

GAGNON LUMBER

When Growing Business Means Helping the Environment

By Melissa Moore



December 3, 2019 marked a milestone at Gagnon Lumber of Pittsford, VT. Newly installed three phase distribution lines supplied all the mill's power needs for the first time in more than 60 years. The company sidelined their trustworthy 300 kw Cummins diesel generator, once the main power supply, relegating the generator to emergency backup status.

Owner Ken Gagnon said, "We always kept two diesel generators on site in case one was down for repairs. They've powered our mill for decades. This was a big step for us."

In spring of 2019, Gagnon Lumber was awarded a \$120,000 Impact Grant from Vermont's Working Lands Enterprise Board (WLEB). It was one of the larger grants awarded in FY2019. This funding combined with financial support from Green Mountain Power (GMP) and the Gagnon Family made the installation of three phase power a reality. The total bill came to \$380,000 with the contributors agreeing to a three-way split. WLEB and GMP each supplied 30% of the funding, and the Gagnons' share was 40%.

The switch to the new power source was the culmination of more than a year's worth of work spent planning, grant writing, and coordinating with power company personnel.

Left to right: Ken and Joe with stacked lumber. Joe's cleat tractor and scoot in 1960. Joe, age 16, with his first chainsaw.



The mill sits 1.6 miles from the last pole with three phase power. This starting point happens to be just over the town line in Rutland, so the Gagnon project had to work with two different utility companies, Consolidated Communications and Green Mountain Power. At least two thirds of the existing poles had to be upgraded. Utility crews set 36 new poles and strung 8,360 feet of new wire. The last pole sits 250 feet from the service panels. Ken chose to bury the wires from this point to the sawmill to maintain freedom of access for big equipment moving about the mill site.

The grant application process might have been intimidating, but Ken requested help from Joe Short and Dave Redmond at the Northern Forest Center in Concord, NH. "I had the facts and figures," Ken said. "Joe and Dave helped me with the narrative. I might not have done it without his grant writing support. The WLEB funding is the thing that made this project go forward."

Joe Short at the Northern Forest Center added, "We could see the expected positive outcomes of Ken's project. It's a great move for his business. Gagnon Lumber is a key part of the forest products supply chain in that part of Vermont. Ken is right in the middle, supporting so many upstream suppliers and downstream customers."

A large number of independent loggers within a 50-mile radius of Gagnon Lumber transport wood to the mill, which accepts both hardwood and softwood. Ken figures they process two thirds hardwood and one third softwood. Hard and Soft Maple, Ash, Yellow Birch, and Red Oak comprise the lion's share of the

hardwood species. Most of the softwood processed on site is Pine or Hemlock.

At the Gagnon mill the output is diverse. Some of the specialty northeast businesses they supply include Ash for canoe gunwales and basket stock. Custom cut Hemlock timbers, Pine shiplap siding, Pine v-groove lumber, and Pine tongue & groove boards are sold as requested. Dimension lumber is air dried or kiln dried depending on the application or the customer's desire. They have a lot of flexibility on where to locate the stacked lumber for air drying. Their 20 acre mill site is situated among 140 additional acres owned by the Gagnon family.

Ken explained, "We air dry lumber now, and that's fine for framing or siding, but once you bring lumber inside for furniture or cabinets you need a kiln to dry it down to a lower moisture content."

Currently, they do not own a kiln and outsource this service to a business more than 100 miles away. "Our dry wood gets to ride 130 miles twice, just to get it back here," said Ken. "A kiln would definitely be a value add for us."

The installation of three phase power has a double benefit. Not only is the installation of a kiln likely, but they have gained some flexibility in the type of kiln they can buy. "We can look at a dehumidifier type of kiln that operates with electric compressors," he said. "We're looking around for a unit that's the right size for our operation."

Ken's father, Joseph Gagnon, established the mill in 1958 at a former site located up the road by the farmhouse and dairy barn. Joseph concurs with the new changes and vision for the future. "We'll avoid a lot of transportation costs with a kiln,"

Betty and Sandy in the office.



Joseph said. "We're planning to add a four-sided planer since kilns and planers just go along together."

A Green Plan

When asked why Green Mountain Power would shoulder 30% of the project's cost, Ken explained the utility company's incentive to comply with Vermont's 2016 Comprehensive Energy Plan. Some aggressive green goals were outlined in this plan, including reducing Vermont's per capita overall energy consumption by more than one third by 2050 and meeting 90% of the remaining energy need in 2050 with power generated from renewable energy.

Green Mountain Power currently generates 83% of their energy portfolio from renewable energy. The installation of new solar arrays and wind turbines has caused this percentage to grow. When Gagnon Lumber switched to three phase power, they joined a growing network of customers who purchase power generated from renewable sources. The mill stopped burning 20,000 gallons of diesel fuel annually. The benefit was two-fold: The mill's carbon footprint improved and Vermont moved one step closer to its energy goals.

Dan Mackey of Green Mountain Power worked with the Gagnons on their electricity project. He cited the language in Vermont's Act 56 Tier III as a driving force behind their interest in the project. This document specifically directs utility companies to work on energy transformation projects to reduce their customers' consumption of fossil fuel.

Gagnon Lumber further participates in the green energy market by supplying wood chips to heat three area facilities. The sale of wood chips for heat has grown steadily over the last ten years. They turned to it after the economic downturn of 2008. Ken added, "During the bad days of the recession, we only sawed three days a week. The next spring, we bought a wood chipper so we could capture some value from this byproduct."

Currently, tractor trailer loads of wood chips move out regularly to three area schools outfitted with wood boilers to generate heat. A storage shed for wood chips intended for heat sits on one side of the mill. Chips destined for paper mills are screened and stored at the mill's opposite end. Paper companies need a higher quality chip that is free of bark and meets their size specifications. Loads of high quality paper chips are sold to Finch Paper LLC in Glens Falls, NY, and International Paper in Ticonderoga, NY, both just a little over 55 miles away from Gagnon Lumber.

Gagnon's robust marketing plan and activity in both wholesale and retail markets has allowed Gagnon Lumber to grow from a part time mill on the family farm to a year-round sawmill with 10 full time employees. This number includes Ken's wife, Sandy, who works in the office. She is joined by Ken's Mom, Betty.

A Changing Industry

Ken and Joseph noted that the sawmill industry is always changing and it's important to stay current with the new trends.

"I think we stay ahead of the curve and have a good idea of what's going on by being so connected with the people we do business within the wholesale market," Ken said. "We also have the retail side of our business, and through these markets, we get a good picture of all the ways people are using wood."

Primarily, the mill's softwood moves to both retail and wholesale markets, while the hardwood is mainly wholesale. Joseph added, "A kiln and planer could change that picture a little as time goes on."

Ken calls the retail market a double-edged sword. The retail sales help to smooth out the peaks and valleys in the wholesale hardwood market, but the retail market is time consuming and can be seasonal.

While markets ebb and flow, one thing that remains constant is the Gagnon Family's commitment to responsible forestry practices. They have completed the requirements for the Forest Stewardship Council (FSC) chain of custody certification program. The extra effort in this area allows them to sell the certified lumber with the value added FSC label and aligns with their desire to promote sustainable forestry.

In Vermont, eligibility to enroll forest land in the Use Value Appraisal (UVA) program is dependent on having a forestry management plan. These plans are a vital tool in promoting best management practices in the forest. Forest management plans are in place for all the woodlot acres owned by the Gagnon Family. Plus, most of the timber they buy in from other local forest landowners is managed under these plans.

At Gagnon Lumber, the logging tradition spans 62 years. Both Ken and Joseph know how vital it is to protect the forest resource so it will stay healthy and productive for future generations. They are optimistic about the future but are concerned about one challenge that looms on the horizon. "There's no doubt about it; trees are going to continue to grow, but finding the next generation to cut those trees is a concern," Ken said.

Joseph added, "It's hard work, and dangerous work. Plus, now it takes such a financial commitment to get started."

Ken and Joseph are strong advocates promoting healthy forest management and the forest products industry. They have a long record of reaching out to the public. Gagnon Lumber hosts open houses, occasional school tours, and other special events to let the public visit their mill. They hope to positively impact the public's perception of logging, sawmills, and 21st century forest management. NL

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