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*Practical conservation through certified forestry*

## Forest Management **2006 Annual audit** Report for:

Mendocino Redwood  
Company, LLC  
in  
Ukiah, California USA

Certificate Code:	SW-FM/CoC-028
Audit Dates:	September 25, 26, 2006
Report Finalized:	January 8, 2007
Auditors:	Bill Eastwood, Lead Auditor Robert Hrubes
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### 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. AUDIT PROCESS

## 1.1. Auditors and qualifications:

**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 3 assessor trainings, 7 certification assessments, 3 reassessments, 11 audits, one scoping, and several peer reviews.

**Robert Hrubes, 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.

## 1.2. Audit schedule

Date	Location /main sites	Main activities
9/25/06	MRC office in Ukiah	Review agenda, MRC update, HCP/ NCCP status, CARs, web monitoring site review, landscape planning
9/25/06	Big River Inventory Block	Wildlife work, herbicide overview, roadwork, harvesting results, MRC old growth policy, silviculture strategies, landslide policy
9/25/06	Dinner meeting in Fort Bragg	Met with 5 MRC staff people to discuss management activities, restoration projects, wildlife concerns,

		and the MRC monitoring program
9/26/06	MRC office in Ukiah	Discussion of the new FSC pesticide policy, MRC overview from Mike Jani, meeting with MRC President Richard Higgenbottom
9/26/06	Noyo Inventory Block	Reviewed active logging, old growth issues, relations with neighbors, skid trail erosion control
9/26/06	MRC office in Ukiah	SCS/SmartWood debriefing
Total number of person days used for the audit: 2 = number of auditors participating 2 times total number of days spent for the audit 4		

### 1.3. Sampling methodology:

Field sites were selected to examine areas harvested over a wide time span, areas representative of the most commonly used silvicultural prescriptions, areas with an old growth component, and areas where herbicides are used as a major management tool. Two major areas within driving distance of the MRC main office were examined over a period of two days. The evening of the first day the auditors and several staff members drove to Fort Bragg and had a dinner meeting with the foresters and wildlife biologist working along the Coast out of the Fort Bragg office.

Five MRC staff members accompanied the auditors in the field the first day and six the second. Staff participants included the director of stewardship, the land manager, area foresters, the chief forester, the director of forest sciences, a wildlife biologist, and the reforestation forester.

FMU or Site audited	Rationale for selection
Big River Inventory Block	Good area to review silvicultural strategies, recent harvesting, landslide policy, road construction, and herbicide usage over a long time period.
Noyo Inventory Block	Active logging in a type II old growth stand, neighbor considerations, and an area that had not been visited recently by FSC auditors.

### 1.4. Stakeholder consultation process

Two prominent forest activists were contacted to provide feedback from the environmental community. Staff field inspectors from the two main California agencies that oversee timber harvesting were contacted to determine compliance with California forest practice regulations, the general level of cooperation with regulators, and general impressions of MRC's forest management. A local University of California Forest Advisor was also contacted for his general impression of MRC's forest management program.

Stakeholder type (NGO, government, local inhabitant etc.)	Number of stakeholders informed	Number of stakeholders consulted or providing input

NGO	2	2
Government	3	3

### 1.5. Changes to Standards (if applicable)

No changes to the standard have occurred since the last evaluation. For the conduction of this audit as well as for the conduction of previous audit/assessment the following standard was used: The Standard used for this audit was the FSC approved Pacific Coast standards (PCWG) version 9.0, the same standard used for the 2005 reassessment.

## 2. AUDIT FINDINGS AND RESULTS

### 2.1. Changes in the forest management of the FMO

No significant changes in forest management have occurred since the reassessment in 2005. There was a proposal to change the silvicultural strategy to increase the use of variable retention. After much deliberation by the staff it was decided to not go ahead with this proposal.

### 2.2. Stakeholder issues

Stakeholder comments were general very positive, including comments about the professional nature of MRC's staff, good field tours, outstanding road maintenance during last winter's heavy rains, and a positive comment about Mike Jani being a moderate voice in California forestry matters. One of the contacted stakeholders said: "I guess the best testimonial I can give for this audit is the fact that I have not heard a single acrimonious word about this company from any sector of Mendocino County (a hotbed of environmental forest activism). That in itself speaks volumes." The only slightly negative comment was the wish that MRC didn't have to use herbicides.

### 2.3. Compliance with applicable corrective actions

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in noncompliances being upgraded from minor to major noncompliances with compliance required within 3 months or face suspension or termination of the SmartWood certificate. The following classification is used to indicate the status of the CAR:

CAR Status Categories	Explanation
<b>Closed</b>	Certified operation has successfully met the CAR and addressed the underlying noncompliance.
<b>Open</b>	Certified operation has <u>not met</u> the CAR; underlying noncompliance is still present. CAR becomes a Major

	CAR with a 3 month deadline for compliance
--	--------------------------------------------

<b>CAR #:</b> 3/03	<b>Reference Standard #:</b> 7.1
<b>Non-compliance:</b> <b>Major</b> <input type="checkbox"/> <b>Minor</b> <input checked="" type="checkbox"/>	MRC has not completed their HCP/NCCP, which is a significant piece of their overall umbrella management document
<b>Corrective Action Request:</b> MRC must complete and publicly distribute the umbrella management plan document.	
<b>Timeline for Compliance:</b> Within 6 months of completion of the HCP/NCCP	
<p><b>Audit findings:</b> MRC is working to complete a suite of management plans that will provide a very comprehensive planning document for their entire holdings. This is a long drawn out bureaucratic process that MRC is striving to complete as soon as possible. The administrative portion of these plans is expected to be completed by the end of October of this year. The technical team is also virtually finished with its portion of the plans. It is expected that public drafts will be out by the end of January 2007 and final approval will be in late 2008. The documents that comprise the long term sustainable forest management plan as described in the MRC website are:</p> <ul style="list-style-type: none"> <li>• The HCP/NCCP is MRC's operational plan for managing threatened and endangered species, rare plants and natural communities on the property.</li> <li>• The Environmental Impact Statement and Report (EIS/EIR) is the environmental analysis of our plan.</li> <li>• The Timber Management Plan (TMP) specifies how much and what type of harvest can be done to accomplish a sustainable timber harvest over 80 years. In combination with the EIR and HCP/NCCP these documents can be considered a Program Timberland Environmental Impact Report (PTEIR).</li> <li>• The Implementation Agreement (IA) is the contract between MRC and the signatory Governmental Agencies for the implementation of the plan.</li> <li>• A Long Term Streambed Alteration Agreement (LTSAA) will provide for a programmatic approach to permitting for stream crossing permits versus the current project by project approach.</li> <li>• The Water Quality Memorandum of Understanding (MOU) is an agreement between MRC and the North Coast Regional Water Quality Control Board to meet water quality objectives</li> </ul> <p>The auditors have determined that MRC is exercising due diligence in pursuing completion of these plans, thereby eliminating the need for this CAR.</p>	
<b>Status:</b> Closed	
<b>Follow-up Action :</b> None	

<b>CAR #:</b> 2/05	<b>Reference to standard:</b> 4.4.a	<b>Major:</b> <input type="checkbox"/>	<b>Minor:</b> <input checked="" type="checkbox"/>
<b>Non Compliance:</b> The strategy for informing and receiving public input for MRC planning initiatives is lacking.			
<b>Corrective Action:</b> MRC staff must implement the strategy (required by the prior CAR) for informing stakeholders and receiving input on MRC's management planning initiatives.			
<b>Deadline for completion of corrective action:</b> Prior to the next annual audit			
<b>Audit Findings:</b> MRC has developed a written strategy for providing the public with opportunities for input during the forest management planning processes. This strategy includes specific criteria to determine when to seek public input and three methods for receiving the input. MRC in conjunction with CDF held two public scoping sessions for the development of a Program Timber Environmental Report (PTEIR). Notes and presentations from these meetings are available on the MRC web site at: <a href="http://www.mrc.com/habitatconservplan.html">http://www.mrc.com/habitatconservplan.html</a> . In addition MRC has always had a policy of taking public concerns very seriously and is willing to not only discuss any issue but to also to take stakeholders into the field to examine their concerns. MRC's web site is unusually complete and even includes critical comments from stakeholders.			
<b>Status:</b> Closed			

<b>CAR #:</b> 4/05	<b>Reference to standard:</b> 6.1.c, 6.1.d, 6.3.a, 6.3.c, 6.3.f, 6.6.b, 6.9.b.	<b>Major:</b> <input type="checkbox"/>	<b>Minor:</b> <input checked="" type="checkbox"/>
<b>Non Compliance:</b> 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			
<b>Corrective Action:</b> 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			
<b>Deadline for completion of corrective action:</b> Prior to the next annual audit			
<b>Audit Findings:</b> MRC has withdrawn its proposed silvicultural changes involving an increase in variable retention in favor of continuing a selection-based silvicultural system.			
<b>Status:</b> Closed			

<b>CAR #:</b> 5/05	<b>Reference to standard:</b> 8.5.a	<b>Major:</b> <input type="checkbox"/>	<b>Minor:</b> <input checked="" type="checkbox"/>
<b>Non Compliance:</b> A summary of the non-confidential portion of the monitoring program is not available on the website			
<b>Corrective Action:</b> A written summary of monitoring protocol and non-confidential results must be made publicly available.			
<b>Deadline for completion of corrective action:</b> Prior to the next annual audit			
<b>Audit Findings:</b> Details of MRC's very comprehensive monitoring program have been added to the web site and can be viewed at <a href="http://www.mrc.com/monitoring/monitoring_index.html">http://www.mrc.com/monitoring/monitoring_index.html</a> .			
<b>Status:</b> Closed			

## 2.4. New corrective actions issued as a result of this audit

No new corrective actions were issued.

## 2.5. Audit observations

Observations are very minor problems or the early stages of a problem that does not of itself constitute non-compliance, but which the auditor considers may lead to a future non-compliance if not addressed by the client.

Observation	Reference Std #
<b>OBS 1/06:</b> During the broad planning process currently being undertaken by MRC it is important that the forest managers are able to demonstrate that the proposed silvicultural regime does not violate FSC's Pacific Coast Regional Standards.	6.1.c, 6.1.d, 6.3.a, 6.3.c, 6.3.f, 6.6.b, 6.9.b, 7.2 a
<b>OBS 2/06:</b> MRC should keep in mind the importance of completing and publicly distributing its umbrella management planning documents as soon as possible.	7.1, 7.2
<b>OBS 3/06:</b> In light of the controversy surrounding the use of herbicides it would be good to more extensively document the effectiveness of the hardwood removal stand restoration program.	8.2

## 2.6. Audit decision

The audit team has determined that the Mendocino Redwood Company has continued to meet FSC/SmartWood forest management and chain of custody certification standards. All of the open CARs have been closed. The auditors recommend that the Mendocino Redwood Company retain their FSC certificate.