

Public Forum: **LBMI INITIATIVE FOR ECO-LABELING OF DIMENSION LUMBER**

SUMMARY of PARTICIPANT REMARKS

Prepared for the
LUMBER AND BUILDING MATERIALS INSTITUTE of the NATIONAL LUMBER AND
BUILDING MATERIAL DEALERS ASSOCIATION

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SUMMARY of PARTICIPANT REMARKS

A public forum was convened at the Kansas City Marriott on July 16, 2008, to discuss an LBMI INITIATIVE FOR ECO-LABELING OF DIMENSION LUMBER. The forum, sponsored by the Lumber and Building Materials Institute (LBMI) and the National Lumber and Building Material Dealers Association (NLBMDA), was moderated Valerie Hansen, LBMI Trustee, and David B. Hattis, Building Technology Incorporated.

The stated purpose of the forum was to “gather industry and stakeholder perspectives, pro and con, regarding implementation of eco-labeling for reporting to prospective standards development and compliance accreditation organizations.”

LBMI INITIATIVE FOR ECO-LABELING OF DIMENSION LUMBER

Current Situation for ‘Green’ Lumber Products: Competing claims, uneven regulatory consideration, limited supply, cost, differing and complex ‘chain-of-custody’ requirements

Objective: Focus ‘chain-of-custody’ requirements for dimension lumber from ‘sustainable forests’ to mill/producer, eliminate ‘chain-of-custody’ requirements for new home building and consumer channels.

Strategy: Implement eco-forest management labeling for dimension lumber at the point of production (at the mill) to preserve ‘commodity product’ attributes and competitiveness of wood framing in housing

Purpose of this Public Forum: Gather industry and stakeholder perspectives, pro and con, regarding implementation of eco-labeling for reporting to prospective standards development and compliance accreditation organizations



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The following sections summarize the direct statements made regarding the LBMI initiative by forum participants. The paraphrased statements, organized around introductory presentation slides, are presented in the order made at the meeting. Moderator inquiries and comments, and questions posed by other participants to a particular speaker, are indicated in bold italics where appropriate. Difficulty in capturing some ‘off-mike’ comments leads to discontinuities in the discussions. No attempt is made in this document to distill overall conclusions.

It may be useful to reference the full presentation package distributed at the meeting as the comments are reviewed. In general, the slide materials for each section were presented prior to opening the floor to comments and include pre-meeting statements from several stakeholder organizations that were unable to attend the forum.

Session 1: Impact of Eco-Forest Management Certification ‘Chain-of-Custody’ in Commerce—‘Why’ (or ‘Why Not’) Eco-Labeling?

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‘Chain-of-custody’ documentation must be maintained from the forest to the ultimate consumer (homebuyer) under all current eco-forest management certification programs. These requirements also impose the burden of maintaining separate and unmixed inventories of dimension lumber throughout the supply chain.

In contrast, the LBMI eco-labeling initiative would eliminate ‘chain-of-custody’ documentation from the mill to the consumer. The net result would be two dimension lumber inventories in commerce—one labeled to ‘sustainable forests standard’ and one with no label.

Should this proposal be implemented? Can it work? Why or why not?

What is the anticipated scale of ‘chain-of-custody’ costs in the supply chain?

What other (non-cost or indirect) industry impacts should be taken into account?



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Paul Hylbert:

Doesn't have specific comments from direct knowledge that some of the dealers have. Comments are general. Hugely support the concept of sustainability. Lumber, if not the most sustainable of products, is certainly high on the spectrum as a renewable product with benefits to the environment and to those involved. Support green building and all its aspects, though understanding of green building is all over the map.

Support FSC, SFI, CSA, and PEFC certifications, all of which are rigorous and effective standards. They are currently selling all these products. 50+ yards are currently FSC-certified and they sell for LEED rating. They sell SFI and CSA as well.

Keeping track of certified products is a supply side problem, and customers have problems identifying eco-products and keeping them separated. An eco-stamp on dimension lumber is appealing and would reduce the costs. The irony on green buildings and particularly LEED standards is that you add cost to the process to be a player. That is not the intent of anybody. Sustainability doesn't need to add cost.

It is not just the dealer's ability to keep track of the product, but also their customers the builders, inspectors and others.

The homeowner as well, especially at resale, just go up in the attic and read the label. It adds value to the house.

Dan Fessler: Part of a green building initiative, and all our yards are certified. On average, a certified home costs 20% more. He is all for the higher cost, but will that 20% hold up on resale of the home? He is concerned about the validity of a program to manage the process. Chain of custody is a logistic nightmare (keeping track of lumber that comes back from jobsite and even in the yard when the driver needs a few more pieces of lumber). Increases cost, but as long as they can pass it on he's ok with it. The cost of maintaining chain of custody is too high. A stamp would save a lot of time and a lot of money. Only question is, how doable is the labeling concept? Will leaders in the industry support it? How quickly will it happen? Will you have fights with those who already have a chain of custody? All in all this is a young industry and should see this through. Supports the concept of green. We're a green industry already and have to find a better way of proving it.

Most homebuilders who have looked at this process have convinced the homebuyers that it is stupid and talking them out of it. 80% are not certified. Specialty products such as disability homes can sell at a premium, but don't see it in green (can't find 20% more value).

Energy efficiency and resource efficiency are long term goals that we'll be living with, and whether we call them green or not is not important. The concept of energy efficiency and smaller footprint have value and as dealers we should be able to provide choices. We can bring cost down with a grade stamp.

George Lester: Agrees with the comments. Marketplace is struggling for survival right now, but a system could be developed for Southern Yellow pine, common in his market, of which most forests are ecologically renewable. State forestry association and lumber manufacturers association can work together to achieve solution. Would prefer one inventory of eco-wood; this would be an economical way to provide a superior product.

Robert Magbee: Agree with all comments made before. Support the LBMI initiative. Logistics would be a nightmare if you don't come up with a chain of custody system like the one talked about today. Some of his customers are starting to request certified lumber, but not much demanded yet. Most of the green demand is for non-lumber products. He is not yet buying ATFS-certified product.

Is anybody doing advanced framing systems using engineered wood?

Nate Bond: Has developed a high performance system. Supports LBMI initiative. Is both SFI and FSC chain of custody provider. Cost in the supply chain is a

problem and needs to be reduced. Used to have demand for FSC wood from a minority of customers in small pockets of their service area, but this went down when FSC wood was 30% more costly than SFI or other certification. Their primary source for FSC wood quit production, which raised the cost. They charge the same markup as other products.

Do you add higher markup for added administrative cost of chain of custody? It appears that costs get added to costs. With labeling there may be the ability to provide certified product at no added cost.

Nate Bond: Instead of 30% per truckload a grade stamp adds one dollar per truckload.

Gene McKinney: Industry veteran for 38 years. This is a slow-changing industry. Hard to understand idea that we need to certify wood. The Green movement is driven by the media and educational system, which are raising eco-sensitivity. Most forests in North America are probably managed in an eco-sensitive manner, without a method to certify that. Mills raise the question “who would certify private land-holders?” There may be a need to teach private landowners how to get certified. There may be a role for government agencies in this education on certification.

Energy is a more important issue to consumers than green buildings. The value of certified wood in an EnergyStar home is miniscule. Dealers should begin with sales to buyers who demand sustainability (start with government projects, to commercial, to residential). Market is headed in this direction.

Current chain of custody is very cumbersome and unrealistic. Deals with certified mills, but may have to fill orders from mills not familiar with. A certified forest grade-stamp will simplify the process and take cost and burden out of process.

But what about the standard of forest management?

Walter Foxworth: Every other product that goes into a home is manufactured green and if installed properly is green, but for lumber we have the chain of custody. Everything within 500 miles will make it greener. Only other chain of custody is for urine samples when you take a drug test.

[Unidentified?]: Gene didn’t mean that all lumber would get an eco-stamp. FSC would get a stamp, and if SFI joined it would get a stamp. There would still be a heck of a lot of lumber without a stamp.

[Unidentified?]: As more wood started to come from all over the world with the global economy, you wanted certification that it was “bug-free”, so the HT (heat treated) stamp went on without much discussion. Now any stick of wood

in the lumberyard has an HT stamp. That's what we'd like to see with the eco-stamp. Problem with chain of custody.

Ben Phillips: This is a problem of gaining sustainability without increasing cost. Problem is cost of housing. We should create a process that encourages others to go green, and not add cost to a home. Our process is to make it simple and create an incentive for most people to get their forests certified.

Harold Baalmann: Is chair of NLMBDA. Has a couple of yards in Wichita, located 80 miles East of Greensburg tornado. Town was virtually eliminated by a tornado, and they want to rebuilt green. Story is heavily documented by the media. They are sending lumber to Greensburg, but not a lot is being built some houses and some commercial. However, lumber is not a great part of the LEED and NAHB point systems. Furthermore, availability of certified wood is geographic. The closest place to get LEED lumber is Kansas City (one yard carries it), 260 miles from the project, thereby consuming energy and adding cost. They end up with non-certified lumber. He would prefer eco-lumber if available, even at 3-5% cost premium. Everyone wants to do the sustainable thing.

Today, yards carry multiple SKUs. The added cost of the system is maintaining SKUs of different types of wood for each size of dimension lumber. There is a liability issue today, when the label is on the wrapper only.

Has talked to many dealers, and they support sustainability and support the LBMI effort on eco-labeling.

The issue of liability when specifying to LEED has recently been raised in Wisconsin by the AGC and the AIA, and legal advice was that liability went back to the supplier.

Kirk Grundahl: Spoke of other products, such as wall panels, I-joists etc. We have to do eco-labeling to streamline the process. We need to think about more than lumber. How about staples, nails etc.? Trusses have been green since 1952 (value engineering, minimizing waste). Let's get it right, putting people and affordable housing before certification. One inventory, one green.

Rob Brooks: Keep in mind the multiple lumber products (lumber, veneer, strand). There are all kinds of hybrids that go into a product. Eco-label could be used for other products, such as OSB. "Do you want eco-labeling for other products?"

Paul Hylbert: Yes to eco-labeling of other products.

Session 2: Implementation of Eco-Labeling of Dimension Lumber—Options for the ‘When’, ‘Where’, and ‘How’ of Eco-Labeling?

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Preferred Option: A single universal eco-label encompassing all or most present eco-forest management certification programs, to be applied and managed by a single entity, fully accepted by all green certification schemes and regulatory authorities. (A new eco-grade for lumber.)

Possible Alternative Option-A: Distinct eco-labels for each eco-forest management certification program, to be applied and managed by a single entity, all recognized as equivalent in commerce and by all regulating authorities. (A new eco-grade for lumber.)

Possible Alternative Option-B: Distinct eco-labels for each eco-forest management certification programs, to be applied and managed by separate entities, with variable recognition in commerce and by regulating authorities. (No standard.)

What are the advantages and disadvantages of each of these options?

What other possible alternatives should be considered? Why?

What organization(s) should be considered to manage each option? Why?



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Tom Searles: [Brief introduction to ALSC today and its history. It is the story of voluntary industry self-regulation].

In summary, ALSC marks lumber to demonstrate compliance with standards. Here we are proposing to mark lumber to demonstrate compliance with eco-standards. That is why ALSC may, not must, become involved.

[Unidentified?]: Sees parallels to the current situation with grade stamps. There are currently many different grade stamps. He sees no inhibition against having more than one certifying agency stamp. He favors Possible Options A or B.

It is important to understand the objective of the certification. If the purpose is to protect tropical forests and exotic woods, it is irrelevant to domestically grown wood (except possible old growth). We don't want a certification that is intended for a different thing apply to domestic forests. Other thing is the certifiers have a territory to protect, which is why they have their own standards. If the standard is intended to protect pristine forests, it may be an oppressive standard to the lumber industry in North America.

Karen Steer: While a lot of people in this room may share the idea that North American forestry is good forestry and that all wood is good wood, there are others

in this city and this country and in the world that don't necessarily agree with that. While US may have federal and state laws that set a higher standard than what we see in tropical areas, certifications such as FSC and SFI were not intended only for areas outside the US. They have support in the US because we still see some destructive practices going on. Certification in the US is to differentiate between the good and the bad.

Do you adhere to the Montreal Process, an international protocol? Despite what might have been said, we are trying to achieve support for sustainable forestry.

Karen Steer: The Montreal Process is great for determining forest conditions but not for assessing forest management.

Would there be a value in integrating eco-labeling into the ALSC process?

Michael Virga: Agrees with Ms. Steer regarding the Montreal Process. It is intended for countries to measure their performance against the 67 indicators. Website with reports from 2003, with next reports 2010.

As one who has tried for a long time to get USGBC to expand their acceptance of certification and who has helped bring them to where they are today to open up credits for wood certification, he can advise to forget about USGBC considering LBMI proposal—take them off the table. As far as NAHB, you may get consideration, but they are going through ANSI process for their standard, so it is very difficult to make the changes desired by LBMI.

We have met with NAHB, and we understand that while the ANSI process requires a 5-year re-evaluation of standards they also allow revisions more frequently.

Michael Virga: Totally agree on modifying standards, but LBMI has nothing to show as far as new standards.

Kirk Grundahl: We Really need an eco-label, and we can follow the ALSC grading model very easily. The problem is how to integrate the certification standards into this process. That is the hurdle—integrating the third party eco-certifiers for FSC and SFI. Recommendation to work very closely with ALSC, and then bring the certifiers to the table.

David Horne: Until a few months ago knew very little about the subject, but in last few months had to learn real quick. He favors the Preferred Option. Recounted story about FSC Southern pine. The certified plant (Potlatch) was in Arkansas and the job was in Delaware. If you go with the Preferred Option you get eco-lumber, and the five certifiers can go along with that. There is a need to educate specifiers.

Huk DeVenzio: Treaters are in the same situation as dealers and truss manufacturers. Chain of Custody documentation is not being implemented currently. Only one of their customers did it. Another only found one source for FSC Southern pine, so didn't go to the trouble. Treaters are not feeling pressured to provide chain of custody and few of them understand it. They are confused by the mixed sources labels and the percentage labels. A few years ago they lost their QC agency for the treated wood, and the industry solution was ALSC. He prefers Alternative Option B. Why can't the sawmills put the FSC, SFI or ATFS labels on the wood. It's simple, and maybe we don't need ALSC.

Allison Welde: A chain of custody is needed along with the label if the label becomes separated from the product. If the label is left intact on the product you do not need the Chain of Custody. Just ask your suppliers to stamp the wood with the label on it.

Do you think FSC has the same position on labeling.

Allison Welde: Don't know. Think the chain of custody systems work the same.

Michael Virga: As soon as the log is worked or reshaped in any form, that's when you need chain of custody. But if you sell wood to a builder who puts it into a building, as long as it's labeled there is no need of chain of custody. It can even be mixed FSC and SFI labeled wood.

Allison Welde: The issue is as Karen stated earlier, of having access to the certified supply. Chain of custody to the mill will define the certified supply. It's up to you as dealers to demand that the mills label the wood.

But LEED may not award points unless 50% was FSC.

Michael Virga: LEED has not addressed the mixing of wood, particularly with the introduction of the FSC mixed label (which may have as little as 10% certified product in the product line). SFI has a percent certified content label. This is because there isn't much certified fiber out there, so they made it more flexible. The link between certified forest and certified product now is gone with this added flexibility. USGBC has not addressed this issue. Nobody now uses the 100% label in products or paper.

Eric Gee: One member had an order for FSC wood. He didn't even touch it. But in order to transfer the chain of custody certificate he had to be certified. He just transferred the paper. SFI and FSC operate differently and would caution anybody about any hypothetical situation. Just because you have FSC in your yard doesn't mean the label will be any good once it leaves your yard if you are not certified. And the same goes for the builder. The

builder can't claim he is building a green house unless he is in the chain of custody.

Allison Welde: The label on a product makes a public claim. That claim has to be backed up, and there are processes in place to do so. If you are not changing a labeled product there is no need for chain of custody in the SFI program.

Jim Stark: Has worked with their wood products on this stamping issue. We struggle with the wraps, and a lot has to do with cost. Engineered wood products are difficult to stamp individually. Wood products are wrapped. Trying to stamp individual products but the cost is prohibitive. So they try to do it in isolated cases, but it is coming on slowly. The discussion today about stamping dimension lumber hasn't been tested a lot. There is a lot of cost in stamping individual pieces. The problem is technology to stamp with sufficient resolution to include all the required text. It's not just the logo.

How does the cost compare to grade stamping?

Jim Stark: Don't know.

Session 3: Development of a Consensus Eco-Forest Management Standard—‘Who’ should develop a standard and ‘What’ should be required for Eco-labeling?

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An eco-label for dimension lumber could logically develop the need for a single consensus standard for eco-forest management. ASTM Forest Subcommittee D07.08 is currently balloting a *standard guide* on forest management.

Is ASTM D07.08 an appropriate venue for development of an eco-forest management standard?

Should the current eco-forest management programs be the starting point for development of a consensus eco-forest management standard?

Will some or all of the current eco-forest management programs participate in the development of a consensus eco-forest management standard?



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Allison Welde:

In terms of an SFI statement, “I really came here today to learn about your effort and what you were doing so that I could then provide some kind of statement. I have to say I have respect for what you are trying to do, have a few issues I’d like to address. It is true that SFI, CSA and ATFS will be endorsed under PEFC and SFI recognizes all PEFC-endorsed North American systems and their chains of custody. So with an SFI label you get certified content through those ways. I still don’t see why there needs to be a new standard when there are five standards already at play and the market has said that chain of custody is the way to track fiber flow. So if you create a new standard that will be perceived as not as robust as what is already out there then you go through a lot of work and time and money and at the end of the day you are back where you started. So I believe it is not a problem with the standards inherently. I would be happy to work with you to find efficiencies in the chain of custody and to work with you guys to increase the supply and make access to that supply easier under SFI. But I don’t see the need for a new standard. And I do worry about any wood at all that goes around the chain of custody. The chain of custody is there to provide the rigor that the claim on the label is backed up and is verifiable. If you put the same label on a SFI product as a FSC product then it is invalid because they are not the same. And if you don’t have the chain of custody, how do you know that it is certified.”

Allison Welde: The LEED system requires that it have a chain of custody for certified products. The government procurement requires chain of custody.

I'm not saying that the supply chain has decided, it is the market that has decided. The consumer. What I'm trying to say is that all the forest certification services have developed this for a reason. And that's because they have gone through these open and transparent standard setting processes. And at the end of the day the chain of custody system is how you track the fiber. If you come up with a better way to do it through an open and transparent process, great. I'm not saying what you are doing is wrong. It's just this is how the market developed. It's taken us ten years to get to this point, and if you are trying to do something new you have to have validity in the market to succeed. So yes, there are problems with chain of custody and we want to make it more efficient. If you go out with this on your own you will spend a lot of time and money and still be left with the same chain of custody.

David Hattis: We started this meeting by reading from a consent decree. Any attempt to regulate any aspect of this industry by a standard that is not a third party consensus standard could be challenged by somebody and will be challenged by somebody in court. There are now ongoing in Switzerland litigations related to the certification of eco-lumber related to competing claims. Karen Steer said that the FSC standard is a consensus standard, and you say that the SFI standard is a consensus standard. I don't know that. CSA standard is a consensus standard in Canada, but not in North America. ATFS I know is not a consensus standard. It's not that there was not diverse input, but there is a legal question here. I don't know that a new standard is the answer to that. It could very well be that if a consensus standard organization such as ASTM, or other, even the AF&PA, the existing standards could be the starting point for the development of a consensus standard, if we go down that path. It is not just a question of whether the system we have today is good, but if it becomes efficient and prevalent in the market, could it be challenged by people who feel locked out because of how it uses SFI or FSC.

Michael Virga: None of the forest certification standards are consensus standards developed under the ANSI consensus process. Customers are the builders who are making demands for certified wood. Forest certification was developed as the result of market demand. The companies that are getting certified is because Home Depot and Loews and Staples and Office Depot and all the others buying fiber and products are demanding certification. If your customers aren't making demands on you, why are you making your life more difficult. Most builders are small and they are not demanding certified products. However, this effort in not about the American Consumer. It is being driven by the big box businesses.

Valerie Hansen: I'm a little guy, not a big box guy. The reality is, if you go back to what some of the speakers said this morning, we are trying to do the right thing. And we are trying to do it with the integrity that I'm not sure is there with the mixed system out there right now, where I can buy a mixed load that has zero content from a sustainable forest. Not sure if the current system actually delivers wood from an eco-managed forest. With regard to grade stamping, there is a standard that is reliable. Take SPF #2, there is no need to worry whether the wood came from the East (ESPF) or the West (WSPF). The Eastern might weight a little more, so I can get a few more pieces in a truckload if it's Western, but other than that there is no advantage of one over the other. You've got a reliable standard there, and whether it goes into a truss or is shipped out to a construction site, you can rely on the grade. So it's not enough to say the consumer demands it so that's how it is. We are the customers and we would like to say that the product in our yard comes from a sustainable forest. And maybe you don't care.

Michael Virga: We do care.

Valerie Hansen: You are asking us to sign on to a \$3,000 per year audit process for each one of the certification agencies.

[Unidentified?]: Just recently we had a VA clinic that specified 25,000.....,In South Dakota that has only 750,000 people in it. You're asking me to go out and get the certified lumber and the chain of custody and the cost factor to do it. But you made the statement that the Home Depot is bringing this on to us. We're just asking for an easier way that we can handle this product. Just put it in the code. We are not simplifying it, we are making it harder. You're making more rules and more ways out of it so you have a job someplace, rather than simplifying it for the end user/consumer. You got to start thinking who they are.

Kurt Grundahl: ...and they all say, here's the statement: "Forest certification provided on the metal plates for wood trusses where the wood is from FSC certified forests..." It is already in federal work and commercial work and coming to residential. I feel we have to be proactive..."

David Hattis: We find on the NIBS website that USACE, NAVFAC, Air Force and NASA, when they specify wood they require FSC certified wood. That is a federal government specification now enforced by several federal agencies.

[Unidentified?]: That's the point I made this morning. Once the federal government and city governments start specifying it on their projects, and architects start specifying it on commercial projects, its at our door and you gotta have that. "We don't want a new standard." What we are saying is we don't

care whether its FSC or SFI, just put the stamp on the lumber. We want to get rid of our chain of custody responsibility. Let's get the wood certified from the forest to the end user in a way that is simple.

Allison Welde: Steps that have to be taken to be able to make that claim (regarding forest certification) when you get to the end of the road. This is where we get off the track every time we get into this conversation. We can find efficiencies in the chain of custody system, but if you do away with it, how do I know that that claim that is on the final product is true. A grade stamp is fine, but you are going to have to verify it.

It's my logo and my market integrity. When that label is on the product I have to be sure that product met all the specifications in the standard. If the label is still on the product you don't need chain of custody, at least for SFI. Access to labeled products can be addressed through the growth of our program. If it's not chain of custody then what is it? You still need a verification process. I don't dislike what you are trying to do, but this is the reality that operate under. And we would all be better off working within the systems that are already out there, and make them better and more useful to you. Rather than start from scratch. If you have your own label you will have to go to LEEDS and NAHB and get them to accept your label, like we have done to get to this point.

Environmental claims are a whole other ball game. You will have market campaigners who will challenge your claim. If it's not up to snuff they will find out.

Eric Gee: Let me just ask one question for the people trying to figure out who your customers are. You had an inquiry for a lumber sale, a framing package. It was a bank. How many people have had a problem specifying SFI lumber? How many people have had a problem specifying FSC lumber? The problem is not with SFI, it is with FSC. Not saying anything negative about their program, but the amount of volume out there right now, the majority is in the SFI program. If you can't supply FSC lumber than others probably can't either, so they will go back and tell the architect: "we can get it, but it will have to come from xxxxx, and it's an extra 600 miles, and 8 more weeks." They are going to say: "get us the lumber." The problem is that FSC lumber supply is limited.

Allison Welde: In LEED there is only 1 point for certified wood, so they will get it somewhere else.

David Hattis: About 15 years ago there was an attempt by FSC and the AF&PA to develop a single standard at ASTM. One of the parties pulled out, and soon it was aborted. Now the question has come up if there is a demand for a new consensus standard. I have heard from three of the certifiers that

there is no need for a new standard. The Canadians are interested in a new standard but aren't sure they will participate. I've heard from one lumber dealer that there is no need for a new standard. I'd like to hear if anyone supports the development of a new standard.

Kirk Grundahl: I think we lose track of the objective. We get mired in the standards question. Who cares? At the end of the day, we want lumber with a grade stamp, FSC or SFI or both. Where is the demand? It is coming from the government. FSC very effectively lobbied. There will be a demand. The second side of the question is we have to make this simple. ALSC has a very good system. Whatever the standard in the background, get the standard worked out by FSC and SFI, and get someone like ALSC to make it work. It's an effective system for controlling lumber. Just have ALSC put a stamp on it: "FSC-certified" or "SFI-certified". That's what we want. The problem is you have to sit down and do it.

Allison Welde: Not against what you are trying to do. Just being cautious for you because at the end of the day you will do something. I have a standard. The only thing you want is not to have chain of custody. Right?

[Unidentified?]: Chain of custody imposes such a paper trail on everybody that is burdensome. We don't need a new standard, it can be SFI or whatever. All we say is work with an agency that can put a reliable grade stamp on the lumber. That's all we are asking.

[Unidentified?]: If you take a labeled 2x4 cut it and put it in the top chord of a truss you didn't touch the label but just cut off a few inches on both ends, that's still ok. You didn't change the label, so what's the problem? It sounds like you have the system you want with SFI, don't know about the other systems. If the mill put the stamp you have what you want?

Allison Welde: I don't know the answer to the question. You have technically changed the product. What you want is not unreasonable, its just not how we operate. So, "we will work with you all to find out how we can serve your needs better." We have a standard that can only be changed by the board of directors following an open and transparent process.

Michael Virga: If you take a labeled piece of lumber and cut it up and put it into a cabinet you have changed that wood and you need chain of custody.

We are not talking about cabinets; we are talking about dimension lumber.

Michael Virga: If you want to label the product and not the package then go to your supplier and request it. This has nothing to do with SFI or FSC.

Rob Brooks:

We have been involved in all aspects of the certification programs for years. We put in comments. Often the comments are ignored. Any frustration you are feeling we felt in spades and continue to feel it. It's pretty clear from this meeting that we want the individual pieces of lumber stamped.

Reading from new ASHRAE Standard **SPC 189.1**, *Standard for the Design of High-Performance, Green Buildings Except Low-Rise Residential Buildings*. (Wood will be 70% certified materials. Chain of custody verification by vendors for 70% of total products purchased over 10 years.)

There is a trend. The green standards community wants lumber segregation, which is the exact opposite of what this group wants. The new ASHRAE standard may not be widely accepted, but this is the message they are sending out.

APPENDIX A: Comments by Matt Belcher, NAHB

Mr. Belcher had planned to attend the meeting, but had been called to testify before a Congressional committee at the last minute. Belcher offered the following observations in a subsequent phone conversation. A summary of his testimony to Congress on related issues is also appended.

Matt Belcher: Belcher's family was in the lumber business for many years. He served as a county code official for several years. He builds only 'green' houses. So he has a comprehensive perspective on 'green' building issues.

Belcher typically uses and prefers SFI-certified framing lumber, but has built to LEED with FSC lumber. He does not 'shop' vendors, but has trusted relationships with a few. He complies with all chain-of-custody documentation requirements, going so far as saving the labeled wrappers for the dimension lumber he receives at the site for each project. He uses a third-party verifier to certify his compliance with all aspects of the NAHB Green Building Guidelines to assure his customers that he is delivering what was promised. His framing crews do not check for the grade stamp on lumber--that is verified in his procurement process and by project management. The same processes would likely be used with eco-labeling.

Belcher is very supportive of the idea of the proposed eco-label on each piece of wood, noting that it would be helpful across the board in home construction (ensuring that any miscellaneous or random members used were certified lumber), in verification (giving the auditor direct physical evidence of the use of certified lumber), and to the homeowner (self-verifiable evidence of a 'green' product)--all giving his operations competitive advantage. He sees potential liability for his firm in presently not being able to ensure that the lumber he is using is in fact certified. Labeled framing would reduce that risk.

Belcher does not buy directly from mills, but would be eager to specify labeled lumber from his suppliers. He is also willing to support efforts to educate homebuilders regarding labeling and the use of specifications to bring it about. He mentioned the possible opportunity to present the concept at the next NAHB board meeting on September 24.

NAHB Press Release: Dynamic Programs Better Than Mandates, NAHB Says

July 17, 2008 - Testifying today on behalf of the National Association of Home Builders (NAHB) before a House Subcommittee on Energy and Air Quality hearing on "Climate Benefits of Improved Building Energy Efficiency," St. Louis green builder Matt Belcher cautioned Congress on the danger of one-size-fits-all proposals for home construction.

Policies that encourage rather than mandate energy savings are the most meaningful at stimulating greater demand for energy-efficient homes, Belcher said.

"The ability of aggressive building code mandates to achieve massive energy and greenhouse gas emissions savings is incredibly limited. The wide-ranging geographic differences in state and local climates create specific building needs, making national benchmarks almost untenable," he said.

Further, "significant increases in costs for efficiency upgrades and the additional increase in home price to accommodate them has the potential to harm the part of the market with the least flexibility to react to price constraints: the marginal first-time home buyer," Belcher said. "NAHB does not support the assertion that a broad public policy objective should be achieved on the backs of a relatively narrow segment of the market with limited resources."

And even when a home is built to be more energy efficient, it does not translate into automatic energy savings. "Almost half of the energy consumed in a home is the result of the lighting, refrigeration, laundry, cooking, and electronics use by the residents," Belcher pointed out. "The disconnect between [building] envelope improvements – which are primarily the responsibility of the builder, and resident behavior – over which a builder has no control, is one of the major barriers to achieving greater improvements in residential energy efficiency in new homes."

"It is false to assume that just requiring states or local governments to adopt an arbitrary above-code compliance target for all new construction is going to translate into improved enforcement . . . or achieve the energy savings goals envisioned," Belcher told Congress. "If resources, or infrastructure, to enforce the code are not available, then the savings assumed will never materialize."

Belcher also asked Congress to extend the New Energy Efficient Home Credit, which was enacted in 2005 and expires at the end of the year.

Department of Energy research shows that residential buildings consume 21.9% of the nation's energy and produce 21% of its greenhouse gas emissions. However, Belcher pointed out, mandating that all new homes must achieve significant above-code performance will not produce the greatest energy savings because new homes are a small of the problem. Solutions to address all 21% - and include existing homes –demands greater focus.

Belcher also explained how the NAHB National Green Building Program can move the market. "The dynamic ways that the green building movement is rapidly changing residential construction is only one example of a broader, market-determined push for greater efficiency. In the midst of the worst housing downturn since World War II, builders continue to see growth in demand for green and energy efficient homes, as well as increased requests for efficiency upgrades in the 128 million existing homes, comprising the bulk of the nation's residential energy consumption," he said.

APPENDIX B: Preliminary On-line Eco-Label Survey Results

A survey of perceptions and attitudes toward eco-labeling of dimension lumber was included in invitations to the public forum. In addition, an on-line survey was established to execute the survey beyond the limited population of forum invitees. As of the forum, 14 respondents had completed the survey. Preliminary results from this first sample are presented in summary format on the following page. We will continue to update these results as additional responses are received.

However, even this limited first sample yields interesting results.

- Though very few customers are, as yet requesting eco-certified dimension lumber (<2% on average), respondents expect that proportion to grow dramatically to 22% in two years and 48% in five years.
- While half of respondents expect certified lumber to be 3-5% more costly than non-certified dimension lumber, a substantial minority, 28%, expect cost premiums to exceed 10%.
- Respondents, on average, expect chain-of-custody costs of over 6% in both the near (two-years) and longer term (5-years).
- Chain-of-custody costs will be primarily driven by the ‘initial administration’ investment to set up the tracking procedures.
- While 64% of respondents assert the needed for a comprehensive forest management standard, fully 93% of respondents favor use of an eco-label on each piece of dimension lumber to document eco-forest compliance.
- While 86% of respondents recommend that ALSC manage the eco-labeling program, the same proportion have no preference for an alternative managing organization.
- Finally, 86% of respondents recommend ‘grand-fathering’ all existing forest certification protocols for eco-labeling.

PRELIMINARY SURVEY RESULTS (as of July 16, 2008)

	param.	resp.	param.	resp.	param.	resp.	param.	resp.	Med.	Mean
What percentage of your customers currently request eco-certified lumber?	0-2%	86%	3-5%	7%	6-10%	7%			0-2%	2%
What percent of your dimension lumber inventory (or jobsite framing) do you expect to be eco-certified in <i>two</i> years?	0-10%	43%	11-25%	36%	>25%	21%			15%	22%
What percent of your dimension lumber inventory (or jobsite framing) do you expect to be eco-certified in <i>five</i> years?	0-10%	21%	11-25%	29%	>25%	50%			38%	48%
On average, how much, if any, do you estimate eco-certification will increase your cost-of-goods versus open marketplace for products of same specie, grade, and size specifications?	0-2%	7%	3-5%	50%	6-10%	14%	>10%	28%	3-5%	--
On average, how much, if any, do you estimate that current chain-of-custody requirements for eco-certified lumber will increase your cost-of-handling lumber (jobsite framing) this year?	0-2%	21%	3-5%	36%	>5%	43%			3-5%	--
How much will chain-of-custody requirements cost in <i>two</i> years?	0-2%	14%	3-5%	50%	>5%	36%			5.0%	6.4%
How much will chain-of-custody requirements cost in <i>five</i> years?	0-2%	28%	3-5%	14%	>5%	57%			5.0%	6.6%
If cost to acquire and handle eco-certified lumber is greater than 0%, what aspect of present chain of custody requirements will contribute the greatest increase to your costs? (Options: Initial Administration; Documentation; Cost; Segregation; Archive/Retrieval)	#1	Init Admin	64%	Doc	14%	Cost	14%	Seg	7%	
	#2	Init Admin	14%	Doc	43%	Cost	36%	Seg	7%	
From your perspective, is a voluntary forest management standard needed? If you answered yes, which consensus standards development organization should develop a voluntary standard for eco-forest management?		Yes	64%	No	36%					
		Forest Subcmte ASTM	10%	All	30%	No preference	60%			
Do you favor documentation of eco-forest compliance in commerce by means of an eco-label, a permanent marking on each piece of lumber (grade stamp)?		Yes	93%	No	7%					
If you favor an eco-label, should label and compliance with a voluntary eco-forest management standard be administered by the American Lumber Standard Committee (ALSC)?		Yes	86%	No	14%					
If not ALSC, who should administer the eco-labeling program?		FSC	7%	Individual grading agency	7%	No opinion	86%			
What other groups should also be directly involved in development of an eco-forest management standard, wherever developed? (Note that top are Industry, last four are government.)	#1	NAHB	79%	USGBC	7%	NLBMDA	7%	NAR	7%	
Should (all) existing eco-forest management certifications be 'grand-fathered' as acceptable for the purpose of labeling on an interim basis, allowing implementation of eco-labeling to proceed while a voluntary consensus standard is under development?		Yes	86%	No	14%					