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Commissioner

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Photos Courtesy of Lee House, Sitka Conservation Society

Spruce Root, State of Alaska Partner to Expand Southeast Alaska Sustainable Timber Manufacturing

Public-private financing package will help Petersburg sawmill modernize operations, create jobs and expand production of Alaska wood products.

Sept. 30, 2026 (Juneau, AK) — Spruce Root and the Alaska Department of Commerce, Community, and Economic Development announced a \$2.5 million collaborative financing package supporting the expansion and modernization of Alaska Timber and Truss, a Petersburg-based mill.

The investment will allow Alaska Timber and Truss to modernize its sawmill equipment, increase its ability to process Southeast Alaska young-growth timber and transition portions of its operation from diesel-generated power to Petersburg's hydroelectric grid. The expansion is expected to create 10 new jobs, preserve five existing positions and strengthen the region's capacity to manufacture Alaska wood products for markets across the state.

“This is exactly the kind of investment Alaska’s economic development programs were built to make possible,” DCCED Commissioner Julie Sande said. “We have a local business ready to grow, Alaska timber that can be manufactured into higher-value products here at home and partners willing to share the investment and the risk. By working together, we can create jobs in Petersburg, strengthen Southeast Alaska’s timber industry and build more of the products Alaskans need right here in Alaska.”

The financing package includes \$900,000 through DCCED’s Division of Investments Small Business Economic Development Revolving Loan Fund, \$1.5 million from Spruce Root and \$100,000 from Sitka Conservation Society. Spruce Root’s financing includes Green Bank funding made possible in part by the project’s planned transition from diesel-generated electricity to renewable hydroelectric power.

"Southeast's mills were built to handle big old-growth logs, but the timber available today is young growth — smaller, second-growth trees from stands that were logged decades ago. Retooling a mill to run that wood profitably is expensive, and mill owners across the region have told us for years that the capital to make that switch is hard to come by," said Alana Peterson, Executive Director of Spruce Root. "Switching the mill’s energy source from diesel to Petersburg's hydro power opened the door to Spruce Root’s Green Bank funding — renewable energy financing a sawmill retrofit couldn't otherwise reach. Combined with state and private dollars, that gave us enough to cover the full cost of the conversion. We want Alaska Timber and Truss to be proof that modernizing these mills is a sound investment."

For Spruce Root and DCCED, the project also demonstrates how mission-driven lenders and public financing programs can work together to complement conventional financing and help Alaska businesses move forward with significant growth opportunities.

Alaska’s forest products industry has become smaller over time. A 2019 U.S. Forest Service report identified 48 active primary wood products facilities statewide. More recent data presented to the Alaska Board of Forestry identified 37 active facilities in 2024, a decrease of about 23%.

Alaska also produced about 21.8 million board feet of lumber and other sawn products in 2024, down from about 33.6 million in 2019, a decrease of roughly 35%. Of the 37 active facilities identified in 2024, 17 were located in Southeast Alaska.

Alaska Timber and Truss owners Brett Martin and Mike Duman see an opportunity to reverse part of that trend by building a modern mill capable of processing young-growth timber efficiently and supplying products to buyers beyond Southeast Alaska. The company plans to invest in updated milling equipment, log handling equipment, kilns and related infrastructure while connecting the mill to Petersburg’s electrical grid. Martin said the mill currently spends approximately \$12,000 to \$20,000 per month operating diesel generation, making the transition to hydroelectric power an important part of improving the operation’s long-term economics.

“We have the timber resource here, and there is demand for these products throughout Alaska,” Martin said. “If we can build a model that works in Petersburg where we are processing Alaska timber efficiently, creating local jobs and moving products to communities around the state, I think that becomes something we can build on elsewhere in Alaska.”

Alaska Timber and Truss is already demonstrating the reach of a stronger in-state wood products supply chain. Martin described moving Southeast Alaska lumber through Juneau and Seward for delivery to Western Alaska, including a shipment bound for Scammon Bay, and sees opportunities to supply additional mills and communities throughout Southcentral and Western Alaska.

That capability has become especially important as Western Alaska communities rebuild following Typhoon Halong. Locally manufactured lumber and building materials can provide another source of products for housing, community infrastructure and recovery work while keeping more of the economic activity associated with those materials within Alaska.

The economic impact of local timber processing extends beyond individual mills. According to [Southeast Alaska by the Numbers 2025](#), the region's timber industry supported an estimated 274 jobs and nearly \$18 million in employment-related earnings in 2024. The report defines the industry to include forestry and logging, forestry support activities and wood products manufacturing, illustrating how investment in local processing supports jobs throughout the timber supply chain.

Sitka Conservation Society helped connect Alaska Timber and Truss with Spruce Root after working with the company to source locally milled lumber for community and vocational projects. The organization is looking to support Southeast Alaska's transition to young-growth timber and efforts to build a forest economy that creates more value from Alaska resources within Alaska.

Sitka Conservation Society Executive Director Andrew Thoms said the partnership reflects years of work to support timber development "at the right footprint, at the right scale" while creating more local products for Alaska markets.

That work aligns with the broader goals shared by the three organizations: supporting responsible resource development, strengthening local businesses and creating more economic value in Alaska communities. Together, each entity can bring different tools to the project, industry and community connections, mission-driven financing and public investment, to help Timber and Truss modernize its operations and grow.

The Alaska Timber and Truss expansion could serve as a model for future growth in Alaska's timber industry. By combining modern milling technology, renewable energy, local timber resources and collaborative financing, the project demonstrates how Alaska businesses can build capacity and create more value from the state's natural resources. That approach could help other mills grow, create jobs and supply more Alaska-made wood products to communities across the state.

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About DCCED:

The Alaska Department of Commerce, Community, and Economic Development promotes a healthy economy, supports strong communities and protects consumers in Alaska. Through its divisions, agencies and programs, the department supports economic growth, investment, opportunity and consumer protection statewide

About Spruce Root:

Spruce Root is a Certified Native Community Development Financial Institution (CDFI). Founded by Sealaska in 2012, Spruce Root operates to improve the regional economy based on community-led initiatives and priorities. Our mission is to be a driver of a regenerative economy across Southeast Alaska so communities can forge futures grounded in this uniquely Indigenous place.

This project is funded in part by capital from the Coalition for Green Capital (CGC), a National Green Bank Network Partner which selected Spruce Root as its first network investment to accelerate clean energy adoption, reduce reliance on diesel generators, and foster energy sovereignty across Native communities in Southeast Alaska.

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