

Tri-Cities thrives as technology base, meets challenges

The Tri-Cities ranks near the top 10 percent nationwide in technology industry growth while offering significant quality-of-life advantages over comparable communities, according to a new report on local technology business. However, lack of local sources for venture capital dollars and limits in infrastructure supporting Internet data flow are identified as significant weaknesses.

The report provides the first analysis of the Tri-Cities' ability to meet the needs of technology companies and how the community's business and quality-of-life attributes compare with other Northwest cities and national averages.

The Department of Energy's Pacific Northwest National Laboratory prepared the "Tri-Cities, Washington Innovation and Technology Index" report in support of DOE's regional economic diversification efforts.

"This report provides sound information on where the Tri-Cities is today, and it could prove to be an excellent tool to aid in local economic planning and diversification of the Tri-Cities," said Paul Kruger, associate manager for Science and Technology at DOE's Richland Operations Office.

According to the report, the Tri-Cities stacks up well against the competition in five key areas — innovation, competitiveness, growth, financial capacity and quality of life.

In the area of innovation, the Tri-Cities boasts a high percentage of high-tech output and employment and an even higher percentage of technology occupations than the Seattle area. Statewide, the Tri-Cities is slightly ahead in terms of post-secondary educational attainment (other than King County) and, per capita, has far more scientists and engineers. The community attracts approximately \$1.7 billion in government funding, the majority of which is directed toward science and technology-based research and development.

The Tri-Cities area is competitive at attracting and retaining new technology businesses and offers significant business assistance and incubator capacity. However, the local tax burden is slightly higher than key competitors' and, while the area meets minimum standards for high-speed Internet connections, more bandwidth capacity is needed.

Growth of high-tech employment and income in general has been solid, with growth of small, start-up firms in the Tri-Cities higher than the Puget Sound area and well ahead of the national average. According to the report, more than 60 new technology-oriented companies have been launched in the Tri-Cities area in the last five years, nearly all of which continue to grow and prosper.

The ability to locally bankroll new and innovative businesses, however, is identified as a significant weakness within the financial capacity area. Entrepreneurs must show considerable ingenuity and persistence to attract capital investment, say the report's authors. This weakness is somewhat offset by the assertiveness of local companies in pursuing venture relationships and funding at a regional level. However, statewide data from Northwest Venture Associates indicates that 80 percent of statewide venture capital is targeted toward computer, communications and the health and medical industries, while local technical strengths are mostly in other areas such as materials science and chemical engineering.

In terms of quality of life, the Tri-Cities community offers several advantages, according to the report, including a mild, sunny climate, low crime rates, strong public school systems, very good air and water quality and easily accessible outdoor recreation. In addition, Tri-Citians enjoy comparatively short commutes and uncrowded roadways as well as an overall low cost of living.

The report, which was modeled after a similar report for the state recently produced by the Washington Technology Center, is available electronically at http://www.pnl.gov/edo/innovation_techindex.pdf or in hard copy by contacting Gary Spanner in the PNNL Economic Development Office at 372-4296. ♦