

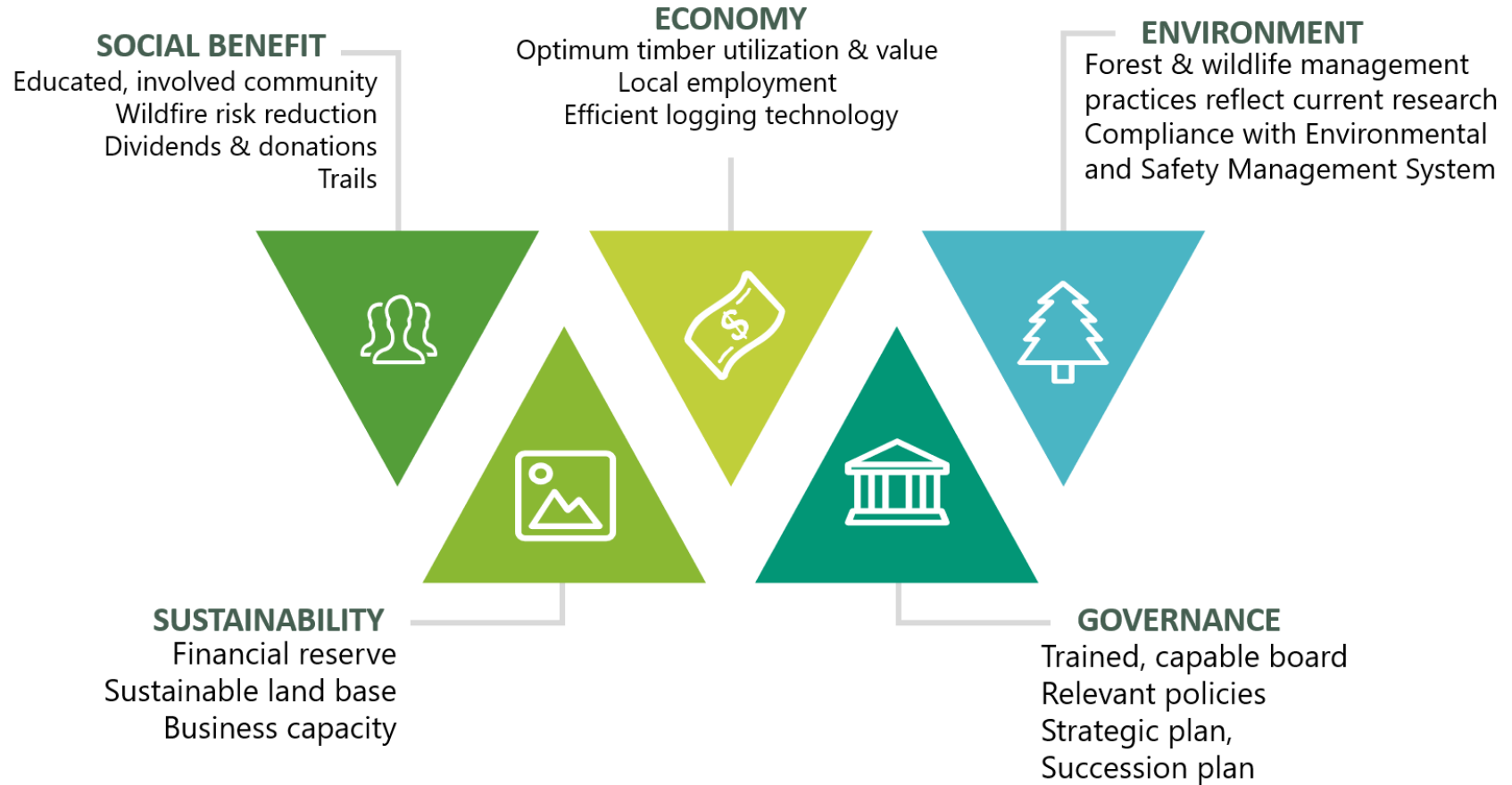
The image features a scenic background of a large lake, likely Lake Superior, with a small town on the right side. The water is calm, reflecting the sky and the surrounding mountains. In the foreground, there are several evergreen trees. The sky is overcast with soft, grey clouds. The NACFOR logo is positioned in the upper left quadrant, consisting of a green outline of a mountain range above the word "NACFOR" in a bold, black, sans-serif font. The text "BUSINESS PLAN 2021-SUMMARY" is centered at the bottom of the image in a large, white, sans-serif font.

NACFOR

BUSINESS PLAN 2021-SUMMARY

NACFOR SUCCEEDING

WHAT IT LOOKS LIKE



NACFOR Business Plan (2021-2025) Summary

Introduction

Nakusp and Area Community Forest (NACFOR) has operated successfully since 2008 and delivered numerous benefits to local community. NACFOR's current strengths enable it to face increasing challenges in the forestry industry, and undertake new ventures for long term sustainability.

Who, what, where, when, and why of NACFOR

NACFOR is a BC corporation 100% owned by the Village of Nakusp, and governed by a volunteer board of directors. Its 25 year (replaceable) Community Forest Agreement with the BC government, licenses it to manage a forest land base of 9192 hectares and harvest an average of 20,000 cubic metres - about 500 truckloads of timber per year. Operations are carried out on a contract basis, primarily with local contractors. True North Forestry Consulting Ltd of Nakusp, is the managing contractor. NACFOR operates uniquely for the purpose of directing profits and other benefits to all communities within the Arrow Lakes region.

Accomplishments to date include:

- Harvesting 22,504 m³/year on average, while maintaining 2-3 years of ready, harvestable timber inventory.
- Keeping 92-97% of expenditures in the hands of local suppliers and contractors, increasing local tax base, and increasing access to wood for local mills and wood product manufacturers
- Generating over \$3 million in net income, distributing \$2 million in dividends for community projects and \$300,000 in donations to local charities and organizations
- Promoting healthy forest growth, fully funding silviculture, and protecting sensitive wildlife
- Implementing an Environmental and Safety Management System (ESMS)
- Returning social benefits - wildfire risk reduction, skill-training jobs, education on forestry issues, recreational opportunities, ongoing communication and consultation - gaining social license to continue harvesting

Approach going forward

- NACFOR will strive to maintain its strengths: diverse forest, financial reserve, management depth, good reputation, good industry working relationships, good systems, and local governance.
- NACFOR will focus on strengthening the three pillars in its mission- *Sustainable forest management for local community social, environmental and economic benefit* - as it addresses challenges and opportunities.

Challenges and Opportunities	Strategic Action/Planned Outcome
ECONOMIC PILLAR - <i>Sustain the land base for future harvests and local employment</i>	
Forest industry cyclical and dependent on global factors	Maintain market sensitivity and management oversight
<p>Forest management: diverse species offer a competitive advantage</p> <ul style="list-style-type: none"> • steep, rugged terrain requiring specialized equipment, road construction, and skilled workers • constraints on land base & changing timber attributes • operating close to communities • changing availability of contractors • relatively low allowable annual cut (AAC), periodic harvesting, supply chain dynamics 	<ul style="list-style-type: none"> • Time harvesting of species and parcels with perceived log market demand and forest conditions, optimizing revenue & reducing costs • Maintain collaborative, flexible relationships with large licensees • Succession plan to replace aging contractors • Incentivize contractor to use specialty equipment
<p>Industry trends and proposed regulatory changes:</p> <ul style="list-style-type: none"> • Cost increases, administrative load (i.e. landscape mapping) • Concentration of primary wood processing facilities • UNDRIP • Habitat protection • Waste measurement • Open burning 	<ul style="list-style-type: none"> • Manage in compliance with forest regulation • Participate in wildlife research, collaborate with First Nations • Increase fibre utilization: Operate log yard: scales and log storage provide new outlet for low grade logs and fibre, increase access to premium and specialty logs for local wood manufacturers, chipping partnership with Mercer-Celgar opens up local job opportunities • Seek more industry partnerships
<p>Timber inventory gap: Constraints on the land base may reduce allowable annual cut from 20,000m³ to 16,000 m³.</p> <p>Provincial forest is fully allocated to licensees</p> <ul style="list-style-type: none"> • Acquiring Crown land requires persistence, collaboration, and political will • Private land parcels suitable for forest management are in demand for other purposes i.e. nature preserves or land development 	<p>Expand the land base</p> <ul style="list-style-type: none"> • Acquire 2000-4000 hectares of public and/or private land • Collaborate with interested First Nations groups • Additional land itself benefits from wildfire risk reduction, enhanced forest stewardship, and increased funding opportunities <p>Increase the timber yield up to 2000m³/year by using innovative practices: Selective logging, careful oversight & training, reduced breakage, computer modelling, overlapping constraints</p>
Technology: constantly evolving within the forestry industry	Keep abreast of new options i.e. drone coverage
Markets: Limited reach due to remoteness and transportation	Maintain 1-3 buyers for each species

Social License pillar - Continue delivering benefits and cooperating with community members, maintain social license to harvest on the land	
Maintain delivery of \$ to community <ul style="list-style-type: none"> Lower harvest levels reduce funds available 	<ul style="list-style-type: none"> Expand land base to sustain or increase the level of benefits Structured dividend calculation and granting process Encourage community to leverage funds for external dollars
Wildfire risk reduction: potential for increasing work <ul style="list-style-type: none"> changing government priorities & uncertain funding high administrative load with no profit indirect control of projects & need for local support specialty equipment needs 	<ul style="list-style-type: none"> Complete current obligations and be project ready Build capacity and receive additional funding Increase local awareness Local facilitation of projects-make it happen locally Realize continued protection and local jobs
Education: <ul style="list-style-type: none"> Requires planning, cooperation, and direction from partner champions Open up new education avenues 	<ul style="list-style-type: none"> Effectively communicate for increased uptake and strong partnerships/ link \$ back to all levels of community Increase in local forestry careers Leverage existing NACFOR operations for skills training
Recreation: New trails require grant funding and volunteer maintenance	<ul style="list-style-type: none"> 7 km of existing trails and amenities maintained Build one new trail or recreation site
Outreach <ul style="list-style-type: none"> Numerous community groups with diverse interests Need better understanding of value of a Community Forest Could enhance collaboration with First Nations, regional CF's, BCCFA, licensees Host community for 2022 BCCFA conference 	<ul style="list-style-type: none"> Communication strategy to maintain relationships with current community groups, gaining positive influence for land acquisition, wildfire risk reduction, and contractor stability Collaborative education &/or research projects with 3 indigenous groups Full conference participation, increased local awareness
Environment pillar - Weave environmental priorities into all decisions and activities, promoting healthy forest growth and timber yield, protecting biodiversity, wildlife, fish, water, and visual appeal	
Forest stewardship: <ul style="list-style-type: none"> Silviculture cost increases Increasing regulatory constraints reduce portions of the forest which can be harvested Interrelated climate change impacts forest health & species 	<ul style="list-style-type: none"> Meet regulated 'Forest Stewardship Plan' outcomes Examine other opportunities to overlap constraints Maintain silviculture contingency fund Plant resistant species, leave roads open after harvesting to quickly adapt
Research: <ul style="list-style-type: none"> Western toads Caribou 	<ul style="list-style-type: none"> Benefit from the research findings of other organizations Continue to support the caribou maternity pen project

<ul style="list-style-type: none"> Bats/Douglas Fir Beetle 	<ul style="list-style-type: none"> Continue to raise awareness and prevent the incidental capture of bats in Douglas-fir bark beetle funnel traps Collaborative opportunities with educational institutions
Environmental & Safety Management System (ESMS)	Actively implement, with no incidents
Non-timber based resources opportunity i.e. mushrooms, fireweed honey, cedar bark, huckleberries	Host 1 workshop/year, pending budget
Supports for three pillars	
Challenges and Opportunities	Strategic Action/Planned Outcome
Branding and communication	
Unique role of community forest not well understood by community	Host information sessions, Board members are ambassadors
Could be better recognition of NACFOR in communities served	Continue to respond quickly to arising concerns
Messages and materials need consistency to strengthen brand	Convey key branding messages through Communication Action Plan
Website is outdated	Launch new website March 2021
Relatively small budget	Leverage benefits distributed for greater community awareness
Hosting of BCCFA conference 2021	Implement conference plan
Business Capacity	
Enhance governance capacity	Board training program, succession plan
Maintain board accountability	Committee Terms of Reference, annual evaluation, relevant policies
Corporate structure must support expansion plans	Structure in place preserves Village tax exemption
Maintain management accountability	Annual performance review shows contract deliverables met
Hire, outsource to support new initiatives	Sufficient staffing for expansion
Transition systems to handle land expansion and new initiatives	Operations streamlined
Renew management contract	5 year contract signed May 2023
Finances	
Generate timber harvest income flow	Maintain historic \$/m3 average
Expand log yard, chipping, and value add manufacturing	Generate breakeven or better
Reserve required to handle market volatility	Sustained reserve fund
Meet Silviculture obligations	Silviculture fund accrued to meet all requirements
Maintain support for Legacy Fund dividend and donations	Structured dividend calculation model & budget process
Secure revolving CBT loan for private land purchase	Existing harvest covers interest payments Harvest on new land pays down principal

Key success factors

- Nimble leadership to handle numerous competing interests and rapid changes
- Forest management depth to maintain or increase harvest levels; be the best land managers in the area
- Reliance on a strong network of industry relationships and accurate market assessment, to bolster limited market reach
- Stabilizing and diversifying the land base
- Consistent messaging and ongoing interaction with targeted audiences to maintain community relevancy and support, increasing social license to operate
- Growing local wood processing and manufacturing opportunities organically, to ensure positive economic outcomes
- Sustaining financial strength

KEY SUCCESS FACTORS

