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arauco

TO: Michigan House of Representatives Transportation and Infrastructure Committee
FROM: Randy Keen
DATE: December 10, 2018
RE: Senate Bill No 396

Members of Transportation and Infrastructure Committee,

Thank you for your consideration of Senate Bill No 396. This piece of Legislation is important to the entire forest products industry, especially to Arauco in Grayling. We are currently constructing a new \$400 million-dollar particleboard plant that currently employs over 200 people. Although we are new to the forest products industry in Michigan, I am not. I've been in working in wood procurement in the State of Michigan for over 20 years.

The most important component to this legislation is the ability to bond gravel roads during weight restrictions, which we at Arauco fully support. This practice has been done over the years by many counties but due to various reasons fewer counties allow it each year.

For example, currently in Presque Isle and Cheboygan counties let you bond gravel roads out to a Class A road. It has been a great tool to keep our suppliers working and the mills supplied with the raw material they need to continue running. About a month after frost laws are lifted they inspect the roads to make sure that no damage has been done. In the case there was damage done to the road we would fix any areas that needed attention and we would get the entire bond back.

Having the same rules across all the counties will help small and large companies plan their timber harvesting to meet their business goals and objectives. If a road commission board member changes, so can the rules and how they are applied. Many of the producers I work with feel the timber industry has been singled out and targeted over last several years.

In addition to the obvious benefits this bill provides, the bill will give us more time to help us manage some of the forest health issues we face in the State. Working during the early part of weight restrictions will help combat the spread of forest diseases like oak wilt. Oak wilt is a fungal disease that spreads in the spring of the year after April 15 in freshly made wounds. If you damage oak between April 15 thru July 15 even by truck stakes knocking off tree limbs you can spread the disease. Allowing the contractors to work and haul off restricted sales before April 15 will reduce the spread of the disease.

Sincerely,



Randy Keen
Wood Procurement Manager
Arauco North America - Grayling

