

Overview of 2017/18

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

2017 Financials:

- We have a total revenue of \$8.7 million
- Total expenses of \$7.6 million
- Total net earnings for 2017 of \$1.1 Million
- Our Silv liabilities are identified per block with a total liability of \$842,000 of which this dollar value is protected to ensure success long term.
- The VCF total equity is \$6.6 million up from \$5.7 million from 2016
- We are financially healthy, debt free and able to invest capital where necessary

2017 Highlights:

- VCF has two community forest licences and a small forest licence.
 - o K2T which is the original CFA has a cut of 48,000m³/year
 - o K5Q which is the new CFA has a cut of 35,000m³/year
 - 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 85,000m³
- VCF has harvested a total of **70,000m³** during 2017 from both community forests licences utilizing 4 different logging contractors. All local.
- We have completed a new forest inventory and ecosystem mapping on our original Community Forest Area K2T. The timber supply review calculated a increase of annual allowable cut from 33,000 to 48,000m³/year. The investment cost us \$250,000 total but with the increased cut we see a payback in less than two years at the current market.
- We have just completed a forest inventory and ecosystem mapping for the new community forest area K5Q. We are currently working on the timber supply review and expect an increase in the annual allowable cut. The increase I don't believe will be as much as the K2T uplift. We hope to find out soon. 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 \$150,000. We have applied for a grant from the Rural Dividend Fund for \$100,000 and are waiting for a response.
- We have 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 planted 300,000 trees on logged blocks in 2017 and 500,000 trees in 2018.
- We surveyed >500ha of plantations to ensure they meet government standards. We were very pleased to see the positive results.
- We will need to increase our efforts and expense in brushing plantations over the next few years as the deciduous trees and brush are starting to cause problems for the plantations. We are working on a brushing program for early spring 2019.
- We invested money into the Dave Henry, Kiwa and West Canoe main access roads. 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 also pre-build roads in 2017 and 2018 into blocks for future harvesting.
- Our forest fire preparedness plans have not moved as quickly as we had hoped. We have been talking to different groups in the valley and have held a public meeting to bring forth the issues. We have a number of blocks planned in the area to help break-up the forest and create fire breaks, mostly through the forest licence. These blocks are taking time as they all have land use planning associated with them such as future rural development. We hope to start harvesting on them this winter.
- 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

- 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 10 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.
- Kindermorgan has leased 20 acres planned for pipe storage.
- 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. Next spring, we hope to start working on fire fighting system for the yard. The old system's base is still there but is in rough shape and needs to be rebuilt
- We have been waiting and completing research on what the VCF could support for NEW local manufacturing in the industrial park. We needed the forest inventories to be completed to know what the long term annual allowable cut would be and how much volume would be available. We are very close to that conclusion.

- We have hopes of a replacing the lost jobs of the Hauer Brothers closures. We tried hard to purchase the Hauer Bros operation in order to keep the jobs safe and the mill in operation. We unfortunately were unsuccessful mainly due to the cost.
- We are looking at the potential for a mill similar in size to the Hauer Brothers mill and a small fibre plant beside it to be built in the VIP. We are hopeful and looking to the future.

Recreation:

- We are finding greater use of our operating areas due to the increased quality of the road systems.
- We have completed road construction and have harvested ski runs based on Valemount Glacier Destinations plans. We are now waiting for their start-up on construction to continue works.
- 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.

Grants:

- The VCF awarded roughly \$36,000 worth of grants locally in 2017.
- The VCF community grant program totals \$9500.
- We also pay 50% of the cost of the Valemount grant writer who works out of the village office and writes grants specifically for Valemount and area. A total of \$7500.
- The VCF board discretionary fund supplied \$6000 dollars to local events and needs.
- The community education program spent \$2500 on fire fighting training.
- We spent \$11,000 on supporting the tourism sector with funds for snow removal, road grading and trail maintenance.
- Looking at the numbers for 2018 we will be closer to \$45,000 in local grants.

New Business Creation

- We are in the final stages of creating two new Limited Partnership companies.
- The new companies will be called the Valemount Community Forest Company LP Ltd and the Valemount Industrial Park Company LP Ltd.
- We needed to separate the industrial park from the community Forests for VOV liability and tax reasons.
- We have used VOV lawyers to help us through the process and have worked closely with the Village to make sure nothing was missed and that everyone is satisfied with the outcome.
- Once the new businesses are approved we then start transferring assets into the two new companies which will take roughly 3 months. We hope to have all the work completed for January 1 which is the year end for the current company and would be a clean start.

I'd like to thank the 2017 and 2018 board of directors for their knowledge, experience and guidance in moving us forward and a special thanks to my colleagues Janey Weeks, Adrian van der Zwan, Betty Hardy and new employee Brian Shawara for their support and expertise. I'd also like to thank the mayor who has dedicated many years to Valemount and to the Community Forest. Mayor Townsend played a major role in Valemount being awarded the original Comfor licence. We are very much part of her legacy. The mayor and council have shown great confidence and trust in us and have supported the direction of the VCF 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.