ENDOWMENT AND PARTNERS ANNOUNCE PILOT PROGRAM IN SOUTH CAROLINA DESIGNED TO AID TIMBER HARVESTERS AND HAULERS

U.S. Endowment for Forestry and Communities, Greenville, SC
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The most under-appreciated and yet critically-important link in the forest products industry value chain – from tree grower to end consumer -- is comprised of nearly 10,000 small, independent business contractors – America’s timber harvesters and haulers (a.k.a. “loggers”). The folks who harvest mature trees and transport them to a converting mill.

“Since our earliest days as an entity dedicated to keeping forests as forests and working to advance family-supporting jobs in rural forest-rich communities, we’ve sought ways to aid the nation’s hard working timber producers,” said U.S. Endowment for Forestry and Communities President Carlton Owen. “We think we’ve landed on one of the most direct and impactful ways to do that by partnering with the Southern Loggers Cooperative (SLC), the South Carolina Timber Producers Association (SCTPA) and the Natural Capital Investment Fund (NCIF) to extend the reach of SLC’s system of fuel depots.”

Under the just announced partnership, the SCTPA will become the first state loggers’ association in the nation to formally collaborate with SLC in what might be considered a “quasi-franchise” approach to growing the number of depots across the state. While SLC will own each depot on behalf of its cooperative membership, the SCTPA will aid in locating appropriate sites, work with its members to extend coop membership, and will benefit from a portion of the revenue stream to support its broader work.

“The volatility and high price of diesel fuel is among the most difficult of expenses for a small business that depends on heavy equipment to factor into their business plan,” notes SLC Executive Director Todd Martin. SLC began in Pineville, Louisiana as a small group of loggers who banded together in 2004 to try and address the issue. Today, SLC operates a system of 21 diesel fuel depots across seven states with cooperative members saving an average of $0.10/gallon on fuel purchased; members then receive a “bonus” at the end of each year in the form of dividends that SLC generates. Additionally, two more stations in Louisiana and two more stations in Alabama are projected to come online in 2014.

Crad Jaynes, President & CEO of SCTPA reflected, “Ten cents a gallon might not sound like much but when the life blood of keeping your business is diesel fuel and you use literally thousands of gallons each year, it adds up quickly. For some of our member companies it would be thousands of dollars each year that they can put right to the bottomline of their business.”

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South Carolina has been an “SLC state” since 2012 when a depot was built near Georgetown. The original sponsor of that project is Joe Young of Low Country Forest Products, one of the state’s best known loggers in business for more than half a century. “I and my team underwrote the Georgetown depot because we knew what it could mean not just to our business but also to our entire segment of the value chain,” notes Young. “We were especially pleased when our good friends at the Endowment stepped in to take over the note and remove that financial burden from our small company and to bring another strong partner in NCIF along with them.”

“The Endowment and NCIF have partnered on a number of vehicles to extend direct finance and other support to rural businesses,” says Rick Larson, NCIF’s Senior Vice President. “When we learned about the SLC and their important work, we enthusiastically agreed to help the Endowment underwrite the cost of the Georgetown depot. Shortly thereafter Carlton Owen and I made the trek to Pineville to meet with the SLC team to see what we could do to help them extend their network to benefit more small businesses.” The South Carolina pilot is the first result of that collaboration.

The next step for the South Carolina pilot will be to develop a strategy plan to target high-priority sites and develop depots at critical locations. The learnings from South Carolina will inform SLC about opportunities to take their work more aggressively to other states.

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The U.S. Endowment for Forestry and Communities (the Endowment) is a not-for-profit public charity working collaboratively with partners in the public and private sectors to advance systemic, transformative, and sustainable change for the health and vitality of the nation’s working forests and forest-reliant communities – www.usendowment.org

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Southern Loggers Cooperative (SLC) is an association which provides expertise in negotiation and contract formulation for its membership of harvesters of timber, haulers of forest products in the natural state, finished products or products for recycling, forest road contractors, silvicultural contractors, forest landowners, farmers, ranchers, horticulturist and viticulturist – www.southernloggers.com

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South Carolina Timber Producers Association (SCTPA) is an independent association dedicated to representing and servicing South Carolina’s professional timber harvesters as well as timber dealer and timber trucker operators – www.scloggers.com

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Natural Capital Investment Fund (NCIF) supports the forest products and other natural resource-based businesses with flexible, affordable capital. Through its Southeast Logging Initiative, NCIF partners with other lenders to provide timber harvesters with the financing they need to replace equipment and expand operations. NCIF is the green business lending arm of The Conservation Fund (www.conservationfund.org) and a certified Community Development Financial Institution – www.ncifund.org

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