

# An Economic Cornerstone

Quantifying Port Townsend Paper Company's Impact on Regional Prosperity

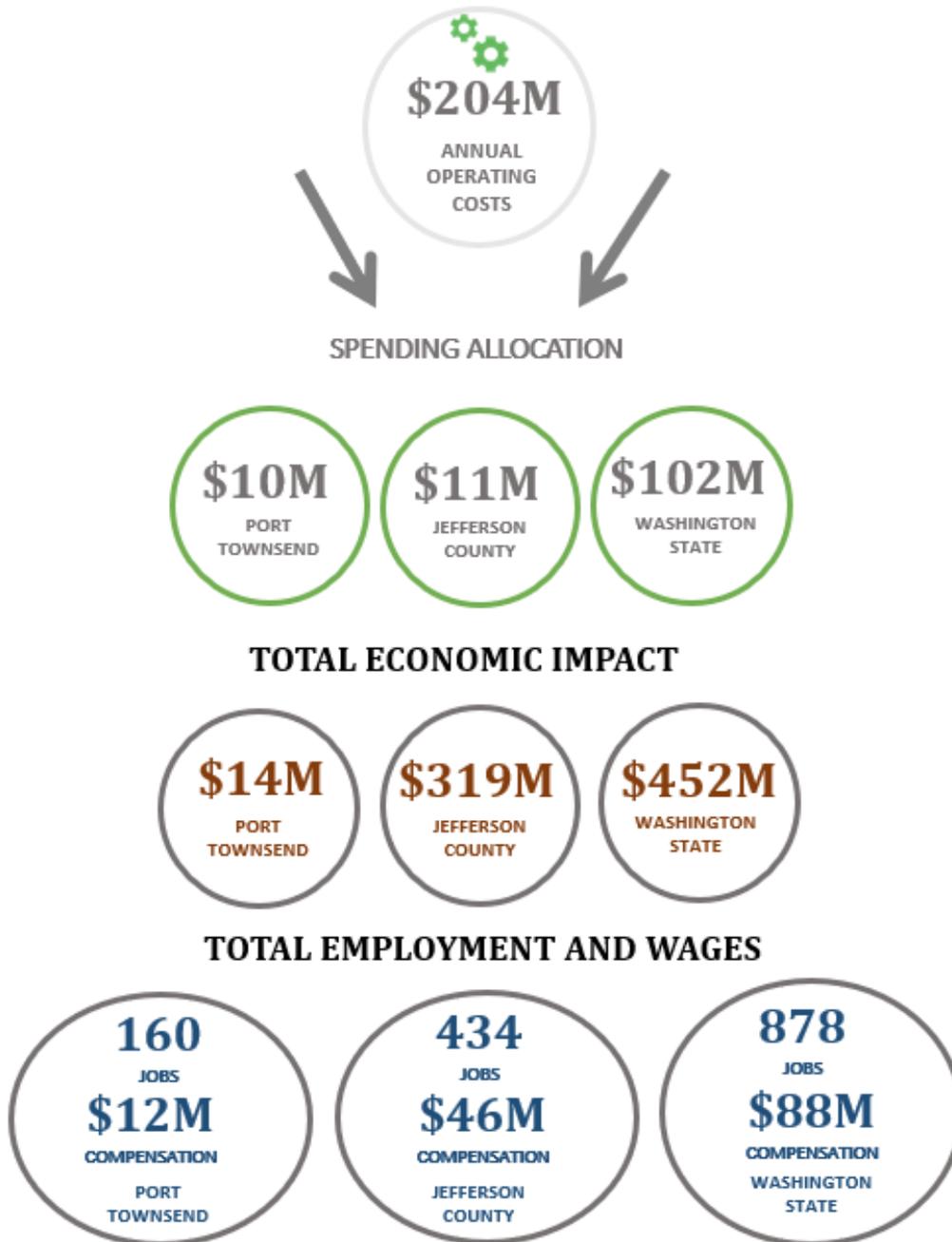
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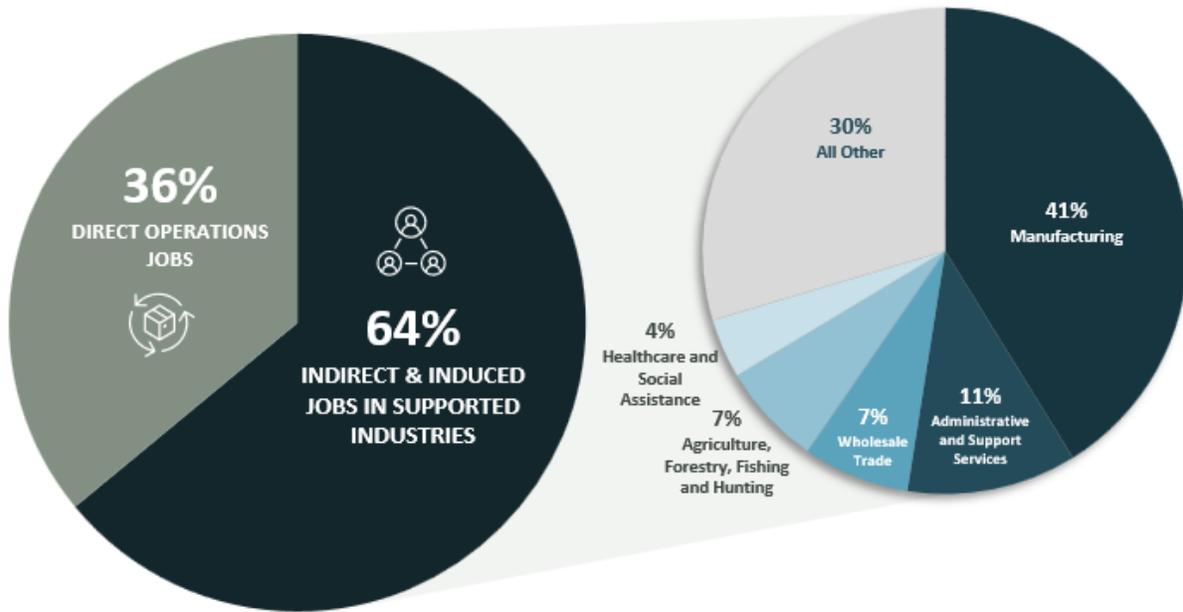


## Executive Summary

### PORT TOWNSEND PAPER COMPANY ECONOMIC IMPACTS SUMMARY



## Industry Distribution of Employment Generated by Port Townsend Paper Company's Annual Operations



### Did You know?

### Port Townsend Paper Company is:

#### One of Jefferson County's Largest Employers

**310 Total  
Employees**



**96 Employees  
Residing in  
Port Townsend**



**\$92,600  
Average  
Employee Salary**



**40%  
Manufacturing  
Jobs in Region**





As one of the largest employers in Jefferson County, Port Townsend Paper Company (PTPC) serves as a cornerstone of economic prosperity, generating substantial economic benefits throughout the region. With 310 employees earning an average annual salary of \$92,600—significantly greater than Jefferson County's median household income of \$64,800—PTPC provides family-sustaining wages that support broader community stability. Of the mill's 310 employees, 96 reside in Port Townsend.

**“For 90+ years and 5 generations, employees of the Port Townsend paper mill have provided for their families, sent children to school and celebrated countless holidays, festivals and achievements within the community. As one of the largest employers in Jefferson County, the mill has been an important partner in the growth and success of our area. With continued involvement, we hope to have another 100 years of shared accomplishments.”**

— Jim Beebe, Standing Committee Chair, USW Local 175

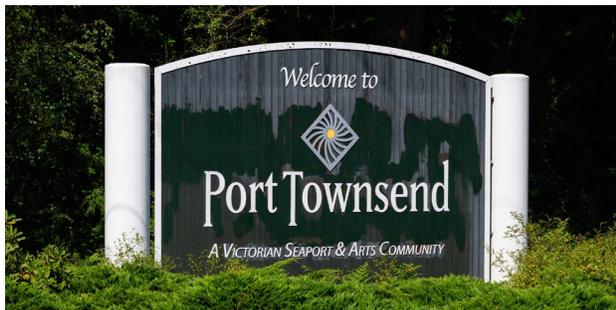
The mill's annual operations generate:

- **\$14 million in total economic output within Port Townsend**, supporting 160 jobs and more than \$12 million in employee wages and benefits. The mill sits just outside the town of Port Townsend, so therefore, no direct economic impact is experienced there. However, indirect and induced impacts produce millions of dollars annually in economic gain for the city.
- **\$319 million in total economic output within Jefferson County**, supporting 434 jobs and more than \$46 million in employee wages and benefits.
- **\$452 million in total economic output across the State of Washington**, supporting 878 jobs and more than \$88 million in employee compensation.

PTPC provides approximately 40% of all manufacturing jobs in the region, offering crucial career opportunities amid declining manufacturing employment (-7.4% since 2019). This employment anchor has become increasingly vital given Port Townsend's demographic challenges, with the working-age population projected to decline by 1.8% over the next five years while the retirement-age population grows by 7.3%. The mill's economic impact extends beyond direct employment through an extensive supply chain network, with \$102 million in annual expenditures circulating throughout Washington State's economy and supporting specialized industrial maintenance firms and environmental service providers.

**For every \$1 million in direct spending by the mill within Washington State, approximately 8 jobs are supported.<sup>1</sup>**

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Should PTPC cease operations permanently due to rising water utility costs (which have increased by 4,400% since 2020), the economic consequences to the entirety of Jefferson County would be severe. The immediate loss of 310 direct jobs in the County would result in a total loss of 434 jobs—including direct, indirect, and induced positions—along with \$46 million in lost employee

compensation. This employment contraction would likely trigger housing market depreciation as displaced workers relocate, declining school enrollment, reduced property tax assessments, and diminished consumer spending at local businesses. Restaurants, retail stores, and service providers would experience immediate revenue declines, with businesses heavily dependent on mill employees potentially facing closure.

<sup>1</sup> 878 total jobs in Washington State due to direct, indirect and induced impacts.

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# 1. Introduction

## 1.1. Purpose and Scope of Study

Econsult Solutions, Inc. (ESI) was commissioned to evaluate the economic and fiscal impacts associated with the ongoing annual operations of the Port Townsend Paper Company. This report is divided into the following sections:

- **Section 2** discusses the economic output and employment significance of company operations;
- **Section 3** provides a fiscal impact analysis of Port Townsend Paper Company on the town of Port Townsend, Jefferson County, and the State of Washington; and
- **Section 4** offers an overview of Port Townsend Paper Company's community importance and contribution to the local economy.

This comprehensive economic impact assessment quantifies the far-reaching economic contributions of Port Townsend Paper Company across multiple geographic scales. By examining direct operational impacts, indirect supply chain effects, and induced spending throughout the region, the study provides stakeholders with a clear understanding of Port Townsend Paper Company's vital role in sustaining local economic prosperity.

## 1.2. Overview of Port Townsend Paper Company

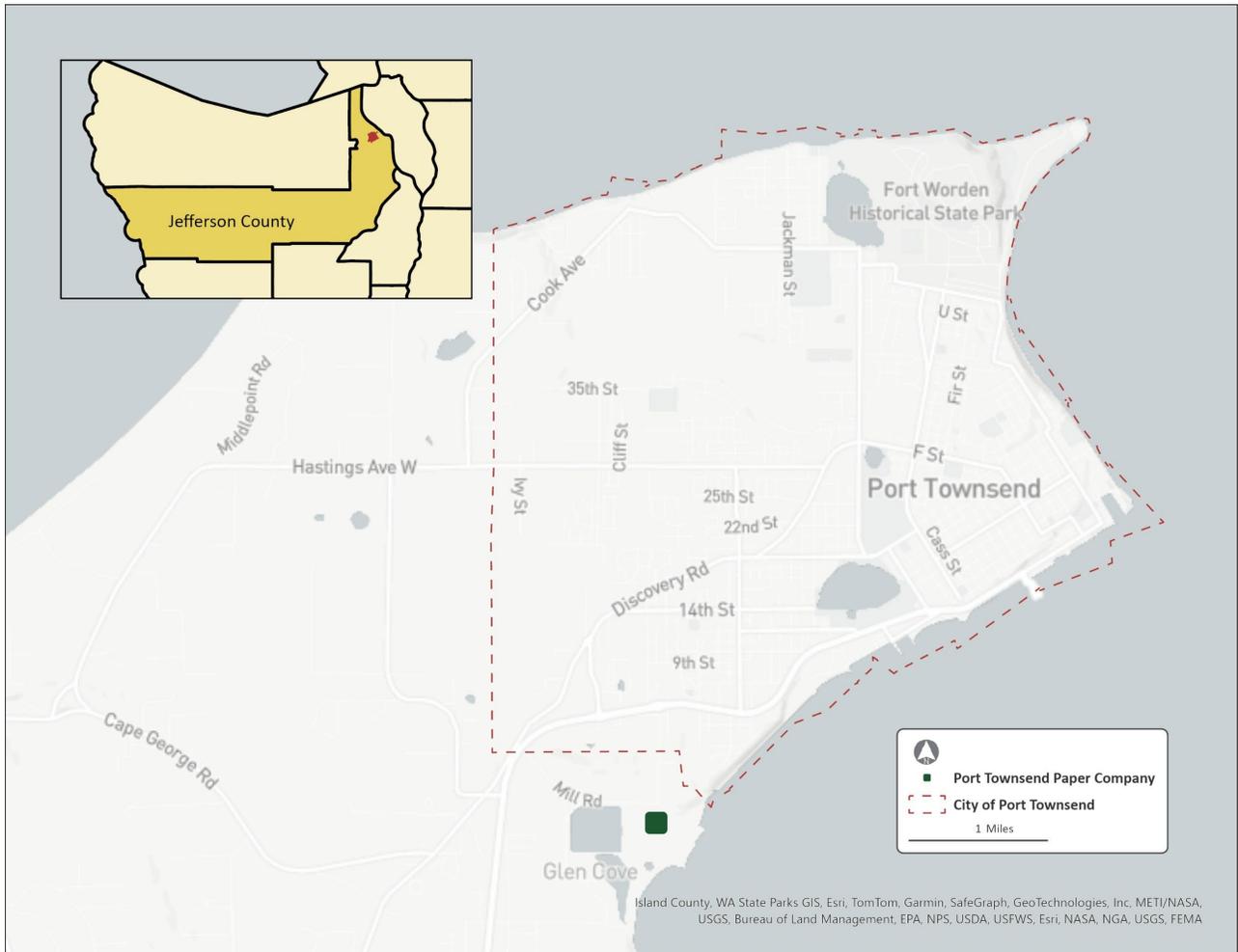
For nearly a century, Port Townsend Paper Company (PTPC) has been a vital part of Port Townsend's economic and social fabric. Since its founding in 1927, PTPC has remained a cornerstone employer, delivering eco-friendly paper products while supporting the local economy.

Today, with a dedicated workforce of 310 employees, PTPC produces 950 tons of paper and market pulp daily and recycles 250 million pounds of corrugated cardboard annually—making it one of the largest employers in Jefferson County and the leading cardboard recycler on the Olympic Peninsula.<sup>2</sup> The company's high-quality kraft paper products, including linerboard, specialty grades, and materials for fruit boxes, pizza boxes, and fiber cement siding, highlight its essential role in sustaining regional manufacturing amid an increasingly service-oriented economy.

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<sup>2</sup> Port Townsend Paper Company. "About Us." Port Townsend Paper Company, <https://ptpc.com/about/>. Accessed 27 Mar. 2025.

Figure 1.1: Site Location of Port Townsend Paper Company in Relation to the City of Port Townsend and Jefferson County



Sources: ArcGIS (2025); Econsult Solutions, Inc. (2025)

## 1.3. Methodology and Approach

ESI employed industry-standard economic impact modeling techniques using IMPLAN, a software and data platform that uses input-output analysis to assist in carrying out economic impact analysis, to quantify how PTPC's operations generate economic activity throughout the region. By analyzing the company's direct expenditures, employment data, and procurement patterns, we measure the ripple effects across multiple economic sectors at city, county, and state levels. The geographies of impact throughout the report include:

- **City of Port Townsend:** Port Townsend Paper Company acts as a major economic contributor to the City of Port Townsend. While the paper mill has immense economic effect on the city, the mill geographically sits just outside of city limits.
- **Jefferson County:** Port Townsend Paper Company, located in Jefferson County, is one of the largest employers in the county.
- **State of Washington:** Located north of Seattle, the paper mill provides employment and economic impact throughout the state, concentrated in the northwest region of Washington State.

Our analysis defines three types of economic impacts:



1. **Direct effects** from PTPC's own operations;



2. **Indirect effects** from its supply chain activities; and,



3. **Induced effects** from employee spending in the local economy.

Through this methodology, we capture the full spectrum of PTPC's economic influence.<sup>3</sup>

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<sup>3</sup> More detail on methodology can be found in Appendix A.

## 2. Operational Economic Impact Analysis

### 2.1. Total Economic Output

#### Direct Annual Operations

The annual operations associated with the PTPC mill generate local, countywide, and statewide economic impacts through its direct purchases and employee salaries. In 2024, the mill’s annual compensation paid to employees totaled \$40.3 million; and annual procurement totaled \$203.5 million (Figure 2.1).

Figure 2.1: Count and Wages of PTPC Employees and Annual Vendor Purchasing Amount in the State of Washington

Jobs	Employee Compensation			Vendor Purchasing
	Average Salary	Total Wages (\$M)	Total Compensation (\$M)	Total Purchases (\$M)
310	\$92,600	\$28.7	\$40.3	\$203.5

Sources: Port Townsend Paper Company (2025); Lightcast (2023); ESI (2025)

ESI was able to model the economic impacts of the Port Townsend Paper Company based on these operating expenses. ESI modeled the 310 employees at the PTPC mill and their \$40 million in compensation as direct impacts to Jefferson County. Additionally, of the \$204 million in vendor purchases made by PTPC, \$11 million was modeled as direct impact to vendors in Jefferson County; however, the indirect and induced impacts increase along with the enlargement of the geography from Jefferson County to Washington State (Figures 2.2 and 2.4).

Figure 2.2: Operational Expenditures and Modeled Amounts

	FY24 Total	Modeled in Jefferson County
Employees	310	310
Employee Compensation (\$M)	\$40	\$40
Vendor Purchases (\$M)	\$204	\$11

Sources: Port Townsend Paper Company (2025); IMPLAN (2023); ESI (2025)

In 2024, Port Townsend Paper Company made almost \$204 million in total expenditures toward annual operations. Figure 2.3 demonstrates categories of expenditures along with their subsequent amounts, both within Jefferson County and the State of Washington, and in other locations. Of the almost \$204 million in total expenditures in 2024, only \$15.5 million was spent in overseas markets, with almost the entirety of that amount spent just over the border in Canada.<sup>4</sup>

<sup>4</sup> Smaller expenditures of less than \$100,000 were made in Austria; Korea; and the Netherlands.

Figure 2.3: Detailed 2024 Expenditures by Category and Location: Port Townsend Paper Company<sup>5</sup>

Expenditure Category	Jefferson County	Washington State	Other Locations	Total Expenditures
Chemicals	\$0	\$3,062,560	\$14,835,917	\$17,898,476
Chip-Raw Mater	\$109,575	\$26,578,523	\$7,158,276	\$33,736,799
Commissions		\$522,690	\$92,936	\$615,627
Computers	\$2,000	\$55,283	\$385,324	\$440,607
Contract Labor	\$1,205,598	\$12,780,990	\$14,510,558	\$27,291,548
Elect General	\$24,800	\$2,155,058	\$976,572	\$3,131,630
Fire Equipment		\$1,084	\$9,306	\$10,390
Freight	\$7,553	\$8,304,506	\$8,966,532	\$17,271,038
Fuel & Electricity	\$7,398	\$3,277,088	\$9,674	\$3,286,762
Generator		\$22,379		\$22,379
Inst General	\$13,248	\$219,827	\$1,103,205	\$1,323,032
Logs-Raw Mater.	\$147,537	\$4,151,976	\$809,046	\$4,961,023
Lubricant		\$1,533,251	\$111,262	\$1,644,513
Misc.	\$1,433,584	\$7,142,250	\$18,276,798	\$25,419,047
Motors (All)	\$7,722	\$10,567	\$198,487	\$209,054
OCC	\$39,739	\$1,222,679	\$419,693	\$1,642,371
OCC- Raw Mater.	\$3,845	\$15,197,580	\$17,056,935	\$32,254,514
OEM Parts	\$4,648	\$398,986	\$1,956,547	\$2,355,533
Rebates		\$44		\$44
Rent	\$41,477	\$1,352,782	\$187,996	\$1,540,778
Repair Mat.	\$261,391	\$4,753,541	\$7,668,999	\$12,422,540
Safety	\$15,729	\$562,094	\$65,138	\$627,233
Shipping	\$57,165	\$422,125	\$922,388	\$1,344,513
Telephone		\$53,328	\$6,810	\$60,138
Utilities	\$8,011,923	\$8,049,642	\$5,986,797	\$14,036,439
<b>Total</b>	<b>\$11,394,930.77</b>	<b>\$101,830,832</b>	<b>\$101,715,196</b>	<b>\$203,546,029</b>

Sources: Port Townsend Paper Company (2025); ESI (2025)

## Annual Economic Impact from Ongoing Operations

The mill’s operational expenditures—and, in particular, employee compensation—have spillover effects at each geographic level, stimulating the local economy and supporting a higher level of employment in the City of Port Townsend; Jefferson County; and the State of Washington.

The PTPC mill is estimated to provide sustained annual economic impacts (Figure 2.4):

- **\$14 million in total economic output within Port Townsend**, supporting 160 jobs and more than \$12 million in employee wages and benefits. As Figure 2.4 demonstrates, because the mill sits just outside the town of Port Townsend, there are no direct expenditures there. However,

<sup>5</sup> The Washington State column contains Jefferson County purchases as well as all other purchases within the state of Washington.

indirect and induced impacts produce millions of dollars annually in economic gain for the city. Additionally, 96 employees reside in Port Townsend.

- **\$319 million in total economic output within Jefferson County**, supporting 434 jobs and more than \$46 million in employee wages and benefits.
- **\$452 million in total economic output across the State of Washington**, supporting 878 jobs and more than \$88 million in employee compensation.

Figure 2.4: Annual Economic Impact from Ongoing Operations

Impact Type	City of Port Townsend	Jefferson County	Washington State
Direct Output (\$M)	-	\$290	\$290
Indirect and Induced Output (\$M)	\$14	\$29	\$162
<b>Total Output (\$M)</b>	<b>\$14</b>	<b>\$319</b>	<b>\$452</b>
<b>Total Employment (FTE)</b>	<b>160<sup>6</sup></b>	<b>434</b>	<b>878</b>
<b>Employee Compensation (\$M)</b>	<b>\$12</b>	<b>\$46</b>	<b>\$88</b>

Sources: Port Townsend Paper Company (2025); IMPLAN (2023); ESI (2025)

## 2.2. Employment Significance

Port Townsend faces significant demographic challenges that underscore PTPC's importance as a major employer. With projected declines in working-age population (-2% in both Port Townsend and Jefferson County over the next five years) and substantial growth in retirement-age residents (7.3% and 8.2% respectively), the region needs strong employment anchors to maintain economic vitality (Figure 2.5). 96 of PTPC’s workforce of 310 employees—or 31%—reside in Port Townsend.

Against this backdrop, PTPC's 310 employees represent a significant portion of the local manufacturing workforce in a county where that industry’s employment has contracted by 7% since 2019. More importantly, the average salary of \$92,600 at PTPC substantially exceeds Port Townsend’s average salary by 47%; exceeds Jefferson County's median household income by 43%; and exceeds Washington State's median income by 2.5%, providing family-sustaining wages that support broader economic stability (Figure 2.5).

<sup>6</sup> Of the 143 jobs, 93 are residential employees—working at PTPC and living in Port Townsend. The 96 residential employees were identified via zip code analysis, residing within the zip code of 98368.

Figure 2.5: Current and Future Population Demographics in Port Townsend and Jefferson County, WA

	City of Port Townsend (Zip Code 98368)			Jefferson County, WA		
	2024	2029	% Change	2024	2029	% Change
<b>Population</b>	17,665	18,060	2%	34,075	34,923	2.0%
<b>Retirement Age (65+)</b>	7,884	8,456	7.3%	14,678	15,878	8.2%
<b>Working Age (15-64)</b>	8,319	8,168	-1.8%	16,412	16,152	-1.6%

Source: LightCast (2024); ESI (2025)

Although PTPC is located just outside of the city limits, its close proximity to Port Townsend means that mill employees are likely to spend their money inside the City. One third of PTPC’s employees live in zip code 98368, which means that the mill is actively increasing the median household income of the City. PTPC serves as a cornerstone of the greater Port Townsend area’s workforce, offering well-compensated jobs and attracting skilled talent. The mill also brings valuable diversity to the region’s labor market and industrial landscape, strengthening the local economy.

Figure 2.6: Median Household Income by Geography in Relation to PTPC Average Salary

Geography	Average PTPC Salary	% of Workforce Employed	Median Household Income	% PTPC Salary Greater than Median Household Income
Zip Code 98368	\$92,624	N/A	\$63,044	31.9%
Jefferson County	\$92,624	94.3%	\$64,796	30.0%
Washington State	\$92,624	95.7%	\$90,325	2.5%

Source: LightCast (2024), ESI (2025)

## Predominant Industries

Jefferson County is experiencing a slight stagnation in its employment landscape, as the total number of jobs slightly declined by 0.2%, falling from a total of 11,328 in 2019 to 11,300 in 2024. By total employment, the largest industries within the County are government, retail trade, accommodation and food services, and construction (Figure 2.7). Manufacturing is the seventh largest industry by employment, accounting for 740 jobs in 2024. The largest industries in Jefferson County are largely reflective of the largest industries in Washington State.

The manufacturing sector in Jefferson County has experienced significant contraction, with employment declining by more than 7% between 2019 and 2024 alone. As an example of the overall decline of manufacturing jobs in the region, McKinley Paper shut down its paper mill in nearby Clallum County in August 2024, laying off nearly 200 workers.<sup>7</sup> Since McKinley Paper’s closure, PTPC has hired approximately 30 of the almost 200 workers laid off from McKinley Paper.

<sup>7</sup> "McKinley to Close Port Angeles Paper Mill, Nearly 200 Workers Get 60-Day Notice." PaperAge, 28 June 2024, <https://www.paperage.com/2024news/06-28-2024mckinley-paper-closing-port-angeles-mill.html>.

Despite this regional downward trend, Port Townsend Paper Company remains a critical anchor for the industry, providing 310 of the county's 740 manufacturing jobs—representing over 40% of all manufacturing employment in Jefferson County. While manufacturing now ranks as the seventh largest employment sector in the county, PTPC plays an outsized role in maintaining quality employment opportunities. As Port Townsend's working-age population is projected to decrease by 1.8% over the next five years, PTPC's contribution of stable, family-supporting manufacturing jobs has become increasingly vital to the economic resilience of the local economy.

The Administrative and Support and Waste Management and Remediation Services sector has experienced a severe decline in Jefferson County, with employment plummeting by more than 20% between 2019 and 2024—one of the steepest declines among all industry sectors. Port Townsend Paper Company serves as a critical lifeline for this struggling sector, directing \$16.5 million in 2024 (representing 16% of its total annual expenditures) toward local businesses in this category. This substantial procurement spending not only sustains existing jobs but also creates indirect employment opportunities throughout the supply chain. Economic modeling indicates that without PTPC's continued investment, this already vulnerable sector would face even more dramatic employment losses, potentially triggering further economic contraction within the sector. PTPC's procurement practices thus play a vital stabilizing role in maintaining sectoral stability and diversity within Jefferson County's evolving employment landscape.



Figure 2.7: Employment and Average Earnings by Industry Sector within Jefferson County, 2019-2024

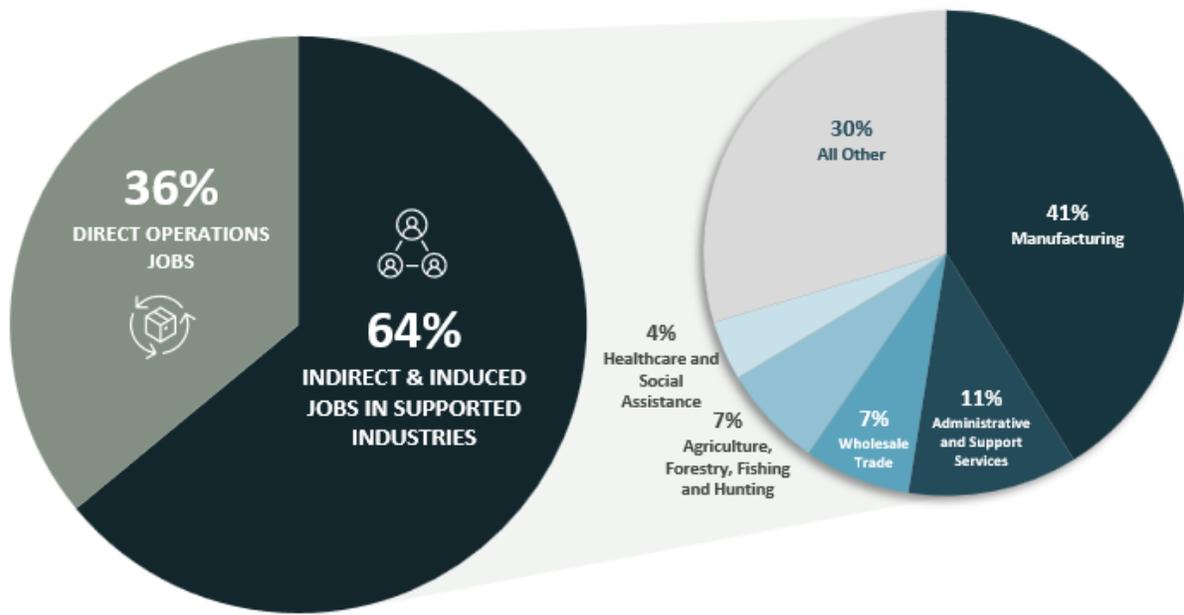
Industry Sector	2024			2019			5-year Count Change
	Count	Share	Average Earnings	Count	Share	Average Earnings	
Government	2,674	23.7%	\$106,084	2,714	24.0%	\$81,357	-1.5%
Retail Trade	1,173	10.4%	\$42,634	1,199	10.6%	\$33,731	-2.2%
Accommodation and Food Services	1,148	10.2%	\$30,432	1,115	9.8%	\$22,077	3.0%
Construction	1,040	9.2%	\$64,515	1,048	9.2%	\$52,848	-0.7%
Other Services (except Public Administration)	956	8.5%	\$44,423	842	7.4%	\$32,740	13.5%
Health Care and Social Assistance	943	8.3%	\$49,392	949	8.4%	\$39,440	-0.6%
Manufacturing	740	6.5%	\$87,737	799	7.0%	\$63,337	-7.4%
Professional, Scientific, and Technical Services	663	5.9%	\$94,368	580	5.1%	\$68,015	14.3%
Administrative and Support and Waste Management and Remediation Services	352	3.1%	\$39,704	440	3.9%	\$33,008	-20.1%
Agriculture, Forestry, Fishing and Hunting	264	2.3%	\$57,213	297	2.6%	\$44,175	-11.2%
Educational Services	249	2.2%	\$36,299	228	2.0%	\$30,761	9.3%
Arts, Entertainment, and Recreation	237	2.1%	\$34,397	224	2.0%	\$25,578	5.5%
Wholesale Trade	223	2.0%	\$68,677	219	1.9%	\$49,790	1.6%
Real Estate and Rental and Leasing	186	1.6%	\$62,435	204	1.8%	\$54,377	-9.2%
Finance and Insurance	171	1.5%	\$85,209	164	1.4%	\$68,986	4.1%
Transportation and Warehousing	120	1.1%	\$71,956	102	0.9%	\$55,802	18.1%
Information	119	1.1%	\$57,736	144	1.3%	\$42,936	-17.6%
Mining, Quarrying, and Oil and Gas Extraction	23	0.2%	\$88,936	30	0.3%	\$53,166	-24.4%
Utilities	21	0.2%	\$156,052	30	0.3%	\$136,419	-31.4%

Sources: LightCast (2024); ESI (2025)

## 2.3. Industry Distribution of Economic Impact

Port Townsend Paper Company's operations, which involve purchasing goods and services and the circulation of income generated by its workforce, have far-reaching effects on multiple industries. In this case, the direct impacts are primarily concentrated within the manufacturing sector (direct employment at the mill constitutes 36 percent of overall jobs created by PTPC operational expenditures). The indirect and induced impacts are spread across a wide range of sectors, which include additional manufacturing jobs (via supply chain purchasing for materials); administrative and support services; and wholesale trade (Figure 2.8).

Figure 2.8: Industry Distribution of Employment Generated by Port Townsend Paper Company's Annual Operations within Washington State<sup>8</sup>



Sources: IMPLAN (2023); Econsult Solutions, Inc. (2025)

<sup>8</sup> The smaller graph to the right represents the industry breakdown of the indirect and induced jobs, which comprise 64% of the jobs created by annual operations.

## 3. Fiscal Impact Analysis: City of Port Townsend, Jefferson County, and Washington State

### 3.1. Fiscal Impacts

The economic impact of the operations of the PTPC mill contributes significantly to the tax base of surrounding jurisdictions by fostering taxable economic activity through the procurement of goods and services and employee spending. It is estimated that PTPC’s operations generate approximately (Figure 3.1):

- \$10,000 annually in business tax revenues for the City of Port Townsend;
- \$800,000 annually for Jefferson County, comprised of \$400,000 in sales tax, and \$400,000 in property taxes; and
- \$3.0 million annually for the State of Washington: \$1.7 million in sales tax, and \$1.3 million in business taxes.

The tax revenue generated by PTPC supports essential public services and infrastructure, contributing to the overall economic health and vitality of the city, county, and state.

Figure 3.1: Annual Fiscal Impacts from Ongoing Operations of PTPC

Tax Type (\$M)	Port Townsend	Jefferson County	Washington State
Sales Tax	-	\$0.4	\$1.7
Business Tax	\$0.01	-	\$1.3
Property Tax	-	\$0.4	-
<b>Total</b>	<b>\$0.01</b>	<b>\$0.8</b>	<b>\$3.0</b>

*Sources: City of Port Townsend City Manager (2023), Jefferson County Treasurer’s Office (2023), State of Washington Office of Financial Management (2023), BLS (2023), ACS (2023), Port Townsend Paper Company (2025), IMPLAN (2023), ESI (2025)*

### 3.2. Utility Fees

In addition to \$10,000 each year estimated in business taxes generated by PTPC within Port Townsend, the mill paid \$4.5 million in water utility fees to Port Townsend in 2024. Figure 3.2 demonstrates the water utility fees paid by Port Townsend Paper Company to the City of Port Townsend.

- **From 2020 to 2024, annual net water utility fees have increased by \$4.4 million annually from \$100,000 to \$4.5 million; and**
- **From 2020 to 2024, that increase represents a 4,400 percent increase.**

Figure 3.2: Net Water Utility Fees Paid by Port Townsend Paper Company to the City of Port Townsend

Year	Amount (\$M)
2024	\$4.50
2023	\$3.90
2022	\$2.50
2021	\$0.10
2020	\$0.10
<b>Monetary increase, 2020-2024 (\$M)</b>	<b>\$4.40</b>
<b>Percentage increase, 2020 - 2024</b>	<b>4,400%</b>

Source: Port Townsend Paper Company (2025); Econsult Solutions, Inc. (2025)

Under previous ownership, the mill owned and operated the water utility. In 2022, when the mill was sold, the water utility was sold separately to the City of Port Townsend. One can clearly note the difference in water utility costs between 2021—when the mill operated the water utility—and in 2022, under the new ownership of the City of Port Townsend. Moreover, between 2022 and 2024—years in operation with the City—water utility fees increased by \$2 million—or 80 percent—over the course of only 36 months.

### Total Fiscal and Utility Impacts to Port Townsend

Between estimated business taxes and water utility fees, PTPC pays the City of Port Townsend approximately \$4.6 million per year, accounting for almost 8% if the City’s 2024 expense budget of almost \$61 million annually.<sup>9</sup>



<sup>9</sup> City of Port Townsend. 2024 Final Budget. City of Port Townsend, 2024, [https://cityofpt.us/sites/default/files/fileattachments/finance/page/15261/2024\\_final\\_budget.pdf](https://cityofpt.us/sites/default/files/fileattachments/finance/page/15261/2024_final_budget.pdf).

## 4. Community Importance and Economic Dependency



### 4.1. Regional Economic Anchor

Since its establishment in 1927, Port Townsend Paper Company has served as the economic backbone of Port Townsend—fulfilling a role that extends far beyond direct employment. The mill has shaped the community's development through substantial infrastructure investments, particularly in the city's water systems, while simultaneously attracting and sustaining numerous ancillary businesses throughout the supply chain.<sup>10</sup> Nearly a century later, PTPC continues its essential economic function by providing over 300 stable jobs.

The mill's annual direct expenditures generate substantial multiplier effects throughout Jefferson County. These economic impacts support the broader business ecosystem, contribute significantly to municipal, county, and state tax revenues, and help maintain the region's economic diversity. As Port Townsend navigates its demographic transition, PTPC's continued operations remain fundamental to maintaining the community's economic vitality and long-term sustainability.



### 4.2. Impact on Local Workforce

Port Townsend Paper Company plays a transformative role in Jefferson County's employment landscape, offering wage levels that substantially elevate the region's economic prospects. This wage premium creates a unique opportunity for local residents to access middle-class earnings while remaining in a rural community, directly countering the economic pressures that typically drive working-age residents toward metropolitan areas.

Beyond wage benefits, PTPC's workforce contribution displays remarkable sectoral importance, providing approximately 310 of the county's 740 manufacturing jobs—representing over 40% of all manufacturing employment in the region. These positions offer career advancement pathways and skill development opportunities that are increasingly scarce in Jefferson County's economy. The company's employment profile also creates significant induced economic activity as employees spend their earnings locally. This multiplier effect illustrates how PTPC's direct employment generates a much broader workforce impact, effectively sustaining entire occupational ecosystems throughout Jefferson County and providing critical resilience against potential economic downturns.



### 4.3. Supply Chain Networks

Port Townsend Paper Company serves as the cornerstone of an extensive regional supply chain network, with approximately \$102 million in annual expenditures circulating throughout Washington State's economy. The company's deliberate strategy of prioritizing local procurement strengthens economic interconnections within Jefferson County and across neighboring regions, creating a resilient ecosystem of interdependent businesses. These substantial procurement activities generate business for a diverse

<sup>10</sup> HistoryLink.org. Central District, Seattle (1850s-). HistoryLink, 17 Aug. 2014, <https://www.historylink.org/file/10752>.

range of suppliers, including specialized industrial maintenance firms. The mill's steady demand for goods and services provides these suppliers with the stability needed for long-term planning, capital investment, and workforce development—benefits that extend well beyond the direct monetary value of PTPC's spending. The geographic distribution of this supply chain activity is particularly significant, as PTPC's operational expenditures disproportionately benefit rural areas that might otherwise struggle to maintain commercial vitality.

**Economic modeling indicates that for every \$1 million in direct spending by the mill within Washington State (\$102 million), approximately 8 jobs are supported.<sup>11</sup>**

This multiplier effect transforms PTPC's \$102 million in procurement into an essential economic lifeline for dozens of smaller communities across Washington State. Moreover, the company's consistent investment in local suppliers has encouraged the development of specialized expertise and services within the region, enhancing the overall competitiveness of Washington's manufacturing sector. As one of the largest employers in Jefferson County, PTPC's supply chain decisions represent a crucial form of economic development that strengthens the foundational business infrastructure of the Olympic Peninsula.

### Vendor Spotlight: Port Townsend Foundry LLC

Since the early 1980s, the Port Townsend Foundry has partnered with the mill, manufacturing critical components such as bearings and housings for paper machines over four decades. This relationship exemplifies how the mill anchors a robust local manufacturing ecosystem.

Port Townsend's Paper Mill's influence ripples throughout the region's economy through its payroll, supply chain relationships, and longstanding industrial collaborations. As noted by Peter and Kathy Langley of Port Townsend Foundry, for nearly a century, PTPC maintained the city's water supply system—an infrastructure responsibility that would have been impossible for the municipality to manage independently. They also note that the mill's community engagement extends to sponsoring beloved local traditions like clam bakes and the Rhody Festival, while supporting families that have built their livelihoods around the mill for generations.

As Mr. and Mrs. Langley of the Foundry emphasize, these interconnected businesses create a foundation that enables others to "supply and grow to keep the mill running." Their shared commitment to local manufacturing and job creation represents an understanding that established industries like the paper mill are essential to the community's overall economic health and future prosperity. The Foundry's dedication to helping PTPC remain viable underscores how deeply intertwined these businesses are in creating sustainable economic opportunity for Port Townsend and the surrounding region.<sup>12</sup>

<sup>11</sup> 820 total jobs in Washington State due to direct, indirect and induced impacts.

<sup>12</sup> Full letter of support included in the appendix.

## 4.4. A Good Neighbor



Port Townsend Paper Company has established itself as an integral part of the local community fabric, demonstrating its commitment to being a good neighbor through substantial charitable contributions and active community engagement. The mill directs annual contributions toward community support, including educational initiatives with Port Townsend School District; sporting support via Little League sponsorship; holiday meals for those in need; environmental stewardship with the Climate Action Committee; and cultural enrichment through the Northwind Arts Center. As one of the largest employers in the region, PTPC recognizes a tremendous responsibility toward helping to keep the community a wonderful place to live. This philosophy guides their approach to corporate citizenship, extending their impact far beyond economic contributions to include fostering the social and cultural vibrancy that makes Port Townsend unique.

PTPC maintains active relationships with numerous local organizations including the Port Townsend Rotary Club, Economic Development Council, Jefferson Land Trust, and Jefferson County Historical Society, among many others. Their environmental stewardship is further demonstrated through ongoing infrastructure improvements like the ASB pond dredging project, which will significantly reduce odors affecting neighboring areas, and the innovative screw press project that will decrease waste disposal truck traffic. The company also provides specialized safety training to employees and local emergency response teams, reinforcing their commitment to community wellbeing. Through these thoughtful investments, active participation in local initiatives, and continuous engagement with stakeholders, Port Townsend Paper Company reaffirms its dedication to being not just a cornerstone of the local economy, but a responsible corporate citizen invested in the long-term prosperity and sustainability of the region.

## 4.5. Economic Loss Scenario

The departure of Port Townsend Paper Company due to rising water utility costs would trigger severe economic repercussions throughout Jefferson County:



- The immediate loss of 310 direct jobs would remove approximately \$29 million in employee compensation from the local economy.



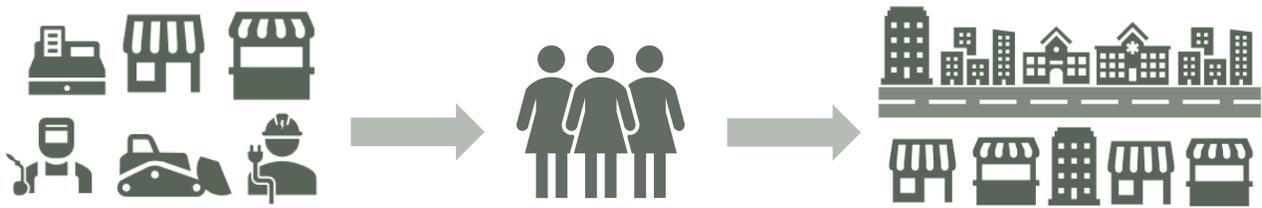
- More devastating would be the cascading effect on employment, as economic impact modeling indicates that PTPC's operations currently support an additional 120 indirect and induced jobs across Jefferson County. These secondary positions, spanning sectors from additional manufacturing jobs to agriculture, forestry, fishing, and hunting jobs, would face significant

contraction without the economic activity generated by the mill and its employees, potentially pushing county unemployment rates well above the current 5.7% level.



- The fiscal implications would create immediate budgetary challenges for local governments. The elimination of PTPC's property tax contributions—which represent a substantial portion of the local tax base in Jefferson County—would force difficult decisions regarding public service funding. Sales tax revenue would simultaneously decline as former employees reduce spending or relocate, creating a dual fiscal crisis.

B&O tax receipts, utility tax payments, and various fees would similarly diminish, potentially necessitating both tax rate increases on remaining businesses and residents or significant reductions in public services. This fiscal contraction would occur precisely when community needs for social services might increase due to unemployment, creating an unsustainable financial dynamic for local government.

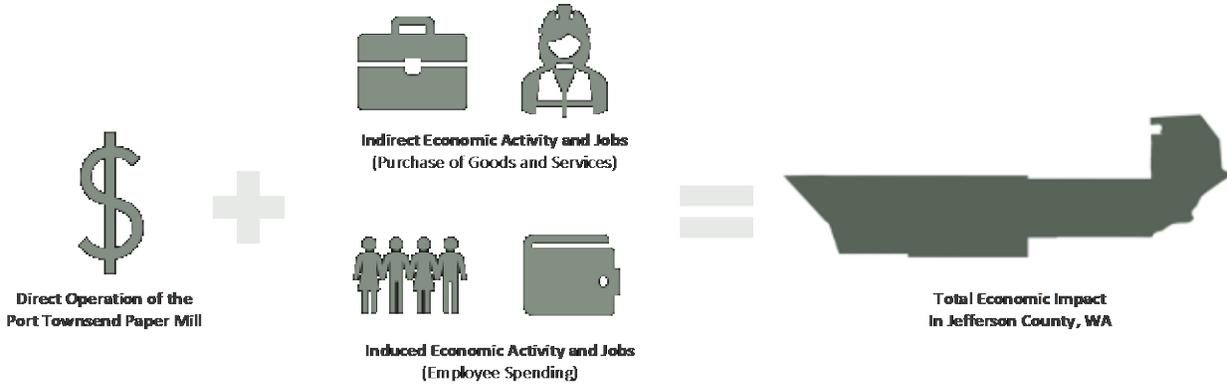


The community stability effects would manifest across multiple dimensions, beginning with the housing market. The sudden increase in housing inventory as displaced workers relocate would likely trigger price depreciation, particularly in the neighborhoods surrounding Port Townsend where many mill employees reside. This devaluation would reduce property tax assessments, further straining municipal finances while simultaneously eroding household wealth for remaining residents. School enrollment would likely decline as families with children depart for employment opportunities elsewhere, potentially necessitating school consolidations or teacher reductions, which would further diminish the community's attractiveness to younger families—accelerating the already concerning demographic trend toward an aging population.

Local businesses would face a drastically altered operating environment in PTPC's absence. Beyond the loss of direct procurement relationships, many establishments would suffer from reduced consumer spending as the community's wage base contracts. Restaurants, retail stores, and service providers would likely experience immediate revenue declines. Some businesses—particularly those heavily dependent on mill employees or contracts—would face potential closure, creating a negative feedback loop of additional job losses and reduced commercial activity. This multi-faceted disruption would fundamentally alter Port Townsend's economic landscape, potentially reversing decades of community development and necessitating a difficult, prolonged process of economic restructuring.

## Appendix A: Detailed Methodology

Figure A.1: Economic Impact Methodology



Source: Econsult Solutions, Inc. (2025)

### Input-Output Model Mechanics

To model the impacts resulting from the direct expenditures, Econsult Solutions, Inc. developed a customized economic impact model using the IMPLAN input/output modeling system. IMPLAN represents an industry standard approach to assess the economic and job creation impacts of economic development projects, the creation of new businesses, and public policy changes within a county and its surrounding area.

IMPLAN has developed a social accounting matrix (SAM) that accounts for the flow of commodities through economics. From this matrix, IMPLAN also determines the regional purchase coefficient (RPC), the proportion of local supply that satisfies local demand. These values not only establish the types of goods and services supported by an industry or institution, but also the level in which they are acquired locally. This assessment determines the multiplier basis for the local and regional models created in the IMPLAN modeling system. IMPLAN takes the multipliers and divides them into 440 industry categories in accordance to the North American Industrial Classification System (NAICS) codes.

The IMPLAN modeling system also allows for customization of its inputs which alters multiplier outputs. Where necessary, certain institutions may have different levels of demand for commodities. When this occurs, an “analysis-by-parts” (ABP) approach is taken. This allows the user to model the impacts of direct economic activity related to an institution or industry with greater accuracy. Where inputs are unknown, IMPLAN is able to estimate other inputs based on the level of employment, earnings, or output by an industry or institution.

### Employment and Wages Supported

IMPLAN generates job estimates based on the term “job-years”, or how many jobs will be supported each year. For instance, if a construction project takes two years, and IMPLAN estimates there are 100 employees, or more correctly “job-years” supported, over two years, that represents 50 annual jobs. Additionally, these can be a mix of a full and part-time employment. Consequently, job creation could

feature more part-time jobs than fulltime jobs. To account for this, IMPLAN has a multiplier to convert annual jobs to full-time equivalent jobs.

Income to direct, indirect, and induced jobs is calculated as employee compensation. This includes wage and salary, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.). Therefore, IMPLAN's measure of income estimates gross pay as opposed to strictly wages.

### **Tax Revenue Impact**

The economic impacts in turn produce one-time or ongoing increases in various tax bases, which yield temporary or permanent increases in various tax revenues. To estimate these increases, Econsult Solutions, Inc. created a tax revenue impact model to translate total economic impacts into their commensurate tax revenue gains. These tax revenue gains only account for a subset of the total tax revenue generation that an institution or industry may have on the economy. Furthermore, where institutions are tax exempt, only the tax revenue generation from supported indirect and induced industries is accounted for.

## Appendix B: Letter of Support

Port Townsend Foundry LLC  
251 Otto St  
Port Townsend WA 98368

Port Townsend Paper Corp  
100 Mill Rd  
Port Townsend WA 98368

April 14, 2025

To Whom in may concern,

Port Townsend Foundry LLC is honored to support the Port Townsend Paper Corporation and its ongoing operations. We established here in the early 1980's with the concept of development from within and growing to support other industries within our community. The Paper Mill and the Marine Trades are one of the reasons for the reestablishment of the Port Townsend Foundry, first started in 1883.

That said; we have manufactured many pieces over the past 40 plus years for the mill. We have made parts for the number 1 paper machine's bearings, bearing housings and other related parts. The list is long and the relationship is important to us and our community, as they serve as a foundation for others, who can supply and grow to keep the mill running. Long term businesses are vital to the communities overall economic success and health.

The economic impact is felt in this Community, Jefferson County and State wide, through payroll, the supply chain and the collaborations that comes from long standing industry. One example is the City of Port Townsend's water supply system that was maintained by PTPC for many years, it would have been unfeasible for the city to do this alone for the past 98 years. There have been many other community events that have been sponsored by PTPC over the years, clam bakes, support for the Rhody Festival, along with the families they support. The generational learning and commitments that have supported its operations are now fourth generation that I know of.

Our goal is to continue to support PTPC and grow to help fulfill its needs locally for manufactured products to ensure PTPC is viable and running well into the future. We support Local Jobs.

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Please take note of the economic value that Port Townsend Paper Cooperation brings to our community, it is well deserved.

Thank you.

Peter and Cathy Langley

Port Townsend Foundry LLC

360 385-6425



## Appendix C: About Econsult Solutions, Inc.

This report was produced by Econsult Solutions, Inc. (ESI), providing businesses and public policy makers with consulting and thought leadership services in urban economics, real estate, transportation, public infrastructure, economic development, public policy and finance, strategic planning, as well as expert witness services for litigation support.

ESI combines robust quantitative analysis with trusted expert insights to create sustainable solutions. The firm works collaboratively with its clients, and draws in expertise, when necessary, from our network of experts and partners across industries, regions, and management practices. Based in Philadelphia, the firm supports clients nationwide.

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1435 WALNUT STREET, 4<sup>TH</sup> FLOOR, PHILADELPHIA, PA 19102

ECONSULTSOLUTIONS.COM | 215-717-2777