ Herbicide usage and water contamination</li> <li>○ Restoration</li> <li>○ Annual employee attrition rates and job satisfaction</li> <li>○ Community responses to management</li> </ul> </li> <li>• MRC's forest CoC system is well documented</li> </ul>	<ul style="list-style-type: none"> <li>• MRC monitoring results need to be made public CAR 5/05</li> </ul>
<b>P9: Maintenance of High Conservation Value Forest</b>	<ul style="list-style-type: none"> <li>• MRC has a reserve system that includes old growth set-asides</li> <li>• MRC has an old growth policy that protects both old growth stands and individual trees</li> <li>• MRC has no cut zones on category A streams</li> </ul> <p>Stakeholders and experts have provide input for identifying HCVF</p>	<ul style="list-style-type: none"> <li>• None noted</li> </ul>
<b>P10 - Plantations</b>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<b>Chain of custody</b>	<ul style="list-style-type: none"> <li>• MRC uses log trip tickets with source and destination information</li> </ul>	<ul style="list-style-type: none"> <li>• None noted</li> </ul>

### 3.3. Identified non-compliances and corrective actions

Non-compliance is a discrepancy or gap identified during the assessment between some aspect of the FMO's management system and one or more of the requirements of the forest

stewardship standard. Depending on the severity of the non-compliance the assessment team differentiates between major and minor non compliances.

- **Major non-compliance** results where there is a fundamental failure to achieve the objective of the relevant FSC criterion. A number of minor non-compliances against one requirement may be considered to have a cumulative effect, and therefore be considered a major noncompliance.
- **Minor non-compliance** is a temporary, unusual or non-systematic non-compliance, for which the effects are limited.

Major non compliances must be corrected **before** the certificate can be issued. While minor non-compliances do not prohibit issuing the certificate, they must be addressed within the given timeframe to maintain the certificate.

Each non-compliance is addressed by the audit team by issuing a corrective action request (CAR) CARs are requirements that candidate operations must agree to, and which must be addressed, within the given timeframe of a maximum of one year period.

**Corrective Action Requests carried over from the 2004 annual audit**

CAR #: 1/03	Reference Standard #: 6.4
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Reserve system does not categorize HC VF and needs scientific review and stakeholder input
Corrective Action Request: 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.	
Timeline for Compliance: In conjunction with and no later than the date of finalization of the HCP/NCCP	

<p>Audit findings: A reserve system has been created. 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 proposed on the MRC property can be augmented to fill any gaps that may exist at the landscape level and are considered HC VF.</p> <p>The reserve system includes approximately 20% of their land base. Reserves include old growth, WLPZs, oak (Quercus spp.) woodlands, viewshed easements, conservation easements, TES species buffer zones, pygmy forest, special treatment zones, etc.</p> <p>The reserves are mapped and tracked on the MRC GIS.</p>	
Status: Closed	
Follow-up Action (if applicable):	

CAR #: 3/03	Reference Standard #: 7.1
Non-compliance: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	MRC has not completed their HCP/NCCP, which is a significant piece of their overall umbrella management document
Corrective Action Request: MRC must complete and publicly distribute the umbrella management plan document.	
Timeline for Compliance: Within 6 months of completion of the HCP/NCCP,	
Audit findings: HCP/NCCP is still in progress, but getting nearer to completion	
Status: Open	
Follow-up Action (if applicable):	

**Corrective Action Requests as a result of the 2005 Reassessment.**

CAR #: 1/05	Reference to standard: 4.4.a	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
Non Compliance: Public comments for HCP/NCCP are out of date. The website's public information needs updating.			
Corrective Action: MRC personnel must: <ul style="list-style-type: none"> <li>• Complete an update of the company website</li> <li>• Analyze the capacity and training needs of MRC 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.</li> <li>• 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).</li> </ul>			
Deadline for completion of corrective action: Within 90 days after re-award of certification			
CAR #: 2/05	Reference to standard: 4.4.a	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
Non Compliance: The strategy for informing and receiving public input for MRC planning initiatives is lacking.			
Corrective Action: MRC staff must implement the strategy (required by the prior CAR) for informing stakeholders and receiving input on MRC's management planning initiatives.			
Deadline for completion of corrective action: Prior to the next annual audit			
CAR #: 3/05	Reference to standard: 6.5.c	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
Non Compliance: MRC has no prohibition on operating on areas where landslides are at high risk.			
Corrective Action: 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 for completion of corrective action: Before next logging season			
CAR #: 4/05	Reference to standard: 6.1.c, 6.1.d, 6.3.a, 6.3.c, 6.3.f, 6.6.b, 6.9.b.	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
Non Compliance: 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			
Corrective Action: 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.3, 6.3.c, 6.3.f.1, 6.3.f.3, 6.3.f.4, 6.6.b, 6.9.b. 7.2.a			
Deadline for completion of corrective action: Prior to the next annual audit			
CAR #: 5/05	Reference to standard: 8.5.a	Major: <input type="checkbox"/>	Minor: <input checked="" type="checkbox"/>
Non Compliance: A summary of the non-confidential portion of the monitoring program is not available on the website			
Corrective Action: A written summary of monitoring protocol and non-confidential results must be made publicly available.			
Deadline for completion of corrective action: Prior to the next annual audit			

### 3.4. Follow-up actions by client to meet certification

Explained in each CAR

### 3.5. Observations

Observations are voluntary actions suggested by the assessment team, but are not mandated or required.

Observation	Standard Reference
MRC staff should educate themselves about international agreements affecting their company forestry operations.	1.3.c
A special invitation to tribes may be appropriate for landscape level plans. Resist frustration by lack of response to invitations for participation from the tribes and continue to explore ways to build tribal capacity to participate.	3.3.a
All MRC employees and visitors should be required to have minimum safety equipment while in the field.	4.1.f
MRC should consult with appropriate experts to improve MRC stakeholder involvement and consultation processes.	4.4.a
MRC should evaluate the capacity of their staff to maintain the quality of their management.	5.1.a
Botanical and animal surveys are often conducted by foresters and only concern known threatened and endangered species (TES). Surveys should be more robust since some unknown rare or endangered species may not be identified using the current survey process. (6.1.a)	6.1.a
References for historic vegetative conditions include primarily climax redwood forests. Other historical vegetative conditions may have existed on the property. MRC should investigate historical vegetative conditions on their lands in addition to redwood.	6.1.b

### 3.6. Certification Recommendation

Based on a thorough field review, analysis and compilation of findings by this SmartWood assessment team Mendocino Redwood Company, LLC (MRC) has demonstrated that their described system of management is being implemented consistently over the entire forest area covered by the scope of the evaluation. SmartWood concludes that MRC's management system, if implemented as described, is capable of ensuring that all the requirements of the certification standards are met across the scope of the certificate. An FSC/SmartWood Forest Management and Chain of Custody (FM/COC) Certification will be re-issued based upon agreement to the stipulated corrective action requests.

In order to maintain certification, MRC will be audited annually on-site and required to remain in compliance with the FSC principles and criteria as further defined by regional guidelines developed by SmartWood or the FSC. MRC will also be required to fulfil the corrective actions as described below. SmartWood auditors will review continued forest management performance and compliance with the corrective action requests described in this report, annually during scheduled and random audits.

## **4. CLIENT SPECIFIC BACKGROUND INFORMATION**

### **4.1. Ownership and land tenure description**

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.

### **4.2. Legislative and government regulatory 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 ZBerg-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 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.

### **4.3. 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 and creeks include the Russian, Gualala, Garcia, Alder, Elk, Greenwood, Albion, Navarro, Big River, 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 has 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 only five small unentered old growth redwood stands (under permanent protection). Most of the lands classify primarily as site III (moderate growing potential). Slopes are moderate to steep in gradient.

#### **4.4. Socioeconomic Context**

Timbering began in Sonoma and Mendocino County in the late 19<sup>th</sup> century. After the San Francisco earthquake in 1906, timbering increased significantly and became the area's largest employer. Communities developed around sawmills 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 Mendocino 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 a 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.

**APPENDIX I: FSC Reporting Form: Detailed FMO information**

(NOTE: To be prepared by the client prior to assessment, Information verified by assessment team)

**SCOPE OF CERTIFICATE**

Type of certificate:	Single FM/COC		
SLIMF status:	no SLIMF		
Number of group members (if applicable):			
Total number of Forest Management Units FMUs:		(if applicable, list each below):	
Division of the FMUs within the scope:			
	# of FMU-s	total forest area FMU group	
< 100 ha		ha	
100 – 1000 ha		ha	
1000 – 10 000 ha		ha	
> 10 000 ha	1	92361.6 ha	
SLIMF FMUs		ha	
List of each FMU included in the certificate:			
FMU	FMU Owner	Area	Forest Type
MRC	Sansome Partners	92361.6 ha	Redwood/mixed conifer
Product categories included in the scope:			
Type of product:	Description		
Logs	Redwood, Douglas fir, white fir, hemlock, tanoak, madrone		
Other:			

<b>FMO INFO</b>	
Location of certified forests	Latitude: W 39 degrees 9 minutes Longitude: N 123 degrees 12 minutes
Forest zone	Coastal Redwood
Management tenure:	Fee Simple Title
Number of FMO employees:	50
Number of forest workers (including contractors) working in forest within the scope of certificate:	85

**Species and annual allowable cut**

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	155,811 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 NTFP:		m3		

(list all NTFP by product type)	m3	
	m3	
	m3	

**FOREST AREA CLASSIFICATION**

Total certified area	92631.6 ha
Total forest area in scope of certificate	92361.6 ha
Forest area that is:	
Privately managed	92361.6 ha
State managed	ha
Community managed	ha
Area of production forests (areas where timber may be harvested)	91498 ha
Area without any harvesting or management activities (strict reserves)	754.66 ha
Area without timber harvesting and managed only for production of non-timber forest products or services	754.66 ha
Area classified as plantations <sup>2</sup>	0 ha

Area or share of the total production forest area regenerated naturally	33%
Area or share of the total production forest area regenerated by planting or seeding	66%
Area or share of the total production forest are regenerated by other or mixed methods (describe)	99% Redwood sprouts from the stump after harvesting, which accounts for the final regeneration method.
Conservation values present in the forest (High Conservation Value Forests or HCVF) and respective areas	

HCVF Attributes	Description: Location on FMU	Area (ha)
A forest contains globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia)	<p>MRC has a relatively large number of breeding pairs of Northern Spotted Owls located on various parts of the ownership.</p> <p>MRC has a significant number of Coho Salmon and Steelhead located in all of their watersheds.</p> <p>MRC also has a significant population of marbled murrelets, which use the Lower Alder Creek area</p>	All

<sup>2</sup> According to FSC definition “plantations” in this context should be understood as forest areas lacking most of the principal characteristics and key elements of native ecosystems as defined by FSC-approved national and regional standards of forest stewardship, which result from the human activities of either planting, sowing or intensive silvicultural treatments.

	throughout the breeding season.	
A forest contains globally, regionally or nationally significant: large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance	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 be globally significant.	All
They are in, or contain rare, threatened or endangered ecosystems	See above	
They provide basic services of nature in critical or unique situations (e.g. watershed protection, erosion control);	N/A	
They are fundamental to meeting basic needs of local communities (e.g. subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).	N/A	

## APPENDIX II: Public summary of the management plan

### Main objectives of the forest management are:

**Goal:** 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

#### Objectives:

- 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; and,
- Earn a return on investment.

*Note: MRC's full management plan can be found on their website [www.mrc.com](http://www.mrc.com)*

#### 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*).

Silvicultural system	% of forest under this management
<b>Even aged management</b>	37.5 %
Variable Retention (clearcut opening size range < 8 ha)	32.5 %
Shelterwood	5 %
<b>Uneven aged management</b>	62.5 %
Individual tree selection	30 %
Group selection (group harvested of less than 1 ha in size)	29 %

<p><b>Other types of management:</b> Transition which is a combination of silviculture used on lands being restored to appropriate composition</p>	<p>3.5 %</p>
<p><b>Harvest methods and equipment used:</b></p> <ul style="list-style-type: none"> <li>• Tractor/skidder/forwarder</li> <li>• Skyline yarder</li> <li>• Helicopter</li> </ul>	
<p><b>Estimate of maximum sustainable yield for main commercial species:</b> 35 million board feet</p>	
<p><b>Explanation of the assumptions (e.g. silvicultural) upon which estimates are based and reference to the source of data (e.g. inventory data, permanent sample plots, yield tables) upon which estimates are based upon.</b></p> <ul style="list-style-type: none"> <li>• Silviculture is based on maintaining, enhancing or restoring the natural composition and structure of the redwood ecosystem.</li> <li>• Inventory, growth and yield data derived from accepted methods. Permanent plots exist for monitoring forest inventory, growth and yield and structure.</li> </ul>	
<p><b>Forest management organizational structure and management responsibilities from senior management to operational level (how is management organized, who controls and takes decisions etc.)</b></p> <ul style="list-style-type: none"> <li>• Chief Forester: Oversees all forest management activities; reports to the president</li> <li>• Stewardship Director: Responsible for overseeing stewardship goals of the company</li> <li>• Timberlands Manager: Supervises the area foresters' daily management of the forestry operations.</li> <li>• Forest Science Manager: Oversees biological staff, planning and research</li> <li>• Area Forester: Implements the forest management plan for specifically assigned forest management block</li> <li>• Biologists: Oversees survey and protection measures for RTE species. Provides consultation to the area foresters on plant, fish and wildlife issues.</li> <li>• Administrative staff: Supports the forestry staff.</li> </ul>	
<p><b>Structure of forest management units (division of forest area into manageable units etc.)</b> MRC forest is divided into 11 management blocks. Each block, or a grouping of blocks, has an area forester who is responsible for the daily activities on those lands.</p> <ul style="list-style-type: none"> <li>• Albion</li> <li>• Big River</li> <li>• Garcia</li> <li>• Gualala</li> <li>• Navarro East</li> <li>• Navarro West</li> <li>• Noyo</li> <li>• Rockport</li> <li>• South Coast</li> <li>• Sonoma</li> <li>• Ukiah</li> </ul>	
<p><b>Monitoring procedures</b> MRC has initiated a variety of monitoring programs to assess baseline conditions and changes in conditions over time. Monitoring programs assess:</p> <ul style="list-style-type: none"> <li>• Timber inventory, growth and yield through sample plots and growth modeling;</li> <li>• Fine-filter (species specific) and coarse-filter (faunal groups) ecological aspects;</li> <li>• Broad-scale inventory and habitat (i.e. structure classes); and</li> <li>• Aquatic habitat (i.e. watershed analysis).</li> <li>• Road conditions, including stream crossings.</li> <li>• Economic (local purchasing) and social affects of forest management (responses to meetings regarding large planning initiatives).</li> </ul>	
<p><b>Environmental protection measures:</b> MRC does an environmental assessment before each forest management activity. During the environmental assessment a survey of streams, riparian areas, and other aquatic habitat and RTE species are made. A protection plan is made for the project area. Stream, wetland, riparian area, spring, seep are provided with a buffer, which is set depending on the ground slope and habitat characteristics. MRC's policies exceed the state regulations and the FSC Pacific Coast Standards mandated buffer widths.</p>	

MRC has six biologists who work with the area foresters to protect RTE Species and/or habitat that are found during the environmental assessment. Buffer zones are established and harvest timing sensitivities are taken into consideration given the species to be protected. Ongoing monitoring (annual surveys) is conducted to make sure that the species are being maintained.