

# Oregon Department of Energy

*Reducing the long-term costs of energy – including environmental and public health*



## Hampton Affiliates sees sustainability as factor in economic development

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*The forest sector employs about 76,000 people and provides about \$5.2 billion in wage and benefit income. From 2001 to 2011, the forest sector contributed \$250-\$375 million dollars in annual tax revenue to state and local governments (Oregon Forest Resources Institute, The Forest Report, 2012)*

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Oregon forests cover half of the state or about 30.5 million acres. Comprised of federal, state, private and tribal lands, the industry generates \$12.7 billion annually. Although the recession in 2009 hindered job growth in rural communities, the industry is improving creating opportunities for family wage jobs, recreation and environmental benefits (OFRI).

Hampton Affiliates, with operations in the United States and Canada, focuses on sustainable forestry and energy conservation. Hampton is one of the nation's largest privately held forest products companies, which includes Hampton Lumber in Oregon.

When asked about company's energy conservation goals Steve Zika, CEO, referred to the Warrenton

Division as a good example. With the support of the Business Energy Tax Credit, the group installed a variety of energy efficiency measures at the Warrenton mill, resulting in reduced energy costs, and greenhouse gas emissions.

Steve Zika spoke more specifically about the inefficient boilers as an example. He says the mill's previous owner used two boilers – a wood-fired boiler with outdated emission controls to burn biomass and a natural gas boiler together to dry lumber. The mill performed an energy audit and found they could cut costs if they replaced the two boilers with one energy efficient wood-fired boiler. This new boiler dispenses enough steam to dry all the lumber using biomass generated from the sawmill residuals.

"In addition to the environmental benefits, we set a goal to drop our drying cost by 50 percent in 2014," says Zika. "We'll accomplish our goal this year."

The wood-fired boiler can be an affordable renewable energy source, during times when natural gas prices exceed the cost of using biomass for heating.

# Hampton Lumber sees sustainability as factor in economic development

In the timber industry, the late John Hampton, founder, was known as a pioneer in sustainability. He inspired his family and employees to view business and community as interdependent.

Zika believes that sustainable forestry and economic prosperity go hand-in-hand, which includes adhering to the [Oregon Forest Practices Act](#), requiring forest landowners to replant after harvest.

“We should only use what we grow and then replant five trees for every one we use,” he said. “This way working families will have trees to harvest in the future.”

Energy Department staff asked Steve Zika the following questions, providing an opportunity for insight into the group’s operations, the value of BETC support and creating jobs.

## **Did the conservation project have any challenges?**

Initially, the Warrenton mill had to purchase biomass from offsite suppliers until we learned how to operate the wood-fired boiler efficiently. Now the mill supplies most of the biomass fuel. Additionally, a big storm with high winds blew off pieces of the fuel storage shed roof. We repaired the roof, which seems to be holding up.

## **Did the project exceed expectations?**

The project itself is close to meeting or exceeding our expectations. We made additional investments in our wood drying kilns to ensure our ability to dry all lumber during the wettest time of year.

## **Did the project create jobs or help sustain jobs?**

Yes. We met our production and hiring goals, employing 132 people at the Warrenton facility. This does not include a variety of indirect jobs in the forestry and trucking industries for example.

In addition, we will likely increase production and add jobs if log export activity subsides and/or we operate state and federal timberlands more sustainably creating additional raw materials.



## **Do you hire like-minded employees? Alternatively, what are the opportunities for new employees to immerse in the organization’s sustainability mindset (i.e. community outreach, events)?**

Hampton Affiliate’s hires people who are leaders in developing and advancing sustainable practices. Without these leaders, our company would not be successful. Beyond just general cash donations, the company employees are very involved in organizations like Adopt-a-Family, Habitat for Humanity, Oregon Food Bank and local arts organizations. Each sawmill has environmental metrics related to electricity, diesel, hydraulics and lubricant usage. The Hampton motto is “A Better Way Every Day” and we are very competitive in trying to improve these metrics every year.

In 2011, the [Willamina Division](#) received the “Strategic Energy Management Practices” award (Editor’s note: Oregon’s Industrial Collaborative, which includes the Oregon Department of Energy, selected the division for industrial energy efficiency. The Governor’s Office award presented the award). The division, which has two mills, noted 1,683,000 kilowatt-hours in energy savings.

We are proud of our employees. For a number of years the Portland Business Journal has recognized us as one of the Most Admired Companies in Oregon.

**Do you believe the Business Energy Tax Credit played a vital role in supporting your business in attaining energy efficiency? What role did the incentives play in the company's decision-making about these projects?**

We are supportive and appreciative of the state's energy incentives programs. During the recent Great Recession, we saw lumber prices drop 60 percent and sales volumes drop by over 50 percent. Without the potential for these incentives, it would have been difficult to borrow more money to fund the economic and environmental improvements to the Warrenton mill and the lumber drying equipment. We operate mills in Oregon, Washington and Canada and these types of public/private partnerships are critical and help us to decide where to make further investments.

**What are Hampton's future sustainability goals?**

Hampton Lumber has a goal of five percent conservation improvement each year. Our employees are very creative at finding conservation ideas. Our biggest sustainability goal is to show Oregonians that our industry is truly green. We talk a lot about the benefits of using locally made renewable wood products rather than importing lumber from other countries. We believe that manufacturing lumber with sustainable practices is great for Oregon.

**About the Oregon Department of Energy's Business Energy Tax Credit Program**

The Business Energy Tax Credit Program began in 1979 to help Oregonians invest in energy conservation, renewable energy resources, rental weatherization and cleaner transportation fuels. In the 35 years of the program's existence, BETC certified about 25,000 projects that helped save, displace or generate more than \$1.6 billion in energy savings or new energy sources. The Oregon Department of Energy now administers business tax credits and grants through the replacement Energy Incentives Program. For more information, please visit [Oregon.gov/Energy/Business/Incentives](http://Oregon.gov/Energy/Business/Incentives)