

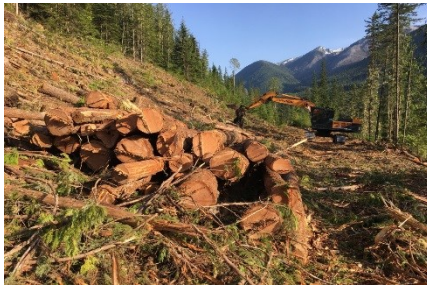


## Management Team Report – May 2018

### Forest License Events

#### Harvest progress

**CP39 Wagon Rd:** As of June 8 we have moved 51 loads from CP39 to Stella-Jones (1), Kalesnikoff Lumber (43) and Porcupine Wood Products (7), which are the strip cuts on the Wagon Road by South Fork. This cable block is being logged by Iron Peaks from New Denver. The contractor has had equipment problems and to date the Yarder and Feller Buncher have not arrived onsite. The crew has built a forwarding trail to access the mid-slope of the block which transects its length on contour. Trees are harvested from that location, both up and down slope with conventional reach, utilizing hand falling, bunching and then skidding to the landing at the Wagon Road. Log quality is excellent, tall and straight, with a good component of mid-range diameters. Both Hemlock and Cedar exhibit butt rot, which is less advanced than expected for the well-drained and warm aspect site. Iron Peaks has



harvested approximately 35% of the block and is maintaining good log quality, low site disturbance and low waste levels.

**CP40 7 Mile:** Corey Jacobs will be constructing all the roads related to these blocks. Construction started on June 5 and is expected to take 2-3 weeks. So far Corey's crew built about 300m of spur road, has 5 mixed loads and 3 firewood loads decked and right-of-way wood on the ground for processing.



See Website: 'Forest Operations' for more information.



## **Harvest preparations**

Sunshine Logging is upgrading the **Cooper Face** road. This involves brushing, some ditching and culvert replacement. Our harvesting focus will be up this road system while markets stay strong so having this road in good shape is essential. We won't be able to haul in winter conditions on the mainline due to excessive grade between the Highway and the Bench. Timber developed up Cooper Face (CP 41) is approximately 60ha, 15-20,000m<sup>3</sup> and consists of mixed Hw,Sx,BI,Lw,Fd,Cw (in order of Volume). This CP was permitted by Bill Kestell.

Timber development also continues along **Milford FSR and Branch 3** (behind former Bobby Farr residence). Approximately 50ha, 10,000m<sup>3</sup> has been developed and needs permitting. The majority of these areas are problem timber types (dense, stagnant Hw) economical to harvest in current market conditions. We are aiming to contract a logger this year in early winter. All the blocks are in Ungulate Winter Range and First Nations areas of interest so studies will still have to be completed.

We are sampling the new **Higher Level Planning Suite software** developed by Selkirk College. All licensees (except CCC and Canfor) in the Kootenays subscribe and invest into its research. It analyzes Biodiversity and Ungulate Winter Range across Landscape Units and it ensures these values are managed on a landscape level, not on a CP by CP basis.

**2018/2019 Market Strategies:** We are shifting our timber development strategy and immediate 2018 harvesting goals due to the continued strong market for Hw pulp logs. The shortage of loggers continues to dictate our planning and markets. We will be presenting several possible strategies and a recommendation that aims to balance location, timber types and seasonal constraints with logger availability. Our strongest prospects to minimize this constraint is during the 2018/2019 winter months.

### **2018 Budget Revisions:**

We have revised our 2018 Annual Budget to address recent fiscal requirements:

Professional Services (external): raised from \$ 15,000 to \$20,000

Road building: dropped from \$148,000 to \$120,000

Road network annual maintenance budget: raised from \$15,000 to \$50,000 to manage Keen Creek.

Professional Development: \$5,000 new line item to support management and director upgrading.

**Freshet Road Maintenance:** We have spent \$18,260 on opening Keen Creek mainline since the beginning of May 2018. The work was offered to Stan Baker and Brenton Industries, with Brenton Industries being able to accommodate our immediate requirements. These maintenance costs were spent foremost to create access while freshet related road and cut-slope failures were a daily event. In comparison we have spent \$105 on freshet maintenance for the remainder of the road system within the tenure. Geo Scientists Sitkum Consulting (Nelson) have been retained to provide us with a report that will guide us with a future liability analysis for the Keen Ck road system. The Sitkum report is expected by the end of June and will also direct our immediate needs to install much needed drainage improvement this summer. Hopes are that we can reduce maintenance costs for the following years. For now we have already exceeded our annual maintenance budget by \$3,260.



**Prescribed Burning Keen CP36:** light-up of our burn blocks has been delayed since the beginning of May by urgent disaster work (flooding in Grand Forks and forest fires in other places) involving BC Wildfire Service



(BCSFS), our contracted agency. BCWFS has completed burn preparations on Blk 5 and has banked their final hopes on the rain forecasted for the June 9/10 weekend.

**Tree Planting 2018 :** Our planting contract for 157,600 seedlings is held by Wildhorse Forestry Services Ltd from Ymir and is now fully underway. Most of our seedlings are allocated to the four CP36 blocks in Keen Creek, harvested in 2016. We have roughly 93,000 seedlings left to plant. We were off to a bad start when the PRT Harrop cold storage facility forgot to thaw our first big thaw request of 18,600 seedlings. Repercussions went all the way from the planting contractor who arrived at the nursery with a paid crew and equipment to transport the seedlings and establish the cache at Keen Creek, over the crew housing rental in Kaslo, to us, the purchaser of the seedlings. Planting contractor and crew lost several days of income while waiting for the seedlings to thaw, the rented accommodations in Kaslo were cancelled on the spot. The seedlings having used up energy reserves during winter cold storage in cartons were now speed thawing which can induce shock and translate into poor survival. Consequently, seedlings need to be re-ordered, which the nursery sells again at full cost, followed by a 2 year time loss during which these seedlings grow at the nursery, and then again, planting costs. Blocks by then have established brush competition, requiring more brushing at a cost of \$1200/ha. Our contractor has invoiced us for \$5,365 in lost wages and equipment charges directly related to this incident. We are in negotiations with PRT management.

**Littering:** We newscast a blog about littering on our website that hopefully will be thought provoking to some and encouraging to others to report offenders.

### **FES: Landscape Level Wildfire Protection Plan**

During our April 11 meeting with FES Operations Manager Gord Pratt we were advised that we are expected to demonstrate our commitment to our community and contribute roughly \$30,000 of our own funds to the \$50,000 received from FES to complete our \$80,000 Landscape Level Community Wildfire Protection Plan (LLWPP). This is currently not an item budgeted for in our 2018 Annual Budget and requires Board approval.

### **Management Team Recommendations**

1. Keen Mainline: to increase the road maintenance budget from \$15,000 to \$45,000 to pay for freshet damages and allow for drainage structure upgrades as recommended by the Sitkum report this summer. Hopes are that these upgrades reduce freshet damages in future years.
2. Road building on Cooper Face to provide access to CP37 for 2019 harvest.
3. Development of Hw blocks in Milford and Branch 3 to provide winter harvest opportunity.
4. Approval of 2018 Annual Budget revisions