



# Tri-Cities Regional Economic Outlook

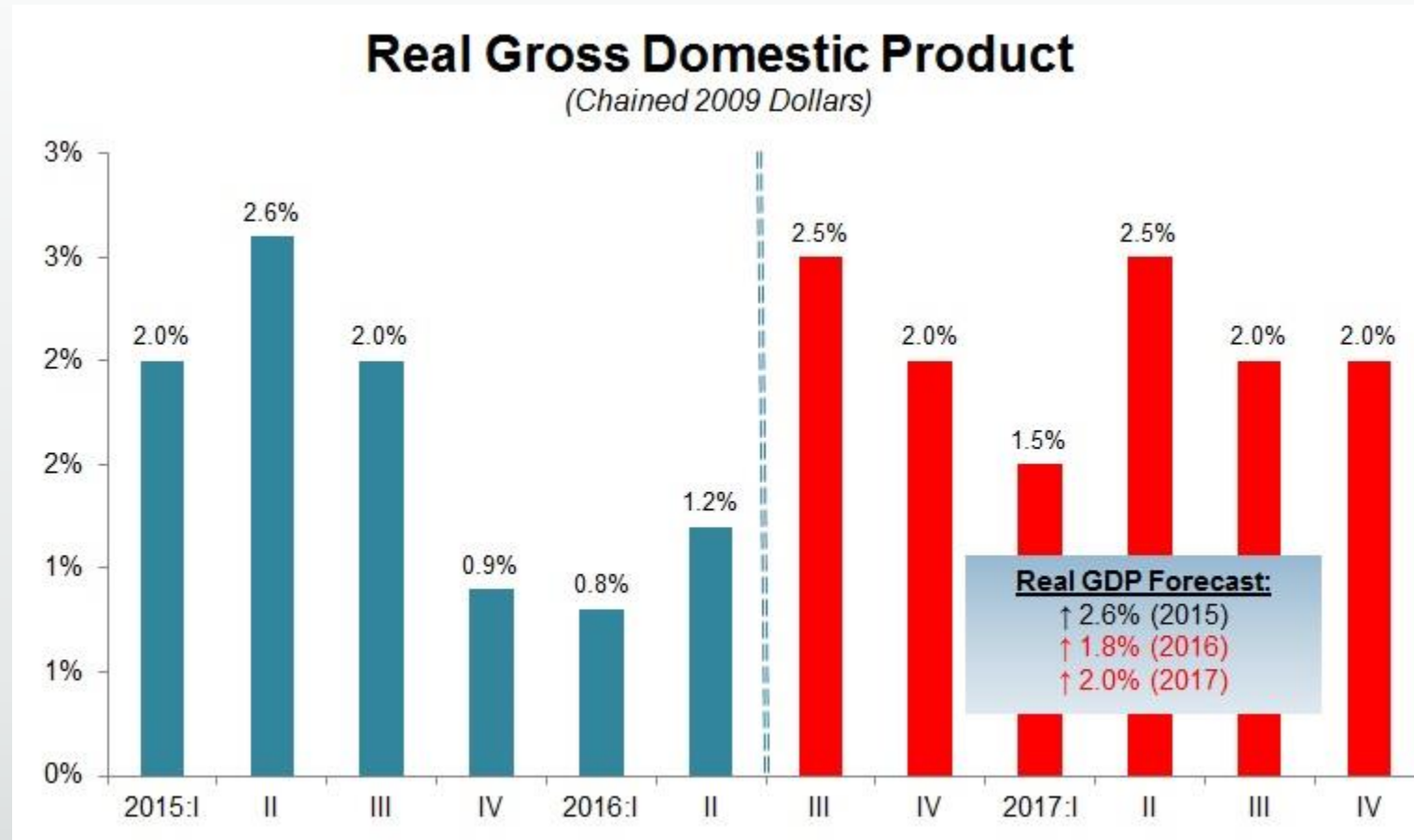
**AWB – Kris Johnson**

February 1, 2017

# Economy

# National Picture – Years of Slow Growth

- December non-farm private-sector job growth was lackluster at 153,000
- Federal Reserve announced a rate hike of 0.25 percent in December
- U.S. economy is predicted to grow at 2 percent; 4 percent is needed
- Health care costs skyrocketing
- Regulation hurting economy
- Fourth quarter 2016 Real GDP Growth = 1.9%





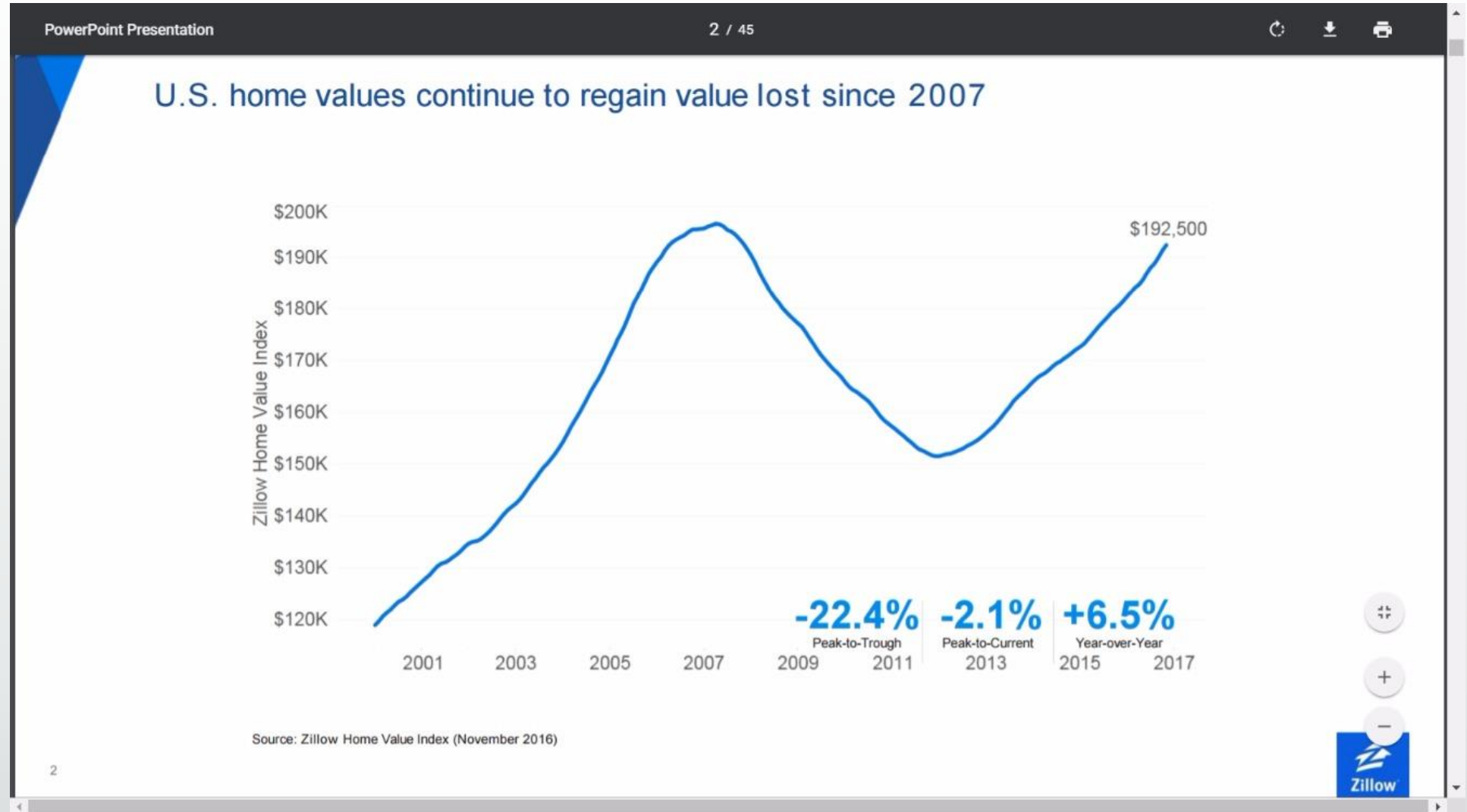
# Opportunity to generate faster growth

- Slow 1% to 2% economic growth since the end of the Great Recession isn't enough to grow jobs, incomes and opportunities
- Opportunity under new administration to enact reforms that could lead to high-growth economy



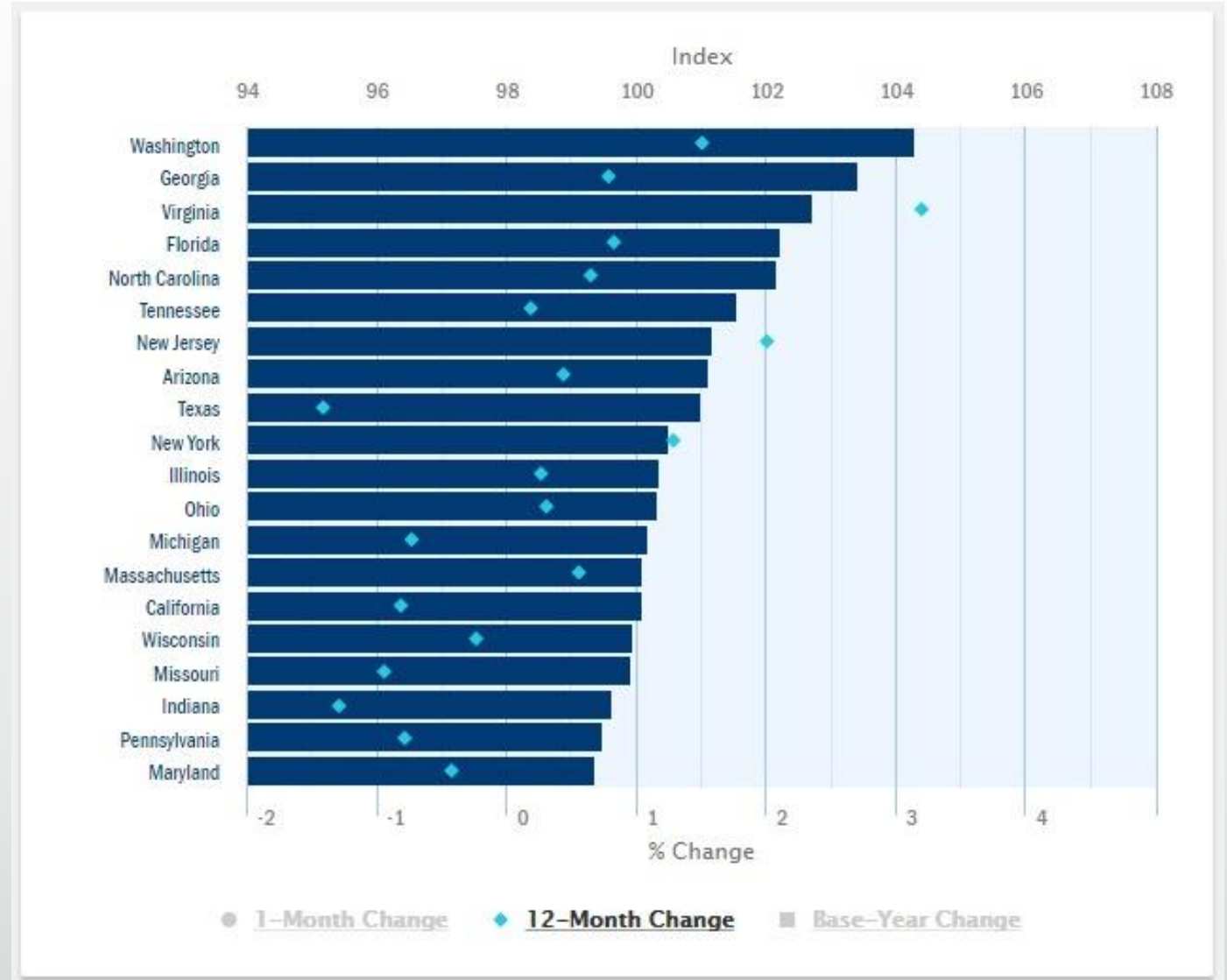
# Housing Market Recovery

- Home value growth expected to slow nationally in 2017
- Tri-Cities will remain a “sellers market”



# Small Business Strength

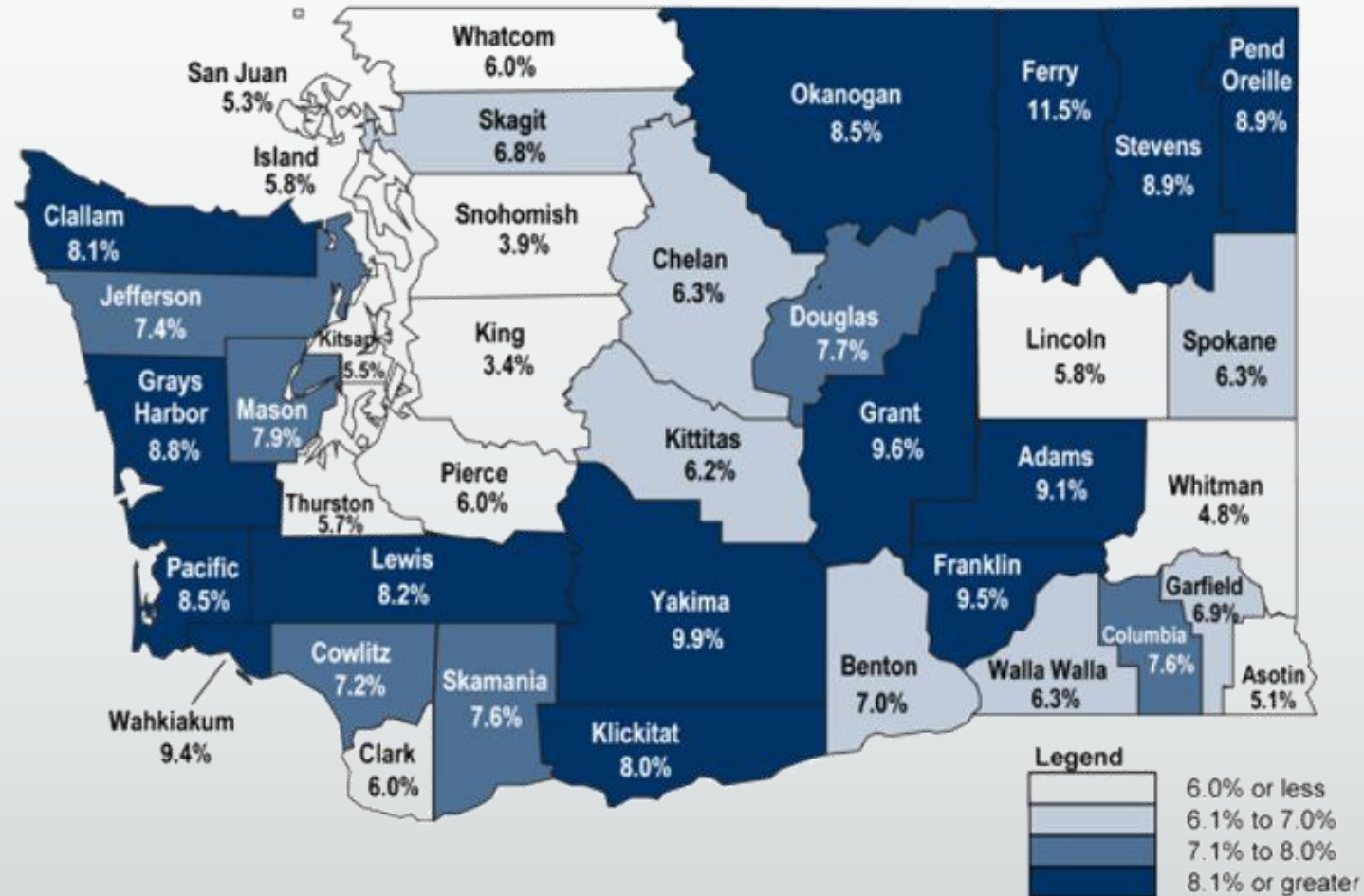
- Washington top-ranked state for small business in Paychex/IHS Small Business Jobs Index
- Seattle is the top-ranked city
- Nationally, small business growth has plateaued, but at a solid pace of employment gains



# Washington Unemployment by Counties

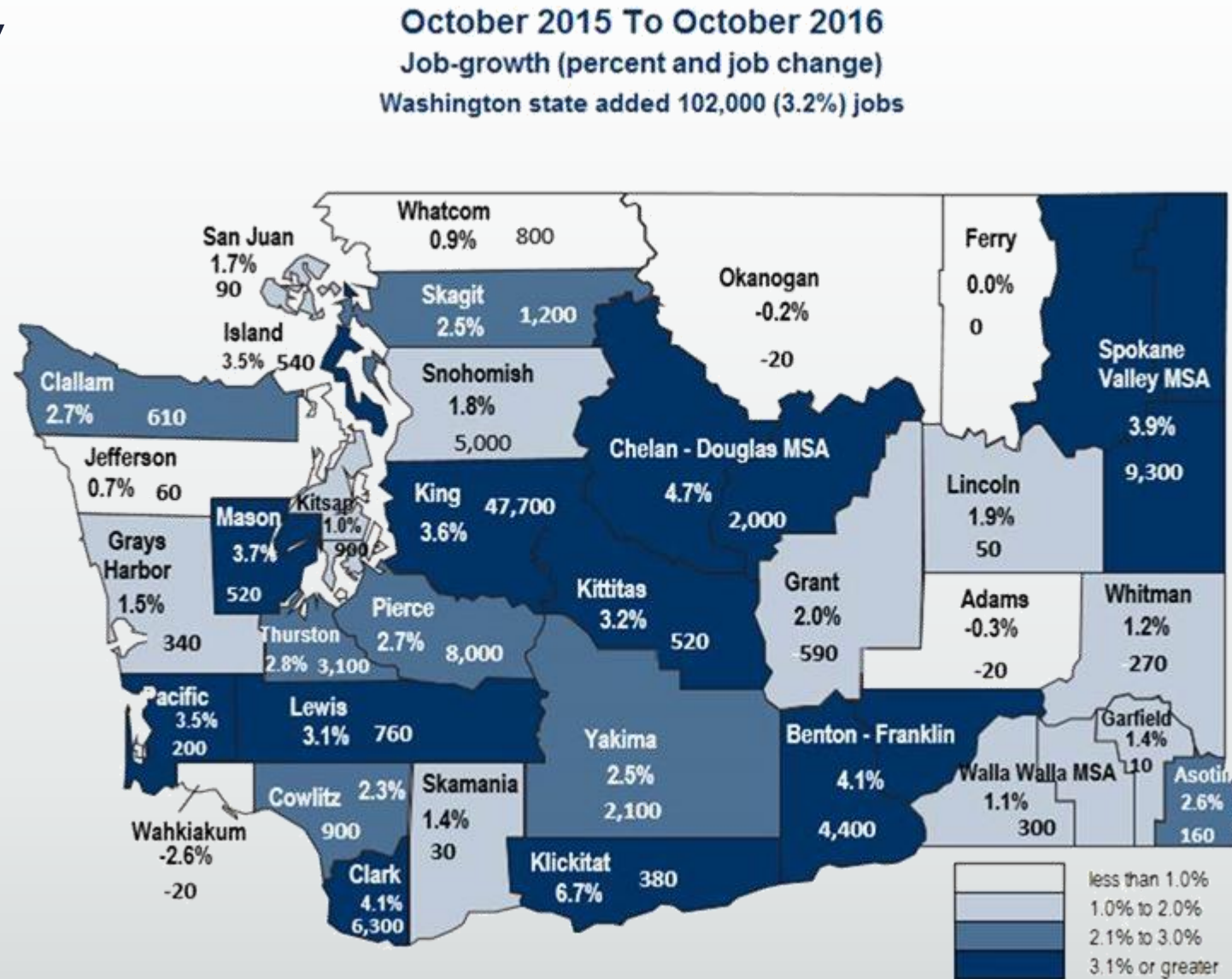
December 2016

County unemployment rates, not seasonally adjusted



# Economy

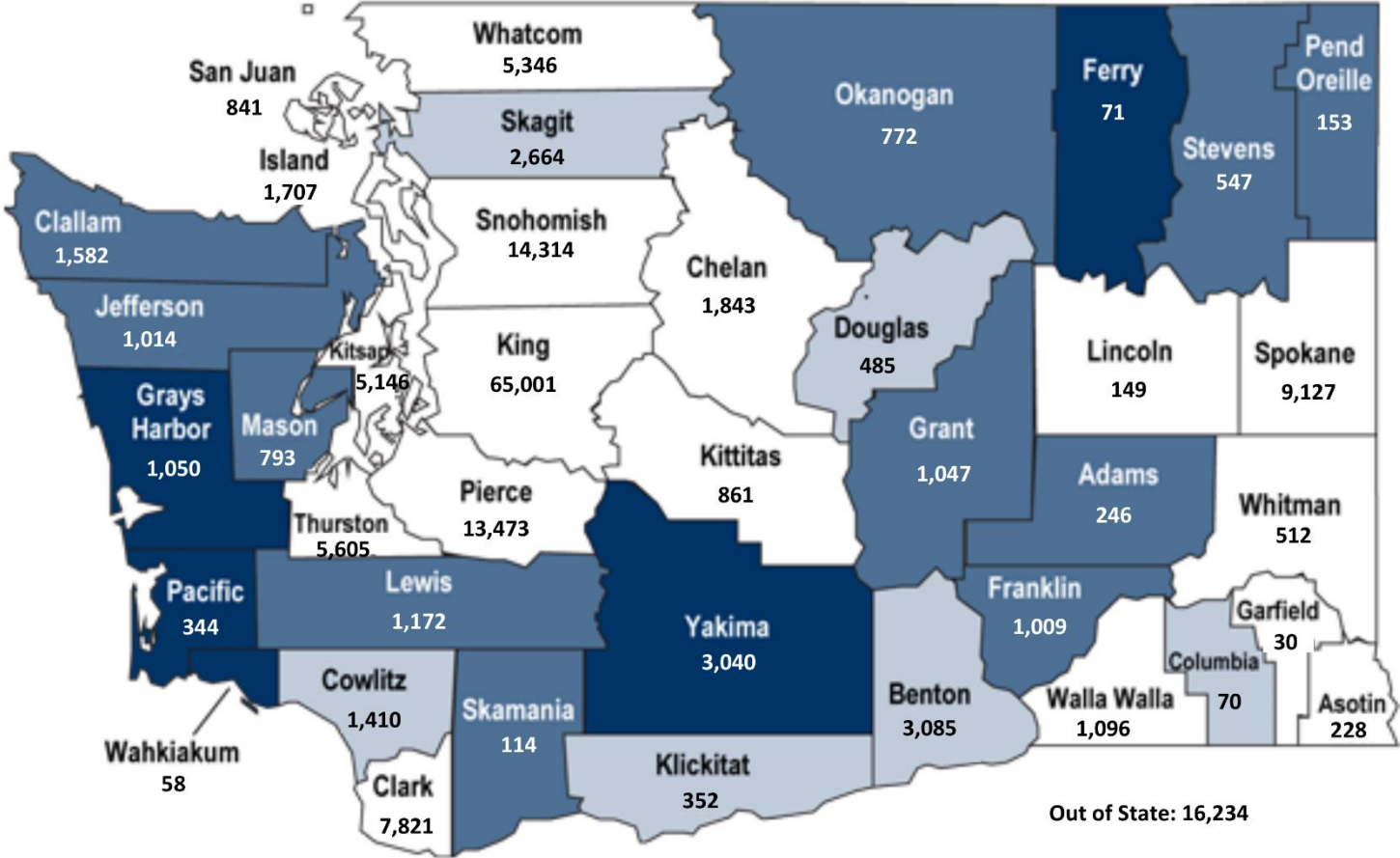
Job growth  
and decline  
across state





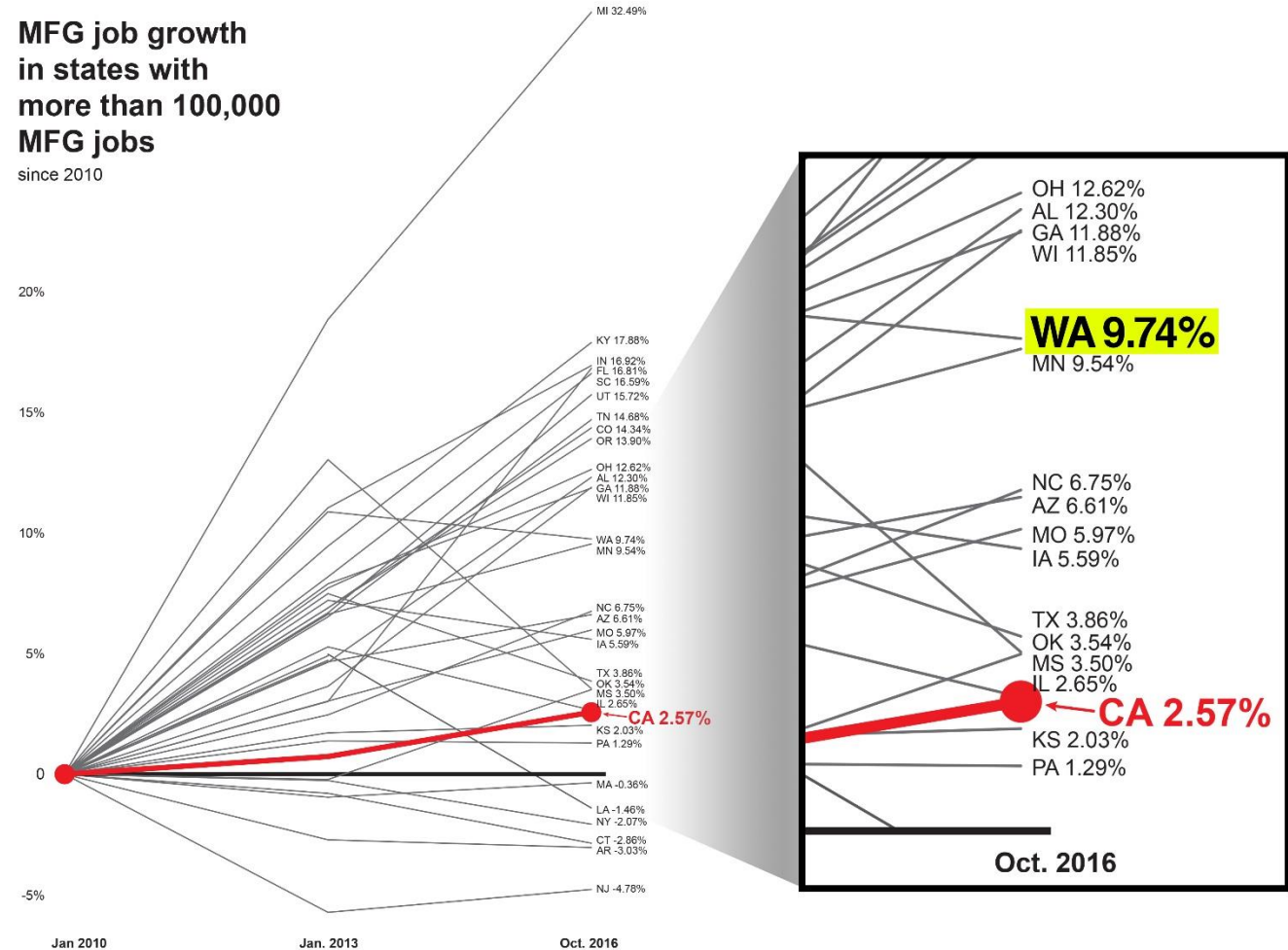
# Economy

Business Totals By Location  
Service & Other Activities  
Fiscal Year 2016



# Manufacturing – Best Growth Since Recession

- Of the 32 states that average more than 100,000 manufacturing jobs overall, Michigan has attracted largest percent of growth with 32.49% since 2010
- Washington ranks No. 14 at 9.74%
- California, which published this graphic, was 24<sup>th</sup> out of 32 with 2.57%



source: Bureau of Labor Statistics chart: CA Manufacturers & Technology Assn. www.cmta.net @cmta

# Policy

## State of the State: Washington Critical Issues

# Legislative session on tap

- 2017 Issues
  - Education funding (“McCleary Decision”)
  - Gov. Inslee’s carbon cap
  - Predictive/Restrictive scheduling
  - Paid leave, FMLA & pay equity
  - State budget
  - State taxes



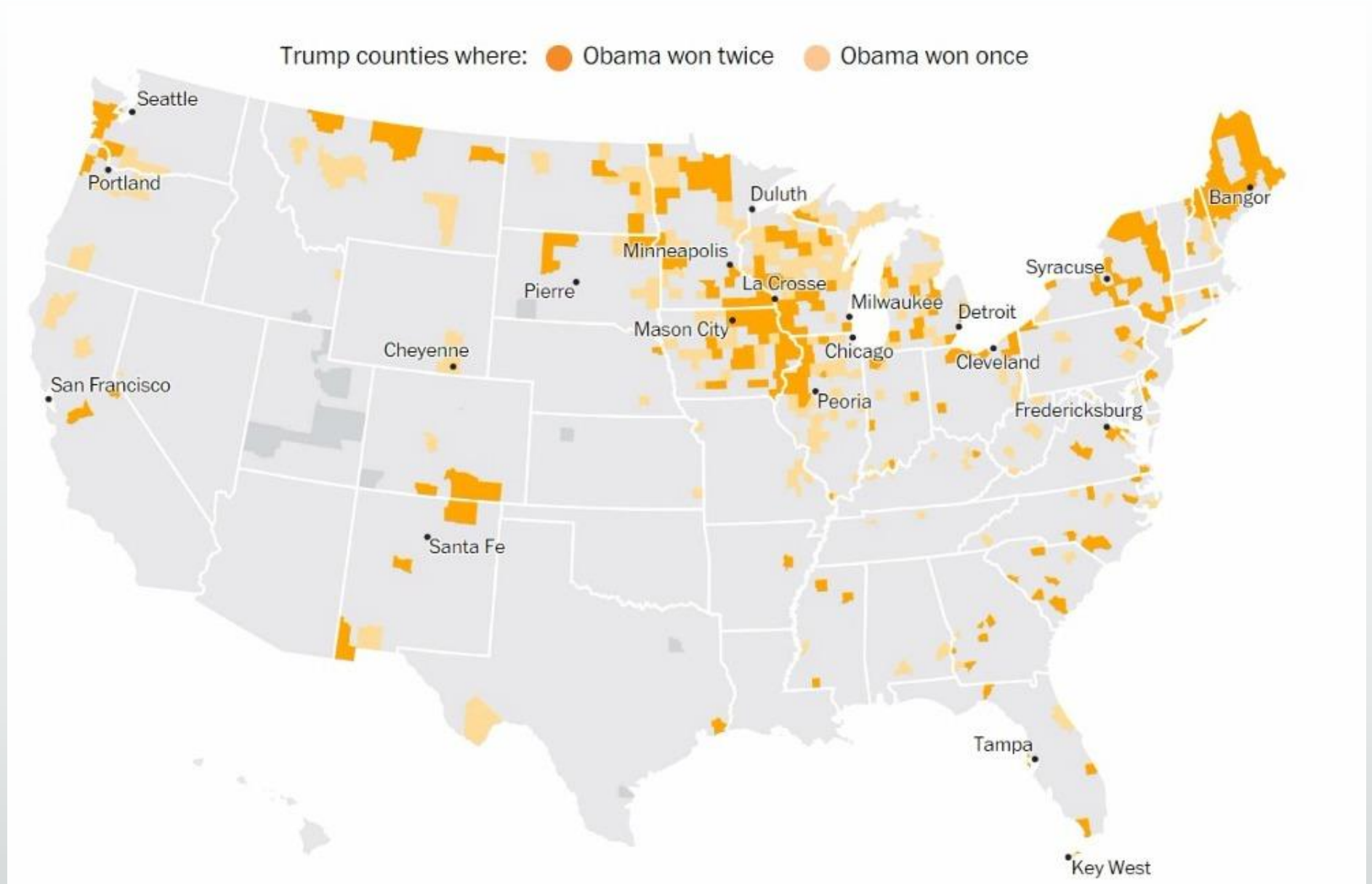
# Messages

1. Bring people together to create economic opportunity for all Washingtonians
2. Encourage private-sector innovation, entrepreneurship and job growth
3. All costs matter
4. We want to solve problems and create a healthier economy
5. We need efficient and effective regulations
6. We must get different outcomes for our investments
7. Washington families are still struggling
8. We will do our fair share

# Education Funding Proposals

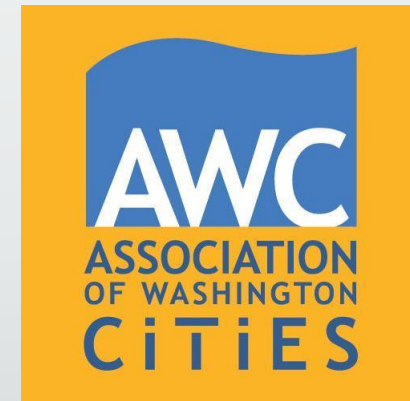
- 3 Proposals
  - Gov. Inslee
  - House Democrats
  - Senate Majority Coalition Caucus
- All increase salaries for teachers
- All increase funding for students
- All call for approximately \$14 billion in education spending for 2018-19
- Governor and House Democrat plan calls for new taxes
  - Carbon tax
  - Capital gains tax
  - B&O tax on services
  - Removal of incentives
- Majority Coalition Caucus
  - No need for new revenue
  - Relies on property tax reforms, increasing state revenue because of economic growth

# Obama counties that went to Trump



# National Infrastructure

- Convening cities, counties and ports to prepare one statewide report to ensure we are ready to respond when Congress takes action





# Workforce Development & Community Colleges

- Strong partnership with SBCTC
- Preparing for the “silver tsunami”
- Developing the next-generation workforce
- Leadership Washington



Community Colleges of Spokane



# Tri-Cities

# Tri-Cities Ends 2016 as Fastest-Growing Washington Job Market

- Annual growth rate of 3.6 percent.
- Top three economies for 2016 all in Eastern Washington, with Wenatchee and Spokane rounding out the list.
- Tri-Cities economy added 3,800 jobs in 2016

The Amazon logo, featuring the word "amazon" in a black, lowercase, sans-serif font. A curved orange arrow is positioned below the letters "a" and "z", pointing from the "a" to the "z".The AutoZone logo, featuring the word "AutoZone" in a bold, red, italicized sans-serif font with a black outline. To the left of the text is a graphic element consisting of several parallel orange and white diagonal stripes.

# PNNL Fueling Economic Growth

- Total economic output: 1.38 billion = payroll + domestic goods and services, generating 6,995 jobs in Washington and \$519 million in Washington state wage income. (DIRECTLY)
- \$1.14 billion more in PNNL-related output – health care, companies with PNNL roots, visitors and retirees; generating 5,687 jobs in Washington state and \$422 million in Washington wage income.
- 71 of 170 companies tied to PNNL are in Washington state
  - Bringing an \$567 million estimated revenue to Washington state
  - 2,293 employees in Washington state.





# Driven by Research

- Smart sensors: could radically reduce energy use in manufacturing and improve manufacturing productivity.
- Power Grid: A \$2.25 million Clean Energy Fund grant is helping with ground-breaking work that shifts when and how much energy is used by devices and buildings.
- Collaboration: PNNL signed an MOU with UW and WSU late last year to increase institutional-level collaboration in key areas of mutual interest.

# Mid-Columbia Energy Initiative

- Region's only operating nuclear power plant
- Hydro
- Wind
- Solar
- SMR – potential
- Bio-fuels
- Smart grid research



# Rivershore Enhancement

- Columbia River shoreline under control of Corps of Engineers for decades
- Corps pays zero for maintenance of levees and lands along the river
- Tri-Cities Rivershore Enhancement Committee – Five studies since 1988, all say riverfront is underutilized “crown jewel” of community
- Snake River Dams
  - Federal agencies ordered to re-open EIS to examine possible breaching



# Diverse Economy

- PNNL
- Agriculture
- Food Processing
- Energy
- Medical
- Hanford
- Manufacturing
- Higher Education





# Questions?

# Thank You

KrisJ@AWB.org or @KrisJohnson\_IOM