

## Overview of 2016

Manager Craig Pryor

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

### 2016 Financials:

- We have a total revenue of \$8.4 million
- Total expenses of \$8 million
- Total net earnings for 2016 of \$368,974
- Our Silv liabilities are identified per block with a total liability of \$772,000 of which this dollar value is protected to ensure success long term.
- The VCF total equity is \$5.7 million
- We are financially healthy, debt free and able to invest capital where necessary

### 2016 Highlights:

- In early 2016 we have signed a long term fibre agreement and have purchased a forest licence from Carrier Lumber for \$1.5 million which was then surrendered to the Government with a new Community Forest awarded in return. The \$1.5 million was paid from VCF Cash reserves.
- VCF now has two community forest licences and a small forest licence.
  - o K2T which is the original CFA has a cut of 33,000m<sup>3</sup>/year
  - o K5Q which is the new CFA has a cut of 35,000m<sup>3</sup>/year
  - o FL A93987 has a cut of 2300m<sup>3</sup>/year and will be operated mostly in Carrier Lumber operating areas in the Robson Valley.
  - o Total cut per year of just over 70,000m<sup>3</sup>
- VCF has harvested a total of 70,000m<sup>3</sup> during 2016 from both community forests licences utilizing 6 different logging contractors. All local.
- We successfully harvested our BCTS sale at 51km on the East Canoe. The sale was for 33,000m<sup>3</sup> and a mix of cable and conventional harvesting. \$3.2 million was received in revenue with \$1.2 million paid to the government in stumpage. \$2 million was paid out to local contractors with a small profit earned by VCF. We placed a bid on a new BCTS sale this past winter but were unsuccessful.
- We have completed a new forest inventory and ecosystem mapping on our original Community Forest Area. The timber supply review is ongoing with a submission set to be submitted to the government by mid may. Initial calculations show the annual allowable cut increasing. We will know a final AAC within a month. The total cost of the project will be just under \$250,000 including a NDIT grant for \$18,000.
- The VCF board of directors gave the go ahead to start the next forest inventory on the new K5Q licence. We expect similar returns which include new air photos, ecosystem mapping, new timber typing and expanded AAC. A grant for \$100,000 has been awarded to the project from the Rural Dividend Fund and we expect a grant from NDIT

for a further \$18,000 to help fund the project. The overall cost of the project will be roughly \$250,000.

- We planted 400,000 trees on logged blocks with another 300,000 trees planned for planting in 2017. Tree planting is expected to start early May.
- We surveyed >500ha of plantations to ensure they meet government standards. We were very pleased to see the positive results.
- We invested over \$200,000 into upgrading the West canoe mainline during the summer of 2016. In addition to this the government brushed 10-15km of road and installed a bridge at 10km. The VCF is expecting to take over ownership rights of the road this summer. The road was old and worn out and desperately needed upgrading and maintenance. The road still needs graveling in numerous sections to bring the road up to an efficient haul road. We will look into options this summer.
- We also hope to pre-build roads in 2017 into blocks for future harvesting.
- 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.

#### Referrals:

- We refer all activities to trappers, guides, range tenure holders and to First Nations. We utilize multiple types of referrals from legal documented referrals to informal meetings to open board meetings to this AGM. We believe that we need to do a better job of communicating with stakeholders and will work on a plan to hold more formal annual information sharing meetings. We are aiming to do a better job of communicating.

#### Valemount Industrial Park

- Cedar Valley Holdings is well into the construction of its new expanded shake/Shingle and post and rail mill. The mill should be up and running this spring.
- A lease deal for 10 acres has been signed with Dunkley Lumber out of Prince George for decking wood purchased off the open market.
- Canfor has leased 5 acres this winter to store BCTS purchase wood. They have started processing this wood in the yard and will start hauling soon. Part of this deal was to open the VCF scales for a 2-month period. We hired and trained two locals to run the scales.
- The Valemount Stone Company leases 5 acres in the yard to store and process rock.
- VCF utilized the yard and scales this past winter as a reload yard and specialty wood decking area. We decked roughly 200 loads of VCF wood in the yard and reloaded all but 5-10 loads of specialty wood.
- We are working on an infrastructure plan for the yard that will set up future development. We hope to start some work this summer.

#### Recreation:

- We have signed a memorandum of understanding with Glacier Destinations in 2016 and have done the following to support their project:

- Built a connector road from the Westridge FSR to the lower McLennan where VGD intend to install a bridge over the McLennan River.
- We have built roads into a planned subdivision area and plan to log this area this summer.
- We have built road and partial cut a block up the Westridge where they plan to have ski runs and gondola lifts. They seem very happy with the outcome.
- More roads and areas are to be talked about and we will help if we can as this is a major investment in Valemount and one that we fully support.
- We are very happy to see the 5-Mile recreation area doing so well, it's a great success storey.

#### Grants:

- The VCF awarded **7 grants** in 2016 totaling \$5000. The grant funding amount has been increased from \$5000 to \$7500 in 2017.
- 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.

I'd like to thank the 2016 board of directors for their knowledge, experience and guidance in moving us forward and a special thanks to my colleagues Janey Weeks and Adrian van der Zwan for their support and expertise. I'd also like to thank the mayor and council who have shown trust in us and have supported the direction of the VCF and its board. We have had a very positive year and I look forward to another one in 2017.