

Trumbull Creek Times

"Winter Edition"

F.H. STOLTZE LAND & LUMBER CO.

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Manager's Message

"It is far better to light the candle than to curse the darkness." I don't know who first coined this proverb, but I recently read an article about Ben Franklin, where when he was fed up with nighttime crime in his home of Philadelphia, installed a gas light in front of his business. You see, the government agreed that streetlights were the answer to reducing crime, yet they argued about whose responsibility it was to install and maintain them. Franklin just did it. Others saw the light and noticed how it drew attention to Franklin's business. Quickly, other private businesses installed street lighting in front of their shops, as a strategy to attract clients. It worked. Business picked up. At the same time, street crime dropped as the cover of darkness receded. The businesses took the risk and made the investment because it made sense from an economic standpoint, and the public benefited.

I can't help but see the parallels in the topic of forest management. While our government agencies tasked with addressing the forest health crisis, wildfire crisis and rural community crisis seem to be embroiled in the circularity of bureaucratic inaction, another option exists. We continually see successes, examples of where someone decides to just do the right thing and multiple benefits arise. The decision to act does not come without risk. Maybe it is the duty of the private sector to act, even when the outcome is not determined.

I recently attended the North American Wholesale Lumber Association (NAWLA) meeting in Phoenix with John Bolles, our Sales Manager. I thought it was time to meet some of our customers that we rarely get to interact with outside of a phone call. I'd say the tone was cautiously optimistic with some reservations. The observation I heard most commonly is "When the demand returns, where will the wood come from?" The permanent closures in mill capacity across the nation over the last two years have been relatively quiet, but have not gone unnoticed.

Why be optimistic? Well, firstly, we are still here! Surviving the past two years has been no short order. Not to say we have not seen our fair share of change, but at the end of the day, we have a good, operating mill, great employees, an integrated forest management infrastructure and a forest land base badly in need of our services. With any luck at all, we will see an increased demand for our product in 2025 at prices that cover the cost of production.

At the same time, if we have learned anything from the past four-year roller coaster in this industry, it's that this is a ride we'd just as soon not repeat.

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Manager's Message

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For Stoltze, our challenges remain;

How do we manage Montana forests the way they need to meet the demands of society for wood products, mitigate wildfire threat for communities and provide the clean air, clean water and healthy wildlife habitat we all cherish?

How do we generate the value Montana wood deserves (and needs)?

While wandering the halls of NAWLA, I was struck by the great job other smaller companies, similar to Stoltze, have done in establishing a keystone product and brand to help differentiate themselves in the sea of commodities. As we here at Stoltze work to pursue the same objective, we'd love to hear from you, our customers, employees, neighbors, and partners. What do you think our "BRAND" is? What is unique about our product that you attribute value to? We here think we know, but maybe we don't!

You have heard me preach about change, time and time again, in these newsletters. Change is the one constant. How can we "light the candle" so to speak in a manner that continues this family-owned, community-centric and forest stewardship-based company into the future? That is our challenge and opportunity. To quote one of Montana's long term forest stewards' voicemail messages; "Leave a message, I'd love to hear what you have to say."

You will read about all of the great things going on at Stoltze in this newsletter. Hear of some retirements of stalwart, life-long employees, who will be sorely missed. While at the same time hearing optimism for the future, not without effort and risk, but with the knowledge we have a strong foundation to build from.

So, at this Christmas season, it is a message of new beginnings and promise we can find solace in. Gather around your (hopefully real) Christmas tree with the ones you love and set your goals for 2025. We will be doing the same here at Stoltze. Remember, the good news is... the trees are still growing!

Best Wishes,
Paul McKenzie
Vice President - General Manager



Forester Ramblings



I guess I'll start by saying that I waited until after the elections to write this article. It may have had a slightly different tone if the outcomes were not as significant as we witnessed on election night. I'm glad America showed up and gave a clear victory to our former president. I'm very hopeful that a second Trump presidency will get our economy going again and potentially see some significant and much needed reforms on the federal timber scene; especially with having control of the House and Senate!

Litigation, pending old-growth forest plan amendments, and major inefficiencies under the past/current administration have been preventing the USFS from increasing the pace and scale of effective active forest management. Also, there has been more focus on "the right acres treated" as a metric instead of timber "volume" targets - realistic outputs that the industry needs to remain healthy. This translated into a lot of offerings from the USFS that have been lower quality wood and less volume per acre than typically offered - which is a double, if not triple, negative in terms of value.

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News From the Plant

As the end of 2024 draws to a close, it allows us to look back and reflect on any changes and/or challenges that we faced. 2024 didn't present us with many changes but it did give us plenty of challenges. Finding employees at the beginning of the year was tough but they started to trickle in towards late spring. We were able to retain enough to give our different departments the manpower needed to operate.

The sawmill came out firing on every level. We were definitely on pace to hit the 60 mmbf goal we set. Unfortunately, we had to back off sawmill production because the lumber markets remained stagnant and weren't looking like they were going to gain any speed. By late September our inventory levels had shrunk and the sawmill crews were chomping at the bit to drop the hammer down. We decided to turn them loose and started running 70 hours of production per week. We have been staying pretty consistent, looking to finish 2024 strong and start 2025 even stronger.

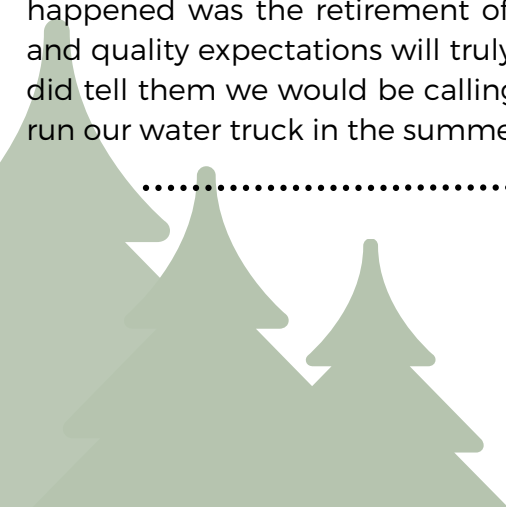
Our planer also faced not having enough employees but throughout the year we found enough to maintain a 50 hour per week work schedule. We have also been making some ground in smoothing out production and getting back to normal production levels. We are still looking to add production hours in the planer so that we can match the sawmill. For the most part, 2024 was, and stayed, pretty consistent in the planer. The crew and supervisors are working hard at increasing throughput, making a quality product, and staying safe while producing. 2025 looks very promising for planer production!

Our mechanics shop has definitely been the department that's been hit the hardest with workforce issues. It's been a struggle to find mechanics, or anyone for that matter, who knows and wants to work on mobile equipment. Our HR Department and Shop Supervisor have worked tirelessly trying to fill these positions. It has been frustrating for them, but they have kept a positive attitude and have stayed moving forward. Our shop crew has done a good job at keeping equipment running for our other departments. They have kept a positive attitude themselves and will continue to put forth their best effort to keep things running.

Yes, we have faced some challenges this past year; but our supervisors and employees have worked hard at meeting our quality expectations, our production goals, and staying safe while doing so. Great job TEAM! I am very proud to be a part of this F.H. Stoltze Land & Lumber Co. team and you should be too!

Now, for the changes. Well, not much to report for new equipment, new systems, or upgrades. There were some significant changes in some of our electrical and planer departments. We have lost close to 90 years of knowledge and experience in our electrical department, with the retirements of Skip Zeiler (52 Years) and Jeff Baiar (36 Years). Our current electrical department has stepped up and done a good job keeping the plant site running. They do have a lot to learn yet but are not scared of the challenges that await. The other change that happened was the retirement of Scott Daumiller (47 Years) in our planer. Scotts' knowledge of our process and quality expectations will truly be missed. We wished the guys a wonderful, happy, and fun retirement but did tell them we would be calling them to ask questions from time to time. Oh, and also to see if they would run our water truck in the summer! Enjoy your time fellas, you've earned it!

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 **Forester Ramblings** 

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When you pride yourself as a quality sawmill it's hard to scratch out a living in a commodity market when 70% of your fiber comes from trees that are barely a sawlog or have limbs from the ground to the top, limiting the "value recovery" of the lumber within. My job lately has been focused on trying to get the USFS to correctly value the products they are selling and at least come close to the costs associated with their timber sales.

I have been working on the national front with the Federal Timber Purchasers Committee as the national appraisal lead as well as with the Region 1 USFS Appraisal Specialist as the industry appraisal lead. I often use the phrase "Not all Douglas-fir is created equal" as a moniker to try and help convey the message that small-diameter timber and timber of lower quality do not have the same value as the larger trees. Smaller trees cost more to log - more stems to the truckload, cost more to run through the sawmill - lower volume per segment, and generally produce lower value lumber - more wane, knots, etc., which translates into less value! Thus, not all Douglas-fir is created equal - this seems like simple logic.

I will say that the federal folks have been good to work with and receptive to our suggestions and comments on their sales offerings and appraisal revisions.

The timber industry is the best tool we have for managing our forests, period. We are essential to supporting our local, rural economies and the infrastructure needed to manage the forests so they can remain healthy, fire resilient, and continue to provide all the benefits we enjoy: clean air, clean water, recreation, and wildlife habitat.

I am hopeful that the incoming administration will streamline some of the processes and make some much-needed reforms to legitimately increase the pace and scale of treatment of our national forests and provide the necessary products to maintain a healthy timber industry. We cannot continue to survive on trees that barely qualify as sawtimber - there is not enough value in them. As a professional forester, I understand the need for the removal of these small trees. However, they 1.) need to be valued accordingly and 2.) have enough good quality timber to carry the cost of removal. This all boils down to costs, values, and appraisals which I have emersed myself in this year. I will continue to do so until we see significant shifts in accuracy, so we (timber purchasers) don't continue to bear the burden of risk and cost associated with purchasing federal timber - which we are dependent upon (40-70%) annually.

When I started writing this article, I wasn't sure where to go with it. But it soon flowed like a river and now I need to make it stop!

I want to end by saying thanks to all of our contractors and employees. We wouldn't be able to continue to operate or do the high-quality forestry work that ONLY Stoltze does without all of you! The products we generate are the foundation for a healthy forest and sustain the active management that our communities depend on.

Personally, I am looking forward to 2025 and working with all of you to continue to build and maintain the 112 years of tradition and respect we have garnished from being the best steward of Montana's forests.

I hope you all have a great Thanksgiving and Christmas and get to spend ample time with family and friends. Thanks for your hard work!

Cameron Wohlschlegel
Lands & Resource Manager





News From the **Plant**

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What will 2025 bring F.H. Stoltze Land & Lumber Co.? Unfortunately, right now no one really knows. There is still a lot of uncertainty in the market. We are, however, seeing a more consistent order file. Hopefully, with some of the changes that have happened in the U.S., we will see stronger markets, better times, and the ability to do some much-needed upgrades. Only time will tell. One thing I do know is that F.H. Stoltze won't be going anywhere. We will be right here, making a great quality product, safely and efficiently. We will be here because of the great employees we have working here and because of the tremendous support we have from the Stoltze family.

As I come to the end of this, I look outside and see snow falling. I can't help but feel grateful for my family and friends (outside of work), grateful for my work family and friends, and grateful for this company. Thank you all, past, present, and future employees, and the Stoltze family for your dedication and commitment to F.H. Stoltze Land & Lumber Co. It's because of you all that we have seen 110 plus years and will see 110 more!

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 2024 strong and welcome 2025 with open arms!

Trevor Kjensrud
Plant Manager

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

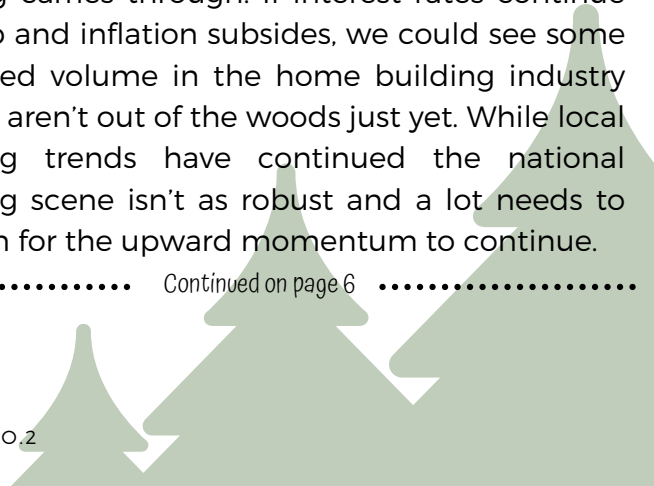


With the weather moving in and the days getting shorter, it feels like another year is winding down. With all the national and even international news it is not difficult to get off track and forget about the amazing things we have. We all chose to live here for a reason and this time of year always reminds me of how good we have it. We live in an amazing country with the freedom to do what we want and nowhere I've been to is this more evident than Montana. We hunt, fish, hike, ski, and anything else we want to do with millions of acres of public lands right outside our doors. We have a lot to be thankful for.

This year was an especially challenging year for the timber industry and myself as well. It's my first full year at the helm of the sales department in a year where lumber prices dropped to a level not seen since 2017. It's been a learning experience, to say the least. Recently the industry has seen some renewed enthusiasm and prices are finally starting to rise. I'm not sure how long this will last but we'll take it. Supply has been constrained by mill shutdowns and curtailments leading to an increase in demand for what we make. We've had a lot of new customers calling looking for supply and hopefully that continues.

The outlook for the first part of 2025 feels promising. All signals seem to indicate the first quarter could see some decent sales and price levels. There are a lot of factors that could change that but we hope the positive sentiment we're hearing carries through. If interest rates continue to drop and inflation subsides, we could see some increased volume in the home building industry but we aren't out of the woods just yet. While local building trends have continued the national building scene isn't as robust and a lot needs to happen for the upward momentum to continue.

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"FILL THE TILL!"

News from the
Sales Office



The approach of the end of another year means a new benefit open enrollment period for Stoltze. It's a good reminder for Stoltze employees that this is the ideal time to review whether your current benefit selections are still meeting your needs and that any new options or changes are considered. Additionally, verifying your mailing address and tax filing status is also an important part of ensuring you are starting a new year with all of your correct information.

We have also had milestone retirements this 2024 with some of our longest seniority employees. Their unwavering resilience, dedication, and exceptional skill in their professions, along with their inspiring work ethic, have been fundamental to the growth and success of Stoltze. Their legacies will remain a vital part of Stoltze and our history. With much gratitude and appreciation, we congratulate the below employees on their retirements, they will be greatly missed!

- Phillip "Skip" Zeiler - 52 years
- Scott Daumiller - 48 years
- Jeff Baiar - 36 years

Wishing you and yours a joyful holiday season and a wonderful new year ahead.

Leah Michael
Personnel Manager

John Bolles
Sales Manager

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We've been doing quite a bit of experimenting and "Chasing Rainbows" as Kris Page would say to figure out what, if anything, we can do to get some of our high-quality fiber out of the commodity market and into something better. One of these such instances that has worked out is new business with Gorman. Gorman is a secondary manufacturer with a 75-year family-owned history whose focus is on high quality 1" boards. We have delivered close to 500,000 board feet of green rough 1" stock so far this year and the relationship really seems to be working out. Thank you to all the sawmill crew for making this work and dialing in the quality specs that Gorman is looking for. It is these kinds of relationships that will keep us competitive when the markets aren't that great.

So as 2024 draws to a close take a moment to ponder the things we have to be thankful for. We live in the greatest country in the world and arguably the best state in the union. Keep your family and friends close and don't miss the opportunity to get outside and breathe the clean Montana air. Hopefully, 2025 will bring prosperity and a renewed sense of hope for all of us. I hope you all have a Merry Christmas and a Happy New Year.





The election has concluded, and I am relieved. In the lead-up to the election, I believe I could have filled a couple of garbage cans with the volume of materials I received in the mail. Then, just like that, it all ceased abruptly. My wife was receiving political calls on a daily basis. Fortunately, I was not, or at least the application I installed on my iPhone to block such calls was effective, and then, similarly, those calls stopped immediately after the election. Regardless of whether your candidate emerged victorious or not, the incessant flow of political mail and calls has come to an end—at least for the time being. I cannot help but ponder that the substantial funds spent on materials that ended up in my trash and that of millions of others could have been allocated to more beneficial purposes. However, what I consider useful may not align with the views of others.

The past few years have been challenging for the lumber industry. The positive aspect is that we have encountered similar situations in the past, and I am confident we will face them again. It appears that in this industry, we rely on one or two prosperous years to sustain us through the subsequent years of decline. It would be advantageous if the lumber industry could produce a product and apply a markup to guarantee profitability each year, akin to other manufacturing sectors, but that is not the nature of a commodity-driven market. Despite our best efforts, a segment of our business model will always be influenced by this reality, necessitating innovative thinking.

In September, we had the honor of hosting a large family group at our facility. Presentations were delivered, and questions were posed. During the visit, attendees toured various aspects of our operations, including the plant site and an active logging operation. It was a wonderful experience, and I felt privileged to meet the diverse individuals who made the trip. Coordinating such a large group is not always straightforward, but the event proceeded remarkably well, and I extend my gratitude to everyone who contributed and to all who attended.

Wishing you a Merry Christmas and a Happy New Year.

Josef Kuchera
Editor

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