

REGIONAL DISTRICT OF BULKLEY-NECHAKO

FORESTRY COMMITTEE MEETING
(Committee of the Whole)

Thursday, April 16, 2015

PRESENT: Chair Rob MacDougall

Directors Taylor Bachrach
Eileen Benedict
Shane Brienen
Mark Fisher
Dwayne Lindstrom
Bill Miller
Rob Newell
Mark Parker
Jerry Petersen
Darcy Repen
Luke Strimbold
Gerry Thiessen

Directors Absent Tom Greenaway, Electoral Area "C" (Fort St. James Rural)
Thomas Liversidge, Village of Granisle

Alternate Directors Linda McGuire, Village of Granisle

Staff Gail Chapman, Chief Administrative Officer
Cheryl Anderson, Manager of Administrative Services
Hans Berndorff, Financial Administrator
Wendy Wainwright, Executive Assistant

Other Stephen Burkholder, General Manager, Pacific Timber
Heather Cullen, Director of Project Implementation, Pricing and Tenures, Omineca, Prince George, Ministry of Forests, Lands and Natural Resource Operations
Karl Garrett, Mill Manager, Pacific Timber
Shawn Hedges, Senior Manager, Tenure Operations and Sustainability, BC Timber Sales Branch– Via Teleconference – 1:12 p.m. to 1:54 p.m.
Terry Lazaruk, CanFor
Diane MacKay, Fire Centre Manager, Northwest Fire Centre, Ministry of Forests, Lands and Natural Resource Operations
Darrell Whelan, Resource Manager, Nadina, Ministry of Forests, Lands and Natural Resource Operations

CALL TO ORDER

Chair MacDougall called the meeting to order at 12:43 p.m.

AGENDA

Moved by Director Strimbold
Seconded by Director Bachrach

F.C.2015-3-1

"That the Forestry Committee Meeting Agenda of April 16, 2015 be adopted."

(All/Directors/Majority)

CARRIED UNANIMOUSLY

**SUPPLEMENTARY
AGENDA**

Moved by Director Benedict
Seconded by Director Petersen

F.C.2015-3-2

“That the Forestry Committee Meeting Supplementary Agenda of be received.”

(All/Directors/Majority)

CARRIED UNANIMOUSLY

MINUTES

Forestry Committee Meeting
Minutes – March 12, 2015

Moved by Director Miller
Seconded by Director Petersen

F.C.2015-3-3

“That the Forestry Committee Meeting Minutes of March 12, 2015 be received.”

(All/Directors/Majority)

CARRIED UNANIMOUSLY

SUPPLEMENTARY AGENDA

DELEGATION

**PACIFIC TIMBER Stephen Burkholder, General Manager and Karl Garrett, Mill Manager
RE: Initiatives**

Chair MacDougall welcomed Stephen Burkholder, General Manager and Karl Garrett, Mill Manager, Pacific Timber.

Mr. Burkholder and Mr. Garrett provided a PowerPoint Presentation.

Pacific Timber

- Burns Lake Sawmill;
- Sheraton Sawmill.

Goals for Locally Owned Specialty Mills

- Employ a significant amount of employees;
- Create entry level jobs and up;
- Use dead pine;
- Use simple milling methods which create more jobs.

What Pacific Timber does?

- **Cant production (various sizes) supplying:**
 - Asian export;
 - Oil and gas market (pipelines);
 - Treating market;
 - Pellet markets;
- **Wood Chips and Biomass**
 - Supplying Pinnacle with pellet fibre.

The waste product goes to the Pinnacle Pellet Plant.

- 1450 Truck Loads of Chips in 2014;
- Supplying bedding for farmers;

DELEGATION (CONT'D)

PACIFIC TIMBER Stephen Burkholder, General Manager and Karl Garrett, Mill Manager **RE: Initiatives**

Growth 2012-2015

Log Usage

- 2012 – 15, 613 m³ – 283 truck loads;
- 2013 – 61,453 m³ – 1116 truck loads;
- 2014 – 76,429 m³ – 1371 truck loads

Projection

- 2015 – 126,000 m³ – 2290 truck loads.

Total Volume Needed for 2015

- 126,000 m³/yr - 2290 logging truck loads.

Log Volume

- Burns Lake Sawmill

- 60,000 m³/yr medium wood (7-1/2" – 10" logs);

- Sheraton Sawmill

- **66,000 m³/yr**
 - 33,000 m³ small wood (4-1/2" – 7-1/2");
 - 33,000 m³ large wood (>12").

Finished Products

- BC – 10% of production;
- AB – 15% of production;
- Export – 75% of production;

14.6 million board feet shipped in 2014

- 456 Super B truck loads;
- 24 million board feet projected for 2015;
- 750 Super B truck loads.

Pacific Timber People – the Community

- 2011 – 5 employees;
- Today – 31 employees.

Burns Lake Sawmill

- 1 – Manager;
- 1 – Foreman;
- 11 – Labourers;
- 1- Saw sharperner

Sheraton Sawmill

- 2 – Foreman;
- 12 – Labourers;
- 2 – Clean-up;

1 – Office Support

31 – Direct Jobs in the Sawmills

Diversity

- 45% aboriginal employees;

Bands Represented

- Lake Babine Nation;
- Cheslatta Carrier nation;
- Yekooche First Nation;
- Tl'azt'en nation;
- Gitsegukla Band.

DELEGATION (CONT'D)

PACIFIC TIMBER Stephen Burkholder, General Manager and Karl Garrett, Mill Manager **RE: Initiatives**

Competitive Compensation

\$1.9 Million dollars paid in direct wages in 2014

- \$18 - \$26 per hour;
- Extended Health Benefits:
 - Dental;
 - Vision;
 - Disability
 - Long term;
 - Short term.

Opportunities - Apprenticeships (trades)

- Millwright;
- Mechanic;
- Welder;
- Heavy Equipment Operator.

Pacific Timber is committed to helping its employees move forward with their lives as best they can and are happy to give opportunities to any employee who displays a strong, dependable work ethic and a willingness to learn new things.

Skills and Experience - 30% of workers advance their careers:

- Work at larger mills;
- Go to work in the bush operating equipment;
- Go to school (Trades);
- Mining.

Pacific Timber is happy to help its employees find employment in other companies or industries if Pacific Timber cannot provide them with what they are looking for within the company.

Secondary Employment Opportunities - 2 Bush Crews

- **Harvester**
 - o 3 Harvester Operators;
 - o 2 Forwarder Operators;
 - o 1 Loader Operator;
 - o 1 part time Mechanic.
- **Buncher**
 - o 2 Feller Buncher Operators;
 - o 4 Processor Operators;
 - o 2 Skidder Operators;
 - o 2 Loader Operators;
 - o 1 part time Mechanic.

Trucking

- 2 – Chip Trucks;
- 4 – Highway Trucks;
- 5 – Logging Trucks.

Community – 2014

Purchase of Goods & Services for sawmills only

- \$351,000 Burns Lake area with locally owned businesses;
- \$971,000 total in the region.

DELEGATION (CONT'D)

PACIFIC TIMBER Stephen Burkholder, General Manager and Karl Garrett, Mill Manager **RE: Initiatives**

Maximizing the Natural Resources

- Utilizing all Low grade logs;
- Fire Damaged timber;
- Sap rot wood utilization (previously waste wood);
- Very Little Waste left in the bush.

Utilization of "Waste"

- From sap rot logs to lumber;
- From burn wood to lumber;

Fire Salvage

- Utilizing fire damaged trees;
- Trout Fire:
 - o Currently Salvaging 10,000 metres;
- 59 km Morice Fire
 - o Purchased 15,000 metres

Interested in purchasing any fire damaged wood.

Innovations

Specialty Timber Harvesting Methods

- Selective Harvesting, leaving the green for the future;
- Fire mitigation by removing the dry wood that fuels the fires:
 - o Remove the danger before it threatens homes.
- Recovering the blowdown and the dry wood and leaving the green to continue growing.

Innovative Harvesting Equipment

- Harvester/Forwarder
 - o With this method of harvesting in small dry timber stands, it allows for full recovery on blow down and the low quality logs;
 - o There is little ground impact making it well suited for sensitive areas;
 - o Selective harvesting does not have as much visual impact on the landscape.

Log Suppliers

- BC Timber Sales;
- Burns Lake Comfor;
- Wood Lot owners;
- Major sawmills;
- Pinnacle Pellet;
- 1st Nations.

Burns Lake Comfor – helping create local jobs by supplying logs

- Significant log supplier;
- Supporting improved harvesting methods;
- Profits stay in the community.

For Success:

- Strengthen and create new business relationships;
- Create partnerships that allow consistent access to fibre (logs):
 - o Continue providing jobs in the community;
 - o Continue to utilize "waste".
- Together – can go further.

DELEGATION (CONT'D)

**PACIFIC TIMBER Stephen Burkholder, General Manager and Karl Garrett, Mill Manager
RE: Initiatives**

Discussion took place regarding the turnover and recruitment of employees. The success stories from employees that begin in entry level jobs but are able to succeed and progress their abilities and careers help to balance the turnover of employees.

Challenges in regard to obtaining sufficient fibre was discussed. Mr. Burkholder mentioned that Pacific Timber is willing to investigate any fibre source to determine viability. He also noted that the biggest portion of the fibre that Pacific Timber utilizes, approximately 75% is grade 4 or less and does not impact the Annual Allowable Cut (AAC) allotment.

Director Strimbold spoke of the RDBN Forestry Committee being an advocate for innovation and that support may be provided to assist in new innovative techniques/projects.

Chair MacDougall thanked Mr. Garrett and Mr. Burkholder for attending the meeting.

DELEGATION

MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS - Darrell Whelan, Resource Manager, Nadina, and Heather Cullen, Director of Project Implementation, Pricing and Tenures, Omineca, Prince George, Ministry of Forests, Lands and Natural Resource Operations RE: Legislative Changes Support BC Timber Sales Review Recommendations

Chair MacDougall welcomed Heather Cullen, Director of Project Implementation, Pricing and Tenures, Omineca, Prince George, and Darrell Whelan, Resource Manager, Nadina, Ministry of Forests, Lands and Natural Resource Operations and Sean Hedges, Senior Manager for Sustainability and Tenure Operations, BC Timber Sales.

Ms. Cullen noted that she is currently on temporary assignment with BCTS (BC Timber Sales) to assist the BCTS to address the Role and Effectiveness Review and the recommendations brought forward. She noted that the BCTS program has been under scrutiny in the last couple years with industry raising concerns with high level government regarding the timber volume being administered through the BCTS program. The Premier requested that the Ministry of Forests, Lands and Natural Resource Operations (MFLNRO) conduct an effectiveness review of the BCTS program. An external consultant, John Allan, was hired to conduct a review of BCTS's roles and effectiveness and recommendations were brought forward. BCTS has a primary goal and six total objectives to constitute its revised role.

BCTS has implemented a number of recommendations but Ms. Cullen mentioned that as project manager she is assisting them to review the remaining recommendations for decisions to be made at appropriate levels of government.

Mr. Hedges noted that Bill 25, which will address changes to BCTS has been introduced in the legislature and has passed 1st reading. He noted that the BCTS elements of the Bill are to make continuous improvements and a number of the changes are for general housekeeping and overall improvements to business practices.

DELEGATION (CONT'D)

MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS - Darrell Whelan, Resource Manager, Nadina, and Heather Cullen, Director of Project Implementation, Pricing and Tenures, Omineca, Prince George, Ministry of Forests, Lands and Natural Resource Operations RE: Legislative Changes Support BC Timber Sales Review Recommendations

General themes and objectives

1. Improving business practices:
 - a. 1st amendment – clarifying the financial reasons for which a Timber Sales Manager can refuse to approve an application for a Timber Sale License (TSL);
 - i. *Section 81 of the Forest Act* is being amended to establish clearly the discretion authority of the Timber Sales Manager in regard to outstanding stumpage and repayment plans;
 - b. *Section 22 of the Forest Act* – being amended to clarify the current content provisions and authorities that describes what a Timber Sale Managers authority can include by way of obligations and requirements within a Timber Sale License.
2. Generating direct and indirect revenue:
 - a. Authorize Timber Sale Managers (TSM) to directly dispose of surplus assets that were acquired with funds from the BCTS accounts for example bridges and culverts. This amendment will allow BCTS to recover revenues directly back to the BCTS account, at present revenues from surplus assets is not credited back to BCTS.
 - b. Provide authority for TSM's and others in BCTS to enter into service agreements across government with third parties and customers.
 - i. Overarching agreement to promote effective working relationships
 - ii. Much more collaborative:
 1. Development planning;
 2. Reforestation activity;
 3. BCTS could take care of the reforestation activities on a fee for service basis – through independent consultants and contractors.
3. Supporting accurate pricing of crown timber – goal for program
 - a. Three legislative components:
 - i. Bonus offers on cruised based timber sale licenses (TSL)
 1. Two types of Timber Sales Licenses:
 - a. Cruise and Scale Based Licenses;
 - b. Cruise Based TSL's – bidders pay an upset amount and lump sum bonus amount in installments over the term of the TSL;
 - c. If the TSL is surrendered or allowed to expire un-harvested both the deposit and the bonus offer must be forfeited;
 - d. Scale Based TSL's – bidder only pay an upset amount in installments over the term of the TSL;
 - e. If the Scale Based TSL is surrendered or allowed to expire un-harvested only the upset amount is forfeited;
 - f. The amendment will adjust the risk to a Cruise Based TSL to be the same as a Scale Based TSL;

DELEGATION (CONT'D)

MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS - Darrell Whelan, Resource Manager, Nadina, and Heather Cullen, Director of Project Implementation, Pricing and Tenures, Omineca, Prince George, Ministry of Forests, Lands and Natural Resource Operations RE: Legislative Changes Support BC timber Sales Review Recommendations

- ii. Community Forest Volume Distribution Authority
 1. Bill 25 provides discretionary authority that allows the Minister to issue a new Community Forest Agreement or First Nation Woodland License and in doing so can reserve a portion for BCTS;
 2. This wouldn't apply to existing woodland licenses but could apply to new and/or renewed woodland licenses with the approval of the tenure holder;
 3. Give the minister and government more options/additional tools to more effectively balance the competing objectives in an ever diminishing land base in terms of timber supply and operating areas;
 4. See as being rarely used.
- iii. Legislature which streamlines BCTS Disposition Agreement Authority:
 1. Eg. Local Community Forest Agreement (CFA) had a need/interest to work with BCTS to auction the timber from that CFA, they can enter into a voluntary agreement with the Timber Sale Manager under the newly proposed section and release volume from the TSA to the Timber Sale Manager to auction. In return receive consideration as determined by the TSM and CFA.
 - a. This assists tenure holders around the province to partner with BCTS to auction timber to maximize return;
 - b. Allows for BCTS to realize incremental revenue and fibre opportunity and helps get fibre to market sooner.

Discussion took place in regard to the Community Forest Volume Distribution Authority and the ability for a Community Forest Agreement to utilize BCTS volume with a portion being reserved for BCTS. This would only apply to areas wherein a new CFA utilizes BCTS areas.

Director Miller questioned why the idea of the Volume Distribution Authority wasn't considered when major licenses did a license swap.

Mr. Hedges commented that the underlying motivation relates to CFA and First Nations Woodland licenses because of constant threats and challenges that BCTS was experiencing and the Minister was having to cope with. It specifically relates to demands from communities and First Nations to re-apportion BCTS AAC's (Annual Allowable Cuts) to support issues of tenures to CFA's and First Nations Woodland licensees. Part of the policy objective was to mitigate the impact to BCTS when the Minister feels no other option but to take from the BCTS and reallocate to First Nations or CFA. Major licensees already have quota and this does not apply.

Chair MacDougall thanked Mr. Hedges, Ms. Cullen and Mr. Whelan for attending the meeting.

CORRESPONDENCE

Burns Lake Community Forest Ltd. – Public Review Period For the Burns Lake Community Forest Timber Supply Review Data Package – Ending April 10, 2015 at 4:00 p.m. Moved by Director Fisher
Seconded by Director Miller

F.C.2015-3-4

“That the Forestry Committee receive the correspondence titled “Burns Lake Community Forest Ltd. – Public Review Period for the Burns Lake Community Forest Timber Supply Review Data Package – Ending April 10, 2015 at 4:00 p.m.”

(All/Directors/Majority)

CARRIED UNANIMOUSLY

ADJOURNMENT

Moved by Director Newell
Seconded by Director Benedict

F.C.2015-3-5

“That the meeting be adjourned at 1:57 p.m.”

(All/Directors/Majority)

CARRIED UNANIMOUSLY

Rob MacDougall, Chair

Wendy Wainwright, Executive Assistant