

**MEMORANDUM OF UNDERSTANDING BETWEEN
FORESTS FOR TOMORROW PROGRAM & BC TIMBER SALES**

This Memorandum of Understanding (MOU) describes the terms and conditions under which the Forests For Tomorrow (FFT) and BC Timber Sales (BCTS) programs will work together with respect to the identification, development, harvest, and reforestation of eligible timber stands.

Whereas,

1. The harvesting and reforestation of eligible timber stands will generate significant positive benefits, including improved long term timber supply within impacted Timber Supply Areas; and
2. The collaborative management of eligible timber stands between FFT and BCTS will improve the effectiveness of these respective ministry programs.

Alignment with FFT Strategic Plan

All activities undertaken in accordance with this MOU must be consistent with the FFT Strategic Plan (ref.

http://www.for.gov.bc.ca/ftp/HFP/external/!publish/LBIS_web/Guidance/FFT%20Strategic%20Plan.pdf) as amended from time to time.

Eligible Timber Stands

The criteria used to identify eligible timber stands subject to this MOU are described on the Land Based Investment web site (ref.

http://www.for.gov.bc.ca/ftp/HFP/external/!publish/LBIS_web/Guidance/FFT_BCTS_eligibility_criteria.docx).

Questions relating to the interpretation, application or modification of the criterion will be directed Resources Practices Branch (RPB) FFT staff.

Relief of Silviculture Liabilities

Pursuant to section 45.2 of the Forest Practices and Planning Regulation, the Timber Sales Manager is exempt from the requirement to establish a free growing stand under 29 (2) of the *Forest and Range Practices Act* in respect of an area covered by a TSL that is subject to this MOU.

FFT Reimbursement of BCTS Costs

Reforestation Costs

FFT will reimburse BCTS for reforestation costs relating to eligible timber stands as follows:

1. If a Timber Sale Licence (TSL) sells for an amount less than its estimated Total Cost Upset (TCU)¹, any blocks within the TSL meeting the Stand Eligibility Criteria are eligible;
2. If a TSL sells for an amount greater than its TCU, cutblocks meeting the Stand Eligibility Criteria are eligible provided they are at or below the average sold rate for FFT funding eligible TSLs within the BCTS Business Area (BA). For the fiscal year the average sold rate for funding eligible sales shall be the sum of the selling prices divided by the number of sales sold.
3. In accordance with a companion service agreement established between RPB and BCTS.

Development Costs

In the unusual circumstance where the cost of developing a TSL in eligible timber stands is greater than the selling price, FFT may reimburse BCTS for that portion of the development costs in excess of the selling price for all cutblocks within the TSL that meet the Stand Eligibility Criteria.

Eligible development costs include but are not limited to activities directly related to the development of the TSL. Such costs typically include cruising, layout, assessment, referrals, roads and deactivation attributed to the TSL.

Roles and Responsibilities

BC Timber Sales Role

Candidate stands in a Business Area that meet the Stand Eligibility Criteria for reforestation funding as described in this MOU will be identified as eligible and confirmed by the Timber Sales Manager.

BCTS staff in each Business Area will maintain a ledger to record the TCU and selling prices for each FFT eligible TSL sold. The average TCU and average selling price of eligible TSLs will be calculated as per the Development Cost section above. BCTS staff will make this ledger available to FFT staff.

¹ TCU means BCTS' total estimated costs associated with planning, developing, auctioning, administering and reforesting a given TSL, including BCTS headquarters and BA overheads. BCTS generally attempts to avoid below-TCU TSLs.

BCTS staff will prepare information packages consisting of survey and TSL data for candidate cutblocks confirming the cutblocks are eligible.

BCTS staff will collaborate with FFT staff to incorporate FFT eligible blocks and costs into the FFT Annual Operating Plan. Submission of the completed Annual Operating Plan is necessary to ensure FFT funding is allocated to BCTS in the coming fiscal year.

FFT Role

RPB staff will collaborate with BCTS, Regions and Districts to develop, post, and maintain a guidance piece for this MOU. The Guidance piece will incorporate the processes and procedures that have been developed and successfully used by staff while recognising that staffing levels and expertise varies though out the province and flexibility will be needed to fully implement this MOU.

RPB staff will work with all parties to identify the level of opportunity available for each Business Area and coordinate the population of the Annual Operating Plan.

LEAN

The FFT program has implemented a standardised planning and delivery process based on LEAN principles. The process identifies BCTS as a partner in several key area of the process where fibre recovery is identified as an option. Control measures have been developed to ensure the revised process is fully implemented and opportunities for improvement identified and actioned.

Opportunities to standardise the process described in this MOU will be identified and redesigned using LEAN principles to the mutual benefit of both parties. A program review will be conducted annually as a control measure to quantify the benefits to each party as a result of this partnership.

Effective Date and Applicability

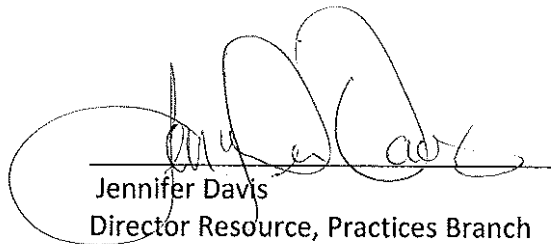
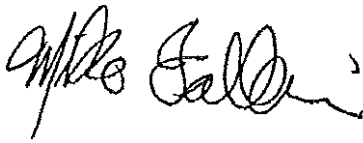
This MOU is effective March 13, 2015 and continues until rescinded or suspended by either FFT or BCTS.

This MOU replaces previous Memoranda of Understanding between FFT and BCTS dated October 8, 2009 and February 17, 2012.

We the undersigned:

For BC Timber Sales

For Resource Practices Branch



Mike Falkiner
Executive Director, BC Timber Sales

Jennifer Davis
Director Resource, Practices Branch

Date: April 2, 2015

Date APRIL 2, 2015