

Trumbull Creek Times

"Summer Edition"

F.H. STOLTZE LAND & LUMBER CO.

Manager's Message

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One of the greatest challenges of our industry is to remain RELEVANT. How do we make the issues of forest management and the benefits of our industry relevant to our economy, our communities, and the general public? In reality, the public only wants to hear about 3% of what we want to say about forestry. The focus on climate change and carbon seem to eclipse nearly all other factors in policy and decision making of this administration. Wildfire is a threat all over the west at a level that no one escapes. This is a great opportunity for the forest products industry, but only if we are successful at capturing it.

As with most issues, the solution is complex and lies somewhere in the middle between two extremes. The National Alliance of Forest Landowners has a saying: **Trees + Wood = Mitigation at Scale**. It is a fact that solid wood products contain nearly 50% carbon by weight. It is also well documented that healthy, fast-growing trees pull more CO2 out of our atmosphere. Managed forests are more resilient to wildfire while providing our firefighters with a greater opportunity to control and contain a blaze under 98% of fire conditions. Once again, trees, or more specifically, healthy forests, seem to be the answer.

Telling folks about the good, family wage jobs at Stoltze is not the compelling story it once was in the Flathead Valley where median home prices have now jumped to over \$500,000. The phenomenon of decoupling an employee's earning power from their location is something our country has never faced before at this scale and is extremely challenging in rural communities such as the Flathead Valley.

We don't have the answer to that conundrum yet but believe the steadfastness of our company has value to our employees and partners that endures through the various trends in our national economy. With looming indicators of an economic correction, Stoltze intends to hang tight to our core values and lessons learned over 110 years of change.

We recently restated our company mission statement:

Dedicated to the stewardship of Montana's forests, F.H. Stoltze Land & Lumber Co. continually strives to be a reliable, quality-driven producer of wood products and renewable energy while creating long-term value for our company and community and improving resources for future generations.

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Manager's Message

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There is nothing new in this mission statement, but as managers, we knew it was important to recommit to the core values and ensure the mission encompassed the entirety of the Stoltze operations. Key concepts such as stewardship, reliability, quality, long-term value, and making improvements that will benefit future generations have served us well and will do so into the future.

The challenges we face change every day, however, when the decisions and strategies formed are based on these core values, our chance of success increases. We focus on the forests, our employees, and our community and make decisions that work in that context. We continue to strive to build the value that Montana wood deserves, and, I might say, needs.

We don't know what tomorrow brings, other than it will be different from yesterday. Our country faces challenges on a scale not seen in decades. However, I am confident that our employees and partners will adjust and adapt as we have before. The commitment we all have to ensure the benefits this industry provides to our families, communities, and landscapes persists and is strong. Stoltze bends with the winds, but due to a strong root system, keeps making steady progress...

The good news is....the trees are still growing!

Paul McKenzie
Vice President – General Manager

Forester Ramblings

Since our last update, the Resource Department hit a high point of 10.5 million board feet of logs in the Log Yard on March 1st, 2022. Last year we had 11.1 MMBF on March 10th. For 2022, the goal was 12.5 MMBF but mother nature seemed to have her mind made up that she wouldn't make her mind up at all. January came with multiple subzero days too cold for machinery to work. February had over three 50-degree days which slowed skidding and made a lot of mud. Then, March brought bright sunshine and 60-degree days along with a load limit posting on the 6th. Then April came along, and it decided to get cold again, snow, and then rain and snow again!

We were excited for May to roll around so we could begin logging on the Dead Triangle Timber Sale purchased last year on the Kootenai National Forest as it allowed a start date of May 1st depending on soil conditions and spills out onto the highway- which isn't subject to load limits. Well, here we are on May 19th, and we just started clipping. The delay? Weather.... mother nature had decided to rain and snow some more in May. Why am I talking about the weather so much you might ask? Well, it directly influences our log supply and now that supply is getting really low. Low enough that I'm starting to lose sleep when I see more rain in the forecast, which will further delay deliveries!

However, in many aspects, the rain is not all bad. It's great for the 86,000 seedlings that were planted across our properties last week. Also, the increased moisture may delay or even reduce our wildfire risk and season which would be great. Though, I have been told by some gray-haired guys with a few more years under their belts that this is the typical Montana weather during a NORMAL spring break up. I suppose I've gotten used to the last few years which have been warmer and drier and have allowed for early start-ups.

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 **Forester Ramblings** 

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Some other news from the Resource Department, our company logging crew is back in the woods making logs on company lands up in the Patrick Creek area. Over winter our JD 2154 Dangle Head Processor Carrier got a new engine which seems to have fixed many of the issues we were having. Corey, our processor operator, did a great job processing logs into sorts by 2" size classes which the mill used to run and test the efficiency of machine centers. Thanks, Cory!

The Log Yard got a nice 2014 JD2154 log loader for feeding the mill. This year we are planning on hauling in more rock (as soon as it dries out) to continue to improve our yard conditions. Also in the Log Yard, our trailer loader installation was finally completed. It has a two-stage motor which is handy, for its speed and precision, in setting the trailer on the log trucks.

This year we will have two seasonal forest techs: Tom Whipple and Chelsie Kotlar. We are glad to have Tom back and Chelsie is our first ever woman to work in the forestry side of the Resource Department! We look forward to working with Chelsie and showing her the Stoltze Stewardship difference!

The Foresters are currently busy getting contractors up and going, some on private and some on company lands. We made a group decision this year to forgo the traditional startup of placing all our contractors on company lands. Our company lands are generally used to establish log flow before July 1, which is the magic date we are allowed to harvest on most of our USFS sales due to limited operating periods associated with Grizzly Bear recovery. We chose to limit company land harvest this year intentionally, in an effort to allow our lands to grow and save them for a time when we may need them. Instead, we elected to offer strong stumpage and purchase agreements to contractors and private timberland owners to try and attract more fiber from other sources.

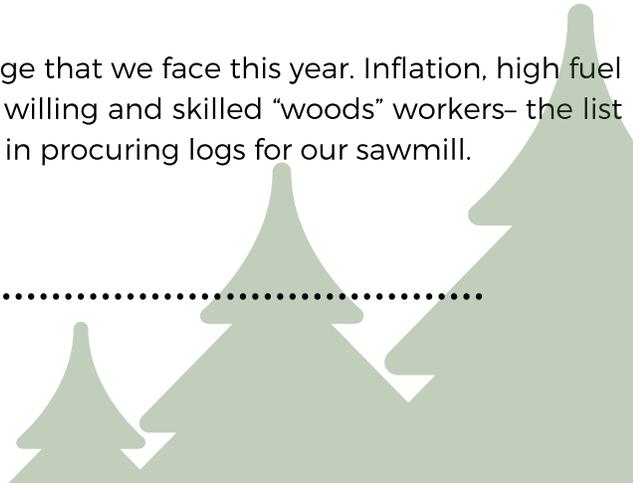
The Foresters are also busy planning road construction and executing post-harvest agency commitments like slashing, falling damaged residuals, and brush piling work. FS/DNRC/GNA accounted for about 68% of our delivered volume in 2021; that is a record number for Stoltze.

I should also mention that we were fortunate to purchase a Rotochopper B66 from Steve Marks late in 2021. This machine will help us grind our broken ends pile- turning log waste into chips for the Cogen to burn and convert into electricity. I am excited to work with Frank Liebig, our Grinder Operator, and to grow and learn the biomass side of our business.

Purchasing the grinder, we soon found out that we needed to have some control over the trucking end of the biomass when we move out to the woods. This led to the creation of a new position in the Resource Department- Truck Driver/Equipment Operator. We just filled this position by hiring Cody Congdon-Snyder. Cody is a local to Columbia Falls and is the Resource Department's swingman. He will be driving truck when needed and jumping in on the logging crew, log yard, or even the plant site to where he is needed most. We are excited to have Cody join our team.

Although I talked a lot about the weather it is not the only challenge that we face this year. Inflation, high fuel prices, continuing supply chain/parts problems, and a shortage of willing and skilled "woods" workers- the list goes on and on- all contribute to the increasing difficulty and cost in procuring logs for our sawmill.

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News From the *Plant*

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



It's hard to believe we are already halfway through 2022. It seems like just a couple of weeks ago that we were discussing ending 2021 on a positive note. Not a lot has changed over the last six months; as far as visible changes. We have, however, been discussing and working on making some more significant changes/improvements in the Planer. These last six months of 2022 will be a whirlwind of changes and improvements, which will enable us to run more efficiently in this ever-changing market. We will also see some improvements/upgrades in the Sawmill, which will help us not only stay on top of our computer systems but also some of our machine centers.

Currently, in the Planer, we are working with Columbia Construction, USNR, and Lucidyne on improving our lug fill percentage, trimming abilities, and the ticketing/inventory system. Columbia Construction is helping us to replace and install new lug chains from the Trimmer through the Sorter. These sections of chains are in dire need of replacing, but we aren't just replacing these chains. We are also shortening up the lug spaces in each of these sections, resulting in more lug spaces, which will allow the opportunity to run slower while filling a higher percentage of lugs. We did this same thing in the Sawmill several years ago and its paid dividends ever since.

By increasing the number of lug spaces, we will need a more reliable lug loader and fencing system. We have decided to install a new loader and fence, designed by USNR. It is a tong dog lug loader, similar to the one in the Sawmill, and also a multi-track fence, identical to the fencing system in the Sawmill. The lug loader will allow us to fill more lugs consistently and the fencing system will allow us to make better decisions in our lengths maximizing lumber value. We are also going to be finishing up the upgrade to the hydraulic system for the Yates Planer. This upgrade will give us the ability to increase and/or decrease feed speeds through the Planer, which, in turn, will allow for better efficiency.

During the last six months there has been a lot of talk about the "new normal." I wish that the new normal would settle down a bit. The new normal is that nothing stays the same.

It was about this time last year when lumber prices peaked at highs that were unheard of, they stayed that way for a short time and then dropped to lows of 2019. We are seeing the same thing happen now. The prices this year did not reach the same high they did last year and maybe they will not drop to the same lows. Hopefully the volatility of the past two years is behind us. It would be nice if the ride was more of a bumpety bump and less of Wee! Woo! Whoa! Wow! I guess when the new normal arrives we will deal with it.

All of that said with prices dropping we are again seeing customers holding out as long as they possibly can before buying, hoping to get the best possible price, and only filling in with what they absolutely need. In the past this strategy has worked for a few, but has created problems for others. It seems that everyone who let their inventories run low all jump in at the same time creating a run on the market, again. Maybe that won't happen this time as more mills seem to have more lumber on the ground.

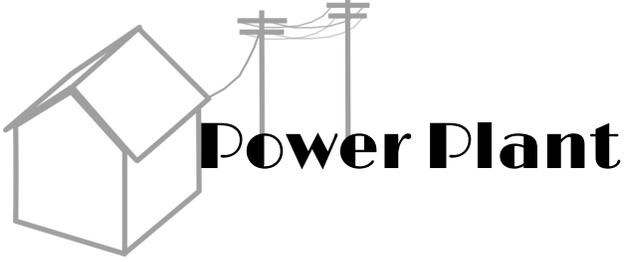
Even with the drastic price changes in the market there is still a demand for Stoltze wood. I receive calls every day from our customers who want to buy our wood. I take that as a good sign that even if the market is tough customers still want the quality wood that is coming out of our mill.

A sage old soul once told me that in the lumber industry there are two things, we can't control.

- 1) The price of logs
- 2) The price of lumber

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We just completed the major overhaul on our generator. After 68,000 run hours, and generating 178,369 MW, it was time for an inspection and cleaning. The generator passed all electrical tests, everything was cleaned and put back together. The outage lasted for 14 days as planned, and we stayed within our budget.

The boiler also received a facelift of sorts this past spring outage. The east wall panel #3 was replaced and improved, as it was showing some hot spots. Even though the plant was built in 2012, we still look and find ways to make improvements. Sometimes we swing and miss, and sometimes we hit home runs. If you're not trying you won't succeed.

A day in the life of a boilerman. Each day we burn approximately 190 green tons of hogged fuel (wood waste) in our boiler. We generate almost 1 million pounds of steam each day. A pound of water makes a pound of steam. Did you do the math? That is 115,246 gallons of water each day that we make into steam. Once the steam has lost its energy, it cools down and turns back into water (condensate). We then feed the condensate back to the boiler for another cycle. The plant is returning 90% of the steam/condensate on average back to the boiler. The steam is being used to spin a turbine that connects to the generator. We make on average 2.5 MW of power per hour. The steam is also used to dry lumber in the kilns, and provide heat for the sawmill. In 2021 we had 95.1% uptime for the plant, including scheduled and unscheduled downtime.

I have to give credit to our Stoltze crew, with their dedicated hard work we can overcome anything from covering shifts, to working around any problems and anything else needed for us to be successful.

Lee Starkel
Power Plant Manager

It's hard to believe that we are almost halfway through 2022! The last two years of a pandemic have brought many challenges and changes to our daily work routine and lives. I would like to thank all of Stoltzes' employees for their perseverance and steadfastness during these times. I would also like to give a big congratulations and thank you to our current retirees of 2022 for their years of service and dedication to Stoltze.

2022 Current Retirees

Richard Dowler- 22 years of service
Lloyd Dern- 45 years of service

Leah Michael
Personnel Manager



COGEN- Generator Rotor



COGEN- Generator Stator





News From the Plant

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The current air compressor in the Planer will be replaced as well. We will be installing a bigger compressor to not just supply the air needed for current production needs but also future needs. This new system will also supply the fire suppression systems in the Planer. We will be getting away from the multiple mini air compressors, which fail regularly. The ticketing system will be receiving an upgrade. Continuing to update and modify our planing operations allows us to stay competitive moving forward.

The Sawmill will see a few upgrades/changes as well. The Trimmer/Sorter line will be getting an upgrade in the WinTally system and also possibly a new ticket printing system. This will help us to stay up to date in the ever-changing world of computers. The Big Debarker will be getting a new ring, with new bearings, arms, airbags, etc. This will help in a more consistent debarking of the logs and with the flow of production. The Stepfeeder will be getting a new torque tube as the existing one is very fatigued and starting to cause downtime issues.

Wow, these next six months will be busy, and our already depleted crews will be pushed and challenged for sure. I have nothing but confidence that our TEAM will meet and beat anything thrown at them. We will face more struggles than just the projects, finding employees and the changing market will continue to pose their own frustrations.

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 finish 2022 as strong as we started!

Trevor Kjensrud
Plant Manager



"FILL THE TILL!" News from the Sales Office

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So, as we go forward on the trail of The New Normal all we can do is control what we can and continue to produce a quality product as efficiently as possible.

Kris Page
Sales Manager

Forester Ramblings

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However, we are lucky. We have a great team of employees throughout the Resource Department, Log Yard, Logging Crew, Foresters, and Technicians. These folks come to work day in and day out and bring a positive can-do attitude that will help our company overcome these challenges and be successful for another 100 years. Our contractors are also instrumental in supporting our sawmill and resource department. These folks are out in the mountains and forests building roads to the timber, turning trees into logs, and getting the logs to the mill. Working together I know we will overcome and survive any challenge we face if we take care of each other.

Thanks and let's together have another safe and successful season!

Cameron Wohlschlegel
Lands & Resource Manager



John Deere 2154D



Editorial

I have never been a reader- often times falling asleep while trying to read. But I have set a goal this year to read more. I have found that some reading, along with using my drive time each day to and from work to listen to audiobooks, has been beneficial. On a long quick trip to Colorado, I was reading *Faster Smarter Better* by Charles Duhigg. A pretty good book, with good topics, if you get a chance to read it. One line that stood out to me was "How do you convince people to feel safe while also encouraging them to be willing to disagree?" They used an example later in the book about a flight that crashed because the pilots were too focused and did not voice disagreement, while another plane landed safely due to the co-pilots disagreeing with the pilot. The co-pilots stated their case and the group made a final decision.

This seemed like a perfect question during these times. In our polarized political climate, how do we do this? Watching the news, we see that if you disagree, you are ostracized, called names, insulted, etc. How can anyone feel safe expressing their disagreement? We should be willing to have different opinions and ideas at work. We really need to strive for the thought and idea, that it is normal to disagree and that we can disagree respectfully. We all need to be able to disagree with our boss, coworkers, and employees. Knowing that we are safe to express these disagreements professionally, enables us to create an open dialog. Being able to voice and explain why it is we disagree, will have many benefits for our company. It will enable us to come up with better options, solutions, and ideas, provide increased job satisfaction, and opportunities to grow. What can we do to make sure people feel safe to disagree with us, with the norm, with the group, to voice these disagreements, and know they are doing so without retribution?

Josef Kuchera
Editor

Have a safe
and fun



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