

Remarks of Glenn Pascall, Regional Economist

to the Renton Chamber of Commerce Economic Forecast Luncheon November 8, 2006

A few months ago Bill Taylor called and said I had been recommended to speak at this year's economic forecast luncheon. Bill and I immediately shifted the focus away from the outlook for the region to specific strengths and challenges of Renton - what makes you unique, what you might do to maximize your potential.

To build my own knowledge base, I "interviewed" Bill Taylor as well as the city's economic development director Alex Pietsch, the publisher of South County Business report and city council member Denis Law, and former city councilman King Parker. All four gave me vivid insights into history and hopes for the future.

Today I'll divide my remarks about Renton in two parts: attitude and circumstances. In both regards, Renton has tremendous strengths. I'll conclude by offering some elements in a strategic focus that can serve long-term goals.

Attitude

As some of you may know, I do a column every other week in the Puget Sound Business Journal. Of the articles I've written recently, by far the strongest reader response was to my most down-home column. It was about the town of my birth, Bakersfield, California, and my salt-of-the-earth uncles. One has taught metal shop at the local community college, another has been chief engineer at the local cement plant, and a third introduced me to the joys of being a rail fan.

I keyed the column off a new song by Merle Haggard, who lives in Bakersfield. The song is titled, "Let's rebuild America first." Being from Bakersfield, which I describe as the Yakima of California, I've always had an affinity for places that have to scrap to get respect. When I worked for then-Governor Dan Evans, I covered Spokane for him and felt that Spokane was my kind of town.

Later, I became known as the Seattle economist who believed in Tacoma. In numerous speeches there, I used to observe that each time I crossed the Pierce County line, it felt like I was re-entering the Planet Earth. Tacoma fights for and savors every economic victory while Seattle squabbles over how - and whether - to enjoy the fruits of economic vitality.

What I've learned about Renton suggests you have the advantages of a King County location combined with a Pierce County attitude - the best of both. One reflection of this pragmatic

meeting of energy and opportunity is the straightforward name of the host organization for today's event – the Renton Chamber of Commerce.

As you know, there is a Greater Bellevue Chamber, a Greater Redmond Chamber, and a Greater Kirkland Chamber – but no Eastside Chamber of Commerce. I used to joke that this was one of the rare cases where the whole was less than the sum of its parts. Two years ago I attended a meeting of the King County Suburban Mayors Association where the main topic of discussion was to wrestle over the profound question, “Is Renton part of the Eastside?” Meanwhile, Renton itself is forging ahead.

One of my interviewees described it like this: “The community works well together. Stakeholders share each other's vision. This is one of the few places in King County that has a true sense of community. People care about quality of life and work to improve it.”

Another interviewee said: “Renton is still a city that responds to its citizens, a city that works together. Renton has opportunities no other city in the area has to be a livable, workable city.”

A third interviewee said: “Changes have given the city confidence and a resilience. There's history here – and a rare coherence. There's a hunger here and a willingness to take risks, to set new directions so we can take advantage of opportunity.”

Circumstances

Begin with history. Renton may be the only mid-size city in the region with a history as rich as Seattle or Tacoma. Renton has been around a long time – and it has gone through a number of identity crises that redefined the city – from natural resource processing to military production to Boeing commercial airplanes and Kenworth trucks. It is in transition from blue collar and the racetrack to technology and other non-traditional industries of today and tomorrow. At the same time, demography is changing, with some 76 languages spoken by students in the city's public schools.

More than a decade ago, faced with the potential for an unraveling in navigating the transition from one economic era to the next, Renton leadership formed a Blue Ribbon Commission that meets privately and works together to fund and manage an effort known as “Ahead of the Curve.”

Will Boeing build the next-generation 737 in Renton? The outcome is at risk due to rail access issues. Boeing provides the kind of broad-based, family-wage jobs that are becoming increasingly rare in America. At the same time, each event related to a diminished Boeing presence frees up valuable land for alternative development. In contrast to Everett, Renton values Boeing – but does not depend on it.

The Seahawks locating their headquarters in Renton is a major event not related to traditional industries but to the entertainment sector, which is one of the top generators of high-end jobs in America. At yesterday's general election, Seattle voters denied their city any flexibility in offering public financial support to keep the Sonics. Who knows? You may have another new major league player in town.

Business is attracted to Renton for bottom-line reasons. It is an affordable city with a land base. Renton has a good balance of revenue sources among property taxes, sales taxes and other revenues. This helps it be a "manageable city" that can maintain flexibility in long-range policy decisions.

One reason for Renton's strong tax base was the strategic land swap that created transit-oriented development downtown - the first in King County - and improved access for large parcels on Rainier Avenue required for the auto mall. I may live in Ballard but I bought my car from Bob Bridge.

Renton is in an amazingly strong strategic position for the future. Here are some numbers - and Alex Pietsch, please correct me if I misstate any.

The current population within city limits is about 58,360. Renton has added 6,000 housing units over the last ten years and within the city's current 17.85 square miles is the capacity for an additional 10,000 housing units. Expect a population of 75,000 in fifteen years within today's city limits.

But that may only be the first piece of Renton's future base. One third of unincorporated urban land in King County is within Renton's area of annexation. That plus the current population of Renton's area of annexation adds up to 120,000 persons.

Strategic Elements

Given these dynamic elements, will Renton's economic future unfold automatically or does there need to be a strategy? The answer is obvious. You can't maximize opportunity without a clear plan to build on advantages and overcome weaknesses.

Renton is becoming a "mixed use" city with a full spectrum of housing options from downtown to the water to the plateau. The challenge is to tie these pieces together in a whole that is greater than the sum of its parts.

Renton's two crucial development tasks are related. One is to transform downtown. Today it is an underdeveloped area cobbled together over the past hundred years. But it is designated as a high-density, mixed-use urban center with in-city housing, local serving retail, and a pedestrian experience.

The other task related to this is to create residential, shopping and entertainment amenities that will enable Renton to attract knowledge workers for advanced industries that otherwise see Renton as an attractive location due to its affordable land and pro-business attitude.

Ironically, business attracted to Renton for practical, bottom-line reasons can be hard to engage in the broader issue of “cultural infrastructure” that draws the creative employees these firms need. Technology workers who live in Renton today appreciate the affordable housing but they miss the urban amenities.

A path toward combining the best of both worlds is beginning to become clear.

When Boeing announced it wanted to sell land, Renton said it wanted to use that land for a broad range of uses. The city developed a plan for 17.7 million square feet of development by 2030 on 280 acres of Boeing land.

Since then, Boeing has sold 46 acres – and that has led to The Landing, a key piece in Renton’s development strategy. Lake Washington and the Cedar River are huge assets, providing the city with waterfront that can anchor high-quality residential and commercial development. The Landing helps provide critical mass for development to move downtown.

“Renton needs to be an economic center,” said one of my interviewees. “Look at what Bellevue was 30 years ago and what it has become. We need to look back 30 years and look ahead thirty years.”

Along with urban amenities that attract knowledge workers, a key issue is to train many of those workers locally through Renton Technical College. I am a big fan of such schools. In fact, years ago I represented the five technical colleges in Olympia when they were opposing incorporation into the community college system because they did not want to dilute their core mission.

Today, the challenge is pretty much the same – to make sure the technical colleges are closely connected to the business community on skills needs, curriculum and training. One valuable piece that is in place to do this is the Partnership between the city, the technical college, the school district and the hospital. The Partnership is a practical forum that expresses what might be called “the Spirit of Renton.”

Another valuable piece that is in place is the ability of the Office of Economic Development to use the land planning function to make the changes required to make opportunity happen. If economic development and land planning authority were combined in Seattle, the city council could probably cut its meeting schedule in half. It is a huge advantage to have these roles in one office, especially in a city that works together.

If Renton can shape the future in the same spirit of shared goals and practical solutions it has demonstrated throughout its history, the future appears bright indeed.

Thank you.