

Overview of 2018

Good evening everyone and thank you for coming. The VCF has had another very positive and busy year.

Valemount Community Forest Limited Partnership

As of January 1, 2019, we have divided into 2 operating companies. Both companies are Limited partnerships. The new companies separate the forest activities from the Industrial lands. All the work is not yet complete but we are moving closer to completion.

2018 Financials:

- We have a total revenue of \$7.1 million
- Total expenses of \$5.9 million
- Total net earnings for 2018 of \$1.1 Million. Same earnings as 2017.
- Our Silv and road liabilities are identified per block with a total liability of \$940,000 of which this dollar value is protected to ensure success long term.
- The VCF total equity is \$7.6 million up from \$6.6 million from 2017
- We are financially healthy, debt free and able to invest capital where necessary

2018 Highlights:

- VCF has two community forest licences and a small forest licence.
 - o K2T has a cut of 48,000m³/year
 - o K5Q has a cut of 35,000m³/year and soon to be lifted to 47,000m³
 - o FL A93987 has a cut of 2300m³/year and will be operated mostly in Carrier Lumber operating areas in the Robson Valley.
 - o Total cut per year of just over 97,000m³
- VCF has harvested a total of roughly 80,000m³ during 2018 from both community forests licences utilizing 4 different logging contractors. All local.
- We have just completed a forest inventory and ecosystem mapping for the new community forest area K5Q. We have submitted the timber supply review for First Nations review and to the Government and expect an increase in the annual allowable cut. The total cost of the project is \$250,000. We received two grants for this project totaling \$120,000.
- We have contracted TDB out of Prince George to complete a LIDAR study for all of the VCF areas. This LIDAR tool will help us reduce costs and increase efficiency and quality of our road and block development. The total cost of this project is roughly \$120,000. We had applied for a grant from the Rural Dividend Fund for \$100,000 but were unsuccessful. We have received the raw data and are not completing quality assurance of the product. We hope to start using the data this summer.
- We purchased woodlot 277 in the Robson Valley for \$160,000 during the summer of 2018. The woodlot needs some work with the silviculture and it needs a new inventory which we hope to start soon. This investment once up to a good standard will be worth an estimated \$250,000. It will also supply employment to locals and give us more

volume to work with. We flew the woodlot for air photos and LIDAR in 2018. We are hoping to go through all silviculture openings this spring and realign them if necessary. The next step will be starting a forest inventory of the woodlot.

- We planted 500,000 trees on logged blocks in 2018 and 310,000 trees planned for 2019.
- We are set to start brushing plantations this spring targeting mainly deciduous trees and brush that are starting to cause problems for the plantations. Local contractors.
- We invested money into the Dave Henry, Kiwa and West Canoe main access roads over the past year. With the increased annual allowable cut and the threat of spruce and fir beetle and forest fires we need to have better access in order to respond to issues in these areas.
- We are planning to install 1-2 bridges up the Dave Henry in June 2019 and hopefully another 1-2 in 2020.
- We also have pre-build roads in 2018 into blocks for future harvesting.
- Our forest fire preparedness plans have not moved as quickly as we had hoped but we are making progress. We are starting to work on cutting permit applications for 5 blocks in the Valemount to Tete Jaune area. These blocks were identified in the Fire Preparedness plans and by the local fire crew as high risk stands. We hope to start harvesting in June.
- Local contractors completed the vast majority of this work and include: loggers, truck drivers, road builders, road maintenance contractors, scalers, surveyors, tree planters, slashers and road and block development contractors. Roughly 35-40 local contractors.

Valemount Industrial Park Limited Partnership

- The new Cedar Valley Holdings shake, Shingle and Post and Rail mill is closing in on full production. There are still bugs to work out but it shows great promise. Employment has rose from 4 employees to 15 and growing steadily.
- A lease deal for 10 acres has been signed with Dunkley Lumber out of Prince George for decking wood purchased off the open market.
- The Valemount Stone Company leases 5 acres in the yard to store and process rock.
- Treasures of the Forest, Peter Kozakiewicz, who build specialty furniture now leases 1.5 acres. They work closely with CVH Ltd and we see this as spin off jobs.
- Remcan out of Prince George is leasing 2 acres in the yard. They are a CN rail contractor who is using the site for training new employees and to store equipment.
- Trans Mountain has leased 30 acres planned for pipe storage.
- Canfor is leasing 5 acres for log storage and reload. Most of this wood is from BCTS down the East Canoe and from Jasper.
- Robson Valley Gourmet Mushrooms, Paul and Karen McManus have recently signed a lease agreement to set up a small operation in VIP close to the office. Water and hydro are included in the lease agreement.
- VCF utilized the yard and scales this year as a reload yard and specialty wood decking area. We are finding it very useful to have clean up loads brought into the yard that we can sort out and sell to local mills.

- We are continually working on an infrastructure in the yard in attempts to build and create industry. This spring we are starting to work on the yard fire fighting system. The old system's base is still there but is in rough shape and needs to be rebuilt
- We are continuing to research ways to deal with the waste fibre in the area. This issue is holding us back from setting up more manufacturing in the yard. Currently, it's a major cost to haul waste to a larger center which makes manufacturing in Valemount very difficult. This is our number one priority.
- In support of the waste issue we are working at setting up an air dispersion model and possibly more metrological towers in order to learn more of how air flows in the valley and what impact we could have on the Village air quality.

Recreation:

- We are finding greater use of our operating areas due to the increased quality of the road systems.
- We are extremely happy to see the 5-Mile recreation area doing so well, it's a great success storey. Well done VARDA and all the people associated that helped. The bike runs are drawing people from all over and have had a big impact on the tourism economy. We are happy to support them.

Grants:

- The VCF contributed close to \$45000.00 for local community support initiatives in 2018.
- The VCF community grant program totals \$7500.
- The Valemount Grant Writer works out of the village office and writes grants specifically for Valemount and area. We contribute \$7500 annually towards the Valemount grant writer and NDIIT contributes up to \$7500. (Total of up to \$15000.00)
- The VCF board discretionary fund budgets for \$7500 dollars to local events and needs.
- The community education program of \$2500 this includes courses such as fire fighting, first aid, avalanche training, most often these are done in partnership with the Valemount Learning Centre.
- We spent \$11,500 on supporting the tourism sector with funds for snow removal, road grading, trail maintenance and fire preparedness.

Staff:

- We have had staffing changes over the past year.
- Adrian van der Zwan has retired after a long and very successful career. We miss him already
- Brian Shawara has been hired to take Adrian's place and has trained under Adrian for 8 months.
- Alana Duncan has been hired to train to take over the silviculture and timber planning.
- With the increased activity of the Industrial park and of our increased harvesting and operations we needed more feet on the ground. This a nice crew loaded with of experience, local commitment and energy.

I'd like to thank the board of directors for their knowledge, experience and guidance in moving us forward and a special thanks to my colleagues Janey Weeks, Brian, Alana and accountant Betty Hardy. I'd also like to thank the current and previous mayors who have dedicated many years to Valemount and to the Community Forest. Mayor Townsend played a major role in Valemount being awarded the original Comfor licence. Mayor Torgerson has sat on the board of Directors for the previous 4 years and now supports us as mayor. The mayor and council have shown great confidence and trust in us and have supported the direction of the VCF, VIP and its board. Together I feel we are moving in the right direction. We have had a very positive year and I look forward too many more.