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COMMUNITY FORESTS AND VALUE ADDED ENTERPRISES Valemount Community Forest – Trees, Trains and Innovation

A SIBAC Extension Note - May 2015

This is the first in a three-part series of stories on community forests and how they are supporting local value added manufacturing.

Part one tells the story of the Valemount Community Forest, the plan they have to bring a new spark to the local economy and the innovative approaches being utilized to create stable, local jobs.

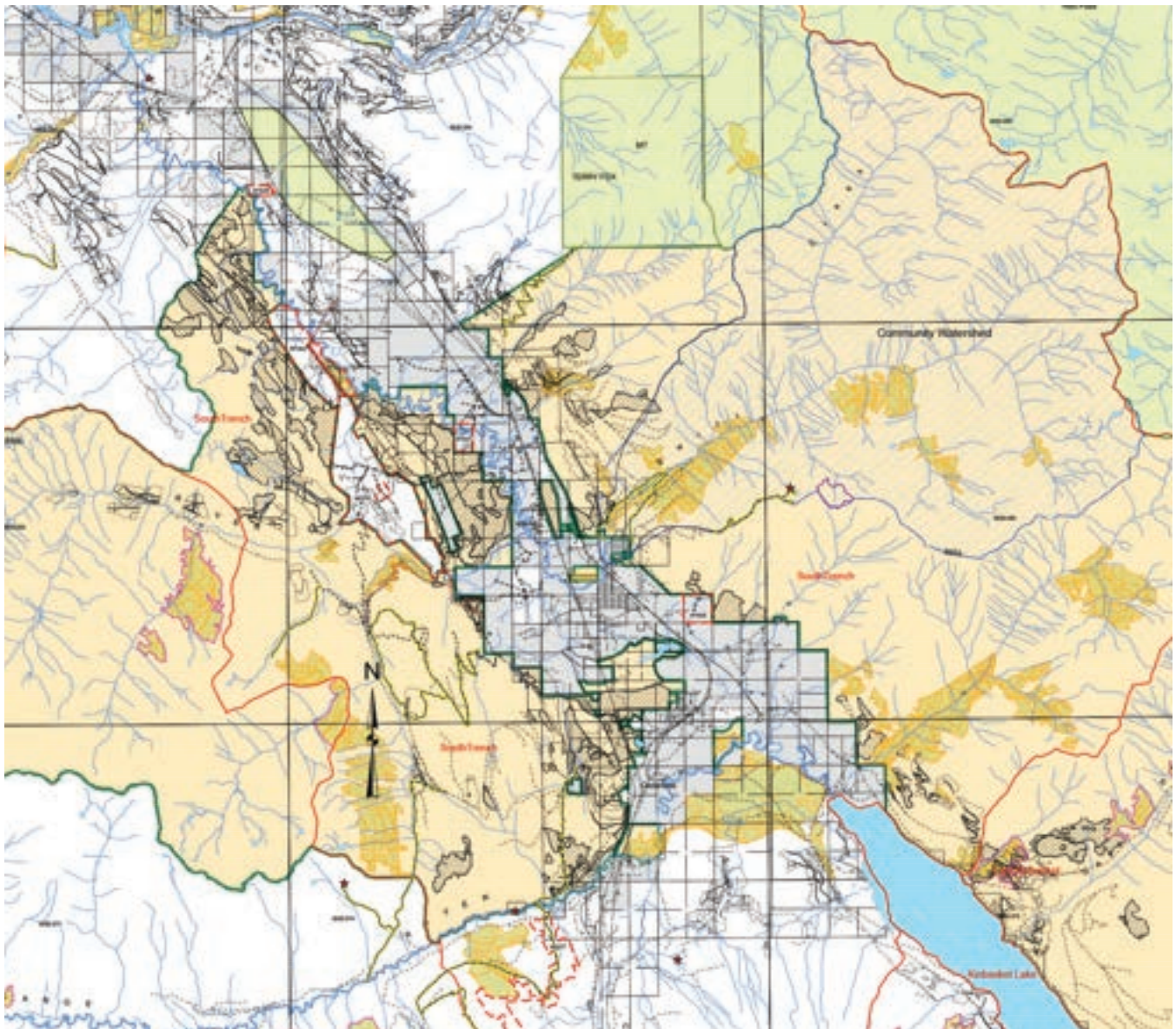
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To learn more about Community Forests in BC please visit the BCCFA website at www.bccfa.ca

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THE VALEMOUNT COMMUNITY FOREST

Valemount Community Forest Company Ltd. (VCF), established in late 2007, is structured as a corporation, 100% owned by the Village of Valemount. VCF has a license to manage 40,000 hectares of public land and harvest 33,000 cubic metres per year in the Robson Valley.

The mission of VCF states community benefits to be pursued that include local employment and contracting opportunities and local processing and value added manufacturing of timber resources

The VCF board of directors had no illusions that a big company will come and set up a business to create these benefits for Valemount. Instead, they saw the community forest as an asset to be leveraged for local benefits and they made a decision to take some significant steps to create more value and more jobs from each cubic metre of wood.



Photo: Craig Pryor

A BUSINESS CASE FOR ADDING VALUE

Valemount has long struggled with the boom and bust times experienced by many forestry based communities. For years the control of the local timber supply was held by entities whose bottom line was profit, not sustaining the local economy or jobs. The Valemount mill operated under four different owners over the past 20 or so years. Over the years, it provided an acceptable level of certainty in local employment. However in 2007, Carrier, the most recent owner, permanently closed the mill and by 2009, had it dismantled, resulting in significant local job loss.

Motivated to support a change in the trend of declining employment and outmigration of skilled workers, VCF saw potential to turn the 240 acre abandoned mill site into a thriving centre of economic and employment activity. .

It comes with year round highway access, 3 phase power and has an added benefit of the CN rail

mainline connecting Edmonton to Vancouver going right through the property. An existing rail spur needs some work to bring it up to grade. Through a feasibility assessment, the VCF board and the Village of Valemount came up with a plan to put both the community forest tenure and the old mill site to work for the community.

With a resolve to purchase the site, VCF launched negotiations. They held on to a goal that the venture would be started with a clean slate, meaning an outright purchase, with no debt owing. The funds VCF earned from the beetle uplift were supported by local funding organizations for the purchase. Northern Development Initiative Trust and (\$250,000) and the Columbia Basin Trust (\$200,000) contributed funds to make the idea a reality. VCF has managed to retain sufficient funds to upgrade infrastructure and for investment in site planning. A scale on the site has already been revitalized. There are still some renovations required for the nearly fifty year old site that sat idle for a few years.

THE NEW INDUSTRIAL PARK

The existing infrastructure and location provide a viable opportunity for a new industrial park to play a central role in VCF's strategy to promote and expand local industry and provide for multiple tenants to set up different types of businesses. The role of the VCF in the ongoing industrial park venture is to make the land and infrastructure available to businesses at a reasonable price. Their goal is to facilitate an easy set up for operators.

Additionally, by making the wood from the community forest available, VCF is looking to leverage their volume to create long term agreements with the operators who locate in the industrial site. They can see opportunity for a log sort yard, re-load yard, and value added wood manufacturing facilities that can all add value to the wood harvested from the community forest. There are a few more ideas being discussed to expand access to volume and some parties have expressed interest with industries that go beyond wood orientation. VCF's vision is not rigid and they welcome business ideas that can benefit from the assets of the site and bring additional benefit to the community.

LEVERAGING FOR LOCAL BENEFIT

VCF is not new to innovation and taking risks to keep momentum in the local economy. The community forest has been running a reload yard for five years on a piece of leased land. The reload yard helps address the problem of the logging truck shortage by allowing for shorter spring hauls to get logs out before break up. All sorting is done in the bush. To date about 300 loads of logs have gone through the yard. Though the extra handling adds about \$200 per load, the costs are shared between contractor and the community forest who share a common interest to move the wood.

Another way that the VCF can leverage their assets to support local businesses is by trading wood. When a

Encouraging local processing and value-added manufacturing of the timber resource from the community forest is central in the plans for the industrial park.

Sales are easy to secure for a component of the profile harvested locally (medium sized, 12-22 inch spruce.) With a focus on sorting in the bush, that commodity wood will be directed to the big timber processors in the area. The rest of the volume, everything the big mills don't want, the VCF plans to bring into the yard at the new site. Undersized and oversized wood and species that don't fit mainstream manufacturing will be made available for manufacturing for those wood types.

Opportunities for the industrial park venture expand when the existing rail infrastructure is factored in. Located on a major transportation route that connects to large population centers, two major ports and areas of high industrial activity, the railway promises direct access to markets. "The rail spur is central in the scheme, says Craig Pryor, general manager of VCF. We have investigated the option of replacing the rail spur and extending it to fit our future needs."

local cedar shake mill operator was having difficulty acquiring the right wood for his operations, Pryor worked out a deal to access the wood that was needed. Thirty loads of fir and spruce from the community forest went to Salmon Arm and thirty loads of cedar for cedar shakes were hauled back. Since trucking is one of the biggest costs in the business, a truck full of wood hauled both ways makes the trade economically viable for all parties.

Pryor sees these wood trades as an important tool in the tool box for attracting and sustaining specialty mills in Valemount.

VCF is actively looking for additional volume to keep local logging contractors working. They recently were the successful bidder on 30,000m³ in a BC Timber Sale (BCTS). Given the upset stumpage for the sale, the VCF anticipates profit will be low, if there is any at all. The focus is on keeping loggers and road builders

busy in the area and providing more volume into the local market. They expect that the sale will inject more than \$1,500,000 into the local economy. They look to accessing more volume in the future as a way to address short and long term timber supply.



Photo: Craig Pryor

LOCAL, LONG TERM VIABILITY

The VCF is committed to expansion and growth and the industrial park is just one step towards industrial expansion.

With the acquisition now completed, their conversations are focused on potential, and they are eager to move ahead on their vision. But VCF is tempered by experience of the journey so far, and are aware that proceeding with caution is important to secure viable, long term outcomes.

VCF has an ambitious vision, and they are certainly putting their money down to achieve it. Their plans include operating as a successful business, but their bottom line is not always tied to financial profit. They have put a focus on the local people, local jobs and the local economy. They are working to become a beacon of innovative enterprise and are demonstrating how a community forest can be leveraged for local benefit. Valemount Community Forest has plans to be around for a long time.