

Timber: Companies struggle to find young recruits

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The potential impact on landowners — in terms of the prices they would obtain for logs — is determined by the number of Weyerhaeuser acres and mills in their vicinity, Mendell said.

Those who find themselves surrounded by Weyerhaeuser forests and near its mills could be negatively affected because the company will likely prioritize processing its own logs rather than buying them on the open market, he said.

“It really depends where the acres are relative to a given landowner,” Mendell said.

Optimally, landowners profit most when they’re near several mills that compete for logs, he said. If several mills are owned by the same company, though, that reduces compe-

tion. “Where you have fewer buyers from distinct companies, you have lower prices,” Mendell said.

The combination with Plum Creek would also give Weyerhaeuser the opportunity to buy more sawmills, he said.

As a real estate investment trust, or REIT, the company is able to forgo federal corporate taxes as long as most profits are passed along to shareholders and non-timber assets represent less than 25 percent of the value of their total holdings.

Plum Creek’s manufacturing assets represent much less than 25 percent of its holdings, so by merging with that firm, Weyerhaeuser’s proportion of non-timber assets will fall, Mendell said.

“When you bring them to-

gether, Weyerhaeuser has more room,” he said.

A sawmill buying spree is speculative at this point, as the company would first fully integrate with Plum Creek and reduce overlapping costs, he said.

Forestlands owned by families are also insulated from some of the turmoil in the log market because they often have other income source and can avoid selling when prices are low, said Greg Frohn, Pacific Northwest regional manager for the Forest2Market timber industry consulting firm.

As a result, the trees are generally harvested on a longer rotation and are considered higher quality, he said.

“Those small landowners play an important role in the supply chain,” Frohn said. “You have a much larger diam-

eter tree on average.”

Competing sawmills may also seek to build closer relationships with small landowners to ensure a steady supply of logs, Mendell said. “There could be a business opportunity there.”

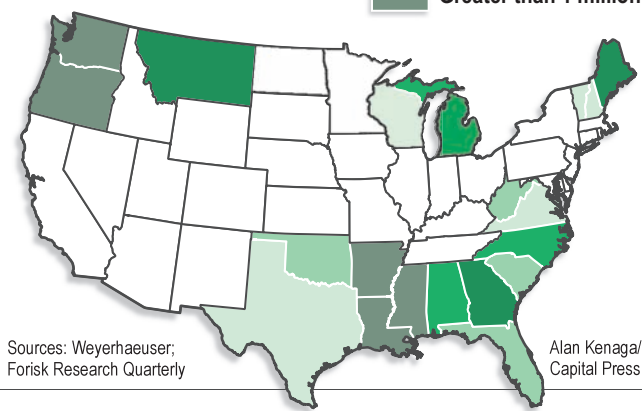
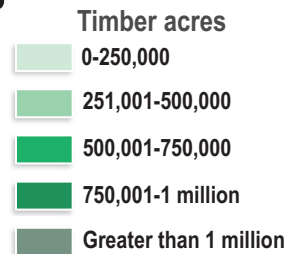
It’s possible that Weyerhaeuser consolidating timberland will make Weyerhaeuser the dominant employer of loggers in some regions, reducing competition for their services, he said.

Some logging firms favored by Weyerhaeuser may displace others, but this “realignment” isn’t expected to put many loggers out of work, said Frohn.

Currently, the bigger worry for logging companies is finding enough young recruits to replace retiring workers, he said. “That’s more the challenge.”

Timber companies to join forces

The pending \$8 billion merger between Weyerhaeuser and Plum Creek will create a company with more than 13 million acres of timberland in 20 states.



Sources: Weyerhaeuser, Forisk Research Quarterly

Alan Kenagal/Capital Press

Redo: Estimated cost ranges from \$2.8 million to \$3.2 million

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While city officials had hoped to have all work finished by Memorial Day, they are now asking the general contractor to achieve “substantial completion” by that time.

May 27 is the “key paving date,” when all the asphalt and curbs need to be laid — ahead of Memorial Day — “so that the road could be opened and used,” McDowell said.

The project is scheduled to continue for about 30 days afterward, for the contractor to put in the rest of the sidewalks, landscaping and electrical hook-ups, he said.

The city will replace the existing sewer main, water main, force main and storm drainage along North Holladay and connect existing sewer and water service to the new water and sewer main. The project details installation of underground vaults and conduits for conversion of the existing overhead utilities — electrical, telephone and cable — to underground utilities.

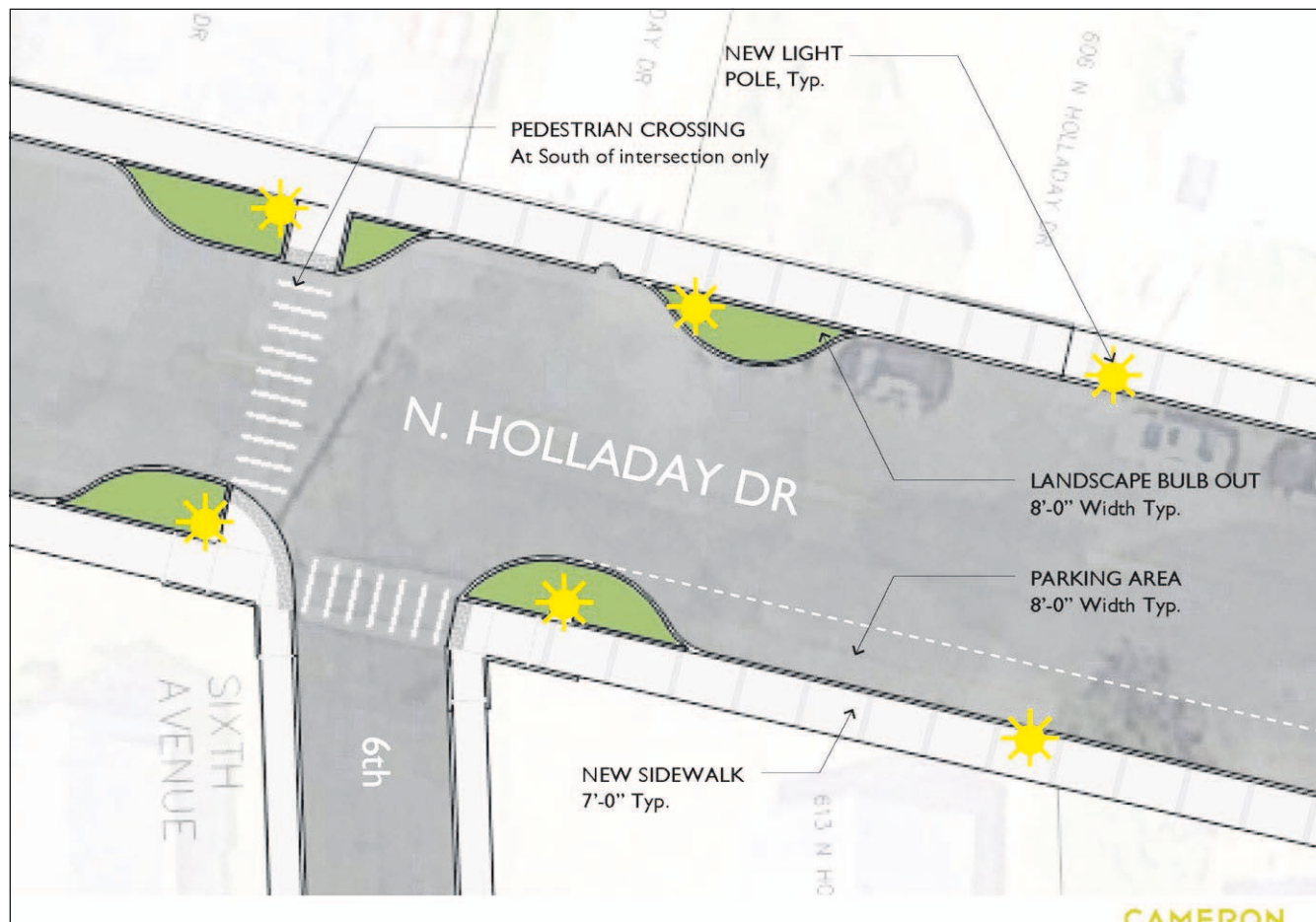
New pavement and side-

walks will complete the project.

Utility providers include Pacific Power, CenturyLink and Charter Communications. Water and sewer are public utilities.

The estimated cost of the project ranges from \$2.8 million to \$3.2 million. The cost of a bond for a project so expensive may prohibit some smaller, local contractors from bidding on the project, McDowell said. However, the city will supply local companies with information about the general contractors bidding on the project. That “gives local contractors the opportunity to know who to contact” about subcontracting opportunities, he said, which is better than waiting until the job is awarded and then trying to “get in” as a subcontractor.

“The only way they can really work on the project is to get a subcontracting opportunity, so that’s why it’s key they contact the general contractors,” McDowell said. “Everything is public record. We just have to make sure they’re looking at the public record.”



Katherine Lacaze/EO Media Group

This diagram depicts new sidewalk, crosswalk and other improvements coming to a section of North Holladay Drive.

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