The Good, The Bad, and Small Diameter Sawmilling
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Overview

- Vaagen Bros History
- Current Operations
- Keys to Small Diameter Sawmilling
- Risks
- Opportunities
- The Future
History of VBL

- Started in 1952 by Bert and Bud Vaagen just east of Colville, WA
- Operated small mills in the same area in 60’s
- Planer mill in Spokane, WA in 70’s
- Moved Primary mill operations to Colville in Mid 70’s
  - Colville was a consolidated updated facility
History of VBL cont...

- Colville operation was and is the flagship and the headquarters
- In 1981, lone, WA mill was acquired
  - It ran until 1995, when the lack of timber supply lead to it being uncompetitive
- In 1983, Republic, WA mill was acquired
  - It ran until 2001, when it too was shut down due to a lack of competitively priced timber
Current Operations

- Colville Mill
  - Small diameter, dimension lumber mill with dry kilns and planer
- Usk Mill
  - Small diameter Stud mill and Chipping Facility
- Portable Mill
  - Small Diameter Sawmill and Debarker
Colville, WA

- State of the Art Sawmill and Planer
  - Scandinavian style small diameter sawmill
- Batch sorting for log species and diameter
- 128’ P&H Portal Crane
- R200 Standard HewSaw (Over to 600’ per min)
Colville cont...

- Wellons 4 cell hog fuel boiler
- GE 4 mega-watt turbine
- 4 double track Coe Kilns
- State of the Art Planer Line (2005)
  - 24 knife Coastal Planer (capable of 3000’ per min)
  - Metrigard MSR Machine
  - FinScan auto-grading system
Colville Production

- Production Capacity is 140 Million BF
- We produce 2x4, 2x6, & 2x8 lumber
- Lengths are random length from 8’ to 20’ in 2’ multiples
- We focus on MSR, Lam stock, and 2&Btr
- We produce some specialty products and have the capabilities to create custom grades based on customer specifications
Usk, WA

- Purchased from Ponderay Valley Fibre in 2006
- Stud Mill and Chipping Facility
- 10’ and shorter lengths
- 20 bin overhead J-bar log sorter
- HewSaw R200 Plus
- Scan and Set capabilities
- 10 Bin J-bar timber and squares sorter
Usk Production

- Production Capacity is 145 Million BF
- We produce 2x4 and 2x6 Studs
- Lengths are typically 8’, 9’ and 10’
- We can also produce 2x8 and 2x10
- We also produce squares, short timbers including 7x9 RR ties, and 1x6 and 1x8 short boards.
  - All of this production is sold Rough Green
Portable HewSaw

- Acquired in 2006 from a New Zealand Company
- Small diameter sawmill and debarker
  - Consists of two trailers
  - HewSaw R200 SE sawmill
  - VK 450 debarker
- This marks the first off-site demonstration since the acquisition
Portable HewSaw

- Small Machine with great potential
- Can be set up to cut softwood or hardwood
- Versatile enough to cut many products
- Cost effective startup
- Great R&D machine when there are many questions around supply and infrastructure
Keys to Survival in the small diameter game

- Efficiency is king
  - The less you mess with it the better
- Having quality equipment is imperative
- Good people and good partners are a must
- Resource is the most important part
  - Have enough logs for economies of scale
  - Keep log cost in line
Keys cont...

- Know the solid wood marketplace
  - Specialty vs Commodity balance
- By-Products
  - Create good partnerships
  - Maximize fiber value
- Be innovative, but understand your core competencies
Risks

- Big Competitors
- Market Downturns
- By-Product Customer Stability
- Currencies
- Fuel Prices
- Competing uses for the same logs
- USFS supply stability
Opportunities

- Large Scale USFS Stewardships
- The Green Movement
- Forest Health Crisis
- International Markets and the New International Marketplace
What does the Future Hold?

- There are going to be new uses for wood and woody biomass
- Solid wood and wood fuel partnerships
- More integrated wood-based rural economies
  - Much more like the European system
  - Re-inventing the small timber towns
    - From Extraction to Conservation
Small Diameter Sawmilling

- Tough Business
- Many Opportunities
- Significant Risk
- Can be capital intensive
- Future outlook is good and should improve