

Trumbull Creek Times

"Winter Edition"

F.H. STOLTZE LAND & LUMBER CO.

Manager's Message

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The first eleven months of 2019 have flown past so quickly that it's almost unbelievable it is December already. The past year has certainly been a roller coaster ride of ups and downs in the lumber market and trying to balance our production shifts to match pace with the demand bumps of the market. I appreciate the patience and understanding of all our employees as we have changed shift hours and configurations to react to the available markets and capture the changes in the deliveries of different log species. It was a tough August and September as we worked our way through the Ponderosa Pine log inventory. Unfortunately, the market demand for Ponderosa Pine has drastically changed for the worse over the years, while, at the same time, there is increasingly more Pine timber and logs available in Montana.

On a very positive note, we are starting to see favorable results following many years of effort to increase the number of federal timber acres being treated for active forest management. Both the US Forest Service under USDA, and the Bureau of Land Management under USDO, are incrementally increasing their harvest levels and acres of management over the last several years. It is sad that much of the emphasis to increase management is being driven by the large number of devastating forest fires we have experienced in the last few years. Nonetheless, we are once again starting to actively manage our federal forests. The general public and our Congressional delegations across the country are beginning to recognize the benefits continuous forest management has in reducing the effects of wildfires, improving the health of our watersheds, increasing recreational opportunities, and managing wildlife habitats. We have the best leadership team at the helm of USDA and the US Forest Service that I have seen in my entire career in regards to understanding the need for forest management and then following through with making sure the agency accomplishes their mission mandate of "The Greatest Good for the Greatest Number."

I hope the optimistic forecasts for the future of our economy that I have heard repeatedly over this past year, do indeed turn out to be true. We hear of forecasts for 2020 of a gradually increasing housing market, continued low lending rates, extremely low unemployment numbers, and record high consumer confidence. I have my fingers crossed.

Thanks to everyone at F.H. Stoltze Land & Lumber Company for all of your hard work and dedication to the health of our business. Please work and think safely in 2020. I wish you and your families a Merry Christmas and a Happy New Year!

Chuck Roady
General Manager



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"FILL THE TILL!"

News from the

Sales Office



News From the **Plant**

Goodbye 2019 and Hello 2020! Not quite, but almost! Wow, it's hard to believe that the end of the year is almost upon us and a new year is about to begin. A couple of things we need to get through first though- Thanksgiving and Christmas. These holidays are always fun and exciting times with good food and family visits, but they just go by too fast. I hope your time off goes well and the time spent with family is enjoyable.

2019 proved to be a challenging year; a year that saw a few changes. And, as usual, our employees met these challenges and changes head on. Not a lot of big projects were scheduled in 2019 but we did do a few. The south chipper system in the sawmill received a facelift. The old chipper was removed, along with the cyclone, and was replaced with a rebuilt chipper and conveyors. Doing this project will help eliminate downtime and assist with housekeeping in that area. Our electricians and millwrights did an amazing job getting this project done and with making some minor adjustments along the way.

The security fence along Braig Road was completed this summer. Boards added to a section of this fence helped reduce noise, and also gave us a little privacy from our neighbors. The employees that tore out the old fence, painted and installed the privacy boards did a great job. The dry kilns also had some work done to them this year. We replaced some doors, seals, and gaskets, as well as applied coating on the insides. This continued maintenance is important to maximize drying efficiency and keep our lumber flowing through at a steady pace. Our electricians and millwrights did an excellent job getting these repairs done in a timely and safe manner.

We did do some research on the possibility of purchasing an auto-grader for our planer. We sent some lumber and a few of our employees to Lucidyne, the auto-grader manufacturer. The results that came back were positive and the possibility of purchasing this machine is promising.

Wow! Here we are again, December of yet another year. I start remembering how as a kid it was always about how school would never be out, and Thanksgiving and Christmas holiday would never get here. I just want to be old enough to get my driver's license, and I can't wait to graduate high school; then, all of a sudden, you just turned 30 and you start looking back a little bit. Next thing you know 40 & 50 have happened, and how did 60 get here so fast? Now, it's just a short time and you qualify for all of the full SENIOR CITIZEN DISCOUNTS! Not saying I want time to stop, but it could slow down just a little? Enough of that, let's think lumber.

Looking back at the last five months, I see that the lumber market continues to provide us with challenges. To meet these challenges we have to:

1. Produce quality products.
2. Produce quality products as efficiently as possible.
3. Market our product for the highest dollar possible.

There it is, our job description. Pretty simple, right?

I have been with Stoltze for 42 years and the longer I am here the more I see accomplishing those three simple things is not easy. I heard somewhere that there are only two things in the lumber business that we can't control- the price of logs and the price of lumber. So we control what we can.

The lumber market in the last six months has been, for the most part, steady. There was a lot of excess inventory in the early part of the year that had to be absorbed, and with the lingering weather last spring, it took a long time. We are seeing more and more curtailment and closure announcements out of Canada, and that seems to be keeping things at a steadier pace. Not spectacular, but steady.

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"The trees are still growing!"
Logging & Forestry
Department
Stump Speech

I know I say it every year, but where did this year go? It has been a tough one. One we will be glad to put behind us. I want to thank everyone, especially our contractors and employees, for their support, flexibility and willingness to do whatever it takes to chart a path forward. For those of us who have been in the industry for a while, we have seen it before, but it does not make it any easier.

Everyone has been affected. Quotas on logs, changing production shifts, the government shut down, etc... the challenges are widespread. But out of adversity comes innovation, and the positive attitude to find solutions will serve us well once markets improve. You know what they say, what doesn't kill you makes you stronger!

I am confident 2020 will be a year of opportunity. There is plenty to be optimistic about. The USFS has a goal of 3.7 billion bf next year. Both the Kootenai and Flathead National Forest exceeded their timber targets in 2019 and have strong programs planned for 2020. Good Neighbor Authority (GNA) continues to gain traction where State Foresters are utilized to help bring capacity to the Forest Service in implementing projects and even selling timber.

Stoltze continues to explore avenues to diversify the wood products we produce and bring more value to the fiber we grow in Montana. The quality of forest management in Montana and the quality of the trees and lumber produced is surpassed by none. We need to work diligently to ensure we capture the full value of this great Montana wood. We continue to explore ways to bring more value to small trees, enabling us to manage the vegetation at a cost that landowners can afford. There is a lot of exciting technology and innovation out there that we hope to bring to Montana in the future.

As always, we continue to manage change, and in the resource department, we have seen quite a bit this year. After 21 years of service to Stoltze, Mark Boardman made a career change. He moved to Oregon to begin working for a large reforestation nursery as a regional manager. In Mark's absence, we recently hired Matt Bishop into the Forester position. Matt has worked for Stoltze for about 3 ½ years as our forest technician and brings great enthusiasm and technical prowess to the team, as well as a dedication to stewardship forestry. We wish Mark and Kari the best, and welcome Matt into his new position.

As we think about our holiday decorations, I implore you to get a REAL tree this year! Buy a USFS Christmas tree permit and take your family to the woods or to one of our local Christmas tree farms (like Mr. Buentemeier's farm) and cut yourself a real Christmas tree this year. The symbolism of renewability and the hope of the coming spring provided by a real evergreen tree is simply lost when you have a pile of plastic and wire in your living room. The family and friend bonding that takes place on a Christmas tree hunt will bring more joy and Christmas spirit than the little bit of convenience you may buy with a fake tree. The forests need thinning and those tree farmers need customers to keep that land in trees and not grow into subdivisions.

From my family to yours, the very warmest Christmas wishes and hopes for a prosperous and healthy New Year! The good news is.....the trees are still growing!

Paul McKenzie
Resource Manager





News From the Plant

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So, what's the outlook for 2020? We are looking at doing some smaller projects that will help to increase productivity, decrease downtime, and help with safety concerns. We are looking at continued maintenance and upgrades in our dry kilns, upgrading and replacing parts and pieces to our planers, taking care of nuisance downtime issues, and continue with the research of purchasing an auto-grader. We will also be tackling and focusing on safety. We have had a decent year when it comes to safety, but we will have a better year in 2020.

Overall, 2019 will end up being a good year from a production standpoint. I know that there were a lot of different schedules that were tried in an attempt to improve the year. I appreciate all of your hard work, dedication, and patience along the way. Our employees here at Stoltze are second to none; I want to personally thank you all for everything you have done to make this company great. 2020 isn't going to be easy, and we will face some challenges along the way. But by working together we will meet, tackle and take down any challenges that are put in front of us.

I will end this again by saying, keep moving forward, keep plugging away, take one day at a time, and remember tomorrow is a bright new day and is never promised. Keep a positive attitude, 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. I hope your Thanksgiving holiday was a good one and hope your Christmas holiday is even better. Thank you all for all your hard work and dedication!

GOODBYE 2019 and HELLO 2020!

Trevor Kjensrud
Plant Manager



"FILL THE TILL!"

News from the

Sales Office



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We have done a couple of different things this year that I do not recall us ever doing. We cut 2" Ponderosa Pine, the 4/4 Pine market was almost nonexistent, and the Pine logs we had were blue. The 4/4 market wants blue stain in 1x6. Not 1x4, not 1x8, not 1x10, and not 1x12. So when Chuck came down and said "These are the logs we have, what can we do with them?" The 2x4 through 2x12 proved to be the best way to get them cut, sold, and shipped. The second was cut 2x12 fir & larch, something that we haven't done in many years.

I get requests for quotes for 2x12 on a regular basis, and we had been getting a fair amount of big logs coming in. So I asked Trevor if he thought it would be possible to efficiently cut some quality 2x12 and the mill did it. I asked for about 80,000 feet, as it was a test and I did not want to end up with a lot of 2x12 that nobody wanted. We ended up with two maxi loads of #2&btr that were sold as soon as I offered them. Thank you sawmill, dry kilns, and planer.

Merry Christmas and let's have a great next year.

Kris Page
Sales Manager



Power Plant

On October 1, 2013 the Cogen plant began power production. Six years later, in May of 2019, with over 45,000 operating hours on the turbine, a major overhaul was scheduled. This overhaul involved many hours of planning, lots of replacement parts, outside contractors, and 15 days to complete the work. The turbine casing was split and the rotor was pulled. Every part was inspected with mag partial and dye penetration, media blasted and then reassembled. After assembly, every part was checked to ensure that it met the manufacturers specified tolerances before the turbine was closed back up. The turbine looked really good, and the only parts that needed replaced were a couple of oil seals. We hope the turbine will look that good and operate that well for another 45,000 hours.



Other things we have been working on are upgrading and improving our cooling tower water treatment. The new CLO2 (Chlorine Dioxide) system gives us improved worker safety and has helped us achieve regulatory compliance. The list goes on...increase equipment reliability, optimize production throughput, minimize system corrosion, and reduce waste water. A new conveyor system that gives us more fuel feed options, and saves electricity was also built. The new silo feed conveyor bypasses ten other motors, giving us the ability to feed hog fuel into the feed silo. We can utilize this conveyor on the weekends when the mill is not running and shut down the ten other conveyors (motors). If there is a problem with any of the ten conveyors, this system allows us to keep the operation going by feeding hog fuel into our silos.



Power Plant Continued.....

2019 has come and gone with a lot of challenges for us. We continue to make improvements to the equipment and operations. Kudos to the crew of the Power Plant and all the other employees who helped us with the challenges conquered and tasks accomplished this past year.

Lee Starkel
Power Plant Manager



Russ Miller retired from Stoltze at the end of June 2019 after 34 years of service. Needless to say, I've had some very BIG shoes to fill with Russ's departure.

It's been a busy few months with my transition into this new position and I am reminded on a daily basis the wealth of knowledge and dedication that Stoltze has in their employees.

In October, we had the Montana State Department of Safety and Health specialist come to the mill site for a safety consultation and overview of our current policies. I am pleased to report that we had an outstanding visit with minimal items to address. This speaks volumes to the daily commitment Stoltze employees have to their personal safety and work operations. Russ would be pleased to know that his hard work and dedication to employee safety helped attribute to our current safety culture today.

Switching gears, as we are coming to the end of 2019, which means it is insurance open enrollment time. This is the time before the end of the year to review your current benefit plans and submit any changes in order to meet your insurance needs for the coming year. These changes will take effect in January of 2020.

The end of the year is often a busy and stressful time before the long Montana winter settles in. Take the time to slow down and enjoy your loved ones.

Happy Holidays!

Leah Michael
Personnel Manager





As a few have alluded, 2019 has been a tough year with a lot of changes. The commitment of the employees here at Stoltze is to be admired and greatly appreciated. 2019 was interesting, and as Trevor said, 2020 may not be easy; but as a team we can get through tough times and prosper. Maybe Paul will be right and 2020 will be a year of opportunity. We will soon find out.

If you have an idea, please take the time to share it with your manager. It takes all of us to make sure that this company continues into the future. Even the smallest idea. It may or may not work, it may or may not be implemented, but it starts a conversation that over the long run will help our company.

Winter is upon us, and for the next few months we get to deal with cold snowy weather. Slow down and be extra safe. Be careful shoveling, driving, fishing, skiing and any other activity that you enjoy in the winter. Don't be deterred from enjoying the winter in Montana, but remember nothing is more important than getting home safe to your family.

Be sure to check out our website, www.stoltzelumber.com. If you would prefer to receive our newsletter electronically, please email info@stoltzelumber.com.

Merry Christmas and have a Happy New Year.

Josef Kuchera
Editor