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NEWS

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Where There's a Mill, There's a Way:

Grand County sawmills find success in beetle-kill wood markets

GRANBY, Colo. – The smell of fresh-cut pine, the steady sound of heavy machinery and the site of semi-trailers dropping off regular truckloads of logs are clear indicators that Grand County sawmills are alive and kicking.

Colorado's timber industry has seemingly been in dire straits in recent years. After decades of struggling to stay afloat in a flagging wood products market, the industry faced the mountain pine beetle epidemic, which left behind millions of acres of dead lodgepole pine forest. Yet three determined sawmill owners in Grand County have managed to remain successful by finding regional markets for beetle-kill and other local timber. They obtain the majority of this wood from timber sales on local private lands, where forests are harvested based on advice and assistance from the Colorado State Forest Service.

"These guys are actually processing high volumes of wood harvested from beetle-kill areas," said Ryan McNertney, forester for the CSFS Granby District. "This is wood that many people incorrectly assume is of low quality, but these mills have managed to find ways to process and market it effectively."

Three Mills, Three Niche Markets

One thing the owners of Grand County's three largest sawmills agree on is that adaptability is vital to success. Each owner has found a way to meet niche demands in the current wood products market, which means they have a heavy focus on beetle-kill wood. All three businesses are family owned and operated.

"They're each taking the same wood and doing something different with it," McNertney said.

The mill owned by Leonard Peeling in Fraser, a second-generation operation in existence since the 1940s, cuts and peels lodgepole pine logs to produce fence posts and corral poles. The semi-processed lumber ships to wholesale wood treatment facilities, which weather-proof it before remarketing the finished product to farmers, ranchers and homeowners. Owner Rick Leonard says that a major advantage of having a smaller mill operation is the ability to adapt to a changing market.

"We're flexible. If I have a customer who wants a nine-foot post, I can cut a nine-foot post," he said.

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Farther north, near Granby, Ranch Creek LTD also focuses on the wholesale market, but with a heavy emphasis on rough-sawn dimensional lumber, such as crating material for pallets, banding boards for pipes and landscape timbers. And while Leonard Peeling and Ranch Creek focus on providing unfinished product to the wholesale market, Hester's Log and Lumber in Kremmling focuses on selling custom products directly to the retail market, such as decorative beams, flooring and wood paneling – much with the distinctive blue-stain signature seen after a beetle outbreak. Ironically, a glut of beetle-kill wood has been a boon to the success of the local mill owners.

“The beetle has definitely been a boost for our business,” says Kent Hester, owner of the Kremmling mill and a former forester.

The mill owners know that wood quality is unaffected by prior mountain pine beetle infestation, and are grateful that consumers also now recognize this fact. As a result, the blue-stain quality of the wood actually has increased in popularity with some consumers – including many who reside out of state. The processed wood from these mills is shipped to addresses in Colorado and at least 10 other Western states. Hester says he has even shipped product as far away as Hawaii. And Mike Jolovich, owner of Ranch Creek LTD, says his goal is to market 20 percent of his product outside Colorado. He attributes his success in part to finding clients who are willing to spend a few extra dollars for a higher quality finished product.

“We've tried to stay away from the main line to make a little more revenue,” says Jolovich.

Mills Provide Jobs, Boost Local Economy

Although much of the wood-milling process can now be automated – Ranch Creek has an electronic merchandising system that uses an optical scanner to cut and sort logs by size – these Grand County sawmills still create and support many local jobs. Together, the mills employ approximately 50 full-time workers. They also support many more local and regional jobs upstream and downstream from milling operations: loggers, truck drivers, treatment plant workers and even businesses that ultimately sell the finished product to the consumer, such as Lowe's and Home Depot. And then there are the jobs they provide for themselves and their family members.

“My desk is right in there,” Leonard says, pointing inside the cab of his mechanized log cutter.

Jolovich, who now employs 23 year-round workers at Ranch Creek, says that a year ago he had only 11 on staff. And the money that goes to his employees stays local. He points out that they buy local hardware and go to local restaurants and grocery stores. “I don't know what you call that. Good business, I guess,” he says.

“These are local businesses with local wood employing local people,” said McNertney. “They're all smaller operations, but they're critical for this economy.”

Besides creating jobs, the mills provide inexpensive wood resources for area residents. Much of the unusable lumber becomes firewood that is sold for nominal prices, or even given away free if of lower quality. And Hester sells compost produced from sawdust and wood peelings, while Leonard's peelings end up as animal bedding and other products.

“I've been here 27 years, and we haven't hauled anything off to the landfill,” Hester said.

Wood Utilization Helps Keep Forests Healthy

With few exceptions, only local wood is utilized by these sawmills, and most of the current supply comes from standing dead trees lost to the mountain pine beetle epidemic. Leonard says that it's better for both the environment and the economy to remove the timber now.

"Use it now before it falls on the ground and becomes useless," he said.

Leonard's operation alone takes in approximately four truckloads of logs per day, or more than 100 tons of wood. The other mills process a similar amount of wood. Each day, their operations collectively take in roughly 1,500 trees from up to 12 acres of land – land that desperately needs active forest management. McNertney said utilization of the beetle-kill wood makes a truly significant impact and helps foresters like him better manage the land.

"These mills are outlets for the products that result from forest management practices," McNertney said. "To prevent future forest health issues, we need to keep them in business."

Shared Concern about Future Wood Supply

With all the timber made available by the bark beetle epidemic, obtaining wood hasn't been a problem for the mills in recent years. They get most of their wood from timber sales on local private lands, where forests are being harvested based on advice and assistance from the CSFS, but also obtain logs from federal and state lands.

"We're one of the biggest benefactors of what the Colorado State Forest Service does," Jolovich said.

The other major benefactor could be considered the forests themselves. Local timber harvests help landowners manage for healthy forests and clear hillsides of standing dead timber, but accessible beetle-kill timber in adequate milling condition will eventually run out.

"As this timber ages, it becomes tougher and tougher to utilize," said Jolovich. He says that once wood-rot starts in dead trees – which happens much faster as they fall down – the wood no longer will be usable. Most lodgepole pines killed by bark beetles are predicted to fall within approximately a decade of infestation.

McNertney says increasing public acceptance of long-term forest management is a key factor in making wood available to the industry. This will allow public land managers to continue timber sales, and encourage private landowners to allow loggers on their own lands. However, if land managers and private landowners opt not to make timber available in the near future, the outlook for Colorado sawmill owners, those they employ and the forests around them could be bleak.

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SIDEBAR:

Mill Name	Location	Tree species used	Products	When established	Interesting Fact
Leonard Peeling	Fraser	Lodgepole pine	Wholesale fence posts, corral poles	Circa 1940s	A German POW camp during WWII
Ranch Creek LTD	Granby	Lodgepole pine, some subalpine fir	Wholesale dimensional lumber, crating material, landscape timbers, utility poles	1993	Products ship to wholesalers in eight states
Hester's Log and Lumber Company	Kremmling	Lodgepole pine, Engelmann spruce, aspen, Douglas-fir	Larger sawlogs, character logs, custom beams/paneling/flooring for retail market	1985	Parts of one on-site mill came from a nearby barn built in 1925