



Loggers Newsletter

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Welcome to the summer issue of the *West Virginia Loggers Newsletter*.

Topics in this issue:

- 2002 WV loggers survey
- WV 2002 logger & sawmill awards
- Clearwater Timber Resources LLC featured in April *Timber Harvesting* magazine
- Diesel Fuel Costs
- WV Timber Severance Taxes
- Forest products workforce trends in WV
- WV LSCA enforcement changes for 2002
- WV LSCA compliance statistics in 2001
- Hardwood market update
- Meeting announcements

A new survey of all licensed West Virginia loggers was mailed out in late July. This 2002 survey is more in-depth than last year's and will give us more information on your characteristics, trends, and needs. Please take a few minutes to fill out the survey.

2002 Logger and sawmill of the year awards were presented at the Annual West Virginia Forestry Association meeting.

The awards were given at Canaan Valley State Park in July. Logger of the year was Jerry Roberts owner of J & E Logging. Loggers Safety Initiative (LSI) program small and large contractor awards went to C & D Logging and Triple-D Logging respectively. Both of these LSI companies had no worker's compensation claims for the year. Small and large sawmill of the year awards went to Phillips Sawmill of Buckhannon and Coastal Lumber Company's Dailey mill respectively. Coastal Lumber Co. received no OSHA citations during a recent inspection.



Dennis Phillips
Photo by C. Francis

Phillips Sawmill is owned and operated by Dennis Phillips and his wife, Donna. The 300,000 BF/year mill utilizes a four-man crew. The mill crew also doubles as a logging crew. Dennis believes in developing

niche markets for his green lumber, selective logging, and computerized inventory systems. The computerized system allows them to accurately predict log yields and cash flow. Dennis says that he and his wife started out buying the sawmill to build their house and just kept going.

2002 Logger of the Year, Jerry Roberts, operates J & E Logging out of Renick in Greenbrier County. His daughter Teresa helps him with the books. Roberts' equipment spread consists of a Timberjack 460 grapple skidder, Timbco 425 tracked feller buncher, John Deere 750C dozer, Franklin KBL28 loader, CTI hydrosaw, and a John Deere 690E shovel machine. J & E Logging produces around 25 loads per week.



Jerry Roberts
Photo by C. Francis

Jerry summed up his philosophy to me with these points. He believes logging is hard work that takes long hours. He grew up in logging and as he said "its all he wanted to do. You have to do something you love to do." He buys some of his own timber in order to keep his options somewhat diversified. He also stressed that pre-job planning of roads, skid trails, landings, stream crossings, etc. was one of the most important things he does in running his job. He firmly believes that if the job is planned correctly from the start that the job will be more productive, profitable, and make less of an impact on the environment.

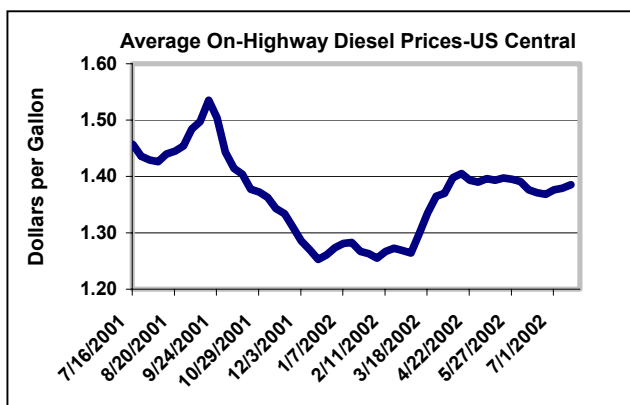
Clearwater Timber Resources LLC was featured in April's *Timber Harvesting* magazine.

The story gave excellent coverage to principal owners David Lynn Grimes and his son David Lee Grimes of Dumore in Pocahontas County. The Grimes operate three different and distinct crews. A seven man mechanized crew includes a Timbco T445-D Hydo-Buncher, two John Deere grapple skidders, John Deere 750 dozer, a Serco 270 loader and a CTR 421IP bar saw. Their manual crew operates with eight men and three John Deere cable skidders, a Serco 270 loader, John Deere 750 dozer and chain saws. Finally, they call the third crew a "quad crew." It is equipped to operate on small tracts or ones

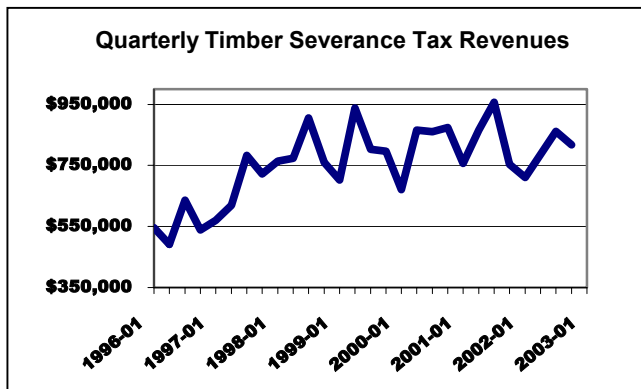
inaccessible to trucks. The quad crew is operates with three men and includes two International quad axle trucks fitted with self loaders, a John Deere 640E cable skidder, a John Deere 650H dozer and chain saws.

Clearwater uses four networked computers and multiple bookkeeping systems. The Grimes closely monitor their monthly profit and loss statement and quarterly tax statement. They operate a maintenance program that schedules needs and also generates machine costs.

Diesel fuel costs have been more or less flat since rising in April. The U.S. Department of Energy's Energy Information Agency figures are charted below.



West Virginia's Timber Severance Tax collections were down 4.8% for the fiscal year ending June 2002. Revenues declined by \$158,468 to \$3,175,225. This was the lowest amount collected since 1997. This indicates a slight slowing of

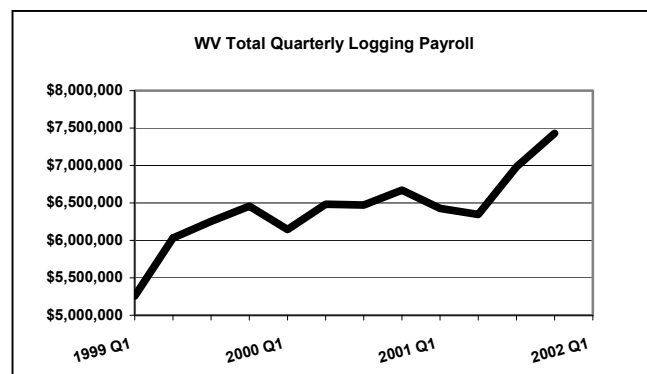
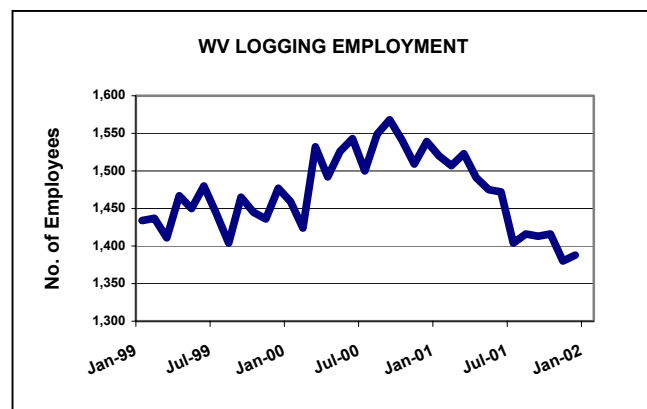
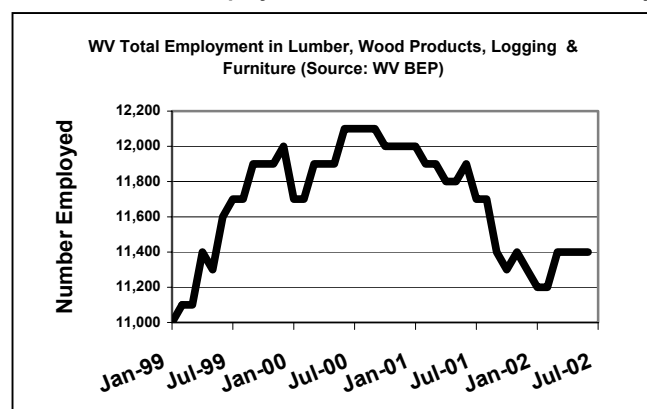


the forest products economy. Revenue collections for the first six months of this calendar year (beginning January 1, 2002) show a 1.9% decline over the same period last year. The West Virginia forest products economy is still in a recovery phase if we use this data as a gauge.

The slide in direct employment in West Virginia's forest products sector, including logging, appears to have bottomed out and stabilized. From September of 2000 through June of 2002 approximately 700 jobs were lost in the forest and wood products (includes logging) sector. Logging by itself lost 180 jobs from September 2000 through the end of 2001.

The previous five-year period showed very healthy gains for the wood products sector. Wood products employment as a whole, including logging, gained at an average annual rate of +3.6% from 1995 to 2000. Logging employment by itself averaged a +1.1% gain per year over this 5 year period. These sectors were better than the state manufacturing decline of -0.37% annually.

Unemployment Insurance covered workers only



First quarter 2002 statewide average wages paid by loggers have been released by the WV BEP. Although the number of individuals on logging payrolls has dropped, the total payroll has increased. Average logging wages have increased from \$16,602 in 1999 to \$18,743 in 2001.

Logging wages in 2002 appear to be ahead of 2001. There is some speculation that logging wages increased to slow the movement of workers into higher paying coal field jobs. This would have been precipitated by last years energy imbalances. First quarter wages paid in 2002 to logging workers have increased to the levels below.

Job Title	Average Hourly Wage	Average Annual Wage
Faller	\$9.68	\$20,140
Logging equipment operator	\$11.38	\$23,651
Log graders & scalers	\$11.88	\$24,700

The WV Logging Sediment Control Act was amended during this past legislative session. Governor Wise approved the bill on March 12th. The most important change affecting loggers is the new section 19-1B-12a. This section is labeled "Criminal Penalties" and gives law enforcement agencies along with the WV Division of Forestry the authority to issue citations. The bill specifically states that the DOF does not have the power to place any individual under arrest.

The DOF now has the authority to issue misdemeanor fines of \$250 to \$500 per day per violation. The four violation areas listed are: (1) logging without a valid license, (2) improper notification of harvesting operations, (3) certified logger not present and (4) continuing to operate in violation of an existing suspension or revocation order. The WV DOF Director, Randy Dye, will be issuing the new rules and guidelines soon.

WV Logging Sediment Control Act final statistics for the year ending 2001 show where continuing compliance problems are occurring. A total of 3,237 timbering operations were investigated. The Division of Forestry received 2,908 timbering operations notifications during 2001. The enclosed table summarizes the major problems found.

No notification and no license are still at the top of the LSCA problem list. Consider developing a reliable

system for getting your notifications in to the district office and also for license renewals.

Problem	Total	%
No notification	282	18
Skid / haul road	200	13
No license	198	13
Job not reclaimed	180	12
No sign	138	9
No certified logger	115	8
Other	115	8
County / state road	99	6
Muddy water	86	6
Tops in stream	70	5
Operating in stream	50	3

Keep these truck haul road specifications in mind when planning your roads:

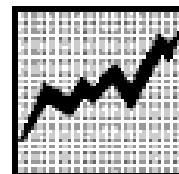
- Final road grade should be 10% or less. 15% is permissible for up to 200 feet.
- Cross streams at right angles.
- Break road gradients when approaching streams to avoid water directly flowing into the stream.
- Avoid level or flat areas where drainage is difficult to establish.
- Use cross drains such as culverts or in-sloping and out-sloping as appropriate.
- Gravel or rock roads for up to 200 feet to keep mud off public highways.

Skid roads should utilize the following standards:

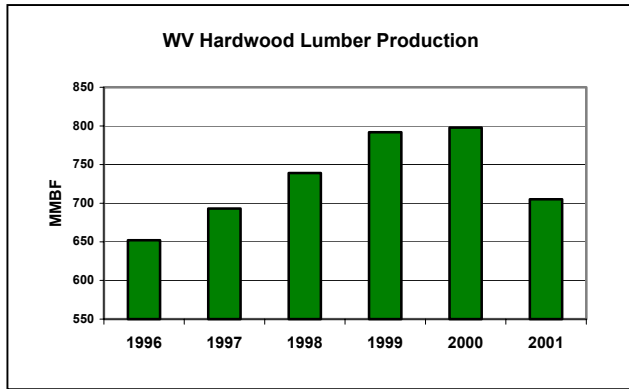
- Use an average spacing of 200 feet.
- Try to keep gradients to 15% or less.
- Utilize cross drains, dips, turn-outs, or water bars at least every 100 feet to disperse water.
- Locate skid roads away from Streamside Management Zones (SMZ's).
- Do not skid logs through or in streams.
- When logging is complete, stabilize and retire the road with water bars and out-sloping as specified in the state BMP manual.

Market Update

The weekly *Hardwood Market Report* states that supply and demand for most species and grades is relatively evenly matched. The housing and remodeling markets have had a positive impact on the flooring, cabinet, and millwork industries. Flooring shipments through June are up 10 percent over the same period last year. In addition, the export market has picked up as the value of the dollar has declined relative to the Euro.



Poplar has gained some recent solid market interest with \$5 to \$15/MBF increases on some grades. Buyers remain active in the 7X9 crosstie market. Red oak prices have increased \$5 to \$25 depending on grade. Cherry demand is steady with prices increasing \$10 to \$15 for certain grades. Ash business is consistent with some price increases on certain grades in the \$5 to \$15 range. Walnut demand is steady with no consistent price movement. Hickory seems to have generated some new interest with price increases for certain grades of \$10+. Hard maple is largely unchanged with the exception of \$25 decreases in the #1 & 2 white FAS&1F grade.



West Virginia hardwood lumber production was off 11.6% for year ending 2001 compared to 2000 while U.S. hardwood lumber production was off 7.9%.

October 10, 2002

Business Management for Loggers. Sponsored by the WVU Appalachian Hardwood Center and the WVFA. The October workshop will be held at the WVU Westvaco NRC at Cooper's Rock State Forest near Morgantown from 9AM-4PM. Cost is \$35 or \$30 for WVFA members.

These sessions will meet the *Sustainable Forestry Initiative Program* requirements for logger business management education. Topics will include: business planning, financial management, contracts, laws, organization, employee management, cost analysis, computers, and insurance. Call the WVFA at 888-372-9663 if you plan to attend.

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Upcoming Workshop

