



Management Team Report September – October 2020

WOODLANDS

Log prices have been on a tear since early summer and we have been successful in securing good prices for all species being harvested into December. All local Licensees will not sign a log purchase contract longer than 2 months due to the fear of the market correcting.

CP 43 / Wardner-Shutty Wildfire Corridor - Wildfire Risk Reduction Funding at Work in the Community

Harvesting in Block 5 wrapped up at the end of September with the rainy weather holding off long enough to enable hauling on the steep adverse road. Harvest volume from 10 ha is estimated at 3000m³, which is on budgeted target. The phase 2 site clean up contract has been tendered by FLNRORD to three local contractors and we should know within a week who the successful recipient is. Work will consist of piling residual slash into 3m x 3m piles and burning them on site. After this work has been completed, the recreation trails will be restored and opened to the public, hopefully before it's too snowy! A



post harvest community field tour was held on October 17th to discuss the outcome for fuel management Block 5, which was attended by 9 cold hardy people. Overall feedback received was positive with some concerns raised about harvesting too close to recreation trails, potential access created for motorized recreation and maintenance of plant species diversity.

Timber Ridge Contracting is currently harvesting in block 2. The access road is another steep adverse haul and due to the rainy weather the logging trucks have to be pushed uphill by the skidder but fortunately the road is holding up and not rutting out.



*Blk 2
Post
Shane*





Management Team Report September – October 2020



*BLK 2
Pre
Shane*



Blocks 4, 7 and 1 are still slated for wildfire risk reduction harvesting in 2020 and will keep Shane, Dave and Connor busy into December before starting our Schroeder-Milford wildfire project funded through FESBC.



Dave Sicotte Truck loading

Branch 7 received a much needed upgrade this October. The road was outsloped (the outer edge of the road lower than the rest of the road) in a few sections which poses a danger when log hauling in icy or slippery conditions. We hired *Brenton Industries*, in conjunction with *Stan Baker* to shore up the outside edge of the road and bring in fill to cap it for a smooth, level running surface.



CP44 / Nashton (Kemp area) STI

Field work is almost completed with a geo-tech review of the road and blocks scheduled this fall. This permit is highly visible from Kaslo so some block edits are anticipated after the Visual Impact Assessment has been completed. The STI development is accessed by a 4km 'total chance' road system and is a very productive, yet progressively disease compromised and fire prone stand of HwCwFdSx averaging at least 550m³/ha. Road construction will commence in 2021 to allow entry as needed to act on market opportunities and provide wildfire access.

VOK Community Water Supply / Spring 2020 Kemp Creek blow-out

We have met with VOK and their consulting engineers Kerr Wood Leidal from Nelson. Preliminary water supply restoration necessitated removal of roughly 2 loads of mixed timber to facilitate debris removal, channel and road restoration as well as danger tree removal. VOK does not anticipate that further cutting is necessary this year and is working towards a long-term solution for the community water supply with their engineers.

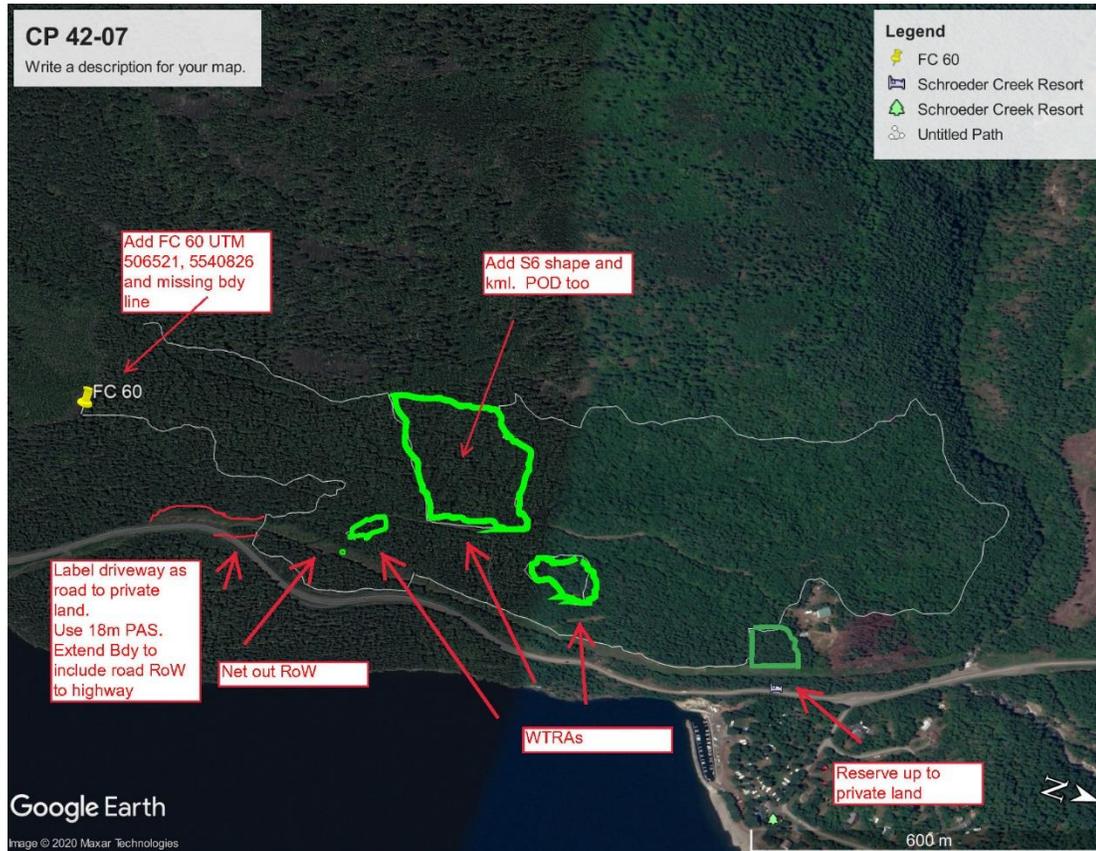


Management Team Report September – October 2020

CP 42 / Milford/Branch 3 - Schroeder Wildfire Project (FESBC)

We have developed a little more volume within this amalgamated permit. It is now approximately 75ha or 20,000m³ with a species profile of HwCwFd(Lw) and spreads between the Schroeder Creek Community and the Farr Farm to the South. Portions of this area have been highgraded in the 80's, leaving a low value jumble of Hw, Cw understory which would have

been below economic threshold for us to restore, but low value waste wood will now be destined to Mercer pulp mill with the help of FESBC funding instead of being burned, followed by a thorough clean-up.



A field visit from a biologist and a Visual Impact Assessment is pending. Cori Lausen, our local bat expert has identified a potential bat hibernaculum in this area and we are excited to be learning more bat facts from her. We are also investigating a bird nest found by our lay-out crew and potential bear dens. Residents next to the development are supportive of our work and have battled a fire started by the adjacent hydro line next to their residence in 2019.

Silviculture

We tendered a woody brushing contract for 22 ha in the Branch 7 Kaslo Wildfire Corridor during the first weeks of October in preparation for Free Growing. The contract was carried out by a crew of 6 Wildhorse Forestry Services from Ymir, including Cloe Bayeur from Kaslo. The brushing prescription was modified to support Wildfire Risk Reduction standards, retaining maximum stems of deciduous.

We sent out a contract package for our remaining blocks to be planted on Cooper Face CP41 next spring and are waiting for a quote. This will be a very small contract for 19.7 hectares and 30,000 trees, as we are nearly caught up on reforestation and much of our wildfire risk reduction work carries low or no reforestation obligations. These blocks are high up on Cooper Face and snow has settled in. Early winter has left us with a very narrow fall window between dust and snow to complete pile burning and Free to Grow surveys and are hoping access will be open for another week in these blocks.

Grading and ditching has been completed on the Cooper mainline in early October by Sunshine Logging Ltd. which concludes CP41 harvesting work.



Management Team Report September – October 2020

Internal Operations

There has been confusion about our Not for Profit Advisors grant (NPA), its intended use and the Business Plan. Management is offering this information and recommendations which may be of assistance to the Board.

BACKGROUND

NPA: Please refer to Tara Clapp's review from June 13, 2018 Board Meeting.

The Business Plan:

The requirement to assemble a Business Plan is spelled out as a deliverable in the 2018 Management Contract Sec. 2a Bullet 2:

>>2. THE ROLE OF THE MANAGEMENT TEAM

- a. The Management Team is responsible for performing the duties required for the day to day management and operations of the Community Forest and KDCFS in accordance with the policy, goals and strategic direction established by the Board and in accordance with all relevant legislation and policy including the Community Forest Agreement and related legislation and the Societies Act.

As such they shall:

- develop a long term work plan with auditable and measureable goals, which shall be submitted to the Board for its approval
- **develop a long term business plan aligned with the long term work plan, which shall be submitted to the Board for its approval**
- develop annual financial budgets which shall be submitted to the Board for its approval

DISCUSSION

Management set out in 2018/2019 to prepare the Business Plan deliverable and Phase I was completed. The remainder was deferred because neither KDCFS management nor our preferred and CBT approved assisting consultant were able to prioritize the time necessary during the extremely busy year.

The Forest Industry and the KDCFS at the time was - and still is - at a critical junction, departing from historic status quo for several reasons, while impacted by both, unprecedented national and international changes in business practices and social re-engineering. During the past 2 years a "New Normal" was proclaimed on several fronts, starting with Wildfires and Climate Change to a perceived health crisis of world-wide proportion now resulting in projections of global economic collapse by many economists. While we certainly did not foresee a virus crisis, the far-reaching impacts of the global wildfire disturbance necessitated immediate management attention in the summer of 2019 to align KDCFS operations with financial opportunities that quickly materialized on a provincial level. These opportunities promised and are now delivering implemented benefits on a 3 to 5 year **business planning** horizon and have delivered this year alone \$530,000 in funding and local work opportunities for the KDCFS and the wider Community. As Gord Pratt (FES coordinator) recently spelled out, funding received and addl. funding we are now promised are a direct result of **our established performance in planning and delivery**. Despite best intentions we have not had time or leisure nor global stability and predictability to complete a business plan. Instead management combined existing Board policy guidance and our 5-year management workplan attached to, and ratified within, every annual budget with prompt and focused action to stay ahead of daily changing developments. Plasticity, but also persistence in both, Board Governance and Woodlands/Society Management has served us well through this choppy time and we are winning.



Management Team Report September – October 2020

With respect to the deliverable in our management contract and the CTE's statement "No consensus was reached, but we did ask of Management what tools there are to support Board's role in strategic direction?" : We propose that the foundation for the Board's development of a strategic direction would be an assessment of the current KDCFS business position within existing markets and projected markets, including an internal assessment of STI resources - in short a Business Plan. We are asking the Board however to defer this deliverable for above reasons until global developments somewhat stabilize. We recommend that development of a "Strategic Plan" also be deferred in acceptance that flexibility and diversification for the time being are our strongest assets. The existing 2009 Long Term Strategy Report, although being dated, still provides strategic tools and guidance in combination with results from the recent and moderated Board visioning sessions and Board policies such as "Managing for a Diversity of Interests/Values Policy and 'Innovative Practices Policy". From a management perspective an internal assessment and analysis of mid-term STI is however a timely exercise and necessary to inform current planning, including the BBG Feasibility Study, and should be undertaken with a completion goal of April 30, 2021, if possible.

Management Team Recommendations

1. that the Business Plan deliverable in the 2018 Management contract is deferred until global developments stabilize.
2. that the development of a Strategic Plan be also deferred for the same reasons while following an interim strategy of informed plasticity and diversification to take full advantage of rapid developments and new and safe opportunities within existing policy and that the Board revisit the KDCFS 2009 Long Term Strategy Report, outcome of 2019/2020 Board visioning sessions, and existing governance policies for support in interim strategic direction.
3. that management undertake a 10-15 year STI projection and analysis with a completion goal of April 30, 2021.
4. that a new NPA assessment be solicited with CBT in support with director Clapp's recommendation to inform the Board's roles in governance as the old one is out of date.