

TOWN OF
EAST MONTPELIER, VERMONT
SELECTBOARD

Scott Hess (2025 – 2027)
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Re: Letter of Support and Statement of Intent — Town of East Montpelier FY2026 Wood Innovations Grant Application; Fontaine Millworks Wood Innovations Grant Interest

To Whom It May Concern,

I am writing to express my strong support for the Town of East Montpelier's application to the Wood Innovations Grant Program, and to describe Fontaine Millworks' role in the integrated supply chain this project is designed to build. I am also writing to signal my own intent to apply to the Wood Innovations program for capital investment that will directly enable the East Montpelier initiative to scale.

Like many small sawmills across the Northeast, Fontaine Millworks has operated in the shadow of a market collapse that has been a long time coming. For decades, the pulp and paper industry served as the indispensable backstop for the Vermont logging economy — absorbing the low-grade roundwood, tops, limbs, and mill residuals that have no value as sawtimber. That market is largely gone. The mill closures that have accelerated across Maine, New Hampshire, and Vermont over the past two decades have left loggers and sawyers without a viable outlet for a substantial fraction of every load that comes off a working Vermont hillside. The practical consequence is well understood by anyone in this industry: without a market for low-grade material, the economics of a timber harvest deteriorate, selective harvesting becomes harder to justify, and sustainable forest management is undermined from the bottom up. The Wood Innovations Program was created precisely to address this structural problem, and the East Montpelier project — and my own planned investment — are designed to put that intent into practice.

Fontaine Millworks processes timber at our East Montpelier facility, generating sawmill residuals — chips, slabs, and trim ends — that currently have limited local market options. We also work with loggers and landowners across central Vermont whose harvests yield significant volumes of low-grade material: pulp-quality wood, tops, and crooked or defective stems that would once have gone to a paper mill. That wood is now a stranded asset. Our goal is to convert it into a reliable, high-value fuel supply that serves Vermont homes, farms, and community institutions — starting in East Montpelier.

To fulfill that role, I intend to submit my own application to the Wood Innovations Grant Program for capital investment in a chip conditioning operation at Fontaine Millworks. Specifically, I am seeking funding for screening and drying equipment that will allow us to produce biomass chips meeting the moisture content and particle size specifications required by the high-efficiency advanced wood heat boilers being installed through the East Montpelier initiative. Raw green chips from Vermont harvests typically arrive at 45–55% moisture content; the Hargassner and comparable systems targeted by this project perform optimally at or below 30%. Bridging that gap requires capital equipment that most small Vermont mill operations do

not currently have. A Wood Innovations investment at Fontaine Millworks would create that capacity here in central Vermont, establishing a conditioning node that can serve not only East Montpelier but the broader region as advanced wood heat installations continue to grow.

In parallel, I am pleased to announce a supply partnership with PK Wood Pellets, a new family-owned Vermont business based in Wells River. PK Wood Pellets is establishing pellet manufacturing capacity in Vermont, and Fontaine Millworks will supply the bulk of our green chip volume to their operation as a primary feedstock source. This partnership is significant for several reasons. First, it creates a second, large-volume outlet for the low-grade Vermont timber that currently has no viable market — the same material that once sustained the pulp and paper industry. Second, PK Wood Pellets will produce pellets that are burned directly by the Hargassner pellet boilers being installed under the East Montpelier grant, completing a fully Vermont supply loop: Vermont forests, to a Vermont mill, to a Vermont pellet producer, to Vermont homes. Third, a Vermont-owned pellet manufacturer is not a commodity fuel broker — it is a durable regional enterprise with structural incentives to maintain supply relationships and invest in the quality of its feedstock. The heat dollars spent by East Montpelier residents and institutions will recirculate through this chain rather than leaving the state to pay for fossil fuels or out-of-region wood products.

Taken together, the Town of East Montpelier's grant application and Fontaine Millworks' planned Wood Innovations investment represent exactly the kind of integrated, market-building activity the program is designed to catalyze. The East Montpelier project creates the demand: a cluster of advanced wood heat installations with documented, growing fuel requirements. Fontaine Millworks' chip conditioning investment creates the processing infrastructure. The PK Wood Pellets partnership creates the manufacturing link. And the Vermont logger and landowner — who currently has nowhere to send low-grade wood — gains a real, paying market that justifies sustainable harvest practices. This is not a single-facility project; it is the beginning of a regional supply network built on the bones of the infrastructure Vermont's forest economy has always had, and the market signals it has recently lost.

I strongly endorse the Town of East Montpelier's application and look forward to the opportunity to present my own Wood Innovations proposal in the near term. I am happy to discuss Fontaine Millworks' operations, our planned chip conditioning investment, and our supply relationship with PK Wood Pellets in as much detail as would be useful to your review. Please feel free to contact me directly.

Sincerely,

East Montpelier, Vermont