

A Publication of the **Living Forest Cooperative**

A Gentleman Logger's Tale

Kent Makela

I refer to myself as a "gentleman logger" because I do not derive the majority of my income from logging. Like a lot of small land-owners, I am in and out of logging as opportunities appear. At the same time, I try to manage my woodlands in a responsible manner.

I recently had the unique experience of taking a small red oak harvest from stump to final purchaser with the help of the Living Forest Coop. The two-lined chestnut borer has infested my oak stand and is slowly killing the trees. I decided to do a small harvest, taking the logs from the tree, to planed boards, and then to market.

The 2000+ board feet came out of the woods with no more than the usual hassles. When it was sitting on the landing, Brian Seago of "Logs to Lumber" arrived in his usual prompt and professional manner to saw logs into lumber. What followed was a day and a half of running between the saw and the lumber pile, stacking and stickering.

Meanwhile, back at the LFC office, Charly Ray received a call from a buyer in southern Wisconsin looking for 2400 board feet of rough-sawn red oak. (Talk about good timing!). A deal was made. In order to take some of the workload off our general manager, I volunteered to deliver the load to the buyer. I got to see the oak to its final destination and the buyer got to know exactly where his lumber came from.

While the sale was more good luck than planning, it does illustrate the benefit of belonging to the LFC. The red oak sale in its "value added" form of rough-sawn boards, generated more than three times the income I would have received selling the logs alone.



Jacob enjoying the ride on Kent's homemade dolly he used for skidding the logs to the landing. See page 4 for more photos.

A Coop Manager's Tale

By Charly Ray

Kent's story is a great example of how being an owner/member of the Living Forest Cooperative can facilitate profitable small volume sales. Certainly, we were lucky in finding a buyer looking for exactly what Kent was selling, but, as they say, luck comes to those in a position to receive it. By being a Coop member you are connected to a web of landowners, loggers, millers, and

buyers. With such a network, you have a much better chance of profitably and sustainably conducting a small volume timber sale. For those seeking to produce lumber for their own use, being a Coop member can greatly facilitate the planning, logging, and milling process. ♣



General Manager's Report

By Charly Ray

It still feels like a wild ride getting this little Cooperative up and running, but I am confident we are going in the right direction. Even the numbers are starting to turn around. This February our books showed a \$2,000 profit of which I count a solid \$1,000 as profit because there we had some grant income included. That is our best month to date, and it was largely from forestry services income.

The numbers for the year show a good trend as well. The preliminary numbers for the end of the fiscal year show we tripled our gross profit to \$32,204 while reducing costs by \$12,225 – a 16 percent reduction in costs from last year. The bottom line is showing a loss for the year of over \$24,000 – but the trend is in the right direction: toward profitability.

Our business planning work for the USDA Grant has led us to increase our professional service rate to \$50/hr to be more in keeping with the marketplace and reach profitability sooner. As a Cooperative, there is the opportunity for profits to cycle back to members. The board struggled with this change, but as someone commented, "Have you hired a plumber lately?"

We are really building some capacities internally. Jason Fischbach and our contract foresters are really making our field work come together. Andy Repko has been helping with our bookkeeping and training me in so we can have control of our own books. One lesson we have learned is the importance of finding and retaining good staff. I am really looking forward to working with our staff and partners into the next year.

\$39,500 Grant Awarded to LFC!

Our grant to the USDA Value Added Development program was approved in November! As is typical with grants, we are still finalizing paperwork and have not seen any funds to date. The grant will be used to increase our membership base and build our forestry program to increase our FSC certified forest land base and pool our timber production for market advantage. The long run goal is still to produce our own value added FSC product.

The grant matches 50% of the cost for the effort so our investment in the Cooperative now could leverage an equal amount from this grant. In addition, we have the expense of the grant writer's fees to cover – no money is really free!

Investing in the Cooperative

Yes, we are still a small business looking for supportive investors. What kind of return are you getting on your investments now? Will these investments help you manage your forest in the future? Or help create a sustainable forestry industry in the Northland?

There are several financial ways members have been investing in the Cooperative including loans, capital stock, and donations of cash or equipment. Loan rates are negotiated individually, and currently range from 10% paid with capital stock to 2% paid in cash. Stock dividends are capped at 8% by law and the Coop has not yet had a profit to distribute as dividends.

Upcoming investment opportunities include helping the Coop refinance our two major lines of credit, in full or in part. One is for \$10,000 and other is for \$12,000. Our bank will likely require these are rolled over into a 3-5 yr note at 8% interest. This is interest that could be going to a Cooperative member instead. Our smallest loan to date was \$2,000 which we are half-way through paying off.

Another opportunity is with our plan to purchase a new light truck for forestry field work which will require financing, or a donated vehicle.

If you are interested in investing in your woods through investing in the Cooperative, please contact a Board Member, or the General Manager. 🍁

for sale

1991 GMC 1 Ton Flat Bed

\$5,000 to LFC members

Call the
LFC office
682-0007



President's Note

By Dave Martinson
LFC Board President

When the Living Forest Cooperative was established in 2000, those of us that were present at a number of the early meetings were guided by the "value-added" model promoted by other Wisconsin forest cooperatives. We accepted this model as our path to success. It is fortunate in this instance that we were following and not leading as the demise of the Sustainable Woods Coop (SWC) caused us to seriously rethink our strategy. With guidance from E.G. Nadeau of Cooperative Development Services and Rick Barber, a business consultant of Northwest Regional Planning, the LFC board accepted the hard advice that we must narrow our focus if we are to survive. Our present landbase is not large enough and our capital is too limited to succeed in the capital intensive, commodity driven, wood product market at this time.

It was not long after this decision was made that the business manager and board breathed a collective sigh of relief to be out from under this value-added business model that had become a burden.

But where exactly do we go from here? The core of our mission is to assist in the management of our member's forest land and thereby guide sustainable forestry initiatives in the northland. We hope this translates to good economics for our members as well as for the forest economy. I have no doubt that with our re-focusing we have made ourselves stronger and more able to accomplish our mission. With the help from our Value Added Development Grant we will work to double our land and membership base over the next year. This will enable us to attract better markets with the increased timber volume and help us to maintain a significant core group of foresters and office staff.

We are not abandoning our vision to add value to our members timber, only taking a step back to build steam. 🍁

co-op news

PEOPLE MAKE IT HAPPEN!

A great thanks to our current board members; their guidance, patience, and ideas are greatly appreciated as the co-op refocuses on forestry services and member recruitment.

The LFC staff has undergone a complete turnover in the last two months. Our office manager, Halley Hogden has moved on, and our newest Forester, Dave Todus, took a position with Wisconsin DNR in Hayward after working with us for a month because he was interested in government forestry and we are in no position to compete with government salaries and benefits.

Halley was a great help in the eight months she was working with the Cooperative. She is a big supporter of the Cooperative. Thanks for your good work, Halley!

In March, Jason Fischbach was hired as an Assistant Manager/Forester. Jason has a B.A. from Carleton College where he majored in Biology, and an M.S. from the University of Minnesota where he majored in Agroecology and minored in Forestry. He has been working on a project funded by the Land Institute in Kansas studying Illinois Bundleflower, a potential perennial grain crop. He and his wife, Melissa, worked for three years as Wilderness Rangers in the BWCAW and spent a year in Gotland, Sweden working on an organic beef, lamb, and vegetable farm. The two of them are looking to buy a farm in the area to

grow hazelnuts. Jason will be working in all areas of the Cooperative. We are excited to have him aboard.

We are in the process of hiring a Forest Ecologist/Forester. We have received many fine applicants and hope to make a hiring decision by early-May.

We continue to recover from employee turnover. It is difficult to hire and retain capable employees because we can't compete with industry or government wages and benefits. We think that by focusing on forestry services and member recruitment we can develop a large enough landbase with consistent billable hours to pay competitive wages and benefits. With the hiring of Jason, we think we have a strong core of employees and contractors to make a strong push toward developing the Cooperative into a self-sustaining business. 🍁



Jason Fischbach, our new Assistant Manager/Forester collecting data in a member's forest.

Managed Forest Law

Changes Signed by Governor on April 13

The proposed changes to the Managed Forest Law were signed into law by Governor Jim Doyle on April 13. Below is a summary of the changes.

CHANGES EFFECTIVE IMMEDIATELY

- A. Application deadline set for July 1. All applications received by July 1 would be processed for entry into the program 18 months later.
- B. MFL Application fee raised to \$300. Application fee for applications submitted with approved plan remains \$20.
- C. A copy of the property deed must be submitted with application.
- D. Closed acreage allowed increased to 160 acres for new enrollees.
- E. Beginning with entries entered after January 1, 2005, tax rates will be:
Open Lands- \$1.30 Closed Lands - \$6.50
- F. New transfer fee set at \$100. This fee applies when land ownership is transferred.
- G. \$300 early withdrawal fee. The \$300 dollar fee will be added to the withdrawal tax assessment if lands are withdrawn from the program
- H. \$250 non-compliance penalty will be assessed if mandatory management actions are not implemented.
- J. No yield tax in first 5 years of NEW MFL entries.

CHANGES EFFECTIVE IN 18 MONTHS

- A. All management plans must be written by a certified plan preparer or DNR forester. The definition or requirements of a certified plan preparer have not been established.
- B. Second application deadline created for May 15. Application packages which include an approved management plan submitted by May 15 will be eligible for program entry as of the following January 1.

A Gentleman Logger's Tale

About 2000 board feet of red oak lumber cut, stacked, and carefully guarded by Kent's dog, Raven.



Brian Seago (Coop member and former Board Member) and his portable sawmill, sawing the logs into lumber.

support

YOUR COOP COULD USE YOUR HELP!

The success of the Coop depends upon active and engaged owners. This spring and summer we will be working hard to strengthen our forestry services and increase our membership landbase. Members can contribute to our success in many ways including:

1. Newsletter Contributor(s) and Coordinator

The quarterly newsletter is a crucial part of our Coop, but it takes a lot of time and resources to put it together. We are always looking for volunteers to research and write stories. For anyone looking for a way to help the Coop, coordinating the newsletter, or writing articles for it might be perfect for you.

2. Field Days

Let us know if you have an idea for a field day or would like to host a field day.

3. New members

Give us names of potential new co-op members.

4. Board Members

We need new faces on the LFC Board-not that the current faces are a problem, it just keep a business strong to have new ideas and energy. Anyone with small business, accounting, forestry, or law experience is particularly encouraged to seek a Board position. Anyone who is a member of the Cooperative is encouraged to apply, regardless of your areas of experience. LFC board meetings are always open to the public.

Contact Charly or Jason at the LFC office if you can help out in any of these areas. Help make the LFC a thriving and successful business!

Forest Stewardship News

The Gypsy Moths are Coming!

By Jason Fischbach



Female moth with egg mass

Gypsy moths are slowly making their way West across the state of Wisconsin. Trapping last year revealed that the moths have made it into our region, especially in Bayfield County. In response, the Wisconsin Cooperative Gypsy Moth Program (WCGMP) of the Wisconsin Department of Agriculture will be spraying in an attempt to halt the reproduction and spread of the moths. Five thousand acres in Ashland County, 27,000 acres in Bayfield County, and 11,000 acres in Iron County

will be sprayed sometime between late June and late July of this year.

As of last year, Gypsy moths were present in isolated patches in our region. To prevent their spread the WCGMP will be spraying those patches this year. Landowners will be receiving a postcard from the program if their land is scheduled for spraying. According to the Department of Agriculture, a website will show maps of the areas scheduled for spraying. The website should be up and running by the end of March. The LFC office has a copy of the maps in its office.

The WCGMP will be using one of three substances, depending upon the site. All three are relatively benign compared to petroleum based insecticides. In total, 211,508 acres in Wisconsin will be sprayed with a bacteria called *Bacillus thuringiensis* sub. sp. *Kurstaki*. The bacteria contains proteins that when ingested by lepidopteran caterpillars (moths and butterflies) forms crystals that destroy the gut of the caterpillars, making them unable to feed. The bacteria is approved for organic growers. In fact, most of us, unknowingly, have been eating the very same proteins on a regular basis. The proteins have been engineered into corn, potatoes, and just about every other major vegetable crop. The major concern regarding this bacteria is that it has the potential to affect all other lepidopteran in the sprayed areas. The WCGMP is fully aware of this potential problem and will not be spraying in areas with endangered species such as the Karner Blue butterfly and will be spraying only when the Gypsy moths are feeding.

Nearly 300,000 acres will be sprayed with pheromone flakes. The pheromone in the flakes is only detectable to Gypsy moths. The flakes essentially saturate the sprayed area with the pheromone making it impossible for male moths to find the females. The moths fail to mate and the population collapses.

About 8000 acres will be sprayed with the NPV virus which is known to infect the Gypsy moth caterpillars. The treatment is somewhat dependent upon environmental conditions and, thus, isn't used as much.

If you'd like more information you are encouraged to call the Moth hotline at 1-800-642-MOTH. The Cooperative also has a copy of: "The Gypsy Moth: Research Toward Integrated Pest Management" for members to check out.

Sudden Oak Death: Potentially Spread to Nurseries

As if we don't have enough threats to our forests, we now have Sudden Oak Death. This little understood disease had been confined to California. Now a recent report of a nursery in California shipping infected stock of Camellias (an ornamental flower that is also a host) to all 50 states and Canada has people concerned the disease may spread across the countryside.

in stock

.....
FSC CERTIFIED
Inventory Closeout!
.....

IN STOCK:

FSC Aspen Paneling
\$2.25/sq

FSC White Birch Paneling
\$3.00/sq

FSC Red Maple Character Flooring
\$4.00/sq

FSC White Birch Lumber
FSC Red Maple Lumber
In 8/4 or 4/4



Certified by SmartWood SW-COC-870

FSC accredited certification means that the forest is managed according to strict environmental, social, and economic standards.

FSC Trademark © 1996 Forest Stewardship Council A.C.

Forest Stewardship News

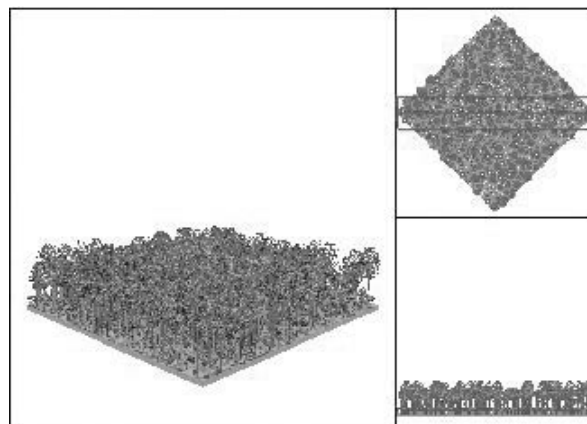
Do You Have A Plan for Your Forest?

With our renewed emphasis on building a landbase, the Coop has been focusing on writing stewardship plans. Our new Assistant Manager/Forester, Jason Fischbach, brings with him strong multi-disciplinary writing skills, and knowledge of GIS (Geographic Information System) and FVS (Forest Vegetation Simulation) computer programs. He has been working to improve management plan quality and streamline the plan development process. Together with our contracting foresters, we are providing high-quality plans in less time.

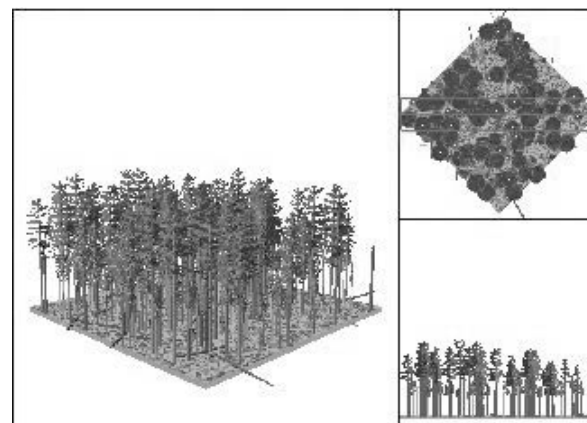
Stewardship plans are tailored to the needs of the individual landowner. We can write basic plans or craft comprehensive restoration plans. All of our plans include a Regional Landscape Analysis, a Property Resource Description, and Stand Level Management Recommendations. The FVS projections can give landowners a visual representation of what their forest might look like in the near and long term.

For the first-time landowner, our plans are invaluable educational documents explaining the existing resource, how to care for the land, and the land-use potential of the property. For a family, a stewardship plan can guide management actions for generations, ensuring a beautiful and enjoyable property for years to come. For those with an MFL plan, our addendums can qualify the plan for FSC certification, or build the MFL plan into an Ecological Restoration Plan.

Stewardship begins with a plan. Take advantage of your Coop's talented staff and contractors and have a stewardship plan written today. Cost sharing of up to 65% is available through state programs for development of stewardship plans. 🍁



Forest Vegetation Simulation uses inventory data collected from field visits and projects the stand's development over time. The software can be used to evaluate the effects of management actions. The above simulation shows a Coop member's stand at inventory conditions.



This simulation shows the member's stand 100 years later following recommended thinnings and underplantings.



Jacob Obletz, a horse logger operating in the Chequamegon Bay area, hitching up a red maple log on a member's timber sale in February of 2003.

Attack of the Killer Worms

By Jason Fischbach

Despite the almost universal perception of earthworms as benign and ubiquitous inhabitants of the soil, they are, in fact, exotic invaders that can severely alter the forest ecosystem. Our glaciated landscape should be entirely free of earthworms. If you have worms on your land, you have exotic invaders which may be altering your forest ecosystem. Andy Holdsworth, of the University of Minnesota, recently gave an update at Northland College on his research studying the distribution and effect of earthworms in Northern Mixed Hardwood forests. The preliminary results of his research are, well, cause for concern.

The exotic earthworms which cause the most problems are, ironically, our most well-known and common earthworms. There are three main invaders, each of which inhabits a different part of the forest floor. Epigeic earthworms, often sold as angle worms, inhabit the duff layer and alone are not particularly troublesome. Endogeic worms, sold as red wigglers, live in the soil surface and can quickly consume the organic matter of the soil surface. Anecic worms (night-crawlers) are deep burrowing worms which pull the duff layer down into their burrows.

The effect of these earthworms can be dramatic. Basically, they can entirely denude a forest floor of the duff layer – the decomposing leaf layer critical to forest ecosystem function. Characteristics of an infested forest floor include: worm castings, a lack of duff, bare mineral soil, root crown exposure on trees (think of gums pulling away from teeth), and very few understory plants. If infestation is suspected, one can quickly determine which worms are present by mixing ¼ cup mustard powder with 1 gallon of water and pouring the solution on the forest floor. The mustard acts as an irritant and the worms crawl to the surface.

The worms were initially brought to the region intentionally and unintentionally by European settlers. Left alone they will only move a quarter mile every 100 years. However, the worms have been spread by machinery, agriculture, and fishermen in the last 150 years. Exotic worms have become ubiquitous in agricultural areas. Interestingly, in forested areas, according to Andy's research,

the worms are still limited to a 100-200 yard zone around lakes, homes, and roads. As you move away from these zones, the worms disappear.

The effect of earthworms on the ecology of the Northern Hardwood forest is still unknown. In early studies, earthworms have been linked with a significant decline in the populations of forbs that depend upon a thick duff layer and microrhyzael fungi in the duff. These include but are not limited to: violets, ferns, orchids, and trilliums. On the other hand, plants which do not need a duff layer, such as Pennsylvania sedge, thrive in the presence of earthworms. Clearly, tree regeneration is effected, especially for species which depend upon a duff layer for germination. When deer are present, the impact gets more complicated. Species of forbs which are unpalatable to deer (and worms), such as Jack in the Pulpit, are favored. In general, deer and worms can drastically reduce plant diversity and abundance, and all but eliminate tree regeneration.

Currently, Andy is studying the interaction of earthworms and deer on forest succession and regeneration. For example, following an Aspen clear-cut, soil organic matter initially declines and then slowly rebounds. When earthworms are present the soil organic matter may not recover. When deer herbivory is added, the organic matter may decline even further. It is possible that the exposure of mineral soil in such situations may favor the germination and colonization of conifers, which, with their tendency to acidify the soil can drive the earthworms out. As with all ecosystem questions, however, things get complicated very quickly and there are no definite answers.

At this point nothing can be done to remove worms from invested areas. However, identifying infested areas can be useful for monitoring the earthworm effects and for helping stop the spread of the worms. Planting conifers in severely infested areas may be the only option to assure regeneration. One should not throw unused bait into the woods. For more information about the earthworms visit the Worm Watch webpage of the University of Minnesota: www.nrri.umn.edu/worms. 🍁

investment

INVESTMENT OPPORTUNITIES

Call a Board Member or the General Manager if interested

Loan for a new (used) truck:
\$4,000 - 6,000

Loans:
\$5000, \$10,000, and \$12,000 notes
negotiable rates

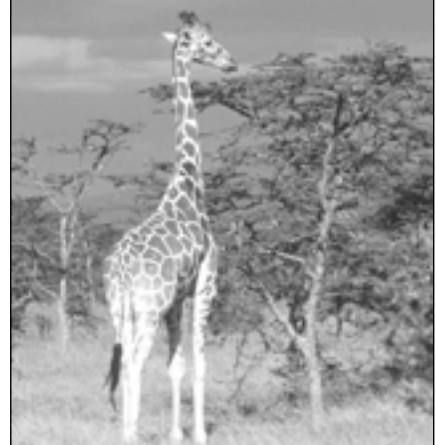
Capital Stock



LIVING FOREST COOPERATIVE
ANNUAL MEETING

July 17, 2004
Location TBA

**Could your forest use
a little management?**



Let the Living Forest Cooperative help.
Providing comprehensive sustainable forestry services
www.livingforestcoop.com 715-682-0007



LIVING FOREST COOPERATIVE

422 Third Street West, Suite 103
Ashland, WI 54806

CALENDAR OF EVENTS

JUNE 1:

WFLGP applications processed – Free Money!?! WFLGP is a cost sharing program which will cover 65% of the cost of developing a management plan or tree planting and other stewardship actions. Call the Cooperative for more information.

JUNE 10:

Living Forest Cooperative Board meeting at our Ashland office. All members are invited to attend.

JULY 1:

New MFL Application deadline. Call the Cooperative if you are interested in enrolling land into the program.

JULY 17:

LIVING FOREST COOPERATIVE ANNUAL MEETING. All members are strongly encouraged to attend. Come discuss the current and desired state of your cooperative, elect new board members, discuss sustainable land stewardship, and eat good food. Location TBA.

JULY 23:

Applications due to Wisconsin Woodland Leaders Institute for three workshops on all aspects of forest management and policies. Call John DuPlissis @ 715-346-4128 for more information.

SEPTEMBER 9:

State Wisconsin Woodland Owners Association meeting. Steven’s Point.

LIVING FOREST COOPERATIVE BOARD

Dave Martinson	779-5055
<i>President</i>	
Jay Cablk	746-2059
<i>Treasurer/Secretary</i>	
Dan Schuppe	747-5262
Pam Dryer	765-4131
Kent Makela	364-2598

GENERAL MANAGER

Charly Ray (715) 682-0007

Living Forest News is a publication of the Living Forest Cooperative and is funded in part through a grant from the USDA Sustainable Agriculture Research and Education (SARE) Program.

Design: Jill O’Neill · **Graphically Put**
Newsletter Coordinator: Pam Dryer

