



## TIMBER: Nationally it remains a fragile market for houses.

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"The benchmark is the housing starts," said Coburn, a procurement forester for Neiman Timber Co. in Spearfish. "This year you're looking at maybe 600,000 housing starts (nationwide). And the lumber prices just follow the housing starts."

From a healthy annual housing start level of 1.5 million or more for much of the 1990s, housing soared to more than 2 million in 2005.

"That was the top of the whole housing bubble," Coburn said.

The bubble shrunk to 1.3 million in 2007 and virtually popped after the 2008 financial meltdown that centered on the failure of mortgage-backed securities. Housing starts fell to 554,000 in 2009 but have shown a slight increase this fall, to an annually adjusted rate of about 600,000.

Nationally it remains a fragile market for houses, however, with concerns about another round of foreclosures that could mean more homes hitting the market, discouraging housing starts. Some of that has started already.

"As they're hitting the market, they're going to suck up a lot of pent-up demand," Coburn said.

That's the bad news. The good news, even in the face of economic challenges, is that the Black Hills has a relatively healthy forest products industry, especially when compared with other states.

In addition, the Black Hills housing industry has escaped the worst of the national decline. And the biggest player in the forest products game in the Black Hills, Neiman, has shaped production at its sawmills in Hill City, Spearfish and Hulett, Wyo., in ways that mitigate the impacts of the troubled housing industry nationally.

The Neiman mills cut primarily 1-inch lumber, much of which can be used in remodeling and related work. Harder-hit sawmill operations in other states tended to be 2-inch mills, which provide the studs and related products that are more directly reliant on new-home construction.

"Because the three Neiman mills in the Black Hills cut the 1-inch lumber, they are affected differently than a lot of the sawmills in the Intermountain West," said Tom Troxel, director of the Black Hills Forest Resource Association in Rapid City. "The stud mills are tied more closely to the new housing starts than are the board mills."

Neiman has gone further in making products beyond that board, for things like tongue-and-groove paneling that shows up on local hardware store shelves.

"That's one example of something that has turned into a good product for them," Troxel said.

The company also produces the materials for window frames, which are also part of the remodeling mix, Troxel said. All are part of a diversification to guard against the hard times that hit some mills.

The success of Neiman is crucial to the overall forest products industry in the Black Hills, which provides about 1,000 jobs directly and 400 to 500 in indirect services. About 450 of those direct jobs are at the three Neiman mills, with another 300 jobs for loggers, truckers and byproduct users directly related to what Neiman produces.

Troxel's association doesn't have an estimate on the economic impact of the forest product industry on the Black Hills. But the impact from Neiman alone in the Spearfish area gives an idea of the overall value of the industry.

Bryan Walker, director of the



Lance Pederson wraps a bundle of boards and readies them to be shipped Friday at Rushmore Forest Products in Hill City. Rushmore Forest Products, a sawmill, is set up to cut boards to the thickness of 1 inch.

Photos by Ryan Soderlin/Journal staff



Rushmore Forest Products cuts its boards from timber in the Black Hills. Many of the logs that come from Black Hills National Forest are sold as timber.

Spearfish Economic Development Corporation, said an analysis based on the Neiman payroll in Spearfish and other spending by the company put the economic impact at \$40.8 million a year.

"It's a very large part of our local economy," Walker said. "And it's probably a low number, given the fact that it doesn't include all the independent contractors that work in the area as a result of the production of lumber."

Despite the challenges in the industry, the future of that lumber production is promising overall, said Carroll Korb, president of Forest Products Distributors in Rapid City.

The operation is a wholesale lumber company with a remanufacturing plant, offering specialty treatment and modification of sawmill products.

The ponderosa pine trees that dominate the Black Hills are a desirable species in the industry, Korb said.

The wood has a strong place in the remodeling market, which helped prevent worse industry declines locally, he said.

Korb said the troubled lumber market nationally was the result of



One-by-six-inch boards, measuring 10 feet long, are banded and ready to be shipped to stores for sale

an "overbuild" in homes, many of which went to people who ended up not being able to afford them. That inventory must come down over the next year or two before

the lumber market can fully recover, he said.

But he is optimistic that it will. "When the market comes back, you'll see an industry that is

more efficient. And it always comes back," he said. "I don't have any doubt that it'll come back."

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## PROSTITUTION: Stings' goal is to reduce activity.

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few dollars.

The stings can net as many as five offenders or come up empty handed, but the goal is always the same — reduce or eliminate the activity, while preserving some dignity for the women prostituting themselves, police Chief Steve Allender said.

"In reality they're breaking the law, however, arresting them is not going to have as good of a chance of curbing this behavior as arresting the people using them," Allender said.

The greater good is better served by holding the men buying sex accountable for taking advantage of homeless women, he said.

The buying and selling of

sexual favors is almost a daily activity, Ragnone said.

And, it's not something that happens in the shadows and after dark.

"We're targeting the males who are targeting our female, mostly homeless populations," Ragnone said.

"Some of these sexual acts are occurring in vehicles, in the park, in daytime hours when families and citizens are out in the bike path and parks," police Capt. Deb Cady said. "I don't think citizens should have to tolerate that."

Men trying to buy sex have been known to approach women taking a walk through the park, Cady said.

The majority of the men arrested for soliciting sex during a sting are white males averaging 60 years old. But, their ages vary from 17 to 84 years old.

Infirmary doesn't exclude a potential buyer from being charged with the Class 1 misdemeanor of

hiring for sexual activity and conviction can result in a sentence of up to one year in jail and a \$2,000 fine.

Last March, police arrested Larry Langager, 70, of Rapid City for allegedly negotiating with a civilian informant. Langager, who is scheduled to go on trial Thursday, used a three-wheeled electric scooter to attend a court hearing Monday.

"Some of the women that they are soliciting have alcohol addiction issues and are using that money to support their alcohol addiction," Cady said. "I view those women as potentially victims willing to do about anything to get money to continue drinking."

"From our experience, these are people who are desperate for money," Ragnone said. "They are most likely prostituting themselves to earn money for whatever their needs are: alcohol, drugs, food or

rent. They're in desperate situations."

Using a paid civilian informant and audio and video equipment, police conduct surveillance operations that can net them as many as five potential customers in one operation.

These are resource-intensive operations that tie up people and equipment for four- or five-hour stretches, Ragnone said.

Suspects are either arrested on the spot or interviewed and the information handed on to the Pennington County State's Attorney's Office for consideration by a grand jury.

The law doesn't discriminate because of age or degree of crime, Roetzsel said.

"We can't pick and choose which crimes we will prosecute," Roetzsel said.

"The community makes it well known that it doesn't like prostitution." Ragnone does not have accurate figures on how

many arrests and prosecutions resulted from surveillance operations the past two years, but he does know that the number of arrests went down this year.

"We're doing this out of concern for the welfare of our people in desperate situations, not to boost the number of misdemeanor arrests, Ragnone said. "The fewer (arrests) we make, the more successful we are."

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