

# Trumbull Creek Times



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F.H. Stoltze Land & Lumber Company

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## Manager's Message



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The year 2016, has been a very interesting year for both the forest products industry as a whole and for F.H. Stoltze Land & Lumber Company. We have seen our sawmill production progress upward as we have made multiple mill improvements and increased our shift hours as additional log supplies have become available. With the recent successful bidding of a Flathead National Forest fire salvage sale in the South Fork of the Flathead River and the purchase of additional private logs, we are going to increase our sawmill production even more, back up to a two shift 80 hours scenario. Hopefully we will be able to continue these shift hours through 2017 with purchases of future timber and the help of a stable to rising lumber market.

We have witnessed major changes in our next door neighbor's operations with their ownership switch from Plum Creek to Weyerhaeuser. Weyerhaeuser has continued with the long mutually beneficial neighborly relationship we have maintained over the years providing Stoltze the opportunity to purchase many of their logs, lumber, and equipment that does not fit into their new operations model. We have been able to pick up a few of the quality employees resulting from their workforce reductions and continue to work with and sell the Weyerhaeuser MDF plant our chips and sawdust by-products, pulp logs, and a few saw logs which do not fit our needs. We hope to continue this relationship with Weyerhaeuser long into the future. It has become readily evident as our forest products infrastructure in Montana continues to shrink that our state and regional companies are all joined at the hip in our mutual need of the necessary logging contractors, trucking/transportation, engineering support, and the remaining industry infrastructure necessary to conduct our businesses.

The lack of a new softwood lumber agreement (SLA) between the US and Canada continues to have a major impact on the US lumber market, product selling values, and the ability to operate our sawmills at full capacity. Since the expiration of the last SLA in October 2015, the Canadian companies continue to increase their lumber shipments into the US, selling at reduced prices and gaining market share with many of our long-time customers. The SLA is simply a mechanism needed to level the playing field between the two countries which have very different systems in how the timber is sourced and sold to the respective sawmills and companies. We have been at a stalemate in negotiations over the last thirteen months with little leverage to bring Canada to the negotiating table. However, as of late, there is a glimmer of hope and a bit of optimism that a new agreement may be within reach. This optimism has resulted from the US filing a trade case against Canada with the International Trade Commission on November 25<sup>th</sup> and the recent election results in the US which leads to much concern within Canada of how the new administration will regard trade/exports along with who will be appointed to key positions to lead the US Trade Representative's office.



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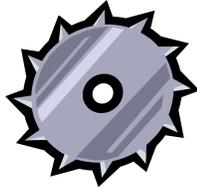


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# NEWS

From The Plant



## Logging & Forestry Department



In the last *Trumbull Creek Times*, I stated that I could not believe how fast the first half of 2016 had gone. I am really in disbelief that 2017 is less than 4 weeks away! Goodbye 2016 and Hello 2017! Looking back at 2016, we had some ups and downs; overall though, it was a good year. I do believe that 2017 will be a better year!

2016 saw a much needed improvement to the Sawmill. The Twin Band line optimization, computers, and controls were upgraded with the newest technology which will increase efficiency and reduce downtime. A new Bander was purchased and installed at the Planer. The crew is still working through a learning curve and working on some little bugs, but once these issues are resolved they should be strapping and wrapping units better than ever. I want to say "Thank You," to the Maintenance, Filing, and Electrical Departments for their hard work and long hours on these projects. These crews did an excellent job getting these projects done safely and on schedule! Production crews also dealt with the ever changing production hours. Trying to match production with log availability, lumber sales, and lumber storage is a challenge but our crews knocked it out of the park. Thank you all for patience with changing schedules.

I am very happy to announce that in 2017, the Sawmill will be getting a long overdue upgrade. By the time you read this, a purchase order will have been issued for the purchase of a new stacker. The new stacker will be installed and operating in September 2017. It will be located further south of the existing stacker, to make room for additional sorting and also limit the amount of downtime for the install. This new stacker will help with sticker breakage, better drying, and less downtime. This project has been talked about for several years, it is very exciting to finally see it happening. Plant wide improvements will continue to be made in 2017, as we continually strive to become more efficient and safer in throughout the mill site.

As 2016 draws to a close, I am sure we all have seen changes this past year, both personally and professionally. 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 a little tighter and smile a little longer and say "Good Bye" to 2016! HELLO 2017!

Trevor Kjensrud

### Stump Speech! Notes from the Resource Department:

98.6 is probably one of the most well-known numbers in the world. Everyone knows that this is the "normal" temperature for the human body. For years moms everywhere have used this number to judge how "sick" you were when you were trying to get out going to school because you did not study for that big test. Kids everywhere know the tricks to get that thermometer to rise above 99 degrees, a sure bet for a day at home..... Doctors, nurses, health care professionals everywhere used this benchmark to judge severity of sickness and whether or not to prescribe medicines and invasive medical procedures.

So what if I told you that that number is not necessarily right? That it was based on science of questionable design and technology? That it was based upon a relatively small data set in a study done back in the mid 1800's. What if I told you that was the "average" temperature of 25,000 people, all of whom were in the hospital for one reason or another? What if I told you....it was simply WRONG?

The fact is, using new technology and best available scientific design, what we now know is that there is no "normal" temperature for the human body. Essentially, we could say we know less, now that we know more.....The answer to what is a healthy body temperature is "*it depends*". Everyone has their own normal, temperature fluctuation based on activity, diet, time of day etc..... Bottom line, body temperature is not the great indicator we all thought it was. What we took as "solid fact" was in fact not so solid.

So, what does this have to do with forestry or Stoltze lumber? Especially at Christmas time? It is just an observation that even though we all would like to simplify complex issues into short and simple statements, facts and truths, the reality is rarely so simple. Think grizzly bears and road density. Our forests are a perfect example of a complex system that simply cannot be summarized or generalized. Just like a doctor needs to consider more than just a patient's temperature in evaluating health, foresters cannot rely on any one indicator or element of a forest to evaluate the best path forward. Like health care, forestry is not perfect, however, we do not stop treating our health problems because we do not know all of the answers, nor should we stop treating our forests due to lack of perfect knowledge.



## SALES OFFICE

The lumber market in the last six months has once again done what the lumber market does; it goes up it goes down or it stays flat. When in sales, you try to stay ahead of whatever trend is happening at the time. When things are going up you try to move product that is on the ground while cautiously raising prices then project two to four weeks into future production. When the market is trending down you hope that you were able to move a lot of your quick inventory and that the projections will help carry you thru the downward trend. When the market is flat you never forget that there are people counting on you. (And they are making lumber while you sleep).

After the expiration of the Soft Wood Lumber Agreement last fall and the end of the one year stand down period and the election of Donald Trump there is a lot of uncertainty as to what will happen next. Overall, most of the comments are optimistic for a good year in 2017.

The 2016 NAWLA Traders Market was held in Las Vegas this year and there were over 1500 registered attendees. This was the second year that I have attended and I was not nearly as over whelmed as last year. I was able to have face to face meetings with customers that I have been talking to for years on the phone. We were able to meet with some customers that we have not done business with in the past and were able to establish some new relationships.

After the announcement by Weyerhaeuser that they would be shutting down their Columbia falls sawmill and plywood we suddenly found ourselves back in the Ponderosa Pine business, we had not cut PP for almost ten years. It was an opportunity for us to make some changes. After doing some research and making a lot of phone calls I was able to find some regular customers that buy Ponderosa and some new ones. That being said what the sales department saw as an opportunity created many questions. The questions were asked, answers were found, and we have now successfully expanded our product line to include Ponderosa Pine.

I would like to thank all of the departments for asking the questions and finding the answers that make it possible for us here at F.H.Stoltze Land & Lumber to continue to be competitive in the ever changing lumber market.

Thank you all and MERRY CHRISTMAS.

Kris Page  
Sales Manager

# Merry Christmas!



# Happy New Year!



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We in the industry and our stakeholder partners have been working long and hard the last several years with the current Congress in trying to pass federal legislation to restore active management and a wildfire funding solution for our national forests. It is extremely frustrating to put so much time and work into these efforts and never quite get legislation over the finish line. Our Congressional delegations in the West, on both sides of the political aisle, are in general, supportive of this needed effort and most understand the unhealthy current state our public forests are in today. It takes a majority of the Senate, the House of Representatives, and the White House administration all working together to achieve successful legislation and so far in regards to forestry reform we have not been able to reach that plateau. It is a continuous monumental effort to try and get people of all walks of life across this country, especially those who live in urban and non-forested areas, to understand that active forest management not only provides us with healthier forests, less intensive wildfires, helps protect our water quality, maintain and improve our wildlife and fisheries habitat, but it also provides us with enhanced recreational opportunities. All of us will keep working and striving to deliver our message and just maybe with some new folks in Congress and the White House we will be successful in our efforts in 2017. We live in the greatest country on earth and I am thankful we have the opportunity to work with our nation's leaders to work towards passing legislation to do the right thing for our people, our lands, and our natural resources.

Thank you to all of our employees and contractors for your hard work over the past year and to the Stoltze family for your continued unwavering support of this company in a very tough business. Please work and play safe, enjoy your families & friends, and have a very MERRY CHRISTMAS and a HAPPY NEW YEAR.

Chuck Rody  
General Manager





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Where this really poses a problem is when we are trying to "fix" the Forest Service. The legislative process likes nice neat little packages and finite fixes to problems. Policies, laws and initiatives are all black and white, with little tolerances for the gray areas we so commonly find in natural resource issues. This is why we find ourselves at such risk for litigation. The laws are black and white, but the rest of the world is gray. Science is rarely "definitive" and "best available" is not the end all, yet that is how the courts necessarily interpret the laws.

Decisions in real life are rarely made on perfect information, yet that is exactly the bar that has been established by the courts for our agency decision makers. Decision making is a process that balances knowledge, risk and benefit. Professional knowledge and experience inform and improve decisions. Yet at the end of the day, all decisions, even the decision to do nothing, are imperfect and impose some level of risk. Hence the need for the court system to include the concept of "Balance of Harms" in their decision making when dealing with resource management issues.

Balance of harms directs the courts while considering any request for an injunction to balance the impact to the ecosystem likely affected by the project of the short- and long-term effects of undertaking the agency action; against the short- and long-term effects of not undertaking the agency action. In my opinion, this is the most important of the potential litigation reforms that I believe are essential to moving ahead.

I do not believe in circumventing the National Environmental Policy (not Protection) Act (NEPA). But I do advocate for using NEPA as the informed decision making and public involvement tool it was intended to be. It is not the goal of NEPA to prove there are no impacts or mitigate all impacts of action, but rather to disclose those potential impacts so that an informed decision can be made.

Between the courts and the agencies own policies and implementation direction, NEPA for the USFS has evolved into the focus of the agency, rather than just a tool to facilitate good management. It is in the context of refocusing the effort to doing the right thing on the ground that the collaborative efforts are successful.

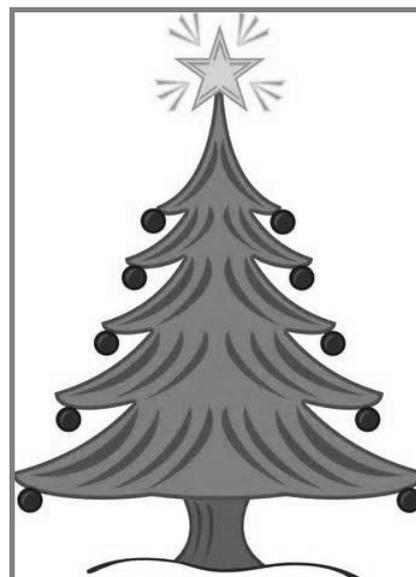
Critics of the collaborative process claim that these groups are trying to avoid regulation, circumvent process and subvert control to a local group. Nope, not the intent. What these groups do is to NOT focus on the process, but focus on the work to be done on the ground. Once the best proposal is developed there, then we work to get it through the PROCESS. Makes sense to me! I am pretty sure future generations will judge us by the mark we leave on our landscape, not the quality of our NEPA document.

Well enough of my soap box. In short, we have had a very productive year in the resource department. On company lands this year, we planted 101,600 trees, precommercial thinned 400+ acres, constructed 2.5 miles of new road, upgraded BMPs on an additional 15 miles of road, implemented 125+ ac of site preparation and controlled weeds on over 71 miles of road right of way. Company lands provided over 5 million board feet of logs to the sawmill, about 15% of our total log consumption for 2016. We are on track in the mill to produce about 60 million bf of lumber. We will have employed roughly 115 directly and supported well over 75 other jobs in contract timber harvesting, land management and transportation jobs. Contribution to our local economy should be on track for what it was in 2015, which was just under \$29,000,000! Not a bad year's work in my opinion!

I would be remiss in not remembering the watershed event of the Haskill Basin Conservation Easement. With the strong support of the Stoltze family and numerous other partners, we can all be proud to know that the 3,020 acres of Stoltze lands in Haskill Basin will forever be managed for valuable forest products while still providing the clean air, clean water, healthy wildlife habitat, recreational opportunities and visual backdrop for Whitefish. Congratulations everyone! That is our mark on the landscape that will endure for generations!

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





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## Editorial

I recently was reading a blog produced by a young man getting ready to travel to Europe as a member of the US Ski Team. He was bemoaning the election results and feared that the election of Donald Trump as President in addition to all the evil things the US had instigated throughout the world would tarnish how Europeans would judge him. Wow, how little our young people know or care or even think about history! Over one million American men and women were killed or injured in World War II. At the height of the war in 1945 over twelve million American men and women were enlisted in the armed forces fighting all over the globe. The sad irony here is that this young man, of Jewish decent, would not be skiing in Europe if not for the sacrifice of those many Americans seventy plus years ago.

The "Ugly American" is also one of the most generous on the planet. Giving USA, reported that Americans gave \$358 billion to charity in 2014, the highest total in the report's sixty year history. Of that total \$15 billion went directly to international recipients. Couple this giving with both the governmental and individual response to global catastrophes such as the Haitian earthquake, Indonesian tsunami, the Japanese tsunami and nuclear disaster among many others too numerous to list. Surely, there are some world citizens that appreciate America.

America has enjoyed 240+ years of freedom. This freedom has not come without a cost, but in January 2017, we will peacefully change leaders for the 45<sup>th</sup> time. For this we have much to be thankful for. Let us hope our children, like the young man mentioned above, and their children are able to look past the instant gratification of technology and the 24/7 news cycle, and come to this realization.

Have a safe and Merry Christmas. Enjoy and cherish your family and friends.

Jeff Clausen  
Editor