

# **Southern Loggers Cooperative 2004 - 2021**



**AN INDEPENDENT FORESTRY  
& AGRICULTURAL COOPERATIVE**

- Southern Loggers Cooperative was chartered by the Secretary of State in Louisiana as an agricultural cooperative on October 15, 2004.
- Membership is composed of those businesses within the Agro-Forestry industry including supporting firms.

## HISTORY





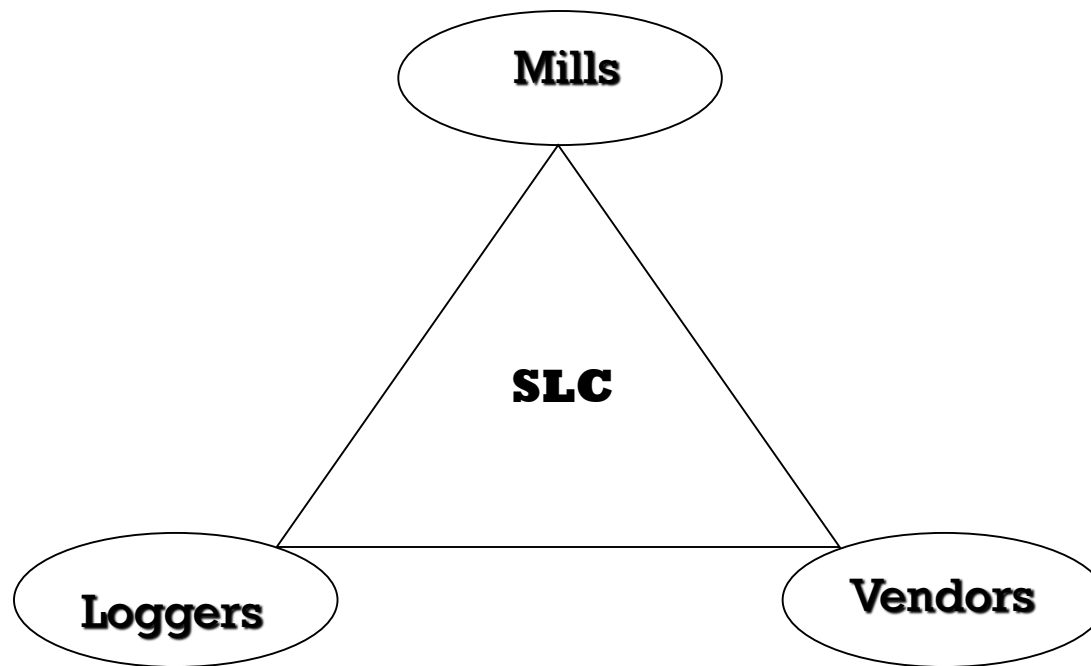


# SLC Executive Staff

- Todd Martin – President/CEO
- Jason Slatten – Executive V.P. & COO
- William “Bill” Jones – Asst. Executive V.P.







Partnerships

REDUCE MEMBERS' COSTS FOR GOODS AND SERVICES

THE SLC MISSION



- 2004 – 9
- 2019 - 3200
- Present – 5,162 (as of 9/26/22)

MEMBERSHIP

# 100 Lifetime Fee

- Membership Open to:
  - Loggers
  - Truckers (logs, chips, products)
  - Silvicultural Contractors
  - Forest Road Contractors
  - Forest Landowners
  - Recyclable Truckers
  - Farmers
  - Ranchers
  - Horticulturists
  - Viticulturists
  - Members of other Agricultural Cooperatives

## SLC MEMBERSHIP

- 5,100 + members
- LA-TX-AR-MS-AL-GA-VA-WV-SC-OH-KY-MO-CA-FL-KS-NC-NJ-OK-PA-NY-IL-IN
- National Contract with Hankook, Continental Tires, Nokian and Yokahoma
- FleetPride Parts Program
- Bulk Delivery anywhere
  - Must order 7500 gallons- can be split between on road diesel, off road diesel, and unleaded gasoline  
\$.01/gal above cost of delivery to member tanks

## The Southern Loggers Cooperative

- Over 400 million gallons of diesel sold
  - Total savings to members =
- \$40,000,000.00 + based on an average savings of \$.10/gallon (Probably More)

**Savings to Members**



- Over \$ 12,000,000.00 Through 2021
- Paid to members based on their individual participation in the programs
- Dividends in June/2022 - \$1.8 million

## **Patronage Dividends**

## 33 Fuel Stations

- 33 locations (latest opened in July)
- Closing on property in Urania, Louisiana
- Looking at property in Gloster, Mississippi; Jasper, Alabama; and Roanoke Rapids, North Carolina

FUEL STATION LOCATIONS

- 2019 44,000,000 gallons
- 2021 54,000,000 gallons
- 2022 Projected 57,000,000 + gallons (Stations Only)

FUEL SALES

- 2019 145,579 gallons
- 2021 528,520 gallons
- 2022 623,000 gallons (projected)

DEF SALES





Covington Station



Covington Station

Why Does SLC Work?

**VOLUME!**

# SLC STATISTICS

- 60 million gallons per year
- 3,100 transactions per day (avg.)
- 225,000 gallons per day (avg.)
- 261,0000 gallons (High Day)
- 1,216,479 gallons (High Week 9/18-24)
- 5,270,000 gallons (High Month – Aug/22)
- 17,247 gallons (High Day for Single Station)
- 6,955 gallons (Daily Average Per Station)



## BULK FUEL SALES

2021 – 2,500,000 Gallons

2022 – On Pace to do 3,000,000 gallons

# Markets, Pricing, Brokering, & Timing

## **The Cost of Saving Money**

# Fuel Taxes

What can you do to decrease the effects?

Nothing!

The federal excise tax on diesel fuel is:

24.3 cents/gallon

# State Taxes (per gallon)

- Mississippi 18.00 cents (Lowest)
- Ohio 47.00 cents (Highest)



# Fuel Pricing



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# What drives the price of fuel in my area?

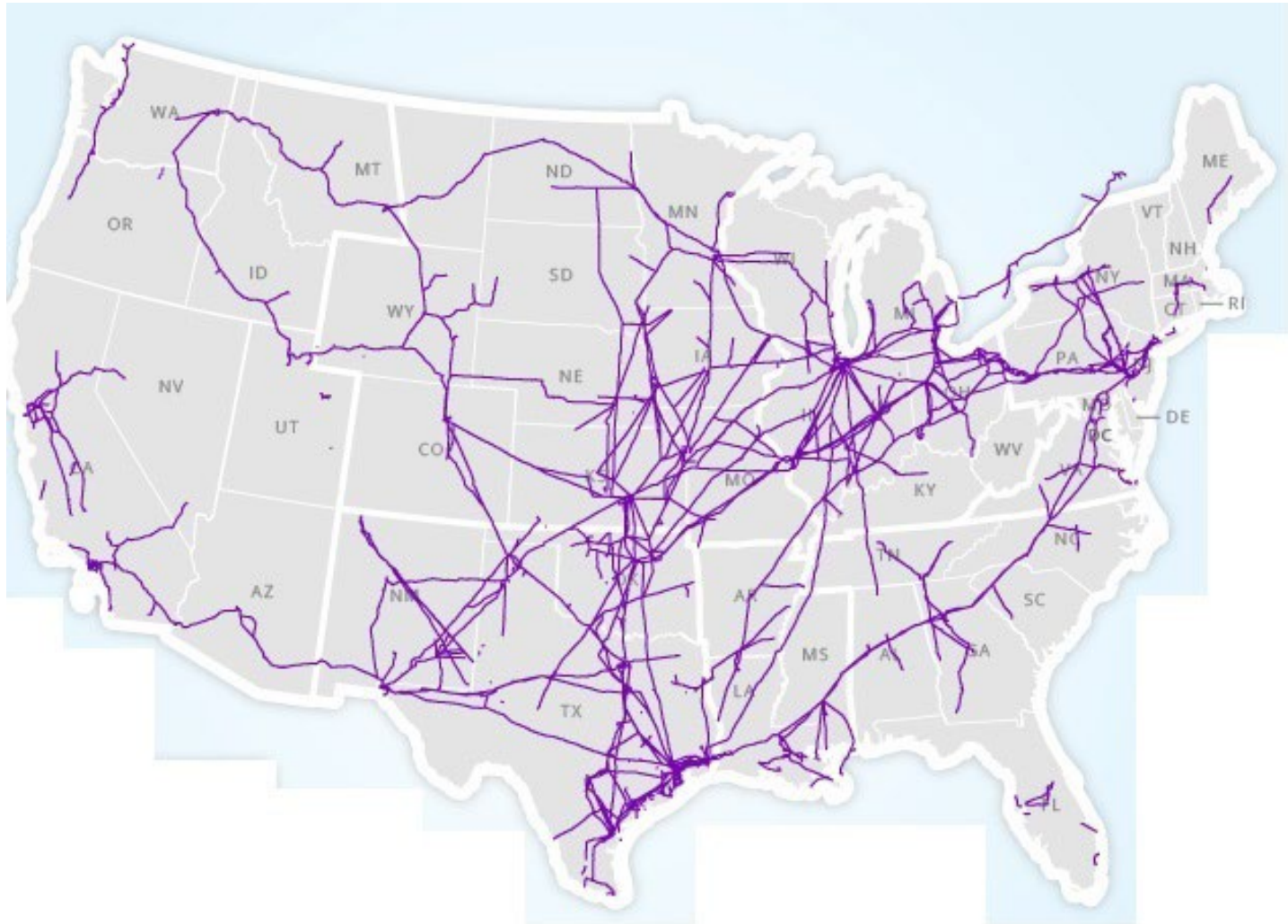
- Gulf Coast Platts Pricing?
  - This is the biggest driver in what we pay for wholesale fuel.
  - Gulf Coast Platts can loosely be defined as the price at which large refiners in **Houston**, and to a smaller extent along the Gulf Coast, are able to sell fuel for injection into the pipeline systems.

- **Question:** What does Houston have to do with what I pay for fuel here????



**Everything!**

# Refined Products Pipelines

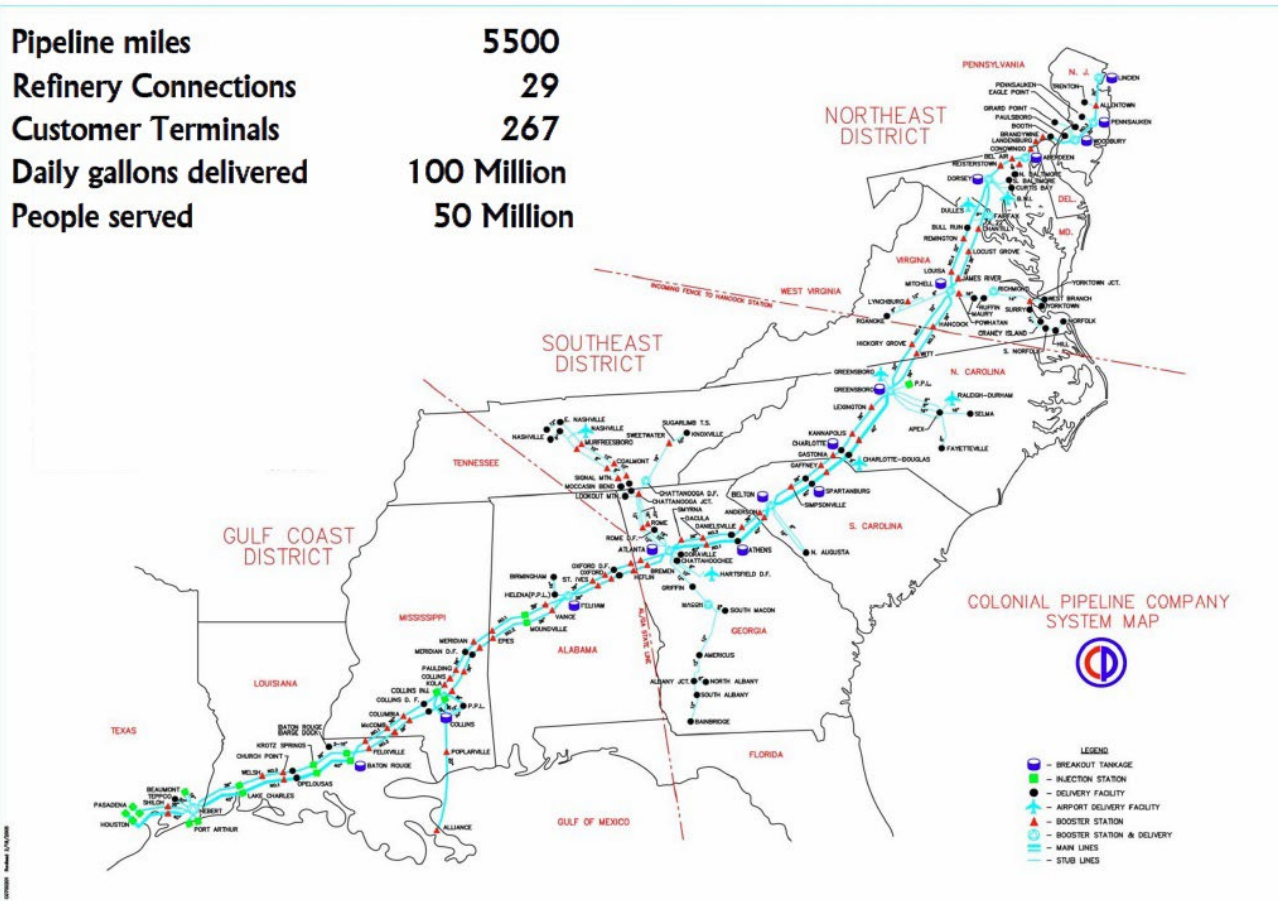


# Truck Loading Racks



## The Colonial System

Pipeline miles	5500
Refinery Connections	29
Customer Terminals	267
Daily gallons delivered	100 Million
People served	50 Million



# Pricing Summary

- The main driver of pricing is the refinery output sale price followed by:
  - Pipeline Transportation Costs
  - Terminal Costs
  - Trucking Costs
  - Retail Margins





# SLC Historic Fuel Prices

- Summer of 2019 – Highway **\$2.539** & Off-Road **\$2.109** – Per gallon
- 2020 (days before election) – Highway **\$1.799** & Off-Road **\$1.449** – Per gallon
- 6/22/22 (Highest Average) – Highway **\$5.409** & Off-Road **\$4.899 (Some Stations \$6 plus)** – (+201% & 238%)
- Highest during surge = Chillicothe, Oh - **\$6.09**
- Current – Highway=**\$4.067**/Off-Road=**\$3.691** (still up 126% & 154%) (Hi - \$4.47/Lo - \$3.89)

- Fuel Brokering
- Market Movements/Trends
  - Timing

**Surging Fuel Prices!**

- **Everyone!** It works its way down to the consumer regardless of whether they are buying lumber, paper, or a box of cereal at the grocery store.
- We are obviously talking about loggers and those that transport forest products. At least 90% of the SLC members are loggers and or forest products truckers.
- The FRA's Eric Kingsley stated "As is obvious to anyone in the forest industry, loggers and truckers are the supply chain link that connects the woods to the mill. If loggers aren't healthy, it's hard for any other sector to be healthy very long."

## Who is it Hurting?

# Fuel Brokering

- How does the SLC help the Logging Industry?
  - We use brokers that shop EACH rack to determine the best fuel price structure among the racks
  - Those brokers then monitor pricing information at the racks to ensure that we are buying at a competitive *delivered* price
  - Unlike the others, Southern Loggers is not a textbook retailer. We are technically a “for profit” business that functions as a “non-profit”. Therefore our “profit” is only measured in the help we provide to our industry.

- **Big Movements!** We have watched our market prices move anywhere from 50 – 80 cents per day at times.
- **Trends** in the fuel business tend to be all over the place and tend to last hours and days....not months.
- **Ukraine/Russia?** Not exactly. ALC Survey prior to Russia's invasion of Ukraine showed that 50% of loggers were already showing a 50% increase in fuel costs. Our average prices were already up 96% & 111%.
- The rapid rise in fuel costs does not stop with fuel. It increases the cost of every other item associated with operating your logging or trucking business.

## Market Movements/Trends

# Market Movements

- (6/22/22) Highest Average - \$5.40
- (8/15/22) Average Down to - \$4.03
- (9/1/22) Average Up to - \$4.58
- (9/20/22) Average Down to - \$4.21
- (9/26/22) Average Down to - \$4.06

- Timing takes a ton of effort and practically an army of staff to do so on the level that we must time it.  
(Brokers)
- Timing is virtually impossible without the ability to store fuel in large tanks (15,000 gallons+).
- Timing is EVERYTHING, especially when the market is making big moves in broad sweeps regardless of whether the market is moving upward or downward.

## Timing



- **Who knows?!** At one time we thought we were able to do a little speculating. That has all changed.
- **Good news for now!!!** Over the past 3 weeks our average prices have **dropped** \$0.52/gallon on Highway Fuel and \$0.46/gallon on Off-Road Fuel.
- Demand has ramped up since the country has opened back up. Domestic inventory for crude oil and domestic inventory is down due to lack of production. Although we have seen significant decreases, our fear is that we are headed for continued elevated fuel prices.

**Where is it going?**

**“It’s A Fine Day For Logging!”**

Quote from Louisiana Logger – Greg Williams

# **TODD H. MARTIN**

President/CEO

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