

Montana Forest Products Marketing News

MSU Extension Forestry

December 2005

Third Quarter '05 Delivered Log Prices in Montana

The chart to the right shows Montana's average delivered saw log and veneer log prices during the third quarter of 2005. The prices are calculated from surveys conducted by the University of Montana's Bureau of Business and Economic Research.

Forest landowners can approximate stumpage value (the amount they receive for selling standing timber) by subtracting logging and log hauling costs from the delivered log price.

Quarter 3, 2005							
Delivered log prices per thousand board feet, Scribner Scale							
	Saw logs				Veneer logs		
	Eastern Montana	change from previous	Western Montana	change from previous	Statewide	change from previous	
Ponderosa Pine							
Yellow	\$358	(\$103)	\$447	(\$40)	xx		
Bull	\$317	(\$19)	\$364	(\$30)	xx		
Lodgepole Pine	\$451	\$7	\$443	\$5	xx		
Douglas-fir	\$456	\$5	\$466	\$6	\$543	\$23	
Western Larch	xx		\$460	(\$1)	\$550	\$30	
Engelmann Spruce	\$453	\$9	\$444	\$5	xx		
Subalpine fir	\$392	\$9	\$391	\$3	xx		
Grand fir	xx		\$386	\$0	xx		
Western Red Cedar	xx		\$513	(\$37)	xx		
Hemlock	xx		\$392	\$0	xx		
White Pine	xx		\$469	\$1	xx		
Other species	xx		xx		\$413	13	
Typical Log Hauling and Logging costs (for three different logging systems) are:							
Helicopter logging	\$325 to \$375 per thousand BF						
Cable/Line Logging	\$175 to \$225 per thousand BF						
Ground/Tractor Logging	\$125 to \$200 per thousand BF						
Log Hauling	\$50 to \$125 per thousand BF						

Pending Forest Policy Legislation

Congressman Greg Walden (R) Oregon recently introduced the *Forest Emergency Recovery & Research Act (FERRA)*. According to a press release from the House Agriculture Committee, "FERRA provides tools and authorities to federal land managers for the rapid assessment of damage in forestlands following catastrophic events." After a review of environmental impacts, "Land managers would be able to engage in active management practices relating to the dead

and dying timber left in forests, restoring landscapes, removing excess fuel loads, improving water and air quality, and preventing additional reforestation backlog."

Congressman Richard Pombo (R) California introduced the *Threatened and Endangered Species Recovery Act (TESRA)*. According to a press release from the House Committee on Resources, "after more than three decades of implementation, the Endan-

gered Species Act (ESA) has failed to achieve its purpose of recovering endangered species to healthy and sustainable populations. In addition, the unintended consequences of this law have caused a tremendous amount of conflict with landowners and local communities alike. As such, Congress must update and modernize the ESA to strengthen its results for species recovery by turning conflict into cooperation. TESRA will do just that."

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Check it Out:

[Western US Lumber output 4% ahead of last year's pace](#)

[Loggers use tags to track trucks and timber](#)

[MT: Judge Delays Logging Project Near Basin Creek](#)

[Aging Loggers of Concern to Timber Communities](#)

Mixing Forestry and Skiing at the Bitterroot Resort

In 1991 the 2,960 acre Maclay Ranch located just north of Florence, Montana was named Montana's Tree Farm of the Year. The award is given annually by the Montana Tree Farm System to a landowner that shows an outstanding commitment to enhancing and sustaining their forested property. The landowners at the time were Bruce and Mary Maclay, 4th generation ranchers whose initial forest management efforts focused on controlling mistletoe infected trees.

Today forestry activities continue on Maclay Ranch, but with different objectives. The current owner, Tom Maclay (Bruce and Mary's son) is developing the [Bitterroot Resort](#) on the property.

For the past 18 months Maclay has been busy creating ski runs. The work started when Maclay contracted with Ecosign Mountain Resort Planners of Whistler, B.C. to design ski runs. Next, armed with GPS units and Ecosign's maps, Maclay and his sons, Charley and Jacob, marked the ski run boundaries on the mountain-side. Maclay says he tried to balance creating world class runs with other considerations such as maintaining visual attractiveness, maintaining enough trees to keep the runs shaded (slows snow melt), and continuing to control mistletoe infected timber.

Next, Maclay worked with Arlee logger, Randy Larson, and Missoula-based consulting forester, John Ottman, who coordinated the timber harvesting.



Aerial view of the Bitterroot Resort located just north of Florence, MT. The ski runs visible in the photo are on the Maclay property. A proposed special use permit would extend the runs up Carlton Ridge to Lolo Peak which is visible in the background. If the special use permit is approved the Bitterroot Resort would boast the largest vertical drop in the North America at 5,342 feet.

After the timber was cleared from the runs, JTL Group, Inc., a Missoula area contractor, used bulldozers to remove stumps from the slopes and to contour the runs. Finally, Maclay has been working with Giles Thelen, a plant ecology researcher at the University of Montana, to revegetate the slopes.

When the work on Maclay Ranch is complete, the Bitterroot Resort will have over 30 ski runs all serviced by two ski lifts and having over 2,400 feet of vertical drop.

In addition to the work underway on the Maclay Ranch, Tom Maclay is seeking a special-use permit on 12,000 acres of U.S. Forest Service property. The permit would allow development of nordic and alpine

skiing between Maclay Ranch and nearby Lolo Peak. Up to 7750 skiers per day could then descend 5342 vertical feet from Lolo Peak to the base on Maclay Ranch. That vertical drop would be the largest in North America.

The resort lies adjacent to the northern boundary of the Bitterroot-Selway Wilderness Area. Thus, Maclay says another attraction of granting the special use permit is that, "it would provide an opportunity for the resort to be a window into the largest wilderness area in the lower 48 states".

Developing the Forest Service portion of the Bitterroot Resort is contingent on the [Bitterroot](#) and [Lolo](#) National Forest's forest management plans, which are currently being revised.

Maintaining a Forest Products Industry Infrastructure in MT

In the 1980's Montana's forest products industry could process 1.5 billion board feet of timber annually. In 2004 timber processing capacity had fallen to 963 million board feet. What's more, only 737 million board feet of that capacity was actually utilized in 2004. Thus, over the last two decades Montana's forest products industry has shrunk by just over half.

Why? There are two main reasons. First, like almost all industries, the forest products industry is highly competitive. For example, Montana sawmills produce the same kinds of dimension lumber and boards that are produced by hundreds of firms in other parts of the US and world. Given all of the firms producing the same commodities, the primary basis of competition is the ability to produce at a low cost. Mills less efficient in converting logs to lumber have gone out of business. Those mills still in business have invested in more efficient timber processing technologies.

A second reason for the decline is that in the last 20 years logs have become scarce and therefore some mills were forced to shut down. Logs are not scarce because of a shortage of growing timber. In fact, each year 447 million cubic feet of timber is added to Montana's existing growing stock of 35 billion cubic feet. Rather, there is a shortage of federal timber sales. Consider that in 1987 about 600 million board feet was harvested from Montana's national forests. Between 1997

and 2004, about 100 million board feet have been harvested annually.

Also affected by the state's shrinking sawmilling capacity are secondary manufacturers who use sawmill residues to manufacture paper, particle-board, and medium-density-fiber board (MDF). Each time a sawmill closes, these secondary manufacturers lose a vital supplier.

What does this all of this mean? If these trends lead to the collapse of Montana's forest products manufacturing infrastructure (as has happened in CO, NM and AZ) then Montana's private forest landowners will not be able to carry out forest management activities aimed at improving forest health and reducing the chance for catastrophic wildfire.

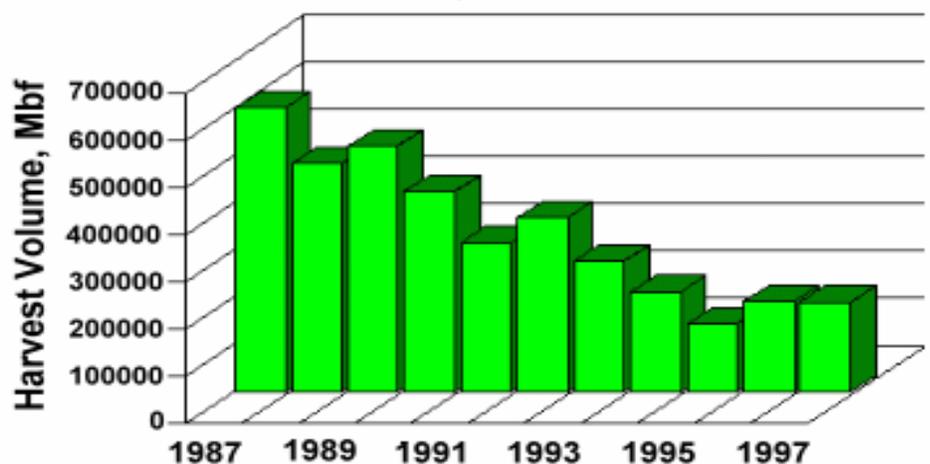
Why? Because their timber will have little economic value. Thus, the cost of the management activities can't

be offset by the economic value of the products removed.

Despite the importance of a prospective infrastructure breakdown, many private forest landowners are not aware of this issue. Therefore, MSU Extension Forestry is considering a workshop designed to educate private forest landowners about the importance of maintaining a forest products manufacturing infrastructure. In addition to education, another component of the workshop would be to encourage private forest landowners to give voice to their concerns by organizing through groups like Montana Forest Owner's Association and Montana Tree Farm System.

So that we can gauge whether such a workshop is feasible, please let us know if you would be interested in attending—call 406-243-2775 or email [Roy Anderson](mailto:Roy.Anderson@montana.edu).

National Forest Timber Harvest Montana, 1987-1997



Graph showing the declining timber harvest from Montana's National Forests. Source: Montana Wood Products Association.



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Montana State University Extension Forestry is a branch of the MSU Extension Service and is housed cooperatively with College of Forestry and Conservation at the University of Montana in Missoula, Montana.

The mission of Extension Forestry is to provide education and outreach to non-industrial private forest landowners, forestry industry, and other forestry-related organizations in Montana.

Extension Forestry carries out its mission by providing its stakeholders with educational workshops, publications, news-releases, brochures, and videos. Common topics include forest stewardship planning, forest insect and disease, windbreaks/living snow fences, alternative forest management practices, wildfire hazard reduction, forest products marketing, and tree pruning & care.

We're on the Web:

<http://www.forestry.umt.edu/hosting/forestproducts/index.htm>

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Forestry Educational Calendar

Forest Taxation and Estate
Planning Conference
December 6-7
Coeur d'Alene, ID
[click here for info and registration](#)

How to Dry Lumber For Quality
and Profit
December 5-8
Corvallis, OR
[click here for info and registration](#)

Forest Roads: Advancements in
Science and Technology
December 13-14
Eugene, OR
[click here for info and registration](#)

Family Foresters
Workshop
January 20, 2006
Spokane, WA
[click here for info and registration](#)

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