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## Environment: The Greening of Grays Harbor

Once a dying timber town, Hoquiam is being reborn with new environmentally friendly industries, creating everything from 100-percent recycled paper to alternative fuels to fish-based nutritional supplements.

By Manny Frishberg



At first glance, Hoquiam appears to be the quintessential moribund timber town. Located on the edge of the Olympic Peninsula in Grays Harbor County, Hoquiam has been supported by the harvesting of logs and fish for more than a century. But the area's economy began faltering in the 1970s. Buffeted by the 1974 Boldt Decision, which gave native tribes half the annual salmon harvest, and the decades-long spotted-owl controversy that designated large tracts of federal forest as habitat for the endangered bird, the area's two leading industries were under fire. Through the 1980s and 1990s, the area suffered through a long decline, as sawmills were shuttered, timber sales dropped and unemployment levels rose.

While Microsoft and its countless spin-offs were remaking the state's economy into a high-tech power, the mills and salmon fisheries that provided steady jobs and decent wages for decades along Washington's coast were closing. For Hoquiam's current mayor, Jack Durney, a metaphor of the area's economic malaise

during that period was the gradually decreasing exhaust smoke rising from the stacks at Grays Harbor Paper Co. (GHP), one of the region's anchor businesses.

"To me, it represented the life going out of the community itself," Durney recalls.

By 1992, the paper mill, which had operated since 1929, was closed, leaving 650 people out of work. Durney describes the overall mood of the community at the time as "negativism and despair." To a generation of young people growing up in the area, it appeared the best prospect for the future was to move away from Hoquiam as soon as possible.

But that was then. Today, Grays Harbor County is experiencing something of a minor renaissance. While it still suffers from one of the state's highest unemployment rates, which hovered around 7.6 percent in May, local ingenuity and some strategic help from the state are helping to create new businesses from the old. As a result, Grays Harbor is reinventing itself as a leader in the burgeoning alternative-energy industry.

### Heart of the rebirth

The company that has grabbed most of the attention in Grays Harbor has been Imperium Renewables, the one-time darling of the biodiesel industry. In 2006, the company's future seemed limitless, but soon market forces turned against it (see sidebar, facing page). Despite Imperium's travails, Hoquiam has continued to push forward with its plans to develop green businesses that use alternative energy.

At the heart of the area's rebirth is GHP, a family-owned business that has managed to carve out a niche for itself despite being a single-site David competing in a world of Goliath companies anywhere from 10 to 30 times its size. Bill Quigg, GHP's president and CEO, bought the shuttered paper mill in 1993 because, as he said at the time, no one else was interested. Today, the plant employs more than 250 people, operating three shifts and producing 150,000 tons of paper a year—including a line of 100-percent recycled office paper that is sold on the West Coast.

Marketing director David Quigg, Bill's son, says theirs is one of the few brands made entirely from "post-consumer" sources, meaning paper collected from homes and offices rather than culled from scrap produced in the paper-making process. Quigg admits that only a small portion of GHP's product line is made from 100-percent recycled pulp and only 20 percent, overall, is made of recycled paper. But this market niche still sets GHP apart from its much larger competitors.

"We spend 99.9 percent of our time talking about our 100-percent post-consumer [paper] and working to get those customers [who want that product]," says David Quigg. He moved back to Hoquiam from Hawaii a few years ago, in part to help the struggling family business, but also because he was attracted to the idea of building a green economy. "The sustainability gives us something to work for and be a part of, but also, no other paper mills can do it or want to do it."

The company has pursued its sustainability ethic in other ways as well. GHP uses virtually no fossil fuel in making its paper. Instead, the

plant runs its steam-driven machinery from boilers powered by burning "slash"—branches and other parts of trees left from timber harvesting. The waste heat and steam turn a set of on-site turbines owned by the local public utility district to produce up to 20 megawatts of electricity; enough to power GHP operations and light as many as 20,000 homes.

By controlling the burning process and scrubbing the smoke with water, GHP is able to cut what goes up its smokestacks to almost nothing, Quigg explains. He also says the whole process is carbon neutral because new trees being planted to replace those that are logged to burn in the boilers will absorb any CO<sub>2</sub> released from the plant.

### **Paper synergy**

In an example of the kinds of synergies driving the move toward a greener future for Grays Harbor County, the paper company supplies the raw material for another sustainable product—PaperStone, a tough yet attractive alternative to marble or synthetic stone countertops. Paneltech International, located near GHP, turns some of the 100-percent recycled paper made by the plant into a rugged, virtually fireproof building material. Paneltech soaks the thick, absorbent paper with an organic resin. Then, the sheets are pressed together to the desired thickness and heated to make the finished product.

Ben Horn, vice-president for composites at Paneltech, says the firm started working on the idea when one of its employees was looking for something to use as a top layer for skateboard ramps that would hold up better than plywood. Until that point, he says, the company made coverings for the plywood industry the same way as most of their competitors, using petroleum-based resin coatings.

Paneltech's chemists came up with a resin coating from plant materials and began to think of using recycled paper from the nearby mill. "At that time, we weren't talking about green at all," Horn says. "It was just strictly helping the kids put on a surface over the plywood. When [the resin] started coming together we said, 'hey, we've got something.'" Horn says having one of the only mills in the country that is able to supply 100-percent recycled, absorbent-grade paper right down the road was key to making the countertops a success. Another of Paneltech's big coups was landing Starbucks; the coffee titan is planning to replace some of its stainless-steel countertops with PaperStone.

### **Fishy solutions**

The idea of Recycling waste to make useful products and create more area jobs was the impetus behind Ocean Protein, a 2005 startup funded by Ocean Gold Seafoods, a fish processor in nearby Westport.

Ocean Protein has found ways to use virtually every part of a fish. It takes the discarded portions not used for food and extracts the fish oils, which include heart-healthy omega-3. Extracts are then sold to pharmaceutical and nutritional supplement manufacturers in Europe. The fish bones are chipped and sent to companies that make calcium supplements. What's left is dried and turned into protein powder for fish meal used by salmon farming operations along the West Coast, trout farms in Idaho and Montana, and other aquaculture businesses.

General manager Aaron Dierks says the business is seasonal, largely because of the nature of Washington's ocean fishing runs. The plant employs about 60 workers when it operates, which is usually from May to October or November. It employs 10 to 15 year-round workers.

The company has had problems with its neighbors because of the smell and was fined \$750,000 by the state Pollution Control Hearing Board. But \$250,000 of the fine was returned to the company to help pay for new air scrubbers and other pollution control equipment, and another one-third of the fine was suspended, so long as the new equipment worked.

Ocean Protein sends its wastewater to GHP, where it is treated in ponds built when the paper company operated its own pulp mill on the premises. "It's a great business decision for both companies," says David Quigg, "and any solids that come out from the ponds go into fertilizer for our family farm."

Dierks says the two firms are considering building a steam pipeline from the paper plant to the fish-processing operation to allow the excess heat to dry the fish meal. He is also looking at extracting the omega-3 oil at Ocean Protein and having the remaining oil reprocessed into biofuel. Ocean Protein, he explains, would then use the fuel to power the fleet of boats used to catch the fish. To close the loop, Horn says Paneltech buys an undisclosed by-product from the biodiesel plant to use in its proprietary resin formula.

### **Fertile ground for green**

Grays Harbor is not the only community in the state looking to ride the green bandwagon to economic growth. But local officials say this relatively poor coastal county has attributes that make it attractive for green companies, including its proximity to shipping lanes. Roger Milliman, director of business development for the Grays Harbor Economic Development Council, notes that the area also has an abundance of inexpensive land, which could provide fertile ground for the area to become a center for sustainable industries.

The unemployment rate in Grays Harbor County remains stubbornly high, and the regional economy is still dominated by a few companies like Weyerhaeuser Corp. But while natural resources will continue to be a major part of the area's economic equation, Hoquiam's mayor sees a rebirth in manufacturing, led by innovative local firms with new approaches.

"We're starting to talk about Hoquiam being the gateway to 'green-collar' jobs," says Durney. "We used to be the gateway to the Olympic Peninsula; we were the place you went through to get somewhere. Now, we're back creating jobs, like we used to."

*Photo by Rob Casey*