

THE LOG

October / November 2020

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LAKE STATES LUMBER ASSOCIATION

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Letter from the President

Adapting to Changes

I would have to believe most people's forecasts and projections for 2020 have been put through the paper shredder or wound up into a wad lying next to the trash can at a failed attempt to make a basketball shot. It has not been the year anyone anticipated but hopefully everyone has been able to adapt to the changes we have been dealt with.

In late March when our state's Governors started announcing mass changes to society from school closures, to business restrictions and social changes it left everyone with a lot of unknown territory ahead. While our society still sees a lot of social restriction and cancellations with some aspects of business facing limitations, it seems most of our industry is now back up and going with most at full speed. However, being able to run at full speed has come with a lot of changes. Changes in work structure distancing co-workers and providing extra ppe, limited office visits and breakroom rules have changed all our workplaces. After a few up and down months it seems that most have settled into the new way of operating and in recent conversations I have had a lot of companies report being quite busy in June, July or both with optimistic starts in August. Let's hope our industry can have a strong finish to 2020.

As summer is winding down, I hope everyone has been able to remain healthy, prosperous and was able to enjoy the wonderful weather we have had this summer and are looking forward to the wonderful activities the great outdoors offers in the fall.

Rob Paradise
Devereaux Sawmill
LSLA President
rob@devereauxsawmill.com



**LAKE STATES LUMBER ASSOCIATION, INC. . .
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 THE SUSTAINABILITY OF OUR FOREST RESOURCES**

**LSLA CALENDAR
 OF EVENTS**

2021 Winter Meeting Cancelled

More Info Coming Soon
 On Virtual 2021 Winter Meeting

2020 LSLA BOARD OF DIRECTORS



Back Row (left to right): Rob Paradise (Devereaux Sawmill), Pete Johnson (Granite Valley Forest Products), Fred "Butch" Fisher (AJD Forest Products), Colten Heagle (Northern Capital Insurance Group), Jake Divine (LSLA Administrative Coordinator)
 Front Row (left to right): Larry Krueger (Krueger Lumber), Steve Peters (Rockland Flooring), Dennis "Gus" Gustafson (Besse Forest Products), Jennifer Lu (WI DATCP), James Maltese (Stella Jones Corp).
 Not Pictured: Kirby Kendrick (Kendrick Forest Products)

Photo courtesy of Zach Miller, Miller Publications.

The Log is published bi-monthly by the Lake States Lumber Association, Inc. For address corrections or to contribute news articles, opinion pages, or advertising, contact us at:

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REAL HARDWOOD PROMOTION COALITION UPDATE

By James Maltese - LSLA Secretary & Representative to the Coalition

The Real American Hardwood Promotion Coalition (RAHPC) is making great strides forward with the research phase complete and brand development is underway.

The research encompassed a wide audience of consumers, architects, contractors, home renovators, designers, millennials, and Gen Xers. It was conducted in a variety of methods - in-person focus groups, online polling, and interactive bulletin boards. Results of this research provide the basic tenets for developing a much-needed, over-arching brand identity.

Key findings of the research include:

- Attributes favoring American hardwood:
 - Attractiveness (#1 Attribute)
 - High-end Appeal
 - Uniqueness
 - Durability
 - Gold Standard - everyone wants the look and feel of real hardwood products.
- Drawbacks in choosing American hardwood:
 - Cost (#1 Barrier)
 - Not a “Good Value”; disconnect between durable being good value
 - Disposable Society
 - “Close is Good Enough”
- Little importance in the decision process:
 - Made in America
 - Environmentally-friendly
 - Sustainability of the resource

Our marketing consultants, Clutch, have developed a preliminary go-to-market playbook which will outline the many ways companies and associations can engage and guide influencers. Once this step is finalized, RAHPC can begin to consider where we start our activities for the most effective exposure. Additionally, we will be addressing viable fundraising methods.

The RAHPC Executive Committee is preparing a webinar to update funding partners and industry affiliates on the Playbook highlights. A representative from Clutch will present the Real American Hardwood brand platform, brand tag and recommendations for engaging audiences and influencers.

To learn more about the webinar details, or to sign on as a funding partner, email hardwoodpromotion@gmail.com or reach out to any RAHPC Executive Committee member.

** The linked documents and webpages referenced in this article can be found in the electronic version of the log. Contact lsla@lsla.com or (920) 884-0409 to be sent a copy.*

MEMBERSHIP DUES AND BUYER'S GUIDES

2021 Membership Invoice and Membership/Buyer's Guide Listings have been mailed out.

Please complete the forms and update information. Return to our office with payment by January 11, 2021.

MEET OUR MEMBERS



Meet Our Members is offered to all LSLA members. If you would like your company featured in an issue of The Log, please email to us the article, including the name of your company, address, type of business, product manufactured, years in business, and other information that your fellow members will find interesting. If you have a picture you would like included, please email along with the article to lsla@lsla.com.

A MESSAGE FROM THE MI-DNR

David Neumann, MI DNR

MI DNR Industry Update for August 2020

As part of efforts to monitor industry status and be responsive to industry concerns during the COVID-19 pandemic, Michigan DNR staff have periodically canvassed sawmills and develop an industry update. Mill comments have been summarized to maintain confidentiality, although some news items and changes at specific large mills are already widely known. The following Michigan industry update was developed based on conversations DNR utilization & marketing program staff had with 18 of the mills that receive the most wood from MDNR sales, and with three of the biomass energy plants in northern lower Michigan:

August Michigan Industry Update –

- Eighteen of the larger mills and three biomass energy plants were contacted for an update during the week of August 7th.
- Six of the eight largest mills (the paper, composite board mills) in Michigan said they were operating at full capacity/production levels and expect no additional unscheduled down time in the end of the third quarter and fourth quarter. One hit a production peak last month.
- However among hardwood sawmills, four out of 8 contacted were operating at reduced production levels – ranging from 65% to 90% of normal capacity.
- Many mills continue to be concerned about the impact of the Verso WI & MN mill closures on Michigan loggers and truckers. Several mills commented that Verso closed its wood concentration yard in Vanderbilt last month, and some worry that starting next year, Verso will no longer purchase pulpwood below the Bridge.
- Orders for pallet lumber products, truck flooring, and RV markets continue to be low, and most industrial lumber – focused sawmills are running at reduced production levels due to low demand.
- Demand and prices for studs/construction lumber and siding are good, and pine mills focused on these product are mostly running at normal capacity.
- Residue markets are moving well for sawdust and clean chips, but not well for bark in some areas.
- Grayling Generation Station was projected to be back in mid-August, but due to another repair issue is now projected to be back online in November.
- Cadillac Renewable Energy resumed fuelwood purchases at the end of June, but still had not started power generation. The first week of power generation was expected to be in the second week of August.
- The Viking – McBain & Lincoln power plants plan to reduce wood fuel purchases in the last half of 2020, shifting to about 50% railroad ties, and reducing the number of suppliers. The Viking plants were recently purchased by National Salvage & Surplus Corporation, a large railroad tie recycling company.

Overall, it sounds like things are going well in the markets for composite board and structural lumber products. However it sounds like the markets for grade lumber products are gradually beginning to recover, and markets for pallet stock are still significantly constrained.

Industry Update for September 2020

- Seventeen of the larger mills and two biomass energy plants were contacted for an update during the week of September 14.
- Five of the eight largest mills (the paper, composite board mills) in Michigan said they were operating at full capacity/production levels and expect no additional unscheduled down time in the end of the third quarter and fourth quarter. They also reported full mill yards due to good operating weather and increased pulpwood availability following Verso's WI and MN mill closures. They predict slower or somewhat subdued purchasing into fall/winter as a result...
- The sixth of the largest mills – Arauco (Grayling) - was running at ~80% of full capacity, as the plant continues its process of ramping up to full designed capacity.
- Verso's Escanaba and Quinnesec plants were operating at ~75% of full capacity, due to reduced market demand, high finished product inventory, and high roundwood inventory. Verso's plants took or are taking alternating two-week curtailments on roundwood receipts – no wood deliveries during the curtailments. Incoming roundwood will also be restricted to contract holders during September at

MI-DNR (CONT'D)

- both mills – no gatewood purchases.
- Among softwood sawmills, all four that were contacted were running at full capacity and are having strong sales/finished product demand.
 - Of the hardwood sawmills, 3 out of 6 contacted were operating at reduced production levels, ranging from 50% to 80% of normal capacity. These three mills produce mainly pallet and industrial lumber and said that market demand from pallet manufacturers haven't returned to normal levels yet.
 - Hardwood grade lumber mills contacted (3) said they were running at full capacity and cited improved market demand for grade lumber; some reported improvement in orders for flooring stock, others said demand remained low. Lumber prices for some species (red oak) remain poor.
 - Some mills say they're having difficulty still moving bark residues, others are doing ok.
 - Grayling Generation Station remains down for repair – expected to test the new generator around Thanksgiving, and if all goes well resume purchases/receipts of fuel in January.
 - Cadillac Renewable Energy resumed generation in early August and has been receiving chips steadily since July. No anticipated downtime scheduled this fall.

Please contact Michigan DNR utilization & marketing program staff with any questions or comments about this update – David Neumann at neumann@d Michigan.gov or 517-490-7640 and Brenda Haskill at haskillb@michigan.gov or 989-370-9557.



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SUBMIT A LOG ARTICLE

LSLA members are welcome to submit articles that are of interest to our membership. Contact our office at LSLA@LSLA.COM if you are interested in submitting an article or if you have member news of general interest to our industry.

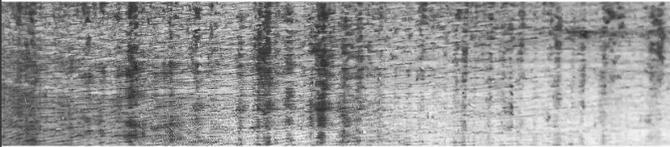
WINTER MEETING UPDATE

The Winter Meeting that was scheduled for January 13-15, 2021 has been cancelled in person due to COVID-19. Plans are in the works for having a virtual meeting and a virtual auction. More information will come soon on the virtual meeting.



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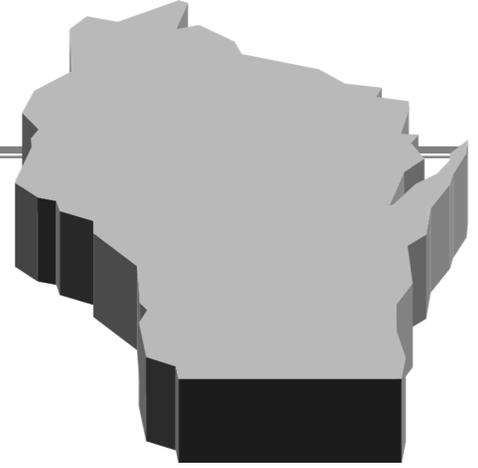
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Wisconsin Election Update Report

By Amy Boyer, WI Legislative Consultant



Final absentee ballots have been counted this morning and following are the UNOFFICIAL results for Wisconsin legislative races:

Assembly Republicans lost two incumbents and held all previously held Republican seats resulting in a **61-38** majority. Incumbents Rob Hutton (R-Brookfield) and Rep. Jim Ott (R-Mequon) lost their re-elect.

Senate Republicans appear to have picked up two seats while defending all incumbents. Senate Republicans look to come back **21-12**. Rep. Rob Stafsholt (R-New Richmond) defeated incumbent Sen. Patty Schachtner (D-Somerset) in the 10th Senate District and Republican Eric Wimberger defeated Democrat Jonathan Hansen in the open 30th Senate District in the Green Bay area. It looks like Democrat Brad Pfaff has defeated Republican Dan Kapanke in the open 32nd District in the LaCrosse area.

LSLA FAX NUMBER UPDATED

The Fax number for LSLA has been changed.

Please use 906-875-3724.

Please update this information for your records.

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2021 BUYER'S GUIDE ADVERTISING

The 2021 LSLA Buyer's Guide advertising is available. Sizes and prices of ads are:

Half page (4 ½ inches wide X 3 ¾ inches high): \$50
Full Page (4 ½ inches wide X 7 ½ inches high): \$100

Or, if you like a little competition, how about bidding on the most prominent advertising spots in the Guide? Minimum bids for the following spots are as follows:

Inside Front Cover (full page, color): \$200
First Page (full page, black/white): \$200
Back Inside Cover (full page, color): \$200
Outside Back Cover (full page, color): \$400

If you would like to reserve advertising space in the 2021 Buyer's Guide, contact lsla@lsla.com or (920) 884-0409.

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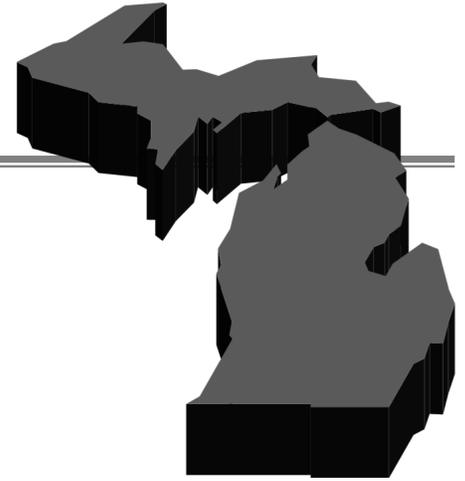
Send extra copies to other people or divisions within your company for only \$50/year. It's the best way to ensure everyone is up to date on LSLA news.

Contact lsla@lsla.com



Michigan Legislative Report

By Scott Everett, MI Legislative Consultant



August Primary Election

The Michigan Primary Election on Tuesday August 4th set records for both voter turnout and the number of absentee ballots ever cast in an election. The more than 2.5 million people who voted broke the previous record from the 2018 August primary, which was 2.2 million. The 1.6 million absentee ballots that arrived by either mail or delivered to local clerks was more than the 1.3 million absentees that occurred during the 2016 presidential election.

Forest Development Fund

Back in January, Representative Greg Markkanen introduced legislation that proposed to restrict the use of the Forest Development Fund. Currently, money in the Forest Development Fund can be used only for one or more of the following:

- To provide for the payment of principal of and interest on any bonds or notes issued by the authority.
- For reforestation, forest protection, and timber stand improvement.
- To obtain and maintain certification of sustainable forestry standards in the state forest.
- For the administration and enforcement of Part 535 (Registered Foresters) of NREPA.

For any other purpose authorized by Part 505.

The bill amended the above stipulations by removing the last term (For any other purpose authorized by Part 505) and by replacing reforestation, forest protection, and timber stand improvement with forest management operations and practices.

The legislation appeared to be on a fast-track. It passed the House 106-0 on March 4, and was referred to the Senate Committee on Appropriations. Then, COVID hit that next week. Michigan is expected to face a massive budget problem coming up in the 2021 budget year (which begins Oct 1) and this is one bill, (as hindsight is always 20/20) . . . that needed about another 60 days to have made happen.

Kolb Not Taking Revenue Increase Off Table If Feds Don't Come Through

Facing a whopping \$3 billion state government deficit for Fiscal Year (FY) 2021, Governor Whitmer's Budget Director Chris KOLB recently explained that there is not enough fat in the state bureaucracy to cut to balance the books. He basically said that If federal assistance doesn't come through, a revenue increase of some sort cannot be ruled in or out.

EMAIL ADDRESSES

LSLA frequently sends out to its members important announcements and information about meetings, educational opportunities, legislative matters or events of interest to the forest products industry. Email is the most effective method of communicating this information fast and efficiently, and ensures members' ability to respond to time-sensitive matters.

If your current email address is listed in the Buyer's Guide and you haven't been receiving emails from Lake States Lumber Association, please make sure that your email program is not blocking emails from lsla@lsla.com or that emails from us aren't being tossed into the junk mail folder.

If your current email address isn't listed in the Buyer's Guide and you would like to receive update information from us, please contact us, and we'll put you in our email address book.

If your email address has changed, please notify us so that you don't miss out on any important news.

SERVICES OFFERED BY FOREST PRODUCTS SERVICES NEWS FROM WI-DNR, WRITTEN BY SABINA DHUNGANA

Forest Products Services Program Hosts Webinars

The WI DNR Forest Products Services program recently hosted webinars on wood utilization and promotion topics. Overall, these webinars were targeted to educate attendees on Wisconsin's forest products industry, benefits of using wood, and promoted new and emerging technologies and products.

The first webinar titled *“Wood: Sustainably Grown, Locally Available”* was hosted on June 16, 2020. The primary objective of this webinar was to promote the diverse application of Wisconsin's oldest grown, locally available, and environmentally friendly material—wood. Architects, designers, consumers, and other interested individuals participated in the webinar.

The second webinar was held on June 24, 2020 titled *“Biochar Production Technologies”*. During the

webinar speakers provided information on biochar production systems and technological solutions that can help manage wood residue issues in storm damaged areas, municipal wood yards, and at wood manufacturing facilities while also generating value-added biochar. The event was primarily targeted for forest industry partners, city officials, land managers, prospective business owners, and tree care companies. This webinar expanded on previous outreach that highlighted the basics of biochar and potential applications in the state.

To view recordings of these webinars please use the url: <https://devlwww.dnr.state.wi.us/topic/ForestManagement/videos.asp> and select category “Forest Products Utilization and Marketing.

For additional information please contact Sabina Dhungana (FPS Specialist, WIDNR)
Email: sabina.dhungana@wisconsin.gov
Phone: 608-220-4531

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U.S.A TRENDS, LAKE STATES

In the Lake States, the marketplace for lumber operations is either good or sustainable, depending on who you interviewed. A Michigan sawmill representative assessed his business as “good. It’s not crazy or spectacular, but it’s not bad. It’s good, I’d say.” Lumber sales are “definitely better than six months ago,” he observed. “six months ago, all the lockdowns were starting for Coronavirus, and no one knew what was going to go on. There were so many questions in the air six months ago. People have somewhat of an idea of what’s going on now. It’s better than that.”

This business offers Hard and Soft Maple, Red and White Oak, Hickory, Walnut, Cherry, Poplar and Basswood. White Oak, Hickory and Hard and Soft Maple are still selling “pretty well,” he noted. Thicknesses come in 4/4 to 8/4. This sawmill sells to a mixture of customers, from cabinetmakers to millwork manufacturers to distributors. The sawmill representative remarked that his customers’ business-levels are “mostly good.” Finding employees and getting trucks are two problems, he said.

A lumber manufacturer in Illinois said that business “seems to be improving. It seems like in the last 30 days, it has improved. It’s still kind of questionable what the long term is going to be, but the short-term seems to be improving.” Nevertheless, he said, business is “worse now than it was pre-COVID. Before COVID it was looking very promising, but it’s gotten a lot worse.”

This sawmill offers Walnut, White and Red Oak, Hard and Soft Maple, Ash, Hickory and Cherry. Best-sellers are White Oak and Walnut. Lumber is cut to 4/4 to 8/4 thicknesses.

Most customers are distributors. “We don’t dry any lumber; it’s all green,” the sawmill noted. Sales are “to people who dry it and resell it, other than flooring lumber end users,” he stated. How are customers’ sales? “It’s just kind of touch-and-go,” he said. “Here lately, they’ve seen an uptick in busi-

ness, but one of them said: we’ll have two weeks really good, then we have two weeks of nothing. So, it seems to be kind of hit-or-miss for them, too.” Transportation has been a significant problem for this Illinois sawmill. “Transportation companies have just got more business than they have trucks or drivers for,” he observed. “So, that’s a sign the economy is getting better – but it’s bad for us, because they’re all looking for the top-dollar loads now. So, it’s gotten pretty difficult. Now you can finally sell lumber, and you can’t get it hauled.”

In Wisconsin, one sawmill reports that sales are “really strong in Maple. The supply is down. Oak is moving well, too. Supplies of Soft Maple are always tight up here. The Cherry market is horrible, like everywhere in the country.” Compared to six months ago, sales are “a lot better,” the sawmill said. The company handles Hard and Soft Maple, Red Oak and Basswood. Hard Maple is selling best. The sawmill sells to end users. How is business for customers? “They keep calling,” he observed, “so it must be decent for them.”

Elsewhere in Wisconsin, a company contact said, “Currently there are pockets of activity that are going well for us, and there are certain items that are pretty slow right now. We’re busy, but it’s these little pockets of activity that are carrying us at this point.” Of the 12 species this sawmill cuts, Hard Maple is the best seller. He said the pulp mills have little demand for logs, so some loggers have ceased operations, making it more difficult for his company to get logs. Another Wisconsin lumber manufacturer assessed his sales as “overall, pretty good. It’s just as good if not better than six months ago.” Red Oak is his best seller. Sales of White Oak also are “fantastic in all grades,” he observed. Business has been good for this man’s customers, particularly those overseas.

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WHERE IS DAVID BRADLEY?

David Bradley is enjoying life with a little less travel due to COVID-19. He’s a bit more cautious at his old age and can’t keep up with the Stihls or young Huskys.

He’s wishing everyone a safe and healthy Holiday season.



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