

Trumbull Creek Times



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F.H. Stoltze Land & Lumber Company

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Manager's Message



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We have experienced a roller coaster ride in the lumber market in 2018, or as Random Lengths describes it, "a historic year from a meteoric rise of record high prices to a painful tumultuous low downside correction". I'm sure Kris Page from our Sales Office will go into more detail later in this issue of the Times regarding the past years' radical changes in the lumber market. The one constant this ever-changing year has confirmed is Stoltzes' good fortune of being located in an area of the world that grows such a variety of high-quality softwood species. We try very hard to take advantage of that blessing by manufacturing and selling a multitude of lumber products that are desired across the country. There is still a major back-log in housing demand in the US and our consumer confidence and the number of people working has never been higher.

Regarding the ever-present timber supply issue in the Intermountain area, we continue to work diligently with the US Forest Service at the Washington DC, Regional, and local Forest levels to return active management to our national forests. I am optimistic that we are headed in the right direction as there have been many positive changes in the agency leadership over the last year; however it takes significant time, effort, and energy to turn an aircraft carrier. Cabinet members, Secretaries Perdue at US Department of Agriculture and Zinke at US Department of Interior, as well as US Department of Agriculture Under-Secretary Jim Hubbard in charge of the Forest Service, are totally engaged and focused on trying to actively manage the forests and vegetation on our federal lands. The tremendous fuel loading and tree mortality on the federal forests have directly contributed to the growing frequency of catastrophic wildfires. It is horrific the fires we have witnessed occurring in California and British Columbia over the last couple of years and only by the grace of God have we not experienced those same events near our communities in Montana and Idaho.



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On a very positive note we have made several favorable changes in our employee benefits in 2018. In addition to the health insurance waiting period changes made earlier in the year, we most recently modified the vacation accrual and use policy. Effective January 1, 2019 employees will now be able to utilize their vacation hours one month following accrual and be allowed to carry-over up to a maximum of 80 hours of vacation time into the next year. Most importantly, we have made the vacation year consistent with the start and end of the calendar year.



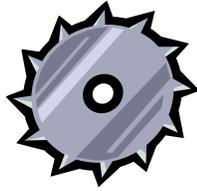
Thank you to all of our employees and contractors for your hard work in 2018. Thanks also to the Stoltze family for your continued support to the longevity of this company, to our employees, and to our local communities. Please work and play safe in the coming year and have a very MERRY CHRISTMAS and a HAPPY NEW YEAR.

Chuck Roady
General Manager



NEWS

From The Plant



Logging & Forestry Department



Stump Speech

I thought 2017 flew by fast, but it holds nothing on 2018. 2018 started fast and is ending faster! It was a year that saw a lot of change and much needed improvements made to our plant site. Our employees and outside contractors worked together to make these improvements happen in a safe and timely manner. The commitment and dedication from our employees is unwavering. 2018 was an amazing year because of our employees.

The dry kilns received a much needed facelift. New doors, new seals, and coating on the inside was completed in the fall to help reduce steam loss. We will see reduced drying times and better production efficiency through the kilns this winter and beyond. Future upgrades are planned for 2019 to make these even more efficient.

Our railroad spur was completely revamped. This project took about a month to complete making it difficult to ship anything on rail, but our crews worked together to make the shipping happen. We installed new ties, rail, switches, crossings, and gravel. The spur has never looked better. This rebuild was much needed and will last a very long time.

The green yard received some TLC also. Load after load of gravel was brought in and storage areas were leveled and made solid. This will enable us to really maximize the allotted storage area, as well as decrease haul distances needed to set lumber.

An area of concern over the years, and an area that is rarely seen unless there is a leak, is our underground fire system. This system was completely overhauled. Over 3,000 feet of water line was put in the ground and numerous new fire hydrants were installed. This project was phase 1 of replacing this system. Phase 2 is slated to be completed sometime in 2019. We now know what we have in the ground, where the lines run and also where shut off valves are so that we can isolate segments of the system if needed.

We started running a classification system for our land-fill in late July. This system takes our log yard waste and classifies it into reusable material. We are using

“Yesterday is history, tomorrow is a mystery, today is a gift of God, which is why we call it the present.” Bill Keane, the cartoonist, most famous for his “Family Circus” cartoon that greets many of us in our Sunday paper, penned these words. In a tumultuous industry like ours, often fraught with dramatic changes and conflicts, it is easy to fall into a mindset that is not always optimistic. Yet, when we look at every day as it comes, there is plenty of reason to come back the next day and give it your all once again.

In a recent panel discussion I was taking part in, it struck me that I never experienced the “good old days”. I started my forestry career in 1992 and started working in private industry in 1994. Quite honestly, in my professional experience, this industry has always struggled.

When I came to Montana in 1998, it seemed mills were closing on a daily basis. Loggers were downsizing, or going out of business. Lumber prices were in the tank and making a go of it seemed to be a pretty bleak likelihood. Yet, these hardships are all I have ever known in my professional career. So, why in the world have I spent the last 20 years doing this you ask? It is because I continually get glimpses of the good things that occur on a daily basis and those give me hope for the future.

I recently stopped using the old graph that shows timber harvest from US Forest Service lands that started in 1905 and goes through today. You know the one I am talking about, the bell shaped curve graph that shows the heyday of timber harvest on federal lands in the 1970's and 80's and the precipitous crash in the 1990's.

I started looking at the data from 1992 to today, and that shows a completely different story. Yeah, it starts out pretty low, but the trend is consistent and in the right direction. We can argue all you want about how steep it is vs. how steep it should be, but all the hard work we are doing IS paying off and we should take some credit for that.

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the wood that is sorted out for fuel at the power plant, the rock to fill holes, build up roads and runways, and the “fines” (dirt) are being used to do some plant site landscaping. We are working with some companies who would like to purchase this material and are trying to make the hauling logistics work out.

We were also able to upgrade our rolling stock and hydraulic machines. We purchased a new forklift for taking away lumber at the sawmill, and also a new hydraulic sort machine for the log yard.

Many thanks to everyone involved in making these projects happen safely, efficiently, and successful. There is no plan on slowing down projects and upgrades in 2019. We are in the process of prioritizing and scheduling 2019 projects as this is being written. A few of the projects and upgrades that we are looking at are: installing a refurbished chipper and redoing the south chipper system in the sawmill, more dry kiln upgrades and maintenance, starting phase 1 of a security fence around the plant, completing phase 2 of the underground fire system, building covered storage for the shipping area, making the landfill classification system more efficient, and also starting the process of installing an auto-grader at the planer. Phew! A lot happening and a lot of new and exciting challenges await. Each and every one will help us be more efficient and stronger to compete in this always changing industry.

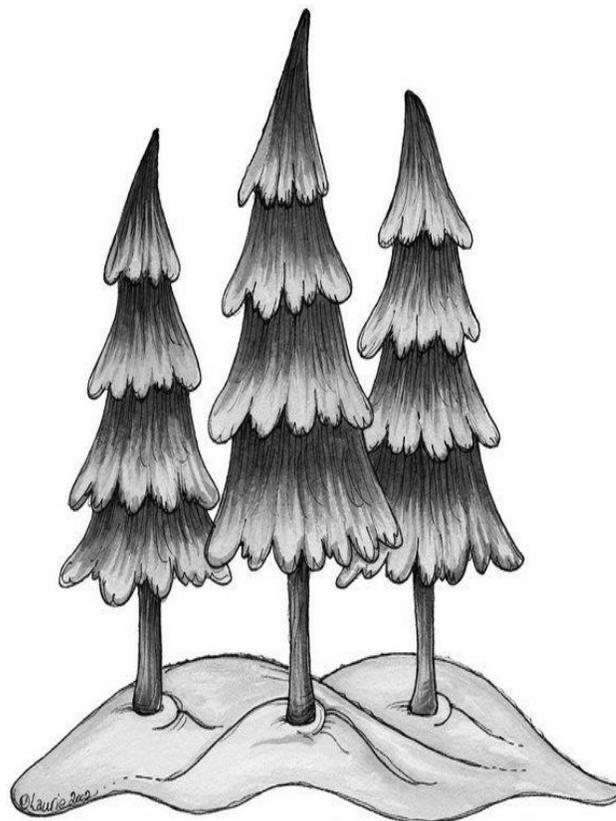
I want to close by saying thank you. We can make these improvements year in and year out, but it takes people to make these improvements work and work right. We have some darn good employees. No, we have exceptional people here at Stoltze. We have dedicated, hard-working employees that take pride in what they do and it shows. We are here today because of it! Continue to work hard. Most importantly continue to work safe! Thank you all!

I will end the same way I ended 2017, by saying keep moving forward, keep plugging away, take one day at a time, and remember tomorrow is a new day. Keep a positive attitude, work safe, play safe, hug your loved ones little tighter and smile a little longer.

Say “Good Bye” to 2018 and “HELLO” 2019!

Trevor Kjensrud

Warm winter wishes to you!





SALES OFFICE

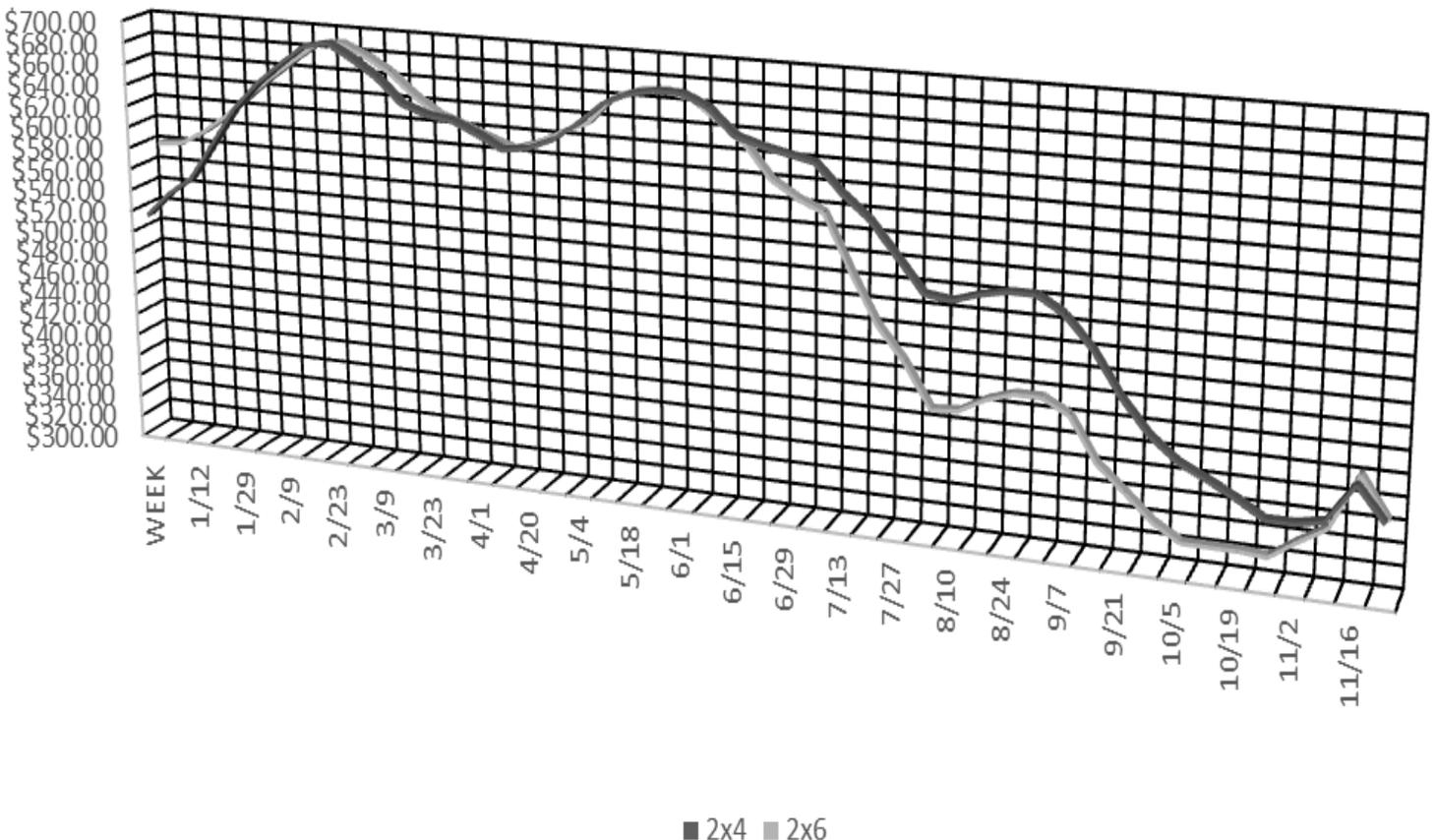
This year in the sales office, to say the least, has been A WILD RIDE.

It has been said that “nothing focuses the mind like a good downturn.” That has certainly been the case since June 15th, when the lumber market took quite a drastic drop. This has given us the opportunity to focus on new strategies and avenues for selling lumber. At first glance, one would assume that the downturn has only had a negative effect on our business. However, the positive of the situation is that we really, have had to, focus our efforts to deliver a top notch product and service to our existing customers, while developing new strategies to market to new customers.

When the market was at record highs I found that I was just trying to keep up. Always present in the back of my mind was the old cliché that “what goes up must come down” and it did. The conversation all summer long had been about when the market would correct itself. However, the drop we saw was not a correction but the bottom dropping out. Now as we are approaching the end of the year the market has started to stabilize.

I have included a graph that shows where Random Lengths Framing Lumber was printing 2x4 and 2x6 # 2 & better Fir & Larch pricing each week this year. Random Lengths is a weekly newsletter that publishes pricing information about the wood products market. I chose those 2 dimensions because they are roughly 15% of our total 2” production. They also are representative of what goes on with the Inland White Fir and Hem-Fir market. While we make 77 different items in our 2” framing lumber, this graph gives an accurate representation of the active price changes for framing lumber this past year.

2X4 & 2X6 SALES 2018





When looking at the wide variety of lumber and boards we produce here at Stoltze, it could be said that we are two mills in one. We are fortunate, to have this capability, to make such a diverse portfolio of products. If I add in all of the 1" boards that we make, not breaking them down by length, we have around 187 different products. This served us well this year. Framing lumber prices dropped drastically, but the price for 1" boards was much more stable. Since we have the ability to make both 1" and 2", we were able to shift our focus to selling more 1" boards to help us get through the rough 2" market.

Even with the ups and downs of this year's market it has still been a positive year here at Stoltze. It is always a good problem when we have to work to keep up with demand. Also, the challenges of this past year shifted our focus to new opportunities that will serve us well in the future. Finally, I want to thank everyone at Stoltze. Without them I would not have anything to sell. I am fortunate to have a great production team and I couldn't ask for a better shipping crew. I can say without a doubt that my co-workers and customers are some of the best people around and working with them far outweigh any challenges and difficulties we faced this past year.

Merry Christmas everyone!

Kris Page
Sales Manager



Editorial

Our long standing editor, Jeff Clausen, is, I'm sure, enjoying a well-deserved retirement. This is my first editorial at F.H. Stoltze so please bear with me and be patient while I attempt to live up to the past editorials of Trumbull Creek Times. Look at the bright side for both readers and an editor, if I stick it out for thirty years, I only have 59 more to go. I have never been one that enjoyed writing or putting my thoughts down on paper, and I still do not. As such, I have found myself procrastinating writing this editorial.

I believe Jeff would sometimes comment on politics in his past editorials. I probably will not do that, except to

continued ➤

say I am glad the current elections are over. I have never received so much junk in my mail or seen so many advertisements on TV, YouTube, and the Internet. My kids couldn't even watch cartoons on YouTube without political ads. Political ads on kids cartoons, now that is getting a little over the top. Maybe I will put a little bit of politics into my editorials- it is nice to vent about senseless things sometimes.

Hunting season wrapped up in November, and with Thanksgiving coming early, it proved to be a short season. I've always felt that when Thanksgiving came early, the hunting season should be extended an extra week. Maybe that is just wishful thinking on my part. The lack of snowfall made hunting difficult this year. Of course, the weekend after the season closed, here comes the snow.

I am proud to be part of a company that owns its own land and allows hunters access during the hunting season in search of game, as well as for many other uses throughout the entire year. My dad and I took some time during bear and archery season to explore a little of the land ourselves. We were lucky enough to see four black bears, a sow and two cubs along with another solo bear that I couldn't find once I made a trek down the mountain to get within shooting range. We explored some neat area and heard one bull elk bugle. One of these days I will find Paul's elusive game camera, then I will know where to hunt, but no luck yet.

I find myself a lot more nervous hunting and hiking around the Flathead because of the Grizzly bears. It seems that we are constantly hearing of Grizzly bear attacks, an occurrence I am not used to. While in years prior I've always keep a cautious eye out for mountain lions or wolves, Grizzly bears are something I have never had to really worry about when I am out in the woods. This is something that is changing, very fast, with all the attacks that have occurred in the last few years.

Thinking about Grizzly Bears reminds me of safety. We are implementing a new safety policy for access to our plant site here at the mill. Please see the last page of the Trumbull Creek Times and familiarize yourself with our new access policy. We are taking this new step to keep everybody safe.

Winter has come to Montana and preparations for the holiday season can be seen around the Flathead Valley. I hope that everyone has a wonderful Christmas and a Happy New Year.

Josef Kuchera
Editor



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This may seem a little out of character for me, but I really need to give the US Forest Service a big CONGRATULATIONS! Nationally, 3.2 billion board feet of timber was sold in 2018, which is the most since 1996. The target for 2019 is 3.7 billion board feet with plans to keep moving the target towards the roughly 6 billion board feet allowed in the collective forest plans. Region 1 sold 127 million board feet of fire salvage from the fires of 2017, less than 15 months after the fires burned. Is there more work to be done? Yes. Should there be more acres treated on an annual basis? Yes. Are we moving in the right direction? Yes!

There seems to be a slightly improved attitude within the agency as well. It is amazing how meeting your targets and being successful can have a positive effect on your psyche! Yeah, there may be some bumps and bruises along the way and it certainly was not easy, but crossing that finish line can put a smile on even a Contracting Officer's face.

The Administration is giving clear direction to the Agency. In the words of Under Secretary Hubbard, we need to "keep the main thing the main thing" and the main thing is meeting the timber harvest target.

I know talk like that makes many of our conservation partners really uncomfortable. But it is important to think about what the message really is. It is not "get the cut out" for the sake of cutting trees and pacifying capitalistic sawmill managers. The timber target is the measure of the pace and scale of the vegetation management that moves our public lands in the direction of "desired future condition". It is also a measure of how well we are supporting our timber dependent communities, meeting the demands of society for wood products and reducing fuel loading on our public lands. Those are all GOOD things.

2018 was a pretty darned good year overall. The mill will likely set a new production record, and were it not for this late year downturn, would have blown the old record clear out of the water. Records like this cannot be set without a team effort from the shop, maintenance, log yard, kilns, power plant, office and entire company.

Our forestry staff moved tremendous volumes of wood, responded to private land management inquiries, like we have not seen in years, and still managed to exceed company lands goals of increased precommercial thinning, site preparation, regeneration and bridge replacement. Contractors have been busy, trying to keep up with the mill demands AND still finding time to fight some fire this summer.

We continue to see changes within our logging community. Greg Jones of One Son Logging decided to hang up his boots this fall. Greg came to work with Stoltze in 1990 down on the Walker Ranch with a D6 and a skidder. 28 years, and countless acres treated and loads of logs later, Greg and his family are finally taking time to focus on themselves a little, and maybe even relax a bit. The One Son legacy lives on in the forests they have managed over the years, public, private and for Stoltze. I know Greg will find satisfaction looking back on the lands he touched and seeing them grow into the future.

The McEntire family and Stillwater Logging have gone through transition this year as well. Tim McEntire made a career change in early August and is now one of the Montana Logging Association Safety Rangers. Sadly, in September, Danny McEntire passed away after a long battle with a variety of health issues. Danny did an excellent job passing the torch of being a steward of our forests on to his son, Tim, and the rest of his family. Tim will serve this industry well in his new role, and while not sending logs down the road on a daily basis himself, his experience and passion for the profession of logging will be shared throughout this industry through his Montana Logging Association duties.

So, in closing, we need to take time to be thankful for our blessings, which are many. Our efforts are best spent looking to a brighter future and reveling in the successes when they occur. Yeah, our markets have tanked, it is still tough to get timber, fuel is getting more expensive, and it is tough to find folks who want to work in the woods but, that is life as we know it and it is our challenge to make progress.

From my family to yours, I wish you a very Merry Christmas and best wishes for a prosperous New Year. Spend some extra time with your family and friends, remember what is really important in your life and reflect on your fortunes. The good news is...the trees are still growing!

Merry Christmas!
Paul McKenzie



Merry
Christmas





RE: NEW VISITOR SAFETY POLICY:

The safety of our employees and visitors is our top priority at F.H. Stoltze Land & Lumber Company (Stoltze). Effective January 1, 2019 we will be implementing a new safety policy for all visitors to our site to ensure their safety.

Stoltze will require all visitors to the 600 Halfmoon Road Columbia Falls, MT plant site to check in at our main office before accessing the site to obtain permission for entry, undergo a short safety briefing, sign-in upon entering, and sign-out upon leaving the site. Regular vendors and customers to Stoltze will receive permission along with a safety briefing on an annual basis and periodic contractors of Stoltze will receive permission and a safety briefing on a per job basis. Each individual visitor will be required to listen to, review, and sign a “**Safety Briefing Form**”.

All supervisors and managers will be able to provide the briefing and have the necessary forms for review and signatures. Please inform all your employees of this new policy so we can have an effective and efficient transition for all to enter and visit our site.

Sincerely,

A handwritten signature in blue ink that reads "Chuck W. Roedy".

Chuck Roedy
Vice President & General Manager
F.H. Stoltze Land & Lumber Company