

SWPWO



Buckeye

Southwest PENNA Woodland Owners Assoc.

June 2014

busybeaver.cs.pitt.edu/swpwo/

OUR 15TH YEAR!

**June 14 Field Trip
SAT, 1- 4 PM**

A Short Hike on the Historic Warrior Trail

Llew Williams, long time President of the Warrior Trail Association, will meet us at WT Headquarters in Fordyce (1346 Garard's Fort Rd, 8 miles SE of Waynesburg), a former one-room Schoolhouse which contains artifacts and materials collected by the Association over the years. Llew will talk briefly about the history of this ridge Trail, and then lead us on a short hike, which promises nice views and a peek at how the 21st Century landscape might be changing. There, of course, will be opportunities to assess the health of the woods, and practice tree ID, in an area--SE Greene--that we seldom visit. Do bring appropriate footwear and clothing. We will have plenty of water on hand.

Meet at 12:30, Greene County Fairgrounds

GPS (for WT HQ): N39 degrees 50 min 54.9 sec / W 080 deg 04 min 51.8 sec

EARLY HISTORY of the WARRIOR TRAIL ASSOCIATION

The WTA was formed in 1965 during that halcyon time when a significant subset of suburbanized Americans was reconnecting "back to the land". The founder, and President from 1965 to 1989, was Bertram Waychoff, the local district attorney and 11th generation scion of a prominent pioneer family, who was fascinated with historical preservation. Tales of a famous Indian foot path, still visible in places, that connected the Monongahela and Ohio Rivers across the Greene and Marshall County ridges, 6 or so miles north of the Mason-Dixon Line, were appearing in newspaper articles, starting in the 1930s. With hiking and backpacking surging in popularity in the mid-Sixties, Waychoff seized the moment and organized a group of outdoor enthusiasts to resurvey and mark the Trail. These were not hippies, mind you. The 101 original members were by and large professional people, dedicated and with mature interests.

The WTA of those first few decades is a forerunner, in some ways, of SWPWO. Among the activities in 1967: "Professor-member Frank Carter **identified 123 tree species native to Pennsylvania with plans to locate and mark the largest trees of each species along the trail, obtaining landowner permission to view, preserve and put up identifying markers**".

The interests of early members were varied, including archaeological digs and the identification of historically significant sites. Waychoff and other members were prominent in establishing the Mason-Dixon Historical Park near Mt. Morris in the mid-1970s. The twice-monthly Sunday work hikes, which continued through the winter, brought impressive results. By 1970, the 67 miles of Trail through Pa and WV had been

marked and 3 Adirondack-style shelters constructed. After the work, trail suppers of food appropriate to the season were prepared and enjoyed, followed by folk songs around the campfire.
(source: **Helen Vogt's *Path of the Amerinds***)

THE WATER NEXT TIME

The intersection of money, law, health, politics, personality, and the natural world is a busy place, and the occasional crash is probably inevitable. Ken Dufalla's and Chuck Hunnell's presentation of the results of the Izaak Walton League's water monitoring program at the dawn of the age of Fracking literally gave me nightmares. I awoke in the wee hours finding myself about to hurtle down an extremely slippery slope.

The takeaways from Ken & Chuck's May 14 jeremiad: **1]** It is prudent to keep an eye on the water sources into your residence and on you property, and necessary if there is a drilling operation in your near vicinity. **2]** The confluence of acid mine drainage as the defunct coal mines along the Mon fill with water, and the need to dispose of the huge quantities of used fracking fluids [safely], presents a daunting challenge to public health officials, water authorities, and the extraction industries. **3]** It is unavoidable that there is a political dimension, rooted in the ways public monies are raised and spent, to the enforcement of the environmental laws. **4]** It is not particularly useful to overdramatize a situation, or otherwise panic.

Monitoring devices, one to measure pH, the other for electrical conductivity and Total Dissolved Solids, retail for about \$80 each. But these only warn of a general problem; tests for specific harmful substances can be quite expensive and difficult to arrange. The Greene County Conservation District is initiating a program, on a volunteer basis, to test rural homeowner well water via a toilet tank device called a CATTfish. Undoubtedly, other programs and testing ops will become available. This is an ongoing adventure.

TREES — A GROWING GREEN LEGACY

Trees are a good green investment in three ways. **1]** They are green in color during the growing season, a pleasure to watch grow, and a socially responsible investment. Relative to most investments, the business of growing and harvesting trees is a non-polluting activity. It is also non-exploitative of both natural and human resources. Trees are a renewable resource. Although harvesting trees is a high-risk employment activity, relative to other industries, it provides equitable compensation for laborers and investors. **2]** Society greatly benefits from the amenity benefits of growing trees. Forests are highly preferred locations for recreational activities, from viewing to hiking to hunting. They are the preferred land cover for providing clean water so prized by an expanding human population. **3]** They can be a financially profitable investment for landowners and an excellent, stable, long-term economic asset for communities.

Although the first two reasons for investing in the business of growing trees are at least as important as the third, the focus of this article will be on the financial characteristics of tree-growing investments for individuals and families interested in transferring assets from one generation to the next.

Growing trees is financially attractive because: • The increase in value of trees

from price increases and growth in diameter, volume, and grade is tax deferred. Trees don't send annual 1099's to the IRS. The landowner does pay annual property taxes, but the income from the eventual sale of timber usually qualifies for capital gains treatment when the timber is harvested. For most landowners, the capital gains rate is more favorable than their ordinary income rate. • Investing in growing trees is an excellent opportunity to transfer wealth from one generation to the next, using the following strategy: The older generation (with the capital) purchases the asset (forestland) and invests in the development of that asset. After developmental investments (reforestation or release of crop trees), the asset is given or willed to the younger generation. At the time of inter-generation transfer, the asset is of only modest value. As the trees grow, they increase in value in the ownership of the second generation. Again, any capital gain on that growth is deferred until the time of sale of the timber.

TREE-GROWING COST STRATEGIES

Investors who grow trees use one of two strategies (either consciously or unconsciously) for absorbing costs of growing trees to profitable size. These are:

- **Long-term cost strategy** This is the approach historically used by most forest products industries in the Northeast. The investors are conservative with cash outlays. They purchase the land, pay the taxes, minimize management costs, avoid labor costs, and hope something worthwhile grows on their land. If it does, they harvest it as cheaply as possible while meeting requirements to protect basic soil and water resources. There are no significant investments aimed at accelerating growth of individual trees, or to increase the number of high-value trees per acre. Consequently, trees grow at whatever rate the site and competitive vegetation permit without manipulation. This strategy spreads the cost of growing a tree to a given size over a longer period of time than the short-term cost strategy described below. Investment costs are paid in the form of more property taxes and land holding expenses per unit of volume produced. The risk of loss because of damaging agents like drought, ice, wind, fire, insects, and disease is also greater because the asset is exposed for a greater length of time.

- **Short-term cost strategy** This strategy is more commonly used by forest product industries in the South where the length of time for achieving the desired product size is shorter. Investments in land holding costs, property taxes, and administrative expenses are minimized per unit of volume produced. This is accomplished by increasing the number of crop trees per acre and accelerating the growth of those crop trees through management activities. In the South, that often means planting trees and thinning them. A greater volume of high-value product is produced in a shorter period on a smaller land base. In the Northeast, it generally means pre-commercial release of potentially high-value crop trees. There are instances when planting is appropriate to increase the number of potential crop trees per acre but, often, natural regeneration is sufficient. The primary disadvantage of the strategy is that it requires more up-front capital, as well as knowledge and interest. It is a more proactive course of action with more treatments that must be directed by management. However, in many cases, on good timber growing land, it is probably the most cost-effective alternative. This is a logical strategy for non-industrial private landowners who want to make an intergeneration transfer of assets. The older generation with capital can make the investments and the younger generation receives the benefit.

In summary, to use the business of growing trees as a means of transferring

assets from generation to generation, the investor must **BELIEVE** the following:

1] Society will continue to recognize the value of the free enterprise system and the right of individuals to accumulate assets and transfer them to others. Managed forests where trees are not only grown but harvested, must be recognized as a socially acceptable, even desirable private asset that produces social and economic benefits for communities as well as individuals. In short, that society will agree with the investor that growing and harvesting trees is a green activity. There will continue to be a premium price paid for high-quality saw timber and veneer products. While prices will fluctuate, over a long period there will be good opportunities to sell high-quality products at a price that will make the return on investment at least acceptable. 2] That they and their heirs have sufficient capital to sustain a long-term investment with potential extended periods of little or no intermediate returns. Property taxes, management fees, labor costs, equipment purchases, materials, and supplies must be absorbed with the anticipation of future return. 3] That they and their heirs have the tenacity to handle the psychological rigors of an investment that has the previously described characteristics. Not all people are willing to wait for an asset to increase in value. Some are impatient. Others are too worried about investment performance. It takes a certain personality type who is willing to work and invest with confidence that eventually it will all be worthwhile for someone. Often, someone else. Are you and your heirs that kind of people?

Arlyn Perkey (1998, from a Private Lands Conference in Hagerstown, MD)

For full article, illustrated: www.na.fs.fed.us/pubs/fmu/i19/c3.htm.

The above is vintage Arlyn, from the pre-SWPWO days. As the French say (loosely translated): "The more things change the more they stay the same,y'all."

SCHEDULE CHANGE: The programs originally set for Sept 10/13 (Forest Management Strategies) have been moved back a week to Sept 17/20.

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Our Purpose

Southwestern Pennsylvania Woodland Owners (SWPWO), a not for profit association, is an organization of individuals interested in sound woodland management practices to encourage the diverse use of forests for timber production, wildlife habitat, watershed protection and recreation, and to promote this multiple-use philosophy through education and technical assistance for the benefit of the membership and general public.

Membership Information

Membership dues will be collected at meetings or can be sent to:

SWPWO
2506 Hollywood Dr.
Pittsburgh, PA 15235

If sending in dues, please include name, address, phone number and an e-mail address. Membership to the Southwestern Pennsylvania Woodland Owners Association is \$10 per year for an individual and \$15 per year for a household. Keep your membership up to date to continue to receive the newsletter and yearly calendar.