

This proposal is made to support the reduction of forest fuel that otherwise would be left on site contributing to the risk of increased wildfire intensity in case of an ignition. The requested funding is required to cover the incremental cost of accumulating, piling and burning logging slash post primary forestry activity. The proposals funding request is dependent on the approval of a related fibre utilization proposal, FC0000570, which will reduce the cost burden of accumulating slash and piling work through the removal of non-merchantable fibre thereby reducing the amount of slash over all. The related fibre utilization proposal FC0000570 includes all of the blocks in this proposal (A075003, K070001, K070002, K070003 and K070004)¹. The low cost structure proposed within WR0000553 is dependent on the approval of FC0000570.

This proposal WR000053 will reduce the wildfire risk and hazard on the associated cut blocks as the majority of logging slash <7cm in diameter will be piled and burnt.

The timing of this proposal is projected to start June 1, 2019 and run until December 31, 2021.

Kalesnikoff has dedicated contractors with whom we have business relationships that are based on our commitment to utilize their services as they are committed to working for Kalesnikoff. Kalesnikoff only has a quota AAC of 90,000m³, FL A20194 = 34,703m³/yr and FL A30172 = 55,247m³/yr. Our business is dependent on our logging contractor relations and the commitments made. Due to these commitments and the low availability of cut we have no ability to tender out any of our harvest. Kalesnikoff will not commit or agree to any of the terms in the contract tendering guidelines as we cannot compromise our business model.

Kalesnikoff will try to tender out the rough bunch and pile treatments, however we have encountered a lack of contractors willing to do this sort of work in the past. If there is not enough contractor interest, tendering out such works can result in higher costs as the bidding contractor will know there is no competition and will bid accordingly high. Kalesnikoff has been more successful with utilizing our established working relationships setting rates through onsite negotiation.

Kalesnikoff will tender out the hand piling and all the slash pile burning work as there are ample contractors available to conduct a tender.

10% supervision costs are to cover any tenders, preworks, interim and final inspections. Walkthrough surveys will be used to conduct interim and final inspections.

3% administrative costs are to cover the duties of book keeping and payment. Kalesnikoff has companies at arm's length that can accept payment associated with this proposal in order to avoid any perceived subsidy associated with Softwood Lumber Agreement negotiations.

The cost of supervision for the hand piling is over and above normal business operations and has been estimated at 10% the treatment cost. Kalesnikoff will contribute (\$8685.00) in-kind to the supervision of the rough bunch and pile as we will view it as a similar treatment to site preparation for increasing plantability. Typically, Kalesnikoff would not carry out rough bunch and piling unless we were non-

¹ The leading letter denotes the TSA in which the cutting permit block resides. A = Arrow K = Kootenay Lake

compliant with the Wildfire Act, where we would have an obligation to reduce the slash loading on site due to very high accumulations of logging debris. A post-harvest wildfire risk assessment will be completed prior to carrying out any works under this FES proposal to provide proof of slash loading and compliance with the Wildfire Act. Rough bunching proposed is considered over and above normal business practices as Kalesnikoff would prefer to leave moderate slash loading to inhibit the forest floor from establishing with herbaceous or woody brush as brush competition impedes crop tree establishment and growth. The cost of supervision associated with burning the slash piles attributed to the hand piling and rough bunching is over and above normal business operations and has been estimated at 10% of the treatment.

KALESNIKOFF PROFORMA ROLL-UP OF FUNDING REQUIRED TO PILE AND BURN RESIDUAL BIOMASS															
CP-BLK	Area (ha)	Treatment Description	Prescription	Financials				Treatment Area (ha)			Fiscal Spending				
				Treatment Cost \$/ha	Burning Cost \$/ha	Total Cost \$/ha	Total Cost \$	2018/19	2019/20	2020/2021	2018/19	2019/20	2020/2021	2021/22	
A075003	17.6	rough bunch, pile and burn Fuel mng. Presc.	\$ 500.00	\$1,500.00	\$ 500.00	\$2,000.00	\$ 35,200.00			17.6			\$ 500.00	\$ 26,400.00	\$ 8,800.00
K070001	14.8	rough bunch, pile and burn Fuel mng. Presc.		\$1,500.00	\$ 500.00	\$2,000.00	\$ 29,600.00		14.8			\$ 22,200.00	\$ 7,400.00		
K070001	2.2	hand, pile and burn Fuel mng. Presc.	\$ 500.00	\$7,000.00	\$ 500.00	\$7,500.00	\$ 16,500.00		2.2			\$ 15,400.00	\$ 1,100.00		
K070002	25.5	rough bunch, pile and burn Fuel mng. Presc.		\$1,500.00	\$ 500.00	\$2,000.00	\$ 51,000.00		25.5			\$ 38,250.00	\$ 12,750.00		
K070003	7.6	hand, pile and burn Fuel mng. Presc.	\$ 500.00	\$7,000.00	\$ 500.00	\$7,500.00	\$ 57,000.00		7.6			\$ 53,200.00	\$ 3,800.00		
K070004	9.8	hand, pile and burn Fuel mng. Presc.		\$7,000.00	\$ 500.00	\$7,500.00	\$ 73,500.00		9.8			\$ 68,600.00	\$ 4,900.00		
			\$ 500.00			\$ 51.02	\$ 500.00					\$ 500.00			
Total:	77.5			\$2,890.97	\$ 500.00	\$3,390.97	\$ 265,300.00	0	59.9	17.6	\$ -	\$ 200,150.00	\$ 56,350.00	\$ 8,800.00	
								10% Supervision on hand piling and burning:				\$ 13,720.00	\$ 2,995.00	\$ 880.00	
								3% Administration:				\$ -	\$ 6,004.50	\$ 1,690.50	\$ 264.00
										Total:	\$ -	\$ 219,874.50	\$ 61,035.50	\$ 9,944.00	

Assumptions made:

- The cost estimates are made based on the assumption that fibre utilization proposal FC0000570 is approved.
- Logging timeline may vary due to markets and logging completion.

Prepared by,



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