



Management Team Report April-May 2020

SOCIETY / INTERNAL

Unexpectedly, we find ourselves in turbulent times. In this management report we want to communicate an operational review, status and considerate forward planning for everyone's orientation.

Due to changes made to the Organization and Society during the past two and a half years the KDCFS has been well prepared for all new developments:

- A new management strategy found Board approval in December 2017. We dissolved the physical KDCFS office and during 2018 installed a cost effective virtual office set-up, including alternate services (post, phone, procedures). Subsequently, during crisis management in spring 2020, internal information flow was unaffected other than requirements to install a virtual meeting application. This is the operational strategy many businesses are now implementing.
- The Board worked hard during this time to reorganize the Society reflecting these changes in bylaws, change of legal address, member access to information. We were fortunate to build on related expertise of several volunteer directors at the time.
- The new strategy included a ground-up redesign of social media channels to better communicate with the public which serves us well as we move through social distancing orders and we temporarily lost local news print capacity.
- A critical building block was the extensive 2018 work done by Board (led by Treasurer Tara Clapp) and managers to improve definition and delivery in most of KDCFS Financial Policies (<https://kaslocommunityforest.org/member-area/>). Funds are invested for security and highest return with annual review and term re-investment just prior to the crisis. With this we are confident that financial matters are managed prudently as we enter projected global economic upheaval.
- Short term Business Planning has the KDCFS oriented towards Wildfire Risk Reduction (WRR) work for the next 3 to 5 years. This work is supported by the BC Government with a roughly \$25 Million grant commitment per year for the next 3 years. We have been successful in securing our share of \$280,000 for the year 2020 through wildfire risk reduction goals set in our new Landscape Level Wildfire Plan. We are in a good position to receive funding for subsequent years if the current BC Government wildfire strategy maintains on course. This will support jobs, local economy and implement wildfire safety while we analyse new global and local developments.
- Every crisis entails shortfalls but also opportunities. Successful long-term business strategies need to be secured through flexibility, diversification and currency in planning, including the seizing of developing opportunities. One such opportunity was just realized by the Village of Fruitvale which will be the site of a new state-of-the-art natural gas facility following collaboration between FortisBC, REN Energy, local government and forest licensees such as ATCO Wood Products. "The plant, the first of its kind in North America, will create an immediate annual economic impact in the Kootenay region. ... The project will make use of waste from forestry operations, sawmills and other wood product manufacturers and will speed up the natural process by creating syngas through gasification.... we're talking enough gas to sustain 10,000 to 12,000 homes annually..." [Nelson Star May 5].

2019 Draft Financial Statements were received from the Accountants for review by the Treasurer. We have hired a new bookkeeper to be prepared for 2020 summer business.

WOODLANDS

CP 41 Cooper Face

Mill closures have prevented us from loading out 2019 harvested decks as the snow is melting off the roads. We have been advised that we will be able to commence low volume deliveries after Victoria Day which will resume hauling on the Cooper Face Mainline. Trail rehabilitation and clean-up in harvested areas is scheduled for June/July when upper elevations come snow free as well. We were unable to burn piles in Blocks 1 & 2 in preparation for planting due to industrial burn restrictions enforces under Covid measures.



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CP43 / Branch 7 Wildfire Risk Reduction Cutting Permit (2020)

Ground work for our Kaslo/Shutty Wildfire Risk Reduction Unit started in December 2019 with the building of ca. 1km wildfire corridor access towards McDonald Creek and private land at Easterlily. This allowed the road to settle for spring operations and for Douglas-fir beetle trap deck establishment to intercept the spring beetle flight.

Activities resumed early May. While local Sunshine Logging Ltd processed decks left incomplete during winter, Timber Ridge Contracting Ltd established a wildfire access connector with Easterlily private land and went on to build spurs into Blk 3 and currently Blk 2. While Block 2 is not slated for harvest this year, Blocks 3, 4, 5 and tentatively Blk 1 are on our schedule and are completing final geotechnical reviews and prescriptions next.

We abandoned traditional cutting permit development in CP43, justified by existing high social/recreational values. Instead we engaged through a 14-month long 'kitchen table' planning process. We invited the community and recreation clubs at large and in groups of concern to participate in planning walks and meetings, which were advertised in the newspaper, social media and by word of mouth. Communication was open throughout the whole planning process, as the ribbon went on the ground, to allow the community to physically participate in layout and decisions. We received support from local government who re-directed concerns reaching them to our planning table and are confident that with ongoing encouragement from all and guidance from the KDCFS Recreation CTE the Community will increasingly embrace planning opportunities provided.

Unavoidable and minor damages occurred to the untenured recreation trail system during corridor construction. Other damages likely are unavoidable as we harvest the blocks. We are aware that this is an upsetting situation for trail users while industrial activities are under way and attempt to keep disruptions to a minimum. Projects like CP43 require ongoing participation, patience and faith from all, that appropriate communication can restore or improve current recreation status as soon as remediation is possible. We have been able to keep trail closures to a minimum while keeping everyone safe and this will be our strategy going forward.

Silviculture

The Province, in conjunction with the Western Forestry Contractors Association, Forest Industry and local governments has implemented detailed Covid work protocols during the past two months to prevent potential infection between planters and communities. Green light for planting was granted in a May 4 letter from the Chief Forester. Risks to our communities from our planters are minimal since, as others, our small group have been quarantined and are bypassing the residents on their travel from home directly to the blocks. Our contractor maintains small exposure potential working in the local 150km arena and we have no camp or motel situation. The contractor has had a previous worksite inspection and was found to comply with all requirements.

Planting contractors have been burdened with an unexpected and unbudgeted cost of 10-15% to implement Covid measures during planting. Costs are expected to be shared between licensee and contractors. Isolation measures present a substantial future silviculture cost increase, which will be amplified once costs for other service line items, such as seeds are updated during 2020.

We know from our 2018 (December 12 BDmeeting) silviculture review that current log markets leave little room for increase in silviculture reserve accrual. An upswing in log market prices are therefore essential for licensees to cover these new costs. We also need to focus hard on increasing cost efficiency from the front to the backend of operations. This relates directly to all aspects of how we do business, from harvest prescription to Free to Grow declaration.

Small Scale Salvage Permit

We have received an application for a 10m³ shake bolt salvage permit in the Cooper Face area to remove blowdown. Due to the small size of the request we will work with the proponent once the area is snow free and operable.



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Firewood dispersal

After one meager firewood load in CP41 last year CP43 at last does have a good firewood component in the products profile. Firewood has been a highly sought-after resource in the Community for the past years and our cut provides an excellent opportunity for the residents in the area, especially given the short trucking distance.

In 2018 we raffled off 2 truck loads to the highest bidders and we donated 3 truck loads to local charities. At the time we heard critique from residents that we provided no opportunity for smaller volume and low income needs to participate. We heard that loads provided to charities were sold as one unit.

Overall our 2020 firewood harvest will exceed 8 loads if sawmills remain open and we can harvest our permitted blocks. The question beckons how we may provide fair access to this resource.

We recommend the following:

- 2 loads to be donated to local charities
- 1 load raffled by the cord for half price. KDCFS contracts service to buck, split and deliver and recovers cost. Kaslo and Area D entrants.
- 5+ loads sold for \$2500 each and draw will decide
- 3 or less loads raffled for highest bid

Purchasers to cover trucking cost.

Management Team Recommendations

1. That the Board:
 - a. approve firewood dispersal recommendation, or
 - b. strike Firewood CTE to determine other strategy
2. That the Treasurer set a review date for 2019 Annual Statements with Accountants and Managers