

## **New forest products from Southeast Alaska**

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Rick Cabe is a proud man. He as just finished installing a new Pinhiero planer at his sawmill in Thorne Bay on Prince of Wales Island, and he is happy to show it off.

"I can make any type of pattern," says Cabe. "And this machine can handle any kind of wood."

Molding, tongue-and-groove, log cabin-style paneling plus dozens of other shapes can be made at the Thorne Bay Wood Product's facility, owned by Rick and Joanne Cabe. One of the many family owned sawmill operations on Prince of Wales Island, the Cabes are changing their operation with the times and turning toward manufacturing, a value-added wood product.

With a capacity of 1.5 million board feet a year, Thorne Bay Wood Products is not considered large by industry standards, but combined with the other 15 active year-round saw mill operations on Prince of Wales, they collectively account for about 6 million board feet of lumber processed a year, and they could easily handle twice that volume.

### VALUE-ADDED BENEFITS ALASKANS

"Value-added" has been a catch phrase tossed around the last six years since the closure of Ketchikan Pulp Co. by both the environmental community and the staunch timber supporters. It is generally acknowledged that the best way to get the most dollars out of each board foot of timber harvested is to process as much locally as possible.

In recent years, Alaska's timber industry has only produced three fulltime equivalent jobs per million feet of timber harvested, compared with nine to 15 full-time equivalent jobs in Pacific Northwest states. The difference in employment per million board feet of harvest is attributable to the small percentage of Alaska's timber that is manufactured as finished products in this state.

According to U.S. Forest Service data, foreign exports of round logs account for almost 80 percent of Alaska's timber harvest, compared to less than 10 percent in Washington and Oregon. Most of the remainder is shipped to other states either as round logs, chips or rough-cut green lumber; only a tiny fraction is manufactured as finished products in Alaska. In other states, manufacture of finished products accounts for a large majority of timber industry employment and income.

### NEW DAY, NEW MARKET

But this trend is changing! Mill owners in Southeast Alaska are no longer satisfied with shipping their raw material out of state, only to see others capitalize on the "value-added" portion of the

commodity. Dry kilns have been installed at various mill sites, planers and pattern machines have been put in place, and sawmill owners are looking at an altogether different market than they did 10 years ago. Now they are no longer working with a broker to sell their wood, but are learning how to direct market their product.

"I sell to custom home builders down south," says logger Dick Jones of Craig. "They know exactly what they want, and they know I can provide it to them."

Jones has been operating a sawmill since the 1980s when he left the commercial fishing business to "try something different" as he puts it. W.R. Jones & Son Lumber Co. sells directly to a variety of end-users, including a custom hot tub manufacturer from Haines, a furniture maker from Juneau, and host of custom woodworkers who rely on the consistent quality of wood he can provide. "I don't know why people think you can't get kiln dried in here," he says. "I've been drying wood for years." Jones also will tell you that wood sawn at his mill is all over the world, including places like the war memorial in Hiroshima Japan, and on benches at the Smithsonian in Washington, D.C.

#### A SHORT SUPPLY

One of the challenges facing this growing industry is a chronic unavailability of wood. In a state where timber is a major export commodity, it seems strange that timber supply would be such an issue. Keith Landers owns H & L Salvage Inc. in Thorne Bay on Prince of Wales Island and he primarily manufactures red cedar shingles. He would like to manufacture more Alaska yellow cedar.

"I could process and sell all of the Alaska yellow cedar that I could purchase," he says, "but the Forest Service considers it surplus to the domestic need, and they allow it to be exported."

Landers has been supplying his mill with wood salvaged from old timber harvest areas where the red cedar had been left behind because there was no market for it.

"If it weren't for these salvage sales, I wouldn't have any wood at all," says Landers. "The Forest Service can't get enough small sales into the hands of the little guys like us."

#### MICRO SALES FOR SMALLER MILLS

The Forest Service is the primary landowner in Southeast Alaska and the Tongass National Forest, with a controlling interest in roughly 17 million acres of land. They are also responsible for laying out the largest volume of timber for harvest, followed by the State of Alaska Division of Forestry, and then various Native corporations.

Before the pulp mill closed, small mill operators could buy logs from the Ketchikan Pulp sortyard in Thorne Bay. After the mill closure in 1999, all the sawmill operators had to learn how to bid on timber sales themselves, and the Forest Service had to learn how to layout smaller timber sales. They have had a steep learning curve.

One of the more successful programs the Forest Service has implemented is a "micro-sale" timber program. The "micro-sale" program was developed through a collaborative stewardship project funded by the city of Thorne Bay, and developed over a two-yearlong series of meetings with Forest Service employees, mill operators, community members and representatives from the environmental community.

"This could not have happened without the buy-in of all the different stakeholder groups on the Island," says Ginny Tierney, the Thorne Bay city manager at that time. "This required that everyone come and sit at the same table."

The micro-sale program has been successful in getting timber into the hands of small mill operators, but it is limited in how it can do so. All timber harvested as a micro-sale must be "dead and downed" timber, with a maximum of \$10,000 per sale. The upside is that it usually only takes a few weeks to process a micro-sale, and there is not too much paperwork involved; the downside is there is only so much "dead and downed" timber available that is worth any money and it takes an awful lot of micro-sales to get a million board feet.

#### AID TO SMALL OPERATORS

Recently there have been several things that have aided small operators in marketing and selling their products. The Ketchikan Wood Technology Center was created five years ago under the direction of Dr. Kevin Curtis and operates in partnership with the U.S. Forest Service and the University of Alaska, with support from the State of Alaska and the Alaska Congressional Delegation.

The KWTC is a nonprofit research and product development center, focusing on projects that will benefit the Alaska timber industry. One of the recent successes of the KWTC is the development of new lumber grade stamps and structural design values for Alaska softwood lumber. Lumber grading is an essential step in the manufacture of structural lumber. When lumber is graded, a quality mark is assigned to each board.

The unique growing conditions in Alaska tend to yield timber with higher strength and fewer defects than timber grown farther south, and the new Alaska grade stamps will reflect these qualities in Alaska lumber.

These new designations will help Alaska wood gain recognition for its high-quality and exceptional properties, which will in turn increase value and demand. The recent classification of Alaska yellow cedar, Alaska hemlock and Alaska spruce as unique species (for grading purposes) will help the Alaska wood products industry capitalize on the high quality of Alaska timber. Upcoming research will focus on evaluating the suitability of Alaska lumber for use in engineered wood products such as GLULAM beams, TGI joists and wood trusses.

#### TASK FORCE ASSISTS

The Prince of Wales Chamber of Commerce has formed a forest products task force that is working collectively with mill operators on Prince of Wales and in Southeast Alaska to advocate

for a better awareness of locally manufactured products. With a depressed economy, it makes sense to create as many local jobs as possible, and to keep as many dollars in the local economy. This means making timber available for domestic processing, and encouraging people in Alaska and the Lower 48 to purchase that wood product.

Between an improved product and a quality grade assigned to each board, local contractors should be able to fill all of their lumber needs. Custom home builders in the Pacific Northwest have discovered these new products, and have come to depend on the relationships they have developed with mill operators for their "custom" products.

Even more importantly, Alaska mill operators can even add a premium to the price they ask for their product if they are able to "value-add" process their wood. The growing awareness of the unique properties of Alaska woods, and new products available, can only mean things are looking up for the Alaska economy.

Western Gold Cedar Products is a new company owned by Jim and Kim Harrison of Thorne Bay. They have not owned their mill long, although Harrison is the son of a mill operator. He bought his mill last year and he hopes the small mill industry does well enough in the upcoming years that he will be able to make a living sawing lumber and supporting his family.

"Who knows what the next five or 10 years will bring," say Jim Harrison. "My dad didn't want me to spend my life cutting wood, but it's what I know how to do."

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