



# Timber Talk

## SFC Newsletter

Quarterly Newsletter for Southern Forestry Consultants, Inc.  
Clients & Customers  
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### From the Presidents Desk:

*I recently was fortunate enough to travel to Washington D.C. with a group of forestry professionals and landowners for a three day lobbying effort in regards to issues facing forest landowners. We met with officials from the Department of Agriculture and the White House along with numerous members of the House of Representatives and the Senate, as well as their respective staffers. This is my third trip to our nation's capital in the past five years. Each time I am enormously filled with optimism and pride on the one hand, but pessimism and frustration on the other. You cannot make the trip without being inspired by our national monuments, the collective wisdom of our forefathers, and the rich history that precedes your every step. You unfortunately also cannot help but be completely ashamed of the mockery many "Washington insiders" make of the process our forefathers developed. The "toe the party line" excuses, the bureaucracies created in every department, and the inability of our system to recognize common sense are simply not tolerable if we are going to foster an atmosphere that ensures the "common good". Perhaps my frustration was exacerbated by the fact that no one we talked to would commit to anything. I guess I must remember that we are in an election year.*

*On the other hand, as I alluded to in the above paragraph, the issues we raised concerning estate taxes, capital gain tax rates, the reforestation tax incentive program, 631B timber sales, 1031 tax deferred exchanges, trade issues, new and emerging markets, and several others did not get totally shot down. There is genuine concern that our country's trends of increasing trade deficits and continued job losses must be reversed if our economy is to truly grow. We are gradually becoming too dependent on foreign countries for our food and shelter, but we did come away from several of our meetings with the impression that Washington at least understood and recognized the problem(s) at large and at hand. It is now up to us, in this case forest landowners, to lobby the folks in Washington with facts and opinions so that our voice is heard, not just remembered.*

*In the coming months and even years, we will ask you to contact your representatives to express concerns of all forest landowners. We hope you will take the time to respond.*

*Thanks, and have a great Summer.*

*Michael J. Dooner, President*

#### **SFC Directory**

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## **Making Sense of Alphabet Soup**

FLEP, CRP, BMP... As professional land managers we often throw around abbreviations and acronyms in the course of our work that can be confusing or downright intimidating to landowners and others who are not familiar with these terms. We use these terms so much we often forget that others might not know what we are talking about. It would probably be useful to identify and explain some of the more common acronyms used by foresters and wildlife biologists. Following is a short list of these that you may have heard, what they stand for, and a brief explanation.

**SFI** (Sustainable Forest Initiative) - A forest industry sponsored program that is an effort by the major forest products companies to take steps to ensure that our nation's forests are sustainable. The program has many facets including third party auditing, logger training, landowner outreach, and biodiversity standards.

**CRP** (Conservation Reserve Program) - A government subsidy program that began in the mid-1980's to take highly erodible and marginal cropland out of production. Vast acreages in some areas of the South were planted to pine trees as a result of this program, which made annual payments to landowners for ten years. The more recent CRP sign-ups have been oriented toward longleaf pine plantings at lower densities and some have 15-year contracts.

**BMP** (Best Management Practices) - A set of guidelines for conducting forestry operations that are aimed primarily at protecting water quality around rivers, streams, and large water bodies. In some areas these guidelines are voluntary and in some areas they are mandatory.

**WHIP** (Wildlife Habitat Incentives Program) - A government program that offers cost shares for certain wildlife practices under an approved plan.

**FSA** (Farm Service Agency) - A relatively new name for the old ASCS office, it basically has the same functions and administers many of the same government programs.

**NRCS** (Natural Resources Conservation Service) - The old Soil Conservation Service, this agency administers some of the government programs or has technical responsibilities relating to them.

**FLEP** (Forest Land Enhancement Program) - A relatively new program, it replaced the old FIP (Forestry Incentives Program) and SIP (Stewardship Incentives Program) and is in danger of not being funded or flat out eliminated by Congress.

**ESA** (Endangered Species Act) - The law that was established to set guidelines for protecting plant and animal species that are threatened with declining populations and habitat loss.

**RCW** (Red-cockaded woodpecker) - The most well known of the endangered species in the South.

**OSB** (Oriented strand board) - A solid wood panel that is often called "waferboard," this is different than the old particle board. It is often substituted for and competes with plywood in construction projects.

**CWA** (Clean Water Act) - The federal law established to protect the waters of the United States. Wetlands are protected under the CWA.

**HCP** (Habitat Conservation Plan) - A plan that is developed as part of the endangered species "incidental take" permitting process.

**QDM** (Quality Deer Management) - A management process implemented by landowners and managers to improve the quality of their deer herd. It focuses on protecting young bucks and harvesting adequate numbers of female deer.

**SMZ** (Streamside Management Zone) - This is a buffer that is left in whole or partially along a river, stream, or other water body to help protect water quality. The widths and criteria for the SMZ are usually dictated by the BMP's.

## **UPCOMING EVENTS**

Forestry for Non-Foresters: Part 1; University of Georgia at Athens; August 24 – 26, 2004.  
Call 800-884-1381 to register.

Southeastern Society of American Foresters Meeting: Managing Forests for Wildlife; Jacksonville, Florida; Hilton Riverfront Hotel; November 7 – 9, 2004.  
Call 706-845-9085 to register.

Florida Forestry Association Annual Meeting: Sandestin, Florida; September 7 – 9, 2004.  
Call 850-222-5646 to register.



## **Get the Grease Hot!**

by Joe McGlinicy

Catch and release bass fishing, while it may seem like the right thing to do, is absolutely not the right prescription for most farm ponds. The major problem facing most farm ponds is improper fishing. By improper, I mean that not enough fish, especially largemouth bass, of certain size classes are removed from the pond. In most ponds, bass are the primary predator and bluegill are the primary prey. Maintaining this predator/prey relationship at a proper balance is essential to producing healthy fish.

A common problem with many ponds is that there are too many small bass, i.e., bass less than 15 inches. These small bass feed on small bluegill and if left unchecked, can completely wipe out the annual bluegill production and create interruptions in the food chain for larger bass. Ever see a pond with a lot of large bluegill and mostly small bass? This is usually the result of not harvesting enough small bass.

How many bass should you take out of your pond each year? A general rule of thumb is to remove 10 pounds of bass per unfertilized surface acre (if you fertilize your pond, this rate should be doubled). Assuming that bass will grow approximately one pound during their first year, you should start removing bass following their first growing season.

Keep accurate records of fish being removed so you'll know when you've reached your goal. Insist that guests fishing your pond keep all bass under 15 inches until the removal goal is reached. Bass over 15 inches can either be kept or released. A fellow I once worked for had a theory about bass removal – remove bass until you think you've caught them all and then you will be about half way there! So sharpen the filet knife, get the grease hot and let's go fishin'!

## **Timber Market Report – Summer, 2004**

Timber markets throughout the winter and spring remained good on most pine products. Low interest rates have boosted construction, which has translated into heavy demand for lumber, plywood, and other structural products. Government purchases for infrastructure and rebuilding in Iraq have added to the demand domestically. An exceptionally dry spring brought about tight quotas at most mills but it did not seem to affect prices much. Quotas have begun to loosen up some recently with the advent of summer rains. Pine pulpwood prices have remained steady if you are an optimist and are flat if you are a pessimist.

Hardwood pulpwood prices, on the other hand, have taken a substantial dive from last year's record prices. The hardwood market began to soften some last fall and then "fell off the table" around the first of the year. Prices have since leveled off. Demand varies by region, but in some areas hardwood pulpwood is very difficult to move. No one seems to know all of the reasons for this precipitous drop, but drier weather, high inventories of certain kinds of paper, and

foreign competition seem to be the main reasons. International Paper Company's paper mill at Cantonment, Florida has switched over to eucalyptus chips from overseas for all of their hardwood chip needs. Hardwood log demand and prices are down some but have remained steadier than pulpwood and consequently quotas are tight at most mills.

We are beginning to feel the effects of the 1980's CRP plantings in the chip-n-saw market, as tracts that were thinned several years ago now have a significant amount of chip-n-saw volume present. This has resulted in lower overall stumpage prices for this product than two years ago despite very good demand. This chip-n-saw "glut" will likely continue as more of these stands mature and trees increase in diameter.

High fuel prices may be starting to affect timber prices as buyers are beginning to be forced to pay more for transportation. If fuel costs remain high, logging costs will go up and, barring increases in delivered prices, these increases will eventually come out of stumpage.

Georgia-Pacific is building a new oriented strand board plant near Hosford, Florida. The new mill will utilize primarily pine pulpwood sized trees. The word we have is that they expect to start taking wood in January, 2005, and producing product in March, 2005.

### ***DID YOU KNOW??***

*To grow a pound of wood, a tree uses 1.47 pounds of carbon dioxide and gives off 1.07 pounds of oxygen.*

*FFA website*

## **WHAT'S IT WORTH?**

Most times an appraisal of land or timber (cruise) is requested by a landowner in conjunction with a sale or possible purchase of a tract or stand. It is at this time that establishing a value becomes vital to making the sale or purchase as profitable an endeavor as possible. If the transaction is to be financed and secured by a third party, the lender will usually require a current appraisal as part of the due diligence procedures as well. However, there are many other times during the ownership period of a timber, farm, or hunting tract that a current appraisal makes plain sense.

For some landowners, having a timberland asset appraised approximately every two to three years could be a valuable tool in making wise and accurate financially based decisions. If the tract is part of an account portfolio, matters such as market value, annual rate of appreciation, and income producing ability greatly assist in forming a successful investment plan. If the asset's current value is not known, there is no way to measure its performance against an alternative investment. This could lead to a premature sale, or conversely, holding a property too long and missing a golden opportunity to liquidate the asset. This could be a costly 5, 10, or even a 20-year mistake. Many times, a real estate appraisal serves as a warning sign that a property has, or is about to, reach its investment peak.

Other reasons for updating an appraisal on a periodic basis are as follows:

- To assist in determining fair market rent for hunting and farm lease purposes.
- To have as a negotiating tool if appealing high ad valorem taxes before a county tax assessor's board.
- For estate planning purposes, or to establish a tax basis if a property is inherited or purchased. A taxable estate will also need a valuation to determine accurately the tax liability of the estate.
- To accurately allocate value between land, timber, and buildings. An appraisal is also necessary to set up timber stands for depletion purposes and assists in accurately calculating capital gain taxes.
- Current values provide improvement information so that dwellings and accessory buildings are insured properly.

If it has been a long time since you have had your tree farm, the family farm, or your hunting property evaluated by an appraiser, please give these reasons some serious thought. If you wish to discuss this information in more detail, please give us a call. We now have a Certified General Appraiser on our staff, Al Foster, who works out of the Monticello, Florida office. You can reach Al at (850) 997-6254.

Southern Forestry Consultants would like to welcome newcomer Dan Jernigan to our company. Dan is a 2004 Auburn forestry graduate, and is working as a forester in Enterprise, Alabama.

## ***Real Estate Listings***

275 Acres – Eastern Jefferson County, Florida on the upper Aucilla River – Great hunting tract – protected by Conservation Easement - \$1500 per acre.

95 Acres – Eastern Madison County, Florida – mostly in 16-year old planted pines with small frame house – great weekend getaway or retirement place – road frontage - \$4500 per acre.

200 Acres – South Madison County, Florida – 75% reforested last year – surrounded by timber company – secluded hunting/timber investment tract - \$1350 per acre.  
Contact Dave Lewis at 850-997-7238.

120 Acres South of Chattahoochee – beautiful creek bisecting property - \$1900 per acre.

6 Acre Homesite – South of Chattahoochee.  
Contact Michael Dooner at 229-246-9651.

221 Acres – Houston County, AL – excellent hunting tract – 1-acre pond – 133 acres 7-year old planted pines – 34 acres bottomland hardwood – creek - \$1800 per acre. Contact Holmes Hendrickson at 334-393-7868.

40 Acres South of Samson, AL – Great homesite – hunting tract - \$2700 per acre. Contact Brent Williams at 334-393-7868.

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