

SUGARBUSH RENTAL RATES

AUGUST - 2020

Thanks for joining us today.
The presentation will begin shortly.

Everyone will be muted for the first portion of the presentation and you will be able to unmute yourself for the question/answer period.

You can type comments or questions into the CHAT feature at any time.



Funding Provided by:
USDA Agricultural Marketing Service:
Acer Development Grant

SUGARBUSH RENTAL RATES

AUGUST - 2020

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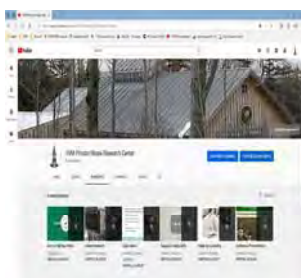


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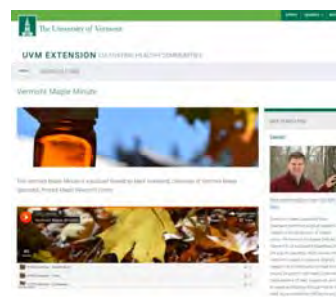
www.mapleresearch.org

Recent maple resources
 450+ and growing
 Papers (Maple Syrup Digest, Maple News, etc)
 Spreadsheets
 Links



UVM Proctor Maple YouTube Channel

Videos on production techniques, grading, research, etc.
 Keys to High Yield series (4 completed, 8 more in progress)



UVM Extension Maple Program

Variety of resources
 "Sugarbush Valuation" from 2017 VMC
 Vermont Maple Minute (Podcast Series)

MAPLE EDUCATION RESOURCES

www.maplemanager.org



Business Plan



Ask the Team



Legal Resources and Templates



Forestry

Sugarbush Lease 2020: An Annotated Guide

Annette Higby, Attorney at Law
 Mark Cannella, UVM Extension Associate Professor
 Mark Issehardt, UVM Extension Maple Specialist



FBF0031-1/20 Acer Series: Maple Forest Business Development
 Visit www.maplemanager.org for maple development resources

About This Guide

This educational resource is designed for maple syrup producers, maple sap producers and forest land owners to consider, discuss and formalize lease agreements. This resource is not intended to replace the guidance of a legal professional. The situation for each person and party is different and professional legal assistance is recommended to ensure your business agreements are accurate, appropriate and complete.



NORTHEAST MAPLE BENCHMARK

go.uvm.edu/maplebench

- Financial Analysis in NY, VT, NH, ME, MA
- Looking for more participants
 - \$100,000 in gross sales or more
 - Sap-Only: looking for case studies



2017 Maple Business Benchmark
FRANCHISE 500 Most Growth, Tree Business Management Specialist



NORTHEAST PRODUCER SURVEY

- Fall 2019
- 312 Responses

Average Taps: 3,988

Median Taps: 1,000

Age of Owners: 55



ACCESS TO WOODS

Rented Taps

- ❑ 1.2 M total taps in survey
- ❑ Producers that rent taps: 42%
- ❑ Tap Count- Owned vs Rented(Lease)



TAP OWNERSHIP IN 2019



WHO RENTS TAPS

- ❑ 70% of producers that own 5,000 taps or more also rent/lease additional taps.
- ❑ Economic Viability doubles (2X higher) for operations 5,000 taps or more



RENTAL RATES MATTER FOR...

- Cash Payments
- Comparison to Timber or Other Uses
- Valuation of In-Kind Trades
- Discounting and Succession Planning
- Relationships



SITE FACTORS...

- Location
- Access to road and power
- Total taps
- Taps/acre
- Ave tree size



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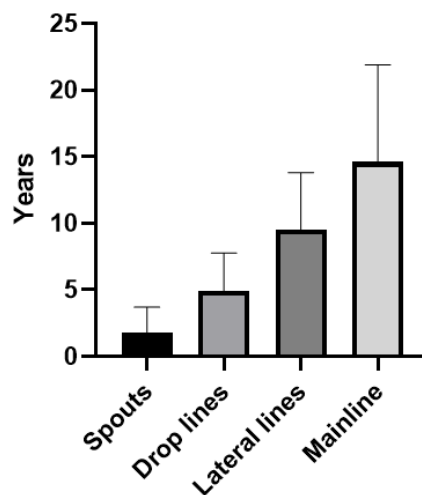
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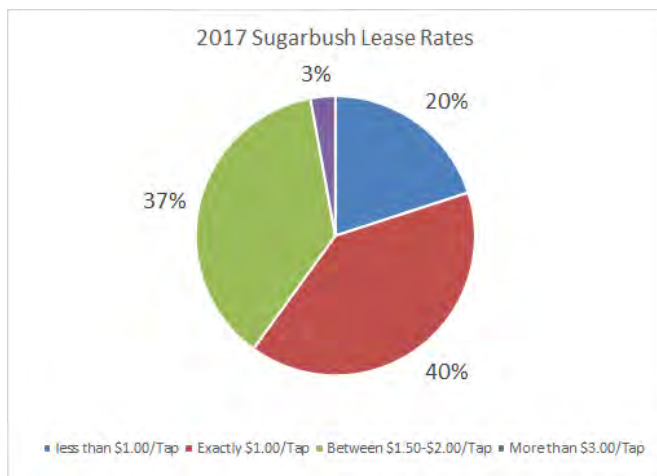


NON-SITE FACTORS...

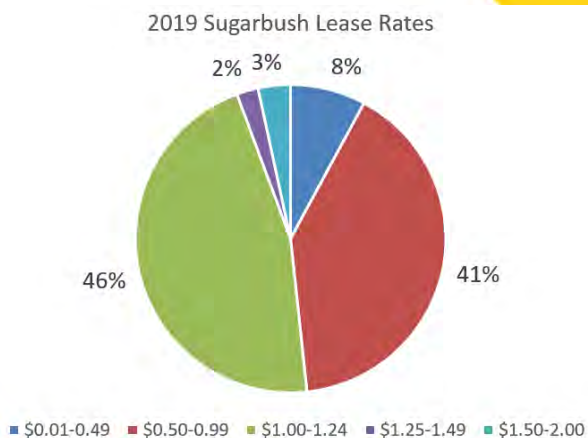
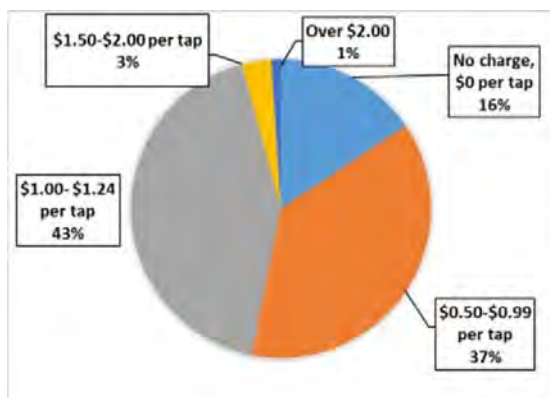
- Lease length (\$15-20/tap investment in tubing systems)
- Ownership stability
- Forest management restrictions



2017 RENTAL RATES



2019 RENTAL RATES



RENTAL RATES- 2 STATE COMPARISON PERCENT OF PRODUCER IN EACH STATE

	VT	PA
Do Not Rent	54%	45%
No Charge	3%	18%
\$0.01-\$0.49	-	0%
\$0.50-\$0.99	12%	28%
\$1.00-\$1.24	21%	-
\$1.25-\$1.49	-	-
\$1.50-\$2.00	2%	-



RENTAL RATES ON STATE OWNED LAND



- 7 licenses with sugar makers
- 668 acres of state land.
- \$1/tap

RENTAL RATES ON USFS OWNED LAND



- “1% percent of the average retail price per gallon as reported by the USDA (NASS)
- “The per tap fee for vacuum operations will be 55% greater than the per tap fee for gravity operations.”

RENTAL RATES ON USFS OWNED LAND



- 6 permits with sugar makers
- ~9,000 taps
- 246.5 acres of USFS land.
- \$0.45/tap for gravity, and \$0.70 for vacuum

COST MANAGEMENT- RENT VS OWNERSHIP

1,000 TAPS = 18 ACRES			
OWN		RENT	
Monthly Payment	\$191		
Annual Payment	\$2,292	Annual Payment	\$1,000
Annual Per Tap	\$2.29	Annual Per Tap	\$1.00
Annualized Interest Portion for Operating Portion	\$491 = \$0.49 per tap operating cost (remainder is Equity)	Operating Expense	<u>\$1.00 per tap</u>
10 Year Total Cost	\$22,910	10 Year Total Cost	\$10,000
Asset on Balance Sheet	+/- \$18,000	Asset on Balance Sheet	\$0

ADJUSTABLE RENTAL RATES– BOTH WAYS



- Crop Failure:** mediate risk to producer
- Market Prices Spike:** share profits
- 12% benchmark** (~\$1.00 rent as percent of revenue per tap)

See <http://go.uvm.edu/maplerent> for rental calculators

ALTERNATIVE RENTAL STRUCTURES

- Gallon of syrup per 100 taps
- \$ 1/tap plus a performance bonus over ~ 0.25 gallon/tap
(sliding scale up to max of \$0.50 per tap Landowner charges \$60 per acre – “they are an institutional landowner and the whole price per tap was too complicated.”)
- Landowner gets 10% of syrup



Visit the [Upcoming Events](#) page
at Maplemanager.org to complete your registration.

Date	Time	Session Topic
Wed. August 5th	7 pm EST	Sugarbush Rental Rates
Wed. August 19th	7 pm EST	Tapping Practices to Optimize Yield and Sustainability
Wed. September 2nd	7 pm EST	Sugarbush Leases and the Sugarhouse Lease
Wed. September 16th	7 pm EST	Sap Yields and Tapping Stained Wood
October—December	7 pm EST	<i>More Sessions Coming, watch for updates!</i>

