

OREGON WOODLAND COOP

Value Added Programs
for
Small Woodland Owners

Outline

- About the Co-op
- Vendor Relationships
- Value-added processing
- Programs coming soon
- Ecosystem Services and carbon

About the Co-op

- 48 members
 - New membership since January up 17%
- ~20,000 acres
 - Almost doubled acreage since January
- 11 counties
 - Washington, Yamhill, Clatsop, Clackamas, Marion, Tillamook, Benton, Columbia, Lincoln, Polk, Douglas

History

- Founded in 1981
- Response to difficult timber market
- Consulting Forester provided timber marketing support and professional services

Today

- 2005: A new vision – Business Plan
- Value-added Products and Services
- Pro-active approach
- Non-timber forest products
 - Traditional: firewood and medicinals
 - New: Ecosystem Services, Biofuel
- USDA Grants

2008

- USDA working capital grant
- 3 coordinators
- New programs
 - Firewood
 - Custom Cuts: specialized and mainstream
 - Purchase of goods and services that reduce costs to landowner for operations

Reducing Costs

- Preferred Vendor Relationships
 - Consulting Foresters
 - Milling and other manufacturers
 - Wilco
 - Forestry Supplies

General Discount

- Ag Stores
- Farm Stores

Bulk Purchasing

- Fuel
- Fertilizer
- Chemicals



Agronomy: Stayton



Farm Store: Battle Ground

Consulting Foresters

- Mike Barnes
 - 30+ years experience
 - Founding member of the co-op
- Trout Mountain Forestry
 - Scott Ferguson, Barry Sims, Mark Miller

Special Milling

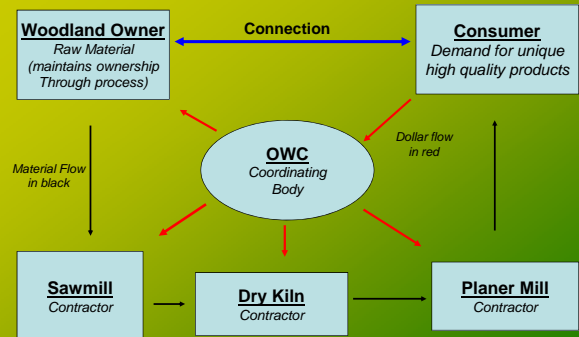
- Kevin Kaster
 - Eastside, Molalla
- Lyal Purinton
 - Westside, Buxton



Value Added Processing

- Now
 - Custom Cutting: plan, goals, results
 - Firewood: plan, goals, results
 - Floral Greens
- Soon
 - Essential Oils
 - Medicinals

Custom Cut Model



Wenzel Custom Cut

- Small Scale
- Specialty Products
- Challenges



Beveled Cedar Siding



Cedar Custom Cut

- Robert Wenzel – OWC - Kevin Kaster

Beveled Cedar Siding	1500 lf	\$1.5/lf	\$2250
Cedar Decking	2000 bf	\$0.60/bf	\$1200
Redwood Paneling	3500 lf	\$0.50/lf	\$1750
Total Value			\$5200

Large Custom Cut

- Scott Zimmerman
- Trout Mountain
- Background



Hambleton
Lumber Company



Cut Details

- 3x and 4x Lumber
- 160+ MBF
- Value Added





Custom Cut Results

Landowner	Sort	Length	Diameter	Gross	Net	% of total	\$/MBF	Target \$
Grand Total	D1			23,380	22,170	13%	\$400.00	\$8,868.00
	D2			15,510	14,850	9%	\$425.00	\$6,311.25
	D3			12,700	12,080	7%	\$450.00	\$5,436.00
	E1			7,630	7,520	5%	\$600.00	\$4,512.00
	E2			11,490	11,470	7%	\$625.00	\$7,168.75
	E3			11,070	11,010	7%	\$650.00	\$7,156.50
	H1			35,380	34,630	21%	\$545.00	\$18,873.35
	H2			30,370	29,610	18%	\$565.00	\$16,729.65
	H3			20,290	19,330	12%	\$585.00	\$11,308.05
	NS			2,010	1,900	1%	\$450.00	\$855.00
	Grand Total	32.3	17.7	169,830	164,570	100%	\$529.98	\$87,218.55

Custom Cut Results

Trout Mountain Forestry/GRN FSC Custom Cut #3
Projections and results to date 8/11/08

Projected product recovery and value						
Logs (MBF)	Overrun	Lumber (MBF)	Product	Yield	MBF	Total
164.57	1.427983764	235	2x	25%	58.75	\$475
			2x long	7%	17.18	\$650
			3x	23%	54.05	\$650
			4x	41%	95.18	\$650
			Cleaves	3%	6.35	\$900
			#4	2%	3.50	\$0
Total				100.00%	235	\$622

Actual sales total after deducting freight: **\$146,079.73**

Actual costs				
Costs	MBF	\$/MBF	% of total	Total
Logs	164.57	\$530	59.7%	\$87,222
Milling	235	\$100	30.2%	\$44,863
Broker	235	\$21	4.0%	\$5,000
Foresters	164.57	\$0	0.0%	\$0
Other costs			0.6%	\$836
Total			93.9%	\$137,121
Bonus to distribute				\$0,958
Bonus converted to premium for logs (\$/MBF)				\$54.44
Bonus expressed as a percentage of log value				10.3%



Firewood



- Strategy
 - Bundled Firewood
 - Local, Sustainable, Producer Owned
- Current Customers
 - New Seasons and Grocery Outlet
- Future Markets
 - Whole Foods and Zupans

Firewood Economics

Summary table (170 bundles per cord of wood):

	Bundle	Cord	Bundle	Cord
Target Price	\$2.50	\$425.00	\$3.99	\$678.30
Less: Bundling	\$0.90	\$153.00	\$0.90	\$153.00
Less: Processing	\$0.45	\$76.50	\$0.60	\$102.00
Less: Transportation	\$0.25	\$42.50	\$1.00	\$170.00
Less: OWC Fee	\$0.38	\$64.60	\$0.60	\$102.00
Return to landowner	\$0.52	\$88.40	\$0.89	\$151.30

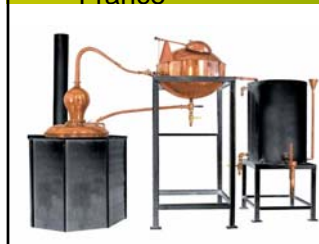
Compare to \$1000/load for pulp or
\$2000/load for saw logs

Programs coming soon

- Essential Oils
 - Douglas-fir and other tree needles
 - Used for aromatherapy and other scent applications
- Medicinals from Special Forest Products
 - Oregon Grape Root
 - Cascara Bark
- Floral Greens – Expand current operation

Essential Oils

- Distillation just like mint or lavender oil
- Douglas-fir needle oil imported from France



The Essential Oil Co.

Mobile Distilling

- Trial run, October 18th – Tree Farm National Convention Field Day



Medicinals

- Extracts
 - Cascara Bark
 - Oregon Grape Root
 - Devil's Club
 - Horsetail
- Retail Values of \$7.50/oz or more
 - That's \$60 for a coffee cup of extract



Images courtesy of vitanetonline.com and shop.com

Ecosystem Services

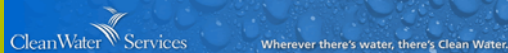
- Utilizing natural systems to solve challenges created by growth and development
- Global markets exist for:
 - Water quality and quantity
 - Carbon and air
 - Habitat and biodiversity
 - Hazard reduction



Ecosystem Partners



– OWEB Grant Program



OWEB Grant Program

- Bateman creek



Carbon Markets

- Market and regulations under development
- OWC member of Western Climate Initiative for forests in Oregon
- Lots of external interest and noise
- New opportunity – Woodland Carbon Company

What is the Co-op's Role?

- Education and Preparation
- Assist Members Become Involved
- Due Diligence
- Listen – Measure - Register

OWC = Added Value

- Economies of Scale
 - Reducing Costs
 - Increasing Margins
- Programs
 - Preferred Vendors
 - Niche and Traditional Timber Marketing
 - Non-Timber Forest Products
 - Carbon/Ecosystem Marketing Services
- Be empowered - Become a **MEMBER!**