



**Forest  
Practices  
Board**

## **Audit of Forest Planning and Practices**

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*RMR Acquisitions Inc.  
Occupant Licence to Cut L49318*

**FPB/ARC/167**  
November 2014

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# Audit Results

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## Background

As part of the Forest Practices Board's 2014 compliance audit program, the Board randomly selected the Selkirk District as the location for a full scope compliance audit. Within the district, the Board selected occupant licence to cut (OLTC)<sup>1</sup> L49318, held by RMR Acquisitions Inc. (RMR).

The OLTC was awarded under the *Forest Act*, and is contained within the Red Mountain Controlled Recreation Area (CRA),<sup>2</sup> designated under the *Resort Timber Administration Act* (RTAA) and the *CRA Regulation*. While not a traditional forestry licence, the licensee still must meet the requirements of the *Forest and Range Practices Act* (FRPA), *Wildfire Act* (WA) and related regulations for OLTCs.

Established in 1912, Red Mountain Ski Resort is western Canada's original ski resort. In 2007, the resort was incorporated into the Red Mountain CRA to recognize that any land use decision that may be made in relation to the CRA is for long term all season resort development purposes. The CRA is located within Rossland city limits and is subject to its bylaws, including those for watershed management and fire protection.

Red Mountain is located 3 kilometres north of Rossland on Highway 3B, falling within the boundaries of the City of Rossland and its community watershed (see map on page 2). The OLTC is also within the area covered by the Kootenay-Boundary Land Use Plan Implementation Strategy (KBLUPIS).<sup>3</sup>

Over the past two years, approximately 52 000 cubic metres of timber was harvested from the OLTC as part of a ski hill expansion plan. Harvesting focused mainly on ski hill design objectives, but also addressed forest health and watershed interests.

One forest professional, a professional engineer, and a chartered accountant made up the audit team. Field work was carried out on July 8 and 9, 2014.

Additional information about the Board's compliance audit process is provided in Appendix 1.



*Overview of the Red Mountain Resort expansion project*

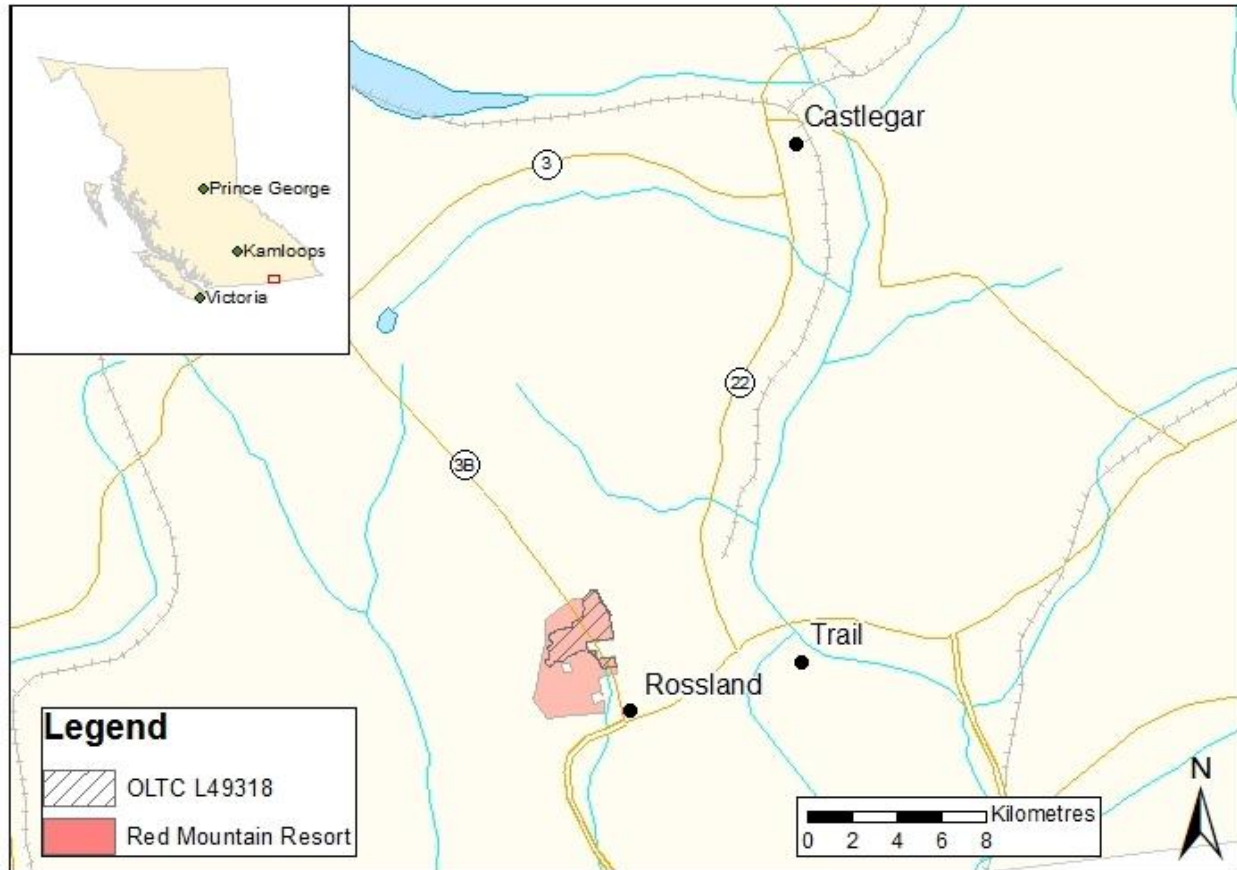
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<sup>1</sup> An Occupant Licence to Cut (OLTC) provides a resort operator with authority to remove Crown timber from a CRA. OLTCs are issued pursuant to section 47.4 of the *Forest Act*, and specify the terms and conditions by which the timber can be removed from the CRA.

<sup>2</sup> A controlled recreation area (CRA) is the area of Crown land that encompasses the recreation infrastructure and activity areas, the area covered by the real estate development, and a reasonable buffer area that is directly related to the safe and orderly development of an all seasons resort. A CRA applies to an operating agreement and gives the developer certain rights to control the activities that occur within the CRA.

<sup>3</sup> The Kootenay-Boundary Land Use Plan Implementation Strategy can be found at <http://www.for.gov.bc.ca/tasb/slrp/pdf/LRMP/Kootenay%20Boundary%20Land%20Use%20Plan%20Implementation%20Strategy.pdf>

## Location of Red Mountain Recreation Area



### Audit Approach and Scope

The Board conducted a full scope compliance audit, which included all harvest, road, silviculture, and protection activities, and associated planning, carried out between July 1, 2012, and July 9, 2014. These activities were assessed for compliance with FRPA, WA and related regulations.

The Board's audit reference manual, *Compliance Audit Reference Manual, Version 7.0, September 2012*, set out the standards and procedures that were used to carry out this audit.

### Planning and Practices Examined

In addition to objectives set by government under FRPA and related regulations, objectives for forest stewardship in the OLTCs are also guided by the KBLUPIS, which provides direction from government on how to manage public lands and resources within the plan area. The provisions of the KBLUPIS regarding zones, objectives, targets and strategies are not legal requirements and serve to guide RMR's operations.

An operating agreement (OA)<sup>4</sup> between RMR and the BC government serves to regulate activities within the Red Mountain CRA. While the OA did not require RMR to complete a forest

<sup>4</sup> An operating agreement (OA) is an agreement used for resorts, including alpine ski resorts, which does not include base area development. The agreement sets out the terms and conditions governing the development of the resort, including the rights to acquire OA tenures and fee simple dispositions. The OA acts as a licence of occupation under the *Land Act* for purposes of a controlled recreation area (CRA).

stewardship plan, it did require that RMR complete the Grey Mountain Expansion Construction Environmental Management Plan (CEMP).<sup>5</sup> The CEMP identifies environmental and cultural risks associated with the expansion project and details how contractors will perform harvest and development activities to minimize the risk of adverse environmental impacts.

RMR drafted harvest plans to address stand-level resources that may be affected by forest activities and prescribed practices to protect them. The OLTC provides RMR with the authority to harvest timber from Crown land within the CRA. Auditors examined harvest plans, the CEMP and OA to assess consistency with legislative requirements, including FRPA and KBLUPIS.

During the two-year period covered by the audit, RMR harvested several patches of timber, totaling 152 hectares in size, using ground-based harvest systems. The audit examined all of the harvested areas.

RMR constructed 2.2 kilometres of road to access the patches. The same road was then deactivated upon completion of harvest. RMR also constructed 2.1 kilometres of temporary access roads, which were in various stages of rehabilitation at the time of the audit. RMR did not construct or maintain any bridges or major culverts. The audit examined all the road activities.

RMR was not obligated to,<sup>6</sup> nor did it conduct silviculture activities, therefore no silviculture activities were audited.

There were no active operations during the field audit, so auditors did not audit the fire-fighting equipment requirements of the WA. However, auditors reviewed RMR's fire-preparedness plans to assess compliance with the administrative requirements for fire preparedness. Auditors reviewed dispersed slash loading, slash piled in preparation for disposal and slash disposal practices to assess compliance with the fire hazard assessment and abatement requirements of the WA.

## Findings

Auditors found that the planning and field activities undertaken by RMR generally complied with the requirements of FRPA, WA and related regulations, as of July 2014. RMR had effectively planned for and protected resource interests during its ski hill expansion activities.

### Operational Planning

Auditors found that the CEMP was consistent with the objectives and strategies in FRPA and KBLUPIS. Harvest plans were consistent with the CEMP and accurately identified resource features associated with the audited harvest activities. The generic environmental protection measures contained in FRPA, the *Forest Planning and Practices Regulation*, the OLTC and the CEMP provided for adequate protection of resource features encountered during harvest activities.

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<sup>5</sup> The Grey Mountain Expansion CEMP was prepared by Masse Environmental Consultants Ltd. for RMR. Its primary objective is to provide construction contractors and their field crews with specifications designed to minimize, and where possible, avoid potential adverse effects to the environment during the construction phase of the RMR expansion project.

<sup>6</sup> There are no requirements under RMR's operating agreement, its occupant licences to cut, nor are there any requirements under forest legislation to conduct silviculture activities or to establish a free-growing stand of timber. Therefore there were no silviculture activities subject to this audit.

Given the resource interests associated with the CRA, including the Topping Creek community watershed, recreation trails and visual quality, RMR demonstrated diligence in pre-development planning by:

- working closely with the city of Rossland<sup>7</sup> to develop best management practices in the Topping Creek community watershed to identify harvest practices around riparian features and to protect water quality, quantity, riparian habitat and resident fish.
- drafting the Grey Mountain Expansion Construction Environmental Management Plan to provide harvest and development contractors with task specific procedures to minimize impacts to the surrounding environment.
- drafting the Red Mountain Forest Health Plan to develop localized forest health strategies.
- conducting a terrain stability assessment to identify and mitigate any potential terrain stability issues.
- drafting the Red Mountain Resort Multi-Use Trail Development Plan to address multi-use trail development.
- conducting a visual impact assessment to address visual quality objectives.

Auditors found that RMR's planning adequately identified and addressed the resource interests associated with the OLTC. Harvest plans accurately reflected the planning elements identified in development plans and environmental assessments.

### **Harvesting**

RMR primarily harvested trees to develop new ski runs, while considering forest health and water quality priorities. Auditors found that RMR's harvesting activities met the requirements of legislation and were consistent with the CEMP and the other plans and assessments.

RMR demonstrated sound soil conservation practices by minimizing the area occupied by permanent roads, using temporary access structures where practical, harvesting during favourable weather to minimize soil disturbance and by grass seeding areas with exposed mineral soil.

Auditors found that RMR adequately protected water and fish by excluding riparian features from harvest areas where practical, retaining forest cover in riparian management areas, establishing machine-free zones adjacent to streams and wetlands and using an environmental monitor to direct activities when working in sensitive areas.

To minimize visual impacts, RMR retained visual buffers along Highway 3B and retained standing timber within cutblocks.

### **Roads**

Auditors found RMR met the requirements of FRPA for its road activities and that the road activities were consistent with development plans.

RMR used existing roads, where practical, to avoid constructing additional permanent access structures and to minimize the risk of stream sedimentation. RMR located new roads on stable

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<sup>7</sup> Rossland developed and included the [Red Mountain Sector Plan](#) and the *Best Management Practices for the Topping Creek Watershed Study Area* in their [Official Community Plan](#). When issuing a development permit to RMR for its expansion activities, the city of Rossland created Bylaw #1488, which requires RMR to adhere to the conditions listed in those plans.

terrain and maintained or deactivated them to maintain natural drainage patterns, with adequate drainage and erosion control measures in place to minimize the risk of soil erosion.

RMR further protected water quality by using an on-site environmental monitor for all in-stream works.

Auditors found one culvert, installed at South Topping Creek, that will require additional armouring to prevent undermining of the structure. RMR was aware of this issue and is planning on adding armour.

Auditors found a second culvert, installed on an access trail, that had been removed with minimal armouring. RMR plans to armour the channel to reduce the potential for sediment delivery.

### **Fire Protection**

Auditors found that RMR met the requirements of the WA for its hazard assessment and abatement activities and the administrative requirements of fire preparedness.

RMR provided 24-hour contact information to an official, determined the fire danger class during operations and demonstrated that activities were consistent with any operating restrictions.

Given the resource interests associated with the CRA, including the Topping Creek community watershed, recreation trails and property improvements, RMR demonstrated diligence in fire prevention practices by:

- completing hazard assessment and abatement within the required time periods.
- including the required elements in their hazard assessments (fuel hazard and the risk of a fire starting).
- piling logging debris in locations where there was a low risk of fire spreading to adjacent timber and property or impacting water quality when burned.
- burning slash when there was a low risk of smoke impacting air quality in Rossland.

Auditors found a few slash piles near standing timber. RMR was aware of the piles and plans to move the slash away from standing timber prior to burning.

## Audit Opinion

In my opinion, the operational planning, timber harvesting, road construction, deactivation and maintenance, and fire hazard abatement activities carried out by RMR Acquisitions Inc. on Occupant Licence to Cut L49318, between July 1, 2012, and July 9, 2014, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of July 2014. No opinion is provided regarding fire-fighting equipment requirements or silviculture practices.

In reference to compliance, the term “in all significant respects” recognizes that there may be minor instances of non-compliance that either may not be detected by the audit, or that are detected but not considered worthy of inclusion in the audit report.

The *Audit Approach and Scope* and the *Planning and Practices Examined* sections of this report describe the basis of the audit work performed in reaching the above conclusion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with FRPA and WA.

A handwritten signature in black ink that reads "C R Mosher". The signature is written in a cursive, flowing style.

Christopher R. Mosher CA, EP(CEA)  
Director, Audits

Victoria, British Columbia  
October 31, 2014



# Appendix 1: Forest Practices Board Compliance Audit Process

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## Background

The Forest Practices Board conducts audits of government and agreement-holders under the *Forest and Range Practices Act* (FRPA), section 122, and the *Wildfire Act* (WA). Compliance audits examine forest or range planning and practices to determine whether or not they meet FRPA and / or WA requirements.

### Selection of auditees

The Board conducts about 8 or 9 compliance audits annually. Most of these are audits of agreement holders. The Board also audits the government's BC Timber Sales Program (BCTS). This section describes the process for selecting agreement holders to audit.

To begin with, auditors randomly select an area of the Province, such as a district. Then the auditors review the forest resources, geographic features, operating conditions and other factors in the area selected. These are considered in conjunction with Board strategic priorities (updated annually), and the type of audit is determined. At this stage, we choose the auditee(s) that best suits the selected risk and priorities. The audit selections are not based on past performance.

For BCTS audits, a district within one of the 12 business areas within the province is selected randomly for audit.

## Audit Standards

Audits by the Board are conducted in accordance with the auditing standards developed by the Board. These standards are consistent with Canadian generally accepted auditing standards. The standards for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

## Audit Process

### *Conducting the Audit*

Once the Board randomly selects an area or district and determines the scope of audit to be conducted and the licensee(s) to be audited, all activities carried out during the period subject to audit are identified (such as harvesting or replanting, and road construction or deactivation activities). Items that make up each forest activity are referred to as a population. For example, all sites harvested from the timber harvesting population and all road sections constructed from the road construction population.

A separate sample is then selected for each population (e.g., the cutblocks selected for auditing timber harvesting). Within each population, more audit effort (i.e., more audit sampling) is allocated to areas where the risk of non-compliance is greater.

Audit fieldwork includes assessments of features using helicopters and ground procedures, such as measuring specific features like riparian reserve zone width. The audit teams generally spend one week in the field.

## *Evaluating the Results*

The Board recognizes that compliance with the many requirements of FRPA and WA, is more a matter of degree than absolute adherence. Determining compliance, and assessing the significance of non-compliance, requires the exercise of professional judgment within the direction provided by the Board.

The audit team, composed of professionals and technical experts, first determines whether forest practices comply with legislated requirements. For those practices considered to not be in compliance, the audit team then evaluates the significance of the non-compliance, based on a number of criteria, including the magnitude of the event, the frequency of its occurrence and the severity of the consequences.

Auditors categorize their findings into the following levels of compliance:

***Compliance*** – where the auditor finds that practices meet FRPA and WA requirements.

***Not significant non-compliance*** – where the auditor, upon reaching a non-compliance conclusion, determines that one or more non-compliance event(s) is not significant and not generally worthy of reporting. However, in certain circumstances, events that are considered not significant non-compliance may be reported as an area requiring improvement.

***Significant non-compliance*** – where the auditor determines a non-compliance event(s) or condition(s) is or has the potential to be significant, and is considered worthy of reporting.

***Significant breach*** – where the auditor finds that significant harm has occurred, or is beginning to occur, to persons or the environment as a result of one or many non-compliance events.

If it is determined that a significant breach has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the Minister of Forests, Lands and Natural Resource Operations.

## *Reporting*

Based on the above evaluation, the auditor then prepares a draft audit report. The party being audited is given a draft of the report for review and comment before it is submitted to the Board.

Once the auditor submits the draft report, the Board reviews it and determines if the audit findings may adversely affect any party or person. If so, the party or person must be given an opportunity to make representations before the Board decides the matter and issues a final report. The representations allow parties that may potentially be adversely affected to present their views to the Board.

The Board then reviews the draft report from the auditor and the representations from parties that may potentially be adversely affected before preparing its final report. Once the representations have been completed, the report is finalized and released: first to the auditee and then to the public and government.



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