



Building on the Remains

*Missoula entrepreneurs revitalize the polluted
Bonner mill site in private-public cooperation*

BY LAURA LUNDOQUIST

PHOTOGRAPHY BY LIDO VIZZUTTI



Co-owner of Bonner Property Development, Mike Boehme, left, and project manager Mike Heisey stop while crossing the Bonner Mill Industrial Park to discuss future projects on the outskirts of the property. The large stone building in the background, once the maintenance garage for the lumber mill, now houses Coaster Cycles.

Surrounded by relics cataloging the history of Bonner and its neighborhoods, Bruce Troutwine, Rick Swanson, Andy Lukes, Fred Beyer and Glen Smith gather at a table in the Bonner Milltown History Center and Museum to share coffee and reminisce.



GLEN SMITH CAN REMEMBER GROWING UP IN 1950s BONNER like it was yesterday. The smell of fresh-cut lumber and woodsmoke from chimneys and the sawmill's tipi-burner. The sound of logs from the jammer crashing into the Blackfoot River. The steam whistle marking the working day, and the huge chipping knives of a massive planing machine howling steadily until the whistle sent the sawmill workers home. These sounds accompanied him as he walked his paper route and later walked to work at the Anaconda Company sawmill.

Bonner was a company town where the sawmill set the rhythm of life, Anaconda owned the houses, and neighbors knew and often worked with neighbors. Smith brims with tales of the boys he palled with and the men who started their careers sorting lumber on the green chain. Most of those men managed to keep their jobs when Champion International took over in the mid-'70s, and their ranks grew to around 1,100. But after the Stimson Lumber Company took over in 1993, it became clear that the mill's heyday was over.

Smith knew he'd had it good: He spent 45 years at the mill. Young guys coming on wouldn't have the same luck. His



Glen Smith laughs as a friend and fellow coffee-group attendee details a story from when they were younger, carousing in the same social circles in Bonner.

resigned advice to them was to find something else to do. Smith had already retired when Stimson closed the mill in 2008, but still, panic began rising in his chest.

“I was looking at these houses along here. The windows are boarded over, they’re jacked up and they’re going to move them out. Bonner’s going to die,” Smith says, his voice husky with angst. “No. I got too many stories. I don’t want Bonner to die.”

It didn’t.

Fortunately for Smith and others who take pride in the Bonner area, a pair of Missoula businessmen, with the help of Missoula County and other private and public interests, have turned the mill site around. The road wasn’t always smooth, but after 12 years, the Bonner Mill Industrial Park is home to an eclectic bunch of businesses that employ more than 600 people.

“I would describe it as a phenomenal success story,” says Missoula County Commissioner Dave Strohmaier. “What had been seen as an economic engine for the community had completely died, and we had a vacant industrial complex. Had there not been the wherewithal between all the partners who set the stage for reinvesting in that property, that might not have occurred.”

STIMSON SHUTTERED THE MILL JUST AS THE GREAT RECESSION of 2008 hit. An uneasy quiet settled over Bonner as the economy struggled to recover.

But 7 miles west in Missoula, Mike Boehme and Steve Nelson were preparing to sell their third remodeled building. A commercial real estate agent approached them at a restaurant with the idea of buying the largest building on the mill site, the planer building. But when they heard the selling price, Nelson said they almost choked on their wine.

“We were like, ‘Whoa, that’s a little more than we’re thinking about.’ But then Mike said, ‘Is there any way we could get the White House too?’” Nelson said during a January presentation in Bonner. The White House is a regal mill house that served as the Anaconda Company’s office building. “So we were already getting sucked in.”

The two men had met about a decade earlier when Boehme was anticipating returning to Missoula after a 30-year career in high tech. He’d dabbled in real estate, so he was looking for projects in Missoula. But not just any project. With a University of Montana degree in history, Boehme’s eye was drawn to Missoula’s historic downtown buildings.

Top: John Zap prepares a cylindrical “slug” that will be pressed into a shampoo bar.

Middle: Jillian Adams hand-assembles a subscription box at Big Sky Fulfillment. The fulfillment service business is housed in the former sorter building, where logs, after being brought out of the river, would be sorted before heading into the sawmill at the end of the building.

Bottom: Bikes are lined up in rows at Coaster Cycles. The company specializes in pedicab-style delivery vehicles.





The Universal Forest Products building, specializing in trim and fencing, is seen surrounded by the forested hills divided by the Blackfoot River.

“I kept driving by the Studebaker Building, which was pretty much empty. It wasn’t for sale, but I went to the owners and told them what I wanted to do with it and we made a deal,” Boehme says. “I was still living in Salt Lake and needed someone to help me rehab it. A friend suggested I talk to Steve Nelson.”

Nelson, a long-time Missoulian with a restaurant background, owned the historic Palace Hotel about a block from the Studebaker Building. The two men hit it off. They rehabbed the Studebaker Building, maintaining its historic look, and followed with the DaMarios Building on the same block of Main Street. With each building, they learned to navigate the hurdles of permits and inspections and what grants they could apply for.

But it’s a big jump from restoring two-story brick buildings to revitalizing a 170-acre industrial site with rickety wooden buildings and contaminated soil. Parts of the mill site had been contaminated by petroleum compounds and toxic polychlorinated biphenyls, or PCBs, once used for wood treatment.

“We knew if we could get Stimson to agree to the environmental cleanup, then you got 800,000 square feet under roof,



An aerial photograph of the Bonner mill site hangs in the Bonner Milltown History Center and Museum, designating each building’s function with sticky notes.

“We went with no insurance—we were lean and mean. If you walked on the site and were looking for some space, we were going to rent it to you, it didn’t matter what the price. Kind of like Hotel California, you couldn’t leave.”

you got water, you got power, you got rail,” Boehme says. “We thought it had potential.”

In late 2010, Stimson got the go-ahead from the state and Missoula County to begin cleaning up more than 30,000 cubic yards of contaminated soil at a cost of \$6.5 million. Most was sent to Mountain Home, Idaho, but the least dangerous of the debris was left onsite, in a capped repository, then shipped to the local landfill.

Stimson’s asking price started at \$16 million, but over time, it dropped to \$10 million. That was still out of reach. Then came what the partners call the “secret price.” Jumping at the chance, Boehme and Nelson formed Bonner Property Development and made a handshake deal in March 2011 to pay a third down and Stimson would finance the rest.

It almost didn’t happen, however. The site had generated little interest for three years, but in August, Boehme and Nelson got word that someone from the Midwest had flown in on a private jet and offered \$600,000 more than the secret price, in cash. Jeff Webber, Stimson’s vice president, didn’t take it, but he told Boehme and Nelson they’d have to pay the full amount in cash by the end of the year. Even after mortgaging everything they owned, the men didn’t know how they’d come up with the money.

Fortunately, one other man was interested: Paul Willis wanted a parcel for a new Willis Enterprises wood-chipping facility.

EENTER RICH LANE, who had been a pulp log buyer for another Missoula County mill—the Smurfit-Stone Container mill—before taking a job in eastern Washington with Boise Paper. Such pulp and paper companies need wood chips from sawmills or chip plants to make their product. But in 2010, Boise Paper was struggling to get enough chips.

Boise Paper knew Montana had wood resources, but few chip plants. To fill that hole, Lane reached out to Willis, who owns five chip plants on the West Coast. Willis was open to setting up a new plant in Montana, but where? The Smurfit-Stone mill had recently closed but still had a chipper and a rail connection. Perfect. But the new owner wouldn’t deal.

“Paul called me and said: Find a place served by rail,” Lane says. “I just happened to be at the Bonner truck stop on my way up to Seeley Lake, and I said, ‘Oh Paul, I just happen to be right by one.’”

The Stimson site’s lumber yard not only had rail access, but Montana Rail Link still had 96 chip cars available to ship the chips to the Boise Paper plant in Walula, Washington. And Boehme and Nelson would deal. Willis agreed to buy 42 acres



Recently cut bars of soap are seen at Botanie Soap, the first new building constructed on site since the plywood manufacturing plant was built.

for a log yard, a chipper and a mountain of chips. Three days before their December deadline, Boehme and Nelson had their money. And Lane had a new job in Bonner buying logs for Willis.

As they rang in 2012, Boehme and Nelson evaluated their new project. They started removing all the steam pipes and conveyers from the giant buildings, reroofing them and putting metal siding over the plywood exteriors. Low on funds, they needed to find renters, fast.

“We went with no insurance—we were lean and mean,” Nelson says. “If you walked on the site and were looking for some space, we were going to rent it to you, it didn’t matter what the price. Kind of like Hotel California, you couldn’t leave.”

Missoula County helped out in 2012 by designating the mill site as a tax-increment financing (TIF) district, where the existing county property tax was set as a baseline and any tax increase above the baseline would go into an account that could be used (with county approval) for improvement projects.

“This is a little bit of an anomaly in that we have a TIF covering the property of one owner—districts usually span multiple properties. Even so, because the district is benefitting multiple businesses, that justifies plowing dollars back into the one property,” Strohmaier says.

BUT HOW DO YOU QUICKLY FIND BUSINESSES NEEDING TO RENT huge, open buildings in a small town? The giant planer building, for one, covers 7.5 acres, and its 65-foot-high ceiling prevents any partitioning.

They had one tenant, Northwest Factory Finishes,



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which had moved into 80,000 square feet of the old plywood facility about a year before Stimson sold. The company produces pre-finished building materials from cement, wood and synthetic fiber, so owner Britt Fred needed lots of room for large drying ovens and conveyers.

Rail access had proved to be a key element. One of Britt Fred's large customers wanted to ship by rail, so Fred signed a lease with Stimson in April 2010. He then spent six months and around \$800,000 remodeling his portion of the plywood building. After installing the new ovens and conveyor system, the company quadrupled its output.

Fred's lease provided some income for Bonner Property Development, and the company was able to make about another \$500,000 selling the scrap metal they cleared out. But it still wasn't enough.

The project included a row of 16 neglected company houses—tiny, clapboard dwellings bordering the mill site. "They were in bad shape," Nelson says. "But we knew, if we could get these houses rented, we'd have cash flow. So, one by one, we'd get a house ready and put it on the market. After about a year, we had all 16 rented."

More company houses lined the south side of the highway. The owner was in bankruptcy, so Bonner Development bought those a year later and repeated the process. Some might have razed the houses and built something else. But if your developer is a historian, they're more likely to spend \$1 million preserving the remains of the past.

MISSOULA ECONOMIC PARTNERSHIP, a nonprofit set up in 2011 to attract companies to the Missoula area and help local businesses and startups, started funneling potential renters to Bonner Property Development and promoted the new opportunities at the mill site.

Hellgate Forge moved into one of the smaller office buildings as the official first new tenant. A Maine-based company, ALCOM, followed, leasing one of the large barrel buildings in 2013 to build aluminum equipment trailers. Since then, it's surged from 25 to 290 employees, building around 35 trailers a day.

After leasing a small space five years ago, Big Sky Fulfillment has expanded to completely occupy the 60,000-square-foot lumber-sorting building, appropriate because sorting is part of what they do. Similar to an Amazon facility—Amazon is one of their customers—employees repackage bulk shipments and send the smaller parcels to customers. They work with companies like Etsy and Ebay, shipping everything from handmade bags and bedroom sets to Keto Diet boxes and Beanie Babies.

The mill site was starting to hum. But in 2016, the hum was amplified by the thrum of 450 industrial fans ventilating the planer building night and day. The new occupant's business remained hush-hush, but the incessant drone had none of the appeal of Smith's chipping knives and steam whistles.

"I knew nothing about cryptocurrency mining prior to this thing going in at the mill site. The way it rose in my consciousness was when the neighbors started complaining about the noise from the fans," Strohmaier says.

Sean Walsh had been looking outside California for a large facility to house the multitude of computer servers needed to mine cryptocurrency. His nascent company, the Spokane Project, which later became Hyperblock, quietly moved into the planer building in 2016 as the price of Bitcoin started an upswing. When Hyperblock wanted to expand in 2018, Bonner Development backed its \$2.6 million loan.



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Above: Kristen Sackett, left, and Cody Forgea warm up near a fire on the patio of their mill home in Bonner. Below: A white picket fence and boulevard trees divide the historic homes built for mill workers to the east from Highway 200 and the Bonner Mill Industrial Park to the west.

By then, Missoula County had learned more about Bitcoin mining and its power drain. Hyperblock sucked up a third as much electricity as is used by the city of Missoula. So the commission passed regulations requiring any new Bitcoin operations to be powered by new renewable energy. Walsh contracted with the Confederate Salish and Kootenai Tribes' (CSKT) dam on Flathead Lake to buy the huge amount of hydropower he needed. But the expansion stalled, so Walsh used the loan to buy 493 more servers in December 2019.

It all ended six months later when Hyperblock shut down, landing Walsh in lawsuits with Bonner Development and the CSKT, both of which were owed millions but ultimately settled. In



early 2021, Bonner Development started selling all the row houses and looking for more commercial tenants.

The planer building didn't sit empty for long. Universal Forest Products, an international company specializing in wood siding, trim and fencing, had bought Northwest Factory Finishes in 2019 and then moved its wood products division from Nevada when the planer building opened up. Once again, 47 employees produced the smells of wood and machinery, as their lumber mill predecessors did.

Nearby sits the first new building constructed since the plywood manufacturing plant was built in 1973, and instead of wood, it smells like soap. Botanie Soap moved into its own 18,000-square-foot building in April 2020 just as Covid-19 hit. It could have been a bad time to expand, but soap producers were well situated to thrive in a crisis where cleanliness became a priority. And the extra space meant the 17 employees had no problem with social distancing.

"Our first year was really busy," says Jason Kiely, Botanie vice president of operations. "We were intending that to be an internal development year, but the pandemic had other ideas for us."

Botanie has yet to have a lull. They produce organic bar and liquid soap in bulk to sell to 50 to 75 clients that market it under their own labels. This year, a customer offered \$1 million in purchase orders if Botanie would make a shampoo bar. So they expanded into another 4,000-foot annex, bought new

equipment and hired eight employees with a state Big Sky Trust Fund Grant. Next up: maybe a hair conditioner bar.

Many locals have no idea what businesses inhabit most of the nondescript buildings except the one covered with solar panels at the far eastern end. That's where Tim O'Leary built the Kettlehouse Brewing Company's 25,000-foot facility in 2015. A year later, another power team formed when O'Leary connected with Nick Checota, who was looking for a place to build a concert venue. A few weeks later, Checota started digging a pit next to the brewery that would become the Kettlehouse amphitheater, which attracts huge crowds to concerts each summer.

In all, Bonner Development now hosts 18 diverse businesses that Strohmaier says are more resilient to varying market forces than a single mill. Several anticipate more growth and Boehme is already planning where another two new buildings could go. But first, a new septic system is required to accommodate more people. And the partners won't build a building until they have a renter.

The duo would like to add the final facilities soon. A dozen years at the helm is enough after you've already retired from one career.

"We're always looking for opportunities," Boehme says. "But I'm 77 years old and had a heart transplant 20 years ago. Even so, I couldn't have made it without this to keep me going." ■

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