

# Hoquiam, Grays Harbor County, Washington

Conducted by Lisa Tobe

## NEAI Projects\*

Year	Applicant	Project	Funding Source <sup>1</sup>	Amount
1994	Hoquiam	Comprehensive Plan & Technical Assistance	USFS-RCA	\$80,000
1995	Hoquiam	Fifth Street Extension	USFS-RCA CERB	\$200,000
<b>County-Level Projects</b>				
1994	Columbia Pacific RC&D	Regional Capacity Building	EDA	\$99,000
1995	Columbia Pacific RC&D	Economic Adjustment Strategy	EDA	\$99,000
1995 1997	Columbia Pacific RC&D	Agro Forestry Cooperative Project	USFS-RCA	\$24,000 \$20,000
1994	Grays Harbor EDC	Business and Job Retention	EDA	\$25,000
1996	Grays Harbor EDC	Industrial Waterline	USFS	\$70,000
2000 2000 2000 2002	Grays Harbor County	Industrial Waterline	CERB loan/grant Legislative allocation EDA OGDF (federal Allocation)	\$1,000,000 1,500,000 2,562,000 3,000,000
1995	Grays Harbor County	New Beginning - Worker Training Program	USFS	\$74,965
1994 1995 1996 1997	Pacific Mountain WorkSource	JTPA, Title III	DOL Secretary's Reserve Fund	\$600,000 \$3,500,000 \$4,600,000
1997	Grays Harbor College	Watershed Restoration Apprenticeship Program	USFS	\$19,723
1994	Port of Grays Harbor	Industrial Park Manufacturing Space	EDA	\$2,000,000
2000	Port of Grays Harbor	Port of Grays Harbor Facilities Project	OGDF	\$25,000
1998	Port of Grays Harbor	Life Long Learning Center (CELL)	USFS OGDF	\$125,000 28,000
2000	CELL Center	Facility Equipment	EDA	\$325,000

\* Project funding reflects initial loan and grant totals. Final funding amounts may be different.

1. Key to Funding Sources: CERB=Community Economic Revitalization Board; DOL=U.S. Department of Labor; EDA=Economic Development Administration; OGDF=Old Growth Diversification Fund (Forest Service funds administered by the State); RCA=Rural Community Assistance Program; USFS=U.S. Forest Service.

## Background Context

### Brief History

Built on the west bank of the Hoquiam River where it empties into Grays Harbor, Hoquiam is a city of 9,000 with a long history of logging and natural resource development. The word, Hoquiam, a Native American name for the river, means, “hungry for wood.” Surrounded by dense forests and situated on what became a major waterway, for nearly a century the City lived up to its name. Hoquiam and Aberdeen have an interrelated economy and history. The City is located 55 miles west of Olympia and the Interstate 5 corridor.

The Chehalis (Tsihalis) people, the original inhabitants of Hoquiam, had five villages on the Chehalis River, which empties into the east end of Grays Harbor. The Hookium, Humptulips, Wynoochee, Satsop, and Quinault tribes have also lived in the area. Today, the Chehalis live on a 4,225-acre reservation in the southeastern corner of Grays Harbor County. They govern themselves by a constitution and bylaws, which the Commissions of Indian Affairs approved in 1939. Although officially the southwestern corner of Washington State is a non-treaty area, the federal government works with the Chehalis Confederation of Tribes as though a treaty has been signed (<http://www.ci.hoquiam.wa.us>).

Since the 18th century, Hoquiam and Grays Harbor have been the home to many industries, including logging and milling, fishing and canning, fur trapping and trading, and shipbuilding. The density of the local forests and the area’s inaccessibility by land forced these industries to rely primarily on water transportation until a railroad terminus was completed in 1899.

Over the course of 50 years, a local fur trading industry developed and disappeared. The first fur traders, members of the Boston Fur Company, arrived in 1788. In the early decades of the 19th century, three principal trading companies—the Boston Fur Company, John Jacob Astor’s Pacific Fur Company (founded in 1810), and Hudson’s Bay Company—worked in the region. But competition among traders depleted the local otter population,

and shortly afterwards the trade was abandoned (<http://www.ci.hoquiam.wa.us>).

Though fur traders visited Grays Harbor during this period, none of them settled there, because they found the bay’s dense forests, marshes, and foggy atmosphere inhospitable. In 1857, a non-native settler, John R. James established a 160-acre claim that included most of what is now the city of Hoquiam. When he moved on several years later, another settler, James Karr, took over his settlement and became the area’s first permanent white settler (<http://www.ci.hoquiam.wa.us>) (Pacific Publishing 1890).

In the next two decades, other settlers arrived, and a few small farms were established. The pace of development quickened dramatically in 1879 when the first schooner visited the harbor and established a channel for trade with Portland and other cities (<http://www.ci.hoquiam.wa.us>).

Having established a reliable transportation channel to and from Grays Harbor, lumbermen such as Captain M. Simpson of California, recognized that the area’s forests could be profitably logged and milled. In 1881, Simpson purchased John James’ homestead and built a sawmill—the area’s first—at the mouth of the Hoquiam River. Simpson’s mill, the Northwestern Lumber Company, soon produced 100,000 board feet of lumber per day. Two other mills were soon established: E.K. Wood and the Lytle brothers’ Hoquiam Lumber and Shingle. The city of Hoquiam grew around these mills (Unknown 1890). The town’s timber industry attracted additional businesses and settlers. In the mid-1880s, the area was surveyed, charted, and divided into land plats. In 1889, Aberdeen and Hoquiam, together, had a population of about 400 people. Rumors of a new Northern Pacific Railroad terminus in Hoquiam attracted more settlers, and when Hoquiam incorporated a year later, the population had increased four-fold. By 1895, the railroad completed a connection into neighboring Aberdeen and four years later built a terminus in Hoquiam (<http://www.ci.hoquiam.wa.us>).

With ample lumber, access to a major waterway, and the evidence of a profitable shipping business be-

fore them, lumbermen and others soon recognized that Hoquiam was an excellent location for shipbuilding. In 1887, Thomas McDonald, a well-known West Coast shipbuilder, designed and built the first local ship, a schooner, at the Northwestern Mill. The demand for lumber and ships increased dramatically after the 1906 San Francisco Earthquake. Local shipyards produced about 50 vessels, including three and four masted schooners and steam schooners, in the 20 years leading up to World War I. After the war, shipbuilding declined and then stopped completely in the early 1920s. The industry returned to Hoquiam only in the 1990s, when local shipbuilders began producing luxury ships (<http://www.ci.hoquiam.wa.us>).

In the second half of the 19th century, a fishing and canning industry developed. The Hoquiam and Wishkah Rivers provided salmon and steelhead. Cod, halibut, and razor clams were caught in the ocean. In the 1870s, canneries were established. In the 1890s, businesses were processing and canning razor clams and cultivated oysters. The local fishing industry supported 300 gillnet fisherman by 1900. Canneries owned their own fleets and shipped their products all along the West Coast (<http://www.ci.hoquiam.wa.us>).

During the late 19th and early 20th century, the majority of Hoquiam's population were single men. Many of the loggers and mill-workers were Scandinavians, especially Fins and Swedes. Asians, especially Chinese, lived in Aberdeen and worked in the canneries and on the railroad. In the 1920s, when machines began replacing unskilled labor, families started outnumbering single households (<http://www.ci.hoquiam.wa.us>).

The logging and lumber industry peaked during the late 1920s, when Grays Harbor County became the largest lumber producing region in the world. The Great Depression brought an end to this prosperity. Nine mills around the harbor closed. Eventually, the area became the center of plywood production on the West Coast. The Grays Harbor Pulp Company, established by the E.M. Mills family in 1927, soon developed into a paper/plywood mill (Stevens 1955).

After World War II, the housing boom of the 1950s and 1960s brought moderate growth to Hoquiam's logging and lumber businesses. In 1964, the

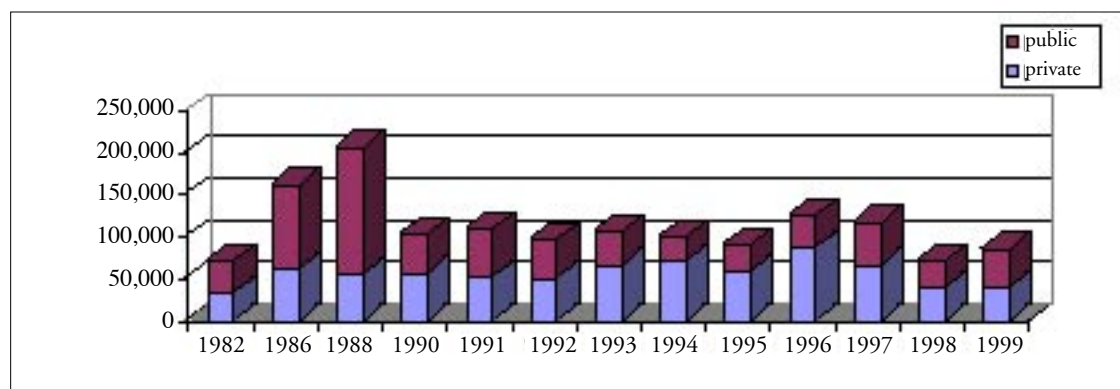
City began an urban renewal project that included the demolition of several historic buildings on 8th and Simpson Streets. The federal government paid three-quarters of the costs associated with this \$2 million project and provided financing for the construction of new buildings associated with new and expanding businesses (Hughes 1968).

But the Hoquiam economy suffered again during the 1970s as a result of the national economic recession and rising interest rates. In 1970, 6,185 people were employed in the forest products industry in Grays Harbor, but this number dropped to 4,579 by 1982. In 1976, the federal government began developing the Washington Public Power Supply System, a nuclear plant approximately 14 miles outside of Hoquiam. During the course of the construction, 9,750 people joined the Grays Harbor County labor force. Early in the 1980s, the federal government halted construction. This took place at the same time as a recession, and both led to high unemployment and people leaving the area. The labor force decreased by 9,480 between 1981 and 1986, returning to its size in the preceding decade. Since 1990, the local labor force, concentrated in the fishing and logging industries, has been negatively affected by poor fishing seasons, El Nino weather patterns, changes in forest policy, and corporate downsizing (Figure 1 shows the fluctuating timber harvests from 1982) (Barrier 1998).

A Hoquiam employee compared the downturn that began in the late 70s to a gold rush. "We had the trees here. People came in, logged the trees and took the money, and left," he said. Losing their natural resources and/or control over their natural resources forced Hoquiam to look at methods to diversify their economy, but this process has been difficult. An agency director states:

The Hoquiam area has been working to diversify their economies since the late eighties with limited success. We take two steps backwards and a half forward and then another step backward. We are a community that is in the replacement business. Every time we talk about growth and attracting new jobs, it's not really about growth, it's trying to get back to where we were.

**Figure 1: Okanogan County Timber Harvest 1982-1999**



Source: WA Department of Natural Resources: 2001 <http://www.wa.gov/dnr/htdocs/obe/timberharvest.htm>

This became even more of an issue when Hoquiam lost their largest employers in 1992—the ITT/Rayonier’s Pulp Mill, the (Grays Harbor) Paper Company Mill, and the International Paper Company’s mill. The community lost 626 jobs. Beyond the immediate layoffs, which amounted to \$30 million in annual pay and benefits losses, the city of Hoquiam lost 25 percent of its municipal income. The pulp and paper mills had provided two million dollars a year in state and local taxes (Knickerbockers 1993).

In 1993, soon after the closure of the ITT/Rayonier plant, local businessmen, elected officials, government officials, and past mill employees established a corporation called Harbor Mill to assess the long-term viability of reopening the mill. ITT/Rayonier gave them 90 days before they began auctioning the mill’s assets. The Columbia Pacific Resource and Conservation District took the lead in fundraising efforts. The Gray’s Harbor Economic Development Council served as the fiscal agent for grants from the Forest Service, Northwest Area Foundation, and the Ben B. Cheney Foundation.

According to the paper mill study, several issues led to the mill closures. Poor relationships between management and labor, as well as limited collaboration between the two owners, were major contributors. Other factors included minimal long-term investment in both the manufacturing facilities and the technologies utilized; the high cost in commodity paper markets and facilities relative to the competition; and increasing fiber costs and signifi-

cant competition for the available supply (Simmons Consulting, 1993).

Conducted in two different phases, both reports noted that certain circumstances could make the mill viable. Phase A of the study analyzed fiber supply; market and customers; pulp and paper machine condition; investment requirements; environmental performance; corporate culture; and financial performance.

Phase B included two major components:

1. An in-depth technical analysis of the markets, investment requirements, environmental requirements, and detailed financial analysis, and
2. A focused effort to assist in articulating the dimensions of a new work environment and corporate culture, clarification of the incentives available to improve the investment climate, and the identification of potential joint venture partners (Simmons Consulting, 1993).

The study found that the mill would be viable if:

- employees were willing to establish a different work culture, including the trading of wages for equity
- the business produced an attractive return for employees and investors
- the marketplace welcomed a quality, service-oriented, regional paper producer

- no significant environmental concerns were found, and
- the potential new owners, the previous owners, and the government established a cooperative program (Simmons, 1993).

Unwilling to create speculation about his ability to purchase and operate the mill, the prospective owner quietly began researching the viability of re-opening the mill. The Harbor Mill Corporation readily shared their information with the prospective owner, who used it to verify his own research. The Harbor Mill study facilitated the re-opening of the mill, now known as Grays Harbor Paper, as did tax incentives from the city of Hoquiam and support from local residents and a state Senator.

Currently, the mill has approximately \$90 million in annual sales and supports a \$12-15 million payroll. A manager attributes the mill's ability to remain profitable to increased efficiency, decreased wages, and sustained relationships with loyal customers. Although the current owners do not directly attribute the mill's re-opening to the Harbor Mill Study, they acknowledge the information helped them formulate an effective marketing strategy and business plan. "Without the study, there might not be a mill today," the owner said.

**Population, Household, and Employment Trends**

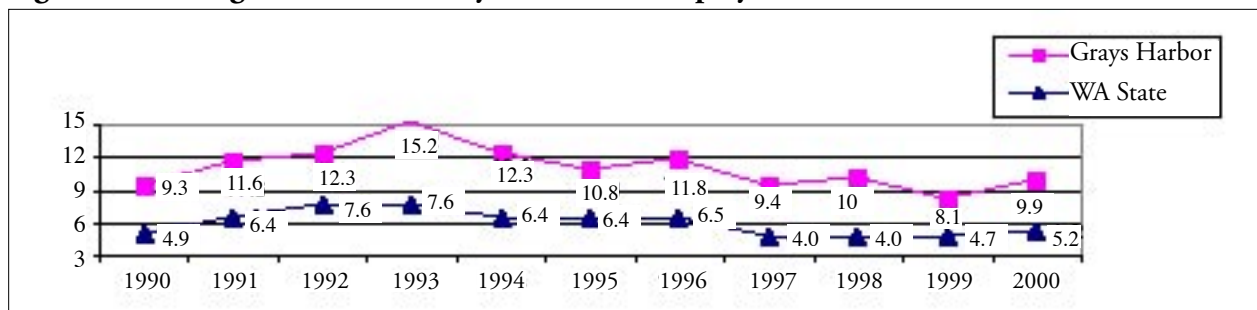
Steadily shrinking since the 1950s, the Hoquiam population decreased another eight percent in the 1980s, while the state's population grew 18 percent. Between 1980 and 1990, the age group 15 to 24 decreased by approximately 34 percent. During

the same period, Hoquiam experienced a decline in housing units and an increased vacancy rate. In 1980, manufacturing represented almost 33 percent of the industrial employment in Hoquiam, close to the 28 percent county total (Barrier, 1998).

Hoquiam's population, currently at 9,097, has changed little since 1990, growing only one percent in the past decade. The population of Grays Harbor County has increased at a slightly higher rate of 4.5 percent. Roughly 15 percent of the people living in Hoquiam are 65 years old or older; this percentage is the same as the county. Hoquiam's population is 89 percent Caucasian, four percent American Indian, six percent Hispanic, and one percent Asian. This ethnic mix is also similar to that of the county overall (U.S. Bureau of the Census 2000).

As resource-dependent industries (fisheries and timber) have declined, the primary employment sectors in Hoquiam have become service and government. According to the most recent (1996) Washington Employment Security Department (ESD) data, within the Hoquiam zip code there are 398 private firms employing a total of 2,903 workers. The average wage per employee is relatively high at \$27,473. Manufacturing provided over one-third of the employment in Hoquiam in 1999 and over half of the total wages paid. The average annual wage in manufacturing is \$39,770. Most of the other sectors have considerably lower average annual wages. Wages in the next highest paying sector, Transportation, Communications, and Public Utilities, are \$10,000 lower. From 1995 to 1999, the number of workers in the manufacturing sector declined by 23 percent, while the town's total employed declined by

**Figure 2: Washington State and Grays Harbor Unemployment: 1990 - 2000**



Source: Washington Employment Security

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less than two percent. In the same time period, service positions, which on average pay \$18,757 less in annual wages, increased by 43 percent or 243 jobs.

County unemployment, which stayed in double digits for most of the 1990s, tends to be significantly higher than that for the state (Figure 2). It peaked in 1993, the year after the pulp and paper mills closed in Hoquiam. According to the 1990 Census, Hoquiam's unemployment rate, 9.7, closely paralleled the county's 9.3, but was almost twice as high as the state's (4.9) (U.S. Bureau of the Census 1990).

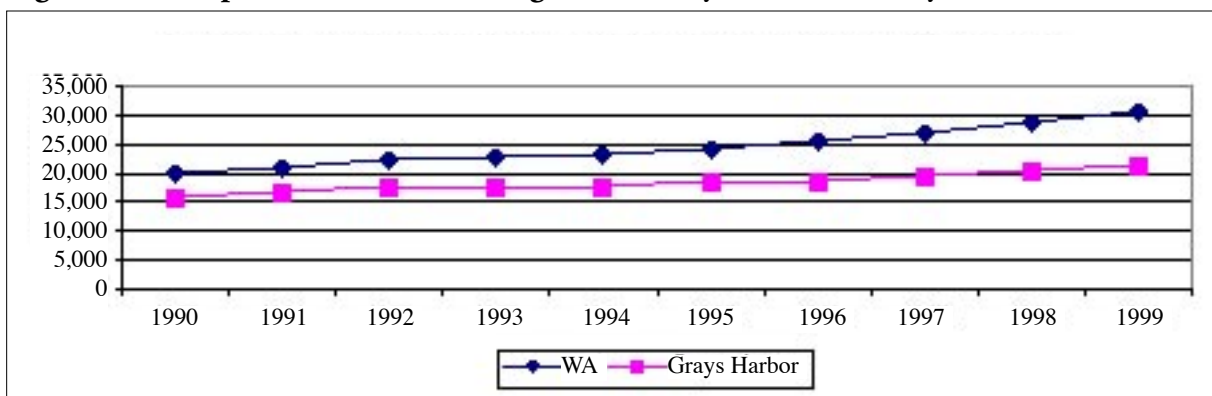
According to the 1990 Census, 19 percent of all Hoquiam families lived below the poverty level, compared to 16.3 percent of all Grays Harbor County families. Hoquiam's per capita income in 1990, was \$11,044, 30 percent lower than the county. The county per capita income has grown by 34 percent from \$15,725 in 1990 to \$21,004 in 1999, compared to the state's 51 percent growth from \$20,026 in 1990 to \$30,380 in 2000 (Figure 3). Income in Grays Harbor County was 69 percent of the state average and ranked 21 out of 39 in the state (WSU Cooperative Extension 2001). Transfer

payments constituted 24 percent of the personal income in 1998, an increase of almost three percent from the previous year (WSU Cooperative Extension 2001).

Hoquiam has a high school, an alternative school, a middle school, and four elementary schools. Between 1990 and 1999, the student population of the elementary schools declined 11 percent (from 1293 to 1152). Between 1994 and 1999, student participation in the free and reduced lunch program has risen: increasing by 24 percent from 50 to 62 percent. This shift, however, is largely attributable to the rather dramatic increase in participation at Emerson Elementary School, which had the lowest rates in 1994.

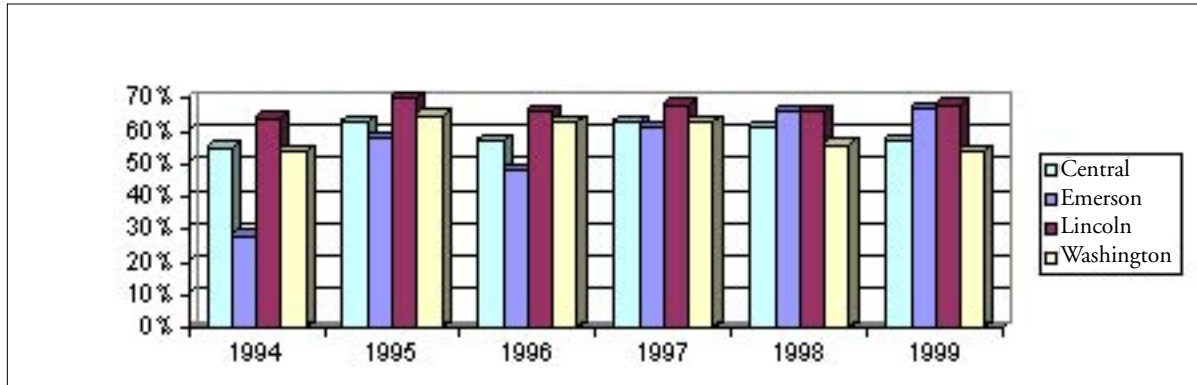
In 1990, Hoquiam residents 25 and older had the following educational background: 26 percent had not graduated from high school, 36 percent had earned a high school diploma, 27 percent had attended some college, and 10 percent had graduated from college or pursued graduate or professional degrees. These data are equivalent to Grays Harbor County statistics.

**Figure 3: Per Capita Income for Washington and Grays Harbor County**



Source: Bureau of Labor Statistics

**Figure 4: Hoquiam Elementary Schools Free and Reduced Lunches 1994-1999**



Source: National Center for Education Statistics, 1996, 2000.

### NEAI Projects and Programs

#### Community Economic Revitalization Team (CERT)

One of the primary mechanisms for implementing the Northwest Economic Adjustment Initiative (NEAI) was the development of State Community Economic Revitalization Teams (SCERTs). SCERTs worked with tribal governments, local governments, and private and nonprofit organizations to coordinate the delivery of state and federal assistance. In Washington, the SCERT (WA-CERT) was staffed by the pre-existing Governor’s Timber Team (now the Governor’s Rural Community Assistance Team – GRCAT), formed in 1991, by the state legislature to coordinate assistance to timber-dependent communities. WA-CERT members included state representatives for each of the federal agencies, representatives of state government who were appointed by the governor, and representatives of local government, also appointed by the governor with approval of local governmental organizations. As part of an effort to streamline funding and provide “one-stop” shopping for projects, communities and other eligible entities submitted two-page proposals to the WA-CERT. Top priority projects were often assigned a scoping agent—a representative from a state or federal agency whose role was to facilitate project development and help guide a project through the application process. In January 1998, administration of WA-CERT was transferred to the Washington Department of Community, Trade, and Economic

Development (CTED—currently the Office of Trade and Economic Development, OTED).

Annually, WA-CERT brings together “technical teams” and “community teams” for a three-and-one-half-day symposium to work on complicated project ideas. “Sick of talking head conferences and wanting to do something that added value to the communities,” WA-CERT switched to this approach in 1996. WA-CERT also implemented another key change that year to enhance technical assistance; they changed from scoping agencies to scoping agents. Although WA-CERT originally assigned the county’s three priorities a scoping agent, this policy has recently changed. “We would work our way down the list as resources allowed,” a state representative said.

#### Local Implementation of SCERT

Founded in 1981 as the “Grays Harbor Opportunity 80s,” the Grays Harbor Economic Development Council (EDC) is a private nonprofit 501(c6) corporation dedicated to the creation and retention of family-wage jobs in Grays Harbor County. Their mission is to “assist local government and businesses to promote the overall economic vitality of the county and its communities; market and capitalize on the County’s assets; and promote the natural beauty of the Grays Harbor area.” Each year, they receive \$10,000 from the Economic Development District and \$20,000 from the state as the Area Development Organization to develop the area’s economy.

The Grays Harbor EDC maintains a small staff that focuses on industry and business recruitment, retention, expansion, and assistance. Staff members act as facilitators to obtain financing, grants, offer training, and recruit businesses. They also collect and disseminate demographic, economic, and vital statistical information, and provide information on the state of the Grays Harbor Economy.

The EDC has been administering the WA-CERT prioritization process since its inception. Initially, the EDC notified agencies and city administrations throughout the county annually to request that they submit project proposals. Those submitting applications would meet and score one another's projects based on predetermined criteria, which heavily favored economic development. "We watched as fair buildings were funded and decided that they didn't want that here," a WA-CERT participant said.

Once prioritized, projects would maintain their ranking until they were funded or withdrawn from the list. Since new projects were simply added to the end of the list, the EDC rarely completed a formal prioritization process after the initial years. A former EDC employee said that reprioritizing annually seemed unfair, because projects were rarely completed in a year. "How would you vote on it and make it a lower level? How did it become a less important project?" she said. Others thought that projects should be evaluated and ranked each year. "All things change, and the prioritization should reflect that," a WA-CERT participant said.

Throughout the years, the EDC adapted their process to address problems that arose and to meet expressed community needs (Figure 5). According to a WA-CERT participant, clearer direction from the state, specifically, a model from which to adapt their process, would have decreased local frustrations with ongoing changes.

**Figure 5: Problems and Solutions in the WA-CERT Process**

Problems with the Former Process	Problem Resolution and Current Process
Some participants biased the process by scoring themselves substantially higher than competing projects.	Participants can no longer score their own project.
EDC held the rankings process in person, which allowed some discussion.	Participants complete rankings on paper and submit them to the EDC who finalizes the list.
Once ranked, projects only came off the list if they were funded.	The EDC requests project up-dates and will drop any project not making progress towards its goals.
Once ranked a project could only move up a position if a slot above them opened up.	When a position opens, remaining projects can compete for that position instead of just moving up one rank.
The top three ranks, could be blocked by projects for years, preventing other projects from being ranked at the top which was required by some for funding.	The EDC created number two as a floating ranking. A project trying to obtain funding from an agency that requires it be ranked in the top three that demonstrating immediate readiness may vie for and hold the floating rank for six months to receive funding.
Projects were all ranked discretely. For example, a city needing sewer and water infrastructure assistance would list these projects as two projects.	Proposals affecting one area or project are grouped together opening up more slots and allowing various projects to receive higher rankings.

Most interviewees expressed satisfaction with the current county prioritization system. “As far as funds being valuable for community diversification, we have figured out a way that works for us and have been pretty successful at pulling in investments,” a WA-CERT participant said.

Interviewees agreed with the WA-CERT concept of providing some local control for economic development activities. But, they questioned the effectiveness of the state WA-CERT process. For example, one interviewee noted that the process was not a funding mechanism and, as such, it duplicated other work. Funded by the state and the federal government to facilitate county economic development, the EDC directs the development of the Overall Economic Development Plan (state), the SED (federal), and the Capital Facilities Plan. These plans all list strategies as well as priorities. The EDC advocates blending these processes with WA-CERT, stating that this would better utilize limited local resources. “We contact the same people to complete all of these,” he said.

Most interviewees who discussed WA-CERT, felt that the county rankings did not have a strong effect on the likelihood of their projects receiving funding. An applicant’s ability to advocate for their projects, as well as the funding agency’s guidelines and budgets, was more likely to determine funding decisions. While at least three agencies (the Public Works Trust Fund, the Forest Service, and the Office of Housing and Urban Development’s Community Development Block Grant program) use the WA-CERT rankings to help determine which projects receive funding, a high rank does not guarantee funding or technical assistance. Originally, the WA-CERT assigned the top three projects in each county to a scoping agent, who would help guide each project through funding and implementation. Time constraints have prohibited this from occurring systematically.

An agency director stated that this minimized the community’s efforts. “The funders did not pay attention to the priority list,” he said. “If you’re going to require communities to do the prioritization process, which is a hard thing for the communities to do, shouldn’t the funders live by the prioritization?”

### *Community-Level Projects*

#### Hoquiam Comprehensive Plan

In a Budget Workshop, the city of Hoquiam ranked up-dating their 1976 Comprehensive Plan as their top priority for special funding. In 1995, the City secured \$80,000 from the Forest Service to complete this work, which had been progressing slowly. They proposed using the grant to: hire service delivery staff, which freed their planner; contract with planning professionals who would complete an urban growth and annexation study and develop a transportation plan; and plan development. According to their final report to the Forest Service, the City was able to develop a computer automated record keeping system, review their 1976 Comprehensive plan and develop accurate mapping of utilities, zoning, and parcels for Hoquiam. According to a former city employee, the Forest Service monies enabled the City to complete a process they had started six years previously, which in turn facilitated priority development and enhanced their ability to be competitive for state and federal grants.

#### 5<sup>th</sup> Street Infrastructure Project

In 1995, the State Community Economic Revitalization Board (CERB) provided funding for the Hoquiam Industrial Site Feasibility Study to identify industrial development sites; target industries for the city; establish a marketing program; fill gaps in existing information about infrastructure availability and environmental conditions; and estimate development costs for businesses that wish to expand or relocate (Butcher et al. 1995). The study looked at six different sites and recommended development on the 5<sup>th</sup> Street Extension, a 45-acre property with an existing business base, which included diverse industries such as mills, a construction company, a logging operation, a paint company, and a foundry. According to the report, their location near the Port of Grays Harbor and the airport would facilitate development. The report also stated that for Hoquiam to be proactive, they must have land with adequate services secured, be organized to recruit businesses, offer incentive packages, and develop sustainable and targeted marketing. The feasibility study indicated that the project needed broad community support and a dedicated staff person.

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Based on this report, Hoquiam began applying for funds for infrastructure development on the site, stating that the project would help offset the timber industry losses and create 450 jobs. According to agency representatives, the City felt that their municipality needed to increase options for industry to locate in their city and infrastructure was critical to this effort. The City argued that this project would increase property taxes, sales tax revenue, city B & O taxes, and utility revenue. Several businesses wrote letters of support, including one that indicated their intentions to return to their Hoquiam property if site improvements occurred.

In 1996, Hoquiam secured \$200,000 from the Forest Service to complete water, sewer, roadways, and storm drainage in the Fifth Street Extension area. They also received a Public Works Trust Fund (PWTF) loan for \$350,000. After failing to pass a bond measure in 1997 and to obtain approval from the business owners for an increased property tax, Hoquiam lost the PWTF money. When the City had shown little progress by 1998, the Forest Service also threatened to withdraw its financial support. In September, the City applied for a \$280,000 CERB grant and a \$70,000 loan to support a scaled-down development, which included sewer and water for only 36 acres. CERB also required the City to use this money to develop a marketing plan. Hoquiam contributed \$170,250 and completed construction in December 1999.

Hoquiam will repay their loan by charging sewer hook-up fees based on the size of lots. As of December 2001, three of the 15 property owners have paid this fee. Several business owners said this project has enhanced the value of their property, thus off-setting the hook-up fees. Two stated that the improvements provided them future development options, but does not have direct impact on their current businesses. Within the past year, a storage facility has located in the area, but it will not provide many jobs. Based on their agreement with CERB, the EDC has compiled a list of available properties. According to the EDC, the small size of these properties—usually less than two acres per parcel—makes them difficult to market to larger industries, making it unlikely that Hoquiam will create the 450 new jobs it anticipated.

Other issues affect the likelihood of project success. The Port of Grays Harbor has available industrial land adjacent to this property with larger parcel sizes, more flexible leasing arrangements, and fewer tax requirements. Grays Harbor County continues to experience economic downturn and high unemployment, making it less likely that small industrial businesses would want to locate there. Finally, Hoquiam, which is struggling to address basic community services, lacks the personnel or financial resources to market this area.

### Aberdeen Industrial Waterline

The city of Aberdeen owns an industrial waterline that mainly serves Grays Harbor Paper, a mill in Hoquiam. The ITT/ Rayonier Plant, which closed in 1992, had an agreement with Aberdeen to maintain the water line in exchange for a low-cost water supply. During its last five years of operation, the company made minimal spot repairs. In 1994, the City secured a \$640,000, 20-year, zero-interest, emergency loan to repair one of four segments on which the mill makes payments. Despite the previous repair, the line still suffers from periodic failures and forced temporary company shutdowns.

Reliant on this waterline to remain operational, Grays Harbor Paper requested assistance. “The new mill owner came to the community and said we’re going to rebuild the mill, but we’re totally dependent upon the ancient infrastructure, so we need commitment from you that you’re going to tackle the problem,” a former EDC employee said. The community and various agencies supported this project, both because the direct effect on the mill and their belief that industrial water has a broad impact on their ability to recruit businesses and enhance economic development.

At a 1995 WA-CERT symposium, the waterline stakeholders agreed to approach the waterline as a regional issue. In 1996, the Forest Service granted \$50,000 to pay a portion of outside engineering costs involved in investigating the physical condition of the wood-staved waterline and scoping the feasibility of extending the waterline to key industrial sites across the Hoquiam River. Washington Office of Community Trade and Economic Development allocated \$20,000

in Washington Development Network funds to support the Grays Harbor Economic Development Council's facilitation of this process. While the task force originally determined that the PUD could provide a regional management approach, Gray's Harbor County stepped in as the lead when board member elections forced PUD to abandon their new role. Subsequently, the EDC wrote the grant applications, because of staffing shortages at the partnering agencies.

**Figure 6: Funding Sources for the Industrial Waterline**

\$1,000,000	CERB (loan/grant)
\$3,500,000	CERB (state appropriation)
\$2,562,000	EDA
\$3,000,000	OGDF (federal appropriation)

In 1998, the EDA rejected a funding request for the water line, but in 2000, it agreed to provide \$2.5 million. In that same year, the Aberdeen Industrial Waterline received an additional \$8 million boost from a variety of sources, (Figure 6) over 60 percent of which were legislative allocations at the state or federal level. Over a five-year period, local residents and agencies successfully lobbied their state and federal representatives for these funds. One federal employee questioned the efficacy of providing funds, given the community's own lack of financial commitment to the project. The employee expressed frustration that the community never created a reserve account to address such large repairs and instead expected to use large, external resources to address a local issue.

Repairs began in July 2001 and will continue for up to two years. As of December 2001, the project's long- and short-term economic development effects are unknown. The project did increase collaboration among Hoquiam, Aberdeen, and Grays Harbor County.

*County-Level Projects*  
Port of Grays Harbor

a. Warehouse H

In 1994, the Port of Grays Harbor secured \$2 million from the EDA as a match to their \$2 million investment to build a 48,000 square-foot boat

manufacturing building to house Shaw Boats, Inc, a tenant that had expanded beyond its current space. The company, which built yachts and fishing boats, employed 25 workers. They expected to double their headcount when they expanded their line in the new facility. Shaw Boats employment peaked at 80 within two years of their expansion before changing owners and names twice and moving to Satsop Development. They currently employ five. Since its completion, Warehouse H has been continually used by ship builders. Westport Shipyards currently occupies the facility.

b. Facilities Project

Begun in 1996, Paneltech International now has three main arms of its business: consulting, log sales and logistics, and specialty industrial plywood products. The three founding owners started their business in the Port of Grays Harbor because of local ties, reasonable rates, and less stringent air quality requirements. In 1999, Paneltech formed an alliance with Collins Pine to produce overlays. Collins Pine required them to construct a secondary coating line and meet a higher air quality standard. This forced the company to secure investment capital. Despite obtaining \$670,000 through traditional lending institutions and internal financing, Paneltech still needed \$25,000 to complete the installation of a pollution control device, a regenerative thermal oxidizer.

The Port of Grays Harbor, who owns the facility that Paneltech rents, secured monies from the Old Growth Diversification Fund to provide gap financing for upgrading the electrical system and ground work for the pollution control device. This grant made it possible for Paneltech to complete the installation of their regenerative thermal oxidizer, which, in turn, allowed them to remain in compliance with their air quality permit and stay in business. With the secondary coating line, Paneltech planned to grow from 14 to 26.

In 2000, Collins Pine provided additional financing for the upgrade and now owns 33 percent of the business. Paneltech could not meet Collins Pine's original demands for overlays. Trying to compensate for this, the company rapidly increased their production rate, saturating the market, and leaving them



CELL Computer Training Center

with an overstock. A change in Collins Pine's business strategy took Paneltech out of the corporate specialty overlay market, leaving them without a major purchaser of their principal product. This change, along with a general downturn in the forest products market, forced Paneltech to idle much of its workforce in November 2001.

According to one of the owners, Paneltech is the only competition in the specialty overlay market for one large producer. "We have a good concept, but our ability to expand and add jobs is really limited by our capital," he said. He argued that more product development and marketing would expand his customer base, increasing demand and ensuring more local jobs. While appreciative of the state's indirect investment in his business, the owner would like to see more capital available for small businesses such as his.

#### CELL Computer Training Center

Based on a shared vision of technology's importance for rural communities, a consortium of educators, business leaders, and government agencies formed a nonprofit corporation called the Community Education and Life-Long Learning (CELL) Center. Their mission is "to develop and implement a plan to create an electronic learning community, expanding access to information technologies, enhancing learn-

ing and communication, and connect individuals of all ages to learning resources (Figure 7)."

To reduce overhead costs associated with broadband technology, 15 school districts collaborated and secured a \$625,000 technology grant to help develop the CELL Center as a centralized technology repository. Specifically, the CELL Center used the money to connect all schools to high capacity T1 modem lines and coordinate the service. With direct assistance from the Port of Grays Harbor, the CELL Center secured additional resources from several other sources including the Forest Service (\$125,000), Washington Community Trade and Economic Development (\$56,000), Grays Harbor Public Utility District (\$320,000 loan), and in 2000, the Center received \$325,000 from the Economic Development Administration for equipment. Also, the county gives \$30,000 annually towards its administration.

The center, a 10,000 square-foot facility built in a restored warehouse at the Port of Grays Harbor in 1998 for a total cost of \$1.2 million, has been equipped with Macintosh and PC computers linked to high speed Internet connections, as well as large screen televisions and satellite hook-ups for interactive video. The Port of Grays Harbor has supported this effort with in-kind staffing and low rent.

Approximately one year after the Center's completion, Washington State developed a K-12

**Figure 7: CELL Center Goals**

- Provide a high-technology infrastructure to Western Washington that connects schools, public entities, and nonprofits to current state networks, the Internet, and others.
- Provide unlimited and exceptional educational resources and tools to our schools via the technology infrastructure and at the Center.
- Provide the best business training and business resources in Western Washington.
- Provide a premium offering of community education courses.
- Train, place, and retain a first class 21st Century work force.
- Share costs and resources so that funds are put to the best and most efficient use.

program, which gave block grants to all schools for setting up high-speed Internet access. This forced the CELL Center to dramatically change their focus from serving primarily school-aged clients to adults and businesses. Currently, the CELL Center provides specialized training for businesses, short-term community-based classes such as training on office spreadsheet and word processing software, and a summer camp. “The CELL Center is struggling with trying to figure out how to change from being an educational institution for the school district to being an educational institution for the business community,” a Center board member said.

Their effort to find a new niche has created some tension between the Center and Grays Harbor Community College. Perceiving them as a competitor, the college secured a written agreement from the Center stating that it would provide only short-term computer classes. The Career Transition Center, the entity charged with retraining workers, rarely refers students to the Center and instead sends them to qualified programs at the college.

The most successful endeavor for the Center in business training has been a standing agreement with Safe Harbor to teach their entry-level data technicians a jointly developed curriculum. Safe Harbor, which out-sources technical and customer support for other companies, pays the Center to screen initial job candidates for Safe Harbor to interview before referring qualified applicants for computer training.

Safe Harbor then shares the \$1,050 training fee with the students and hires those who complete the 60-hour training as trainees. The new employees earn an entry-level wage of between \$9 and \$10 per hour.

According to a Safe Harbor administrator, this arrangement has allowed them to hire displaced workers who would not have otherwise qualified for their position. The slowdown in the technology industry during 2001 affected Safe Harbor, which reduced its workforce from 250 to 175. This in turn decreased their need for the training program, which graduated 80 students in 2000 and only eight in 2001, decreasing the Center’s income by \$75,600 in one year.

In addition to their business training focus, the Center has a week-long summer program called “Tech and Rec” geared towards school-aged clients. Students spend the first four hours at the CELL Center using the computers before spending the rest of the day outdoors or at the gym playing. In their first year, they had 120 participants, which decreased to 72 the second year because of competition with a new YMCA facility.

The CELL Center’s struggle to find their niche, its heavy investment in infrastructure, and its transition from one director to another have created on-going financial difficulties. “Our greatest challenge is financial resources. . . . We don’t make it when the kids are in here cutting and pasting and playing. Our goal is that we make so much money

from the businesses that the kids come in the summer for classes,” a Center employee said.

Most interviewees saw the Center as an economic development tool and a local resource that creates pride in the Aberdeen and Hoquiam area. They also expressed support for its mission and its future. “Our purpose is to educate businesses, improve and diversify businesses in technology. Also, at the same time we should give community members a low-cost place to learn technology. If we can do enough of that, then we can also give the young people in our community the chance to learn tech and give them a level playing field with the rest of the state,” a staff member said. Despite this support, the CELL Center is clearly an underutilized asset at risk of bankruptcy. Its board needs to develop a proactive business plan to broaden community awareness, manage debts, and guide the Center in its development as it changes its programs to serve the broader community. “I get really troubled when efforts are focused on how to make enough money to survive, instead of focusing on doing what we need to do to serve the community,” a board member said.

#### Columbia Pacific Resource and Conservation District

Established in 1972 under the authority of the 1962 Agricultural Act, the Columbia-Pacific Resource Conservation & Development Council (CPRC&D) acts as a quasi-governmental Resource Conservation and Development District. Council members include government agencies and conservation and port districts. The Council’s original work plan supported the creation of rural and municipal water delivery and sewage disposal systems, and it included Habitat restoration as a key objective. When federal funding for infrastructure development dwindled during the mid-1980s, the agency nearly became dormant (McDonald & McLain 2001).

A series of events contributed to the reactivation of the Council. A downturn in the economy in the late 1970s and early 1980s, coupled with increased restrictions on salmon fishing and timber harvesting in the late 1980s, resulted in mill shutdowns and massive layoffs by forest products companies in the CPRC&D region. Then in 1986, the Natu-

ral Resource Conservation Service (NRCS) provided a full-time employee to serve as executive director, whose primary responsibility was to obtain funding and coordinate council activities. In 1989, a variety of entities contributed to the development of a new mission, goals, and bylaws for the Council CPRC&D. The agency’s new mission was to be a “visible, grass roots, participative, four-county organization dedicated to fostering cooperation on natural resources issues and economic development.” It supports regional planning and implementation activities that “achieve quality of life and economic health.” Within this extensive directive, CPRC&D focuses on promoting natural resources-based economic development, especially forest product-related enterprises, as well as ensuring adequate water quality and flood protection (McDonald & McLain 2001).

#### a. Regional Capacity-Building and Economic Adjustment Strategy

Since its inception, the CPRC&D had a goal to serve as a regional economic development agency. Between 1994 and 1995, the agency received two \$99,000 grants from the Economic Development Agency to support this effort. CPRC&D spent this time working with the Economic Development Councils in their four-county area (Grays Harbor, Pacific, Mason, and Wakiacum) to develop a format that would be comfortable for all the agencies involved. This included adjusting CPRC&D’s by-laws and developing an Overall Economic Development Plan for the region. The agencies had to agree on funding allocations and delineating roles within the new district. According to a CPRC&D employee, the county EDCs were not interested in becoming an Economic Development District, because it “would shift their focus to regional [projects] and their boards don’t want them to do work in other counties.”

As an Economic Development District, CPRC&D receives \$60,000 annually, of which they keep \$22,000 to pay a portion of the director’s salary and distribute the remaining monies (\$10,000 each) to the county Economic Develop Councils. In this role, CPRC&D coordinates regional projects, completes economic development and feasibility studies, and coordinates projects among counties to avoid

**Figure 8: Special Forest Products Project Partners Contributions**

Partner	Amount	For What
Grays Harbor Community College	\$10,939	Curriculum development, instructors
Department of Health & Social Services	\$5,510	Curriculum development
Weyerhaeuser Company Foundation	\$6,500	Equipment
Forest Service	\$24,000	General programming

duplication. “Having the EDD makes us cooperate more and gives us a competitive edge when seeking grant funding,” said a CPRC&D employee.

b. Special Forest Products

CPRC&D established the Special Forest Products Program in 1991 to provide local residents with training, skills, and resources needed to earn a living. The Washington State Department of Community Development provided \$80,000 to conduct a market feasibility study and develop a business plan for a special forest products cooperative. Their goal was to encourage special forest products businesses to pool resources to obtain equipment and better access to markets. After securing a \$24,000 grant from the Forest Service Rural Community Assistance Program in 1995, CPRC&D hired a full-time staff person whose duties included developing that program. In the same year, the organization incorporated the RainKist Agroforestry Cooperative (McDonald and McLain 2001).

With CPRC&D support, RainKist worked with Grays Harbor Community College to develop and implement a yearlong special forest products management training course. Contributions to the program came from a variety of sources (Fig. 8). Forty people—including welfare recipients, business owners, displaced timber workers, and Quinault Nation members—received training in special forest products harvesting and marketing skills between 1995 and 1997. Approximately half of these students were Aberdeen or Hoquiam residents. During the course, students learned the basics of identifying, harvesting,

processing, and marketing a variety of local plant species; were exposed to diverse forestry techniques; and participated in 48 hours of small business development. They also learned how to obtain permits to harvest products, sell products to buying stations and evergreen wholesalers, and manufacture and market value-added products from raw materials (McDonald & McLain 2001).

In 1996, CPRC&D entered into discussions with the ShoreTrust Trading Group, a for-profit “green” bank based in southwest Washington, to determine how to make RainKist viable. As a result, RainKist became a for-profit marketing brokerage owned by ShoreTrust. Aside from selling special forest products, the ShoreTrust-RainKist alliance promotes social equity in the work force by paying premium prices for high quality and sustainably harvested products (McDonald & McLain 2001).

The Forest Service provided CPRC&D an additional \$20,000 for Phase IV of their special wood product project in 1997. Using this funding and funding from other sources, CPRC&D expected to accomplish five objectives (Figure 9).

CPRC&D expended other funds to complete the work delineated in Figure 9. Since CPRC&D intended to use Forest Service monies for the Best Management Practices objective (Objective 4), they still had their entire grant remaining when they decided to forego this objective because of objections from the Olympic Peninsula special forest products company. The district worked out an agreement with the Forest Service to transfer the grant funds to the development of Landscape Management System

**Figure 9: Special Forest Products Phase IV Objectives and Outcomes**

Objective	Outcome/ Barrier
1. Graduate 10 new trainees from the Grays Harbor College training program.	Only two people completed the training. When the class dropped below minimum enrollment, Grays Harbor College dropped it, leaving the remaining students unable to complete the yearlong sequence of classes.
2. Develop and implement a customized bilingual training program through two or more Latino groups.	RC&D developed Spanish materials and completed two workshops with fewer participants than anticipated. Cultural barriers made recruitment difficult.
3. Offer five training seminars to the public.	Completed five two-three hour workshops for 40 people.
4. Develop a set of Best Management Practices for six to eight commercial special forest product species.	Not completed because of opposition from a special forest products company on the Olympic Peninsula.
5. Develop a business plan for the Institute.	Draft completed, but not finalized because of non-completion of the Best Management Practices objective.

research plots, which included a specialty forest products assessment, on 1,200 acres at the Satsop Nuclear site. As of this writing, we have been unable to obtain information on the outcomes of the development project.

Limited understanding of cultural barriers and a long and academic curriculum format proved inappropriate for the educational level of harvesters and created insurmountable barriers to the continuation of the project as originally envisioned. The program has facilitated the expansion, maintenance, or development of four special forest products businesses. At least two components of the Special Forest Products Project still exist outside of CPRC&D. Shorebank continues to market for some special forest products companies and Northwest Natural Resources Group administers a special forest product harvester certification program, which is partially based on the curriculum developed by Grays Harbor College and CPRC&D.

**c. Watershed Apprenticeship Program**

An Economic Revitalization Conference among Washington’s Coastal communities in 1992, spurred Columbia Pacific Resource Conservation and Development

to work with the International Woodworkers of America and Grays Harbor College to develop a watershed restoration apprenticeship program. Their goal was to “create opportunities for displaced timber workers to diversify their skills to meet the future demand for ecosystem management work” (Walls 2000).

According to a partner, this type of retraining closely aligned with the skills and interests of former woods workers, providing a natural alternative. Previous research with dislocated timber workers in Hoquiam indicated that workers had reservations about working in an office or retail store. The same report showed that workers were interested in learning watershed restoration skills. The report quoted an interviewee from this study who expressed ambivalence: “I want a career for the rest of my life, but out in the woods. The guys love it. They’re fixing the past, but it’s a limited future. Where do you go next after the woods are restored?” the interviewee said (Anonymous, 1995). A feasibility study completed by the college, which included interviews with various state and federal agencies, indicated permanent long-term work in this field.

As an initial venture to begin this program, Grays Harbor College secured Jobs for the Environ-

ment funding from the Washington Department of Natural Resources and the Washington Department of Fisheries in 1994. They used this money to train approximately 60 dislocated forest product workers. After two weeks of introductory training, which included team building exercises and field trips to diverse sites to discuss human impacts and remediation, the group began 12 weeks of hands-on restoration work at Lake Swano. This included stream work, bank stabilization, instream monitoring, fencing and trail development, and maintenance. The college repeated this process every two to three months with 20 new participants who received certificates of completion. From this program, the college developed a formal certification program.

CPRC&D, the organization that served as the hiring entity for the Lake Swano project, continued to solicit and obtain habitat restoration grants. By March 1998, CPRC&D had secured approximately \$4 million from diverse funding sources to complete over 35 restoration projects. Jobs for the Environment funds contributed to \$1.1 million in salary and benefits for 62 employees and \$809,452 worth of business with local merchants, suppliers, and contractors (Jobs for the Environment 1998). While some of these projects and others were supported through the Jobs-in-the-Woods program, CPRC&D did not have readily accessible records to identify the amount of this support.

Finally, in 1997, the college secured approximately \$20,000 from the Forest Service Rural Communities Assistance Program to develop an apprenticeship program to teach journey level watershed restoration skills, and identify local partnerships to identify and locate on the job training placements. As a collaboration, the college, CPRC&D, and a local union developed a program requiring apprentices to participate in 562 hours of classroom instruction about first aid, radio communications, watershed hydrology, surveying, bioengineering, monitoring, and stream typing. In addition, the apprentices must complete 4,000 hours of on-the-job training in ecosystem restoration to receive their journey-level status. Thus far, 10 people have reached the journey level.

Diminished funding for watershed restoration projects has decreased the demand for skilled labor

in this field. In fact, CPRC&D only has six people currently working in this area; one of whom serves primarily in an administrative role. Limited job availability means fewer students which, in turn, forces the college to discontinue the formal apprenticeship program. Those who completed the program expressed disappointment that their journey status did not translate into higher wages as expected. A project collaborator simply stated that their program could not continue without more family-wage jobs in this field.

### **Job Training Partnership Act**

Pacific Mountain Workforce, a regional consortium of workforce development agencies from Thurston, Lewis, Mason, Grays Harbor, and Pacific Counties handled administrative responsibility for JTPA funds and contracted out service delivery on a Request-for-Proposals basis. Starting with Timber III, the Consortium secured almost \$21 million from the Department of Labor's Secretary Reserve Fund between 1994 and 2000, to serve displaced timber workers. In 1997 and 1998, this agency received 100 percent of the funds secured in Washington. The Consortium aggressively pursued these additional grants. According to Pacific Mountain WorkSource staff, formula allocations would have only allowed them to serve four percent of the eligible population, which made the Secretary's Reserve money vital to their ability to provide adequate services to their clients. "The National Reserve allowed us to give people a significant amount of time and training," a Transition Center staff person said. The Career Transition Center, the local contractor, received over \$8 million; 40 percent of the total allocation to Pacific Mountain.

The Grays Harbor Career Transition Center opened on February 22, 1993 in Hoquiam, in response to the ITT/Rayonier mill closure and a union request to bundle services. Initially funded by a \$2.25 million grant from the U.S. Department of Labor, the one-stop center provides various services including job training, support, and unemployment services (Figure 11). Grays Harbor Paper Company and ITT/Rayonier contributed \$200,000 to improve the center's services. Several portable buildings, totaling about 7,000 square-feet of space, housed represen-

**Figure 10: Pacific Mountain Workforce DOL Secretary’s Reserve Grants 1994-2000**

Grant	Time Period	Consortium Funding	Grays Harbor sub-contract
Timber 3	Oct 1994 – June 1997	\$3,500,000	\$1,080,860
Timber 4	May 1995 - June 1997	\$4,600,000	\$2,200,000
Timber 5	April 1996 - June 1998	\$4,000,000	\$1,600,000
Timber 6	January 1997 - June 1999	\$4,499,300	\$2,450,000
Timber 7	June 1998 -September 2000	\$3,981,250	\$995,312
Total		\$20,580,550	\$4,896,210

tatives from employment and training agencies such as Pacific Mountain WorkSource, Grays Harbor College, Employment Security, and Goodwill Industries. The Career Transition Center offered service integration, now mandated by the Workforce Investment Act, seven years earlier than required.

The Center provided outreach to dislocated mill workers through traditional methods, advertising, posters on buses, and word of mouth, as well as through peer counselors. Based on an AFL-CIO rapid response model, the Transition Center hired three peer counselors who had been active union members in the two mills, to help the dislocated workers access services. “Basically, people were more comfortable with you, because they are sure you know what they are going through. You have more empathy,” a former peer counselor said.

These workers, 80 percent male and mostly white, had an average age of 42 and earned an average hourly wage of \$14.99. “Their hourly wages led to significantly higher annualized earnings than the county’s average annual wage of \$21,646,” reported by Employment Security Department for 1992 (Bentson et al. 1998). The workers had an average tenure of 15.6 years (Bentson et al. 1998).

**Figure 11: Career Transition Center Client Services**

- Retraining and college enrollment
- Employability skills
- Resume writing
- Supportive services
- Unemployment insurance assistance
- Labor market information and referral
- Personal counseling
- College testing, placement, financial aid assistance
- Community resource information and referrals.

A lot were hired in the 60s when the paper market was booming and mills were everywhere. Education wasn’t the prerequisite to walk in the door. Thirty or 35 years later, you have these people who know nothing about anything but mill work and driving \$35,000 pick-ups because that’s the kind of wages they were making at the time and then being left on the street, without education, background, or anywhere to go.

*-- Career Transition Center Employee and former dislocated worker*

Approximately two-thirds of this group (318) began a training program. When the paper mill reopened under new ownership as Grays Harbor Paper, the company rehired 145 of the Transition Center clients, who on average took a six percent pay cut. Those who found jobs elsewhere, earned 64 percent of their former wages. Training seemed to have an effect on wages and employment 4.5 years after the layoff. Of the 138 who completed a training program, 67 percent reported earnings in the second quarter of 1997 with an average wage of \$11.90. While this was higher than those with some training, it was less than those with no training. This may be because those most qualified, found new work quickly and did not participate in retraining services (Bentson et al. 1998).

Many workforce students participated in basic education and a program called New Chance, which was designed to reintroduce dislocated workers to an academic environment and teach appropriate job search skills. The 10-week course focused on increasing self-esteem, improving basic education and computer skills, providing information on career choices, and teaching resume writing and interview skills. Grays Harbor College ran over 45 sessions of the New Chance Program with 15-20 people in each. Many interviewees credited this program with giving them direction and an insight into their capabilities. "This program showed you a new door, so you didn't just rely on what you had been doing for 10 years," a former client said.

In October 1993, the Department of Labor Women's Bureau granted the Transition Center \$85,000 to train 200-400 spouses of dislocated workers. The Center advertised this service on cable television, on the Grays Harbor Transit System, and in the local newspapers. New Beginning met 10 hours per week for 10-12 weeks. Participants learned basic education and employment readiness skills, improved self-esteem, and heard presentations about sexual harassment and substance abuse. In their program evaluation, the Career Transition Center quoted several women who felt that the class helped them. One of them reported, "It [New Beginnings] made me see I have several new options in my life and to challenge myself with knowing I have the abil-

ity to do it," and "the realm of possibilities is much wider." Program developers used a quasi-experimental case control group to test for increased self-esteem and found that New Beginnings significantly affected self esteem among the participants. Sixty-nine percent of the participants pursued employment, and 23 percent entered college as full-time students.

In 1995, the Transition Center secured approximately \$75,000 from the Forest Service Rural Communities Assistance Program to continue New Beginnings for two more years. During this time, 186 women participated, with 103 completing the course. Forest Service monies paid for 10 classes. As part of the funding, participants could participate in a National Working Women's Satellite Summit, co-sponsored by the Department of Labor and supported by the Port of Grays Harbor. Other New Beginning collaborators included Washington Employment Security, the Career Transition Center, and Grays Harbor College.

The center continued using Secretary's Reserve funding to provide services to their clients with a fairly high success rate. With Timber VI, the center enrolled 494 people. Eighty-four percent of these people returned to work, earning on average 96 percent of their preprogram wages. As of March 31, 1999, the Transition Center enrolled 260 in Timber VII and have had a 97 percent placement rate at 91 percent of pre-program wages.

Used to working hard to support their families, many dislocated workers were overwhelmed by losing their jobs and hesitant to accept assistance. Concerned staff worked hard to alleviate fears and advocate on behalf of their clients. Believing that "people walking through the doors shouldn't be able to tell who's a customer and who's an employee," staff often dressed casually and downplayed their academic backgrounds. According to interviewees, this made a difference to clients who reported feeling intimidated by other agencies.

Career Transition Center clients expressed frustration with two major aspects of the retraining program. The two-year limit meant that workers who needed to complete some Basic Education Requirements were unable to finish a certificate or degree program within their two-year benefit time limit.

Others felt that they were directed into retraining programs or careers for which they held little interest because of agency mandates to secure reemployment as soon as possible. Ironically, state and federal programs, which allowed for extended unemployment and additional benefits for dislocated timber workers, have ended. As a result, fewer resources are available for workers trying to manage

their county's changing and still unsettled economic landscape.

Extended unemployment, support services, and tuition waivers increased the likelihood that the displaced worker would seek retraining. Funds from the Secretary's Reserve Fund allowed the Career Transition Center to serve over 2,000 clients between 1992 and 2000.

## **Current Socioeconomic Conditions and Effects of NEAI on Community Well Being**

### **Current Socioeconomic Conditions**

In the past two years, a medium security prison and Safe Harbor.com, a large technology-based business, have settled in the area. Two mills are poised to open in the near future. The closure of Lamb of Grays Harbor—a major Hoquiam employer—and several smaller mills, leaves Hoquiam desperately in need of a larger tax base to support local services. According to a city employee, the City is considering reducing services, facilities, and staff, already considered by many to be at a minimum. “When I say the city is in decline I mean the city as a whole. We have lost jobs. Real estate values are down. Businesses are down,” one city employee said.

### **Community Capacity**

Community capacity is the collective ability of residents in a community to respond to external and internal stresses, to create and take advantage of opportunities, and to meet local needs (Kusel 1996). For this study, we identify five dimensions of community capacity: (1) physical capital, which includes a community physical infrastructure (e.g., sewer systems, business parks, capital assets such as equipment, housing stock, and schools); (2) financial capital, which includes money, credit, and other financial resources available for local use; (3) human capital, which includes the skills, education, experiences, and general abilities and capabilities of residents; (4) cultural capital, which includes the myths, beliefs, norms, and lifeways that serve to organize groups and facilitate survival; and (5) social capital, which includes the willingness of residents to work together toward community goals (and not just self-interested

goals). Evaluating the effects of NEAI projects on the capacity of Hoquiam thus requires a closer examination of these various dimensions of capacity.

### *Physical and Financial Capital*

The Initiative has made approximately \$7 million in physical capital investments in the Hoquiam area. These monies built a shipbuilding warehouse, will repair an industrial waterline, developed industrial infrastructure on the Fifth Street Extension, and provided equipment and infrastructure support to a community-learning center. This support also leveraged over \$3 million in additional loans and grants. As of April 2002, only the \$2 million grant to the Port of Grays Harbor to build Warehouse H has directly created local jobs. The Industrial Waterline will allow Grays Harbor Paper to continue operating as long as they have viable markets and resources, thus maintaining approximately 200 jobs in Hoquiam.

As a federally funded economic development district, CPRC&D has directly and indirectly secured millions of dollars of grant monies for diverse regional and local projects since 1995. In addition to securing funding for their agency, CPRC&D staff has developed a grantsmanship center where they provide classes and technical assistance to individuals and agencies seeking grants to develop and implement programs.

### *Social Capital*

Existing and developed social capital had a tangible effect on the initiation and success of Initiative funded projects. Collaborative efforts initiated the CELL Center, secured funding for the Aberdeen

Industrial Waterline, ensured that dislocated workers had access to adequate services at the Career Transition Center, and developed watershed restoration projects. Community agencies such as the Port of Grays Harbor, Columbia Pacific Resources and Conservation District, Gray's Harbor Economic Development District, and Grays Harbor College played key roles. Without strong relationships and a willingness to work together to address common interests, a number of Initiative projects would not have been initiated. At least in one instance, Aberdeen's Industrial Waterline, the WA-CERT symposium process facilitated collaboration among agencies.

Despite having a diverse advisory board representing many local agencies, the CELL Center has struggled to maintain and expand their collaborative relationships. Although seen as a strong local resource critical to the community's economic development, the Center has been unable to maintain and find a niche. In some ways, both subtle and overt, the CELL Center finds itself competing with other agencies for clients, which cuts off natural referral links from Grays Harbor College and the Career Transition Center. In turn, this fosters parallel technological infrastructure development, leaving the CELL Center an underutilized community asset with expensive equipment in classrooms that often remain empty.

#### **Worker Effects**

Initiative funded programs increased the skills and knowledge of dislocated workers, which in-

creased human capital within Hoquiam. The CELL Center has helped workers gain the skills to pursue jobs related to technology, specifically to obtain entry-level jobs at Safe Harbor.com. Dislocated workers benefited tremendously from the diverse retraining programs and services provided to them through the Career Transition Center, the College, and CPRC&D. These workers, many with limited educational backgrounds, were provided the opportunity to explore other careers and options, while receiving sustained support from diverse local resources. Many workers pursued extended education and received certification or an Associates Degree. Those who could remain in the area, did so. Some workers returned to their old jobs when Grays Harbor Paper opened under new ownership.

The Economic Development Council, the Port of Grays Harbor, the city, and CPRC&D have made strong efforts to create new job opportunities for dislocated workers. Initiative monies supported some of these efforts, including the exploration of watershed restoration work through an apprenticeship program and formalized training for special forest products harvesters. Initiative grants also facilitated infrastructure development, which created shipbuilding jobs and maintained 12 jobs at a small manufacturing company. Despite these efforts, jobs in the area have continued to decline, forcing many to commute long distances or to relocate, decreasing local capital.

## **Patterns and Themes of Successful Interventions**

### **Successful Community Development Needs Consistent Leadership**

Communities need strong, consistent leaders to develop and implement effective community development. Throughout the term of the Initiative, CPRC&D had one Executive Director who had strong communication skills and an ability to create a long-term vision. Because of his excellent interpersonal and economic skills, other agencies readily collaborated with CPRC&D projects. According to a previous case study on CPRC&D, the agen-

cy effectively acquires and shares resources; creates a culture of collaboration and sharing; and, adheres to principles of inclusivity, diversity, and equality (McDonald & McLain 2001). Consequently, CPRC&D has often been successful in obtaining resources for innovative projects geared towards increasing local and individual capacity.

Other organizations, such as the CELL Center and Grays Harbor Economic Development Agency, have had several administrators throughout the Initiative process. With each new director, these agen-

cies have had to pause and/or redirect their energies. Rural community members often take time to develop trust for those new to leadership positions within their community, and it can take directors months to understand the agency, their community, and historical linkages between the two. New directors also may have different approaches to meeting agency objectives, requiring staff and community members to adapt to a new approach when leadership changes. Lacking consistent leadership has made it difficult for the CELL center to maintain an agency vision and sustain reliable, effective collaborations. An emigration of educated residents, combined with limited leadership development opportunities, has created a leadership vacuum in the Hoquiam/Aberdeen area.

What I have seen over and over again is the inability to channel resources in the community.

Anytime you try to bring new development to a community, there will be controversy. You have to have strong leadership, because you have to believe that what you're doing is for the common good. You have to be thoughtful, have good planning in place, and be able to follow through on your commitments.

-- *Agency Director*

Communities facing harsh economic climates tend to experience an emigration of their workforce, which depletes local human capital and increases competition among agencies for limited resources. This in turn can decrease collaboration. "The leadership in the community becomes smaller and everyone is fighting over their own survival," said an agency director. "You have to focus all of your energies on sustaining your own organization. It gets harder to get them to work on the same goal." Agencies who were able to keep their core leadership in place, were more successful at obtaining resources, developing collaboratives, and implementing successful projects.

### **Regional Programs Have Diverse Local Effects**

While regional economic development strategies can positively affect communities, it may not improve their capacity or provide them with sustainable projects. Due to limited resources, a small staff, and a distrust of federal and state governments, the city of Hoquiam only secured Initiative funds for two projects, their comprehensive plan and the Fifth Street Extension infrastructure. They also benefited from Initiative funded programs implemented on a county or regional basis, which provided job opportunities, worker retraining, and technological and infrastructure development. Despite these benefits, the city of Hoquiam has not improved its ability to obtain outside resources to implement community projects.

## **Conclusion**

Initiative projects had mixed effects on the Hoquiam area. Infrastructure development gives the community resources that can be utilized when recruiting or expanding businesses. Much of the dislocated workforce has abundant retraining opportunities locally. Despite this, the City does not have a core economic development base from which

to expand. Their struggle to diversify their economy is intrinsically linked with the surrounding communities and the Port of Grays Harbor. If Hoquiam does not develop a strong collaboration with these entities, as well as improve their relationship with state and federal agencies, their economy will continue to decline.

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### **Interviewees**

Monte Dahlstrom	Owner, Dahlstrom Lumber
Mike Daniels	Former Employee, Grays Harbor County
Karl Dennison	Forest Service
Brain Ericson	Project Coordinator, Columbia Pacific Resource and Conservation District
John Fenton	Grays Harbor College
Tammy Garrows	Satsp Public Development
Candie Gleason	Marketing Specialist, Grays Harbor Economic Development Council
Lynn Glore	Grays Harbor College, Director of Development
Shelli Hopsecger	Director of Public Affairs, Port of Grays Harbor
Ron Iff	Owner Panel Tech
Roger Jump	Mayor, Hoquiam
John Loyle	Division Administrator, Program Services Pacific Mountain Workforce,
Jewell Manspeaker	President, Grays Harbor College
Ken Mercer	Director, CELL Center
Bob Meyer	Owner, Shake and Shingle Sales, Inc.
Lynn Micheau	Presler, Larner and Mertz
M Dean Parsons	Director of Public Works, City of Hoquiam
Bill Quigg	Owner, Grays Harbor Paper
Fred Root	Owner, Root Paint
Don Sammuelson	Instructor, Grays Harbor College
Ron Schmidt	Manager, Career Transition Center
Brian Shae	Director, Grays Harbor Planning & Economic Development
Phyllis Shroger	Former Mayor, Hoquiam
Brian Sterling	Owner, Safe Harbor.com
Chuck Sunberg	Employment and Training Supervisor, Career Transition Center
Leroy Tipton	President, Grays Harbor Chamber of Commerce
Michael Tracy	Executive Director, Grays Harbor Economic Development Council
Chris van Daalen	Former Employee, Columbia Pacific Resource and Conservation District
Kevin Varness	Utilities and Development Division Director, Grays Harbor County
Jim Walls	Director, Columbia Pacific Resource and Conservation District

### **Focus Group Participants**

Jack Brooks	Former Dislocated Worker, Career Transition Center Staff
Terry Brorby	Former Dislocated Worker, Career Transition Center Staff
Kim Chase	Former Dislocated Worker, Career Transition Center Staff
Charles Hargett	Former Dislocated Worker, Career Transition Center Staff
Rick Jenkins	Former Dislocated Worker, Grays Harbor College Staff

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