

Annual Report 2004

Dear Friend of Vermont Family Forests,

Three hundred years ago Vermont was blanketed by a healthy temperate rainforest. Within 150 years most of the forest had been cleared away and the land thoroughly exploited. Today -- due in large part to the land's capacity for self-renewal -- forest now covers over 78% of the state. In order for this remarkable ecological recovery to continue we must learn to manage our demands and to minimize adverse impacts.

Vermont expects a lot from her forests. These demands include timber supplies, wood energy, non-timber forest products such as maple syrup, and four seasons of recreation. Vermont also depends upon her forests for high quality water supplies, pretty views, wildlife habitat, solitude, and soul restoration. Many of these forest values are priceless for the community yet valueless to the forest steward in the traditional marketplace.

Vermont's forests are adversely impacted by global warming, air pollution and acid rain, invasive exotics, forest fragmentation and simplification, and exploitive logging practices that result in soil erosion, stream sedimentation, loss of biological diversity and high-graded timber supplies. These adverse impacts are perpetuated by an increasingly global economic system that always externalizes costs and commonly fails to differentiate sources.

About 70% of Vermont's forestland is non-industrial and privately owned. Owners of these private forestlands often have diverse interests and short tenure. Family forest owners often want to conserve the health of their forests but do not know how to act upon their values.

Wendell Berry once wrote that the two great ruiners of private land are ignorance and economic constraint. Vermont -- like many other states -- has a long history of providing educational programs for family forest owners and the loggers and foresters who assist them. These programs have focused more on *forest products* such as timber, wildlife habitat, and recreation and less on *forest health*. Forest health must receive greater attention. To paraphrase



Vermont Smallholders Association founder Justin Brand, "Without a healthy forest ecology there cannot be a healthy forest economy."

Vermont's traditional forest industry model is a linear and vertical one with forests and unempowered stewards at the bottom. Vermont has focused much effort on attempting to improve *timber quality* on family forests but has expended little energy on systems that would allow family forest stewards to achieve greater success in *forest product marketing*. Without this success in the marketplace, Vermont's family forest owners and stewards cannot be expected to maintain the health of their forests or to produce high quality forest products over time.

These long-term emphases on forest products over forest health and on high-quality timber production over the success of forest stewards in the marketplace have put the ecological health and economic viability of Vermont's family forests at considerable risk.

What VFF Has Accomplished

VFF puts healthy forests first. VFF's mission is "to conserve the health of the forest community, and when appropriate to promote the careful cultivation of local family forests for community benefits." Healthy forests are fairly easy to spot. They are the ones that have clear, clean, highly oxygenated streams running through them. They also have well designed access networks that work with the land. Soils are stable and

productive, and there are diverse populations of native flora and fauna.

Vermont Family Forests is a grassroots effort that started in 1995. The Addison County Forester collaborated with the Lewis Creek Association by offering workshops on many elements of careful forest stewardship. After several of these very successful and well-attended workshops, the collaborative educational effort was dubbed “Vermont Family Forests.”

A mission, set of principles, and a forest management checklist were adopted and eleven workshops were conducted on a wide variety of forest conservation subjects in 1996. In 1997, VFF identified 32 forest landowners – with about 5000 acres and an excellent history of stewardship -- to form a pool of well-managed family forests. VFF applied for a grant through the Vermont Sustainable Jobs Fund to become certified through the Forest Stewardship Council (FSC). VFF was certified by FSC and incorporated as a non-profit corporation in 1998. VFF has established a small but well-equipped office in Bristol and hired a part-time staff. VFF continues to offer workshops related to ecologically sustainable forestry and has been a leading sponsor in the Game of Logging training course. VFF also provides ecological forestry information through its website, www.familyforests.org, and through its newsletters, reports, and other publications.

VFF has developed many systems and tools to support the family forest steward. VFF provides family forest stewards with affordable access to FSC certification. VFF makes products such as non-petroleum bar and chain oil, log and tree scale and grade systems, management plan templates, sample

contracts, and forest health monitoring protocols readily available to family forest stewards.

VFF conducts research through teams of natural resource managers, forest ecologists, community organizers, ecological economists and other private contractors. Our most recently completed project assessed the availability of sustainably harvested, local, forest biomass as a fuel source for Middlebury College. The report received high praise from Middlebury College.

VFF continues to work on an innovative project known as Community Equity that seeks to create conservation easements that actually conserve the health of the forest while valuing the forest so that landowners receive reasonable returns on their investments. This is a critically important element, in that even if landowners increase their success in the forest product marketplace exponentially, the gap between the values of land as forest and developed land continue to widen.

VFF has developed and tested a unique Community Supported Forestry System that is circular, collaborative, and local. In the VFF CSF System, forest products flow from healthy forests through local value-adding processes and are then sold as branded products to well-informed customers. More value is generated in the local community and more value is returned to the forest and the stewards of the forest. VFF experiments have identified substantial demand for high quality forest products that originate from healthy local forests and that result from collaborative local value adding.

May the Forest be With You!

David Brynn, VFF Founder and Advisor



Conservation means harmony between landowners and the land. When the land does well for its owner, and the owner does well by the land; when both end up better by reason of their partnership, we have conservation. When one or the other grows poorer, we do not.”

—Aldo Leopold, *The Farmer as a Conservationist* (1939)

Major Challenges That Remain

- Family forest stewards often do not understand the basic principals of forest health or the forest practices that conserve forest health.
- Healthy forests where ecologically sustainable forestry is practiced often generate lower economic returns for the stewards in the short term.
- Forest landowners have infrequent harvests and these harvests often generate low volumes and a variety of species that require aggregation and sorting to improve economic value.
- Family forest stewards are not organized or positioned to convert low value logs into higher value products and then to market those forest products successfully.
- High quality value-adding services such as sawmills, kilns, and commercial moulders for producing hardwood trim and flooring are generally not available to family forest owners under favorable circumstances.
- Customers with aligned values cannot easily access forest products from local forests that have been independently certified as well managed.
- The VFF certified pool of well—managed forests is very limited in acreage and lacks an economy of scale.
- Forest landowners, loggers, consulting foresters and other natural resource managers, sawmill and kiln operators, and secondary wood product manufacturers view each other as suppliers or even competitors rather than as community members and stewardship partners.
- Private consulting foresters are often the primary source of information for family forest owners, and can be financially conflicted between the roles of forest manager and forest product broker.
- Vermont lacks a uniform standard for log grade.
- The existing vertical system provides participants at higher levels, particularly consulting foresters and sawmills, with some success and strategic position, and this can make them resistant to change.
- Existing methods for marketing standing timber and logs put family forest owners at a distinct disadvantage in that logs are scaled by, and the loggers work for, the sawmills.

As we enter our tenth year, we will continue to address these challenges through our public education, forest certification, and research and demonstration programs.

PUBLIC EDUCATION AND OUTREACH

Education remains at the core of VFF's mission. We design our workshops, publications, website, newsletters, and one-on-one outreach with the understanding that well-informed forest stewards are the key to maintaining healthy private forests. In 2004 we acted on the belief that we need to not only *educate* about our local forests, but also *celebrate* them. To this end, we added the highly successful Beltane Community Forest Festival to our slate of well-attended workshops.

Workshops

Game of Logging

We offer the first two levels of this outstanding chainsaw training course twice a year, and always fill to capacity. Our latest offering was so popular we added a second instructor to double enrollment, and still had a waiting list of more than a dozen people.

CHEP Biodiversity Workshop Series

Continuing a workshop series begun in September, 2003, Vermont Family Forests offered three more workshops to teach participants about regional biodiversity and management techniques for maintaining or enhancing biodiversity.

- **Winter Tracking**

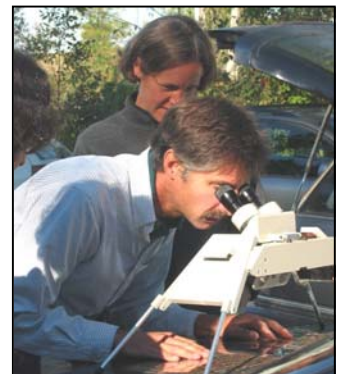
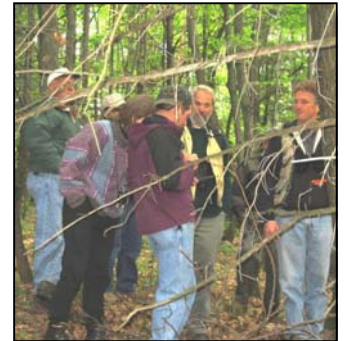
Twenty hardy participants braved -20° temperatures to attend this workshop, led by Greg Borah, who conducts the large mammal surveys for the Colby Hill Ecological Project.

- **Bird Habitat Management in the Family Forest**

CHEP ornithologist Warren King and Addison County Forester David Brynn led fifteen participants through Lincoln's Colby Hill Town Forest, identifying birds and their habitat, and suggesting techniques for maintaining these habitats.

- **Natural Community Mapping**

In this workshop, participants learned a step-by-step approach to creating a rough natural community map, as well as field verification techniques for fine-tuning the rough map.



Beltane Community Forest Festival

Celebration is an essential part of conserving our local forests, so in 2004, we organized the First Annual Beltane Community Forest Festival which attracted more than eighty participants for may pole dancing, drumming, and potluck.

Understanding Forest Soils

Soil scientist Don Ross taught how to assess soil health through soil sampling.

Wildlife Habitat Improvement Field Day

Vermont Family Forests, Vermont Coverts, and the Vermont Departments of Fish and Wildlife and Forests, Parks, and Recreation cosponsored this workshop to teach participants wildlife habitat improvement practices in various natural communities.

The Art of Maple Sugaring

Participants visited the VFF-certified Elder family forest to see their preparations for the coming sugaring season and learning sugaring techniques from sugarers Ben Shepard and David Brynn.

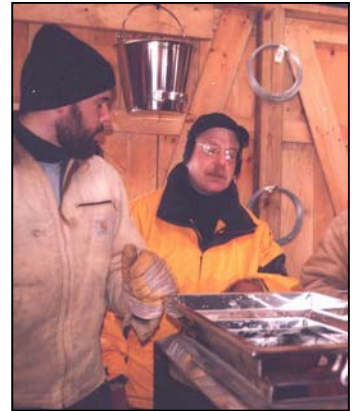


Dear Hunting 101

VFF logger and long-time hunter Bill Torrey taught the basics of deer hunting, including ecology, ethics, hunting gear, and hunting techniques.

Accessing the Family Forest

In this workshop, participants learned how to plan new access roads and improve existing ones.



Forestland Appraisal workshop, part 2.

Representatives for several regional conservation organizations, including The Nature Conservancy, Trust for Public Lands, Vermont Land Trust, and the Vermont Agency of Natural Resources attended this VFF workshop, taught by Robert Lamprey of Lamprey Appraisal.

Natural Communities of the Hogback Region

In this VFF-sponsored public presentation, Liz Thompson, ecologist from UVM and co-author of *Wetland, Woodland, Wildland*, shared her slides and ecological perspectives on the Hogback Mountain area 25 area landowners.

Collecting Forest Inventory Data with NED software: VFF conducted this workshop for landowners and natural resource professionals interested in using USFS NED software in their forest management planning process.

Colby Hill Ecological Project

CHEP researchers completed their seventh year of monitoring the biological diversity of 680 acres of conserved private land in Lincoln and Bristol, Vermont. CHEP is accumulating information that will help provide baseline ecological data against which the biodiversity, biological integrity, and water quality of other properties in this region can be measured.

In addition to sponsoring the Biodiversity Workshop Series, CHEP initiated the **Neighborhood Biodiversity Project**, to teach landowners in the Colby Hill region about the uniqueness of their area and the possibilities for collaborative management to conserve the area's ecological integrity. We developed a *Neighborhood Biodiversity Project Information Folder*, which we distributed to ten landowners identified for the first round of neighborhood outreach.



CHEP mammalogist Jan Decher installed a remote camera in 2004, and captured images of many resident wildlife species, including this black bear.

Ecological Forestry Merchandise

VFF sells a small selection of ecological forestry products, including the VFF tree and log scale and grade stick, water-based boundary marking paint, and non-petroleum bar and chain oil. During 2004, we sold more than 60 gallons of non-petroleum bar oil and distributed 5 gallons to Game of Logging workshop participants.

Website

CONSERVING THE HEALTH OF OUR LOCAL FOREST COMMUNITY

[About Us](#) [Public Education](#) [Certified Ecoforestry](#) [Research & Demonstration](#) [Local Goods & Services](#) [Contact Us](#)

We have developed our website to serve as an up-to-date source of information on VFF projects and events. We also use the site to educate landowners about ecological forestry and to provide resource links to additional education resources. In 2004, we fully revamped the website and purchased software to improve our ability to update the site on a daily basis.

Other Public Education Outreach

VFF was represented at numerous events, including:

- Shelburne Farms Harvest Festival
- Dead Creek Wildlife Day
- Conservation Field Day
- National Network of Forest Practitioners Annual Meeting
- Vermont WoodNet gathering, Lincoln, Vermont
- Middlebury Climate Protection “kick-off”
- VSJF Cornerstone bi-annual meeting
- “Celebrating and Sourcing Vermont Wood”, hosted by American Institute of Architects and VSJF
- Ford Foundation conferences in Epes, Alabama, “Collaborating with Non-Industrial Private Forest Landowners: Lessons, Tools, and Resources;” and in Silver City, New Mexico, “Ecological Monitoring.”
- Rokeby Museum Father’s Day forest hike
- Ecologia Lithuanian Sustainable Development program



In 2004, VFF distributed:

70 Introductory Information Packets

40 certification packets

1500 newsletters

10 CHEP Neighborhood Biodiversity Project Information Folders

Rokeby Museum Interpretive Display: VFF created and donated an interpretive display to teach museum visitors about the sustainable origins of the education barn floor and about VFF’s work to promote forest health.

CERTIFIED ECOFORESTRY

VFF is about healthy forests. We work from the belief that the three great conservers of family forests are well-informed stewards, sound economic returns from ecological forestry, and a community-shared land ethic. To fuel sound economic returns, we provide affordable access to third-party “green” certification through the Forest Stewardship Council’s Smartwood certification program. In 2004, we continued our efforts to provide guidance to both certified and non-certified landowners interested in practicing ecological forest management.

In FY 2004, VFF:

- Added 526 acres (8.5% increase) to VFF’s certified forest pool, bring the total forested acreage to 7072 acres. Johnson (448), World Learning (33), Tiballi(45)
- Distributed VFF certification information packets to more than 25 landowners
- Conducted on-site reconnaissance meetings with several area landowners interested in VFF certification
- Participated in a study by the Gund Institute, comparing forest management under Current Use guidelines with forest management using VFF guidelines.
- Refined monitoring protocol for all certified timber harvests.
- Tailored VFF’s management template to meet Smartwood’s 2003 certification requirements.



RESEARCH AND DEMONSTRATION

In FY 2004, VFF:

- Conducted a feasibility study for Middlebury College to assess the potential for procuring regional biomass to meet the College’s heating needs.
- Convened VFF landowner meetings to discuss ways to collaborate for a higher economic return on certified lumber, culminating in formation of the Artisan Flooring Project.
- Established VFF as a Cornerstone Associate.
- Initiated process for providing Chain of Custody services in-house, a key step in the process of licensing the Family Forest® brand.
- Provided certified lumber for
 - Otter Creek Audubon bluebird nestbox construction workshop.
 - Artificial nesting boxes for Vermont Bald Eagle Restoration Initiative.
 - Middlebury Natural Foods Coop dining bench and tables.
 - North Branch School entryway.



COMMUNITY EQUITY

In Vermont, forestland ownership is shifting to higher income, often non-resident property owners. The Vermont Family Forests Community Equity Project is designed to help Vermont residents, particularly those of lower income, to purchase and steward forest land.

In the Community Equity model—still in the formative stages—we buy forestland and resell it--differently. The first difference is that what we market will not be the same as a regular piece of land. What people will buy is the right to enjoy and profit from well-managed forestland. What they will *not* buy is the right to develop the land, subdivide it, or otherwise compromise its health. The second difference is that the buyer need not be wealthy enough to buy a large tract of land. We will sell shares in the land to local community members, many of whom have limited means and would not otherwise be able to buy forestland. Their purchase will be an investment that yields financial returns; and it will be an investment they can walk on and be proud of.

During FY 2004, we developed a management plan for the identified pilot parcel, and began drafting the legal papers for the parcel. Here's the process we are working on:

- A conservation organization will hold a conservation easement on the parcel to ensure that the land is managed according to VFF principles. This will ensure integrated management of a large area. It will also lower the price of the land.
- VFF will hold an affordability covenant on the land. This will limit the parcel's resale value to a value that could provide a modest rate of return from forest products. This lowers the initial price of the land; it also makes the parcel perpetually affordable to community members who need a return on their investment.
- The underlying rights—including rights to conduct the management, harvest timber, hike, camp, etc.-- will be sold to an organization of people who in live in the area. This will provide some control, assets, and income to residents as well as a great place to hike.
- The land will be managed according to VFF principles, under the direction of a forester. This will not only protect forest health; it will also allow the parcel to take advantage of VFF-related opportunities such as the portfolio, the Family Forest brand, Lump-Sum Plus sales.
- The landholders will own shares in the organization, and receive returns from the various products of the forest, including timber harvests, fuelwood. They could use their share of those products themselves or they could receive a return from the sale.
- Some shares will be reserved for people who meet certain income requirements. A limited number of deferred loans would be available to income-qualified community investors.



ORGANIZATIONAL ADMINISTRATION

In 2004 we acted on the learning that VFF can make the most of its operating budget by maintaining a small staff and drawing on a large network of VFF Associates, whom we hire as needed to carry out specific projects. We bade a fond farewell this year to Laura French, our Director of Forestry. Netaka White, formerly our Director of Marketing, now joins us as a VFF Associate.

Staff

Sandra Murphy, *Director of Education*
Callie Brynn, *Administrative Assistant*

Advisors

David Brynn
Deb Brighton

Board of Directors

Paul Ralston, *President*
Chris McGrory-Klyza, *Secretary*
John Elder
Jonathan Corcoran

VFF Associates

John Adler
John Anderson
Jim Andrews
Dave Birdsall
Greg Borah
Deb Brighton
Paul Cate
Jan Decher

Mel Gullikson
Barry King
Warren King
Mark Lapin
Barbara Otsuka
Lee Perlow
Harris Roen
Don Ross

Ben Shepard
Eric Sorenson
Elizabeth Thompson
Bill Torrey
Robert Turner
Netaka White

Partners

Aspen Institute
Colby Hill Fund
Ford Foundation
Gund Institute
Lake Champlain Maritime Museum
Lewis Creek Association
Lincoln Conservation Commission
Middlebury Area Land Trust
Middlebury College
Middlebury Natural Foods Cooperative
National Wildlife Federation
North Branch School

Otter Creek Audubon
Rokeby Museum
Starksboro Conservation Commission
The Watershed Center
Vermont Coverts
Vermont Department of Fish, Wildlife, and Parks
Vermont Department of Forests, Parks, and Recreation
Vermont Land Trust
Vermont Sustainable Jobs Fund
Vermont Woodnet

We are grateful to the many individuals who helped move VFF forward during 2004, including:

Lester and Monique Anderson
Connie Leach Bisson
Alan Calfee
Marta Ceroni
Michael Claudon
Art Cohn

Michael Dorrey
Josh Farley
Wayne Fawbush
Christine Graham
Nan Jenks Jay
Mark Lorenzo

Tom O'Brien
Nick Patch
Jennifer Turner
Mary Virtue
Barbara Wyckoff-Baird

Financial Support

Grants

VFF's work in 2004 was made possible, in large part, by a generous grant from the Ford Foundation. Additional funding for research and demonstration projects came from The Colby Hill Fund, Middlebury College, and the Gund Institute.

Donations

Heartfelt thanks to the individuals and organizations whose donations and in-kind services supported us during FY2004:

Jason and Nina Bacon
Melita Bass
Jonathan Blake
Louise Brynn
Jean Cate
Colby Hill Fund
Rita Elder
Raven Davis & Ed Everts
Ford Foundation
Phil Girton
Chris and Michaela Granstrom
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Nan Jenks Jay
Chris Johnson

Barry & Warren King
Christopher & Sheila McGrory-Klyza
Bill McKibben
John and Kim McNerney
Richard Murphy
Andrew Perchlik
Michael & Katherine Quinn
Jim & Chris Runcie
Eric Sorenson
Vermont Coffee Company
Vermont Designworks
Jean Wagner
Marshall Webb



Vermont Family Forests
Balance Sheet
 October 1, 2003-September 30, 2004

ASSETS	
Current Assets	
Checking/Savings	
1000 · Merchants Bank	984.73
1050 · Money Market	<u>100,805.26</u>
Total Checking/Savings	101,789.99
Accounts Receivable	
1110 · Grants Receivable	700.00
1150 · Accounts Receivable	<u>738.46</u>
Total Accounts Receivable	1,438.46
Other Current Assets	
1220 · Inventory Asset	<u>1,463.36</u>
Total Other Current Assets	<u>1,463.36</u>
Total Current Assets	104,691.81
Fixed Assets	
1500 · Fixed Assets	
1510 · Office Equipment & Furnishings	1,557.25
1520 · Tools	<u>675.95</u>
Total 1500 · Fixed Assets	2,233.20
1550 · Depreciation	
1555 · Accumulated Depreciation	<u>-408.58</u>
Total 1550 · Depreciation	<u>-408.58</u>
Total Fixed Assets	1,824.62
Other Assets	
1610 · Security deposit	<u>560.00</u>
Total Other Assets	<u>560.00</u>
TOTAL ASSETS	<u><u>107,076.43</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100 · Payroll Liabilities	
2110 · Federal Payroll Taxes Payable	<u>285.96</u>
Total 2100 · Payroll Liabilities	285.96
2200 · Sales Tax Payable	<u>17.33</u>
Total Other Current Liabilities	<u>303.29</u>
Total Current Liabilities	<u>303.29</u>
Total Liabilities	303.29
Equity	
3100 · Fund Balance Unrestricted	19,149.35
3200 · Fund Balance Temp Restricted	37,431.43
Net Income	<u>50,192.36</u>
Total Equity	<u>106,773.14</u>
TOTAL LIABILITIES & EQUITY	<u><u>107,076.43</u></u>