



Annual Report



2019

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2019

Pacific Lumber
Inspection Bureau, Inc.

Established in 1903

Annual Report



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President

Jeff Fantozzi

Vice Chairman

Rod Lucas

Vice President

Tom Parks

Treasurer

Ryan Beaver

Secretary

Hannah Petersen

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Karl Hallstrom
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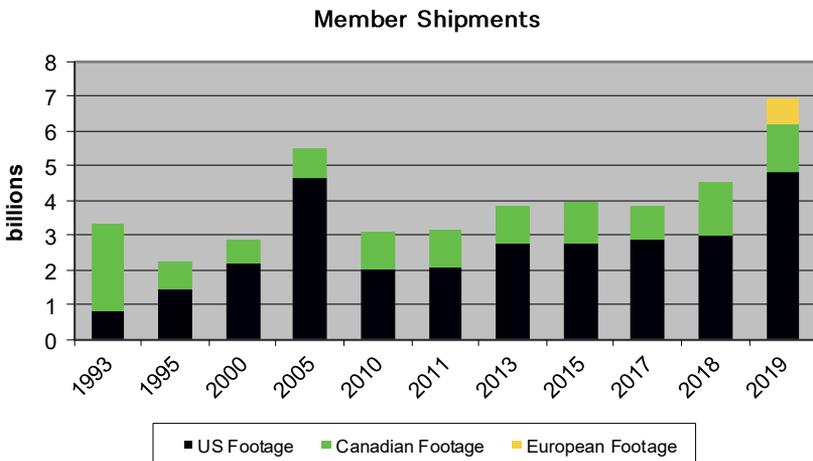
PLIB Activities

Summary - General Comments

2019 marked a historic event for the Pacific Lumber Inspection Bureau and the West Coast Lumber Inspection Bureau as the two organizations completed a long-awaited merger which became effective on January 1, 2019. The merger consummated discussions that began in 2017 and, historically, had been discussed no less than five times throughout the life of the organizations. In combining the two bureaus, both organizations sought to capitalize on the strengths of each organization’s diverse membership and staff expertise while taking advantage of operational synergies by reducing redundant activities. The merger also provided a pathway for leadership transition for WCLIB as its Executive Vice President, Don DeVisser, retired at the end of 2018.

PLIB’s Chairman, Ken Thorlakson, summed up the merger this way: “This merger is truly an example of the whole being much more than the sum of the parts. We are retaining the full depth of experience and breadth of services of two of the oldest lumber grading agencies in North America, while gaining efficiencies at the same time. Together we are among the largest agencies in North America in terms of both production and member numbers, and our service base is one of the broadest, extending not only across North America but throughout Europe as well. Producers of all sizes will be well served to consider joining us.”

With the merger, PLIB retained the trademarks and copyrights of both the WCLIB and the American Institute of Timber Construction (AITC) which had merged with WCLIB in 2013 and all memberships of WCLIB were transferred and fully recognized by PLIB. In addition, the domestic and international accreditations held by both organizations remained intact after the merger as did the core activities. WCLIB’s recognition as a rules-writing authority



granted under the American Lumber Standard Committee and in PS-20 was also retained and transferred to the merged organization.

For the PLIB and WCLIB staffs, 2019 kicked off with a two day all staff meeting in early January where, in addition to having an opportunity to get to know one another, staff heard from insurance and pension advisors and learned about new systems and procedures that would be introduced throughout the year. The meeting ended with an on-site, hands-on review of lumber grades hosted by Zip-O Log Mills in Eugene, Oregon. The balance of the year was spent implementing new administrative and auditing procedures with much of the staff learning new programs and systems and working hard to bring to fruition the advantages of the merger.

Membership (As of December 31, 2019)

Members of the Bureau are primary or secondary manufacturers of lumber or glue laminated timber (glulam) that have signed a grade stamp licensing agreement and utilize the services of the Bureau to oversee their grading, labeling and quality control processes. Voting rights are limited to active PLIB Members. As a result of the merger, all members of WCLIB, including AITC members, became members of PLIB. A full list of PLIB members is provided in the back of this report.

In addition to the grading and labeling program for sawn lumber and glulam, the Bureau also operates several other quality control programs for non-member subscribers. These include the heat treated (HT) lumber program, the Wood Packaging program (WPM), and a truss inspection program. The Bureau is also accredited to certify and inspect cross-laminated timber (CLT) products.

Members

During 2019, PLIB Directors approved four new U.S. members who began producing under the PLIB or WCLIB trademarks.

New Primary Manufacturing Members:

- R&L Excavating
- BMC West
- Roseburg Engineered Wood
- Šilalės Mediena

The Bureau welcomed all new facilities and looks forward to a long and successful relationship. Unfortunately, PLIB also experienced the loss of 24 members in 2019 due to permanent closure or termination of contracts. 12 of these were in Europe, 10 in the U.S., and two in Canada.

At the end of 2019, PLIB's membership stood as follows:

Lumber & Glulam Member Facilities

AITC	7
Canada	10
Europe	33
<u>U.S.</u>	<u>92</u>
Total voting members	142

Member Mill Shipments

Shipments by PLIB member mills are the fundamental statistic that the Bureau uses to determine the budget and dues each fiscal year. A comparison of 2019 shipments to previous years will be skewed by the fact that 2019 figures reflect the volume of the larger, merged organization. In 2018, PLIB's total shipments were 4.50 billion board feet and WCLIB's were 2.965 billion board feet for a combined total of 7.465 billion board feet. Total shipments for PLIB members in 2019 was 6.929 billion board feet, a drop of 7.7% overall. U.S. shipments were approximately 4.8 billion board feet, about 7% less than 2018, Canadian shipments declined approximately 14% in 2019 due to the closure of several large member mills in British Columbia and European shipments declined about 3% in 2019 due to the termination of mills during the year.

Financial

PLIB planned for a significant deficit in 2019 due largely to extraordinary expenses associated with the merger. The auditor's review of the year-end statement has not been completed at the time of this writing but it is estimated that expenses exceeded income by approximately \$240,000 (US\$). This deficit would have been significantly smaller had it not been for the unanticipated loss of members noted above. At year end, total assets were approximately \$3,000,000 and net assets were \$2,100,000.

As part of the merger agreement, the WCLIB defined benefit pension plan was terminated and annuitized and the PLIB and WCLIB defined contribution plans were terminated and converted to a new PLIB 401(k) plan.

Quality Control

The maintenance of quality control standards through training and inspections conducted by highly skilled field inspectors continued to be the primary mission of PLIB in 2019. The Bureau started 2019 on probation with the ALS Board of Review, a carryover from WCLIB's 2018 probation of its European inspection services; however, through the diligent efforts of PLIB's European staff and cooperation of the European membership, the probation was lifted in May 2019.

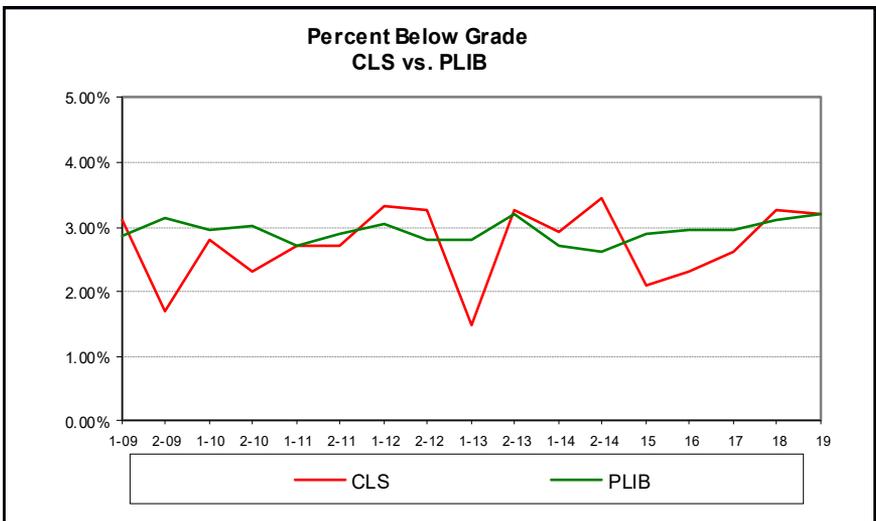
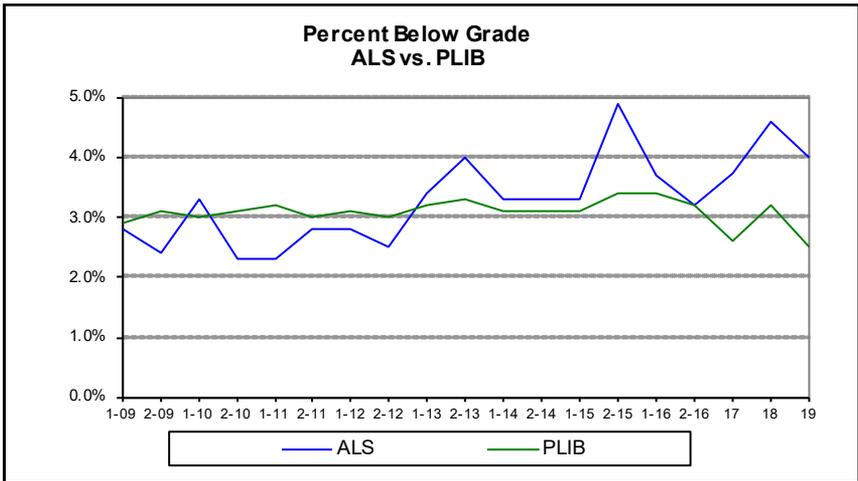
One measure of the Bureau's success is the amount of below grade lumber found during the regular mill inspections. Inspections were carried out at a frequency of at least once each month at each mill.

Over the course of 2019, 11.3 million board feet of grade stamped lumber was inspected by PLIB field Supervisors at mills authorized to use the PLIB or WCLIB grade marks. A total of 1,867 grade survey inspections were carried out and 4,182 items were reviewed. PLIB surveys at U.S., Canadian and European member mills showed an average below grade of 2.5% for U.S. and European members as reported to ALS and 3.2% for Canadian member mills as reported to CLSAB. PLIB supervisors requested lumber to be held and regraded on 45 occasions throughout the year, putting a total of 51 items representing 3.97 million board feet, on hold. Reasons for holding lumber were excessive below grade, illegible stamps and excess moisture. There were no

reinspections requested by wholesalers or consumers on PLIB or WCLIB grade stamped lumber during 2019.

PLIB grade stamping services are also offered to parties who are not members of PLIB on a transient basis. These “on site” inspections often require lumber to be grade stamped or certificated by the PLIB inspector. In 2019, PLIB Supervisors conducted 93 such transient inspections on 191,830 board feet of lumber and 51 transient inspections on wood packaging.

The overall satisfactory grading results disclosed by the Bureau’s surveys were verified by statistical spot-checking programs conducted in both the U.S. and BC by ALSC and CLSAB. In 2019, ALSC made surveys on PLIB grade stamped lumber at 39 member mills in the U.S., Canada, and Europe. 508,438



board feet of lumber was inspected by ALS inspectors during these visits. A total of 151 items were surveyed with an average below grade of 4.01% overall and 0.38% in excess of moisture content requirements.

A similar statistical survey procedure was conducted by CLSAB inspectors. In 2019, eight mills were audited. CLSAB inspectors checked 152,074 board feet and found an average below grade of 3.20% and an average of 0.04% in excess of moisture content requirements.

An additional monitoring step taken by both the ALSC and CLSAB programs is an annual audit of the agency’s inspection records to confirm that ALSC and CLSAB requirements are being met. Both agencies confirmed that PLIB was operating within their respective guidelines.

Certificates

There are four types of certificates that can be issued by PLIB - Certificate of Inspection, Heat Treatment Certification using a Kiln Facility, Documentation of Kiln Drying and Certificates of Debark and Grub Hole Control. Certificates of Inspection are used for grade verification purposes, while the other three types are used to satisfy phytosanitary requirements of some foreign countries. PLIB and the U.S. Department of Agriculture APHIS continued their Memorandum of Understanding allowing PLIB to act as an agent of APHIS for the KD, HT and Debark/Grub programs. In Canada, PLIB operates its phytosanitary programs through CLSAB and the Canadian Food Inspection Agency programs.

Certificates	2019	2018	2017
Grade			
Number	153	313	212
Volume	1,710,217	3,231,757	1,688,453
Debark/Grub			
Number	0	18	15
Volume	0	544,000	429,000
HT			
Number	811	519 (PLIB)	441 (PLIB)
Volume (million bf)	42.82	26.07	16.93

AITC Program

In 2013, the American Institute of Timber Construction merged with WCLIB wherein WCLIB took over the management of the AITC quality control program and maintenance of the technical documents and standards published by AITC. With the PLIB/WCLIB merger in 2019, the AITC program was folded into the PLIB organization. All seven AITC members became voting members of PLIB and both AITC quality auditors were retained by PLIB.

A few of the goals of the merged organization with respect to its AITC membership were to increase communication with AITC members and users, update the AITC standards and technical publications and improve AITC’s

visibility in the marketplace. To begin this work, the PLIB Board of Directors established an AITC Committee made up of all AITC members. The new AITC Committee reports to the Board of Directors and is tasked with reviewing all matters that directly impact AITC members. In addition, the longstanding AITC Technical Advisory Committee (TAC) continued under PLIB and serves to review technical items involving glulam products. Both the AITC TAC and the AITC Committee met one time during 2019 and a number of policies and technical items were addressed and approved. In addition, a review of all AITC publications was undertaken by AITC/WCLIB engineering staff and AITC's consultant. PLIB technical staff attended the International Mass Timber Conference in Portland, Oregon and continued its involvement with ASTM and engineering committees that impact the glulam industry. Finally, several AITC specific displays were developed for trade shows and work began on updating the AITC website.

Production volumes for the AITC Structural Glued-Laminated Timber Certification Program increased by nearly 16% in 2019 relative to 2018, with total reported glulam volume rising to 23.34 million board feet.

WPM Program

In September of 2001, PLIB and WCLIB began offering certification and labeling service to U.S. manufacturers of wood pallets, boxes and crating, known as wood packaging material (WPM). The program, developed jointly by ALSC and USDA Animal Plant Health Inspection Service (APHIS), allows participants to stamp approved WPM with an internationally recognized label that shows it has been treated according to international plant health standards. The program involves monitoring the purchasing and use of heat treated (HT) lumber at packaging facilities, as well as the marking of wood packaging destined for overseas markets. Similar to sawmill surveys, PLIB supervisors make monthly visits to WPM facilities to check their purchase records, lumber inventory and final product in order to verify that heat treated lumber has been used and that the packaging bears the proper international label.

In Canada, a similar monitoring program has been established; however, it is administered by the Canadian Food Inspection Agency (CFIA) through an agreement with the CLSAB and their accredited lumber grading agencies. Canadian members of PLIB participate in the program in order to mark ISPM 15 dunnage and Canadian wood packaging facilities subscribe to PLIB for marking of crates and pallets.

WPM Subscribers

In 2019, five new wood packaging facilities subscribed to PLIB's WPM program. In total, 291 facilities subscribed to the WPM program.

New WPM Subscribers

- Unical MRO
- Helimec
- All Metal MS
- Palmetto Crating
- Nefab

HT Program

The WPM program depends on a stable supply of heat treated lumber that is labeled “HT”. PLIB audits those facilities that have kilns or heating chambers and produce and stamp HT lumber that meets the heat treating standards of importing countries. Currently, international standards consider wood to be heat treated if the core temperature has achieved a minimum temperature of 56 degrees C (133 degrees F) for a minimum of 30 minutes.

HT Program Participants

HT Facilities with Heat Chambers	90	
<u>HT Cut-stock or Remanufacture facilities</u>		<u>18</u>
Total HT Program Subscribers	108	

Densified Fuel (wood pellet) Program

In December 2018, the PLIB Board in consultation with WCLIB board members, voted to terminate PLIB’s accreditation in the ALS Densified Fuel program effective January 1, 2019 due to inactivity.

Other Activities

In addition to merger-related activities, the Bureau’s activities in 2019 also included the following:

- Established a new Grade & Technical Committee and held its first meeting.
- Adopted changes to the interpretations of paragraphs 130 and 131 of the Standard 17 rules.
- Established a new AITC Committee and held its first meeting and a meeting of the AITC Technical Advisory Committee.
- Approved policies and revisions to AITC technical publications.
- Relocated one inspector to Germany as the first step in establishing a European-based supervisory staff.
- Provided technical and engineering support to engineers, designers, code-officials and consumers for lumber, glulam and wood packaging products.
- Held an introductory meeting with European members in Berlin, Germany.
- PLIB Director of Quality Services and President toured member mills in Germany and Sweden.
- Co-sponsored the 51st Annual BC Interior Lumber Grading Championships in Kelowna, B.C.
- Conducted two grading classes for Canadian members and one grading class for a European member.
- Conducted qualification and testing programs at two MSR facilities, one finger-joint facility and two special products facilities in Europe and the U.S.
- Submitted proposals to the ALS Board of Review for allowable properties for Douglas fir timbers from France and Germany and for approval of a Microtec lumber grading machine, as well as approval of interpretations

and species nomenclature related to Standard No. 17 grade rules.

- Continued activity in the operations of the ALSC, CLSAB and NLGA, as well as the National Grading Rules Committee (NGRC).
- Participated on the American Wood Council technical committees.
- Cooperated with other Western U.S. agencies in the monitoring program for NO. 2 SPF(s) and NLGA's monitoring program of SPF, DF(N) and HF (N).
- Served on the Board of Directors for the Softwood Export Council.
- Attended various trade shows and technical conferences including DeSH Congress in Berlin, Germany, NaWLA, National Wood Pallet & Container Association, Western Pallet Association, International Mass Timber Conference, ISO TC 165, and Japan Building Experts Committee.
- Conducted a CLT Qualification Audit as a contract inspection agency for ICC-Evaluation Services.
- Continued the partnership with PFS TECO for plywood inspection in Canada.
- Listed and entered into a purchase agreement for the WCLIB office building located in Tigard, Oregon.
- Terminated the WCLIB defined benefit and 401(k) plans and the PLIB money purchase pension plan and established a new PLIB 401(k) plan.
- Converted the accounting system and reporting methods.
- Provided support and financial reimbursement for PLIB members to attend the Japan Lumber Importers Association meeting in Tokyo through membership in the Softwood Export Council.
- Distributed over 400 copies of Standard No. 17 and Export 'R' list Grading Rules, both published by PLIB, and over 40 copies of Canadian and U.S. regional domestic grading rules.

Acknowledgments

The merger of PLIB and WCLIB brought together two respected organizations with staffs of diverse skills and hundreds of years of combined experience in our industry. This staff was challenged with many changes as a result of the merger and they worked diligently throughout the year to make the transition as smooth as possible for our members and subscribers. I would like to recognize and thank all of them for their work ethic, commitment and cooperative spirit throughout 2019.

Jeffrey A. Fantozzi
President

Membership List

Active as of December 31, 2019

United States

Adobe Lumber
All Coast Forest Products
Anderson's Custom Sawing
Belco Forest Products
Blasen & Blasen Lumber Corp.
BMC West
Buse Timber & Sales Inc.
Capital Lumber Company
Channel Lumber Company
Crenshaw Lumber Co., Inc.
Dahlstrom Lumber
Dixieline
Douglas County Forest Products
D.R. Johnson
Elk Creek Forest Products
Family Investments Inc.
Frank Lumber Company
Fred Tebb & Sons
Freres Lumber Co., Inc.
Fritch Forest Products, Inc.
Ganahl Lumber
Golden State Lumber
Goshen Forest Products
Great Western Lumber Company
Grove Lumber & Building Supply
G.R. Plume Company
Herbert Lumber Company
Huff Lumber Company
Hull Oakes Lumber Company
Hy Mark Wood Manufacturing
Idaho Timber of Boise
J.H. Baxter
Jones Wholesale Lumber
Klausner Lumber One LLC
Laminated Timbers Inc.
Manke Lumber Company
Moman Lumber
Nichols Lumber & Hardware
Norcal Lumber Company
Nu Forest Products
Oregon Cascade & Bldg Materials
Oregon Industrial Lumber Products
Oregon Overseas Company
Pacific Fir Lumber Company
Pacific Rim Manufacturing Inc.
Patrick Lumber Manufacturing
Pennington Crossarm Company
Pine Tree Lumber
Rainier Custom Remanufacturing, Inc.
Reliable Wholesale Lumber
Rigidply Rafters
Rosboro Lumber Company
Roseburg Forest Products
RFP Manufacturing, Inc.
RSG Forest Products
Saratoga Investments
Seneca Sawmill
Sentinel Structures
Shasta Green Incorporated
Skagit River Reman
Sonoma Millworks Design
South Coast Lumber Company
Southport Lumber Company
Springfield Lumber Products
Squires Lumber Company
Structural Glulam
Structural Wood Systems
Sundance Lumber Company Inc.
Swanson Brothers Lumber Company
Timber Technologies LLC
Trinity River Lumber
Turner Lumber Inc.
Unalam
Universal Forest Products LLC
Vanport International Inc.
Western Cascade Industries
Western Structures Inc.
Western Woods Inc.
Weyerhaeuser Co.
Weyrick Lumber
Whiteman Lumber Company
Whitsell Mfg Inc.
Wood Source Inc.
Zip-O Log Mills, Inc.

Membership List

Active as of December 31, 2019

Canada

Cowichan Lake Timber
Gilbert Smith Forest Products
North Enderby Timber Ltd.

Paulcan Enterprises Ltd.
Tolko Industries
Woodco Industries, LTD

Europe

ante-Holz GmbH
Bergs Timber Production
Binderholz GmbH
Donausäge Rumplmayr GmbH
Fruytier Group
H.S. Timber Productions GmbH
Herbert Handlos GmbH
Hit Holzindustrie

Holzindustrie Stallinger GmbH
Ilim Timber GmbH
Klenk Holz GmbH
Mercer Timber Products
Schilliger Bois SAS
Scierie Moulin-Moulinvest Grp
Šilalės Mediena, UAB
Stora Enso Wood Products



A Trusted Industry Partner since 1903

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