

Trumbull Creek Times

"Summer Edition"

F.H. STOLTZE LAND & LUMBER CO.

Manager's Message

Some of you probably remember back in the height of the 1990's Timber Wars that the forest products industry tried to make the point on the value of "timber dollars" in our economy by paying invoices and workers with \$2 bills. It was an exercise to demonstrate the pervasiveness of basic industries in supporting rural America and our nation as a whole. It was eye-opening and effective. I still have one of those \$2 bills floating around in the bottom of my sock drawer.

The \$2 bill of today for forest management may very well be wildfire smoke. Smoke in places like Washington DC and New York City is a reminder of some basic facts that few folks in this nation spend even a minute to think about. Those darned trees keep growing! No tree lives forever. In order to make room for the next generation it must be cut and removed, die and fall down from natural causes to rot or burn. Wildfire smoke is a reminder of the immutable force of this natural cycle.

There is a labor crisis brewing in the USA. The debate as to why is ongoing, but workforce participation is certainly an issue. We are at the lowest participation rate since the 1970s and down over 4% since the early 2000s. That equates to roughly eight million fewer people in the workforce of the USA! To bring that closer to home, in Montana, that number would equate to roughly 24,000 fewer workers today than in 2003. No wonder all we see are help wanted signs...

As a society, I believe a discussion of the concept of "Nobility of Work" is in order. This concept examines the basic premise that there is a direct connection between labor (physical and/or mental) and not only financial gain, but also in meeting the more primal human need to support feelings of dignity, self-worth, personal value, and accomplishment. It exemplifies the very basis of the "effort-reward cycle" that has been the driver of society forever.

Finding a sense of purpose within the forest industry is easy. The whole picture, from planting a tree, to tending a forest, to harvesting, manufacturing, and use of durable wood products is a compelling story. Now, throw in the protection of wildlife habitat, clean air, and clean water, while sequestering carbon, reducing wildfire risk and you get a paycheck too? It is a noble work that we are proud to participate in.

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Manager's Message

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The \$2 billion exercise of the 1990s certainly demonstrated the economic value of our work, but that alone was not enough to resolve the debate over public land management. Now, nearly 30 years later the “rest of the story” is playing out. Nature progresses and smoke is the indicator. We are so lucky in Montana to still have an integrated forest management infrastructure that provides options for forest management. But don't take that for granted.

Imagine if each of us told the story of the nobility of what we do when people start talking about the wildfire smoke. Tell the story not only of the environmental benefits of active forest management but at the same time integrate the story of how your employment helps you grow a family and support your community. I often hear that the “industry” is horrible about telling our story. We are. But at the same time, who would believe it coming from “the industry” anyway. It is up to each of us as individuals to tout the nobility of our work. Share your experiences with friends and neighbors and most importantly talk to your family and children about WHY you do what you do.

Maybe I am one of the rare lucky ones who gets two paychecks at the end of the day. One that I pay the bills with, and the other that feeds a sense of accomplishment and dignity of a job well done. It is a truly noble business we work in. Take pride in what you do and share it with others. Healthy Forests, Healthy Families, Healthy Communities, it makes a great bumper sticker, but an even better conversation.

As always, thanks for all you do, and the good news is...the trees are still growing.

Paul McKenzie
Vice President – General Manager

PS.

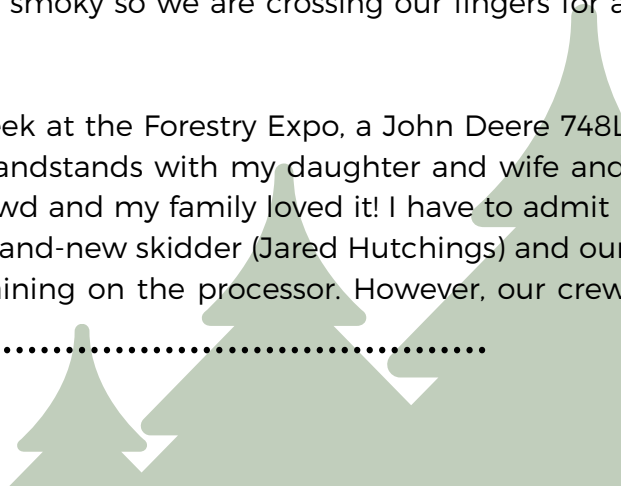
I can't end this note without at least addressing this lumber market. It STINKS!! It is like the old joke that says never leave your car windows down in August because your back seat will be stuffed full of zucchini when you return, now it might be stuffed full of lumber!

Forester Ramblings

What a great winter we had for logging! Not too cold, not too snowy. The favorable conditions allowed us to have over 12 million board feet of logs in the log yard at our high point in March! Thank you to all of our contractors who worked so hard building roads, turning trees into logs, and trucking to get us this material. However, spring has finally come to NW Montana. With spring comes new life and new projects. Just this week (3rd week of May), our Foresters have overseen the planting of 80,000 seedlings on our property. Planting occurred in fresh 2022 logging units and also other areas that haven't met our regeneration goals per our objectives and Tree Farm Management Plan. It's hot and smoky so we are crossing our fingers for a nice heavy rain, soon!

Our company logging crew debuted our new investment last week at the Forestry Expo, a John Deere 748L Grapple. It was a giant hit! I had the opportunity to sit in the grandstands with my daughter and wife and finally watch a show on Saturday. Our guys did great and the crowd and my family loved it! I have to admit I think we all were a bit nervous; we have a new operator on our brand-new skidder (Jared Hutchings) and our former skidder operator (Weston Turner) is now learning and training on the processor. However, our crew didn't skip a beat.

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News From the Plant

2023 is here and it's hard to believe it's already half over. It's just crazy how fast the past six months have gone. Not only have these last few months flown by but it also has brought a lot of challenges and changes. In the past couple of years, we've seen unbelievably higher-than-average lumber prices, a lack of housing, and the struggle to find employees. These types of markets have allowed us to make investments in our facilities, rolling stock, and our employees. By not doing what we have done over the last couple of years, we would be struggling more than we are now to find good employees and would be becoming more frustrated with outdated equipment. It's hard to predict how long the current market slowdown will last; seems pretty typical though, we go through a couple of really good years, followed by a year or so of not-so-good years. We will make it through this because of the employees that we have and their dedication to the company.

At the last employee appreciation luncheon, we celebrated some of the employees that have been with the company for over 30 years; Cory Hoerner (30), Rocky Street (31), Jerry Lentz (33), Jeff Baiar (35), and Bill Wagner Jr. (38). Truly amazing! Thank you again for your commitment to Stoltze! So, over the last six months, we have celebrated nine employees with over 30 years of dedication to this company, with Skip Zeiler having the most with over 50 years. Truly an accomplishment, thank you! There is a group of employees coming up with over 20 years of commitment and dedication to Stoltze; again another achievement that will not go unnoticed! These employees are Chet Lamb (22), Brian Flanigan (25), Bernard Gnam (27), Bill Armstrong (28), Jeremy Williams (29), Jo Alene Henley (29), and Ken Rufenach (29), thank you all!

With the slower tighter market upon us, we still want to look at ways to become more efficient, improve our quality, study areas to decrease downtime, and make sure we all are looking at safety concerns. Please look around at these different areas. Talk and say something to a millwright or supervisor, communicate with them about what you are seeing or ways to become more efficient. We all have to do this to compete in today's markets. If we don't, it will be a struggle moving forward. We have quite a few employees with several years of experience, they have seen a lot of things go well and not so well. Talk with them, especially if you see or have an idea about making something better. Don't let their knowledge go unused! More than ever, we all need to come together, work together, and communicate so that we can stay strong now and in the future. If we do this, there isn't a doubt in my mind that Stoltze will be here for another 110 years.

The second half of 2023, unfortunately, will go by just as fast as the first half, I'm sorry to say. The last six months of this year will be bringing some changes, both known and unknown. The unknown is whether the market will pick back up, all indicators say it will to some level. Also, will the weather cooperate and not kick us out of the woods because of dry hot weather? The known is that we will be losing some long-term employees, unfortunately, to retirement. They say they are riding off into the sunset at some point this second half. The first leaving us is Shaun Wilcomb at the end of June, Jo Alene Henley and Will Wood sometime towards the end of the year, and Kris Page will be leaving us at the end of the year. One thing I do know is that Shaun said he would come back and saw or drive water truck if needed and also volunteered Kris to come back and drive forklift and/or whack some weeds. Thank you all for your commitment, and for what you brought and mean to F.H. Stoltze Land and Lumber Co.

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 **Forester Ramblings** 

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If you didn't know any better you would think these guys had been logging their whole life. With such a good presentation for the company and our industry, the company crew has earned their right to get back to logging and out of the shop. They are now moving back out to the woods this next week onto some company lands to take it slow and to train "the new guys" on some nice moderate ground and get some fresh DF logs into the mill. Kudos to Tim James, our Logging Foreman, and John Wright for helping get these guys up to speed!

On the Rotochopper side of things (horizontal grinder), our new operator Olan Anderson has been diligently working to keep the machine up and going. We have had a tough couple of months with this machine having breakdowns and Olan has stayed engaged, positive, and jumped in feet first to help diagnose, mechanic, and work out of cell range to keep this machine turning logging slash into green energy. So far this year we have ground and trucked over 2,000 tons of formerly wood waste into renewable energy at our Cogeneration Plant. The steam created from burning these residuals has dried our lumber, heated the sawmill, and put enough energy on the grid to help power 2,500 homes!

I just mentioned trucking so this is where I should give a big shout out to James Frankhouser. James started driving for us last year and has been a great addition to our team. From helping haul material from the Rotochopper to hauling our Western Red Cedar Logs to RBM and helping mechanic on various equipment; and even cleaning up metal logs, James has a knack for staying busy and useful wherever we need him most.

At almost halfway through the year I should probably mention what our outlook is for the remainder of 2023. All of us in the sawmill business have been waiting for the sales bump that generally occurs in April with the onset of spring and construction season. However, we are still waiting for it...

For the Resource Department, this year will not be characterized by how many logs we get into the Log Yard. Instead, the focus will be on catching up on post-harvest work, pushing ahead with a lot more road construction, and trying to balance contractor production and sawmill needs. We entered into break up season with a good heavy log yard and have come out with more logs than anticipated. This will be a great year to catch up on some of the items we don't always think about like the post and pre timber harvest work that play a huge part in what is forest management.

My message to all the contractors for 2023 would be to remain positive, diligent, and diversified. There is a tremendous amount of forest management work we have under contract that needs attention. Having the ability to harvest timber is just one facet of overall forest management. Being flexible to logging production needs and other forest management work will ensure a positive future for not only our businesses but also our forests where we live, work, and play.

Thanks to everyone for their hard work so far this year.

Cameron Wohlschlegel
Lands & Resource Manager





"FILL THE TILL!"

News from the
Sales Office



2023 has been a whirlwind of a hiring market for Stoltze. Today's hiring market is vastly different than just a short two (2) years ago. Instead of focusing on the dynamics of finding and retaining employees in the current workforce, I would like to recognize our long-term employees that have been with Stoltze for twenty (20) plus years of employment. Thank you for the dedication and knowledge that you have brought to all employees here at Stoltze.

- Phillip "Skip" Zeiler 50 years
- Shaun Wilcomb 47 years
- William Wood - 46 Years
- Scott Daumiller - 45 Years
- Kris Page - 45 Years
- Gary Wood - 43 years
- Allen Wagner Jr. - 38 years
- Jeff Baiar - 34 years
- Gerald "Gerry" Lentz - 32 years
- Rocky Street - 31 years
- Travis Draband - 30 years
- Trevor Kjensrud - 29 years
- Cory Hoerner - 29 years
- Kenneth Rufenach - 29 years
- Jo Alene Henley - 29 years
- Jeremy Williams - 28 years
- William Armstrong - 27 years
- Bernard Gnam - 26 years
- Willard "Brad" James 25 years
- Brian Flanigan - 25 years
- Chester "Chet" Lamb - 21 years
- Paul McKenzie - 20 years

Leah Michael
Personnel Manager

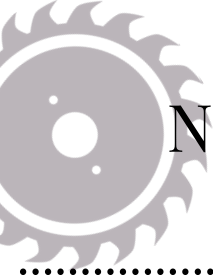
Well, summer has finally arrived and that means good times and easy living. Unfortunately, that is not how the current lumber market is. The best way to describe the current market is stagnant. Pricing is down 60 to 70 percent from their peak two years ago in 2021. Even though prices have dropped and stabilized, no one is buying. The only sales we have are for wood that is needed immediately. With current interest rates and slow housing starts no one is willing to buy on speculation or accumulate large inventories of wood.

In all of my years at Stoltze this is one of the toughest markets I have ever seen. We are facing stiff competition from Canadian wood, European wood, and Southern Yellow pine. There was a time when you could expect a certain amount of loyalty between long time customers and the mill but now customers are looking for the lowest price possible no matter where the wood comes from. With low priced lumber coming out of Canada from their subsidized lumber market and the low price of Southern yellow pine it has been tough to compete at a price level that is still beneficial to Stoltze. In the last six months, I have heard more about European spruce than I would ever have thought possible. How can they ship across the ocean and sell for less?

I just returned from doing a bunch of customer visits and a couple of mill tours. It is always good for me to put a face with the voice I hear on the other end of the phone. I heard the same story from our customers about the market conditions that we are experiencing. Buyers are tentative and very cautious.

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News From the **Plant**

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We will keep moving forward, keep plugging away, and take every day as it comes. 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 finish 2023 together and strong!!

Trevor Kjensrud
Plant Manager

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



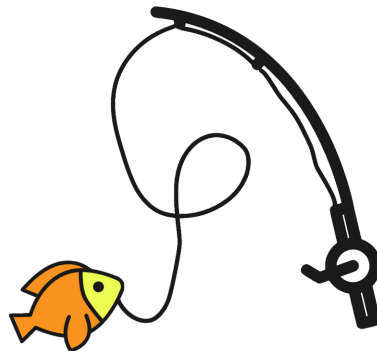
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In addition to learning about how they are dealing with current market conditions, I came away from the mill tours with some ideas that we could implement here at Stoltze that would help us be more competitive, especially in a tough market.

Every day I re-evaluate my plan to retire at the end of the year and I ask myself why I didn't decide to retire sooner. I knew that the market would return to a pre-covid normal and that it would be challenging, and it is! However, for those of you that know me, you know I am not one to run from a challenge. The visits with our customers and the new ideas I came away with have encouraged me to continue to run the race and finish strong.

Kris Page
Sales Manager

*Have a safe
and fun*



Summer





If you are starting with this article, you will hear some talk of challenges, changes, lack of shipments, and down markets throughout this newsletter. Or, if you are ending with this article, you will have already heard about these challenges. Just remember, as you reflect on these articles and messages that have been written, to stay positive. We have been through down markets, up markets, and stagnant markets before, and we will make it through this one as well.

Summertime is upon us again. I find myself getting ready for the warm activities. The boat has been ready since spring, but I haven't found the time to get it out but once so far this year. We have decided to redo the deck on our house, so my evenings and weekends have been pretty tied up. The deck, along with soccer, seems to take up a lot of my summertime. One thing we started setting up last year was an above-ground pool that my kids saved up to purchase. I made them a deal that if they saved up and bought the pool, I would take care of the installation. Wow-I didn't know what I was getting in for. The ground, which we thought was level enough for a pool, was off a few inches. No big deal, right? Wrong, the kids bought a big pool and I found through some research that a couple of inches off of a pool that can hold 8,000 gallons of water is a bad idea as it can burst out the side and cause significant damage or injuries. So off to the tool rental store to purchase a sod cutter. I spent a couple of days, after removing the sod, getting sand, and leveling a base for the pool. We put down a large tarp to protect our hard work and proceeded to set the pool up. After a summer of fun, we had to take it down. This seemed like it would be the easy part. Ha. Trying to drain 8,000 gallons of water and store a pool for reuse next year seemed to be the next challenge. Every time I got it close to being empty it would rain again. We eventually got it all taken care of, but where I am going with this story is that we spent the extra time to plan, prepare and build a good solid foundation for our project. We didn't rush it. I find Stoltze to be the same. We have a good solid foundation that this company was built on and has relied on allowing us to be in business for over 110 years and have employees that have been with us for 20, 30, 40, and even 50 years. This foundation is what gets us through the tough times and allows us to capture on the good times. This year I was dreading and procrastinating setting up the pool, but with the hard work we put in the previous year we had it out setup and filling with water within an hour. All of last year's hard work- taking our time, planning, preparing, and doing the project right has paid off. I hope our tear down and storage go as well as the setup.

Right after I wrote this our current property tax bills started coming out. After seeing them I probably should have written about that...

I hope everyone has a wonderful summer!

Josef Kuchera
Office Manager/Editor



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