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SOUTHERN MAINE FORESTRY SERVICES, INC.
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Southern Maine Forestry Services

2021 Fall Newsletter

Forestry isn't rocket science. It's harder!

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The Marketing Edition

Welcome to our fall newsletter for 2021. We received some feedback following our spring newsletter from folks wondering why we hadn't, as in the past, included a section discussing current wood market conditions. Markets and marketing are always relevant to forest management from a variety of angles, and the subjects we found ourselves thinking of when writing this newsletter have resulted in what we could call a "marketing edition". Our job as your foresters is to help you grow a healthy forest that produces high quality trees, while meeting whatever other more specific goals you have for your woodlot. An important part of our role in maximizing the general value to you of your property is that we act as your fiduciary agent and negotiate on your behalf to ensure that when trees are harvested, you receive the full amount that they are worth in the current market.

Market Update - Late Summer / Fall 2021

It has certainly been interesting times for those in the forest products industry in Southern Maine. This past winter did not decide to arrive until early February and lasted into the second week in March. For areas along the coast it never came at all, or at least not enough to freeze the ground for logging purposes. This summer started off in drought conditions. Then July gave us the second wettest July in history. That combined with Jay explosion has made for some tough sledding in southern Maine.

On the upside, the products that have seen the biggest price decrease do not represent much value to the landowner. A few years ago I was getting \$5 per ton for pine pulp and biomass stumpage within 30-50 miles of Jay / Livermore, now its 2 dollars a ton and much of the softwood pulp is sold as biomass.

A 50 % loss of value on that product is not 50 % of a timber sale. A few years ago a local municipality asked me to look at the town forest which was a 6-7 acre pine forest that has an average diameter of 16-18 inch's and relatively straight on sandy soils that could be cut any time of year (see photo). I estimated \$4,000-\$5000 in revenue would be received with properly thinning a forest. A few weeks later I was informed that town was not going forward with the harvest because they heard prices were down on pulpwood. The pulpwood revenue on this sale would have been around \$300.00! I was planning on doing a lump sum bid on such a uniform stand. Hemlock is a little different story since top end diameter for saw logs is usually around 10" so 40-60 % of the tree is likely going in the chipper. Spruce / fir is taken for saw logs to a 3-4" top so there is not much of a loss since there is not much left of the tree. That said, both Spruce / Fir & and Hemlock saw log prices are up.

Outside of that 30-50 mile range of the mill southward softwood pulp or biomass markets are effectively nonexistent and in many cases are produced at a loss. More positively we have seen moderate increases in Oak saw timber and veneer, increases on pine, Significant increases on construction / matt logs. Hardwood pulp and firewood stumpage has remained steady and do not see and changes going forward unless this wet summer extends into fall and/or we have a mild winter. It has been over a year since I have sold any wood by bid. I have suggested it to a few landowners this past summer who had large amounts of Oak and Pine. It was time to capture some of the increased stumpage value selling to the highest bidder is the most effective way of doing it. Those that have been doing their due diligence and growing good quality logs will be fine and those growing pulpwood and chips will not.

Chip Love - Forester, SMFS
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Financial income and other forest ownership values

What is your primary reason for owning timberland? As foresters, we find ourselves attending the meetings and seminars of a range of organizations connected to forestry. We've noticed that the rhetoric of some of these organizations, including one recognizable national one which requires participating foresters to be trained to its standards, tends to de-emphasize the importance of a woodlot as a source of income to the landowner by perhaps over-emphasizing points such as: Financial income is not the primary reason people choose to own forestland.

It may be true that factors such as recreational value and wildlife habitat come first to mind when landowners think of why they enjoy owning forestland. Forests offer a wide range of values. However, we are believers in the idea that many of these other benefits of forestland, and the goals landowners might have for their property in relation to them, can go hand-in-hand with management that maximizes timber value.

It has been my experience that every ten or fifteen years when a forest could benefit from a harvest to maintain health and vigor, while perhaps helping with some planned or unplanned expense, income often becomes a very important ownership goal. Past management decisions which have ensured that the principal in the forest "bank" isn't left too low, and that the quality of the trees left to grow is high, help achieve that goal of periodic income alongside any others.

- Erik



Markets and Silviculture

As Chip has explained in his discussion of the current market situation, in management of a reasonably good quality woodlot the value to a landowner of low-value products such as biomass and pulpwood is low enough portion of total value that fluctuations in those prices can be irrelevant to the timing of a harvest. Trends in prices for higher value products such as saw logs and veneer are what affect how we advise landowners it's time to harvest. This might lead a landowner to wonder: Of what importance are those low-grade markets to me at all?

While they might make up a small portion of the value of a quality woodlot, the *existence* of markets for pulpwood and biomass are in fact very important to the ability of a forester to properly apply silviculture, and manage a woodlot to be healthy and vigorous and produce the saw log and veneer quality trees that make up most of the value. Good forest management is a continuous process of setting up a woodlot to be healthier and of higher quality

on the next entry. Various silviculture systems are used, but all involve an element of selecting trees for removal that are suppressed, injured, or of poor form in order to free up growing space for higher quality trees, or for desirable regeneration (the next

“crop” of young trees). In practice this means that even on woodlots producing a large volume of saw logs in a harvest, a forester will often mark a greater number of trees destined to become pulpwood or biomass. Leaving those trees behind to occupy growing space, as higher quality stems are removed, would achieve management is supposed to, and degrade to the type of poor management, we will often implement some combination of a low-thinning and group or single-tree selection we casually refer to as “de-crapifying”, which targets low quality trees primarily.



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For these low-grade trees to be removed as either the sole or partial target of a harvest, there needs to be markets for them that make it financially viable for a logger to operate hundreds of thousands of dollars' worth of equipment getting the trees out of the woods and trucked to their destination, while paying the landowner a negotiated price. Sometimes those margins can be thin, but the value of these markets to a landowner is much greater than just the dollars received for pulpwood or biomass harvested from their woodlot in improved growth. Where low-grade markets don't exist, the harvesting of poor quality trees to improve a woodlot becomes “pre-commercial”; a treatment landowners have to pay an operator to carry out, in the hopes that the up-front investment will pay off in increased growth down the line.

Additionally, a lack of markets for low-grade wood increases the ever-present risk of woodlots being high-graded by unscrupulous people who might present the job they do to a landowner as being light or low-impact, with plenty of trees left behind. They are in fact degrading the stand by leaving the trees that should be harvested while taking only the highest value.

In summary: While prices for raw logs and veneer are often the focus, and what can make the biggest difference in the income a landowner sees from a harvest of their woodlot, the long-term health of our regional markets for products like pulpwood and biomass is of great relevance to all of us invested in the good management and health of our forests.

-Nick McDougal

More Fake Forestry

If you follow our Facebook page you know we have posted items about the park-ified lots before. Ones where the entire understory has been removed and it makes the forest look like a park, temporarily. It is hard to know if the treatment was the best for the forest or just someone who left trees spaced out in way they think is aesthetically pleasing. We have stands we have had treated that look very similar. When the understory is composed almost totally of undesirable stems sometimes the best option is to start over.

The lot pictured is one we know park-ifying was the wrong treatment. This lot had been high graded in the late 1950's or early 60's. In the 1980's we had rehabilitation cut applied removing all the low value beech and hemlock along with stems that had been damaged in

previous logging. It left a stand which was about 50% stocked. The beech sprouted heavily as expected and a couple of years later it was treated with herbicide. This resulted in an understory regeneration composed mostly of red oak and white pine with lesser amounts of sugar maple, white ash and white birch. The client who originally hired us died. His children kept it for a time but eventually sold it and we lost track of it until driving by we noticed it had been cut.

You see the result. The understory had reached pole size 5-8" in diameter over 30 some years. Gone into a \$1.00 per ton chips and the forest set back 30 years.



More Fake Forestry

(continued)

To add insult to injury the areas of white pine that were residual left following the mid-century high grading and our rehabilitation treatment were diameter limit harvest leaving stems which were at risk of getting blown over. We estimate that a third to half of the residual pine volume is now on the ground.

Don't let this be done to your forests. Hire good foresters whose fiduciary responsibility is to you, the landowner. Loggers are highly skilled at harvesting and removing trees from the forest and processing them into wood to be delivered to various markets. They do not have the same knowledge and skill as foresters whose training gives them an understanding how trees grow and interact with each other, the soil and other parts of their environment.



Real Forestry

(Right) Picture of a forest stand in which a low grade, low value, low potential understory was removed 5 years ago. To a casual observer it does not look very different from the park-erized stand shown above. The sprouting beech was treated with a herbicide 2 years (3 growing seasons) ago. Notice the well spaced stand of good quality residual stems and the numerous seedlings and saplings of white pine. This is real forestry compared to fake forestry.



“A Forester is a Forester ?”

Many have heard or used sayings like this when choosing between things that are so similar that there is not really a practical difference in the end. A pen is a pen, a cup is a cup, a wrench is a wrench are a few examples off the top of my head. These examples are all elementary, but when it comes to something more serious, like selling timber, is a forester just a forester?

In order to become a licensed forester in Maine, all take a similar path. Schooling, experience, and a passing score on Maine's forestry exam are all required in order to become a forester. Foresters may have a similar education and qualifications on paper, not all foresters are the same.

There are two types of foresters. One is the forester with fiduciary responsibility to their clients. Another is the forester with fiduciary responsibility to a third party who employs them, such as a harvester or mill. In these cases, the forester has fiduciary responsibility to their employer. It is not possible for one to have fiduciary responsibility to another party in addition to their client. It would be a conflict of interest. The term fiduciary can be defined as involving trust, especially with regard to the relationship between a trustee and beneficiary. For a more thorough definition, please refer to our website where you will find an article titled “The Forester as Fiduciary”.

Having a forester involved in the administration of a timber sale is an important part of good management, but that alone does not mean that your interests have been completely represented. It is up to you, the landowner, to make sure your forester is in a fiduciary relationship with you and not another party. Here at Southern Maine Forestry Services, our clients are our employers. We never buy your wood ourselves, and always strive to best represent our clients' interest in negotiation of prices with the purchaser. To answer the question: One forester is not necessarily just like another. Ensure that your forester is working for you.

Aiden Heikkinen
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Pointing at a forester in their natural habitat.