

Minutes

CSA Community Advisory Group To Western Forest Products May 8, 2013 Western Forest Products Boardroom

Attendance: refer to attached sheet

6:00 pm: Meeting called to order
Quorum not met.

Safety Review

Facilitator noted fire exits and first aid attendants in case of emergency. Meeting place in case of emergency was noted.

Code of Conduct

Code of Conduct for Community Advisory Group was reviewed.

Welcome and Introductions

Chair welcomed members.

Review and Acceptance of Agenda

Agenda was accepted with additions.

Correspondence

Copies of recent correspondence was provided and reviewed

- Letter to PRPAWS
- Emails to FNs
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Review and Acceptance of Minutes

Minutes reviewed and will be sent to additional members for input and acceptance.

Operational Information Map Review

Current Activities

Harvesting – LL-017, PD-280, PD-303, ST-024, ST-272, ST-038, ST-255, ST-264, TM-186, TM-243,
UL-807, UL-814, UL-815, UL-890, WL-345, WL-914, WL-944, WL-950

Road Construction – BT-664, GI-119, GI-122, GL-021, ST-264, ST-296, ST-329, UL-827

Engineering – BT-915, CH-018, GI-062, GI-061, GI-064, GI-130, LL-012, ST-820, TM-123, TM-246,
TM-254, TM-259, TM-260, UL-817, UL-819, UL-821

What's New on the Map

New Blocks – None

New Roads – None

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Cutting Permit Approved Areas – PD-168, PD-280, PD-302, PD-302, ST-264

There are no new blocks or roads planned along the Sunshine Coast Trail. WFP has contacted PRPAWS regarding field walks for blocks UL-817 and ST-820.

Logging Complete – CH-400, CH-402, LL-026, LL-029, ST-235

Road Construction Complete – GL-657, ST-327, UL-890

Engineered Blocks – None

Engineered Roads – None

Company Updates

WFP reported their highest earnings ever for their first quarter earnings. Net debt is now zero. There is a new VP at timberlands, John Manning.

Guest Speakers Walt Cowland & Stuart Glen – The Planning Process

The group adjourned to the ‘bull pen’. Walt and Stuart explained that they are in the process of working on the five year plan. This will establish where they will be harvesting and building roads for the next five years. Using maps they gave the group an overview of this process. They look at the maps to establish where and what type of timber is available. Stillwater is about 85 – 90% second growth. 35 – 40% of the stands that are over 50 years old are in the lake area. They attempt to harvest in sync with the age of the stands. Due to poor economic circumstances over the last few years they have logged less around the lake instead harvesting from the areas cheapest to log nearer Stillwater. The next consideration is how and where they can build roads to get to the timber. They would always rather log an area using conventional methods as opposed to heli as it is much cheaper. At times it is very difficult to plan roads due to landscape issues such as gullies. From a road building point of view, all things being equal, the farther it can be kept from the lake and cabins the better. Being up farther on a side hill would likely mean more wood would come to the road as there are two sides for wood to come from instead of just one if the road is near a shore. Another big driver is visuals. The planners have to plan for more than one pass so that the first pass has a chance to green up before the remaining timber is harvested. The second pass typically cannot take place for at least twelve years. Any creeks in the block have to be assessed regarding fish. Goat polygons, deer winter range, and other protected species areas need to be taken into account. Walt said that if there are any critical sections of the road, structures to be built or big rock cuts, they will bring in civil engineers to survey the area so that they can confirm that their design works and it helps them estimate their costs. Viewscapes are considered from four designated points and models are created of what one would see from each of these view points if trees were extracted based on the blocks planned. If the block does not meet the visual criteria it will be modified. Sometimes additional view points may be added if there is a campsite or some other concern. About 40% of Stillwater’s landscape that they harvest has visuals to consider.

Under the management of the land base for biodiversity, each landscape unit must have a certain percentage of Old Growth Managements Areas (OGMAs) identified to be retained. Generally these areas include other resource values such as recreational areas, streams, unstable slopes, and goat winter range. Due to the pilot project an interesting thing about the Stillwater area is that landscape level planning is already done. Where you cannot log has already been established. This is not necessarily

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the case for other areas. One of the risks of this is that although this land has already been taken out of harvestable timber people forget about it and try push for more.

Adjacency is another issue that has to be considered when planning cutblocks. If a block has been cut, the blocks next to it cannot until there is 3 metre green-up which takes about 8 years.

Question: Does having to use another company's road factor into decisions regarding how to lay out blocks?

Yes, it can.

Question: If you had to use BCTS roads how does it work?

WFP would need to get a Road Use Permit which allows them to use the road. If there are multiple users one would be designated the prime user and would be responsible for maintenance.

The front end of Stillwater has been logged quite hard over the last number of years so the issue of adjacency is a big driver in deciding which blocks can be logged next. The first block that they can take in the area is in 2017. That is why they have moved up to Lois. Knowing that, Rudi ran a fertilization project in the area. The fertilized areas should not be logged for 6 – 8 years to allow the trees to respond to the fertilization. This will set these stands up to take advantage of a last burst of growth before they are harvested. In each area, in order to get the money from the Ministry to do the fertilization, the net present value calculation must be done to show there is a return on the investment. Fertilization should be done at 7 years, 14 years and 21 years before harvest. You must do the increments because if you were to miss the 7 years before harvest the growth benefit of the 14 year before harvest fertilization gain would be lost.

Question: What does it cost per hectare to fertilize?

I don't know. Rudi would be able to answer that question.

ACTION: Stuart to ask Rudi about cost per hectare for fertilization.

One of WFP's challenges in Stillwater is to come up with heli wood that is viable. In today's market you need old growth stands. There is a stand on the south side of Freda Lake that has some proposed heli logging as there are no roads in the area. To get to this wood without helicopters they would have to build 3 km of road through stands that will not be ready to harvest for another 15 – 20 years.

With the contractor contracts that WFP has in the area right now, they like a system mix that includes 3 grapple yarders plus combined with hoe chucking. This is accomplished by not having all of the blocks down in the flats which is hoe chucking ground and instead having a mix of flat and steeper ground. In addition it is best not to have grapple yarders spread out all over and instead having a logical pattern to the flow of machines moving from one block to another and from the low to high elevations.

It is important to move from the low areas into the transitional and higher areas during the seasons to make sure the areas in the higher elevations are harvested during the months that they can be reached without running out of time when the snow comes.

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Comment: You mentioned that the company just came out of the red and that you have been logging down low where the wood is easier and cheaper for a long time. Now is the time to go back up.

That is exactly what is happening.

Question: Do you get much push back from management to keep taking the cheaper wood?

There are conversations about why our costs are now higher and our margins less than they were a year ago. Management recognizes that we were going after the low hanging fruit and that now we must go for the more difficult timber.

Question: When will you know what your Annual Allowable Cut (AAC) will be?

We will formally know when the new management plan timber supply analysis is approved.

Question: Do you have some type of base figure for here?

Right now we are basing our planning on the information Peter gave at the last meeting.

Question: 385,000 cubic metres per year?

385 out of the conventional land base and 90 unconventional (heli). It works out in terms of water scale to around 420,000 cubic metres per year plus residue. AAC includes what you log plus your waste.

The Eldred Valley has an interesting story. It was part of what was called the thirty year reserve. When TFL39 was granted in 1961 not everybody in Powell River was pleased. The small market loggers complained that the government was giving control to the large corporations, so the government set aside some areas within the TFL for 30 years and for 30 years MacMillan Bloedel was not allowed to log and the small operators were. The big areas that were included were the Eldred where Granite Lake Logging logged, some out at Walt Lake, around the TLs and Lois, and the south side of Lois Lake and into Hotham Sound. When you go into the Eldred now none of logging that was done is M and B logging. Towards the end of the 30 years it got to be a bit of a gold rush feeding frenzy as the companies tried to get the last of the wood out. Now when you look at the map there isn't a lot left except for a few fingers of high elevation timber. We are looking at whether there is anything there, but for the most part we will be waiting for the second growth to come back. You couldn't afford to reactivate those roads to go for the small patches.

Comment: Seeing what these foresters do as stewards of our forests it would be nice to have the public made aware of all of the dedication and care that is taken in making decisions. I think a lot of the public does not understand what effort is taken to manage the forests.

Comment: I think the public takes for granted the cost and trouble that Western and other forest companies go to make sure that the public has trails and access to the forests.

Hopefully CAG takes this to the community and talks about it.

Terms of Reference Sub-committee – Ken Jackson

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Amended Terms of Reference with changes highlighted in yellow were distributed to the members. Changes were discussed and accepted by the members present at the meeting. As quorum was not met amended TOR to be emailed to absent members for their approval.

ACTION: Valerie to email TOR to CAG members requesting approval.

Indicator Update

Indicator 2.2.1 Additions and Deletions to the Forest Area – there are three different targets. Stuart changed bullet number 2 from ‘report on deletions to the DFA’ to ‘report third party applications with the potential to impact the available land base or deletions to the DFA’. The thought behind this was that it would be more proactive to report on applications that could impact the DFA. The members present agreed and as quorum was not met the Indicator with it’s amendments highlighted in yellow will be emailed to members for approval.

ACTION: Valerie to email Indicator 2.2.1 to CAG members requesting approval

Indicator 5.1.1 – Local Log Sales – Stuart presented a document that has been in place for a number of years. He updated it to show the current volume allowed per year and the current contact – Nick Broekhuizen.

Question: Where is Nick stationed?

In Nanaimo. He is all over that is why the contact number is a cell.

Stuart spoke to Rick Lundgren and Kevin Lacouvier who has been doing a lot of the sales.

Comment: I was told that Rick Lundgren was the contact.

He was, but he said Nick should be contacted as Rick is close to retirement.

Question: It says ‘potential log buyers should consult with us ahead of time’ – who is us? Nick?

Yes.

Question: Could the document be changed from saying ‘us’ to ‘Nick’?

Yes.

Comment: I want everyone at the office and Olympic to know who people should contact so that people don’t hear ‘I don’t know’ when they ask who they should be talking to.

When Stuart talked to the sellers at WFP they told him they have never turned a log buyer down and they feel like the system works. If there is some feedback that it is not working they would like to know because to their knowledge it works.

Question: If somebody calls Olympic, who do they speak to about logs?

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They would talk to Nick Broekhuizen. The logs do not belong to Olympic. Nick will make arrangements for someone to look at the logs.

Comment: Usually they go talk to the scaler because they make the sorts up and do the scaling.

They should talk to Nick so that he can make arrangement for whatever log is necessary to be available.

Comment: Let's see how it works because I hear that it seems like it is a hassle to Olympic. They were dealing with Rick.

The sales guys said they have never turned anyone away.

Comment: One guy told me that he was told the system is not set up for small log purchases. If someone wanted a special sort would they still call Nick?

Yes.

Comment: I will let everybody know and if it works – great. Lots of guys like to go and look at the sort and I don't think Olympic likes it because it takes up time.

Comment: They wouldn't like it. People come to our lumber yard and pick through a whole pile of lumber to try and find clear out of utility and we don't like it either. We and Olympic are not set up that way. We're not set up to have somebody at the site, against the rules of Worksafe.

Comment: You can't speak for Western. They stop at the office and they were able to do that.

Comment: It is the same at our yard. People come to the office and we have to guide them through the yard. It is counter productive to what we are doing. Olympic is not set up as a retail yard.

Comment: If somebody phoned you and asked for a bunch of logs what would happen? Would they come up, go through logs and you would put them aside for them?

No. We say we can't help you.

Comment: WFP has to help them. You go down there and talk to the scalers because they are the ones in charge of the sorts. They are the people that understand what somebody wants.

The scaler is just scaling WFP's wood. He has no authority to give the wood to anyone or show it to anyone

Comment: He is not giving it. He is doing the work, not the office.

Comment: Could WFP ensure that Nick's number is beside the phone at the sort so that communication can be done and Nick can make the arrangements?

Yes. WFP is making the logs available and they do not have to make these logs available, they haven't turned anybody down, people can get their logs. I'm not sure what the issue is.

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Comment: The issue is trying to find out who the contact is and what the process is.

Nick will facilitate this. If there is issues that come up please let Stuart know so that he can deal with them at the time.

Comment: Can we try this and see if it works?

Comment: We don't have any other option. They use to deal with local people and know they will have to deal with somebody over the phone.

ACTION: Valerie to email document to CAG members requesting approval

Overcut of Block 1 – TFL 30 - Chair

The auditor recommended to the group that met with him that they should address the issue of the overcut of Block 1 if the members feel that there is risk to cutting too much wood. He felt they had a responsibility to bring it to the table.

Comment: The cut should be kept to what Indicator 2.2.2 indicates. Members would like to see a cut that is sustainable.

Stuart said that the Indicator allows for a 25% variance over a 5 year rolling average.

Comment: Maybe we should reduce that variance.

Comment: I'm not happy with the target. I would like to see something sustainable.

This is just what the indicator has always been.

Comment: But there has never been an average of 125%.

Yes. It has peaked over the last few years.

Comment: That is because you are overcutting here to make up for undercutting in other areas to keep the total company AAC up. What is sustainable for Block 1?

The AAC number from the Chief Forester is what is determined to be sustainable.

Comment: I'm not sure that we all understood that the government regulations regarding AAC were directed to the whole TFL rather than each Block. We didn't understand that all of the cutting could be moved to Stillwater year after year. It is pretty distressing. Perhaps our variance is too high.

Comment: In addition the 'low hanging fruit' has been cut and all we are leaving is the expensive wood. If the market turns there won't be any inexpensive wood to cut.

It is a challenge. I appreciate your comments.

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Comment: It appears that the company is now going to limit it's profitability and go for the more expensive wood now that the markets are stronger. I find that heartening.

Comment: Wouldn't it make sense to change the indicator's target to 10% variance to match the government regulation that requires the company to pay for overcutting beyond 10%?

Maybe or over a longer time period. You can be at 150% on any given year, but 110% over the 5 year rolling average. I'm watching it also and that is why I brought it to everyone's attention and asked Kerry to speak to us.

Comment: WFP has been very up front about it.

It was really bad. At one point there was no money for pay cheques so you can see why they did it. It is probably okay for a few years, but it is not sustainable over the long run.

Question: Could we speak about this in September when we reconvene? At that point we should have more people here for the discussion at that time.

ACTION: Stuart to note that group wants to readdress overcut issue in September.

Stuart said that he and Walt had a discussion regarding some inexpensive blocks during the economic turndown. Walt had kept the blocks for a 'rainy day' and they said if ever there was a rainy day this was it. Now that times are better they are logging higher wood.

Comment: You have to continue to think like Walt did and plan for the future because supercycles don't last long.

We are doing things like getting Sherman's Main turned on. Two years from now when we have that whole area opened up we are going to be so glad that we have that road in. We are getting things set up now while we can.

Action List Items

Action Items			
Ongoing	Who	Meeting	When
Set up evening meeting or evening phone call with Nate in April.	Stuart	March 13	Done
Stuart to find out more details on local sales and will confirm who the current contact is for purchasing logs.	Stuart	March 13	Done
Find a Junior Forest Warden to fill student seat	Andy	March 13	Ongoing
Ask Rudi about cost per hectare for fertilization.	Stuart	May 8	
Email TOR to CAG members requesting approval	Valerie	May 8	
Email Indicator 2.2.1 to CAG members requesting approval	Valerie	May 8	
Email document to CAG members requesting approval	Valerie	May 8	

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Note that group wants to readdress overcut issue in September	Stuart	May 8	
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Adjourned 8:55 pm

**Stillwater CSA Community Advisory Group
Western Forest Products
May 8th Attendance**

Name	Position	Member Seat
PRESENT		
Jane Cameron – Chair	Primary	Member at large
Dave Hodgins	Alternate	Recreation
Nancy Hollmann	Primary	Tourism
Bill Maitland	Primary	Local Business
Ken Jackson	Primary	Recreation
Read English	Alternate	Local Business
Paul Goodwin	Alternate	Forest Dependent
5 Seats represented		
ABSENT MEMBERS		
Russ Parsons	Alternate	DFA Worker
Mark Hassett	Alternate	Contractor
Debbie Dee	Alternate	Local Governments
Barry Miller	Primary	Environment
Doug Fuller	Primary	DFA Worker
Rory Maitland	Primary	Contractor
Laura van Diemen	Alternate	Employment & Education
Wayne Brewer	Alternate	Tourism
Colin Palmer	Primary	Local Governments
George Illes	Alternate	Environment
Andy Payne	Primary	Employment & Education
Rob Stewart	Primary	Forest Dependent
Cathy Bartfai	Alternate	Member at large
PRESENT		
Resource – others		
Stuart Glen	WFP	
Valerie Thompson	Facilitator/Secretary	
Walt Cowland	WFP	