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TO: House Committee on Commerce and Economic Development  
RE: Flood and weather impacts on Vermont's forest economy  
Date: 7/26/2023

I am a certified Master Logger in central Vermont, and I served from 2017-2020 as Deputy Commissioner of the Vermont Dept. of Forests, Parks, and Recreation in the Scott administration. I have been hearing from my network of logging peers across the state about the negative impacts they are experiencing from the extended period of persistent rainfall that has saturated the soil. I do not represent any organization or group, but I am providing a summary of the effects being experienced for the past eight weeks, including the July 10th flooding and strong storm events since that day, from my conversations with 15 logging business owners.

Vermont's forest economy provides forest management services to landowners to maintain their forestland in accordance with forest management plans while producing raw materials (sawlogs, pulpwood, and wood chips) for essential goods produced by the supply chain, including: building materials; wood energy products for homes, institutions, and the electrical grid; paper and packaging products; medical supplies and packaging; and many other products we all use every day.

Logging contractors can typically work 160-180 days per year, when the ground is frozen or dry enough to operate heavy equipment and trucks, without damaging the soil, or putting water quality at risk. There is an expectation from industry, forest landowners, society, and regulators, for logging operations to stop work when ground conditions are unsuitable. There is no compensation built into timber sale contracts to replace the lost productivity and income logging contractors experience from periodic shutdowns. Typically, work stoppages are brief, and operations can resume relatively quickly, but the summer of 2023 has seen an extended period in which Vermont logging contractors are unable to operate across a wide region. This period follows an extremely mild winter, that had very few weeks of frozen conditions, which is what logging contractors count on for the best conditions to harvest timber and build cash reserves.

Examples of how the wet weather and flood impacted logging contractors, include:

- A range of one to eight weeks of lost production due to excessive rainfall. For many loggers, this means from tens, to hundreds, of thousands of dollars in lost revenue. Loggers are measuring productivity in days or hours, versus weeks, between rain events this summer. My own business is experiencing a 70% reduction in gross sales for June and July of 2023 when compared to the same period in 2022. However, my expenses have only decreased 40%, due to the large, fixed costs associated with a logging enterprise. Profits are non-existent for my business for June and July.

- Due to the July 10 flood event, some Vermont loggers lost from four days to two weeks of productivity because their jobsites and equipment were inaccessible by town roads.
- Many loggers, including myself, have timber felled in the forest that they cannot access with logging equipment to transport it roadside for hauling, which in wet humid conditions, will cause staining of high value timber before it can be trucked to a sawmill. Loggers I've been in contact with individually have as much as \$50,000.00 worth of timber on the ground that is inaccessible and at risk of value loss.
- Loggers are paying employees to perform mundane maintenance tasks to continue with payroll, but they are running out of that kind of work and beginning to lay employees off. Employee retention is a significant concern, particularly in this job market.
- While strong storms continue, it is completely unpredictable when regular operations can resume.
- Some loggers have diverted excavation equipment to work for municipal flood repairs, including myself, but the revenue is not enough to carry the overhead of their operation.
- Increased expenses that logging contractors are experiencing include:
  - Unbudgeted transportation costs to pause harvesting at one site and move harvesting equipment to forest land with more well-drained soils.
  - Purchases of additional crushed stone to maintain jobsite accessibility.
  - Additional work with excavation equipment to repeatedly install temporary waterbars and maintain skid trails due to excessive rain, which also directly translates to lost productivity.
  - Purchases of mulch hay and other erosion control tools, such as silt fence or straw wattles.
- Other related impacts
  - Three Vermont mills that I've been in communication with have stated they are, or will be, out of wood this week.
  - Log truckers have been affected due to reduced availability of work or extended travel times to reach logging operations.

Existing insurance and public disaster funds are directed toward flood damage and repair or replacement of structures, property, equipment, inventory, and crops, but not typically revenue loss. The forest economy has no revenue insurance or margin protection available, though as I stated earlier, there is an expectation for businesses to cease operations during unsuitable ground conditions. The forest economy was singled out for relief (for the only time in my memory) during the COVID-19 pandemic when the legislature created the Forest Economy Stabilization Grant program and appropriated \$5,000,000.00 to compensate forest economy businesses that demonstrated economic injury due to stay at home orders.

Loggers I've spoken with are very reluctant to ask for help or apply for public funds, including myself, but nearly all of them said if there was a way to apply for relief in the form of revenue replacement, they would like to explore that to protect the viability of their operations.

In closing, I respectfully ask that as the committee considers whether, or how, to appropriate relief funds to affected Vermonters and businesses, please include a mechanism to compensate for at least a portion of the significant losses being experienced by the rural forest economy. Please let me know if I can provide any further information or answer questions.