

# Trumbull Creek Times

"Summer Edition"

F.H. STOLTZE LAND & LUMBER CO.

## Manager's Message

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Unprecedented times:

I've often said in these newsletters, the only thing we can count on in our industry is change. For the first time that I can remember, you can't go a day without hearing about the cost of lumber in the major news media.

Why has lumber nearly tripled in value in the last ten months? There are some great analyses out there that pick apart how COVID-19, labor constraints, log constraints, monetary and fiscal policy all played a part in brewing the perfect storm resulting in the record high lumber values, so I won't get into those details here.

As an industry, we are doing everything in our power to increase production to meet the current level of demand. I do have to chuckle at groups like the National Association of Home Builders, who seem to think there is a magical switch somewhere that can be flipped to add lumber into the market. I mean, really, what company would be holding back production when we have lumber values like we do?

Production in the inland region of the NW is up about 10% over last year. Lack of availability of extra logs and employees, coupled with decades of deferred investment in upgrades and improvements, constrain our ability to quickly ramp up production. All the years of our telling you that lack of certainty in log supply is holding our industry back from making the needed investments in our future has proven true.

The same can't be said for the South Eastern part of our country where over two billion board feet of new and expanded lumber production capacity is under construction. They have abundant, available, affordable and fast-growing trees, what more is there to say?

Many of you know this, but a company like Stoltze does not set the price of its lumber. As a commodity product, the aggregate market demand and supply determines the product value. I can tell you with certainty, Montana lumber producers are not price setters, we are followers. This is true, both in rising and falling markets. We get to hang on and deal with the consequences the best we can.

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**F.H. Stoltze Land & Lumber Co.**  
Lumber Manufacturers

P.O. Box 1429  
Columbia Falls, MT 59912  
Phone: 406-892-7000  
Fax: 406-892-1612  
info@stoltzelumber.com  
www.stoltzelumber.com



## Manager's Message

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This market is providing an opportunity for Stoltze and we are all working hard to use it to our best long-term advantage. Catching up on maintenance, investing in technology, and equipment and making plans for the future is where our focus lies. Ensuring we continue to efficiently produce a high-quality product that meets the expectations of our customers is every bit as important in strong markets as it is in weak. We value our relationships with long-term customers and look forward to maintaining them into the future.

Lastly, I want to thank all of our employees over the last year. You have done a yeoman's job of persevering through the COVID crisis, truly proving we are a "critical infrastructure industry." Your continued dedication to safety, efficiency and production is greatly appreciated. The improvements you see around the mill are an investment in your future as we work to meet the challenges of today and tomorrow.

All I can say is "Hang On" the next change is coming.... we just don't know what or when.

Paul McKenzie  
Vice President - General Manager



## Forester Ramblings



It's hard to believe that it's already been six months since the last edition of the Trumbull Creek Times! I'm not sure about all of you but time seems to have flown by... is it the challenge of taking on a new position within the company, the lifting of pandemic restrictions, or the booming lumber market? Likely, each of these major themes of 2021 has contributed to how fast time seems to have gone by.

In the last six months we have seen major changes in the Resource Department. We have recently hired a new company crew Foreman, Tim James. Tim comes to us with years of experience working on our company lands and applying and implementing the Stoltze Stewardship Forestry Principles to our properties while working for various contractors. Tim is a Kalispell native and has a good solid working relationship with many of our current contractors. We are glad to have Tim on our team and look forward to seeing his expertise put to work in the woods, providing quality leadership for our crew, and producing logs for the mill!

We have also hired a new Forester. Mike Cotton has been with the company for three years now. Mike started as a seasonal Forest Technician and then last year advanced to a full-time Forest Technician. Our team is very happy to have Mike stepping up and taking on the Forester position. Right now, Mike is pulling double shifts as he is still performing Forest Technician duties while transitioning and training into the Forester position. We expect to have Mike up to full speed and in full Forester mode by August 1st.

Mike is a Columbia Falls native with a background in Natural Resources and Recreation Management. I believe Mike's experience of recreation management, professional guide experience, and work history with Stoltze will make him a great fit in becoming a company lands Forester. Mike will be responsible for our Whitefish area properties, which see a lot of multiple use. Good luck, Mike!

It seems like during spring break up things should slow down a bit, but somebody didn't get that message because this spring seemed busier than ever. Between trainings for continued education, training for safety and fire certifications, and contractor meetings, it seemed as though there was always something going on.

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# Forester Ramblings



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This year we were luckily able to have in-person contractor meetings. Last year, due to Covid, we forewent a contractor meeting for everyone's health and well-being. This year we took a step back to normalcy and had two meetings, one for Logging Contractors and a second for Trucking Contractors. These meetings were shorter than our normal spring meeting and more direct in their approach to each audience. It seemed the information and format of each meeting was well received based on feedback. I look forward to seeing you all out in the woods soon!

I can't say enough of how thankful I and the whole Resource Team are at Stoltze to be able to work with such professional contractors. When we entered 2021, we had just over 5.5MMBF in the yard. In ten weeks, our crews and team were able to double that! We went into breakup March 12th with 11.1 MMBF in the yard! Kudos to all your hard work.

This is a great segue into giving a shout out to our Log Yard employees. Our guys dealt with major equipment issues and still managed to handle deliveries averaging 60 loads/day. We had two days with 81 loads each! That's the highest number of loads ever delivered in one day for Stoltze- good job guys. As I write this, our log yard is right at 4MMBF and spring rains are in full swing. I am crossing my fingers for some mild weather; not too hot, not too wet. Enough rain to keep the fire season at bay but not enough that will hinder our log deliveries. That seems to be a lot to ask.

Before breakup I said we would be lucky to end with 10 MMBF in the yard, it seems like since we got 11 MMBF the mill guys cranked up production even more! I will say that mill consumption is a definite stressor as a Resource Manager. As the guy in charge of ensuring the raw fiber supply for our mill, I can tell you as the log yard dwindles and the rain continues, sleep lessens!

Don't get me wrong- I'm not complaining, it's a great problem to have with our current markets. I'm glad our contractors and partners produced and delivered enough that our mill can continue to run as much as possible. Thank you again!

The strong lumber markets are now being projected to last into the 3rd and 4th quarters of 2021. This means the sawmill will continue to run two shifts. To keep up with mill demand we are going to be relying on the efficiency of all our contractors, partners, and company crew to keep the logs flowing and building inventory as we transition towards the dry fire season. I have seen a lot of contractors purchasing new equipment in 2021. This is very exciting! This is a great time to be making investments in our infrastructure. We hope these investments will help our contractors produce more, have less downtime, heighten morale, and lower their operational costs. Throughout 2021, Stoltze has been actively making strategic investments in our mill and equipment so we can run more efficiently when margins become more normal.

I'm getting pretty long winded on a Friday, so I will end this article by saying this; even though some faces have changed within our resource department, I have complete confidence in our new team. I think we have the right people in the right places for our company's success. I'm sure 2021 will prove to be a roller coaster ride, so hold on tight and have a successful, safe, and productive season!

I look forward to visiting you all on-site and in the woods throughout the year...that is if they ever let me out of this office!



Cameron Wohlschlegel  
Lands & Resource Manager





# News From the *Plant*



# "FILL THE TILL!" *News from the Sales Office*



What a year 2020 turned out to be, crazy on so many different fronts. From navigating Covid, to record high lumber markets and exorbitant housing prices, to lack of housing, and lack of available workforce. It was so refreshing to have the peace of mind, knowing that our industry was considered essential and that we were able to continue to produce our products. Our people stepped up to the challenge and produced at a record level. 2021 has started out much of the same way, and our employees are stepping up to meet the challenges set in front of us. A huge "Thank You" to everyone here at Stoltze.

Some projects that are on slate for 2021 is the installation of an auto-grader at the planer and giving our Yates Planer an overhaul. This will allow us to increase production throughout. We will also be replacing the heads of the planer to produce a better finish on the lumber, replacing the trailer loader in the log yard, rebuilding the walls on Dry Kiln #1, and working on small but important items in the sawmill. These projects are long overdue; and it's very exciting to be able to reinvest into our future. Increasing speeds, reducing downtime, improving our efficiencies, increasing our safety awareness, and improving our safety program are all crucial in making us a better company that can stay competitive long into the future. By tackling and accomplishing these items, this will give Stoltze the means to reinvest in our company and our future for years to come.

The only way we can accomplish these tasks and goals is by working together as a team; our employees here at F.H. Stoltze Land and Lumber Company are second to none. We all must work and come together as one unit, one team, one company; put our heads together and fix problems, fix issues, and look at ways to become more efficient and safer. There is not a doubt in my mind that we can accomplish any of these issues. We can't be afraid to speak up and talk about a safety concern, a maintenance issue, a downtime area, a better way to run a specific machine or species, or even speak up and say thank you or good job.

Here we are again, five months into another year. WOW!

The wild ride that started a year ago in April is still going. Who would have thought that it would have been possible?

Every day I talk with lumber traders who do not know how to approach the current market. Some tend to be cautious and skeptical. They do not want to speculate and will not buy without getting a commitment. I try to let them know that the phone does not quit ringing while they are trying to make up their minds. I have other buyers that buy because they have been told by their customers that they cannot afford to run out of wood, no matter what.

I also get questions about mills holding wood. We are doing everything here we possibly can to try and help out our long-term, steady customers. Some of the runs we have made have not always been in the best interest of the mill, but they have helped keep our customers supplied with wood. Why would any mill or sales manager hold product when prices were at unprecedented record highs?

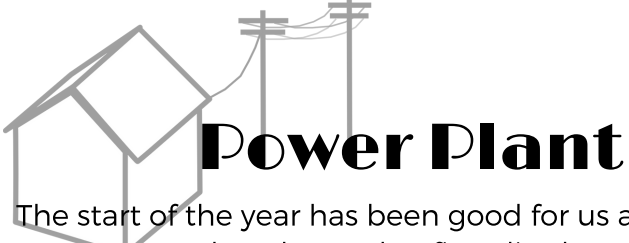
While prices are continuing in record territory, I am often asked "Will the price of lumber go down?" I have read numerous articles from different forecasters, and they all say yes. Once you answer yes, the next question is- how much? The answer to that one is- supply and demand will determine the price. The next big question, however, is when will they drop? The answer to that is when supply exceeds demand... I do not know when that will happen.

Momentum has slowed in the last two weeks as traders are concerned about downside risk. One customer said, "It is just exhausting" and he was taking a few days off just so he would be able come back swinging.

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# Power Plant

The start of the year has been good for us at the Cogen. We managed to keep the fires lit through the cold spell in February. We also survived low fuel inventories in February. When it gets subzero cold most things outside come to a stop. We have to keep running to not let the plant freeze up!

During the spring shut down we had to replace the insulation on the south boiler wall. This project was scheduled for six days and we had completed it in just four. We went with a new and improved design that should last us many years! While down, we did cleanings and inspections. The water side of the boiler and Deaerator feed tank shows great passivation, no scale build up, and in some places you can still read the mill markings on the steel from when it was made. The refractory in the cell is still looking pretty good. Wellons folks said that cell refractory usually last about five to eight years. Stoltze boiler is now on its eighth full year of production. The turbine and generator now have over 60,000 hours on them. Since start up about eight and a half years ago, the generator has produced over 160,000 MW/HRs. As with any piece of equipment that runs 24/7/350, maintenance is required. In the spring of 2022, we are planning a major overhaul on the generator. It will be stripped down, cleaned, inspected, tested and brought back online. The turbine was overhauled in 2019.

With the support of the management team, and the dedication and hard work of the crews, we can achieve anything. I look forward to the future of the Cogen, and the challenges it will bring.

Lee Starkel  
Power Plant Manager

As Montana's exposure and infection rates from COVID-19 continue to decline, largely due to vaccines being readily available to all residents as of April 01, 2021, we start to return to our normal lives in business and at home. I'd like to take this opportunity to acknowledge and thank our employees for their personal diligence about their own health and safety during these trying times.

We also have had a lot of staff changes over the last year and into this new year with long term employees entering retirement. We send a big congratulations to our most current and prior retiree's of 2020 & 2021. Their years of service and dedication to Stoltze speaks volumes about the company and its employees. To have so many long-term employees that have been with Stoltze for the long haul, now entering into the next chapter of their lives in retirement is a milestone to be proud of. Thank you!

### 2020 Retirees

- David Buckallew- 32 years of service
- Terry Buck- 43 years of service
- Chuck Roady- 17 years of service

### 2021 Current Retirees

- David Weyrauch- 35 years of service
- Dean Peterson- 45 years of service
- Jim Thorpe- 27 years of service

Leah Michael  
Personnel Manager





# News From the Plant

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We all need to speak up and have that conversation on how to tackle these things. Having said that, we also need to be good listeners and listen to different ideas and thoughts. We will accomplish anything that is in our way, as long as we come together and work together as a team. Period. It's as simple as that!

I know normally I talk about the projects that we have done, or projects that are coming up. Believe me, I enjoy talking and sharing about them as well. But after these first six months of 2021, seeing the revolving door of people coming and going from here, I decided to take a different approach. We can do all the projects we want, and we can break production records, but we can't do these things without people. People like those we have here working at Stoltze. It's the employee that works the extra production hours, the employee that works extra on repairing a machine so that we don't have downtime, the employee that picks up some stickers or clubs so that they don't become damaged, the employee that sweeps up a pile so that a machine can get worked on. Each and every one of us here has a place, does a job, or performs a task that is essential to the longevity of this great company. Our employees are our biggest asset, and I thank each and every one of you for what you do, what you bring, and what you mean to Stoltze. Thank You!

We will keep moving forward, keep plugging away, and take one day at a time. Remember tomorrow is never promised. Keep the attitude positive, you, and only you, can control your outlook on what lies ahead. Work safe, play safe, hug your loved ones a little tighter, and smile a little longer. Let's make the second half of 2021 just as good as the first half! Thank you again for all your hard work and dedication!

Trevor Kjensrud  
Plant Manager



# "FILL THE TILL!" News from the Sales Office



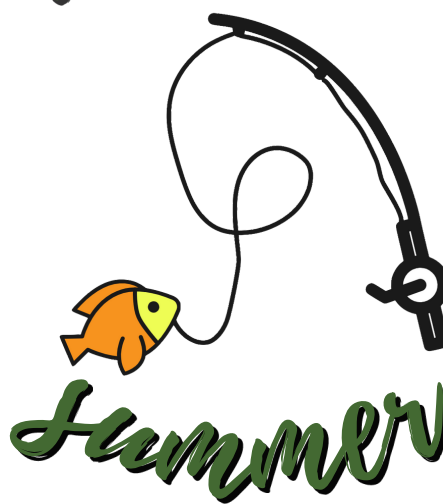
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I do know that, here at Stoltze Lumber, we are doing everything we possibly can to capture as much of the current market as possible.

I would be remiss in my duties if I did not take a minute to thank Dean Peterson for a job well done. He is retiring after 45 years. Dean was hand loading boxcars when he first started at Stoltze and finished his time here as our lead shipping forklift operator. Thanks Dean, I wish you well.

Kris Page  
Sales Manager

Have a safe  
and fun





Editorial

As everybody has eluded to in their articles, this has been a year for the records. Soaring lumber prices, increasing log prices, low unemployment rates, increasing home prices, inflation on the rise- it seems everything is reaching new extremes. I am curious to see if, or how long, this trend will continue. What goes up must come down.

I keep hearing people mention that we are in another housing bubble in the Valley that is going to eventually pop, but I also hear about people moving here and paying cash for houses. If they are paying cash, is there really a bubble to pop? Of course, not everyone is paying cash. I just don't see it, but again it is hard to find and obtain good reliable information. It is bittersweet to see my house value increase, knowing that I am in turn going to have to pay more in taxes- every year. One thing is for sure, that the rising home prices around the Valley are sure to increase property taxes, cost of living and make it harder and harder to find people that can afford to live here.

Summer is here and with that and the re-opening of everything post-Covid..., I am curious to see how the summer pans out. There already seems to be an influx of traffic hitting the road, campsites are becoming unavailable for the entire summer, park passes are extremely hard to come by. I think the tourist season may also be one for the records as people try and make up for lost time.

Josef Kuchera  
Editor





F.H. STOLTZE LAND & LUMBER CO.

*Lumber Manufacturers*

P.O. Box 1429 Columbia Falls, MT 59912