Western US Roundwood Industry:
Results from Surveys of Loggers &
Western USA Roundwood Manufacturers

with Import Data & Trends
Post & Pole Survey Methodology

- Survey sent to roundwood industry from 16 Western states.
- Included companies that:
  - Manufacture/sell untreated
  - Manufacture/treat/sell
  - Purchase untreated/treat/sell
  - Treating Service Only
- Surveys received from 8 states including AZ, MT, ID, SD, CO, WY, OR, & CA
- Average number of years in business among respondents = 40 years
Post & Pole Survey Key Results

- **Raw Material**: Purchased more than 293,000 green tons of raw material/year
- **Raw Material**: 65% from federal lands and 20% from state lands
- **Raw Material**: 50% from ongoing supply agreements with logging contractors
- **Raw Material**: 90% arrives in form of random length stems
- **Raw Material**: 68-mile average haul distance for incoming raw material supplies
- **Raw Material**: Raw material supply rated the most influential factor constraining the ability of roundwood manufacturers to operate at the full capacity of their equipment
Raw Material Volume Percentage

- Logs: 70%
- Raw Posts/Poles from Other Manufacturers: 19%
- Other from Non-Post/Pole Manufacturers (i.e. peeler cores, etc.): 11%
Percentage of Log Volume Delivered as:

- Random Length Stem: 88%
- Cut-to-Length with Bark: 12%

Percentage of Log Volume by Source:

- Standing Timber Owned by Others: 55%
- Gatewood: 18%
- Ongoing Contracts with Loggers: 14%
- Ongoing Contracts with Landowners: 8%
- Other Brokers/Suppliers: 5%
Average Haul Distance for Raw Materials
(Percentage of Respondents)

- 0 - 30 miles: 18%
- 31 - 60 miles: 27%
- 61 - 90 miles: 18%
- 91 - 120 miles: 36%
Q: Do you plan to make any changes in your post/pole operation?

- Upgrading some processing machinery to streamline our production.
- We are constantly trying to come up with new ways to market waste product or come up with new products in general.
- Change suppliers of posts & rails
- Buy more untreated post all ready pointed.
- No changes in operations however we will continue to grow the post/pole production category.
- Put up more covered storage possibly automate the treating system
- Efficiency, production, value added.
- Opened a second peeling facility in late 2018 and will continue to work and modernize that new plant.
- Dowell line
- Develop more supply resources from private landowners for dead standing Lodgepole
- We typically reinvest an average of 40 to 50 thousand per year into the infrastructure of the business to improve efficiency.
Q: Do you plan to make any changes in your Product Mix?
Post & Pole Survey Key Results

- **Production:** Annual sales of 377,000 green tons, or an estimated 33.7 million linear feet.
- **Production:** 90% of production is lodgepole pine
- **Production:** 75% of production produced as dowelled material
- **Production:** **Average** 9 hourly employees & 2 salary per operation
- **Production:** total value of production was just over $34 million
- **Production:** 90% of treated volume was treated with arsenical chemicals
- **Production:** about 2/3’s treated to customer specified treating standard
- **Production:** 50% of all production taken to market directly via retailer, followed by 19% via wholesaler; and 18% direct to end-use customer
- **Production:** 60% of production sold in the Midwestern US and 34% in the Western US
Reasons submitted for those not at full capacity were split, almost evenly, between:

- Raw Materials
- Labor
- Market Conditions
- Other
## Post & Pole Survey Key Results

### Product Size Mix

<table>
<thead>
<tr>
<th>Diameter Range (Inches)</th>
<th>Percentage of Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0 to 2.9</td>
<td>29</td>
</tr>
<tr>
<td>3.0 to 4.9</td>
<td>22</td>
</tr>
<tr>
<td>5.0 to 6.9</td>
<td>29</td>
</tr>
<tr>
<td>7.0 plus</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>
Logger Survey Methodology

- Invitation to take survey sent to 7 state logging associations in OR, WA, CA, MT, ID, AZ, & ND/SD
- Each association asked to notify their members about the survey
- Surveys received from 6 states including AZ, OR, MT, MN, ID, SD
- Average number of years in business among respondents = 21.5 years
Logger Survey Key Results

- **Production:** Total production of 274,000 green tons of product of which 70% was veneer and saw logs and 16% was post and pole raw material.
- **Supply Source:** 52% of the material produced by the respondents was sourced from publicly owned lands.
- **Logging Equipment:** 7 of the 16 respondents reported using ground-based logging equipment and whole tree yarding, the most frequent equipment configuration among respondents.
- **Species:** The post and pole volume sold 90% lodgepole pine.
Amount and Type of Primary Forest Products Produced

- Veneer/Sawlogs: 70%
- Pulpwood: 16%
- Post & Poles: 6%
- Firewood: 7%
- Other: 1%
Proportion of Production by Landowner Type

- U.S. Forest Service: 46%
- Bureau of Land Management: 35%
- State: 6%
- County: 12%
- Non-Industrial Private: 1%
- Industrial Private: 0%
- Tribal: 0%
- Other: 0%
Senators demand new approach to forest thinning

By Peter Aleshire Consulting Publications Editor  Mar 22, 2019  Comment

Arizona's two new US Senators have reached across the aisle to demand the US Forest Service save the faltering 4- Forests Restoration Initiative (4FRI), the last hope of preventing a California-style catastrophe in Northern Arizona.

Recently appointed Republican Sen. Martha McSally and recently elected Democratic Sen. Kyrsten Sinema issued a joint statement last week calling on the Forest Service to change tactics on the ambitious, but stalled effort to thin millions of acres of overgrown forest.
Logger Survey Key Results

- **Key Factor for P&P:** The most problematic factor cited by logger’s in accessing post and pole markets was not having enough material to harvest that is appropriate size and species for roundwood manufacturing.
- **Raw Material Specs:** 2/3’s of the respondents reported selling material to post and pole markets with no length or diameter specifications (i.e., random length stems)
- **Haul Distance:** The average haul distance to a P&P market was 65 miles.
- **Price:** The average delivered price to post and pole markets was $61 per green ton and ranging between a low of $50/green ton and a high of $72/green ton
### Logger Survey Key Results

#### Table 4.5 – Ranking of Factors Related to Ease of Accessing Post and Pole Markets

<table>
<thead>
<tr>
<th>Factor</th>
<th>Average Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not enough P&amp;P material to harvest</td>
<td>2.0</td>
</tr>
<tr>
<td>Limited Trucking</td>
<td>3.3</td>
</tr>
<tr>
<td>Species not suitable for P&amp;P</td>
<td>3.6</td>
</tr>
<tr>
<td>Market is too distant</td>
<td>3.7</td>
</tr>
<tr>
<td>Too costly to sort P&amp;P</td>
<td>3.7</td>
</tr>
</tbody>
</table>
Q: Do you see an influence on your company's markets because of southern pine post/pole operations?
Q: Do you see an influence on your company's markets because of Canadian post/pole operations?
Q: Do you see an influence on Raw Material supply by Canadian post/pole operations?
Import Data

Figure 5.1 – Imports of Treated and Untreated Blunt End Posts 1990 to 2018 (LF)
Figure 5.2 – Seattle and Great Falls Imports of Treated and Untreated Blunt End Posts 1990 to 2018 (LF)
Figure 5.3 – Declared Value of Imported Treated and Untreated Blunt End Posts ($)

- Seattle & Great Falls Treated and Untreated
- All Other Treated and Untreated
- Grand Total
Table 5.1 – Declared Value of Treated and Untreated Blunt End Posts 1990 to 2018 ($/LF)

<table>
<thead>
<tr>
<th>Region/Product Type</th>
<th>Average</th>
<th>Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle Treated</td>
<td>0.60</td>
<td>1.36</td>
<td>0.33</td>
</tr>
<tr>
<td>Seattle Untreated</td>
<td>0.18</td>
<td>0.74</td>
<td>0.00</td>
</tr>
<tr>
<td>Great Falls Treated</td>
<td>0.73</td>
<td>1.73</td>
<td>0.03</td>
</tr>
<tr>
<td>Great Falls Untreated</td>
<td>0.18</td>
<td>0.65</td>
<td>0.00</td>
</tr>
</tbody>
</table>
Conclusions & Recommendations

• The roundwood industry is highly dependent on supply from publicly owned and managed lands. The industry should continue to work with land managers to assure continued programs for supply adequate volumes of raw material.

• Related to the previous point, it appears that focus on precommercial thinning or fire mitigation of public lands is not resulting in volumes or sizes sufficient for roundwood post and pole even though the demand for the material exists at prices considerably higher than allowed by most other small-diameter utilization technologies.
Conclusions & Recommendations

• Logging contractors are willing and able to supply roundwood manufacturers with raw material, but they are constrained by limited volumes of appropriate material from the bids they win.

• As the relatively even product size mix demonstrates, 20-30%, roundwood manufacturers can consume any sizes between 2 to 7+ inches in diameter.
Conclusions & Recommendations

• With raw material shortages being the biggest constraint to roundwood manufactures and loggers, The US Forest Service, States and private landowners need to consider further means to help loggers bid underutilized small diameter roundwood or precommercial thinning for post and pole markets.

• The 20% yield loss when converting raw roundwood logs into posts and poles also provides an opportunity for chips, firewood, mulch and other by-products sales to be generated.
Conclusions & Recommendations

• Less than 50% of logging firms reported that they had sold material to post and pole manufacturers within the last year. Clearly more education needs to be done with loggers about the post and pole market.

• Loggers reported sizes consistent with the roundwood manufacturers with 3” to 8” sizes. Anything larger than 8” is considered a saw log and has a higher value. However, these sizes are also desirable for pulpwood, biomass and other devalued products.
Conclusions & Recommendations

- Loggers and roundwood manufactures both stated the average haul distance was around 65 miles. Distance thus plays a small role in determining if post and pole is going to be part of a bid for a stand and shows the significance of relationships between roundwood manufacturers and nearby loggers.

- The average delivered price to post and pole markets was $61 per green ton and ranging between a low of $50/green ton and a high of $72/green ton. These values are significantly higher than published pulpwood prices, which typically range between the low $30’s and low $40’s per green ton per RISI Log Lines and industry log price reporting service for the Western US.
Thank You

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Questions

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