

Winter Harvest

The Loggers' Perspective

PLC of the Northeast

IN 1995,



A group of loggers created the Professional Logging Contractors (PLC) to provide professional loggers a voice in a rapidly changing industry.

PLC members are committed to:

- ✓ Logger advocacy
- ✓ Business innovation
- ✓ Responsibility
- ✓ Quality harvest operations
- ✓ Education & training
- ✓ Community impact

Struggling to Survive

Mill Closures

- Bucksport, Jay, Lincoln, Madison, Millinocket and Old Town
- 5-million-ton reduction in markets for pulp since 2012.

Inflation

- Inflation on equipment, parts, wages and labor since 2020 is nearly 40%.

Markets

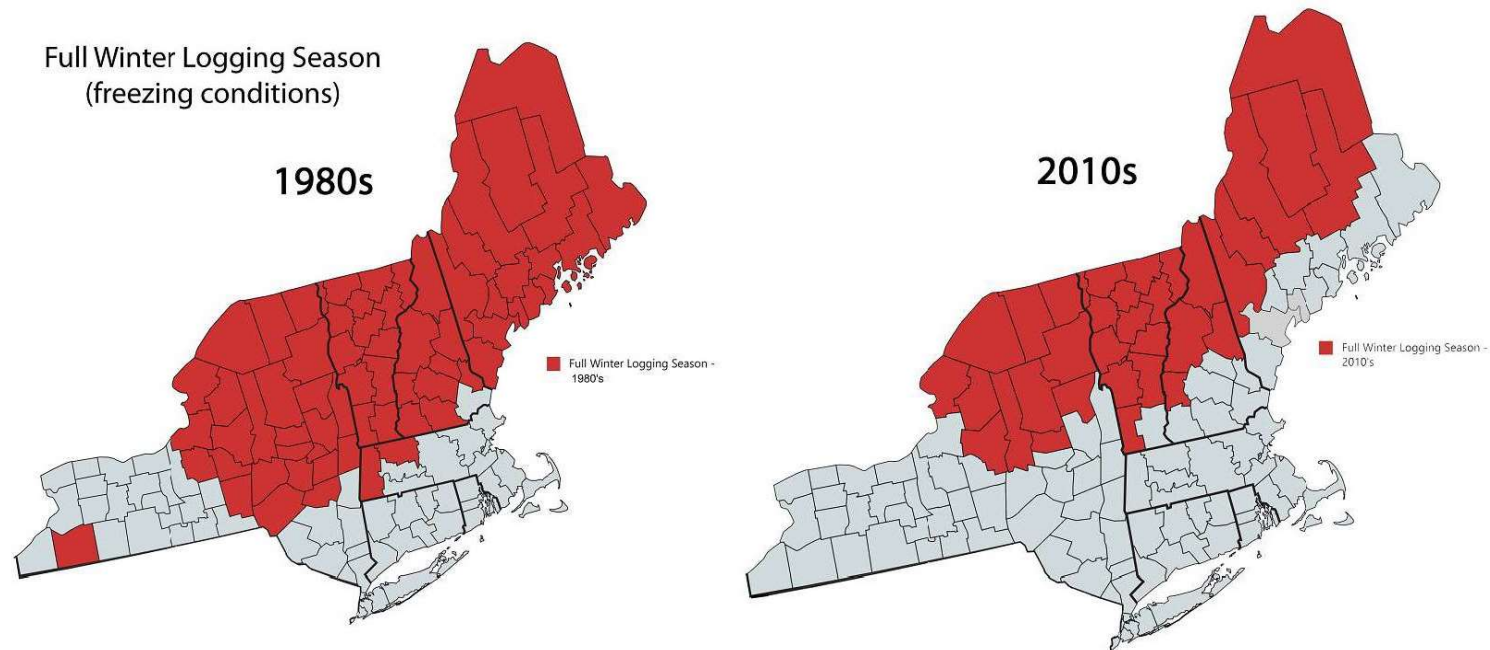
- Saw log markets have also dropped and/or closed in 2023/24 due to high interest rates and reduced house construction.
- Since 2020, the Northeast has lost 40% of its logging capacity due to market reductions and inflation

WHAT CLIMATE COSTS ARE LOGGERS FACING

- 1 Reduction in Annual Operations
- 2 Extreme Weather Events
- 3 Above & Beyond Traditional BMPs
- 4 Additional Equipment Requirements

Reduction in Annual Operating Hours

On average, respondents to a PLC Economic Impact survey had 42 operational weeks in 2021.



US Forest Service – “Climate Adaptations in the Northeast’s Forest Products Supply Chain: A Vulnerability Assessment for the Primary Forest Products Sector” – Dr. Steve Bick, PhD; Alison Berry, Woodland Resources, LLC; Paul Frederick, Vermont Department of Forests, Parks and Recreation; and Al Steele, USFS State and Private Forest.

Extreme Weather Events

- Case Study: **Maine's 2023 Dec. storm**
- 50 PLC members surveyed
- 90% of businesses reported financial damages
- Estimated financial loss of \$2.6 million, with an average loss of \$51,000 per company
- Total projected loss to Maine economy from this group alone is more than \$5.5 million



Extreme Weather Events

- Case Study: **Vermont's floods**
- Abnormally warm winters followed by major flooding in July 2023 and 2024.
- Cutting productivity while driving up uncompensated costs as loggers must work harder to protect forest health and water quality.
- VT DFPR survey following July 2023 event found logging contractors were the most impacted business category surveyed
 - Reported losses exceeding \$1.8 million
 - 96% of reported losses from economic damage (business interruption)
 - Average losses per company of more than \$46,000 **within the survey period**

“I still have to service my debt, pay my insurance, make repairs”

– Sam Lincoln, Lincoln Farm Timber Harvesting (VT), who saw 80% loss in revenue in summer 2023

“This has resulted in our 2023 logging revenue being down by 30% and our trucking revenue down by 55%. This is compounded by higher fuel consumption and crippling increased costs for parts, services, fuel, employee costs and employment taxes. To keep our business going we have exhausted our reserves, had to hold off on some equipment maintenance...”

– Melanie Gilman, Stephen Montgomery Logging Inc. (VT), who lost an estimated 88 days of production and suffered another 60 days of reduced production in 2023.

Above and Beyond Traditional BMPs



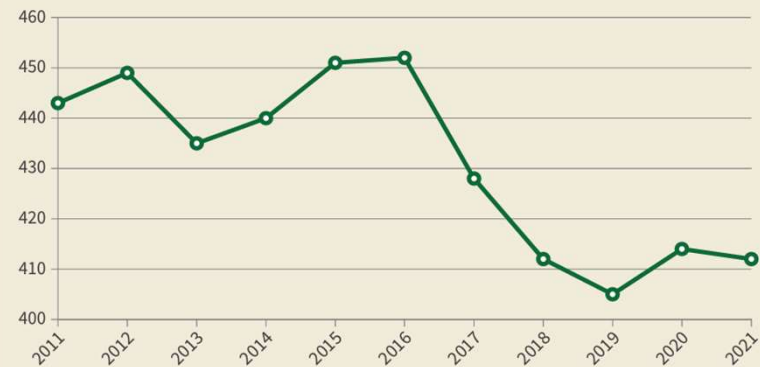
- Loggers must go above and beyond traditional BMPs just to get by and operate.
- Seeing increased use of timber mats, which come with a cost.
 - ~\$550/ HW mat, new
 - ~\$400/ SW mat, new
 - ~\$255/ hr. excavator
 - ~\$500/ load to haul, depending on location
 - Consider downtime, depreciation of mats, etc.

Economic Challenges

- Logging contractors are absorbing the increased costs associated with climate change
- Unsustainable trajectory over the past 20 years
- Difficulty in remaining profitable while achieving mutually beneficial goals.
- Logging companies are diversifying, downsizing, or going out of business

BUSINESS COSTS UP
35.74%
Expense Increase from September 2020 to September 2022

Number of Logging Establishments



According to the PLC Logging & Trucking in Maine 2021 Economic Contribution report.

How to Assist Logging Contractors



Provide financial incentives to implement climate solutions:

- A. Minimize compaction and disturbance of forest soils
- B. Thin stands so that residual trees may grow to their full potential
- C. Minimize residual stand damage
- D. Incentivize investments in Tier IV equipment and ensure older equipment is not resold in other regions (exporting degradation)
- E. Support higher level on-the-ground performance to encourage climate friendly timber harvesting

Master Logger Certification Program®



“With all due respect, we harvest trees.”

- Made by loggers, for loggers in 2003
- Core Principles:
 - Verifies higher level on-the-ground performance
 - Relevant, obtainable, and professionally focused standards
 - Provides educational opportunities



**Our Mission:
Enhancing the health of
working forests through
exceptional accountability.**



Climate-Smart Logging

- Loggers are at the forefront of implementing BMPs, and they often bear the rising costs.
- Climate-Smart Commodities grant
- This pilot program aims to compensate Master Loggers for their higher operating standards
- Design
 - Workshops/education
 - Incentivized practices
 - Changing/modifying practices

“Loggers do have an environmental ethic and care. When loggers don’t implement BMPs, it’s not because they don’t want to, it’s because it’s a financial constraint”

–Tom Pavlesich, NY WAC Director

Direct Link Loan

- Markets are tough right now
- Assists with equipment purchases
- Low-impact tracks
- Cut-to-length trends
- In conjunction with Maine Forest Service and Maine DEP
- Gain access through Master Logger program



Moving Forward



- Logging practices have come a long way
- Things continue to change
- Loggers are at the forefront of implementing BMPs
 - Prioritize BMP educational opportunities
 - Give loggers the tools to better protect resources
- Assist loggers
 - Financial constraints are only growing as expectations get higher



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