

Tri-Cities business community works on growth-limiting issues

Appeared in the Tri-City Herald November 18, 2001

Local businesses are stable and growing, but some aspects of our community are limiting economic growth. This was the message from Tri-Cities businesses that local economic development leaders have taken to heart.

The Tri-City Industrial Development Council released results last month from a survey called Commerce Appreciation, Retention, and Expansion, or CARE. "The survey was part of an effort to help existing businesses, mainly manufacturers, expand and become more competitive," said Gary A. White, TRIDEC director of business retention and expansion.

The 90 manufacturers, agribusinesses and large employers in Benton and Franklin Counties surveyed rated the Tri-Cities a good place to do business, but gave lower marks to air and rail transportation, availability of investment capital and workforce adequacy. Local business organizations are working to address these issues.

Air Transportation

"Business people are constantly asking for more air travel options out of Pasco, at lower fares," said Bill Martin, president of TRIDEC and member of its Air Service Task Force.

For example, flying roundtrip from Pasco to Washington, D.C. with no advance notice can cost \$2,000 compared to \$500 from Seattle.

"High air fares are a competitive disadvantage, but getting more airlines here, including those that offer cut-rate fares, can be a tough sell as they require a larger population than ours," Martin said.

The concept of a travel bank is being explored, in which airlines are guaranteed a certain level of ticket sales in exchange for lower prices and additional routes. Businesses would pay for ticket sales up front, then deduct airfares from debit cards.

"We approached various airlines with a business plan showing cost projections to add routes and reduce fares, along with a local travel bank commitment of \$1.4 million annually," Martin said. Horizon Air was interested in the concept with some of its 70-seat planes in 2003.

Investment Capital

Many businesses need investment capital to start or expand, but the Tri-Cities lacks a strong infrastructure of investment banks, venture capital and wealthy "angel" investors. Also, most investors reside in larger cities, and aren't necessarily seeking investment opportunities in the Tri-Cities, according to White.

“We’re working to bring local enterprises and private investors together, while coaching entrepreneurs to make their companies more attractive to investors,” said Gary Spanner, manager of Pacific Northwest National Laboratory’s Economic Development Office.

Over the last four years, PNNL and other organizations have hosted several investor forums to bring investors and Tri-Cities entrepreneurs together, with encouraging results.

“Angel investors indicate we offer potential deals equivalent to what they see in Seattle and we’re within their geographic scope, but we need to overcome some challenges to attract more investment capital,” said Spanner. “For example, investors are attracted by entrepreneurs who’ve started several successful companies and deals that offer potentially large financial yields, like a five-fold return in three years,” he said.

Several local organizations offer assistance to companies seeking capital, including Washington State University Tri-Cities Business LINKS, the Small Business Development Center and the Three Rivers Venture Group, a local interest group that meets monthly. Also, Columbia Basin College leads a contest for startup firms, with two winners receiving up to \$30,000.

Work Force

The local workforce is productive, surveyed employers said, but there are problems with employee availability, quality, stability and training.

Michelle Mann, executive director of the Benton Franklin Workforce Development Council, said her organization was formed in 1999 to address these and similar issues.

“We direct up to \$5 million in annual federal funding toward training for those meeting certain criteria, such as low incomes or being a dislocated worker or displaced homemaker,” she said. Current training programs are geared toward construction trades, food processing and anything related to computers, Mann said.

Mann and her statewide counterparts also survey employers to identify skills needed, then work with community colleges, such as Columbia Basin College, to create curricula.

According to Donna Campbell, CBC's vice president of instruction, the college has 32 workforce programs designed to meet local employer needs in areas such as health care, welding, information technology and machine technology.

“Some employers don't realize we offer short-term, customized training at their work site or ours, including weekends and evenings,” she added.

Rail Transportation

According to Burlington Northern Santa Fe Railroad, Pasco has the largest switching yard in the Northwest, with more railcars per day -- about 1700 - than Seattle, Tacoma or Portland. Union Pacific and Tri-City Railroad also serve Mid-Columbia businesses.

Food processors and manufacturers are big users, shipping agricultural goods and receiving supplies, such as raw materials for metal fabrication. But some businesses are frustrated by limited rail routes and services.

"Container shipments from the East go through Pasco or Hermiston but continue on to Seattle, where I have to pay to truck them back," said Mike Rector, president of Western Sintering, whose Richland company makes metal parts for industrial customers.

Another problem has been delivery of railcars to pick up shipments from business locations. Twin City Foods, Kennewick, ships up to 300 railcars of frozen vegetables annually. "Railroads require several days notice to reserve cars, yet many of our customers don't know that far in advance when they'll need shipments," said Larry Christensen, the firm's warehouse manager. "We pay a penalty if the reserved car isn't used." Pickup of loaded cars has been a problem too, sometimes taking several days, he said.

Two new services may help. Portland-based Northwest Container Services now offers containerized freight shipping between Pasco and Western Washington. Bryson Pomeroy, the company's terminal manager for Pasco, said the firm also is working to unload Burlington-Northern's containers in Pasco.

Tri-City Railroad recently began offering its ExpressLane service, in which fresh produce is picked up by truck and loaded onto rail cars. According to Randy Peterson, the company's president, cars then interchange with Union Pacific, which has refrigerated trains traveling to East coast cities in eight to ten days versus the 25 it takes others.

There's also talk of attaching freight cars to Amtrak trains for express freight -- a service pioneered recently in Wenatchee for apple shipments.