

# Trumbull Creek Times



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F.H. Stoltze Land & Lumber Company

June 2016

## Manager's Message



### HASKILL BASIN CE

On February 15<sup>th</sup> of this year F.H. Stoltze Land & Lumber Company completed the Haskill Basin Conservation Easement on over 3,000 acres northeast of Whitefish Lake. Stoltze made a permanent commitment to continue the stewardship management of our timberlands in a sustainable manner while protecting the municipal watershed for the City of Whitefish. Stoltze partnered with The Trust for Public Lands (TPL), the State of Montana Fish, Wildlife, & Parks (FWP), the City of Whitefish (City), the US Forest Service (USFS), and the US Fish & Wildlife Service (USFWS) to complete this project over the course of almost three years.

The Trust for Public Lands facilitated the entire project continually keeping all the partners focused on working together towards the end goal. The State FWP and the City will hold and monitor the easement while working with Stoltze to manage the forest, the water, the wildlife, and the recreational uses of Haskill Basin. Stoltze formalized an easement with the City, after many years of only a "handshake agreement" to provide them permanent management rights of their water intakes, their pipeline system, road access, and most importantly help protect their municipal water source. The USFS and USFWS helped with the financial support, due diligence of the land attributes, and the appraisal/evaluation process of the project through their Forest Legacy and HCP programs. All partners can be exceptionally proud of this project, but especially the Stoltze family and employees, who took the initial step forward as the landowner.

This was a very complicated project with many moving parts that took all partners constantly working together to make the deal happen. One individual, Alex Diekmann of TPL, deserves special recognition for his determination to see this project through to completion. Alex passed away just a few days prior to the closing of the project, but it was his efforts in working with Stoltze from day one to ultimately finish the project.

### CURRENT CONDITIONS

The lumber market seems to be gradually improving ever so slowly in an upward trend. Let us hope this trend along with the residential and commercial construction business continues to increase across the country. There are multiple factors at play in this area of the intermountain west that impact our ability and values to purchase timber and sell lumber. The intense competition for the limited sources of logs to supply our mill continually keeps the costs of the raw resource out of balance with the values of the finished product. There is extremely tough competition in the lumber market arena from the forest product companies to the north in Canada without a softwood lumber agreement in place and with the present currency exchange rate between the two countries. Finally, with the change of ownership in our next door neighbor from Plum Creek to Weyerhaeuser there is much uncertainty in management direction and many transitions taking place within their logging contractors and employee personnel.

Thanks to all our employees for your hard work, always think ahead before acting, and be safe.

Chuck Roady  
General Manager



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F.H. STOLTZE  
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Lumber Manufacturers



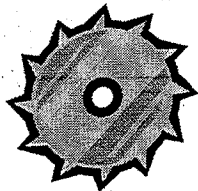
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# NEWS

From The  
Plant



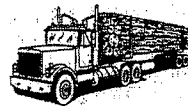
I cannot believe that half of 2016 has almost passed. We have seen some needed changes in the first half of the year and moving forward into the next six months there will be more changes in some of the departments. These changes will make us more efficient, which in turn will allow us to be more competitive purchasing logs. The first change actually started at the end of 2015 and wrapped up earlier this year. A major upgrade to the Plants' lighting system was installed by Kalispell Electric. These lights have not only helped reduce electrical costs but also maintenance costs that are associated with the lighting system. Another "power" savings upgrade was the purchase of a new air dryer in the Sawmill. This air dryer has proved to be a good investment. It dries the air more efficiently and operates less than the prior method contributing to another reduction in electrical and maintenance costs which helps us to be more efficient.

Stoltze recently purchased a new CAT 980M for log handling. This machine is a much needed upgrade for the Log Yard. The older 980's quite frankly were worn out and the maintenance on them was substantial. This machine will help with the efficiency of moving logs throughout the entire process and also give the older machines a bit of a break. The Planer will also see a new upgrade. A new Bander has been purchased; with an install date of early fall. This new Bander will band dunnage to the bottom of the units enabling easier handling. There will be a new outfeed system built to handle these units and will allow more storage.

As of right now, the last change will be a Controls and Software Upgrade to our small log line (the Comact OLI). The newer controls will enable us to run tighter gaps between logs and it will also enable us to run bigger logs if needed. Better efficiency, better throughput, and better recovery means that we will be more competitive. We will start seeing changes and work done on this system in September and the actual install date for the controls and software is scheduled for mid-October.

Please be patient and safe as you see these changes taking shape. Your safety and wellbeing is of utmost concern. Look out for yourself as well as your fellow worker. Longer and warmer days are fast approaching; have fun enjoying the outdoors and be safe!

Trevor Kjensrud



## Logging & Forestry Department



Long time readers of this newsletter will know that I always end my articles with the phrase "The good news is..... the trees are still growing!" Recent reflection has caused me to reconsider this good news proclamation! Let me share a few facts about the "trees growing".

On the 11.4 million acres of national forests in Montana, the annual tree growth is 567 million cubic feet. In that same year 510 million cubic feet of trees die! That is nearly a 90% mortality rate! Annually, harvest on national forest land is 26 million cubic feet. This includes firewood, sawlogs, pulp etc.....which accounts for roughly 4.5% of the growth rate. That is 20 years of timber harvesting to equal just ONE year of growth in Montana!

The question that immediately comes to my mind is "What happens to the rest?" It is unlikely that the same trees that are growing are also dying, so one could reasonably conclude that there is an accumulation of woody biomass on our national forests that exceeds 1 billion cubic feet EVERY YEAR!

So, what does 1 billion cubic feet look like? It looks like a solid block of wood the size of the football field in Grizzly stadium over 3.5 miles tall!

A past US Forest Service Regional Forester once made the comment that there are only two ways a tree leaves the woods in Montana. One is on a log truck the other is up in smoke. The ten year average of acres treated through mechanical vegetation management, including timber harvest on USFS lands is 14, 675 acres per year. The ten year average of wildfire is 468,000 acres per year. More than 30 acres burned for every one harvested or managed mechanically.

This is the simple fact of life on our National Forests. No matter what we do, those trees keep growing and so does the challenge of what to do about it. I can assure you Mother Nature has a plan.....unfortunately, we do not.

These facts along with an outstanding set of interviews with people who are trying to do something about this problem can be found in an excellent publication recently released by

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## SALES OFFICE

not know.

I am not usually at a loss for words, but I find that I am struggling more than usual to come up with something for this publication of the *Trumbull Creek Times*. Maybe it is the loss of a friend and respected coworker Dean Sturz. I do

Following are the lead headlines from the *Random Lengths* publication over the course of the last six months:

January 5, 2016 "Random Lengths Overview Trading started the new year on the quiet side. The lackluster pace disappointed some traders."

February 2, 2016 "Random Lengths Overview Framing lumber prices firmed or moved higher, as last week's faster finish carried over into early trading."

March 1, 2016 "Random Lengths Overview Trading in framing lumber stayed on pause after last weeks finished on a quiet note."

April 1 2016 "Random Lengths Overview The first quarter came to a close with framing lumber prices still pointing upward."

May 3, 2016 "Random Lengths Overview Price trends in framing lumber were narrowly mixed."

June 3, 2016 "Random Lengths Overview Traders came back from the long holiday weekend in the U.S. in a cautious mood."

As you can see from the opening sentences above that the lumber market has not been the barn burner that we would all like to see, it has been steady but not great.

We had some exceptionally nice Douglas fir and Larch logs come in from some sales this winter and after watching these roll by my window for several days I thought that maybe we could try something a little different. We had not cut wide Larch boards for several years as it takes a really nice log to produce a 1x10 or 1x12 D & Better board. After speaking with some of the customers that had bought this product in the past I found that there was still a market for the wider Larch boards.

The next thing we had to do was change the way we were used to doing things which is not always easy. The guys at the mill and at the kilns got on board and did a really good job. The recovery on the 1x12, 1x10, and 1x8 was 58% D & Better. The customer that purchased this product, said that after he went through it and re-graded it for his needs he was able to recover 65% C & Better. Good job to all and thank you. The next thing we did was pull a Select Structural grade instead MSR of in our 2x8 and 2x6 Doug fir and Larch. The Select Structural is an appearance grade and the MSR is strength grade. The MSR had not been moving as fast as it had been developing and there was interest from some of our established customers in the Select Structural product. The price of the two were close so once again we got everybody on board and did something different. Flexibility is proving to be an important tool in maximizing the value of our product line. Thanks to Scott, Kelly and all of the graders for making this happen.



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Logging & Forestry continued from Page 2 . . . .

Jim Peterson, the longtime editor of *Evergreen Magazine* in his latest edition titled "**Montana's National Forests, Burning an Empire**". If you have not seen a copy, drop by the office and we would be glad to give you one, or check out our website under "[Links](#)" and download it.

The good news is not only that the trees are growing, but people are working together to do a better job of managing our public lands. Your neighbors are working collaboratively on how we do work on the ground that meets the demands of both Mother Nature and our society. Our Congressional delegation is working hard to address the procedural and budgetary challenges faced by the land management agencies. And the professionals within our Forest Products industries continue to hone technology and skills to transform the bounty of our natural resources into the fiber products we as consumers demand.

We in America use roughly 80 cubic feet of wood fiber per person annually. Per capita consumption continues to grow, albeit slowly. With a US population of 323 million, that is 2.6 billion cubic feet of fiber consumption annually! Where will that wood come from if not Montana? Sure we grow a lot of trees in the US, but we also import more than 30% of our wood from outside of the US! We know we manage our forests right in Montana, and the US in general, under a variety of laws, regulations, best management practices and certifications. What do we know about where that other 30% is coming from?

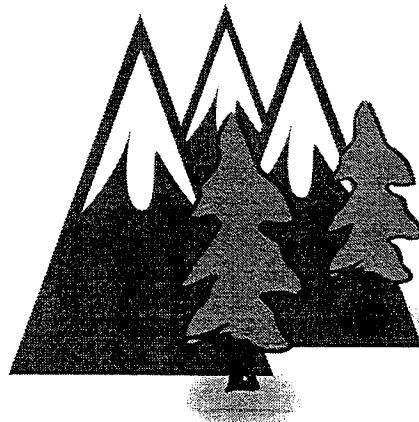
It is a no brainer that we need to do more in managing our public lands. The smoke in the air every summer is just proof that Mother Nature is glad to take care of this "tree growing" problem for us. Just take a trip down to Spotted Bear and drive up to Meadow Creek Gorge to see Mother Nature's handiwork! It is effective and natural, no doubt.

Sadly, we just recently learned of another small sawmill closing in Idaho. Certainly not because its employees did not try hard enough or owners invest enough, but simply due to intense competition for logs that were unnecessarily scarce. This in an area where over 50,000 acres burned last summer with embers starting fires in the log yard of the mill. No, there was no shortage of trees.

The Flathead National Forest has released its environmental analysis on the Forest Plan Revision. It is over 2200 pages long. I for one will read it. And write comments, and attend meetings, and talk to you all about it trying to get you to put your two cents in.

Why? Not because Stoltze needs logs (we do!) but because WE care about our National Forests and how they are taken care of. I love living in Montana first and foremost because of our forests, mountains, trout streams and communities. Along with that comes the challenge and reward of finding the balance between protecting the ecological functions of the landscape and meeting the demands of society. I am not alone, so let's work together to that end.

And finally.....the good news is.....the trees are still growing!



Paul McKenzie  
Resource Manager

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### Editorial

As Kris alluded to in her commentary, Dean Sturz our friend and longtime Sales Manager until last July, passed away in May after a four year battle with brain cancer. A celebration of life was held for Dean here at the office and was attended by all of Dean's family, many friends and co-workers and some of the many lumber traders he worked with who could attend. We wish Connie, his wife, and the rest of his family peace of mind knowing that Dean is in a better place and that above all, he was a good man.

The inevitable and the incredible have occurred since our last publication. Hillary Clinton and Donald Trump are the presumptive nominees for President from each party. You can probably figure out which one is which. I think that the ascendancy of these two individuals is a sad commentary on the state of our society and our nation.

Summer is upon us. For the next several months we will have to adjust to the influx of tourists on the roads, in town, at the supermarket and just about everywhere else. It is good to see that Columbia Falls is upping their game in the tourist arena. The new brewpub and motel will hopefully siphon off some of the tourist flow to Whitefish. Wishful thinking on my part. ☺



Jeff Clausen  
Editor