

# Hardwood Review

Your Source For Accurate Hardwood Pricing Information

## weekly

### Ash Borer Update

Is the Industry Missing an Opportunity in Urban Timber?

Since it was first identified as an invading pest in 2002, the Emerald Ash Borer (EAB) has established itself as one of the most feared threats to North American forests. The latest estimate is that EAB has killed more than 70 million Ash trees in the U.S. and Canada since it arrived in the Detroit, MI, area in the late 1990s. So far, research has provided promising, yet expensive defenses for landscape trees, but little hope for forestland. EAB has been found in Ontario, Quebec and 14 U.S. states, if you include the lone larva found in a sentinel tree (a tree monitored for signs of EAB) in Iowa last year. Even if the latest research provides better ways to combat EAB, we are a long way from finding a solution. Until then, the number of Ash trees in the path of EAB is opening up new markets, which could provide businesses owners with

opportunities, if they have some entrepreneurial spirit.

#### The Latest EAB News

When EAB was first discovered in the United States, there was little research available to scientists trying to stop it. Although the insect is a native pest in parts of China and Russia, it did not have a record of causing widespread tree death like it has in the United States. For that reason, U.S. scientists had to start nearly from scratch when they began studying it less than 10 years ago. Research has been moving at a reasonably fast pace, but breakthroughs can feel far apart when Ash trees are dying at such a fast pace. Recent developments provide hope that scientists are getting closer to understanding how to best detect EAB and slow its spread, which are stepping stones to effective control.

*Continued on page 19.*

#### In This Issue

Editorial .....	1
Appalachian Prices .....	4 & 5
Northern Prices .....	6 & 7
Southern Prices .....	9
Miscellaneous Prices .....	11
Market Comments .....	14 & 15
Hardwood Statistics .....	14 & 15
Web Directory .....	22 & 23
Index of Advertisers .....	23
Classified Advertising .....	24

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# Editorial

Continued from page 1.

## Detection

Purple cardboard traps hanging from trees are now the most common method of detecting EAB. The invention of the purple traps, which are baited with a sticky substance, allowed researchers to identify many previously undetected infestations during the last two summers. The purple traps are much easier to deploy and have been more successful than using sentinel trees. Yet, as helpful as those traps are, Iowa Department of Natural Resources District Forester Mark Vitosh says trapping has had limited success with small density populations of EAB. "We don't have a system to find this critter until it begins attacking trees," said Vitosh. Unfortunately, infested trees can survive for two to three years without showing many outward signs of distress, so low-level EAB infestations may exist outside of quarantine areas for a while before anyone becomes concerned.

Scientists at the Great Lakes Forestry Centre in Canada have developed a new and promising method for early detection of EAB. Although details have not been published, it uses sampling from Ash branches and is currently being tested in several communities in Southern Ontario, where EAB is widespread. Better detection could lead to improved quarantine boundaries and help slow EAB's spread.

## Prevention and Management

U.S. researchers have been awarded \$2.2 million in federal stimulus money for a pilot project in Michigan's Upper Peninsula, termed Slow Ash Mortality or SLAM. "The goals of the pilot project are to test ways to slow the rate of EAB population growth in a relatively isolated infestation," said Deborah McCullough, a Michigan State University forest entomologist. "We may also be able to reduce the rate of spread of an EAB population in this kind of setting. Both of these goals will slow down the rate at which EAB kills ash trees within and beyond the project area."

Researchers from a number of state and federal agencies will work together to inventory and map the Ash population, evaluate why certain trees survived or died within EAB-infested areas, and develop methods to use insecticides or other tactics to reduce the EAB population. "The strategies being developed can be used as models for other states that discover new EAB infestations," said John Bedford, Michigan Department of Agriculture EAB project director.

According to the Animal and Plant Health Inspection Service's (APHIS) Elizabeth Pentico, timber and lumber are not nearly as serious of threats to spreading EAB as are firewood and nursery stock. Most of the agency's resources are being used to combat transport of firewood by campers and hikers. Sawmills are unlikely to face any further scrutiny from APHIS inspectors, as long as they continue to comply with permit and inspection regulations already in place.

Although quarantine boundaries have been criticized as reactive rather than proactive, APHIS is unlikely to change the way it implements quarantines anytime soon. "We've had a national trapping scheme going on for coming up on

three years," said Pentico. "We believe we are doing the best we can do at this point to really get people aware of the risks. We're hoping that the regulatory boundaries are pretty close to accurate at this time." Pentico says if EAB reaches a point where the majority of areas inside the quarantine are heavily infested, then APHIS will likely allow interstate transportation of Ash materials within the quarantine zone. However, that change won't occur for several years.

## Eradication

EAB has very few natural enemies in North America and those that exist, such as woodpeckers and some wasps, kill less than 5% of EAB in infested areas. However, scientists are studying the possibility that tiny Asian wasps could be used to kill EAB. Last summer, 300 parasitic Asian wasps were released in Evanston, IL, near a group of trees heavily infested with EAB. The non-stinging wasps lay their eggs in EAB larvae, killing the host when the eggs hatch. In lab tests, these wasps have been more effective than native natural enemies. Over the next three years, scientists will monitor the release area to see if the wasps have any impact on the EAB population, or cause other unforeseen problems.

## Market Opportunity?

Of the five states with the highest concentration of Ash sawtimber, four have known EAB infestations. Ash makes up 10.9% of hardwood sawtimber in Minnesota; 9.5% in New York; and more than 7% in Ohio, Wisconsin and Indiana. Ash is not only more abundant in the forestland of those states, but it is also more widely found in their urban forests. Ash naturally grows in parks and forest preserve areas, and was also planted widely in urban streetscapes. Cities are now either dealing with or preparing for the loss of millions of Ash trees. Researchers have estimated the cost of removing or protecting urban Ash trees in North America at nearly \$1 billion over the next decade. In many urban areas, non-profits and cities have been working to develop ways to turn these urban Ash trees into lumber as a way to offset the massive cost of replacing them.

Jessica Simons of the Southeast Michigan Resource Conservation and Development Council says cities don't know who to turn to when creating wood disposal plans. "Communities have been told for so long that street trees are of no value," said Simons. "The wood industry isn't used to working in cities. Transporting logs in city traffic can be difficult and most urban tree services are not equipped or trained to move full size logs." Transportation aside, most sawmills have rejected the possibility of using urban trees, due to the higher risk of embedded metal and the increased frequency of low branches.

However, if there was ever a time to get involved with urban timber, this is it. In 2005, the South East Michigan Wood Residue Inventory found that it cost cities in the area a total of \$8.8 million a year to dispose of urban trees. Tax

Continued on page 20.

# Editorial

Continued from page 19.



shortfalls caused by the recession and growing disposal costs mean that leaders in most cities will be open to ways to save on tree disposal. After all, disposing of urban timber is similar to the problem sawmills once had getting rid of sawdust. Before wood-fired boilers were widespread, most sawmills gave their sawdust to anyone who would haul it away. Sawmills may be able to acquire urban timber in exchange for hauling the logs away. Such a low log cost would make it easier to stay profitable in down markets and allow handsome returns when times are good.

Although the availability of urban timber may fluctuate, cities will not stop cutting these trees down due to changes in stumpage markets. Most cities can predict with relative certainty the minimum amount of urban timber that will be available each year, so sawmills willing to venture into agreements will be able to count on steady supplies.

Two weeks ago, we suggested that sawmills should find a niche market to help mitigate the impact of future market down cycles. Becoming involved in an urban timber program is one possible niche. Using urban timber may provide a further opportunity to open a retail store in the community, where some of the less commercially appealing lumber might be offered to local woodworkers. Many woodworkers prefer wood with unusual character and a good story, both of which could be provided in such a setting.

Finally, participation in an urban timber program has the added benefit of providing sawmills with a chance to gain support, rather than opposition from environmental leaders in the area. The "green" movement has slowed during the recession, but consumers remain environmentally conscious. Involvement in such a program may help reduce opposition to a sawmill expansion or more traditional timber harvesting down the road. Depending on the program, companies with kilns and secondary wood products manufacturing expertise may also be able to gain from these programs.

### *Cincinnati: Just One Example*

The city of Cincinnati, OH, started an urban timber program in 2007 to help mitigate the costs of EAB-killed tree removals. The city entered into an agreement to provide the Cincinnati Public Schools with up to 20,000 board feet of lumber annually at the mill run price of \$1,000/MBF. Since the city owns the trees, it incurs only labor costs to remove them, plus sawing and kiln-drying costs which it contracts out. The city estimates these costs at \$600/MBF, allowing it to earn \$8,000 annually for reforestation efforts. And, that doesn't account for the costs that would have been incurred to dispose of the trees in another way.

Because they have proven more receptive to utilizing urban timber, Cincinnati has used portable sawmill companies to rough-saw the lumber before it is custom-dried 35 miles away in Indiana. Cincinnati Public Schools contracts with another company to build bookcases and coat closets from the dried lumber.

April 9, 2010

As part of its urban forestry program, Cincinnati is training private tree services to harvest urban timber with techniques that maximize lumber yield. It is also looking for additional sawmilling capacity to expand its production of urban timber.

### *A Piece of the Action*

To cash in on programs such as the one in Cincinnati, companies will have to re-think at least a part of their business models. At the beginning, milling urban timber may only be a small revenue stream for an existing business. Companies located within 30 to 50 miles of a major city will have a better chance of finding an already existing program than those near smaller urban areas. In smaller cities, sawmills may have to educate city leaders on such a program's benefits.

Risks of embedded metal in urban trees destroying expensive saw blades will have to be mitigated through metal detection systems and/or use of an alternative saw line. Purchasing a portable mill may be a good solution in some cases. Creation of a retail operation in the city where the timber is being purchased may help move commercially undesirable, but "character" heavy boards. Although there will be a substantial amount of Ash, sawmills will have to find ways to merchandise the small quantities of mixed species generated in urban timber environments. Programs like the one in Cincinnati, where all work is done on a contract basis, will eliminate much of the financial risk of participation.

There are few negatives to participating for companies that could offer custom kiln drying or product manufacturing for programs similar to Cincinnati's. Not everyone wants to tie up their kiln space when they might be able to make a larger profit drying wood they own, but many kilns are sitting idle today.

One of the biggest lessons of the past few years is that willingness to adapt and change has often made a difference in whether companies have survived or been forced out of business. Change is not always easy, but the current financial climate make it unreasonable for sawmills to automatically dismiss possible opportunities for profit, even those formerly deemed impractical. For some companies, pursuing urban timber won't make sense. However, as the impacts of EAB continue to grow in magnitude, so too will opportunities in urban timber. Several companies are already benefiting from urban timber programs and more will find ways to profit from this niche market in the future.

