

A Sustainable Chesapeake

BETTER MODELS FOR CONSERVATION

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THE CONSERVATION FUND



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Forest Landcare in the Chesapeake Headwaters

Improving Forest Management, Markets, and Ecosystems in Virginia's Blue Ridge Forest

The Blue Ridge Forest Cooperative represents a new grass roots approach to sustainably managing non-industrial private forestlands in a cost effective manner that benefits landowners and improves ecosystem health in the Chesapeake Bay watershed.

CASE STUDY SUMMARY

The headwaters of the Chesapeake Bay are primarily forestland. The ways in which people take care of that forest impacts the quality of the Bay.

The Blue Ridge Forest Cooperative is one example of people working together to improve the watershed. The Cooperative is a for-profit landcare business owned and operated by family forest owners in Virginia's headwaters of the Chesapeake Bay. It was organized in 2004 by landowners seeking to improve the health and productivity of their forests through positive-impact, sustainable management.

The Blue Ridge Forest is a globally significant ecosystem that is controlled by thousands of public and private landowners. A prominent motto of the Blue Ridge Forest Cooperative is "One Forest, Many Owners." With 15 members that own approximately 2,500 acres of forestland, the Cooperative aims to create economies of scale that allow for cost-effective member services

and the sale of certified sustainable forest products to local and regional markets.

The Cooperative applies the Forest Landcare model, which is useful for forested regions of the Bay watershed where landowners are interested in cooperating to achieve landscape sustainability, ecosystem services, and green infrastructure objectives. This approach to sustainability represents a model that could help improve ecosystem health throughout the Chesapeake watershed.

RESOURCE MANAGEMENT CHALLENGE

Non-industrial private forestland owners possess 262 million acres of the nation's forest.¹ In recent years, private forests have increasingly split into smaller units. Referred to as parcelization, this phenomenon is significantly impacting areas in the east, where 83% of forestland is privately owned. The result is that average acreage owned is decreasing, while the number of forestland owners is growing by about 150,000 each

year.² Five million acres of forestland are predicted to be subdivided in the next several years.³ In the near future, the size of an average private forest parcel is expected to be around 17 acres.⁴ Virginia is not immune. Seventy percent of the forestland is privately owned in the state, and development and parcelization pressures are significant.⁵

Parcelization is impacting the health and productivity of private forests in the United States.⁶ As parcel size decreases, owners will increasingly face challenges in terms of the economies of scale associated with traditional harvesting systems.⁷ Forest fragmentation and conversion of forests for urban development are expected to increase as a result.⁸ Moreover, as populations continue to grow in the east, associated urban sprawl will enhance rural residential development pressures and further decrease economies of scale.⁹ Virginia reflects these trends and could benefit significantly from new management models for achieving forest conservation.¹⁰

Parcel size, however, is not the only change underway. The nation's largest intergenerational transfer of forestland is ongoing. Younger forest owners will be more likely to reside in urban and suburban areas, pursue different lifestyles than previous owners, and may be less apt to use traditional forest management practices because they view them as incompatible with their objectives.¹¹ Offering forest management opportunities that align with the objectives of new owners is needed to help maintain sustainable and profitable forests.

These changes require new approaches for forest conservation. Forest Landcare is one approach that offers a solution. It simultaneously promotes working forests that provide much needed wood products while also ensuring healthy and productive forests that can sustain a wide variety of amenity and commodity objectives. It helps to combine timber harvesting and other economic uses with residential values. Private

landowners are able to manage their forests in a way that enhances sustainability and, if desired, profitability—all while preserving the real estate value of their land.

Using Forest Landcare to manage multiple parcels of forest could help improve the overall health and productivity of a variety of forested ecosystems in the Chesapeake Bay watershed. The ecosystem services associated with vibrant working forests include things such as increased habitat and biodiversity, soil and water conservation, and improvements in air and visual quality. Forest Landcare could help ensure that the watershed and its landowners are able to realize a full suite of environmental, social, and economic benefits.

CONSERVATION VISION

The Blue Ridge Forest Cooperative originated because owners saw a need for forest management services that appeal to owners with smaller parcel sizes and changing objectives.

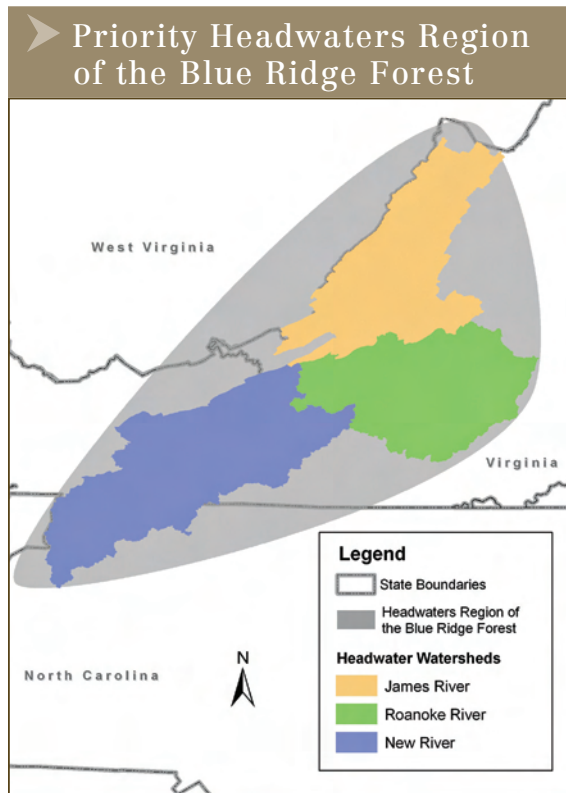
In particular, the Blue Ridge Forest Cooperative conducts low-impact practices that maintain continuous canopy conditions. One member demonstrates the appeal of this approach when describing the reason for their participation: "I kept looking at some of the practices among the logging crews around here and was very unhappy with what I saw. It almost looked like it was some type of devastation coming through the area and I just didn't appreciate the appearance that they left, or the problems that they consequently caused after that."

WHAT IS LANDCARE?

Landcare is sustainable land management—including agriculture, forestry, landscaping, and related practices—that integrates conservation and development goals. Landcare improves a broad range of economic, social, and environmental conditions (the triple bottom line or "3BL") for landowners, local communities, and global society. Successful landcare, with large-scale and long-term outcomes, requires that landowners and land managers work with their neighbors and strategic partners to achieve objectives that cannot be accomplished individually. Forest Landcare is a specific approach to landcare that provides forestland owners and managers with the tools (including knowledge, networks, and services) needed to sustainably manage forestland. For more information on landcare, please visit the Landcare Central website at www.landcarecentral.org.

Another member echoed similar sentiments and added that "I saw the co-op as a way to make it possible for landowners to sell timber and do it in a reasonably good fashion, not have their property torn up."

Harry Groot, chief executive officer of the Blue Ridge Forest Cooperative, envisioned a new way of doing things that would accomplish the goals of likeminded forest owners while achieving Forest Landcare's triple bottom line: "People [have a] desire to know more and be able to control... what happens on their land with their forest... and knowing more is also having access to more stuff to achieve





these goals.” Before beginning the cooperative, Groot and other initial members researched existing and former cooperatives in order to fully understand their accomplishments and shortcomings. His aim was to ensure Blue Ridge Forest Cooperative permanence. To scale up, Groot teamed with other visionaries to help realize the dream of a profitable Forest Landcare business in southwestern Virginia.

The Blue Ridge Forest Cooperative is truly a team effort—a member-owned business that allows its members to have a voice in its direction. Members have a unique opportunity to share their opinions and be part of the decision making process. The Cooperative has a board of directors made up of members and expert partners, and it hosts annual membership meetings. Its business structure allows members to work as a team rather than tackle forest management as individuals. One member said that “joining the cooperative and working together with other people... gives all of the individuals a voice. I mean, just individuals by themselves cannot be as effective and cannot make the

A GLANCE AT PARCELIZATION IN THE CHESAPEAKE BAY WATERSHED¹²

- ▶ How much of the watershed is affected? Approximately 60% of forests are fragmented, and 40% are influenced by development.
- ▶ How does this development look? Much of this development is termed “leapfrog” fragmentation, where larger, intact forests have holes in the center containing the development.
- ▶ What are the trends involving family forest owners? The watershed has seen a 25% increase in the total number of family forest owners, with 70% of owners having property sizes of less than 10 acres of land.

things happen that a group of people together can accomplish.”

All members recognize that another crucial reason for their cooperation is to overcome issues of scale. It is much harder for owners of a smaller forest parcel to profitably and sustainably manage their forests. By pooling resources in a cooperative, owners are able to share knowledge, equipment, and services and improve opportunities for economically managing forests of varying sizes to achieve a mix of landscape conservation and development goals.

IMPLEMENTATION RESOURCES

The Blue Ridge Forest Cooperative chose to use private investors, rather than grants, as their primary funding source in order to test whether or not economic viability is possible with limited public assistance.¹³ Therefore, the Cooperative obtained start-up funding from private investors. The Community Forestry Resource Center and the Appalachian Forest Resource Center also provided financial assistance,¹⁴ and the Southern States Cooperative Foundation helped draft a business plan to comply with state law.¹⁵ Virginia Tech, Virginia Cooperative Extension, Virginia Department of Forestry, National Network of Forest

Practitioners, and other strategic partners have provided technical assistance.

Cooperative costs include equipment costs, staff salaries, business operating space, and third party certification. An advisory board continually consults with agency and industry sources in order to improve the business’s infrastructure and operations.

To join the Cooperative, forest owners must own a parcel within its operating region, which presently encompasses southwestern Virginia but may include parts of North Carolina in the future. They must also purchase \$500 of stock in the Cooperative, cover the costs of oversight services during harvests, and pay for a forest management plan certified by the Forest Stewardship Council (FSC).¹⁶ At annual meetings, each member has one vote regarding policies and decisions. By joining, members afford the Cooperative the right of first refusal for the harvest and sale of timber from their forests. In return, members receive profits that are proportional to sales from the timber harvested from their property. Members are also required to work with a forester to develop an FSC management plan for their property. The Cooperative hopes to offer group FSC certification in the

TYPES OF COOPERATIVES

- ▶ Landowner services cooperatives
- ▶ Value-added manufacturing cooperatives
- ▶ Marketing and distribution cooperatives
- ▶ Learning and networking cooperatives

For more information on forest landowner cooperatives, visit the website for the National Network of Forest Practitioners at <http://www.nnfp.org/Resources/Cooperatives.htm>.



On-site processing of a timber stand improvement harvest sponsored by the Blue Ridge Forest Cooperative at a family-owned forest in Montgomery County, Virginia.

future as a way to reduce certification costs for individual owners.

CONSERVATION STRATEGY

Ultimately, the Blue Ridge Forest Cooperative hopes to cater to a niche market by producing a unique local brand of value-added wood products that are FSC certified.¹⁷ The Cooperative sorts, selects, and manufactures logs to create value-added products such as flooring, trim and casing, crown molding, wood paneling, and cabinetry. Available markets for these certified sustainable products include local “green” architecture firms, construction companies, and other niche buyers in local, regional, national, and international timber markets.

In order to promote forest health and help reverse the regional trend of exploitive harvesting, the Blue Ridge Forest Cooperative espouses a “worst-first” management strategy. This plan involves removing unhealthy and poorly formed trees and leaving stronger, healthier trees behind. The Cooperative sees this as a major part of its mission to help restore the productivity of degraded forests across

the region, which in turn will increase overall ecosystem health and allow for greater watershed protection.

Aside from forest health and economic benefits, membership affords other important opportunities and experience. As one member put it, “We aren’t that concerned about money, so to speak. I mean, it’s nice, it is valuable, but we’d like [the forest] to be managed, and we don’t know anything about [forestry].” The Blue Ridge Forest Cooperative provides options and educational opportunities beyond forest operations for its members. Professional advice and education are an important aspect of its conservation strategy, and members learn a great deal in the process of developing an FSC certified management plan. One member explains, “To engage people in creating the certified management plan, getting them to understand what goes on and become responsible for it, is I think the unique thing about the co-op that makes so much sense to me.”

Forest owners who are too busy to put extensive time and effort into managing their forests view the

Cooperative as a vehicle for expert advice about pest management options, species selection, and thinning. Additionally, educational programs helped spark the decision to join among some forest owners. “I think those educational opportunities are part of what brings new people in,” one member commented. “And, you know, they can hear about something so they come out and they participate, and can get interested that way.”

RESULTS

Although the Blue Ridge Forest Cooperative is still a relatively new business, there have been several important accomplishments to date. On the ground activities have focused on timber stand improvement operations. Four management prescriptions have been performed, which has produced 50,000 board feet of lumber. This lumber is being converted into value-added products, such as flooring, trim, paneling, and decking. The total costs of the salvaged logs were around \$500 per thousand board feet, which includes transportation, salvage, and equipment costs.



LEARNING FROM THE PAST: WHAT MAKES A COOPERATIVE SUCCESSFUL?

- ▶ Provide membership benefits that outweigh membership costs.
- ▶ Create a proper management infrastructure that has a business plan and an appropriate business model.¹⁸
- ▶ Develop adequate capital, cash flow, and markets for its products—becoming and staying profitable is a must!
- ▶ Establish trust between the cooperative and its members, keeping management in tune with their individual needs.¹⁹
- ▶ Provide motivated, capable leaders who can not only resolve conflicts, but also track inventory, sales, and expenses, and attract investors.²⁰
- ▶ Maintain clear communication between the management and the members—keep members informed and get feedback.²¹
- ▶ Find a way to be relevant in the local context, and be sure to differentiate the benefits of the cooperative from other options available to the landowners.²²
- ▶ Establish a clear reason to cooperate.²³

Producing these value-added products will help the cooperative to maximize profit in order to help offset the costs of “worst-first” management. This is the fundamental strategy of the business model to which the cooperative adheres.

Though positive strides have been made, the Blue Ridge Forest Cooperative faces the ongoing financial challenges involved with starting up

a vertically integrated forest products system. Becoming established in a market takes time; success will require sufficient inventory to respond to orders in a timely and efficient manner. The Cooperative is continuously adjusting its management operations in relation to cash flows and market dynamics. As the Cooperative establishes itself in the market and continues to grow, its financial success will grow as well.

Success, however, is not just measured by the number of board feet sold. Because this cooperative focuses on landowner services, other factors will contribute to its success. The Blue Ridge Forest Cooperative has been especially successful at education and outreach. It has administered more than 20 landowner education events, including tours of the harvested sites, field days, and workshops. Nearly 200 people have benefited from these efforts. The feedback from those visiting the sites has been very positive; landowners praised the aesthetics of the operation, potential of the land for future productivity, and low-impact nature of these operations. Additionally, Virginia Tech and other strategic partners have opened the door for assistance with research, marketing, and development. The promotion of Forest Landcare principles, educational events, and outreach will help community members in the Cooperative’s operating region better understand and embrace its goals. This in turn could lead to a greater demand for the value-added FSC certified products, as well as an increase in membership.

KEYS TO SUCCESS

Continued success depends on many internal and external factors. Expanding membership is critical for matching supply with demand and for generating sufficient funds

to cover start-up costs. Potential members will need the Cooperative’s operations clearly outlined for them in forms such as economic fact sheets and on-site field demonstrations. Leadership must continue to respond to landowner needs, adjust to their objectives, and offer opportunities for members to remain engaged in cooperative processes. Appropriate markets for certified products will need to be established and secured.

The success of the Blue Ridge Forest Cooperative and the advent of additional forestry cooperatives in the Chesapeake Bay watershed could help enhance the health and productivity of forest systems and their myriad benefits throughout the region. Forestry cooperatives offer opportunities for owners of smaller parcels with various objectives to realize sustainable and profitable forest management, but they are also an important vehicle for learning and adaptation. As one member stated, “if you know where you’re headed and get people to agree that this is where we’re going, then [it is just] a process of self-discovery and group discovery getting there.”

According to Groot, anyone who is thinking about starting a cooperative should keep the following things in mind:

- ▶ Start with a well crafted business plan.
- ▶ Expect changing conditions and be flexible!
- ▶ Be responsive to customers and their changing needs.
- ▶ Have enough cash flow on hand to provide the flexibility needed to respond to changes.
- ▶ Produce quality products.

PHOTOS AND FIGURES

All photos by Blue Ridge Forest Cooperative

All figures by Burke Environmental Associates/The Conservation Fund

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