
Forest Certification, Wood Products, and Green Building

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Is This Green Building? Not Quite...



But This Is:



U.S. ENERGY CONSUMPTION

BUILDINGS
39%

INDUSTRY
29%

TRANSPORTATION
32%

Green Building

- McGraw-Hill Construction estimates green building is 6% to 10% of the overall market
- Our experience does not show this high of a level, but we see a growing market for green building



Nationally,

- Florida, Indiana, Maryland, New Jersey, Oklahoma and South Dakota enacted laws this year requiring that new, large state buildings meet LEED standards.
- More than a dozen cities and counties did the same, including Chandler, Ariz.; El Paso; Tampa; San Francisco, Calif.; Monterey, Calif.; Fairfax County, Va.; and Starkville, Miss.

Forestry and Green Building

- Forestry is a key element of green building programs in the materials and resources component
- Only those wood products originating from certified forests qualify
- But the green building programs vary in their recognition of forest certification programs



The Problem With LEED

- 26-69 possible points, 13 from Materials & Resources
- Materials & Resources Guidelines
 - ❑ Building Reuse (3 points)
 - ❑ Construction Waste Mgt. (2 points)
 - ❑ Materials Reuse (2 points)
 - ❑ Recycled Content (2 points)
 - ❑ Regional Materials (2 points)
 - ❑ Rapidly Renewable (<10 year rotation – 1 point)
 - ❑ Certified Wood (FSC only – 1 point)

LEED Singles out Forest Products for Tougher Scrutiny

- Of all the building materials available, only wood is required to be certified
 - FSC only certification system recognized



Building Material Comparison

Net Carbon (C) Emissions in Producing a Ton of Various Materials

Material	Net Carbon Emissions (kg C/metric ton)	Net Carbon Emissions Including Carbon Storage Within Material
Framing lumber	33.00	(457.00)
Medium density fiberboard	60.00	(382.00)
Brick	88.00	88.00
Glass	154.00	154.00
Recycled steel (100%)	220.00	220.00
Concrete	265.00	265.00
Concrete block	291.00	291.00
Recycled aluminum	309.00	309.00
Steel (virgin)	694.00	694.00
Plastic	2,502.00	2,502.00
Aluminum (virgin)	4,532.00	4,532.00

But, LEED is the Big Bear

- 1,500 LEED Buildings, 11,000 Seeking Designation



Sierra Pacific Industries

- Privately-held
- Second Largest Lumber Producer in U.S.
- Nearly 2 Million Acres in California and Washington Certified SFI
- Chain of Custody Certification
- 15 Sawmills – Western Softwood Lumber
- Millwork and Remanufacturing Plants
- Wood Window Manufacturing
- 8 Biomass Co-Generation Plants

Dimension Lumber



Millwork



Some of SPI's Products – (SFI) Windows



Who are our Customers?

- Wholesale and retail lumber distribution yards for framing lumber
- Big box stores
- Millwork users (windows, doors, etc.)
- Direct sales of windows – custom homes, commercial buildings



What our Customers are Saying

- “Why doesn’t LEED recognize SFI?”
- “Get me LEED certified material by the end of the year – it is the clear trend in building”
- “I don’t want anything to do with green building – it will fizzle quickly”
- “Green building isn’t big, but the weak lumber market requires us to look everywhere for business”

Statements about Green Building

- “Demand for green building is increasing at an alarming rate in Southern California.” (Internal)
- “Why aren’t you FSC certified?” (External)
- “Tell SFI to be more like FSC.” (External)
- “Most of my customers would rather spend their money on a 56-inch flat panel TV than on green building.” (Boulder, CO homebuilder)
- “We like the SFI program, but we can get more points using aluminum under LEED.” (External)

Customer Situations

- In our markets, experience with and demand for green building varies significantly with location
- Currently, green building projects are only about 5% of our lumber market, but growing
- **These situations tend toward higher demand for green building**
 - Wine and Cheese Architects
 - Coastal or other (high income) communities
 - Malibu home \$8 million, owner waited 6 months for FSC wood
 - Government Projects (Los Angeles, San Francisco adopted LEED and Green Point (FSC only)). California adopted its own code without reference to forestry – local governments can make more stringent, not less

Some Hotel Chains are Building Exclusively to LEED Standard – Westin Vail -- but uses SFI Windows and Doors



Customer Situations (cont.)

- These areas don't see a demand for green building
 - ❑ Inland California and less trendy regions of other states
 - ❑ Smaller communities
 - ❑ Tract homes
 - ❑ Low income communities
 - ❑ Highly Concentrated Developments



Customer Situations – Gaming the LEED Formula

- LEED requires that 50% or more of wood in a project be FSC, but this is based on value, not volume, and can be FSC from anywhere
 - Contractor can purchase expensive FSC I-Beams made of laminated strand lumber or other high-value products to offset larger volume, lower value wood products – still get LEED points
 - FSC Mixed Credit meets the standard, and that only requires 10% FSC-certified wood

Customer Situations (cont.)

- In some situations, green building is desired, but LEED isn't designated – opening the door for SFI products
- These Projects:
 - Can be either residential or commercial
 - Used in marketing the projects, but have no plaque on the wall from an independent certifying organization
- Scottsdale residential code gives two points for FSC and one for SFI. Commercial code rates them the same. Increased “green” points speeds up permitting process

Customer Situations (cont.)

- Wood Windows
 - Upper end products -- both commercial and residential
 - Selected by architects, builders, or homeowners
 - We get requests for FSC windows in LEED projects, however
 - By promoting SFI we have found that we can increase acceptance dramatically – even LEED projects
 - Some of our market areas for windows have up to 20% green building projects

SFI Promotion Works

- Our architectural reps work with firms throughout our market area
- Usually find bias for FSC among architects, but
- Presentations about the merits of SFI have won over many architects who want to “design green” and are not working on a LEED project – when we promote SFI it produces results
- “Customers accept SFI once they know the facts”

Customer Situations (cont.)

- International
 - Growing trend for FSC certified products, but increasing interest in SFI via PEFC
 - Millwork (Europe)
 - Cedar pencil slats (Indonesia)



Issues for the Forest Products Industry

- Use of forest certification is expanding – that’s a good thing
- Forest certification programs are improving – that’s a good thing
- Green building programs require forest certification – that could be a good thing
- Some green building programs don’t recognize all credible forest certification programs – that’s a bad thing
- The largest green building program (LEED) discriminates against wood and SFI – that’s a very bad thing

Issues (cont.)

- If LEED does not recognize SFI, and green building continues upward trend, there will be a train wreck
- As LEED grows, will not be enough FSC wood available to meet demand (there isn't now)
 - And, FSC producers do not have all of the items needed for construction. e.g. one major FSC producer doesn't make framing lumber over 18'

Summary

- Virtually all Green Building Programs Require Certified Wood Products
- SFI still not accepted in certain governmental and architectural circles, but promotion of SFI works
- There is tremendous variation in demand for green building from location to location



Summary (cont.)

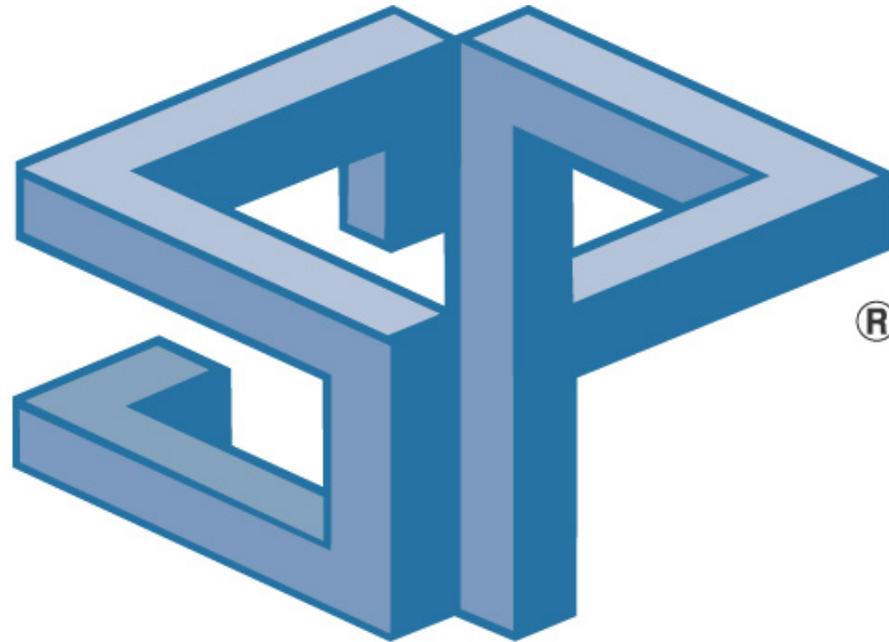
- Green building, although much talked about and hyped, still represents only a small percentage of wood products sold by our customers, but is growing
- Customers are looking for any angle to help sell products. Green building offers them another outlet
- LEED continues to dominate green building standards
- There is clearly a need for open, inclusive green building policies to build a credible green market



Thank You



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