

2014

# Comprehensive Economic Development Strategy

(CEDS)

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**RESOLUTION 01-14**  
**ADOPTING THE 2014 BENTON-FRANKLIN**  
**COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY**  
**(CEDS)**

**WHEREAS;** the Benton-Franklin Economic Development District is the duly constituted and recognized Economic Planning Organization for the Richland-Kennewick-Pasco Metropolitan Area (Benton and Franklin Counties); and

**WHEREAS;** the Benton-Franklin Economic Development District has reviewed and considered the economic development issues pertinent to this metropolitan area; and

**WHEREAS;** the support and assistance of the Economic Development Administration is required to facilitate improvements in the economic circumstances of this metropolitan area; and

**WHEREAS;** the Benton-Franklin Economic Development District has developed a 2014 Report, pursuant to the Economic Development Administration's "Comprehensive Economic Development Strategy Update Guidelines"; NOW THEREFORE

**BE IT RESOLVED** that the Benton-Franklin Economic Development District has formally adopted the 2014 Benton-Franklin Comprehensive Economic Development Strategy Update, including the established project priorities included therein; and

**BE IT FURTHER RESOLVED** that the 2014 Plan and its project priorities be attached to this resolution and by reference be made part thereof.

**PASSED AND APPROVED** this 17<sup>th</sup> day of January 2014.

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President, Bob Koch

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Attest

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Date

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Geoff Wagner and Len Pavelka, Benton Franklin of Governments' Transportation Department

TRIDEC

Tri-Cities Visitor & Convention Bureau

Cities of Richland, Kennewick, Pasco, West Richland, Prosser, Connell, Benton City, Mesa and Kahlotus

Ports of Benton, Pasco and Kennewick

Washington State Office of Financial Management

Washington State Departments' of Commerce and Agriculture

U.S. Economic Development Administration

National Association of Development Organizations

A special thanks to Benton Franklin Council of Governments' Administrative Assistant, Julia Lopez, for assembling, organizing and publishing the CEDS document.

## Preface

The comprehensive Economic Development Strategy (CEDS) is a local planning process designed to create employment opportunities, improve local conditions, foster more stable and diversified local economies, and provide a mechanism for guiding and coordinating the efforts of local individuals and organizations concerned with the economic development of this area.

The publication is a requirement of the U.S. Economic Development Administration (EDA). Pursuant to 13 C.F.R./-303.7 the EDA requires this document be prepared and approval of this document by EDA is one the prerequisites for the official designation of the area as a redevelopment area. This designation is a necessary step for funding of public works and business development projects.



## District Organization

The Benton-Franklin Council of Governments (BFCG) was initially organized in 1966 as the Benton-Franklin Governmental Conference and included elected officials from Benton and Franklin Counties and all of the cities within the two counties. Other elected officials on the Board include representatives of the Ports of Benton, Kennewick, and Pasco, the Benton-Franklin Transit Authority and Benton PUD.

The Benton-Franklin Economic Development District (BFEDD) was created as a component part of the BFCG in 1980. The District Board includes all of the BFCG elected officials, as well as six persons from the private sector, comprising percent of the membership. Private sector candidates are solicited through notification of BFEDD Board openings in the Benton-Franklin Council of Governments Newsletter and by specific mailing to economic development oriented groups requesting recommendations of individuals with whom they are familiar, who would be productive members of the Board.

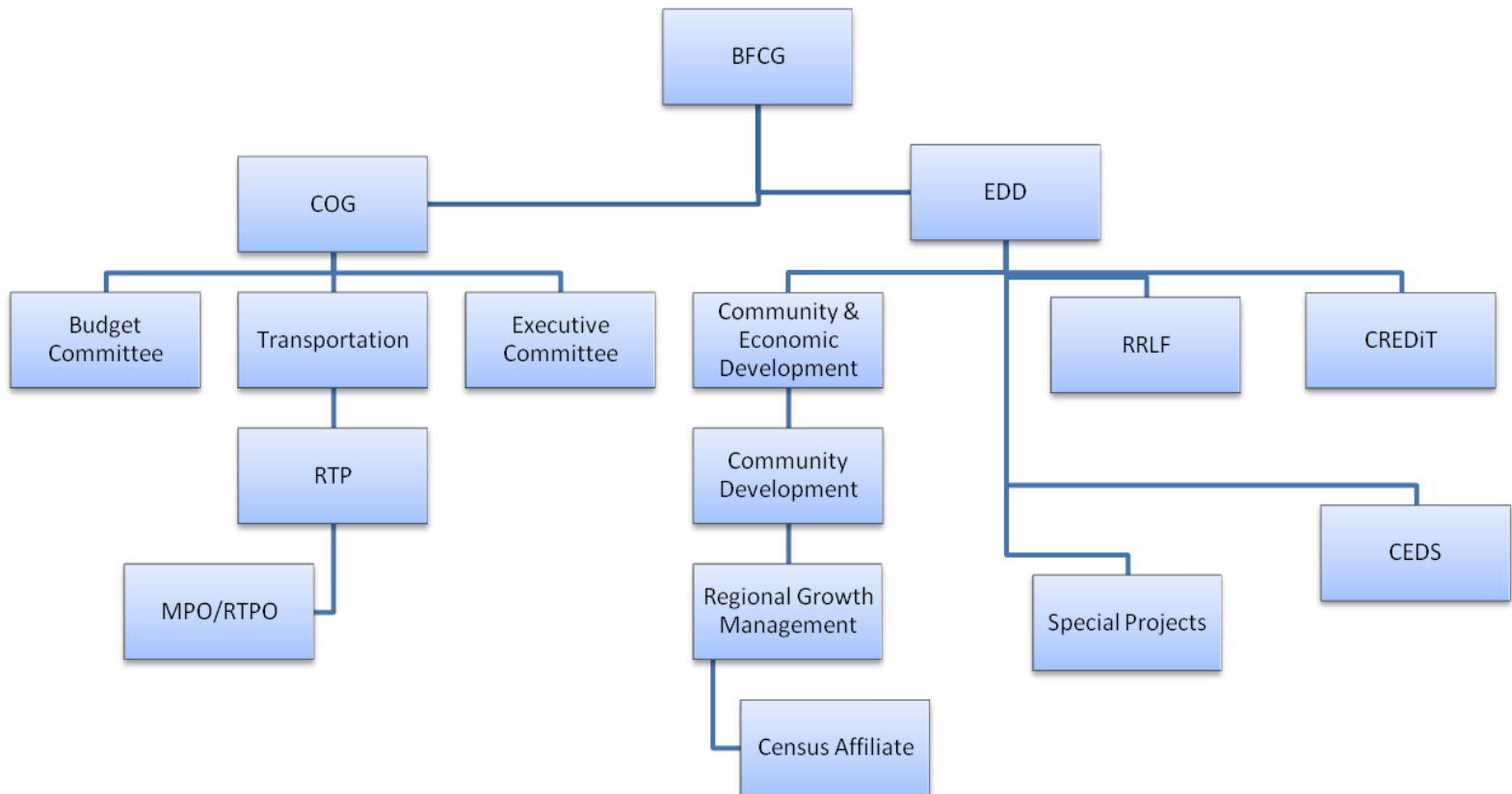
The BFEDD created and maintained the Overall Economic Development Committee since the establishment of the District in 1980. In 1999 the U.S. Economic Development Administration (EDA) changed the Overall Economic Development Program names to the Comprehensive Economic Development Strategy (CEDS).

The chart on the next page shows the BFEDD as an organized component of the Council of Governments. This close relationship encourages economic development planning to be conducted in concert with other regional planning efforts which impact economic development, such as transportation, land use and human resources.

# 2014

## Benton-Franklin Council of Governments

### Organizational Chart



#### Acronyms:

COG— Council of Governments

RTP— Regional Transportation Planning

MPO— Metropolitan Planning Organization

RTPO— Regional Transportation Planning Organization

EDD— Economic Development District

CREDIT— Columbia Regional Economic Development Trust (A Non-Profit Corporation)

CEDS— Comprehensive Economic Development Strategy

# Comprehensive Economic Development Strategy

## 2014

### **County Chairs**

Commissioner Brad Peck

Franklin County

Commissioner Jim Beaver

Benton County

### **Large City Chairs**

Matt Watkins

City of Pasco

Al Yenny (Alternate)

City of Pasco

Bob Olson

City of Kennewick

### **Small City Chair**

Brent Gerry

City of West Richland

### **Port Chair**

Skip Novakovich

Port of Kennewick

### **Economic Development District Members**

Kris Watkins

Carl Adrian

Jesus Melendez

Carol Woo

Deb Heintz

Michelle Mann

# SECTION I

## THE AREA AND ITS ECONOMY



## **SECTION I – THE AREA AND ITS ECONOMY**

### **GEOGRAPHIC CHARACTERISTICS**

The Counties of Benton and Franklin which make up the Benton-Franklin Economic Development District (BFEDD) are located in the South Central portion of the State of Washington. The State itself is located in the northwest corner of the contiguous United States. It is bounded on the north by Canada, on the east by Idaho, on the south by Oregon and to the west by the Pacific Ocean.

Washington is known as the Evergreen State and is viewed by many as a land of forests and frequent rains. Benton and Franklin Counties however, are located east of the Cascade Range of mountains and average only six-to-eight inches of rainfall per year in the lower elevations and ten inches or more for the Horse Heaven Hills and higher elevations. The sun shines approximately 280 days a year and is an attractive feature of the region. Close to seventy percent of the precipitation comes in the six month period from November through April though during periods of the weather phenomenon known as La Nina significant amounts of rainfall can occur during May and June as well.

Benton and Franklin Counties combined occupy a total of 2975 square miles ranking them 22<sup>nd</sup> and 27<sup>th</sup> respectively out of the state's 39 counties. Benton County covers 1,772 square miles and ranks 22<sup>nd</sup>. Its county seat is at Prosser. Franklin County covers 1,244 square miles and ranks 27<sup>th</sup>. Its county seat is Pasco. Taken as a unit, the two counties are bounded by Grant and Adams counties to the north; Yakima and Klickitat counties on the west; Whitman, Columbia and Walla Walla counties on the east and the southern border is formed by the Snake and Columbia Rivers and the State of Oregon.

Elevations range from 300 feet above sea level at the lower points to over 3,000 feet in the higher reaches of the Rattlesnake Hills in Benton County. The terrain is generally basin and bottomland interspersed with upland plateaus.

Three major rivers dominate the geography of the region: the Columbia, Snake and Yakima. The cities of Kennewick, Richland and Pasco are located on the banks of Lake Wallula, created after the construction of the McNary Dam, at the confluence of these three rivers. The Horse Heaven Hills, which lie southwest of this metropolitan area, provide the community with its southern horizon. The rivers provide a sharp contrast to the warm dry surrounding landscape, the majority of which is either under irrigation or dry-land cultivation. The rivers give the region its most enduring character providing abundant water for irrigation and energy, a major transportation hub (water, rail, air and road), and a major recreation source.

The climate of the bi-county region is described as mild and dry. During the summer the maximum temperatures generally exceed 90 degrees Fahrenheit on about half of the days in July and August. The average night temperature in July and August is 59 degrees Fahrenheit. In the winter the daily maximum temperatures average 40.5 degrees in January and 48.8 degrees in February. The daily minimums average 24.5 degrees and in January and 30.1 degrees in February. The average yearly temperature is 55 degrees. The growing season in the region varies from 152 frost-free days at Prosser to 194 frost-free days in Richland and 215 days on the Horse Heaven Plateau. The northerly latitude of the area means long hours of daylight and an abundance of sunshine during the growing season.

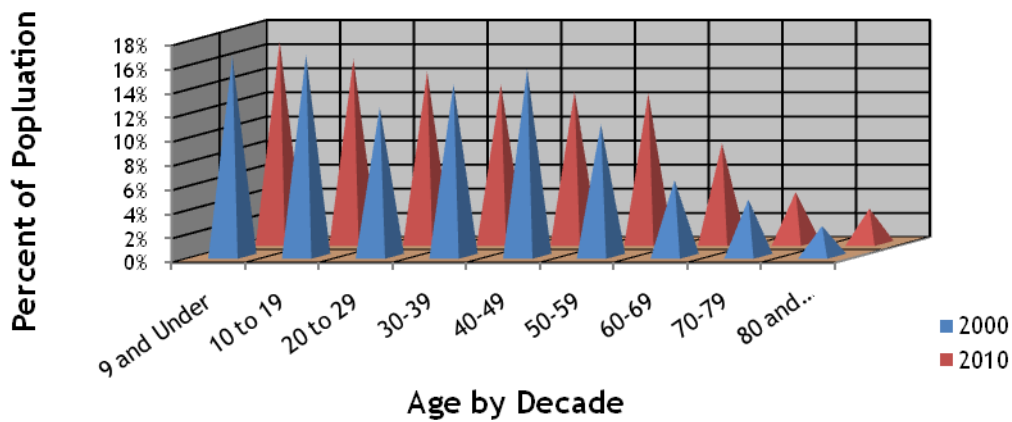
The bi-county area has excellent air quality meeting all national air quality standards for the six major air pollutants of national concern.

## **DEMOGRAPHIC CHARACTERISTICS**

The 2014 Comprehensive Economic Development Strategy has based its current information on materials prepared by Ajsa Suljic, Employment Security Department, and Regional Labor Economist.

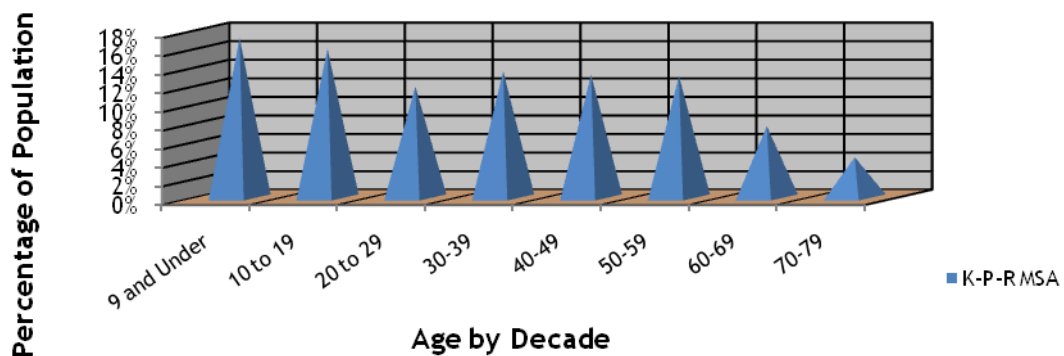
The 2012 Comprehensive Economic Development Strategy based, because of the release date for the 2010 Census, its information and analysis on the American Community Survey 3-year population estimates. In addition to those, which are included in this document (2014 CEDS) for comparison, the 2014 document includes updates provided by the local Employment Security Department and a publication produced by the Benton-Franklin Council of Governments' Transportation Department for the most recent information available.

## MPO 2000 Population and 2010 Population Age by Decade



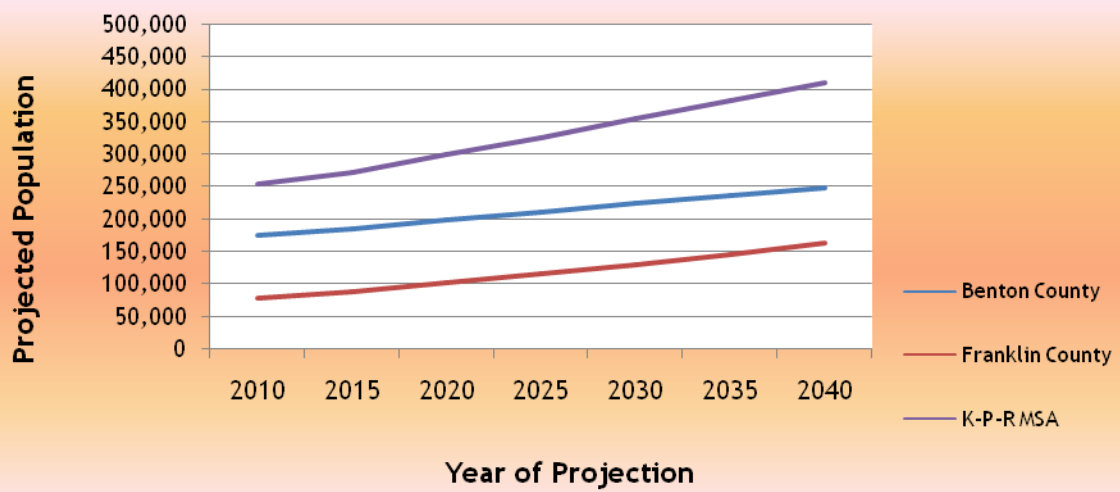
Source: 2006-2010 American Community Survey, Table S1701-Poverty Status in the Past 12 Months

## Kennewick-Pasco-Richland MSA 2010 Population Age by Decade



Source: 2006-2010 American Community Survey, Table B19001-Household Income

**Benton, Franklin, K-P-R MSA  
2010-2040 Projected Population Growth - OFM Medium Series**

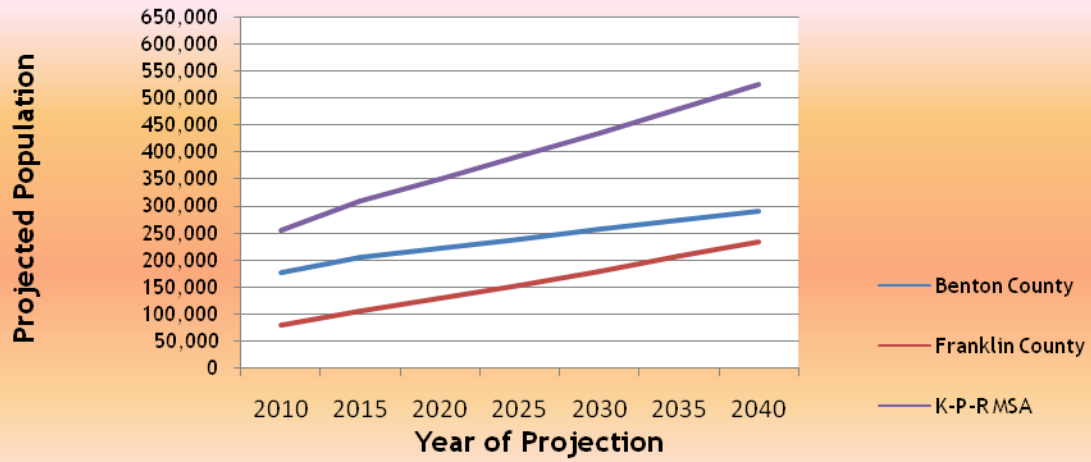


**BENTON, FRANKLIN, KENNEWICK-PASCO-RICHLAND AND MSA  
2010-2040 PROJECTED POPULATION GROWTH - OFM MEDIUM SERIES**

|                 | 2010    | 2015    | 2020    | 2025    | 2030    | 2035    | 2040    |
|-----------------|---------|---------|---------|---------|---------|---------|---------|
| Benton County   | 175,177 | 184,882 | 197,806 | 210,803 | 223,689 | 236,007 | 247,856 |
| Franklin County | 78,163  | 87,755  | 100,926 | 115,142 | 130,284 | 146,103 | 162,900 |
| MSA             | 253,340 | 272,637 | 298,732 | 325,945 | 353,973 | 382,110 | 410,756 |



**Benton, Franklin and K-P-R MSA,  
2010-2040 Projected Population Growth - OFM High Series**



**BENTON, FRANKLIN AND KENNEWICK-PASCO-RICHLAND MSA  
2010-2040 PROJECTED POPULATION GROWTH - OFM HIGH SERIES**

|                 | 2010    | 2015    | 2020    | 2025    | 2030    | 2035    | 2040    |
|-----------------|---------|---------|---------|---------|---------|---------|---------|
| Benton County   | 175,177 | 204,292 | 221,552 | 238,812 | 256,072 | 273,332 | 290,592 |
| Franklin County | 78,163  | 104,430 | 128,310 | 153,318 | 179,327 | 206,066 | 233,862 |
| K-P-R MSA       | 253,340 | 308,722 | 349,862 | 392,130 | 435,399 | 479,398 | 524,454 |

Housing, which is an indicator of population growth and the accommodation of the existing and expanding work force, has started to level off after the torrid growth of the previous decade. The State of Washington saw more homes sold July through September 2013 since the beginning of the recession in December 2007. The bi-county area, however, did not follow suit as it was only one of two metropolitan markets in the state reporting slower home sales, according to data released for the second quarter of 2013, by the Runstad Center for Real Estate Studies at the University of Washington. This is one more indicator that the decrease of almost 4000 jobs with another 450 potential layoffs this winter at Hanford, continues to ripple through the area's economy.

The following demographic information including workforce supply was prepared by Ajsa Suljic, Regional Labor Economist for the Washington State Department of Employment Security.

## **LABOR FORCE**

For the Kennewick-Pasco-Richland Metropolitan Statistical Area (MSA that includes both Benton and Franklin Counties), the May 2013 preliminary unemployment rate was 8.7 percent, down from 8.8 percent in May 2012.

Preliminary May 2013 estimates for the combined counties show the total civilian labor force was down by 1.7 percent, from 133,560 in May 2012 to 131,310 in May 2013. The number of employed residents was 119,940 in May 2013, down 1.6 percent from 121,860 in May 2012. At the same time the number of unemployed workers decreased by 2.8 percent from 11,700 in May 2012 to 11,370 in May 2013.

## **INDUSTRY EMPLOYMENT**

As employment and income is analyzed for the bi-county Economic Development District (EDD) it becomes readily apparent that there are significant differences between the two counties. Benton County is the home of the Hanford Nuclear Reservation which is in the process of being cleaned up and closed. Hanford and Benton County benefitted from the federal ARRA program but as those funds are spent, activities at Hanford are being curtailed. Construction accounted for 5.2 percent of the total average annual employment in the county with 4,124 jobs in 529 establishments. The average annual wage in construction was \$52,672 in 2012. Over the past five years average employment in construction has been decreasing by 3.2 percent a year. Over the year, however, construction decreased by 11.8 percent. The construction employment loss in 2012 is a direct reflection of the continuing Hanford down cycle that has driven construction activities down in 2012 after growth in 2011 of 7.6 percent.

Manufacturing represents 5.3 percent of Benton County's employment, construction 5.2 percent and agriculture 6.1 percent.

Service providing industries are a major share (82.3 percent) of the county's economy. There was an average of 64,971 jobs in 4,504 establishments, which paid an average wage of \$50,837 in 2012. Over the year, due to layoffs from Hanford service-providing industries decreased by 5.2 percent, or by 3,552 jobs.

The finance and insurance industry sector was the fastest growing in 2012 with a 6.0 percent change over the year.

The administrative and support and waste management and remediation industry sector has driven employment decreases with an over-the –year decline of 15.5 percent, or 1,771 jobs. Most of the losses from this industry are coming from Hanford, due to completion of stimulus funded projects. Average employment in this sector was 9,482 in 249 establishments, with annual average wages of \$75,517. Losses in this sector have historically had a greater impact on the community than would normally be anticipated.

The professional, scientific and technical services industry is the largest private industry in Benton County with a 12.2 percent share of total employment and has the highest average wage of \$85,216 in 2012. Over the year, this industry contracted by 12.8 percent as the result of federal budget cuts for the Hanford cluster.

Retail trade is the third largest employing industry in Benton County, representing 10.9 percent of total employment.

Healthcare and social assistance employment in the private sector was 8,147 jobs, which represented about 10.3 percent of total employment in 2012 with an increase of 3.6 percent from 2010. This industry is one of the fastest growing private industries in Benton County with a five-year average annual growth rate of 3.2 percent since 2008. The average annual wage in this industry was \$43,165, in 446 establishments.

Franklin County is much more dependent on agriculture than is Benton County. In Franklin County agriculture represents 21.1 percent of total employment. In Benton County, agriculture represents 6.1 percent of total employment.

Goods-producing industries, which include natural resources, mining, construction and manufacturing, increased in employment from 2011 to 2012 by 4.9 percent or 520 jobs. Average monthly employment in 2012 was 11,093 workers and annual wages totaled \$337.6 million, which translates to \$30,433 average annual wage for goods-producing workers.

Manufacturing represents about 10.2 percent of total covered employment with average annual pay of \$36,201 and a five year annual growth rate of 9.5 percent. Construction accounted for 4.8 percent of the average with an annual average wage of \$47,172 in 2012. Since 2007, construction employment decreased on average by 1.5 percent annually, showing volatility in housing demand and incentives over the past five years.

Agriculture, as previously mentioned, is one of the base industries in the area and accounts for 21.1 percent of total employment in the county. The average annual wage in agriculture was at \$23,785, mainly due to the seasonality of agricultural activities. Franklin County's crop production represents 70.7 percent of the total agricultural cluster, which is largely in non-citrus fruit farming, including apple orchards, grape vineyards and other produce. Support activities shared 20.4 percent of employment, which includes post-harvest crop activity.

Service-providing industries have a 63.8 percent share of Franklin County's total employment. There was an average of 19,518, which paid an average annual wage of \$36,424 in 2012. Over the year, service-providing jobs increased by 2.4 percent or by 456 jobs.

Retail trade is the largest employing private service industry in Franklin County, representing 9.3 percent of the total employment and third largest of all industries after agriculture and manufacturing. In 2012, this industry had an average of 2,901 jobs, which paid an average annual wage of \$30,372.

Healthcare and social assistance employment in the private service sector was 11,894 jobs, which represented about 6.2 percent of total employment in 2012. The average annual wage in this industry was \$40,372.

Public administration is the largest service-providing industry in Franklin County with 18.9 share of total employment. This industry had an average annual employment of 5,798 in 2012. It paid an average annual wage of \$43,592. The largest share of employment in this industry is in local school administration, providing services to youth.

## **WAGES AND INCOME**

*(Source: Employment Security Department; Bureau of Labor Statistics; Bureau of Economic Analysis; U.S. Census Bureau, American Community Survey – prepared by Ajisa Suljic, regional labor economist)*

In 2012, there were 30,608 jobs in Franklin County covered by unemployment insurance, with a total payroll of over \$1.05 billion.

The average annual wage was \$34,358, well below the state's average of \$51,964. The median hourly wage in 2011 was \$15.38, below the state's median hourly wage of \$21.59.

In 2012, there were 78,763 jobs in Benton County covered by unemployment insurance, with a total payroll of over \$3.8 billion.

The average annual wage was \$48,883, below the state's annual average of \$51,964. The median hourly wage in 2011 was \$23.23, above the state's hourly wage of \$21.59.

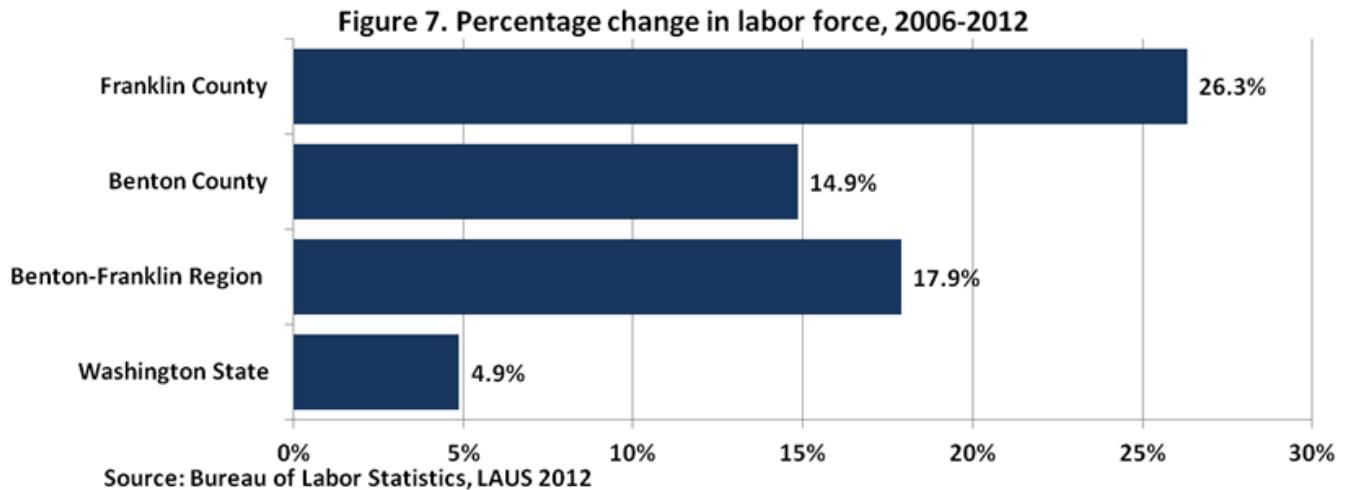
In 2011, Franklin County's personal income was 42.4 million, which translates to \$29,711 per capita personal income. Franklin County's per capita personal income was 32.3 percent less than the state (\$43,878) and 28.9 percent less than the nation (\$41,560).

According to the U.S. Census Bureau Quickfacts, the median household income was \$50,731 in the period 2007 to 2011. The county's median was less than that of the state (\$57,244) and of the nation (\$58,890) during the same period.

Franklin County's poverty rate of 20.9 percent was higher than Washington State's rate of 12.5 percent and the nation's rate of 14.3 percent in the period 2007 to 2011, according to Census Bureau's Quickfacts.

Percent Change in Labor Force – (Prepared by Ajsa Suljic, Regional Labor Economist, Washington State Employment Security Department)

|                        |           |
|------------------------|-----------|
| Labor Force Change     | 2011-2012 |
| Washington State Total | -0.1%     |
| Ken-Pas-Rich (MSA)     | -1.6%     |
| Benton County          | -2.4%     |
| Franklin County        | 0.5%      |



1. Labor Force participation rate

2. Regional Labor market

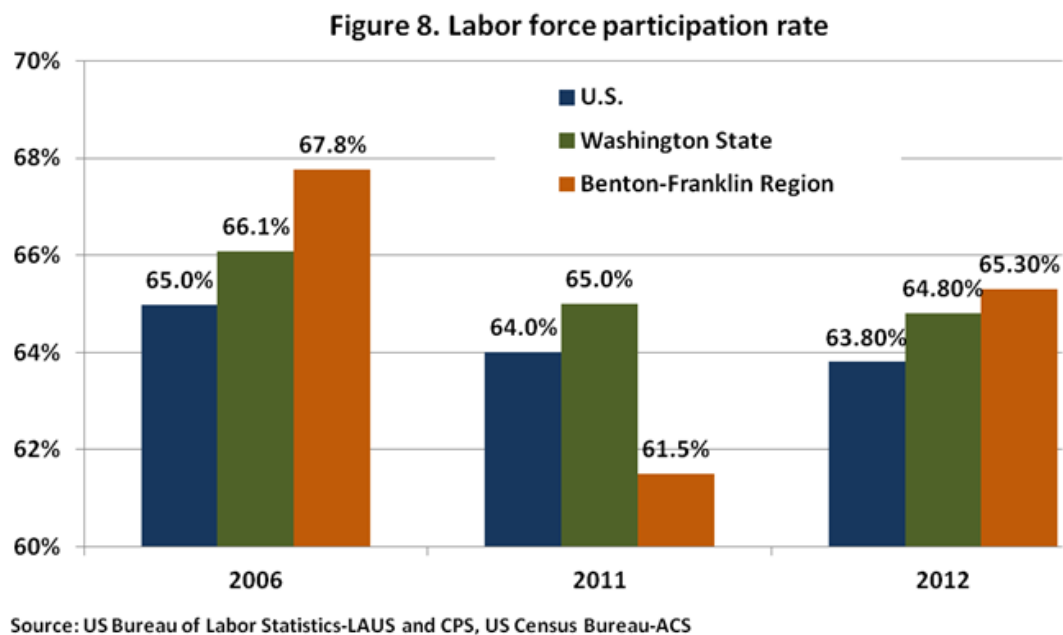
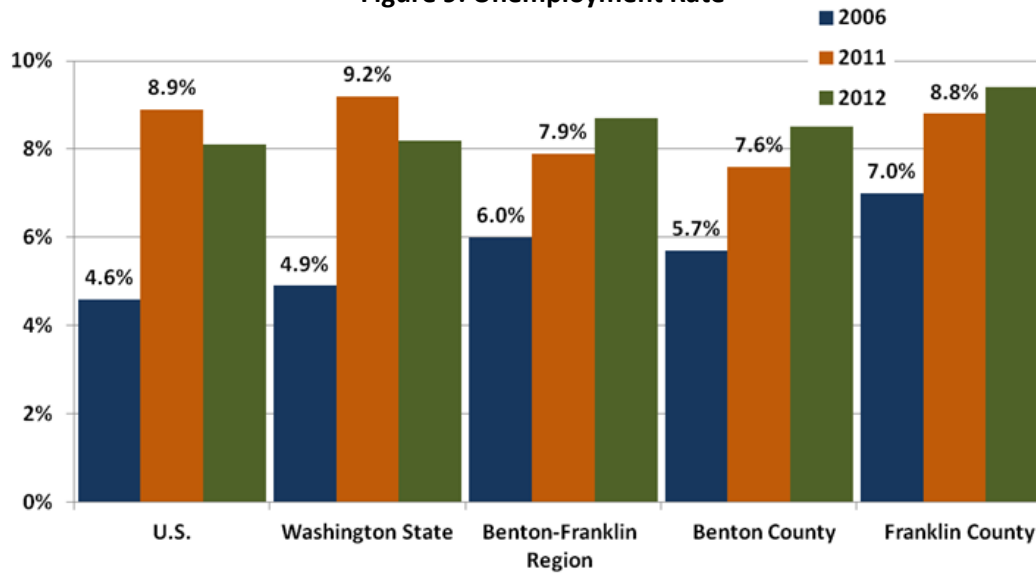


Figure 9: Unemployment Rate



Source: Bureau of Labor Statistics-LAUS and CPS

### 3. Inflow/outflow

#### Outflow Job Characteristics (All Jobs)

2011

|  | Count  | Share  |
|--|--------|--------|
| External Jobs Filled by Residents                                    | 28,696 | 100.0% |
| Workers Aged 29 or younger   | 7,865  | 27.4%  |
| Workers Aged 30 to 54  | 15,249 | 53.1%  |
| Workers Aged 55 or older   | 5,582  | 19.5%  |
| Workers Earning \$1,250 per month or less                            | 8,420  | 29.3%  |
| Workers Earning \$1,251 to \$3,333 per month                         | 11,516 | 40.1%  |
| Workers Earning More than \$3,333 per month                          | 8,760  | 30.5%  |
| Workers in the "Goods Producing" Industry Class                      | 7,314  | 25.5%  |
| Workers in the "Trade, Transportation, and Utilities" Industry Class | 8,033  | 28.0%  |
| Workers in the "All Other Services" Industry Class                   | 13,349 | 46.5%  |

#### Inflow Job Characteristics (All Jobs)

2011

|  | Count  | Share  |
|--|--------|--------|
| Internal Jobs Filled by Outside Workers                              | 27,732 | 100.0% |
| Workers Aged 29 or younger   | 7,687  | 27.7%  |
| Workers Aged 30 to 54  | 14,265 | 51.4%  |
| Workers Aged 55 or older   | 5,780  | 20.8%  |
| Workers Earning \$1,250 per month or less                            | 8,106  | 29.2%  |
| Workers Earning \$1,251 to \$3,333 per month                         | 10,596 | 38.2%  |
| Workers Earning More than \$3,333 per month                          | 9,030  | 32.6%  |
| Workers in the "Goods Producing" Industry Class                      | 7,116  | 25.7%  |
| Workers in the "Trade, Transportation, and Utilities" Industry Class | 6,955  | 25.1%  |
| Workers in the "All Other Services" Industry Class                   | 13,661 | 49.3%  |

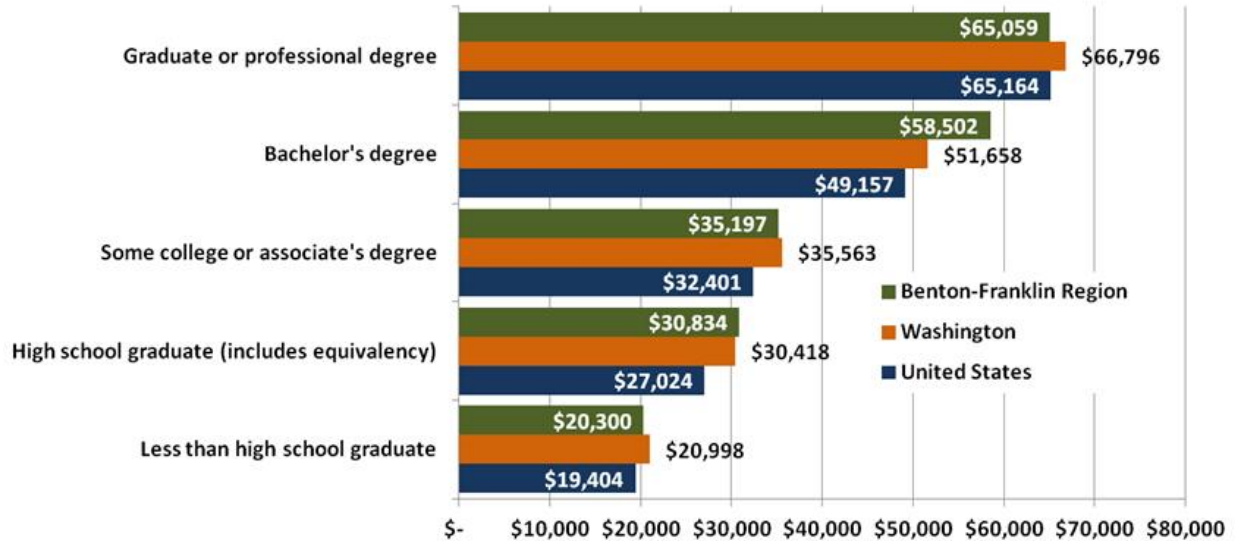
## Interior Flow Job Characteristics (All Jobs)

2011

|  | Count  | Share  |
|--|--------|--------|
| Internal Jobs Filled by Residents                                    | 80,976 | 100.0% |
| Workers Aged 29 or younger   | 18,300 | 22.6%  |
| Workers Aged 30 to 54  | 44,934 | 55.5%  |
| Workers Aged 55 or older   | 17,742 | 21.9%  |
| Workers Earning \$1,250 per month or less                            | 17,978 | 22.2%  |
| Workers Earning \$1,251 to \$3,333 per month                         | 26,142 | 32.3%  |
| Workers Earning More than \$3,333 per month                          | 36,856 | 45.5%  |
| Workers in the "Goods Producing" Industry Class                      | 13,166 | 16.3%  |
| Workers in the "Trade, Transportation, and Utilities" Industry Class | 11,854 | 14.6%  |
| Workers in the "All Other Services" Industry Class                   | 55,956 | 69.1%  |

### 4. Earning by educational attainment

Figure 10: Earnings by Educational Attainment



Source: US Census Bureau-ACS 2012



## **TRANSPORTATION, RESOURCES, ENVIRONMENT**

### **PUBLIC UTILITIES**

Each of the Cities in the bi-county area provides municipal; water and sewage treatment for their communities. Municipal water rates vary from a flat charge or special rate, to established rates based on the volume of water used and the size of the meter installed. The State of Washington Department of Health requires organic and inorganic chemical analysis of all municipal water supplies to be performed periodically to assure compliance with state water standards for municipal systems. Municipal sewer rates are typically a flat or special rate. Each of the cities within the bi-county area monitors their utility's capabilities and press to upgrade water and sewer capacity to serve additional industrial and commercial businesses.

### **PUBLIC SCHOOLS**

Seven public school districts and several private and vocational schools serve the nine municipalities and the unincorporated areas of Benton and Franklin Counties. Columbia Basin College at Pasco offers associate of arts and science programs and Washington State University, Tri-Cities (WSUTC) at Richland offers Baccalaureate, graduate and professional programs in the arts and sciences. A special feature at WSUTC is the completion of the Bio-products, science and engineering laboratory (BSEL) on campus in partnership with the Pacific Northwest National Laboratory (PNNL). In addition, a new high school based on science, technology, mathematics and engineering (STEM) has recently been developed in association with the three Tri-Cities school Districts.

### **HOSPITALS & CLINICS**

Four Hospitals serve the bi-county area. Kadlec Hospital in Richland and Our Lady of Lourdes in Pasco are operated privately. Kennewick General Hospital (TRIOS) and Prosser Memorial Hospital are public. There has been significant growth at all of the hospitals and plans have either been completed or are underway to expand services into the underserved rural areas of Benton and Franklin Counties. The Tri-Cities Cancer Center and numerous medical clinics additionally serve the bi-county area. Coordination between medical providers in the region is excellent and ongoing.

## **FIRE PROTECTION**

There are four municipal fire departments in the bi-county region (Richland, Kennewick, Pasco and Connell). The remainder of the bi-county area is protected by a number of county fire protection districts. All of the municipal departments and rural fire districts have a mutual aid agreement in place. The Hazardous Materials Management and Emergency Response (HAMMER) Training Center located in Richland provides emergency hazardous material handling training for local, regional and international emergency response teams. In addition, the HAMMER facility trains employs for the Hanford Nuclear Reservation in clean-up of hazardous materials.

## **CULTURAL & REGIONAL FACILITIES**

Four season cultural and recreational opportunities are offered throughout the Tri-Cities MSA for resident and tourist interests. The Tri-Cities Visitor and Convention Bureau located in Kennewick provide a list of scheduled events and the location of cultural and recreational features or attractions. In addition, construction is underway for the Hanford Reach Interpretive Center with completion expected early this summer. There has also been legislation introduced in Congress to establish a National Park recognizing the Manhattan Project, which would include the B Reactor at Hanford as well as facilities at other Manhattan Project sites.

## **TELECOMMUNICATIONS**

The bi-county area enjoys a state-of-the-art telecommunications infrastructure, which exists in all but a small number of rural areas in the region. This infrastructure includes a vast network of fiber optics and integrated services digital network (ISDN) as well as digital technology. Through grants from the federal government the area has been able to extend and is continuing to extend broadband throughout the bi-county area. The City of Richland has been expanding its broadband to serve the community. They recently received a loan through one of the EDD's programs to address the needs of third party users.

## **TRANSPORTATION**

Surveys focusing on the locational decisions of new firms in Eastern Washington both manufacturing and non-manufacturing demonstrates a high dependence on the transportation system. Over seventy-five percent of manufacturing firms in the region rely on motor freight to deliver or receive products. Forty-three percent of manufacturing firms, particularly food processing businesses, and fifty-four percent of retail/service indicate that locating near an interstate highway was an important factor in their location decision.

When considering locating near a high traffic location thirty-one percent of manufacturing firms and sixty-one percent of the retail/service firms indicated it was an important factor in their business location decision.

With regards to other modes of transportation, twenty-three percent of manufacturing firms, particularly industrial machinery manufacturing firms, and twenty percent of retail/service firms indicated that having convenient airfreight service was an important factor in their location decision. Export firms rely more on marine and inland barge transportation.

The Tri-Cities MSA, central in the northwest, is linked to national east-west freeway access by I-90 and I-84 via interstate highways I-82, I-182 and four lane state highways, US 395, and SR 240. State highways SR 17, SR 24, SR 26, SR 260, and SR 263 and US 12 additionally link the Tri-Cities to the Columbia Basin and the Palouse.

The major airport in the Tri-Cities is owned and operated by the Port of Pasco, which is classified as a “primary” airport by the National Plan Airport Integration Systems (NPAIS). It is a non-hub air carrier airport serving southeast Washington and northeast Oregon. Scheduled air service includes Horizon air service to Seattle, Delta Connection service to Salt Lake and Allegiant air service to Las Vegas and other points to the south. More recently United Air Lines commenced air service to San Francisco and Denver.

Air traffic control and safety includes the Federal Aviation Administration’s investment in the state of the art ASR-9 Radar/TRACON/Air Tower Facility providing coverage to more than a seventy-five mile radius including surrounding airports. The City of Pasco provides 24-hour Aircraft Rescue Fire Fighting (ARFF) services at the onsite airport owned fire station where structural fire protection and ambulance services are also provided.

The terminal building offers passenger comfort and convenience from arrival to departure with services ranging from restaurant and gift/specialty shops to rental cars. The existing parking area has been expanded to accommodate the increase in air traffic and there are currently plans to expand the terminal building as well. This will be about a \$42 million expansion and will begin this spring.

Business and general aviation services are provided by full line fixed base operator Bergstrom Aircraft, Inc. air ambulance Critical air Inc. and package freight by Federal Express.

The Richland Airport (Port of Benton) is a general aviation airport with two paved runways, one of which has recently been extended, and a localizer instrument system. Vista Field at Kennewick (Port of Kennewick) is a basic utility with one paved runway and no instrumentation and will be closed to air traffic at the end of 2013.

The region is served by two of the nation's largest railroads. Burlington Northern Santa Fe extends southwest to Portland, northwest to Seattle and northeast to Spokane linking rail service from west coast to east coast destinations. This railroad operates a large, modern computerized classification and hump yard at Pasco and is connected to Union Pacific and Tri City Railroad Company. BNSF also serves the City of Richland and Port of Benton Industrial areas.

The Union Pacific Railroad (UP) also has large, modern, computerized regional classification yard at Hinkle, Oregon, located 46 miles south of the Tri-Cities and is connected to the Tri City Railroad Company in Kennewick and extends into Richland. The UP provides connections/servicers to Portland, San Francisco, Los Angeles, the Great Lakes region and the Gulf of Mexico. The UP operates the largest fleet of refrigerated cars in the U.S.

Amtrak provides passenger service via a multi-modal station in Pasco and interconnects at Spokane and Portland with all areas of the U.S.

Rail lines with annual traffic densities less than five million gross ton-miles per mile are considered to be light density. Regional light density lines include: the TRI City Railroad Company, which operates from Kennewick to Richland and the Hanford Reservation; the Blue Mountain Railroad which operates from Wallula the vicinity easterly to Walla Walla then extends southerly to Weston, Oregon, and northwesterly to Dayton in Columbia County; and the Columbia Basin Railroad which separates from the BNSF mainline at Connell and has branch lines that extend through Adams to Grant County.

Washington's branch lines handle local traffic that, if not moved by the railroads, would either move by truck over state and local roads, or would cease to move altogether, which would cause businesses to close or relocate.

The Columbia and Snake Rivers provide barge and container service to the Port of Portland. Eight large dams and lock systems provide slack water passage up the Columbia River to the Tri-Cities and on up the Snake River to Lewiston, Idaho, a distance of 465 miles. The Columbia/Snake system is one of the largest general export outlets on the America's Pacific Coast handling, in 2007, 10 million metric tons annually, with a growth potential three times that volume. The docks at the Port of Benton are used for the receipt of the heavy cargoes destined for Hanford.

There are 17 barge terminals in the mid-Columbia and Snake River navigational region. Those within our region are the Ports of Benton, Kennewick, Pasco, Walla Walla and Kahlotus. Boise owns and operates the Wallula pulp mill and ships pulp by barge to Portland for export. Seven more ports lay upriver, the last at Lewiston, Idaho.

There has been ongoing discussion regarding the breaching of the Snake River dams in order to enhance endangered salmon and steelhead species. Removing the Snake River dams would affect power generation, irrigation of farm lands, recreational activities, and water transportation upstream from Pasco to Lewiston, Idaho. If such actions are implemented there will be severe impacts to the economy of the region, the state and the entire northwest, as well as increased need for rail and highway facilities to move freight and goods. Port facilities on the Columbia River in Benton and Franklin Counties would have considerably increased significant need for capacity improvements.

With the loss of water transportation on the Snake River there would be a strong modal shift to rail and trucking companies, increasing reliance on the existing highway system. To appreciate the scale of such a shift of freight and goods, one tug can move up to five barges. Just one typical 4-barge tow can move approximately 15,000 tons of grain. It takes 480 trucks or 140 rail cars to move the same quantity. With ten million tons of annual river cargoes on the upper river system, this would equate to about 320,000 truckloads or over 93,000 rail carloads per year. The rail and highway systems could not accommodate such increased demands without major capacity improvements and increased budgets for maintenance and operations. Additionally, the loss of a competitive mode (river barges) would likely result in increased transportation rate costs by the remaining modes. The economic impacts of dam removal and significant river drawdown would be far reaching.

To handle the increase in cargo shipped by rail, the Port of Pasco has installed a new spur long enough to fit an entire unit train within Big Pasco for general freight and has added new track at their container terminal to allow the building of longer container freight trains. Additional rail improvements are planned to increase the efficiency of rail movements into and out of Big Pasco. In addition, the Port of Pasco and City of Pasco have joined forces to extend a spur into City of Pasco Industrial property adjacent to Big Pasco.

## **POWER GENERATION**

The Bonneville Power Administration (BPA) is a not-for-profit federal agency, under the U.S. Department of Energy, that markets wholesale power and operates and markets transmission services to the Pacific Northwest. The power is produced by 31 federal dams and one non-federal nuclear plant and sold to over 140 Northwest utilities. Within the Tri-Cities MSA, hydroelectric power is produced at McNary dam on the Columbia River and Ice Harbor dam on the Snake River. Energy Northwest operates the Columbia Generating Station, a thermonuclear power production reactor north of Richland on the Columbia River. There are three additional hydroelectric dams within fifty miles of the Tri-Cities. BPA's total power production capabilities are approximately 8,000 average megawatts.

To reduce a portion of the electrical energy demand BPA chose to fund conservation, reduce industrial demand during periods of critical shortages through demand reduction programs and pursue renewable power generation including wind power. Since January 2000 approximately 4000 megawatts of new capacity has come online in the Northwest.

The region remains in surplus under medium and medium low growth scenarios through 2012 but with medium-high demand growth the region is somewhat deficit through the 2013 period. The Northwest Power and Conservation 6<sup>th</sup> Power Plan, shows that there will be a potential deficit over the next few years.

## **BPA ELECTRICAL GRID**

The Northwest currently has limitations on its ability to move power from where it is produced to where it is needed, which leaves the Northwest potentially vulnerable to the same sort of transmission problems that have afflicted California and the Northeast. Much of the proposed generation clusters in a few areas near existing natural gas pipelines and electric transmission lines. Some of the transmission lines over which this new power must be conveyed are constrained, have pinch points where transmission needs may exceed the capacity of the lines. For example, BPA has significant limitations on its ability to move power from eastern Montana to Seattle and from near the McNary Dam area to Portland.

The BPA owns about 80% of the transmission system. Bonneville also markets about 45% of the wholesale electricity in the region, much of it low-cost hydropower from dams on the Columbia and Snake rivers.

## **COLUMBIA GRID**

Columbia Grid is the most recent entity created to improve the operational efficiency, reliability, and planned expansion of the Northwest interconnected transmission system. The non-profit corporation was formed by operators of the interconnected transmission system to integrate the use and expansion of their systems in order to achieve needed improvements efficiently and cost effectively while taking into account environmental concerns and other regional interests.

## **ELECTRICAL DISTRIBUTION**

The distribution of electrical energy in the Tri-Cities area is provided primarily by several publicly owned and privately owned co-op utilities:

1. Benton County Public Utility District
2. Benton Rural Electric Association
3. Franklin County Public Utility District
4. City of Richland, Energy Services Department
5. Big Bend Electric Cooperative

Each is empowered to purchase electric energy, to sell electric energy at wholesale or retail rates and to acquire, construct and operate generating facilities for the transmission and distribution of electrical energy. Each public utility has a defined service area and all cooperate to best serve the customer needs of the bi-county area.

## **NATURAL GAS**

Two interstate natural gas supply lines cross the Tri-Cities MSA. The Pacific Gas and Transmission Company extends two parallel, 36 and 42 inch lines from Alberta, Canada across the southeast corner of Benton County to the San Francisco Bay area. The Northwest Pipeline Company extends the other gas supply line with a maximum size of 30-inches from Vancouver BC to Vancouver, WA then up the Columbia River to Plymouth where a separated line supplies the Tri-Cities.

## **REFINED PETROLEUM**

The Chevron Pipeline is a common carrier pipeline that transports refined petroleum products such as diesel and gasoline from Salt Lake City to Pasco and Spokane, where it connects with the Yellowstone Pipeline (Billings, Montana to Spokane and Moses Lake). Chevron's pipeline consists of two parallel six-inch lines extended from Salt Lake City to Pasco then an eight-inch line to Spokane. When demand exceeds supply for a given product in Pasco, additional product is barged up from Portland.

# SECTION II

## ANALYSIS OF ECONOMIC DEVELOPMENT PROBLEMS AND OPPORTUNITIES





## **SECTION II –ANALYSIS OF ECONOMIC DEVELOPMENT PROBLEMS AND OPPORTUNITIES**

### **INVESTMENT STRATEGIES**

In 2005 a study was undertaken involving the entire region spearheaded by our regional Associate Development Organization. The consultant selected to perform the Regional Assessment was Angelou Economics. The Economic Development District (EDD) was involved in the process as were all of the cities and both counties. The cities of Kennewick and Richland each received a report on their communities as well as the regional report. In addition, there have been a number of reports prepared for the region including a workforce report compiled and produced by Pathfinders, a consulting group from Dallas, Texas and a Washington State Study that was done in 1988. The state study was done during a period of loss of employment at both the Hanford Site and Washington Water Power now known as Energy Northwest.

According to the Angelou study the region has a number of strengths as well as some significant weaknesses as it relates to the economy of the region. The major strengths that came out of the study were; quality of life; Central location with a variety of transportation options; growing population; low cost of living; educated, technically skilled workforce; small town atmosphere; expedited permitting process; strong retail presence. The major weaknesses included, lack of 4-year institution; lack of regional community cohesiveness; poor business climate; declining percentage of young professionals, vulnerable tax base; few entertainment options.

In response to the results of the Angelou Study of the area, led by the Pacific Northwest National Laboratory and Tri Cities Development Council (TRIDEC) as well as other members of the community, a Community Forum was initiated. This group met on numerous occasions to discuss and implement issues presented in the study. The overriding goal of all community economic development activities addresses “Diversification”. This originated with the Washington State Tri-Cities study in 1988 which led to the creation of the Tri-Cities Diversification Board. This Board was staffed by the state and was responsible for providing projects in collaboration with the local economic development agencies. These projects were submitted as grant applications and addressed the goals and objectives adopted by the communities in the area. These projects also were in line with what the communities determined their priorities were.

Diversification has been the overriding goal because of the “gorilla in the closet”, which is the Hanford Nuclear Reservation that is being decommissioned and cleaned up. Once that facility is closed there will be a significant loss of jobs and payroll in the region. As an example, if one took a look at the job numbers between the agricultural sectors and compared them with the number of jobs at Hanford the job numbers are close, but the payrolls aren’t. In 2005, on-the-

farm employment generated a payroll of \$134 million. As a comparison, the Hanford Nuclear Reservation's payroll during the fourth quarter of 2004 stood at roughly \$374 million paid out during a twelve week period. Loosely extrapolated that would mean a yearly comparison of approximately \$134 million to \$1.5 billion for Hanford. Therefore every economic development entity in the region is working on diversification.

To return to the strengths and weaknesses addressed in the Angelou study, one of the weaknesses was the lack of a four year educational institution in the Benton-Franklin region. Since that time the Tri-Cities Forum has worked with Washington State University and a four year branch campus is now in place and growing. That is a huge investment in the region. One of the specific areas that the University is in partnership with Pacific Northwest National Laboratory is the Bio-products, Science and Engineering Laboratory (BSEL) which is a new addition to the WSU Tri-Cities campus. The Director of that facility is a Star Battelle Distinguished Professor from Denmark, Dr. Birgitte Ahring, who is an expert in bio-fuels. That investment in the community has led to the Washington State University-Tri-Cities WSU-TC being picked as the headquarters for the nation's new center of excellence for jet bio-fuel research. The new Center of Excellence in Alternative Jet Fuels and Environment would be based at WSU-TC with the Massachusetts Institute of Technology and University of Washington among 16 university partners.

Other partners that would help with the work to develop and test bio-fuel include Pacific Northwest National Laboratory in Richland, the University of Washington, InnovaTek (a client of one of the EDD's loan programs) and Spokane International Airport. (Tri-City Herald, 9-13-2013)

The economic development agencies are currently working together to have an internet portal for all of the organizations to be able to utilize to provide information for businesses wishing to do business or doing business with various communities. In addition, two of the communities are now providing for one business application for both cities. So the weakness regarding "lack of regional community cohesiveness" is being addressed. The Economic Development District (EDD) has a small cities group that meets monthly. The purpose of the group is multi-faceted and is designed to provide the small cities with the same kind of information and activities that large cities have staff to accomplish. The small cities had a facilitated meeting last year and prepared an action plan for 2012/13 for that group. One of the projects is to provide a plan and design work for the downtown in one of the smaller communities. The EDD worked with Eastern Washington University's Planning Department who will be supplying graduate students and oversight to prepare the plan and carry out facilitation of the process.

The EDD also conducts a Lender's Roundtable on a quarterly basis, which also addresses the cohesiveness issue.

One recommendation that came out of the Angelou report was to look at creating a Research District. The Port of Benton has created such a park and it has been granted the state designation as an Innovation Partnership Zone (IPZ). They received grants from the state in 2007 of \$275,000 and 2009 of \$250,000. They have a large Board consisting of a majority of the Economic Development professionals in the region. The Chairman of the EDD's CEDS committee is on that Board. To date millions of private dollars have been invested in the IPZ.

The Washington State Department of Commerce has a Strategic Plan that addresses the years from 2011-2015. In reviewing that document it appears that many of the goals and objectives of our local CEDS is compatible and in-line with the Washington State Department of Commerce. They have five major Goals; Competitiveness, Education and Workforce Training, Efficient and Effective Regulation, and Infrastructure. The Washington State Department of Commerce has recently (December 2013) released a report to the legislature on recommendations on how to improve the Economic Development System in Washington State. Staff is reviewing that document as it relates to our CEDS. The Washington State Department of Agriculture has also adopted their Strategic Plan 2020 and Beyond and has five recommendations; Make agriculture a priority, Eliminate regulatory barriers, Protect resources, Strengthen support services, Harness emerging opportunities. The Goals and recommendations from both state plans are in line with the goals and objectives of the region's CEDS document. As an example, Goal 8 of our CEDS document is "Support Workforce Education and Training", which fits well with the State's goal regarding workforce development. Goal 5 of the region's CEDS addresses the Development of Adequate Regional Industrial and Commercial Infrastructure which deals with such varied items as Broadband infrastructure, ( a project has recently been approved by HAEIF to fund third person broadband extensions to companies within its industrial park which will increase employment to three companies by 75 people) roads, sewers, etc. In the agriculture arena, the Department of Agriculture's key recommendations include protecting resources and strengthening support services. These same recommendations are also addressed in Goal 4, objective 6 in our CEDS that specifically sets out "continue to upgrade local farm-to-market roads to all-weather standards". This particular objective is being accomplished in both Benton and Franklin Counties through their six-year Transportation Improvement Programs.

Goal 8 of the CEDS document addresses Workforce needs by stating that the goal is to "support workforce education and training". The Washington State Strategic Plan for Workforce Development also identifies a number of opportunities to increase education at both the high school and secondary education levels. In addition, one of Workforce's opportunities is to focus on industry clusters that drive regional economies so that Washington communities build on their strengths and grow even stronger.

Another issue that is addressed by both the Workforce Strategic Plan and the CEDS is the growing proportion of minorities in our region. Franklin County, in the 2012 Census has a higher percentage of Hispanics than it does Caucasians. Much of what both agencies are now doing is specifically targeting programs to Spanish speaking people to assist them in business development and provide the training that will help them in being successful. Washington State University, through its Extension program has committed resources to provide both Hispanic families and unemployed and underemployed individuals the skills necessary to utilize financial institutions and to also become proactive in building savings accounts.

A more in depth discussion regarding clusters will take place later in this section.

## **IDENTIFY PAST, PRESENT, AND PROJECTED ECONOMIC DEVELOPMENT INVESTMENTS**

With the formation of the Benton-Franklin Counties as an Economic Development District (BFEDD) in 1980, and with the subsequent EDA funding, the Benton-Franklin Council of Governments (BFCG) has provide a professional staff to assist local jurisdictions with economic development and planning functions. The provision of staff capacity to coordinate and implement regional planning activities is a critical resource for the District. Many of the activities are ongoing technical assistance programs; other activities are specific one-time functions, such as preparation of a capital facilities plan, growth management plan or ordinance or packaging of a specific loan deal. The following is a brief description of activities in both categories, which have occurred since 1992 to the present and those that are planned for the future.

For the sake of brevity, programs that were funded by EDA will be summarized. Current projects or recently started or completed projects and future economic development projects will be discussed in more detail.

Beginning in 1992 through 2001, fourteen projects were funded through EDA and one project through USDA. The total during that period was \$26,596,000 which includes both EDA investment and other government and local investment. It is difficult to calculate the amount of private investment that has occurred because of these initial investments of which the majority was the construction of infrastructure including rail spurs, roads, water and sewer, industrial wastewater, industrial park improvements, rural all weather road construction for the movement of agricultural commodities and additional funding for the BFEDD Revolving Loan Fund. Funding from USDA was for an Intermediary revolving fund which is a loan to a non-profit corporation and administered by EDD staff. The loan amount to the non-profit was \$1,100,000. The number of jobs that resulted from these investments was approximately 6,027. If one assumes a conservative 50/50 match that would make EDA's investment approximately \$13,298,000 resulting in a job creation ratio of \$2,206 per job.

Not included in this amount is the amount of the EDA investment in the BFEDD Revolving Loan Fund and the BFEDD Risk Fund. The amount invested by EDA in these two funds is \$800,000 and \$600,000 respectively for a total of \$1,400,000. The number of jobs created by these funds during the same time period is 450 or \$3,111 per job. These funds have been expended and are now revolving creating even more jobs.

Also since 2001 the District has been very active in non-construction activities by completing a number of Growth Management Plans for member jurisdictions and obtaining funds from CDBG and USDA for water improvements in Franklin County. The District also obtained funding in 2010, through the Washington State Department of Health, to fund a water study for a rural area of Franklin County resulting in the construction of a new well and system improvements with CDBG money.

Since 2008, the District has worked with communities to develop projects which would further the region's goals for economic development. A \$1.7 million project was funded with ARRA funds and matched with a local match of \$1.7 million for a total project of \$3.4 million. It is anticipated that 700 jobs will be created through that project. Another project that has recently been approved by EDA is a \$2 million project which will enhance the agricultural and wine industry throughout Eastern Washington and Northeast Oregon. That project has matching funds from CDBG and private investment totaling about 3 million dollars. An additional project that received some funding from EDA was the WSU Wine Science Center, which received \$2,060,000 from EDA but helped to leverage an additional \$22 million, made up of local, state and private funding.

Since that time technical assistance grants were also approved for the Port of Kennewick, \$50,000; for the City of West Richland \$70,000 to study potential uses for effluent for industrial agriculture wastes. This study was done in conjunction with WSU Tri-Cities and Pacific Northwest National Laboratory. West Richland is currently seeking funding for that project through EDA. When completed it will provide for a number of uses for the effluent from the agricultural waste and save on land applications and create value added products. A major issue that this will address is the disposal of grape waste. In cases where it has been dumped in pits it becomes a hazardous disposal site due to the amount of heat that is generated by the effluent and there has been a recent accident in which an agricultural employee was badly burned when he accidentally fell in a disposal pit. Most recently the City of Connell received a grant for \$70,000 matched 50/50 with local funds to do a study on the best use and design of their Industrial Park property.

Since 2008, the BFEDD has expanded both its scope and participants in its loan programs. The BFEDD has been asked to administer Rural Loan funds for the Franklin PUD, about \$400,000 and Benton PUD about \$150,000. The BFEDD has also assumed the loan programs that had

been administered by the Tri-Cities Enterprise Center, approximately \$300,000. The District also assumed HAEIF programs that include grants to municipal governments in Benton and Franklin Counties and loans for both the private sector businesses and public sector entities. Since 2010, when the BFEDD began working with HAEIF there have been four private sector loans made one for \$1.5 million and leveraging about \$4.5 million and saving 100 jobs and expanding by an additional 40. The company exports throughout the world. The second, is a start-up and currently employs the owner and one employee. It is anticipated that it will have five employees within five years. The third one borrowed \$500,000 which leveraged \$1,037,000 from the private sector, both bank and investment and will provide the community with 20 new jobs and retain 82. The fourth loan was for \$1 million and leveraged \$12 million from a combination of bank and private investment and will provide the community with 38 new jobs.

The Port of Benton received a \$1.5 million municipal loan to install infrastructure for the second phase of Vintners Village. The first phase is full and there is demand for additional space. This project is in the City of Prosser. West Richland received a municipal loan of \$1 million to purchase property from the Bureau of Land Management which will provide them with the first industrial park in the community. This fall the community had a ground breaking for a new company on that site. The Port of Pasco received a municipal loan to purchase property which will allow it to have adequate area to extend its major runway which it needs to do in order to be able to handle larger passenger aircraft. In addition, the Port is in the process of expanding the Terminal to accommodate the increased traffic. The amount of that expansion is approximately \$43 million. It is anticipated that once the construction is completed that there will be an additional 262 new jobs both primary and secondary. The driving reason for the loan was to assure the airport of ability to expand and to further regional economic development. The City of Richland recently received a municipal loan for \$200,000 to extend broadband to three businesses within their industrial park and Innovation Partnership Zone. It was necessary to complete a \$1.2 million dollar broadband project that linked the entire city including WSU, the IPZ, Columbia Basin College and the City Library.

Over the last two years HAEIF has made seven grants totaling \$500,000 to municipalities and ports within Benton and Franklin Counties to use for green energy, main street improvements, industrial building remodeling for an incubator, industrial park road access, industrial park improvements and an engineering and architecture study for the Wine Science Center at WSU.

## **IDENTIFY AND ANALYZE ECONOMIC CLUSTERS WITHIN THE REGION**

As a definition, an industry cluster is the term used to identify a geographic concentration of interdependent competitive firms that do business with each other, including firms that sell inside and outside of the geographic region, as well as support firms that supply new materials, components, and business services, the key characteristic is inter-relatedness.

The top twelve clusters as identified in the Workforce Strategic Plan in the Benton-Franklin region are; Computer related services, Waste remediation and Management, Healthcare services, Architecture & engineering, Scientific research and development, Other basic inorganic chemical manufacturing, Agriculture and food products, Non-store retailers, Cattle farms, Rail transport, Gambling and recreation and Grain farms.

The Workforce Board has identified strategic industry clusters in each of the 12 Workforce development areas. (See <http://www.wtb.wa.gov/ClusterAnalysis.asp>). The clusters are identified as strategic based on a number of characteristics, including their location coefficient (a measure of the regional concentration of the industry compared to the national average), size, growth, and wages.

For the purpose of this CEDS document some of the clusters identified in the Washington State's Strategic Plan for Workforce Development have been combined because of their similarities and relationships. The three major Clusters as identified in the CEDS are Hanford related activities including waste management, Healthcare, and Innovation, though Hospitality is also emerging. This has been assisted by an aggressive and talented Visitor and Convention Bureau.

Healthcare has grown to be a major cluster and has added more than 2000 employees over the last few years. There are four Hospitals, all of which have expanded recently, with one of the most recent providing a clinic in Benton City. In addition, there is a Cancer Center in that serves the region. The four hospitals provide a full range of specialties including cardiology and cancer treatments. The area has moved from a local limited specialty to a regional healthcare magnet with patients now coming from outside our region for treatment. One of the hospitals has recently changed its name to Trios and is building a new hospital in South Kennewick. It is anticipated that project will be completed this spring, further establishing the region as a Healthcare cluster.

Areas within the state that are characterized by having exceptional pockets of economic success, such as Renton and Everett in aeronautical construction with Boeing having major developments there and the Tri-Cities because of the location of the Pacific Northwest National Laboratory (PNNL) operated by Battelle Northwest, Washington State University Tri-Cities

(WSUTC) and the Innovative Partnership Zone (IPZ) presents the area as a natural cluster for innovation in an amazing number of areas.

Many of those research projects that spin out of PNNL are readily adaptable to the private business sector and have been formed to take advantage of that research. Those companies range from bio and nuclear medicine to innovative concepts for green energy production. Recent examples of that would be companies such as Iso-Ray, which produces nuclear brackio seeds that are placed in the prostate gland to fight cancer and has recently acquired a company from Canada that deals with brain cancer treatment to InnovaTec which is on the cutting edge of Hydrogen cell technology for clean energy production. Both of these companies have received assistance from the RRLF and HAEIF. All of the loans of been paid off early. In addition and of equal importance, these companies exert an economic influence around them which creates other companies to serve their needs (clusters). A recent example is InnovaTek. During a site visit, which staff does with all of its clients, discussion surrounding employment requirements took place. During that discussion it was noted that even though the employment figures were not as high as expected, the number of companies that had been formed to meet the needs of InnovaTec were substantial and easily surpassed the number of direct employees that had been expected.

In addition, scientists and nuclear workers from PNNL and other nuclear companies travel throughout the world to assist other countries with their nuclear issues. People from PNNL and from the various nuclear waste clean-up companies employed at Hanford have employees working to assist Japan and Chernobyl in hazardous waste cleanup. In addition, through the Regional Revolving Loan Fund, funded by EDA and CDBG and significant private investment, one of our clients has developed an improved machine that can be used to separate out nuclear waste from other kinds of waste and soil. This machine will make soil remediation much easier and faster due to its mobile capabilities.

There are two recent developments that bear mentioning. The first is the creation of a group to explore the expansion of potential sustainable energy sources. The name of the program is the Mid-Columbia Energy Initiative and is made up of a number of local organizations and private sector groups to further energy solutions in our area. The second, is a proposal to utilize some of the Hanford site to build modular reactors for energy production.

Another growing cluster is agriculture. There are really two tracks for this cluster. The first is the production and processing of fruits and vegetables and the second is the wine industry which has seen explosive growth over the last twenty years. Once again location is a key factor where the raw products are readily available for processing. Additionally, the area benefits from the WSU Agricultural Experiment station located in Prosser, which was a major contributor to the explosion of the wine industry through the work of Dr. Clore. So this sector is spurring



economic growth through experimentation and availability of raw product and is a sector that is also rich in jobs. Because it is also situated in the center of an excellent transportation system and close to west coast ports it also enjoys a location advantage to other areas which may not have the attributes of the bi-county area. An example of the vitality of the agricultural cluster is the Pasco Processing Center. Fifteen years ago the area to the north of Pasco consisted of one processing plant and a collection of transportation oriented businesses. In the 90's the City of Pasco supported by the EDD made a strategic decision to expand based upon the increasing availability of agricultural raw product being produced in the Columbia Basin. The investment by EDA, the City of Pasco, the Port of Pasco and HAEIF to provide an industrial waste treatment system spurred the addition of four more processing plants (both potatoes and vegetables) with a resultant creation of approximately 2000 new jobs. Private investment, as a result of the public investment, is in the millions of dollars. Not only that but Franklin County and the City of Pasco experienced a population growth rate from 2001 to 2011 of 59.72% primarily due to the location of the agricultural processing facilities.

The wine industry, due to the efforts of WSU's Agricultural Experiment station in Prosser and Dr. Walter Clore a lead scientist at the station, has exploded over the last 20 years. The Port of Benton and City of Prosser have constructed a Vintners Village and wine incubator to provide space for start-up and mature wine entrepreneurs. This project was funded by the Port and supported by the community. There are more than 17 wineries in that village with a total employment of about seventy individuals. All told there are more than 100 wineries in the bi-county area. The wines produced in the Columbia Basin are sold throughout the world and is second only to California in production of high quality wines in the U.S.

A new area of development that is relying on locally grown crops is the distillery business. Most recently two distilleries have opened in Benton County. One of those received a loan from HAEIF and private investment funds and has been in business approximately two years. It is currently working with the export arm of the Small Business Development Center (SBDC) to introduce its product to China. In addition, much of the product is being sold in other states such as Oregon and Texas. One of the products is Grappa, which utilizes the waste from the wine making process (skins and seeds) and provides the wineries with a recyclable outlet for their waste. The second distillery that is located in West Richland was self financed. Both of these distilleries utilize local raw materials.

In reviewing the external and internal influences on the region's economy the Federal Government is by far the most dominant. As discussed previously one of the major clusters in our region is waste management and the clean-up activities at Hanford. This cluster which provides the region with its highest paying jobs is continuously subject to the whims of the Federal Government. The most recent issue is the national debt.

Judging from any information through the news media budgets must be cut. With Sequestration and federal government furloughs over 4000 jobs have been lost at Hanford. Most recently it has been announced that another 450 jobs will be lost.

Other Federal policies such as grain embargoes, free trade initiatives also can impact the region in either a positive or negative way. The financial malaise that the country currently finds itself in has impacted the area as well, though not as much as in other parts of the country. The inability for small businesses to obtain loans from banking institutions is also impacting the region.

Internal factors such as shortage of workforce and sliding school graduation numbers are of concern. High school graduates among Franklin County's population 25 years and older was 68.8 percent, lower than the state (89.8 percent) over the period 2007 to 2011. Those holding a bachelor's degree or higher made up 15.1 percent of Franklin County residents age 25 and older compared to 31.4 percent of state residents over the same period. 88.2 percent of Benton County's population 25 years and older were high school graduates over the period of 2007 to 2011. This graduation rate compares to that of the state's rate of 89.8 percent. Those holding a Bachelor's degree or higher made up 27.7 percent of Benton County residents age 25 and older compared to 31.4 percent of state residents over the same period. Five years ago the School Districts of Pasco, Kennewick and Richland launched a joint effort and created a non-profit high school that emphasizes Science, technology, engineering and mathematics to address some of these issues and came to the EDD for assistance. They graduated their first class last spring of 100 seniors. They are in the process of relocating from the building that they had been using to a new facility.

With innovation and research as one of the clusters in the region it is imperative that educational levels be increased.

# SECTION III

## GOALS AND OBJECTIVES



## **SECTION III – GOALS AND OBJECTIVES**

The Goals and Objectives as enumerated in this section cover all of the potential activities of the District's member organizations. Because the WACERT program and other regional notification programs have been terminated by various levels of government the CEDS process has stepped up and reviews other grant program requests such as USDA programs. The major goal as it relates directly to CEDS would be diversification. After that the major goals and objectives would be job creation, private investment, which directly contributes to diversification, collaboration with local, regional and state organizations and other activities that address diversification.

In addition, the Goals and Objectives which are broadly established to encompass the large range of economic development activities and support projects i.e.: street, water, transportation, or other related activities which must be in place to enable economic development and job creation to occur are also included. Many of the projects, though not directly tied to economic development need to be accomplished in order to enable economic development to occur.

Other policies and programs that are critical to the formulation of the overriding Goal of Diversification of the region's economy is the correlation between the local needs and their compatibility with other State and Federal policies and programs. In reviewing the most recent series of Strategic Direction, Focus, and Priorities for EDA for FY 2013 there is significant match ups between the various department priorities. As an analysis of the region has occurred in some depth in previous portions of this document, this discussion will be brief.

The District has made strides over the last few years in the areas that are identified as being important to EDA. One of EDA's top priorities is to drive results in advanced manufacturing, innovation and entrepreneurship, export growth, and increased investment in America. Those have been addressed by funding the Innovative Partnership Zone with State funds and providing funding assistance to specific companies through programs administered by the District. Some of those companies are creating new energy sources and storage devices as well as cancer treatments. The District has funded a number of companies that have grown and now export throughout the world and by providing assistance has assured that the companies will increase investment in America. Through the EDA programs and District, millions of local, state and federal dollars have been invested in this area because of the District's programs.

The District has a well-integrated portfolio ranging from three loan programs and one grant program to regional and local planning and technical assistance for businesses. In addition, the District has worked closely with local partners on various projects, works closely with the Small Business Development Center (SBDC), Worksource and neighboring Districts on programs

important to the private business sector, including training and mentoring of microenterprise businesses. The District has partnered with a neighboring District to obtain a grant that would provide the necessary funding to provide business training classes to small rural businesses and address regional innovation clusters. Classes were held in rural areas starting in 2012 finishing in the fall of 2013.

The 2014 Goals and Objectives reflect the priorities of the participating jurisdictions including Benton County, Franklin County, Prosser, Benton City, West Richland, Richland, Pasco, Kennewick, Connell, Mesa, Kahlotus, Benton PUD, Kennewick Irrigation District, and the Ports. Those entities have the direct responsibility for implementing their economic development goals. Projects submitted to the committee are reviewed for consistency with the goals and objectives that have been adopted by the BFEDD Board and then advanced to EDA for potential funding. Examples of this will be found in the Evaluation section of this document.

**GOAL I:        *SUPPORT THE DIVERSIFICATION OF THE AREA ECONOMY***

- Objective 1:    Attract and expand existing, and/or new, sustainable growth enterprises and industries.
- Objective 2:    Support and encourage business enterprises in under-represented populations through programs such as, Historically Underutilized Business (HUB) and the Small Business Development Center.
- Objective 3:    Continue the development of agri-business: to include production, processing, research and product development and the expansion of processing facilities and infrastructure.
- Objective 4:    Promote the establishment of product distribution centers.
- Objective 5:    Support and promote the development and growth of the wine industry.
- Objective 6:    Assist recruitment entities, agencies and private enterprises to obtain private and/or government financing of projects that will maintain or provide additional job opportunities.
- Objective 7:    Continue to identify and catalog existing industrial sites.
- Objective 8:    Support industrial research and development.
- Objective 9:    Assist agencies and private enterprises to commercialize technologies developed in the region.
- Objective 10:   Capitalize the RRLF Risk Capital Fund to support the development of new business and industry.

- Objective 11: Continue to build the diversity of our region's economy by promoting expansion of the economic clusters and strategies including those identified in the Tri-Cities regional SWOT analysis, Angelou Regional Marketing Strategy and other community economic development strategic plans.
- Objective 12: Build the diversity of our region's economy by continuing to strategically plan for the economic diversity of our region.
- Objective 13: Support and encourage the development of alternative clean energy sources; including, bio-fuels, nuclear, hydrogen fuel cells, wind and solar.
- Objective 14: Provide local jurisdictions with Census data as the regional Census Affiliate to assist them in preparing grant applications, comprehensive plans and other studies as appropriate.
- Objective 15: Collaborate with other Economic Development Districts to provide services and to build the network of existing EDDs into a strong coalition for economic development in the state.

**GOAL II: IMPROVE THE VIABILITY OF EXISTING INDUSTRIES AND SUPPORTIVE ECONOMIC SECTORS**

- Objective 1: Provide assistance in the marketing of business and assistance programs in the local area through programs such as, Commerce, Appreciation, Retention and Expansion (CARE) to determine the needs of local business.
- Objective 2: Provide technical assistance to businesses and industries to encourage growth and expansion.
- Objective 3: Assist companies in obtaining the necessary capital to expand and provide new jobs through the Regional Revolving Loan Fund, and the Columbia Regional Economic Development Trust.
- Objective 4: Assist agencies and private enterprises to obtain private and/or government financing of projects that will maintain or provide additional job opportunities.
- Objective 5: Revitalize older business districts.
- Objective 6: Encourage, support and promote the Viticulture economic sector throughout the region.

**GOAL III: SUPPORT AND ENHANCE THE RECREATIONAL AND TOURISM POTENTIALS OF THE AREA**

- Objective 1: Continue to upgrade and develop existing park sites.
- Objective 2: Cooperate with other agencies in developing and improving existing public park lands.

- Objective 3: Develop sports, recreational and cultural facilities in the area.
- Objective 4: Develop a comprehensive program for attracting tourists to the area.
- Objective 5: Support the development of river shore enhancement projects.
- Objective 6: Support the development of a state viticulture and wine center.
- Objective 7: Develop visitor accommodations, including hotels, campgrounds, resorts, and recreational vehicle areas.
- Objective 8: Encourage the development of recreation related industries such as: sporting goods manufacturers, etc.
- Objective 9: Support development of the Hanford Reach Interpretive Center; including the geology history and local effects of ice age flooding.

**GOAL IV: *PLAN AND IMPROVE THE MULTI-MODAL TRANSPORTATION SYSTEM IN SUPPORT OF REGIONAL DEVELOPMENT NEEDS***

- Objective 1: Improve the water transportation system and related facilities.
- Objective 2: Support expansion and optimal use of the road transportation network including improvements to primary and secondary roads for commercial and industrial access.
- Objective 3: Support and optimization of air transport services and the reduction of fares.
- Objective 4: Encourage the optimal utilization of the railroad network for freight and passenger service.
- Objective 5: Reduce the dependence upon private automobiles as the primary means of personal transportation.
- Objective 6: Continue to upgrade local farm-to-market roads to all-weather standards.
- Objective 7: Encourage the rehabilitation of abandoned railroad right-of-ways for rail service.

**GOAL V: *SUPPORT THE DEVELOPMENT OF ADEQUATE REGIONAL INDUSTRIAL AND COMMERCIAL INFRASTRUCTURE***

- Objective 1: Expand the capacities of wastewater collection, treatment and disposal facilities to provide needed capacity to serve additional industrial, commercial, and residential areas.
- Objective 2: Develop additional generation, transmission, and distribution facilities for all forms of energy to provide the capacity to serve additional industrial, commercial, and residential needs.

- Objective 3: Develop solid waste disposal facilities to accommodate wastes for existing and expanding industries, businesses, and growing population demand.
- Objective 4: Improve existing, and construct new, public safety facilities to service areas of growth.
- Objective 5: Create job training/retraining opportunities for all citizens.
- Objective 6: Expand the capacities of our region's telecommunication infrastructure to serve both urban and rural industrial, commercial and residential areas.
- Objective 7: Provide ongoing training for EDD staff.

**GOAL VI: *UTILIZE THE NATURAL RESOURCES OF THE AREA TO EXPAND ITS ECONOMIC BASE WHILE MAINTAINING ENVIRONMENTAL QUALITY***

- Objective 1: Encourage the appropriate agencies and irrigation districts to provide adequate drainage and drain-fields to reduce pollution and water saturation of productive farmlands where economically feasible.
- Objective 2: Maintain a continuous update of the comprehensive water resources land and water utilization studies.
- Objective 3: Support plans for wildlife habitats in lowlands, which are not appropriate for drainage.
- Objective 4: Promote sound science to protect the water quality, quantity, and increase the availability of and storage of water for domestic, industrial, environmental and agricultural water supplies in the region.

**GOAL VII: *DEVELOP THE REGION'S ASSETS CONTRIBUTING TO ITS QUALITY OF LIFE***

- Objective 1: Develop and maintain the region's affordable housing stock.
- Objective 2: Develop housing opportunities and options for retirees.
- Objective 3: Develop programs directed toward the retirement community.
- Objective 4: Develop programs that reduce crime in the region.
- Objective 5: Improve the region's education and training capacity.
- Objective 6: Support the continued expansion/development of medical services and capacity to provide services.
- Objective 7: Support the improvement of county and municipal services.



**GOAL VIII:      *SUPPORT WORKFORCE EDUCATION & TRAINING***

- Objective 1:      Support opportunities for training and education that meet the changing economic trends and needs of individuals and businesses.
- Objective 2:      Focus awareness in our communities to direct resources to support an integrated approach in the development of workforce issues, policies and initiatives.
- Objective 3:      Connect workforce training and education opportunities with economic development partners to promote vitality.

# SECTION IV

## COMMUNITY AND PRIVATE SECTOR PARTICIPATION



## **SECTION IV – COMMUNITY AND PRIVATE SECTOR PARTICIPATION**

### **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)**

The Benton-Franklin Comprehensive Economic Development Strategy Committee is made up of a mixture of public and private sector individuals that represent Benton and Franklin Counties, two large city chairs, one small city chair, one port chair and six Economic Development District members. Those six represent the private sector as well as chambers of commerce, regional economic development council, Worksource development, college, banking industry, small business and regional tourism.

This group meets to develop and review the strategies and select and prioritize projects that are submitted to them from eligible applicants. A request for project submittal is mailed to all eligible entities in July. This mailing includes specific areas to be addressed that correspond to the regional priorities previously set out in the Comprehensive Economic Development Strategy (CEDS). The application also requires that EDA policies for funding be addressed in the application. The CEDS committee reviews the document yearly to update or make changes that will implement the strategies. Once the applications are received and reviewed they are scored according to how well they addressed implementation of the strategies and if the project is shovel ready with matching funds available and engineering and environmental completed or at least in process.

Participation by the various committee members is critical to the process as they bring various expertises to the table. The process that has been in existence since 1985 with modifications over the years has enabled the CEDS process to be very effective and the implementation of the CEDS through the project priority process has created thousands of jobs during that time.

In addition, the Economic Development District staff participates in a number of other venues including the Tri-Cities Development Council (TRIDEC) monthly meetings of the Economic Professionals in the region, a sustainability committee of interested citizens who discuss transportation, land use and economic development issues, other economic development group's meetings such as the Prosser Economic Development Association. All of which is taken into consideration during production of the CEDS document and project priority selection.

# SECTION V

## STRATEGIC PROJECTS, PROGRAMS AND ACTIVITIES



## **SECTION V – STRATEGIC PROJECTS, PROGRAMS AND ACTIVITIES**

The attached project list is a prioritization of the 2014 projects designed to implement the Goals and Objectives of the CEDS. These projects have been carefully vetted by the CEDS Committee and reviewed and approved by the Economic Development District. One of these projects is currently being prepared for submittal to EDA later during the spring submittal date. This project addresses the goals of diversification and job creation. In addition, this project will strengthen the innovation cluster as discussed previously. They also address and are compatible with EDA Policies which requires that the process look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy. These are projects which will provide an investment that is part of an overarching, long-term comprehensive economic development strategy that will enhance the region's success in achieving a rising standard of living by supporting existing industry clusters, developing new clusters, and attracting new regional economic drivers.

The projects on the chart are expected to be projects that will be funded by either EDA or CDBG. In addition to those, however are other projects that also address economic activities and also address the clusters enumerated in this CEDS document.

One of the major projects is the Mid-Columbia Energy Initiative (MCEI). This project is focused on economic development that capitalizes on local infrastructure, resources, and expertise in the energy sector, while retaining and recruiting businesses and jobs that promote solutions to current and future energy challenges. This project is being led by the Tri-Cities Development Council (TRIDEC). The meeting was called to discuss remedies for solving the nation's energy challenges by utilizing the Hanford Site's local natural resources, and by leveraging research and development expertise of the area's highly trained workforce.

A number of other projects are being carried out by other agencies that are being funded with local dollars. The Port of Pasco has just completed a major project at Big Pasco; the Port of Kennewick is continuing work on Clover Island and other sites that it owns. The City of Richland is moving ahead with its land swap. The company would like to swap some land that it currently owns and build an automated warehouse. The improvements would amount to approximately 35 million dollars.

Last year's priority project has been notified of funding. There was a ground breaking for this project in October and David Porter who is our Economic Development Representative (EDR) with the Economic Development Administration (EDA) was in attendance and spoke at the groundbreaking.

That project was the Wine Science Center at Washington State University and additional financing to match the two million dollar EDA grant will be about twenty-three million dollars, a good return on investment.

A key project that has significant implications for the community relating indirectly to economic development is the proposed expansion of the Tri-Cities Regional Airport. With the advent of larger planes, the airport will need to expand both its runways and also the terminal to accommodate the larger influx of passengers at specific times when the larger planes are loading and deplaning.

In addition to the projects currently mentioned, the EDD also administers a local program which, over the last four years has made four municipal loans for over \$3.7 million and approximately 170 jobs, a private loan program that has made four loans of over \$2.5 million and created more than 100 jobs.

## **STRATEGIC PROJECTS, PROGRAMS AND ACTIVITIES**

The attached project list is a prioritization of the 2014 projects designed to implement the goals and objectives of the CEDS. These projects have been carefully vetted by the CEDS Committee and reviewed and approved by the Economic development District. One of the projects is currently being prepared for submittal to EDA and will address the goals of job creation and diversification. All of the projects submitted meet the criteria adopted by EDA which requires that the process look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy. These are projects that will provide an investment that is part of an overarching, long-term comprehensive economic development strategy that will enhance the region's success in achieving a rising standard of living by supporting existing industry clusters, developing new clusters, and attracting new regional economic drivers.

# 2014/15 CEDS Projects Prioritization

| Projects  | Budget Funding Source |                |                 |                 |                     |
|---|-----------------------|----------------|-----------------|-----------------|---------------------|
|   | Federal               | State          | Local           | Total           |                     |
| I. Public Works (Urban)   |                       |                |                 |                 |                     |
| 1. City of Pasco<br>Process H2O Reuse<br>Pre-treatment Facility       | \$3,000,000.00        |                | \$3,000,000.00  | \$6,000,000.00  |                     |
| 2. City of Pasco<br>Heritage Industrial Center Pre-treatment Facility | \$2,765,000.00        |                | \$2,765,000.00  | \$5,530,000.00  |                     |
| 3. City of Kennewick<br>UGA Expansion Infrastructure Project          | \$2,950,000.00        | \$975,000.00   | \$6,800,000.00  | \$10,725,000.00 |                     |
| II. Public Works (Rural)  |                       |                |                 |                 |                     |
| III. Technical Assistance   |                       |                |                 |                 |                     |
| 1. City of Richland<br>Master Planning Technology Park                | \$125,000.00          |                | \$125,000.00    | \$250,000.00    |                     |
| IV. Business Development  |                       |                |                 |                 |                     |
| 1. Port of Benton<br>North Richland Dev. Building                     | \$2,500,000.00        |                | \$500,000.00    | \$3,000,000.00  |                     |
| 2. Port of Benton<br>Prosser Dev. Building                            | \$2,500,000.00        |                | \$500,000.00    | \$3,000,000.00  |                     |
| 3. Port of Benton<br>Prosser Airport Dev. Building                    | \$1,000,000.00        |                | \$500,000.00    | \$1,500,000.00  |                     |
| 4. Port of Kennewick<br>Willows Wine Village Dev.                     | \$1,016,483.00        |                | \$1,016,483.00  | \$2,032,966.00  |                     |
| V. Special Projects   |                       |                |                 |                 |                     |
| VI. Ongoing Projects  |                       |                |                 |                 |                     |
| 1. WSU Wine Science Center  |                       |                |                 |                 | Funded              |
| 2. West Richland H2O Reuse  | \$1,500,000.00        | \$1,960,000.00 | \$600,000.00    | \$4,060,000.00  | 1st Review Complete |
| VII. Planning   |                       |                |                 |                 |                     |
| Benton-Franklin Council of Gov  | \$75,000.00           |                | \$75,000.00     | \$150,000.00    |                     |
| VIII. Projects Support  |                       |                |                 |                 |                     |
| Totals  | \$17,431,483.00       | \$2,935,000.00 | \$15,881,483.00 | \$36,247,966.00 |                     |



# SECTION VI

## CEDS PLAN OF ACTION



## **SECTION VI – CEDS PLAN OF ACTION**

The CEDS plan of Action is implemented by staff and the EDD's partners through multiple projects which are funded through EDA, USDA, CDBG and other State and Federal agencies. The action plan consists of the Goals and objectives and project priorities adopted by the EDD on a yearly basis. In addition, the Benton-Franklin Council of Governments reviews potential projects that are presented for review at their monthly meetings.

This coming year the EDD is planning on continuing with its ongoing projects including CEDS committee meetings to accept, review and prioritize projects that carry out the goals and objectives of the CEDS. The future projects that are selected, as well as those in the past have always contributed to the promotion of economic development in the region. A number of the projects that were infrastructure in nature have also provided opportunities for expansion and creation of businesses. In addition, we will continue to foster partnerships with state and local agencies that are involved with economic development and workforce training. A new initiative is working on the creation of a statewide Economic Development District Association. The organization is now up and running and recently received the final draft of a document prepared by the National Association of Development Organizations that examines the strength and weaknesses of EDDs in Washington and makes recommendations regarding a path forward. Staff is excited about the potential as some of the recommendations include benchmarks and developing templates for CEDS documents as well as other joint activities.

As a result of the report prepared by NADO, the District is assessing ways to work more closely with its neighboring EDDs. A start has been the joint project with SEWEDA as lead in conducting business classes in the small rural communities. Three Districts have also initially discussed a joint project patterned after a Southeast Economic Development Initiative that involves mobile learning labs for businesses in rural areas that would travel from area to area and provide business assistance. The District has also been discussing utilization of a template for the CEDS with a neighboring District.

Transportation projects are prioritized through the RTP and MPO and funded through the Washington State Department of Transportation. The CEDS has input on those projects. A major project is a roundabout that will ease congestion for the City of Benton City and provide them with improved access to their industrial area and to a major wine production area, which is one of the region's major clusters. Another project that is directly related to economic development is the construction of an interchange to serve West Richland and the new industrial areas that are being created through the District's HAEIF program. Through the District's HAEIF program a new industrial road has been constructed in the City of Connell. All of which implement the CEDS goals and objectives.

The EDD staff is also participating in a regional sustainable community's process. The intent of this is to address the environment and determine how economic development, transportation, housing, education, healthcare and recreation can be sustained and what the impacts on the environment will be. Sub-committee's of that organization have been meeting during the last year and are preparing white papers for review by the full committee and other municipal organizations for potential inclusion in their plans and ordinances. Both staff from the Benton-Franklin Council of Governments and the Benton-Franklin Economic Development District is participating on those sub committees. In addition, all of the projects that are submitted to the various state and federal agencies for funding have, in most cases, gone through an environmental process.

The EDD has a representative from Workforce on the District Board and also the CEDS committee. This relationship fosters consistency with state and local plans and investment strategies. It also identifies opportunities for workforce training to assist those segments of the economy where additional workforce training may be needed or where industry and businesses are having difficulties in finding employees with necessary skills, for example; computer training, medical transcriptionists, etc. The District also, through grants from the Washington State Microenterprise Association, has provided training to businesses in rural areas of the District and will continue to seek out funding in order to continue doing that. Most recently the EDD has linked up with SEWEDA to provide business classes to small cities in both Districts.

The District has continuously supported broadband development. Currently broadband is being extended to some of the District's rural communities. This has been a hot topic in meetings with the Small City's committee. It is now being addressed through the efforts of the Pacific Northwest National Laboratory. Because of its importance to businesses the District has been a supporter of expansion of both broadband and fiber optics cable. Much of the area is currently served by fiber optics, but there is still some copper cable. Over the last few years much of that has been replaced with fiber. In addition, Richland has recently obtained a loan through one of the District's programs to extend broadband to major users in the community.

Management of scarce resources has always been high on the list of priorities for the District. The proof of that lies in the fact that there has been so much private funding for projects leveraged by the grants that have been obtained. In addition, the projects that are in the CEDS document priorities address reuse of waste materials, water and optimum utilization of raw products.

The District will continue to be aggressive in obtaining other sources to fund the priority projects and activities that will create jobs and small business development. Historically the District has assumed project management of the HAEIF fund which has contributed over \$6.2

million dollars to the local economy over the last three years through grants and loans. Over the next five years it is anticipated that 250 jobs will be created. To date more than 170 jobs have been created or retained in our region through this program. The District is also working with Innovate Washington to approach the local banks for funding for small business training classes and small start-up loans for companies that are in the prototype stage and have sales projections, business plan, etc. but don't fit any of the lending requirements for banks or other existing sources. The District has also received funding to continue its IRP through the Department of Agriculture and fund rural businesses.

In 2009, the Puget Sound Economic Development District and the Benton-Franklin Economic Development District obtained a grant from EDA to investigate the opportunity of forming a statewide association of EDDs. That organization is now in place. In the summer of 2011, a study was commissioned to the National Association of Development Organizations to prepare a document that would analyze the districts and make recommendations. This document has been completed. One of the findings is that few people at the state level even know that economic development districts exist. As a response to that a sub-committee has been formed to address that issue and implement an outreach program that will not only raise the visibility of the districts but will also begin the process of developing partnerships among other organizations and state agencies. The BFEDD was one of the participants on this sub-committee and will be very active in addressing not only the partnerships with organizations such as the Association of Washington Cities but also open the lines of communication with state agencies. Earlier this spring members of some of the EDDs attended a statewide meeting to discuss economic development in the State of Washington. The State Department of Commerce is now aware of the existence of EDDs and it is anticipated that more joint activities will be forthcoming. With scarce resources and ongoing budget cuts this is a relationship whose time has come.

# SECTION VII

## PERFORMANCE MEASURES



## **SECTION VII – PERFORMANCE MEASURES**

The Benton-Franklin Economic Development District uses the following metrics to measure its yearly progress:

1. Number of Jobs created/or Retained
2. Number, types and amounts of major investments undertaken in the region
3. Funds in both the private and public sectors leveraged by federal, state and local grant investments.
4. Reduction in unemployment rates
5. Private investment leveraged by the District's loan programs
6. Number of loans made in all District loan programs per year
7. Number of group business training sessions
8. Participation in the Washington Economic Development District Association
9. Increases in personal income

## EVALUATION

A number of criteria are used to gauge the effectiveness of the CEDS. First is the number of jobs that can be identified. In excess of two thousand new jobs have been identified in the Health cluster. The health cluster is one of the fastest growing clusters in our region. Kennewick General Hospital (recently changed its name to Trios Healthcare) is building a new facility in south Kennewick which will create a significant number of new jobs. Kadlec Hospital has just completed a new building which will house Cardiologists, neurologists and other related offices. Healthcare has seen significant growth in the last ten years. In addition to the recently opened facility Kadlec is also completing a new Richland facility this spring. That facility will provide a large number of varying out-patient activities and is also the new home of Washington State University Tri-Cities nursing program. The construction costs for that facility was approximately \$12 million, including construction and equipment.

Jobs that can directly be identified with EDA activity are most easy to identify in the area of the RRLF and CREDIT. These loan programs have been very effective and have created more than 900 jobs throughout the bi county area. A program that was assumed by the EDD four years ago has also proved to be a good generator of jobs. To date that program, through its private lender side has created over 100 new jobs and assisted a business to expand that is involved with export and another business that provides value added to the agricultural cluster of the region's economy. On the municipal loan side of that organization there has been \$3.5 million which has gone into infrastructure development and industrial land purchase to make land available for development. Most recently a loan was secured from that organization to expand broadband into industrial and commercial areas in the City of Richland. Through that organization's grant program five grants were approved and led to facility design and renovation of an existing light industrial site which will provide opportunities for new businesses to expand or start-up. One of the projects will provide for approximately 40 full time jobs and the other, when fully occupied could exceed 100.

Over the last five years three major projects have been approved and funded by EDA for a total amount of just over \$5.5 million. The first project was the roof renovation for the Port of Pasco. It is anticipated that this project will enable companies to move into large space buildings with the potential employment of 700 people. The second project was the Clore Center in the rural City of Prosser. This project was designed to provide support to the burgeoning Wine industry that is expanding dramatically in all areas of southeast Washington. The third project is the construction and equipping of the Washington State University Wine Science Center. This project broke ground this fall and is a \$23 million dollar facility supporting research for the Northwest Wine Industry. This facility will provide new positions for research and allied activities of the Viticulture Industry. In addition, it is both anticipated and planned for this

facility to become one of the major points of contact for research into areas that have colder latitude growing conditions for wine grapes, thus expanding the capacity for the industry cluster through increased awareness and knowledge of how to obtain the best results for working with the grapes.

The bi-county economic development community has identified the strategic economic directions and is continually working on an action plan for the bi-county's future. The number of new employers and employees in the targeted economic clusters also serves as a measure for evaluation of progress.

The Port of Kennewick recently closed the Vista Field airport in Kennewick and is in the process of redeveloping that property. It is anticipated that in the long term the projects are going to generate \$3.7 million dollars in profits and create 3,380 new jobs. Most recently the Port of Kennewick and City of Kennewick have embarked on a joint project to revitalize the area between Clover Island and the Kennewick Downtown.

According to the Washington State Department of Employment Security, the average civilian workforce increased from 79,800 to 113,100 between 1990 and 2006. More recent numbers indicate that the workforce has continued to grow. In 2011 the region's job total was 123,978. In October of 2013 the employment grew to more than 126,000 jobs. Most gains were in healthcare, hospitality, manufacturing, education and retail trade. However, the region has yet to make up the difference created by the lost 4000 jobs at Hanford in 2011 and 2012. In addition a recent article in the Tri-City Herald announced that three contractors at Hanford were looking at an additional 450 layoffs.

In North Franklin County the completion of the 2048 bed minimum and medium inmate prison in late 2008 was anticipated to provide 500 to 550 new jobs. Though it has not reached its potential due to the slowdown in the economy and the budget shortfalls at the state level, this project should provide a stabilizing force in the future for the community. The three major employers are the School District, Lamb Weston and the State Correction facility. Discussions with a local banker indicate that there are a number of houses selling in the community but that too many people are still not shopping locally. The BFEDD completed, in conjunction with SEWEDA, a series of training courses in Connell during this year. At least one business has moved out of their backroom into a storefront in the community.

The region continues to work towards the Goal of Diversification as Columbia Basin College has invested \$26.5 million on the new WISE building in Pasco and its Health Sciences Center in Richland. WSU Tri Cities continues to expand its offerings through the recently opened BSEL building which will explore and test new energy technologies as well as the construction of the new Wine Science Center.



In addition, Kadlec Medical Center in Richland and Kennewick General Hospital, newly named TRIOS continues to expand their offerings as well as facilities, the area will become a dominate provider of healthcare in the region. These are major investments in the community's future as a high-tech center, alternate energy development leader and the region's future healthcare.

It should also be noted that there has been not only significant physical capacity experienced over the decade but also significant human capital capacity as well. Economic development capacity occurs at a number of levels. There are numerous meetings among the agencies at the board level and staff level. The Benton-Franklin Council of Governments (BFCG), which is the umbrella organization for the EDD, convenes a regional public facility district which is working on a developing a regional project.

The Hanford Reach Interpretive Center, another major project that has a regional impact, should be completed this summer and will replace the CREHST Museum. This multimillion dollar facility will be "the preeminent showcase for advancing the understanding of the forces of man and nature that have shaped the Pacific Northwest, from the Ice Age Floods to the Manhattan Project and beyond". (Hanford Interpretive Reach Web page)

There is a program for young professionals that meets and provides input into the various economic development groups within the region. A number of these professionals are also economic development staff members. When the region was faced with Hanford layoffs a number of years ago they organized a regional forum which took the information from the Angelu study and worked at locating a four year university in the region. This was accomplished and WSU now has a Tri-City campus. Because of the National lab, WSU-Tri-Cities and the IPZ, capacity and resilience in the community has been enhanced. The EDD participates in Junior Achievement by presenting classes and also provides training in conjunction with other agencies to start-up and expanding businesses.

## SCOPE OF WORK

1. Prepare and implement the annual Comprehensive Economic Development Strategy in compliance with the Economic Development Administration (EDA) regulations; Reauthorization Act of 2004; Implementation; Regulatory Revision; Final Rule.
2. Continue to include and implement the SWAT analysis and studies, in the annual CEDS update.
3. Develop an annual update of the Comprehensive Economic Development Strategy for the bi-county region with the goal in mind to either meet or exceed the job creation or retention of 4,260 jobs that have occurred over the last ten years in the next ten.
4. Continue to coordinate the implementation of prospective EDA and other projects within the District and assist Benton and Franklin Counties with the prioritization of projects for funding through their current prioritization processes.
5. Continue to work with the rural communities in Benton and Franklin Counties for the implementation of economic strategies consistent with their respective comprehensive and capital facilities plans.
6. Continue to improve the District's capability to provide technical and business planning assistance and programs as needed by area businesses.
7. Continue to serve as the strategic partner and center for financing referrals and deal structuring coordination with Washington State University Business links, TRIDEC, Worksource, Franklin Public Utility District's Rural Economic Development program, Battelle Pacific Northwest Labs Business Development, Columbia Basin College's Small Business Development Center, Business Resources, Hanford Area, Economic Investment Funds, Community Banking Institutions, Hanford Contractors, Regional Non-Profit lenders and State Lending Programs.
8. Continue to provide administrative and physical support to the Regional Revolving Loan Funds, Risk Fund and the Columbia Regional Economic Development Trust (CREDIT). CREDIT is a loan fund designated specifically for the rural areas. Administer other loan funds as required or requested.
9. Continue to assist the cities, counties, ports and community-wide development organizations with the implementation of their strategic economic development programs.
10. Continue to inform and explain the ongoing and developing economic development programs to each of the rural communities.
11. Continue to collect, analyze and distribute information regarding the economic climate of the area, including census data, updates and forecasts.
12. Introduce and work in conjunction with other partners regarding sustainability of the regions rural communities as well as the broader implications of resource sustainability throughout the region.
13. Establish ongoing relationships with other regional agencies with the common goal of improving the economic health of Eastern Washington.

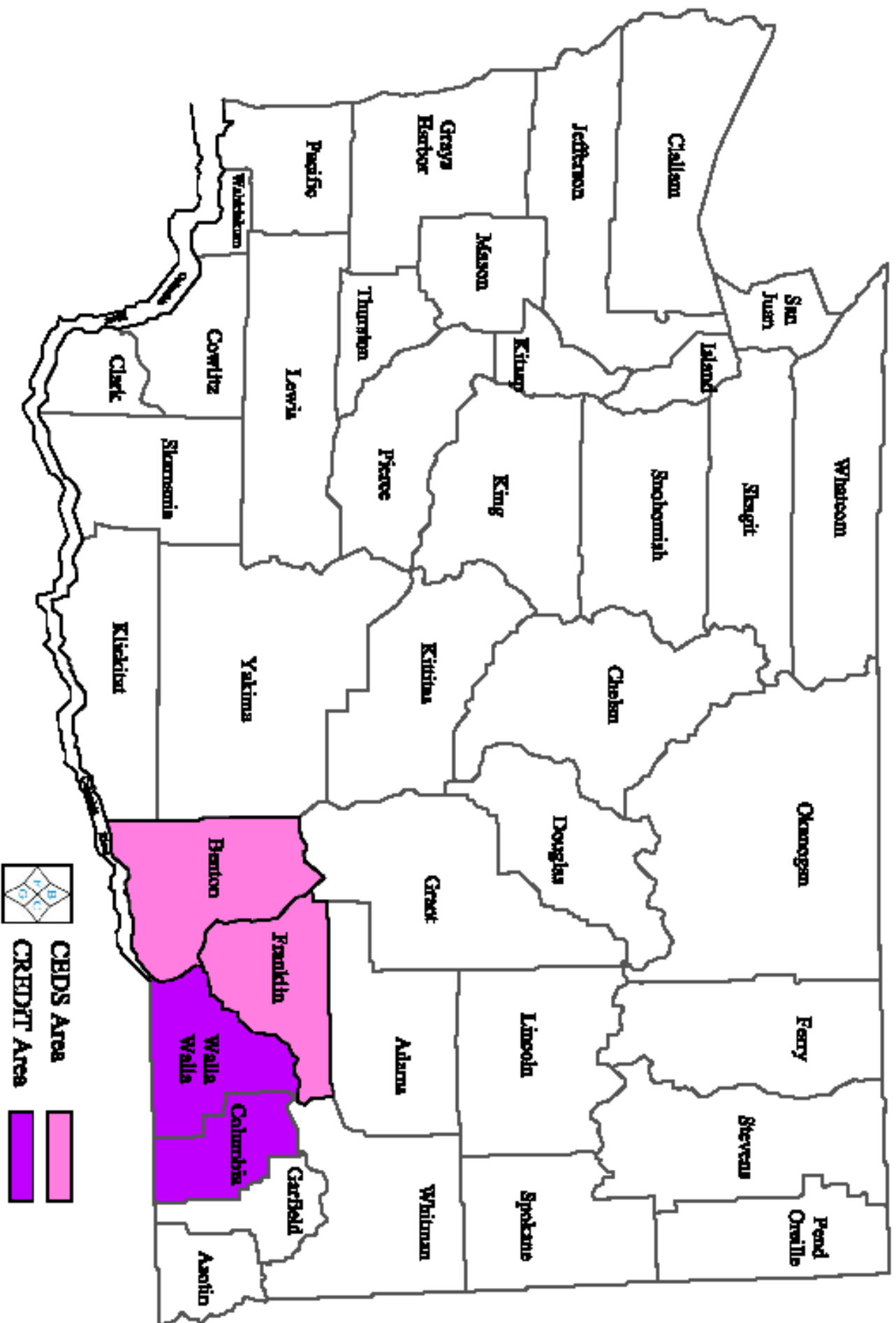
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9. High Skills, High Wages 2008-2018, Washington’s Strategic Plan for Workforce Development

## Appendix

1. 2014-2015 Funded Projects Map (p. 66)
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6. Benton County Profile by *Ajsa Suljic, Regional Labor Economist* (p. 71)
7. Franklin County Profile by *Ajsa Suljic, Regional Labor Economist* (p. 79)
8. 2010 Tri-City Major Area Employers (p. 85)
9. 2010-2020 Tri-City Forecast Changes in Employment (p. 86)

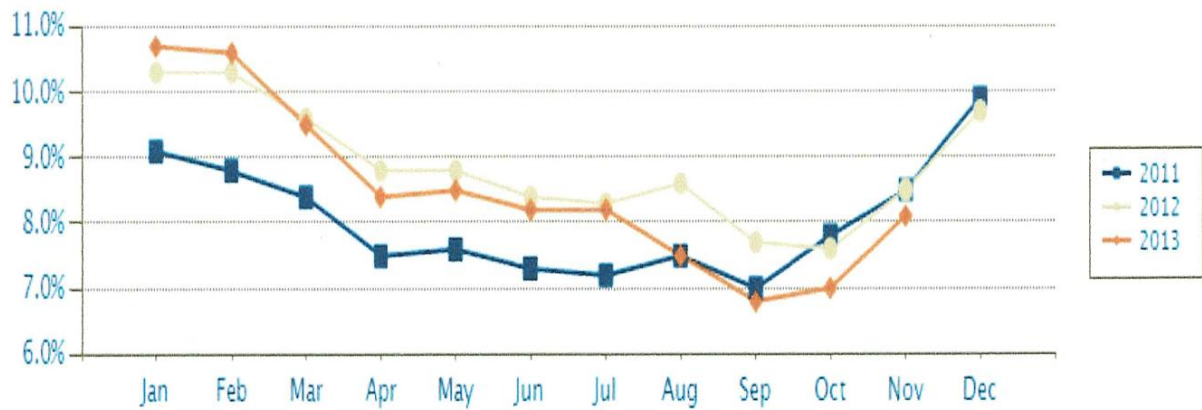






## Unemployment rates

Unemployment rates, not seasonally adjusted, in  
Kennewick-Pasco-Richland MSA (Benton and Franklin counties\*)

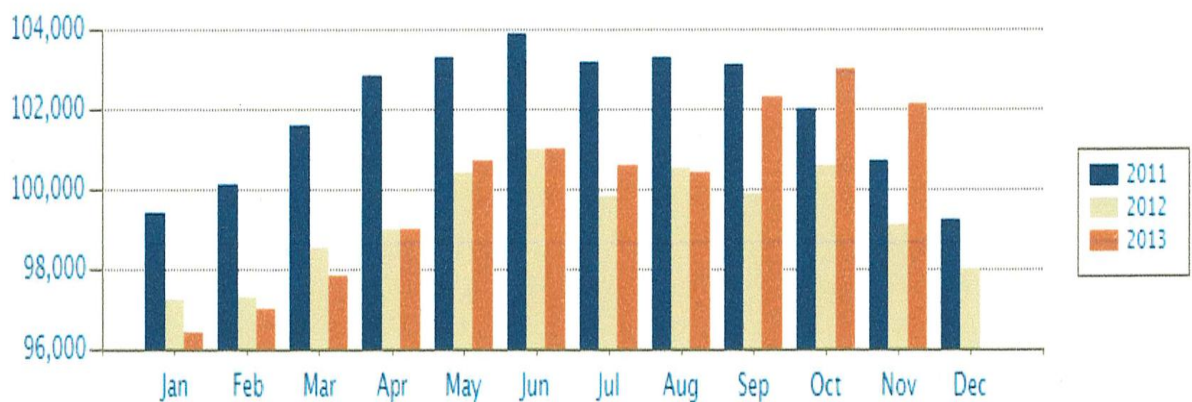


| Year | Jan   | Feb   | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  |
|------|-------|-------|------|------|------|------|------|------|------|------|------|------|
| 2011 | 9.1%  | 8.8%  | 8.4% | 7.5% | 7.6% | 7.3% | 7.2% | 7.5% | 7.0% | 7.8% | 8.5% | 9.9% |
| 2012 | 10.3% | 10.3% | 9.6% | 8.8% | 8.8% | 8.4% | 8.3% | 8.6% | 7.7% | 7.6% | 8.5% | 9.7% |
| 2013 | 10.7% | 10.6% | 9.5% | 8.4% | 8.5% | 8.2% | 8.2% | 7.5% | 6.8% | 7.0% | 8.1% |      |

Source: Washington State Employment Security Department, Labor Market and Economic Analysis Branch

## Nonfarm industry employment

Nonfarm industry employment, not seasonally adjusted, in  
Kennewick-Pasco-Richland MSA (Benton and Franklin counties\*)



| Year | Jan    | Feb     | Mar     | Apr     | May     | Jun     | Jul     | Aug     | Sep     | Oct     | Nov     | Dec    |
|------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|
| 2011 | 99,400 | 100,100 | 101,600 | 102,800 | 103,300 | 103,900 | 103,200 | 103,300 | 103,100 | 102,000 | 100,700 | 99,200 |
| 2012 | 97,200 | 97,300  | 98,500  | 99,000  | 100,400 | 101,000 | 99,800  | 100,500 | 99,900  | 100,600 | 99,100  | 98,000 |
| 2013 | 96,400 | 97,000  | 97,800  | 99,000  | 100,700 | 101,000 | 100,600 | 100,400 | 102,300 | 103,000 | 102,100 |        |

Source: Washington State Employment Security Department, Labor Market and Economic Analysis Branch

## Employment and unemployment

### Employment and unemployment, not seasonally adjusted, in Kennewick-Pasco-Richland MSA (Benton and Franklin counties\*)

| Labor force classification<br>(place of residence) | Preliminary<br>Nov-13 | Revised Oct<br>-13 | Revised<br>Nov-12 | Change           |                  |                    |  |
|--|-----------------------|--------------------|-------------------|------------------|------------------|--------------------|--|
|  |                       |                    |                   | Oct-13<br>Nov-13 | Nov-12<br>Nov-13 | Nov-12<br>Nov-13 % |  |
| Civilian Labor Force                               | 132,080               | 134,980            | 128,700           | -2,900           | 3,380            | 2.6%               |  |
| Employment   | 121,380               | 125,560            | 117,820           | -4,180           | 3,560            | 3.0%               |  |
| Unemployment                                       | 10,700                | 9,420              | 10,880            | 1,280            | -180             | -1.7%              |  |
| Unemployment Rate %                                | 8.1%                  | 7.0%               | 8.5%              | 1.1%             | -0.4%            | -4.7%              |  |

Source: Washington State Employment Security Department, Labor Market and Economic Analysis Branch

### Total nonfarm employment, not seasonally adjusted, in Kennewick-Pasco-Richland MSA (Benton and Franklin counties\*)

| NAICS industry title<br>(place of work) | Preliminary<br>Nov-13 | Revised Oct<br>-13 | Revised<br>Nov-12 | Change           |                  |                    |  |
|---|-----------------------|--------------------|-------------------|------------------|------------------|--------------------|--|
|   |                       |                    |                   | Oct-13<br>Nov-13 | Nov-12<br>Nov-13 | Nov-12<br>Nov-13 % |  |
| Total Nonfarm                           | 102,100               | 103,000            | 99,100            | -900             | 3,000            | 3.0%               |  |
| Total Private                           | 82,900                | 84,100             | 80,600            | -1,200           | 2,300            | 2.9%               |  |
| Goods Producing                         | 13,000                | 14,500             | 13,200            | -1,500           | -200             | -1.5%              |  |
| Natural resources and mining            | 6,200                 | 6,400              | 6,000             | -200             | 200              | 3.3%               |  |
| Manufacturing                           | 6,800                 | 8,100              | 7,200             | -1,300           | -400             | -5.6%              |  |
| Service-Providing                       | 89,100                | 88,500             | 85,900            | 600              | 3,200            | 3.7%               |  |
| Private Service Providing               | 69,900                | 69,600             | 67,400            | 300              | 2,500            | 3.7%               |  |
| Trade, Transportation, and Utilities    | 17,800                | 17,600             | 17,600            | 200              | 200              | 1.1%               |  |
| Retail Trade                            | 12,300                | 11,900             | 12,100            | 400              | 200              | 1.7%               |  |
| Financial Activities                    | 4,000                 | 4,000              | 3,900             | 0                | 100              | 2.6%               |  |
| Professional and Business Services      | 20,800                | 20,900             | 21,300            | -100             | -500             | -2.3%              |  |
| Administrative and waste services       | 10,300                | 10,400             | 10,700            | -100             | -400             | -3.7%              |  |
| Education and Health Services           | 11,900                | 11,900             | 11,400            | 0                | 500              | 4.4%               |  |
| Leisure and Hospitality                 | 9,400                 | 9,500              | 9,100             | -100             | 300              | 3.3%               |  |
| Food services and drinking places       | 7,000                 | 7,000              | 6,700             | 0                | 300              | 4.5%               |  |
| Government                              | 19,200                | 18,900             | 18,500            | 300              | 700              | 3.8%               |  |
| Federal                                 | 1,300                 | 1,300              | 1,300             | 0                | 0                |                    |  |
| State government                        | 3,300                 | 3,100              | 3,100             | 200              | 200              | 6.5%               |  |
| Local government                        | 14,600                | 14,500             | 14,100            | 100              | 500              | 3.5%               |  |
| Workers in Labor Management Disputes    | 0                     | 0                  | 0                 | 0                | 0                |                    |  |

Source: Washington State Employment Security Department, Labor Market and Economic Analysis Branch



MD = Metropolitan Division

MSA = Metropolitan or Micropolitan Statistical Area

\* = County not available separately from MSA

## Glossary

### Employment (Current Population Survey)

Persons 16 years and over in the civilian noninstitutional population who, during the reference week, (a) did any work at all (at least 1 hour) as paid employees; worked in their own business, profession, or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family; and (b) all those who were not working but who had jobs or businesses from which they were temporarily absent because of vacation, illness, bad weather, childcare problems, maternity or paternity leave, labor-management dispute, job training, or other family or personal reasons, whether or not they were paid for the time off or were seeking other jobs. Each employed person is counted only once, even if he or she holds more than one job. Excluded are persons whose only activity consisted of work around their own house (painting, repairing, or own home housework) or volunteer work for religious, charitable, and other organizations.

The labor force includes all persons classified as employed or unemployed in accordance with the definitions contained in this glossary.

### North American Industry Classification System (NAICS)

The successor to the Standard Industrial Classification (SIC) system; this system of classifying business establishments is being adopted by the United States, Canada, and Mexico.

### Not seasonally adjusted

This term is used to describe data series that have not been subjected to the seasonal adjustment process. In other words, the effects of regular or seasonal patterns have not been removed from these series.

### Total nonfarm employment (Current Employment Statistics)

Employment is the total number of persons on establishment payrolls employed full or part time who received pay for any part of the pay period which includes the 12th day of the month. Temporary and intermittent employees are included, as are any workers who are on paid sick leave, on paid holiday, or who work during only part of the specified pay period. A striking worker who only works a small portion of the survey period, and is paid, would be included as employed under the CES definitions. Persons on the payroll of more than one establishment are counted in each establishment. Data exclude proprietors, self-employed, unpaid family or volunteer workers, farm workers, and domestic workers. Persons on layoff the entire pay period, on leave without pay, on strike for the entire period or who have not yet reported for work are not counted as employed. Government employment covers only civilian workers. With the release of NAICS-based estimates in June 2003, the scope and definition of Federal Government employment estimates changed due to a change in source data and estimation methods. The previous series was an end-of-month federal employee count produced by the Office of Personnel Management, and it excluded some workers, mostly employees who work in Department of Defense-owned establishments such as military base commissaries. Beginning in June 2003, the CES national series began to include these workers. Also, Federal Government employment is now estimated from a sample of Federal establishments, is benchmarked annually to counts from unemployment insurance tax records, and reflects employee counts as of the pay period including the 12th of the month, consistent with other CES industry series. The historical time series for Federal Government employment was revised to reflect these changes.

### Unemployment (Current Population Survey)

Persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.

### Unemployment rate

The unemployment rate represents the number unemployed as a percent of the labor force.

# Benton County Profile

By Ajsa Suljic, Regional Labor Economist

*Updated July 2013*

## Overview

### *Regional Context*

Benton County, named after Missouri Senator Thomas Hart Benton, was created from eastern Yakima and Klickitat counties in 1905. The county is located in southeastern Washington at the confluence of the Columbia, Snake and Yakima rivers. The Columbia River defines the north, south and east boundaries, making the county part of the semi-arid river basin in the rain shadow of the Cascade, Blue, Wallowa and Rocky mountains. Ranching and dryland farming made up the bulk of its economy in the 1800s. Today, it is the ninth most densely populated county in the state with 103 persons per square mile due to its nuclear-related and other research and development. Agriculture is still a large producer in the area.

### *Local Economy*

Deer and elk, along with fishing, seeds, roots and berries provided food for the indigenous people in the area even though there is little rainfall. Migrations of whites into the area in the 19th century disrupted the tribal world and, the Indian Wars of the 1850s resulted in tribes being moved to reservations.

The gold rush of 1858 in British Columbia brought the first large group of whites through the area. By the 1870s, cattle and horse ranchers occupied the majority of land in the area. In the 1880s, major settlements along the Columbia River were connected by steamboats and railroads, allowing farmers and ranchers to get products to market. Farming included corn, wheat, alfalfa, potatoes and fruit, especially apples. Many farmers were successful in dry farming. However in the 1890s, the Yakima Irrigation and Improvement Company built the first irrigation canals. With irrigation, railroad and electricity development, there were accompanying expansions of orchards, vineyards, farming and ranching.

World War II brought the Hanford Project into the county to develop the plutonium used in the first nuclear bomb. Continued federal investment has led to scientific diversification and nuclear and chemical cleanup, with skilled engineers and scientists following the jobs. In the late 1980s, Washington State University expanded into the area, offering advanced degrees. The well-educated, trained workforce has made many contributions in agricultural production, processing and research. Over time, the county has attracted a variety of manufacturers, including production of chemicals, fertilizer and zirconium tubing and titanium, along with supporting storage and distribution centers.

Growth and prosperity have continued with population and development centering in Kennewick, Richland and Prosser. Recreational industry and tourist attractions are developing along with the popularity of the wine industry. The economy is tied to agriculture, food

processing, medical equipment manufacturing, energy production, nuclear-fuel fabrication, wine production and wine tourism.

## Geographic facts

(Source: U.S. Census Bureau QuickFacts)

|                                | Benton County | Rank in state |
|--------------------------------|---------------|---------------|
| Land area, 2010 (square miles) | 1,700.38      | 22            |
| Persons per square mile, 2010  | 103           | 9             |

## Outlook

Benton County economic activities slowed down and decreased in employment in 2012, as stimulus funded projects phased out at Hanford Nuclear Reservation. The downsizing has been felt throughout the region, however, its relative impacts have decreased over the years as the local community is diversifying and increasing its economic base in other industries.

Combination of industries, agriculture and food processing, education and healthcare services, retail trade and food services, have helped lessen the impact of the job loss in professional and business services.

Local population growth continues to drive demand for more educational services as well as healthcare, with just over 0.7 percent growth over the year. This marks the slowest growth in these two industries since 2005; with previous five year average annual growth of 4.3 percent. The slowdown seen in education and healthcare industries can largely be attributed to the national, state and local budget cuts and re-allocations.

The good news is that the housing market here is stable with growing housing inventories, and affordable prices. The national and state housing sectors are expanding and growing, which is expected to drive economic growth even in the local area as consumer confidence in buying and selling homes increase. According to Washington state nonfarm projections, Tri-Cities (which included both Benton and Franklin Counties) are expected to be fastest growing area in the state through 2020, but it will be expected to be 1.2 percent points below that of the 2000 to 2010 period.

Manufacturing and construction sectors are expected to lead the way in annual growth at 1.7 percent and 3.4 percent through 2016. In response to growth in manufacturing and agriculture, wholesale trade along with transportation and warehousing industries are expected to expand as well. Also, education and healthcare industries are expected to grow at 3.0 percent a year through 2016.

As the economy becomes more stable and moves forward with new markets, new products and technology in research and development, manufacturing, and wine production and utilization are expected to play a big role in Benton County's future prosperity.

### ***Labor Force and Unemployment***

*(Source: Employment Security Department)*

In 2012, total county labor force was estimated at 96,830, about 0.4 percent less than in 2011. Benton County unemployment rate was at 8.5 percent in 2012 which is 0.9 percent higher than in 2011. Benton County unemployment statistics are headed different directions from that of the state or the nation because of Hanford layoffs due to ending of stimulus funds and completion of projects.

For the Kennewick-Pasco-Richland Metropolitan Statistical Area (MSA that contains both Benton and Franklin counties), the May 2013 preliminary unemployment rate was 8.5 percent, down from 8.8 percent in May 2012.

Preliminary May 2013 estimates for the combined counties show that the total civilian labor force was down by 1.7 percent, from 133,560 in May 2012 to 131,310 in May 2013. The number of employed residents was 119,940 in May 2013, down 1.6 percent from 121,860 in May 2012. At the same time the number of unemployed workers decreased by 2.8 percent from 11,700 in May 2012 to 11,370 in May 2013.

### ***Industry Employment***

*(Source: Employment Security Department)*

Total covered employment in Benton County was 78,763 in 2012, down by 3.2 percent or 2,579 jobs since 2011. The five-year average annual growth rate in Benton County for covered employment was 0.9 percent. Average annual wages for covered employment in Benton County was \$48,883 in 2012, a decrease of 3.1 percent from 2011 when the average annual wage was \$50,522.

In 2012, according to the BLS' Quarterly Census of Employment and Wages, there were 5,398 total establishments in the county, an increase of 3.9 percent, or 205 new establishments, over the year.

Goods-producing industries, which include natural resources, mining, construction and manufacturing, increased in employment from 2011 to 2012 by 1.5 percent, or by 205 jobs. Average monthly employment in 2012 was 13,971 workers and annual wages totaled \$559.7 million, which translates to \$40,063 average annual wages for goods-producing workers.

- Manufacturing industry gained employment over the year, growing by 12.0 percent. The averaged employment was at 4,178 jobs in 2012, with average annual pay of \$51,528

and a five-year annual average growth rate of 2.6 percent. Manufacturing represented 5.3 percent of total covered employment.

- Construction accounted for 5.2 percent of the total average annual employment in the county with 4,124 jobs in 529 establishments.
  - The average annual wage in construction was \$52,672 in 2012.
  - Over the past five years average employment in construction has been decreasing by 3.2 percent a year. Over the year, however, construction decreased by 11.8 percent.
  - The construction employment loss in 2012 is direct reflection of the continuing Hanford down cycle that has driven construction activities down in 2012 after growth in 2011 of 7.6 percent.
  - Agriculture is one of the base industries in the area, representing 6.1 percent of total employment. It is, however, highly seasonal and volatile from year to year.
  - Average annual employment in agriculture in 2012 was 5,647, up by 20.5 percent from 2011. Nonetheless, agriculture has shown a 2.8 percent average annual growth rate over the past five years.
  - The average annual wage in agriculture was \$22,321, mainly due to the seasonality of agricultural activities.
  - Crop production represents 79.1 percent of total agriculture, which is largely in non-citrus fruit farming, including apple orchards, grape vineyards and other produce.
  - Support activities shared 20.9 percent of employment, which includes post-harvest crop activity.

Service-providing industries are a major share (82.3 percent) of the county's economy. There was an average of 64,971 jobs in 4,504 establishments, which paid an average annual wage of \$50,837 in 2012. Over the year, due to layoffs from Hanford service-providing industries decreased by 5.2 percent, or by 3,552 jobs.

- Finance and insurance industry sector was the fastest growing in 2012 with 6.0 percent change over the year. There were 152 establishments in finance and insurance industry, which provided on average 1,753 jobs. Average annual wage for this industry was at \$55,931, which makes it one of the top paying industries in the area.
- The administrative and support and waste management and remediation industry sector in Benton County has driven employment decreases with an over-the-year decline of 15.5 percent, or 1,771 jobs. Most of the losses from this industry are coming from Hanford, due to completion of Stimulus funded projects.
  - Average employment in this sector was 9,482 in 248, establishments, with average annual wages of \$75,517.
  - The primary employing industry is waste management and remediation services.
- The professional, scientific and technical services industry is the largest private industry in Benton County with a 12.2 percent share of total employment.
  - This industry had an average annual employment of 10,189 in 416 establishments, with the highest average annual wage of \$85,216 in 2012.

- Over the year, this industry contracted by 12.8 percent as the result of federal budget cuts for the Hanford cluster.
- Retail trade is the third largest employing industry in Benton County, representing 10.9 percent of total employment.
  - Retail trade is a very stable industry with a five-year average annual growth of 0.8 percent.
  - In 2012, this industry had an average of 8,585 jobs in 420 establishments, and paid an average annual wage of \$25,620.
- Healthcare and social assistance employment in the private sector was 8,147 jobs, which represented about 10.3 percent of total employment in 2012 with an increase of 3.6 percent from 2010.
  - This industry is one of the fastest growing private industries in Benton County with a five-year average annual growth rate of 3.2 percent since 2008.
  - The average annual wage in this industry was \$43,165, in 446 establishments.

### ***Industry Employment by Age and Gender***

*(Source: The Local Employment Dynamics)*

The Local Employment Dynamics (LED) database, a joint project of state employment departments and the U.S. Census Bureau, matches state employment data with federal administrative data. Among the products is industry employment by age and gender. All workers covered by state unemployment insurance data are included; federal workers and non-covered workers, such as the self-employed, are not. Data are presented by place of work, not place of residence. Some highlights:

In 2011, the largest shares of employment were held by 45 to 54 year-olds at 22.4 percent, which is close to the state's figure of 22.9 percent and 25 to 34 year-olds, who also had a 22.4 percent share, followed by those 55 years and older at 17.1 percent.

- The county's workforce includes 53.1 percent males and 46.9 percent females.
  - Male-dominated industries included construction (84.8 percent), utilities (75.5 percent), wholesale trade (75.1 percent), transportation and warehousing (74.5 percent) and administrative and waste management (71.9 percent).
  - Female-dominated industries included healthcare and social assistance (82.4 percent), finance and insurance (73.4 percent) and educational services (73.1 percent).

### **Wages and Income**

*(Source: Employment Security Department; Bureau of Labor Statistics; Bureau of Economic Analysis; U.S. Census Bureau; U.S. Census Bureau, American Community Survey)*

In 2012, there were 78,763 jobs in Benton County covered by unemployment insurance, with a total payroll of over \$3.8 billion.

The average annual wage was \$48,883, below the state's average annual wage of \$51,964. The median hourly wage in 2011 was \$23.23, above the state's median hourly wage of \$21.59.

### ***Personal Income***

Personal income includes earned income, investment income, and government payments such as Social Security and Veterans Benefits. Investment income includes income imputed from pension funds and from owning a home. Per capita personal income equals total personal income divided by the resident population.

In 2011, Benton County's per capita personal income was \$39,700, less than the state (\$43,878) and the nation (\$41,560).

According to the U.S. Census Bureau QuickFacts, the median household income was \$61,690 in 2011. The county's median was slightly more than that of the state (\$56,835) and of the nation (\$50,502) during the same period.

Benton County's poverty rate of 12.2 percent is below the Washington state's rate of 12.5 percent and the nation's rate of 14.3 percent in the period 2007 to 2011, according to U.S. Census Bureau QuickFacts.

### **Population**

*(Source: U.S. Census Bureau)*

In 2012, Benton County's population was 182,398 with a 28 percent growth from 2000 to 2012 compared to the state's growth rate of 17.0 percent over the decade.

The largest city in Benton County is Kennewick with a population of 75,971 in 2012.

### ***Population facts***

*(Source: U.S. Census Bureau QuickFacts)*

|                              | Benton County | Washington state |
|------------------------------|---------------|------------------|
| Population 2012              | 182,398       | 6,897,012        |
| Population 2000              | 142,475       | 5,894,121        |
| Percent change, 2000 to 2012 | 28.0%         | 17.0%            |

## Age, Gender and Ethnicity

(Source: U.S. Census Bureau QuickFacts)

Benton County had a younger population in 2012 than did the state.

- Benton County's largest population was under 18 years of age (26.6 percent) compared to the state (23.0 percent) in 2012.
- Residents under the age of 5 years old made up 7.3 percent of the total population compared to 6.4 percent in the state in 2012.
- In 2012, Benton County's population 65 years and older made up 12.4 percent of the total compared to 13.2 percent of the state's population.

The gender split in the county was with 49.9 percent female compared to 50.1 percent in the state in 2012.

Benton County is not as racially or ethnically diverse as the state except in its Hispanic or Latino residents, who can be any race. Hispanics or Latinos were 19.2 percent of the population compared with 11.7 percent in the state.

### *Demographics*

(Source: U.S. Census Bureau QuickFacts)

|  | Benton County | Washington state |
|--|---------------|------------------|
| Population by age, 2012                        |               |                  |
| Under 5 years old                              | 7.3%          | 6.4%             |
| Under 18 years old                             | 26.6%         | 23.0%            |
| 65 years and older                             | 12.4%         | 13.2%            |
| Females, 2012                                  | 49.9%         | 50.1%            |
| Race/ethnicity, 2012                           |               |                  |
| White  | 91.5%         | 81.6%            |
| Black  | 1.5%          | 3.9%             |
| American Indian, Alaskan Native                | 1.2%          | 1.8%             |
| Asian, Native Hawaiian, Other Pacific Islander | 3.1%          | 8.4%             |
| Hispanic or Latino, any race                   | 19.2%         | 11.7%            |



## ***Educational Attainment***

*(Source: U.S. Census Bureau QuickFacts)*

88.2 percent of Benton County's population 25 years and older were high school graduates over the period of 2007 to 2011. This graduation rate compares to that of the state's rate of 89.8 percent.

Those holding a bachelor's degree or higher made up 27.7 percent of Benton County residents age 25 and older compared to 31.4 percent of state residents over the same period.

# **Benton County Profile**

**By Ajsa Suljic, Regional Labor Economist**

***Updated July 2013***

## **Overview**

### ***Regional Context***

Franklin County, named for Benjamin Franklin, was created from Whitman County in 1883. The county is located in southeastern Washington at the convergence of the Snake and Columbia rivers. The Columbia River forms its western border and the Snake River forms its southern and eastern borders. Adams County is to its north. The railroads secured the county's future as towns grew up around its railroad stations. Ranching and farming have continued to be the economic mainstay of Franklin County. It ranked 27th in the state in terms of land area and 15th in the state in persons per square mile (66.42) in 2012.

### ***Local Economy***

Native Americans were the first people who inhabited this area, hunting game and fishing salmon. In the 1850s, white prospectors traveled through the area to the gold rush in British Columbia. Some stayed to raise sheep and plant orchards. The 1855 treaty agreements resulted in the native people ceding their lands to the United States and moving to reservations.

In the 1800s, cattle and horse ranches dominated much of the northern county while orchards flourished elsewhere. With the coming of the railroad, settlements started at the mouth of the Snake River. Pasco was connected to Kennewick through ferry-operated services and steamboats, which ended in 1887 when the first railroad bridge connected Pasco to Kennewick. The railroad furthered development throughout the 1900s. There were settlements of Chinese who worked for the railroad. Some of the Chinese panned gold and operated businesses in the rail towns.

There was unremarkable growth until World War II when the U.S. Army-Air Force Base moved to Pasco, and the Hanford project moved to Richland. In 1948, the first farm received water from the Grand Coulee Dam. Manufacturing and storage facilities, including ice houses and fruit-packing facilities, followed.

The 1990s and 2000s brought increasing industrial diversity with continued agriculture and food manufacturing as its economic base. The economic downturn, however, did not spare Franklin County. The county's rate of unemployment has risen, and the length of joblessness has increased. Construction, real estate and rental and leasing were the industries that lost the most employment during the recession. Industries that are creating stability in the area include food manufacturing, agriculture and private and public educational and healthcare services.

Franklin County became the first Hispanic-majority county in the Pacific Northwest. It is also one of the region's fastest growing counties.

## Geographic facts

*(Source: U.S. Census Bureau QuickFacts)*

|                                | Franklin County | Rank in state    |
|--------------------------------|-----------------|------------------|
| Land area, 2010 (square miles) | 1,242.17        | 7 <sup>th</sup>  |
| Persons per square mile, 2012  | 66.4            | 15 <sup>th</sup> |

## Outlook

The downsizing of employment at Hanford Nuclear Reservation has been felt throughout the region, however, its relative impacts have decreased over the years as the local community is diversifying and increasing its economic base in other industries. Combination of industries, agriculture and food processing, education and healthcare services, retail trade and food services, have helped lessen the impact of the job loss in professional and business services.

Local population growth continues to drive demand for more educational services as well as healthcare, with just over 0.7 percent growth over the year. This marks the slowest growth in these two industries since 2005; with previous five year average annual growth of 4.3 percent. The slowdown seen in education and healthcare industries can largely be attributed to the national, state and local budget cuts and re-allocations.

The good news is that the housing market here is stable with growing housing inventories, and affordable prices. The national and state housing sectors are expanding and growing, which is expected to drive economic growth even in the local area as consumer confidence in buying and selling homes increase. According to Washington state nonfarm projections, Tri-Cities (which included both Benton and Franklin Counties) are expected to be fastest growing area in the state through 2020, but it will be expected to be 1.2 percent points below that of the 2000 to 2010 period.

In the short run, durable goods manufacturing and healthcare and social assistance are expected to lead the way in annual growth. In response to manufacturing growth in the area, agriculture, wholesale trade along with transportation and warehousing industries will be expanding as well.

## **Labor Force and Unemployment**

*(Source: Employment Security Department)*

In 2012, total county labor force was estimated at 37,110, about 0.8 percent less than in 2011. Franklin County unemployment rate was at 9.4 percent in 2012 which is 0.6 percent higher than in 2011. Benton County unemployment statistics are headed different directions from that of the state or the nation because of Hanford layoffs due to ending of stimulus funds and completion of projects.

For the Kennewick-Pasco-Richland Metropolitan Statistical Area (MSA that contains both Benton and Franklin counties), the May 2013 preliminary unemployment rate was 8.7 percent, down from 8.8 percent in May 2012.

Preliminary May 2013 estimates for the combined counties show that the total civilian labor force was down by 1.7 percent, from 133,560 in May 2012 to 131,310 in May 2013. The number of employed residents was 119,940 in May 2013, down 1.6 percent from 121,860 in May 2012. At the same time the number of unemployed workers decreased by 2.8 percent from 11,700 in May 2012 to 11,370 in May 2013.

## **Industry Employment**

*(Source: Employment Security Department)*

Total covered employment in Franklin County was 30,608 in 2012, which has grown by 3.3 percent or 967 jobs since 2011. The five-year average annual growth of Franklin County covered employment was 3.8 percent. Average annual wage for covered employment in Franklin County was \$34,358 in 2012, which is up by 2.1 percent from 2011 average annual wage of \$33,651.

In 2012, according to the BLS Quarterly Census of Employment and Wages, there were 2,760 total establishments in Franklin County with an increase of 5.2 percent or 136 new establishments over the year. Private establishments provided about 24,810 jobs or 81.1 percent of the total in 2012, and public administration provided 5,798 jobs or 18.9 percent of the total in 2012.

Goods-producing industries, which include natural resources, mining, construction and manufacturing, increased in employment from 2011 to 2012 by 4.9 percent or by 520 jobs. Average monthly employment in 2012 was 11,093 workers and annual wages totaled \$337.6 million, which translates to \$30,433 average annual wage for goods-producing workers.

- Manufacturing increased employment over the year, decreased by 1.3 percent. Manufacturing jobs were at 3,136 in 2012, with average annual pay of \$36,201 and a five-year employment annual average growth rate of 9.5 percent. Manufacturing represented about 10.2 percent of total covered employment.
  - Nondurable goods, which includes food, beverage and chemical manufacturing, was 84.3 percent of manufacturing.

- Durable goods, which includes miscellaneous fabricated metal and transportation equipment manufacturing, was 15.7 percent of manufacturing.
- Construction accounted for 4.8 percent of the total average annual employment in the county with 1,461 jobs.
  - The average annual wage in construction was \$47,172 in 2012.
  - Since 2007, construction employment decreased on average by 1.5 percent annually, showing volatility in housing demand and incentives over the past five years.
- Agriculture is one of the base industries in the area, representing 21.1 percent of total employment. It is, however, highly seasonal and volatile from year to year.
  - Average annual employment in agriculture in 2012 was 6,466, up by 10.8 percent from 2011. Nonetheless, agriculture has shown a 4.3 percent average annual growth rate over the past five years.
  - The average annual wage in agriculture was at \$23,785, mainly due to the seasonality of agricultural activities.
  - Crop production represents 70.7 percent of total agriculture, which is largely in non-citrus fruit farming, including apple orchards, grape vineyards and other produce.
  - Support activities shared 20.4 percent of employment, which includes post-harvest crop activity.

Service-providing industries have a 63.8 percent share of Franklin County's total employment. There was an average of 19,518, which paid an average annual wage of \$36,424 in 2012. Over the year, service-providing industries increased by 2.4 percent or by 456 jobs.

- Retail trade is the largest employing private service industry in Franklin County, representing 9.3 percent of total employment and third largest of all other industries after agriculture and manufacturing. Retail trade is a very stable industry with a five-year average annual growth of 2.9 percent. In 2012, this industry had an average of 2,901 jobs, which paid an average annual wage of \$30,372.
- Healthcare and social assistance employment in the private sector was 11,894 jobs, which represented about 6.2 percent of total employment in 2012. The average annual wage in this industry was \$40,372.
- Public administration is the largest service-providing industry in Franklin County with 18.9 percent share of total employment. This industry had an average annual employment of 5,798 in 2012. It paid an average annual wage of \$43,592. The largest share of employment in this industry is in local school administration, providing services to youth.

### ***Industry Employment by Age and Gender***

(Source: The Local Employment Dynamics)

The Local Employment Dynamics (LED) database, a joint project of state employment departments and the U.S. Census Bureau, matches state employment data with federal

administrative data. Among the products is industry employment by age and gender. All workers covered by state unemployment insurance data are included; federal workers and non-covered workers, such as the self-employed, are not. Data are presented by place of work, not place of residence. Some highlights:

- In 2011, the largest share of employment was held by 25 to 34 year-olds at 22.6 percent, which is close to the state's figure of 22.4. The age group of 45 to 54 year-olds had a 20.9 percent share of employment, followed by those 55 years old and older at 21.3 percent.
- The county's employment showed male workers at 53.8 percent and females at 46.2 percent.
  - Male-dominated industries included construction (79.8 percent), transportation and warehousing (78.5 percent), wholesale trade (77.6 percent), utilities (73.0 percent), and real estate and rental and leasing (70.7 percent).
  - Female-dominated industries included healthcare and social assistance (80.1 percent), finance and insurance (73.0 percent) and educational services (70.6 percent).

### **Wages and Income**

*(Source: Employment Security Department; Bureau of Labor Statistics; Bureau of Economic Analysis; U.S. Census Bureau; U.S. Census Bureau, American Community Survey)*

In 2012, there were 30,608 jobs in Franklin County covered by unemployment insurance, with a total payroll of over \$1.05 billion.

The average annual wage was \$34,358, well below the state's average annual wage of \$51,964. The median hourly wage in 2011 was \$15.38, below the state's median hourly wage of \$21.59.

### **Personal Income**

Personal income includes earned income, investment income, and government payments such as Social Security and Veterans Benefits. Investment income includes income imputed from pension funds and from owning a home. Per capita personal income equals total personal income divided by the resident population.

In 2011, Franklin County's personal income was \$2.4 million, which translates into \$29,711 per capita personal income. Franklin County's per capita personal income was 32.3 percent less than the state (\$43,878) and 28.9 percent less than the nation (\$41,560).

According to the U.S. Census Bureau QuickFacts, the median household income was \$50,731 in the period 2007 to 2011. The county's median was less than that of the state (\$57,244) and of the nation (\$58,890) during the same period.

Franklin County's poverty rate of 20.9 percent was higher than Washington State's rate of 12.5 percent and the nation's rate of 14.3 percent in the period 2007 to 2011, according to U.S Census Bureau QuickFacts.

## Population

(Source: U.S. Census Bureau)

In 2012, Franklin County's population was 85,845. Over the decade, Franklin County almost doubled with a 74.0 percent growth. In comparison, the state grew by 17.0 percent from 2000 to 2012.

The largest city in Franklin County is Pasco, the county seat, with a population of 62,670 in 2012.

### Population facts

(Source: U.S. Census Bureau QuickFacts)

|                              | Franklin County | Washington state |
|------------------------------|-----------------|------------------|
| Population 2012              | 85,845          | 6,897,012        |
| Population 2000              | 49,347          | 5,894,121        |
| Percent change, 2000 to 2010 | 74.0%           | 17.0%            |

## Age, Gender and Ethnicity

(Source: U.S. Census Bureau QuickFacts)

Franklin County has a much younger population than does the state.

- Over one-third of Franklin County's population (34.1 percent) was under 18 years of age compared to the state (23.0 percent) in 2012.
- Residents under the age of 5 years old made up 10.5 percent of the county's total population compared to 6.4 percent in the state in 2012.
- In 2012, Benton County's population 65 years and older made up 7.4 percent of the total compared to 13.2 percent of the state's population.

The county was 47.8 percent females compared to 50.1 percent in the state in 2012. Franklin County is the first county in the region to have a majority of Hispanics in its population. The population in 2012 in Franklin County was 43.1 percent white compared to 71.6 percent in the state. Hispanics or Latinos were 50.9 percent of the population compared with 11.7 percent in the state.

## Demographics

(Source: U.S. Census Bureau QuickFacts)

|  | Franklin County | Washington state |
|--|-----------------|------------------|
| Population by age, 2012                        |                 |                  |
| Under 5 years old                              | 10.5%           | 6.4%             |
| Under 18 years old                             | 34.1%           | 23.0%            |
| 65 years and older                             | 7.4%            | 13.2%            |
| Females, 2012                                  | 47.8%           | 50.1%            |
| Race/ethnicity, 2012                           |                 |                  |
| White  | 91.3%           | 81.6%            |
| Black  | 2.6%            | 3.9%             |
| American Indian, Alaskan Native                | 1.3%            | 1.8%             |
| Asian, Native Hawaiian, Other Pacific Islander | 2.5%            | 8.4%             |
| Hispanic or Latino, any race                   | 50.9%           | 11.7%            |

## Educational Attainment

(Source: U.S. Census Bureau QuickFacts)

High school graduates among Franklin County's population 25 years and older was 68.8 percent, lower than the state (89.8 percent) over the period 2007 to 2011.

Those holding a bachelor's degree or higher made up 15.1 percent of Franklin County residents age 25 and older compared to 31.4 percent of state residents over the same period.



