

# VERMONT FOREST ECONOMY LOSS AND DAMAGE SURVEY HIGHLIGHTS



## OVERVIEW

This summer, Vermont experienced a severe storm that led to significant flooding in cities and towns across the state, resulting in widespread physical and economic devastation that deeply affected homeowners, communities, and businesses. Adding to this adversity, Vermont also endured an exceptionally wet summer, further exacerbating the challenges faced by many, especially those in the forest products sector.

In response to the July storm and its aftermath, a comprehensive forest economy damage and loss survey was conducted throughout the month of August, yielding valuable insights from the ninety respondents. What emerged from this survey is a grim reality: the sector, with logging contractors at the forefront, is grappling with substantial economic losses, likely much greater than what this initial survey captured. These losses, estimated at \$2.8 million using a conservative approach based on survey parameters and data and without a multiplier added, will inevitably reverberate throughout the supply chain as logging contractors wait for better conditions to harvest timber and forest products businesses dependent on locally-sourced timber products.

## SURVEY HIGHLIGHTS

**Reported losses exceed \$2.8 million.**

### The key points:

- A very conservative lower range of the losses experienced as a result of the severe weather<sup>1</sup>.
- The results are only a snapshot of the economic loss as the impacts were extended beyond the storm event.

### County-level reported losses

- The average county-level economic loss resulting from the flood event is \$204,571.
- The median county-level economic loss resulting from the flood event is \$135,000.
- Counties w/ highest total losses: Windsor (\$662,000), Caledonia (\$502,000); Windham (\$412,000)
- Counties w/ the most reports of flood-related damage: Windsor (17); Orange (13); Caledonia (12)

### Logging Contractor Losses

- Logging contractors are the most impacted business category with reported losses of more than \$1.8 million. (The average loss is \$46,125; the median loss is \$25,000), with several companies reporting losses over \$100,000.

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<sup>1</sup> The survey asked respondents to report their losses using dollar intervals (e.g., \$25,000 - \$50,000) instead of asking for specific whole dollar amounts and the lowest dollar amount in the reported interval was used to calculate losses.

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- 97% of the reported losses from logging contractors are from economic damage.
- The primary type of damage is business interruption (83% of reported losses).
- Only 20% of logging contractors reported applying for any type of assistance.
- Due to the survey's limitations and its specific focus on the severe storm, these numbers do not fully encompass the broader impacts of the July event and those arising from prolonged wet weather.

## RECOMMENDATIONS

As a result of this flooding and the ensuing physical and economic damage to Vermont's forest products sector and to support future resilience, the Department of Forests, Parks and Recreation is recommending the following actions to help forestry businesses recover:

- Support business assistance for transitioning business models in response to a changing climate.
- Identify and transfer insurance pools opportunities for business interruption coverage.
- Provide financial support for contractors to purchase modern logging equipment designed to mitigate erosion, soil compaction, and water degradation. This includes options such as reduced interest rate financing and partial loan forgiveness accessible through the Clean Water State Revolving Loan Fund.
- Provide financial support for road layout and installation to support climate resilience.

## SUMMARY DATA TABLES

### Business Category Losses

| Business Category       | n         | %   |
|-------------------------|-----------|-----|
| Forest landowner        | 22        | 24% |
| Consulting forester     | 12        | 13% |
| Logging contractor      | 40        | 44% |
| Forest trucker          | 8         | 9%  |
| Sawmill                 | 4         | 4%  |
| Wood energy producer    | 3         | 3%  |
| Secondary wood products | 1         | 1%  |
| <b>TOTAL</b>            | <b>90</b> |     |

| Business Category       | Minimum Losses (USD) |                       |                       |
|-------------------------|----------------------|-----------------------|-----------------------|
|                         | Physical             | Economic              | Total                 |
| Forest landowner        | \$55,000.00          | \$229,000.00          | \$284,000.00          |
| Consulting forester     | \$11,000.00          | \$132,000.00          | \$143,000.00          |
| Logging contractor      | \$57,000.00          | \$1,788,000.00        | \$1,845,000.00        |
| Forest trucker          | \$0.00               | \$171,000.00          | \$171,000.00          |
| Sawmill                 | \$0.00               | \$300,000.00          | \$300,000.00          |
| Wood energy producer    | \$20,000.00          | \$51,000.00           | \$71,000.00           |
| Secondary wood products | \$25,000.00          | \$25,000.00           | \$50,000.00           |
| <b>TOTAL</b>            | <b>\$168,000.00</b>  | <b>\$2,696,000.00</b> | <b>\$2,864,000.00</b> |

### County Level Losses

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| County       | n         | %   |
|--------------|-----------|-----|
| Addison      | 2         | 2%  |
| Bennington   | 2         | 2%  |
| Caledonia    | 12        | 14% |
| Chittenden   | 5         | 6%  |
| Essex        | 0         | 0%  |
| Franklin     | 4         | 5%  |
| Grand Isle   | 1         | 1%  |
| Lamoille     | 5         | 6%  |
| Orange       | 13        | 15% |
| Orleans      | 3         | 3%  |
| Rutland      | 7         | 8%  |
| Washington   | 10        | 12% |
| Windham      | 9         | 10% |
| Windsor      | 17        | 20% |
| <b>TOTAL</b> | <b>90</b> |     |

| County       | Minimum Losses (USD) |                       |                       |
|--------------|----------------------|-----------------------|-----------------------|
|              | Physical             | Economic              | Total                 |
| Addison      | \$0.00               | \$25,000.00           | \$25,000.00           |
| Bennington   | \$1,000.00           | \$10,000.00           | \$11,000.00           |
| Caledonia    | \$51,000.00          | \$451,000.00          | \$502,000.00          |
| Chittenden   | \$0.00               | \$135,000.00          | \$135,000.00          |
| Essex        | \$0.00               | \$0.00                | \$0.00                |
| Franklin     | \$0.00               | \$86,000.00           | \$86,000.00           |
| Grand Isle   | \$0.00               | \$0.00                | \$0.00                |
| Lamoille     | \$11,000.00          | \$12,000.00           | \$23,000.00           |
| Orange       | \$11,000.00          | \$385,000.00          | \$396,000.00          |
| Orleans      | \$10,000.00          | \$125,000.00          | \$135,000.00          |
| Rutland      | \$1,000.00           | \$141,000.00          | \$142,000.00          |
| Washington   | \$37,000.00          | \$298,000.00          | \$335,000.00          |
| Windham      | \$1,000.00           | \$411,000.00          | \$412,000.00          |
| Windsor      | \$45,000.00          | \$617,000.00          | \$662,000.00          |
| <b>TOTAL</b> | <b>\$168,000.00</b>  | <b>\$2,696,000.00</b> | <b>\$2,864,000.00</b> |