

# ANNUAL REPORT

2006



*Burns Lake*

*Community Forest Ltd.*

153 FRANCOIS LAKE DRIVE P.O. BOX 788, BURNS LAKE, BC V0J 1E0  
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ON THE COVER  
Burns Lake South  
Michael Riis-Christianson Photo



The Corporation of  
**The Village of Burns Lake**

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**OFFICE OF THE**  
**MAYOR**

March 28, 2007

To All Residents of the Lakes District:

**BURNS LAKE COMMUNITY FOREST LTD. 2006 ANNUAL REPORT**

Attached you will find the annual report of Burns Lake Community Forest Ltd. for 2006.

The company had another successful year in financial terms, recording a profit of approximately \$1.9 million on gross revenues of approximately \$24 million. It also continued to provide meaningful employment to local residents and made significant financial contributions to local non-profit organizations.

Burns Lake Community Forest Ltd. once again met with success during 2006 in the areas of local management of resources, local employment, providing economic opportunities for First Nations, involvement in forestry training and education, support of outdoor recreation opportunities, and creating revenue to sustain and support the community.

Burns Lake Community Forest continues to be a leader in the field of community forestry. Burns Lake hosted a very successful British Columbia Community Forest Association conference and annual general meeting in June of 2006, which saw visitors from as far away as Korea and Sweden. With a theme of "Pilots to Performers", Burns Lake Community Forest had an opportunity to showcase their successes, as well as discuss the challenges facing the community with the continued impact of the mountain pine beetle epidemic.

This forest corporation continues to be a tremendous asset to our area and something of which we can all be proud. It is my sincere hope that the company will continue to build on its outstanding record of success in the years to come.

Sincerely,

A handwritten signature in black ink that reads "Bernice Magee".

Bernice Magee  
Mayor

## ***Foreword***

Burns Lake Community Forest Ltd. was formed in December 1998 as the governance model selected by the community to respond to the Request For Proposals issued by the Province of B.C. The community's reason for pursuing this license was to secure some form of management input into the working forest surrounding the village, and to gain some control over local forest resources for social and economic reasons.

The community forest license was signed July 7, 2000 with a initial Annual Allowable Cut (AAC) of 23,677 cubic meters (m<sup>3</sup>). The community forest has undergone several expansions since that time, and is currently 42,900 hectares, with a normal AAC of 62,631 cubic meters (m<sup>3</sup>). Burns Lake Community Forest Ltd. was awarded a 25 year term Long Term Community Forest Agreement in April of 2005—the first signed in the province. In 2005 the AAC of the community forest was increased to 300,000 cubic meters (m<sup>3</sup>) per year to facilitate beetle salvage.

Tree species include lodge pole pine, Engelmann white spruce crosses, and subalpine fir, as well as trembling aspen, cottonwood, and birch. Elevation in the community forest ranges from 700 to 1400 meters in the SBSdk, SBSmc2 and ESSFmc ecosystem classifications.

Wildlife includes moose, mule and white tail deer, black and grizzly bear, as well as many other fur-bearing animals. Guide-outfitters and trappers rely on the land base for their income. Bird species are diverse, and many use the riparian areas, streams, and lakes for habitat.

Outdoor recreational pursuits by local residents include skiing, snowmobiling, mountain biking, All-Terrain Vehicle (ATV) use, hunting, fishing, boating, and hiking.

The community forest is governed by a ten member board of directors, which includes representation from the Corporation of the Village of Burns Lake (one director), Burns Lake Band (one director), the Office of the Wet'suwet'en Hereditary Chiefs (one director), and the Wet'suwet'en First Nation (one director). Six directors are chosen from the community at large. The community forest also has a three member advisory board. The company's board continues to encourage participation from the local community. The board of director meetings are open to the public, encouraging local input into forest management decisions.

In keeping with the company's goal of maximizing local employment and economic benefits, all of its forest management, construction, and logging activities are preferentially contracted to residents of the Lakes TSA.

## President's Report

In 1998, members of the Burns Lake Community Forest Steering Committee established the following Mission Statement & Emerging Strategy for your community owned forest corporation, Burns Lake Community Forest Ltd. (BLCF) (which later became a subsidiary company of Comfor Management Services Ltd.):

"Burns Lake Community Forest Ltd. will manage and operate its Community Forest license in a manner that will enhance the forest resource while respecting the principles of integrated use, environmental stewardship, and public consultation. The corporation's activities will provide the following benefits to the community on a sustainable basis:

Local management of resources;

Local processing;

Local employment;

Forestry training & education;

Outdoor recreation activities;

A lasting relationship with the land that comprises the Community Forest; and  
Revenue (to sustain the corporation and to support the community."

These goals continue to guide the company's activities and form the backbone of its corporate strategy.

Some of the ways in which Burns Lake Community Forest Ltd., worked toward these goals are shown in the remainder of this report.

### Local Management of Resources:

BLCF is committed to local management of the resources contained within the community forest.

In 2006, BLCF managed the forest resources on approximately 42,900 hectares of Crown land. These resources were managed for the benefit of all residents of the Lakes District, and not for one special interest group. Planning at the landscape level takes into consideration all resource users.



The company operated under an Annual Allowable Cut (AAC) uplift, and subsequently harvested approximately 448,000 cubic metres (m<sup>3</sup>) of timber in 2006. Harvesting has been concentrated on pine leading types, infested with mountain pine beetle. We also commenced a massive salvage effort adjacent to Maxan Lake. This



timber, which was primarily spruce, had been down since October of 2004. 78% of harvest volume for 2006 was pine, which is high considering the spruce blowdown salvage. The mountain pine beetle continues to attack indiscriminately, and shows no mercy for pine as young as 20 years. The short term uplift in harvest that commenced in 2005 ensures the company (and hence the community) gains maximum value from the timber resource before it deteriorates. Harvested forest lands are quickly regenerated (most within one year of harvest, on average) and thus back into production as quickly as possible. On average, a 50-50 mix of pine and spruce is used to regenerate denuded areas, using local planting contractors. Some of the pine seedlings planted in 2006 were grown from seed collected off the community forest by local crews in 2005.

### Local Processing of Resources:

In keeping with the Mission Statement & Emerging Strategy, the majority of BLCF's 2006 harvest was sold to local milling companies. This helped maintain existing levels of employment in local processing facilities.



**Local Employment:**

In 2006, Burns Lake Community Forest Ltd. created approximately 250,000 man/hours of direct employment in harvesting, silviculture, road-building, recreation site and provincial park maintenance, and a variety of other activities. The company also helped maintain and create local jobs by purchasing more than \$17 million worth of goods and services in the community. Of this amount, approximately \$11 million dollars was spent on local harvesting activities, including contract logging and road construction. An estimated 160 jobs in the community are directly linked to the community forest operations.

**Forestry Training & Education:**

BLCF's staff continued to visit local schools and provide local students with education on forestry-related topics. They also participated in other school-based activities, such as the Project Forest Management program through the Lakes District Secondary School. BLCF also hosted a very successful British Columbia Community Forest Association (BCCFA) Conference in June of 2006.

**Outdoor Recreation Activities:**

The company purchased a 160 acre parcel of land in 2006, and has leased it to the local mountain biking club for construction of a mountain bike park — an activity that has potential to promote and diversify the local economy. BLCF will continue to liaise with this outdoor recreation user group, and will continue to seek partnerships with other recreation users.



BLCF continues to fund maintenance of hiking trails and recreation sites that were formerly the responsibility of the Ministry of Forests. Two provincial parks in this area are also maintained by local contractors with funds from Burns Lake community forest.

**A Lasting Relationship With The Land That Comprises The Community Forest:**

Burns Lake Community Forest Ltd. became the first organization in BC to secure long-term Community Forest Tenure in 2005. The terms of this agreement provides local residents, through BLCF, an opportunity to manage the forests in their own "backyard" for a minimum of 25 years. With a continued solid record for good forest management, local residents can expect the community forest to provide benefits *in perpetuity*.



In order to better manage the forest resource, BLCF began a detailed ecological-based inventory of the entire community forest landbase in 2006. This information will provide more site-specific information to allow the managers to maximize the productivity of the land, identify beetle-killed portions of the forest and bring them back into productivity and will help us locate ecosystems that could provide non-timber forest product opportunities. This inventory will be available in the spring of 2007.

**Culturally Significant Economic & Educational Opportunities for First Nations:**

As hereditary users of those lands now contained within the community forest, First Nations groups continue to be important partners in BLCF.

In keeping with its Mission Statement, the company continued to provide First Nations with significant benefits and opportunities. First Nations' were awarded both cone picking and pole marking contracts in 2006, but additionally, were provided training in field layout and cultural heritage resource reconnaissance activities. Our associated milling company continued to provide jobs for local First Nations members. There are also a number of First Nations workers on our contractor operations and company crew.



**Revenue (to sustain the corporation and support the community):**

2006 was a very good year for BLCF. The company recorded an approximate profit of \$1.9 million on gross revenues of approximately \$24 million. The company continued to contribute a portion of its revenue to the community. In 2006, BLCF donated \$118,000 to local non-profit organizations for a

variety of community benefits, as well as almost \$8,000 in in-kind donations.

The staff and board of directors are continually looking for new opportunities to ensure the long-lasting benefit of a community forest tenure in this community. Changes are inevitable in the forest industry with the decline in merchantable fiber. It is imperative that communities like Burns Lake prepare for these changes by diversifying their economy.



In closing, I would like to thank the employees for their success in achieving the goals set out for the company by the board of directors and the community. You truly are a dedicated group and your enthusiasm is inspiring. As president of the board, I would particularly like to recognize the commitment of my predecessor, Michael Riis-Christianson. Michael set an excellent standard for board members to emulate and always had the best interest of the community at heart when he voiced his opinions. Thank you, Michael, for your contribution to the company and to our community.

Finally, I would like to thank the other members of the board as well as previous board members. Over the years, a solid foundation has been built that will provide direction for the company into the future. Sometimes serving as a board member seems a thankless job, but, like many things in a small town, it takes the dedication of volunteers to turn a town into a community.

Respectfully,  
Bill Chapman  
President, 2006



## General Manager's Report 2006

Beetles and blowdown and fires - oh my! Well at least we dodged the forest fires in 2006...

In our beetle salvage operations we made efforts to concentrate our salvage so we can "finish up" areas, deactivate and move out. Before we do this we first establish the key areas to leave behind for wildlife, water, visuals and other values. Then we identify the harvest areas – cleaning up old small-scale salvage sites and amalgamating other harvest areas.

Most of our blowdown salvage was in the Maxan Lake area. We added this area with the cooperation of the Wet'suwet'en First Nation and licensees with overlapping operating areas. The area addition process was a lengthy one - the blowdown occurred in October 2004, we made application for the area in late 2005 and finally



Photo by Lisa Ambus

had our license amended in August 2006. We started salvage immediately and made excellent progress until October 28<sup>th</sup>, 2006. The massive snowfall on this date made continued beetle salvage impossible. We expect to continue and hopefully complete our blowdown salvage in 2007.

On the expansion front, we also worked toward further expansion of our license in the Tchesinkut Lake to Francois Lake area and the Co-op area north of Burns Lake. This expansion is expected to be approved in 2007. When complete this area will support a further 25,000 cubic metres per year of allowable cut on the Burns Lake Community Forest – under normal conditions. Our harvest levels will continue to be far above normal as we make every attempt to recover maximum value from our damaged timber resources.

As the lumber market deteriorated significantly in 2006, it is hard to say what 2007 will bring in terms of log marketing opportunities. We are confident that having efficient local mills and a reasonable timber supply will mean continued operations on the community forest. However, the scale of operations might be affected.

Some quick facts on our harvesting and log sales program for 2006:

- We provided work for 13 local logging contractors.
- 50% of our wood was delivered by local contractors of Burns Lake Community Forest Ltd, choosing and the balance was delivered by local contractors mutually agreed with the destination mill.
- 72% of our wood went to local mills.
- Our deliveries accounted for about 26% of the wood requirements of our local mills.

While harvesting is the most "big and obvious" part of what we do, we also continue to run an excellent management process from inventories and strategic planning to plantation monitoring. With the impending finalization of our license area we expect to do a better job of planning. In recent years we have had to be bit more reactive than



we would like to be.

In addition to management of forest values we are also focused on worker and public safety. In 2006 we started to develop a more comprehensive safety program with the objective of becoming a certified safe company in 2007.

Helping diversify the local economy continues to be a primary goal. Bill indicated some of the recreation projects we are working on. In 2007 we will pursue further development of trails and other infrastructure for a variety of user groups. This is good for the local community both for recreation and potential tourism.

We also have many opportunities for other products from the forests – such as berries, mushrooms, craft items, and plant-based medicines. We hope to see some development on this front in the year ahead. We expect there will also be efforts to integrate more agricultural opportunities in our plans for the community forest land base.

All of our efforts have been made easier by our dedicated staff, over half of whom joined us in 2006. With in-house geographical information systems and more internal expertise in a variety of fields we will be better able to meet the management challenges ahead. In addition to our staff, we have had excellent support from the Board of Directors, our contractors, suppliers and customers, as well as the local Ministry of Forests personnel.

We would like to recognize the contributions that Ken Guenter made to the development of our organization over the past seven years. In late 2006 he decided to increase his time spent hunting and fishing and reduce the amount of work! He left a good foundation for us and we wish him happy trails and calm waters.

We are also grateful to the whole community for the general goodwill toward our operation. We do manage the community forest for community benefit and while we may not always be 100% successful in meeting expectations, we do our best every day.

If you would like to discuss this report or any other matter, please give us a call at (250) 692-7724. We would be happy to make the time to meet with you.

Alistair Schroff  
General Manager

**Burns Lake Community Forest Ltd.**  
**Operating Summary**  
**AUDITED BY MCALPINE & CO.**

**(For the Year Ending December 31, 2006)**

**REVENUE:**

Harvesting	\$26,956,092	
Contract and other income	<u>\$ 12,884</u>	
Total		\$26,968,976

**EXPENSES:**

Sub-contracts and Road Building	\$17,636,214	
Administration	\$ 1,058,150	
Depreciation	\$ 506,523	
Stumpage and Royalties	\$ 1,960,343	
Donations to community	<u>\$ 100,107</u>	
Total		\$21,261,337

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**GROSS INCOME** **\$5,707,639**

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Income Taxes		
Federal Tax	\$1,602,754	
Logging Tax	<u>\$ 695,856</u>	
		\$2,298,610

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**NET INCOME** **\$3,409,029**

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Dividends paid	\$1,500,000
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**NET INCOME RETAINED IN OPERATIONS** **\$1,909,029**

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# Burns Lake Community Forest Ltd.

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TEL: (250) 692-7724 FAX: (250) 692-7767 E-MAIL: blcomfor@ngis.ca

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## MISSION STATEMENT

Burns Lake Community Forest Ltd. (BLCF) will manage and operate its Community Forest license in a manner that will enhance the forest resource while respecting the principles of integrated use, environmental stewardship, and public consultation. The corporation's activities will provide the following benefits to the community on a sustainable basis:

- Local management of resources;
- Local processing;
- Local employment;
- Forestry training & education;
- Outdoor recreation activities;
- A lasting relationship with the land that comprises the Community Forest; and
- Revenue (to sustain the corporation and to support the community.)"

## EMERGING STRATEGY

To fulfill Burns Lake Community Forest Ltd.'s vision of sustainability, the key management strategy is to provide a steady flow of revenues.

The company will contribute towards community sustainability by providing fibre to companies wishing to expand employment opportunities within the Lakes District. Additional wood suppliers are provided opportunities to purchase wood from the company's operations when it is available.

The company will endeavour to use safe, ecologically-based, and efficient forest practices to safeguard the environment while allowing the best use of timber resources.

The company will be aggressive in involving the public in its business through regular reports to the community and use of public information and consultation sessions like the annual general meeting. First Nations whose traditional territory encompasses the community forest are guaranteed a seat on the corporation's board, and will be involved in all aspects of resource development within the community forest. They will be actively encouraged to participate in the formulation of management plans and strategies that will further their goals in the target area while creating benefits for the community as a whole.

Contract work and purchases of goods and services will go up for public tender when possible, with preference given to local businesses.

The Burns Lake Community Forest Corporation will be a leader in planning, reviewing and protecting all the resource values of the Community Forest, and will give strong support for developing and training a local workforce for efficient and effective forest management. The company will also support research and development.

The Burns Lake Community Forest Corporation's general management will produce timely reports on company operations for release to local media and to the general public.

The company will improve upon the normal standards of public information and consultation which are required of forest tenure holders in the province.

## Corporate Data (as of December 31, 2006)

Office Location:	153 Francois Lake Drive P.O. Box 788 Burns Lake, BC V0J 1E0 Tel: (250) 692-7724 Fax: (250) 692-7767 e-mail: info@blcomfor.com	
Staff:	Alistair Schroff, General Manager Dawn Stronstad, Operations Forester Ross Hyam, Assistant Forester Damien Neufeld, Field Crewperson Ron Harrison, Lead Scaler Sherille Brewer, Scaling Assistant Jeff Ragsdale, GIS Analyst Dave Dyck, Road crew Joe Fehr, Millwright/Mechanic/Truck Driver Kerry Martin, Harvesting Supervisor (Contract) Rick Martin, Road Construction Supervisor Bill Huxham, Chief Financial Officer Vera Nichols, Accounting Assistant Carlie Bassett, Accounting Assistant Amanda Wamstecker, Administrative Assistant Michael Riis-Christianson, Divisional Accountant (ERTL)	
Auditor:	Curtis Billey, McAlpine & Company	
Bank:	Bulkley Valley Credit Union (Lakes District Branch)	
Board of Directors:	Bill Chapman (President) Herb Neville (Vice-president) Lynn Synotte (Secretary)	
	(Directors)	
	Jeff Brown	Paul-Henri Jean
	Murray La Brash	Bernice Magee
	Reg Ogen	Thomas Pfister
	Wes Sam	
Advisory Committee:	Tan Calhoun, RPF	Cliff Manning
	Rosanne Murray	