

# WRANGELL TIMBER INDUSTRY PLAN

Wrangell Economic Development Committee  
October 2013

**Goal:** To maintain and enhance Wrangell's existing and future small and medium size (50-100 employees) mills and value added forest products industries.

## **Objectives:**

1. Establish a plan to deliver a long-term timber supply for small and medium size mills in Wrangell providing value-added manufacturing
2. Encourage private investment to develop infrastructure to maximize value from local wood manufacturing businesses
3. Support regional efforts to create, promote, and market a sustainable wood brand from the Tongass
4. Support "Buy Local" campaign for wood products
5. Recruit wood product manufacturers
6. Enhance workforce development and opportunities for youth
7. Facilitate full utilization of wood waste to create additional jobs and add value to the resource harvested

## ***Vision:***

This plan is a vision for the City and Borough of Wrangell to support, develop, and encourage growth of local wood product businesses. Wrangell supports the sustainable use of Tongass wood; value-added product development ; development of infrastructure improvements to attract entrepreneurs to relocate or create new wood product businesses; promoting the value of using local wood products; initiatives to actively develop the local workforce, including our youth; developing harvest prescriptions to provide for economic sales; development of new wood-based businesses; and minimizing conflicts over harvest areas by community discussion in an effort to minimize risks to the timber industry.

## ***History***

Wrangell has seen near continuous operation of sawmills in one form or another for the past 122 years, longer than any other community in Alaska.<sup>1</sup> The first sawmill, operated in 1889, processing 1 million board feet of timber per year. By 1900, that volume increased more than three fold. In the '60s and through the early '90s, the Alaska Pulp Corporation (APC) sawmill in Wrangell processed more than 60 million board feet per year until the 50-year contracts with the Forest Service were terminated in 1994. Impacts from the mill closure resulted in an immediate loss of 20% of Wrangell's employment and 30% of local employment earnings. Wrangell's

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<sup>1</sup> "Southeast History: The early years of Wrangell's sawmills," by Frank Roppell; [http://capitalcityweekly.com/stories/101211/new\\_898642463.shtml](http://capitalcityweekly.com/stories/101211/new_898642463.shtml)

population dropped from 2,758 in 1994 to 1,911 in 2006 before a small trend in population increase began.

Between 2010 and 2012, Wrangell's 6-mile mill was dismantled, and today the site is nearly cleared with Phase 2 Environmental Clean-up almost completed. If no private investors step forward The City and Borough of Wrangell is considering purchasing this property for use as a multi-use deep-water industrial port that could support existing and future small and medium sized mills and other value added wood product businesses, as well as marine industry activities.

Today, there are three remaining small mill operators on Wrangell Island processing between 1 and 1.5 million board feet total of value added products annually, including products such as music wood, boat wood, dimensional lumber, and wood for home and bridge construction.

USFS is undergoing a transition as well and refocusing many of their timber efforts into recreational and restoration efforts. In July of 2013, the USFS announced a faster transition from an old-growth management to second or young growth management. There is concern from the industry that the second growth will not be ready for harvest and providing for a stable industry in the next 15 years established for the transition. The US Department of Agriculture also funded a multi-year economic Cluster Analysis to identify industry needs in 4 economic clusters and opportunities to spur regional economic growth. The City and Borough of Wrangell developed their own transition plan modeled after the regional transition planning effort to address issues that were needed for job growth in Wrangell.

### ***Community Support***

Since the early '90s, Wrangell has consistently prioritized development of value-added wood products as key to diversifying and strengthening the local economy. During the "Wrangell 2001" economic development planning meetings in 1992 facilitated by the USDA Cooperative Extension Program, value-added wood products from small and medium mill operators was identified as an important component to Wrangell's economic future.<sup>2</sup> In 2002, as part of the Wrangell Economic Development Forum, value-added wood products were listed in the "Top 10 Economic Development Priorities."<sup>3</sup> In 2007, the Wrangell 20-20 Envisioning process once again identified timber products using sustainable development and infrastructure improvements for business development as high priorities to diversify the economy.<sup>4</sup>

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<sup>2</sup> "Core Information" document, Cooperative Extension Program, 1992

<sup>3</sup> "Executive Summary," Wrangell Community Economic Development Forums, June 2002

<sup>4</sup> Wrangell 20-20: Envisioning our Future final report, City of Wrangell, 2007.

In the USFS's own "Wrangell Island Analysis Report," which included community input from the aforementioned planning documents, the Wrangell Ranger District's position on timber was as follows: "As part of our contribution to the Tongass National Forest timber supply (TLMP 2-4), over the next ten years we plan to offer 25 to 30 MMBF of timber in a way that responds to the need for very small and 1- 5 MMBF offerings. In particular, our objective is to provide wood products in an economical way close to Wrangell in support of local wood industries and jobs."<sup>5</sup>

### ***Long-term Timber Supply***

Key to the success of a wood product industry in Wrangell is a long-term supply of suitable, economical, and available timber. For the next few decades, small operators in the Wrangell Borough will have to rely on old-growth timber as its primary resource until second-growth stands are of a marketable condition. As the primary land manager in southeast Alaska, and in the spirit of the USFS Transition and Investment Strategies, the Forest Service should provide an enabling environment for communities to realize economic development while maintaining high degrees of ecological integrity.

On the Wrangell Ranger District, second-growth trees are not anticipated to be available for use for at least another four decades (the projected volume of second-growth trees is only 11.4mmbf and 19.8mmbf the following decade). To sustain Wrangell's existing small mill operators and provide incentives for new manufacturers for the next 40 years, old-growth timber will need to be utilized during that time.

Several criteria can be used to develop a long-term timber supply plan for Wrangell. Focusing on resources on the existing road system in the Wrangell Ranger District where possible to minimize sale costs. While road construction can increase the cost of timber sales, often resulting in sales that smaller operators are unable to effectively bid on or become uneconomical even for larger operators, road construction can also provide access to areas that can provide timber over a long period of time, as well as for other community needs.

Second, minimizing conflict by limiting access or timber harvests in the highest value habitat areas should also be considered. Because there are so many areas in the Wrangell Ranger District that are also part of the Roadless area and thus already excluded from access, only highest valued habitat areas outside of the Roadless should be limited. Harvesting timber in areas embroiled in conflict usually results in litigation, and litigation prolongs access to timber sales. Actively avoiding conflict begins through seeking input from community user groups (tour, fishing, and hunting guides, subsistence hunters/gatherers, recreationalists, tribal members among others) to narrow those areas on the district that are acceptable for providing a long-term supply of timber.

The Wrangell Island Timber Sale currently in development, was originally planned as a 10-year sale. The sale focuses on resources available on Wrangell Island only, not the Wrangell District. The initial sale estimates was a 150mmbf single sale over a 10-year timeframe which was hoped to provide new financial investment in Wrangell. On the ground analysis of prescriptions and resources by the US Forest Service has reduced the volume to approximately 60mmbf, without plan amendments. This lower volume is not of adequate size to provide incentive for new capital investment in a manufacturing facility. The Wrangell Island Timber Sale is an important component, along with other Wrangell District and nearby sales, to a successful long-term value-added industry in Wrangell.

*Action Items:*

- Borough participation as a cooperating partner in timber sales in the Wrangell Ranger District
- Develop a community stakeholder group to provide input on land base suitable for long-term old-growth timber harvest
- Develop long-term timber supply plan on the existing road system to minimize cost and risk to mill operators into the future
- Develop a long-term plan for new roads to harvest areas that can provide economic sales
- Support efforts to create a State Forest from 2 million acres of the Tongass National Forest to create economic value for communities

***Value-Added Infrastructure***

A long-term supply of timber provides the incentive for investments for expanding existing mill operations and promoting new manufacturing opportunities in Wrangell. Infrastructure to support the manufacturing use of the needed timber supply is critical for a successful operation. Much like Wrangell's infrastructure related to the seafood industry, such as the Marine Service Center or the community cold storage and belt freezer, key pieces of infrastructure create incentives for entrepreneurs to relocate or startup new businesses that will diversify and strengthen Wrangell's economy.

In 2006, the USFS conducted a study titled "Alaska's Lumber-Drying Industry—Impacts From a Federal Grant Program" that analyzed the economic impact of the dry kiln grant program in five regions throughout Alaska.<sup>5</sup> The grant program provided funding for dry kilns and related equipment, such as pre-dryer facilities, lumber storage buildings, planers and moulders.

The report found that the grant program had the most significant impact in the Southeast region. Between 2000 and 2005, the volume of kiln-dried wood grew

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<sup>5</sup> "Alaska's Lumber-Drying Industry—Impacts From a Federal Grant Program," Pacific Northwest Research Station, August 2006

from 0mbf to 411mbf. The value of the dried wood also grew from \$0 to \$149,000. Additionally, between 2004 and 2005, full time jobs operating kilns grew from 7 to 15, and part time jobs grew from 1 to 5. While this provides alternatives and new wood product opportunities, manufacturing facilities with a stable supply of timber is still needed to process logs, create additional jobs and create an integrated industry.

Developed industrial land is essential to expanding small and medium mill operations and value-added manufacturing in Wrangell. The former 6-mile mill site is an ideal location with 46 acres of upland developed industrial space, a deep-water port, and access to utilities. This site is for sale. Should current private negotiations fail due to the inability of the purchaser to secure capital due to an unknown supply of timber, the City and Borough of Wrangell has considered purchase of all or a portion of this land for an industrial park for business development to incentivize industry expansion.

*Action Items:*

- Develop list describing key infrastructure necessary for wood products industry development and cost with input from industry
- Market Wrangell as a great place to do business, describing the opportunities in Wrangell to potential investors
- Begin prioritization of infrastructure on a Capital Improvement Plan in City and Borough of Wrangell that will be attractive to an investor

***Tongass Wood Product Branding***

Just as the fishing industry has successfully created a brand for wild Alaska seafood, creating an international demand while increasing the product's value, Southeast Alaska should consider a brand for wood products from Tongass. Such a brand would differentiate the products from others on the market and promote its unique and valuable qualities, such as sustainable harvesting practices; preserving forest ecology; supporting local jobs; and promoting the positive physical attributes of the wood. Just as the Forest Stewardship Council established a certification to "support responsible forest management worldwide," so should Southeast Alaska. Branding wood products from the Tongass could increase local wood product market value. Southeast Conference is currently developing a marketing and branding promotional effort. The City and Borough of Wrangell should review and support efforts to create a brand for wood products from the Tongass that will differentiate regional products using the criteria above.

Wrangell wood products must also be marketed both in and outside of the region. A significant barrier to marketing is the lack of grading. While in operation, the Ketchikan Wood Technology Center was able to get three Alaskan trees species their own grade stamps. These grade stamps enable Alaska wood to be sold as dimensional lumber in communities with more restrictive building codes and it also

allows sellers to market Alaska's unique wood qualities. Marketing Wrangell wood products can be done alone, or in conjunction with other manufacturers in the region, particularly the small mill operators on Prince of Wales Island Marketing Tongass wood products is also a priority identified in the Juneau Economic Development Council's "Forest Products Cluster Initiatives."

*Action Items:*

- Support efforts by SEC to develop a marketing plan which incorporates branding, differentiation, quality, and promotion of wood products from the Tongass
- Develop appropriate grading

***"Buy Local" Campaign for Wood Products***

To support local small mills and other potential wood product manufacturers in Wrangell, an effort should be made to increase awareness of the community's ability to buy wood products that are locally manufactured. A "buy local" campaign will also project the message to potential new businesses that Wrangell fully supports and embraces the value-added wood products industry.

*Action Items:*

- Develop a "Buy Local" campaign with the Chamber of Commerce, small mill operators, and other stakeholders
- Resolutions and policy changes to support using local wood in public projects when possible

***Recruit Wood Product Manufacturers***

Access to timber, infrastructure, a brand, and a marketing plan is necessary components, but they won't create jobs or wealth. Entrepreneurs who can manufacture a high quality product out of an old or second-growth tree are key to the success of any plan to grow a sustainable timber economy in Wrangell. An outreach plan should be developed to communicate with existing or potential wood product manufacturers so they know Wrangell is "open for business" and looking to support manufacturing of products. Such outreach could include advertisements in magazines and other timber products or woodworking publications, ads on related websites, strategically placed newspaper articles in communities where woodworkers and timber product businesses are prolific, and establishing contact and providing information to institutions that teach wood working skills.

*Action Items:*

- Identify opportunities and budget to market Wrangell as a community with high value wood product manufacturing possibilities
- Develop page on new website with information on resources for wood products industry
- Develop a prospectus for distribution in order to help recruit new businesses

- Support a timber supply that provides incentive and capital for wood product manufacturers

### ***Workforce development and opportunities for youth***

In addition to recruiting wood products manufacturers, opportunities should be identified and/or created to develop local manufacturers of value added wood products. This effort should also extend to the community's youth and should include an entrepreneurial and business component. Wrangell High School has a long history of teaching students to work with wood and some basic wood-manufacturing infrastructure exists for this purpose. The Wrangell School District is engaged in discussions to develop a program that includes components such as biology/forest science, business development, and manufacturing techniques could help create the next generation of local entrepreneurs.

#### *Action Items:*

- Work with the Wrangell School District to develop a wood products manufacturing curriculum for high school students
- Reach out to the Timber Task Force, Southeast Conference, USDA, and others to identify potential startup funding for a workforce development plan in the wood products industry and potential "re-tooling" of the high school shop for enhanced wood working instruction
- Identify existing vocational programs for timber manufacturing training for the local workforce and high school graduates

### ***Full Utilization of Wood Waste***

Utilizing as much of the wood waste as possible from timber harvests and milling operations will increase local value from the timber harvested in the Tongass. Over the past year, several meetings were held, surveys conducted, and initial research completed on the feasibility of creating either wood pellets or bio-bricks from wood waste and/or recycled paper waste. This initial scoping indicates that there is local interest in producing, selling and buying these types of products. The draft Southeast Alaska Integrated Resources Plan also suggests the production and use of wood waste (biomass) as an important component to meeting the region's energy needs.

#### *Action Items:*

- Work with the Wrangell Cooperative Association on their efforts to investigate potential production of "bio-brick"
- Facilitate entrepreneur developing a business in Wrangell which utilizes wood waste and paper waste

### ***Conclusion***

Restoring a strong timber industry in Wrangell will not be quick or easy, but it is certainly possible. It will require a clear vision and specific action items that taken

together will create an environment where the timber sector of the economy can thrive. This restoration will take a new form of coordination between the Forest Service (as managers of 95% of the land in the Wrangell Borough) and the economic development plans of the community. Wrangell has demonstrated its ability as a community to pull together and overcome economic adversity, and with the right support, may prove to be a new model for restoring timber-based industries in Southeast Alaska.