

E. D. Hove & Company, LLC

Economic and Development Services



MEMORANDUM

To: Gary Ballew, Port of Pasco
From: Eric Hovee
Subject: *Somos Pasco*: Cities Potentially Comparable to Pasco
Date: April 26, 2017

A question that comes up with Pasco's strategic economic development vision process is: *what other communities share similar successes and challenges? And, what can we learn from them?*

Since every community is different, there are no definitive answers. Each city and region charts its own course. However, it can be useful to assess other experience and adapt to what works.

An area of the U.S. with experience similar to that of Greater Pasco is found in California's San Joaquin (or Central) Valley. For this review, we began by looking at readily available data for eight Central Valley cities and their constituent counties. Across all 8 cities, about 40-55% of the population is Hispanic/Latino – with Pasco just above the upper end of this range. Three fairly diverse communities – Bakersfield, Visalia, and Woodland – were selected for further research.

What findings can be drawn from this comparables review? Five observations are noted:

- Cities that have prospered economically have done so by extending from and diversifying beyond their initial agriculture strengths – albeit in varied ways.
- Where available, economically successful communities have taken advantage of their proximity to larger urban centers and/or regional transportation networks.
- Effective, adaptive local governance, infrastructure and cultural amenities should be considered as elements integral to community and economic vitality.
- Improving adult educational attainment in these traditionally ag-based communities represents a continuing challenge, particularly for the local Hispanic population.
- Similarly, narrowing the income gap between the Anglo and Latino population comes across as a factor relevant to continued economic momentum and prosperity.

The remainder of this report describes the initial eight places reviewed, followed by more detailed profiles for the three selected case study cities.

CALIFORNIA COMPARISON COMMUNITIES

As shown by the map on the following page, eight cites and their respective counties in the San Joaquin or Central Valley were chosen as potential comparison communities for Pasco in Franklin County, Washington. Starting northwest and heading southeast, the comparables are:

- Woodland, Yolo County
- Stockton, San Joaquin County
- Modesto, Stanislaus County
- Merced, Merced County
- Fresno, Fresno County
- Hanford, Kings County
- Visalia, Tulare County
- Bakersfield, Kern County

Eight California Comparison Counties



Sources: Claritas and E. D. Hovee & Company, LLC

Each of these counties is anchored by a significant city (of 50,000+ population) as its major city and county seat. All are agricultural areas with substantial and, in several instances, majority Hispanic/Latino populations.

To better determine which communities might be considered in more detail (as potentially most successful in socio-economic terms), comparisons were made with respect to the demographic variables as detailed by the chart on the following page. Key observations from this data matrix are summarized as follows:

Comparative Populations:

- Central Valley **cities range in population** from 55,000 (Hanford) to over ½ million (Fresno). Only Woodland and Hanford have in-city populations smaller than Pasco.
- **County-wide populations** range from 150,000 (Kings County) to nearly 1 million (Kern County). These are all more populous than Franklin County but with several counties of population similar to that of the Benton-Franklin metro region.
- The 2nd largest city and county (Bakersfield, Kern County) is experiencing the most rapid **growth** of these central California counties. However, even this high growth rate equates to only about half the growth rate experienced by Pasco and Franklin County since 2000. *Added note:* Population alone does not guarantee economic success; the largest valley city (Fresno) fares much less well for many of the indicators reviewed.

City Data:

- As noted, all of the cities have a substantial **Hispanic/Latino population** – ranging from just under 40% of the total population (in Modesto) to just over 53% (Merced). At 56%, Pasco’s Latino population share exceeds that of the California comparables.
- **Median age** of residents ranges from just over 30 to nearly 36 years of age – all well above Pasco’s median age of 28.7 years.
- With respect to **education**, all eight California comparables have greater proportions of the **total adult population** (age 25+) that have a bachelor’s degree or better than is the case in Pasco where less than 15% of adults reach this level of educational attainment.
- Less than 4% of **Latino adults** in Pasco have a bachelor’s degree or better – as compared with 6%-10% of Latino adults in the 8 communities of the Central Valley.
- Median **household income** of the California comparables ranges from less than \$43,000 (Fresno) to over \$59,000 (Bakersfield) – averaging just under \$51,000 for all 8 cities. By comparison, median household income the entire state of California is substantially higher at close to \$66,100 per year. Pasco fares better than all but two of the 8 valley comparables (even though Pasco’s income data is as of 2016 while that of the California comparables is as of 2017).
- The **income gap** between all households is greater in Pasco than for the California cities reviewed. For the 8 cities reviewed, Latino incomes equate to 84% of the incomes for all households in these communities. By comparison, the median income for Latino households is only 71% of the median for all households in Pasco.
- **Poverty rates** vary from 12% to nearly 26% of families; Pasco is in the middle of this range with just over 19% of families having incomes below poverty level.

Comparative Community Demographics (California cities ordered by population size)

City County	Pasco Franklin	Fresno Fresno	Bakersfield Kern	Stockton San Joaquin	Modesto Stanislaus	Visalia Tulare	Merced Merced	Woodland Yolo	Hanford Kings	Average CA Cities
Comparative Populations										
City	70,560	526,000	378,000	310,000	210,000	133,000	83,000	59,000	55,000	219,250
County	88,670	992,000	896,000	741,000	547,000	467,000	273,000	217,000	151,000	535,500
<i>Average Annual Growth (from 2000):</i>										
City	4.6%	1.2%	2.4%	1.4%	0.6%	1.9%	1.4%	1.0%	1.6%	1.4%
County	3.7%	1.3%	1.8%	1.6%	1.2%	1.4%	1.5%	1.5%	0.9%	1.4%
City Data										
% Hispanic or Latino	55.9%	49.9%	50.5%	43.4%	39.3%	50.4%	53.4%	51.1%	51.3%	48.7%
Median Age of Residents	28.7	31.5	31.7	32.8	35.7	33.1	30.3	35.1	31.9	32.8
% Bachelor's Degree + (All Adults Age 25+)	14.4%	19.7%	19.8%	17.1%	18.6%	21.6%	17.1%	23.3%	16.6%	19.2%
% Bachelor's Degree + (Latinos Age 25+)	3.8%	8.6%	9.3%	7.7%	9.4%	10.3%	6.4%	6.4%	8.9%	8.4%
Median Household Income	\$55,020	\$42,800	\$59,400	\$46,400	\$50,200	\$55,700	\$43,100	\$58,000	\$51,400	\$50,875
Hispanic % of All HH Median Income	71.0%	81.1%	81.9%	89.6%	84.5%	83.9%	86.9%	86.0%	77.1%	83.9%
% of All Families Below Poverty	19.2%	24.9%	17.4%	22.2%	17.0%	15.8%	25.7%	11.7%	21.0%	19.5%
% White Collar Jobs	39.7%	53.2%	54.3%	50.4%	53.3%	57.2%	49.5%	55.1%	49.0%	52.7%
% of Homes Owner Occupied	65.8%	50.4%	60.4%	52.1%	57.1%	61.9%	43.0%	56.2%	58.6%	55.0%
Median Home Value (Owner Occupied)	\$177,700	\$197,000	\$222,000	\$198,000	\$218,000	\$199,000	\$180,000	\$298,000	\$191,000	\$212,875

Notes: California data is per Claritas/Nielsen, 2017.

Pasco/Franklin County data is per the Washington State Office of Financial Management (OFM) and Nielsen, 2016.

Sources: Claritas and E. D. Hovee & Company, LLC

- For the California comparables, between 49%-57% of working residents work in what are considered as **white collar occupations** – more so than the 40% of Pasco workers. In Pasco, over 14% of the employed population works in agriculture or forestry related occupations as compared with just 3%-8% of workers living in the major cities of the San Joaquin Valley. Pasco also has a higher proportion of its residents employed in production-related occupations than is the case for these California valley communities. All of the California comparables have substantially higher proportions of their populations employed in management and legal occupations than Pasco. Other under-represented occupations in Pasco appear to include health care practitioner/technical, office/administrative, and sales related occupations.
- However, at nearly 66%, the **homeownership rate** is greater in Pasco than for the Central Valley comparables (ranging from a 43% to 62% homeownership rate).
- A major part of the reason for greater homeownership in Pasco is the lower cost of housing. **Median home value** in Pasco is below that of all eight California comparables. Of the California valley communities, the highest reported home values are in Bakersfield; the lowest in Merced.

SELECTED COMMUNITY PROFILES

From this initial group of eight cities in eight different counties of California’s San Joaquin Valley region, three were selected for a closer look at factors that may influence economic success. From the data variables, the following 11 factors were applied to select three case studies as indicative of greater economic performance:

- **City population growth rate** – with higher growth rates as a key indicator of local vitality
- **County population growth rate** – reflecting regional as well as local community growth
- **Median age of population** – with younger cohorts offering added workforce opportunities for large and small employers
- **% of adults with bachelor’s degree or better** – higher education vital for workforce skills
- **% of Latino adults with bachelor’s degree or better** – for better workforce opportunity
- **Median household income** – a key indicator of household purchasing power
- **Hispanic % of all household median income** – the lower the gap, the better
- **% of families below poverty level** – with less poverty evidence of more economic health
- **% white collar jobs** – as these jobs tend to pay more and offer greater career mobility
- **% of homes owner occupied** – with home ownership important for community participation and building resident equity
- **Median home values** – with higher value homes indicative of higher incomes (but also raising potential issues of housing affordability)

High Performing Communities. As detailed by the chart on page 4, averages across all eight California cities were computed for each of these 11 factors. Communities scoring the highest for the criteria utilized were:

- **Bakersfield** – above average on 10 of 11 factors – all but Hispanic relative to all incomes
- **Visalia** – scored above average on 9 factors – all but median age and home valuation
- **Woodland** – above average on 8 factors – all but city growth rate, median age of residents, and proportion of Latino adults with a bachelor’s degree or better

While scoring well on the factors considered, these places are fairly diverse – in terms of such factors as community location, size, and significant economic drivers. Visalia and Woodland represent comparables similar to Pasco; Bakersfield represents a more diversified metro community more similar to that of the full Tri-Cities (Benton-Franklin metro) region.

Mid-Tier & Lower Performing Communities. Characteristics of cities that rated lower on this scoring are briefly described as follows:

- **Fresno** – as the largest city in the San Joaquin Valley scored above average on only 4 of 11 factors – young median age, proportions of total and Latino population with bachelor’s degree or better, and % of workers with white collar jobs.
- **Stockton** – scoring lowest with only 2 factors indicated as above average – county-wide population growth rate and Hispanic incomes as a % of all household median income.
- **Modesto** – noted as above average for 6 of 11 factors – Latino college graduation rates and incomes as a % of all household median income, low proportion of households below poverty level, white collar jobs, proportion of homes owner occupied and with higher home values.
- **Merced** – above average on four factors – city and county population growth rates, low median age of residents, and Hispanic incomes as a % of all household median income.
- **Hanford** – above average on 5 factors – city population growth, low median age, Latino bachelor’s degrees or better, median household income, and owner-occupied housing.

As the largest and third largest cities in the Central Valley, respectively, Fresno and Stockton demonstrate that historically agricultural cities do not necessarily grow their way into greater economic vitality and opportunity. While relatively large, both communities have experienced sub-par population growth since 2000, have relatively low median household incomes, high proportions of families below poverty level, low homeownership rates and home values.

Community Profiles. What follows are brief 1-page profiles for each of these three selected communities. Each profile addresses factors of location, demographics, economics, education, governance, culture and summary take-away observations. Information is drawn from the data sources noted above coupled with internet including such sources as Wikipedia, city and chamber of commerce web sites. Due to the preliminary nature of this research, observations should be viewed as indicative rather than definitive.

BAKERSFIELD

With 378,000 residents in a county approaching a population of nearly 900,000, Bakersfield is the 2nd largest city in California's Central/San Joaquin Valley – second only to Fresno.

Location. Kern County is the third largest county geographically in California – nearly the size of the state of New Hampshire. Of the major Central Valley cities, Bakersfield is closest to Los Angeles (just 100 miles away) but further removed from San Francisco (more than 280 miles distant). Highway 99 bisects the city from north to south. East-west access is provided by two state routes (58/178). However, Bakersfield is one of the largest cities in the U.S. not directly situated on an interstate freeway (I-5 is about 17 miles west of the 99 corridor). Air service is provided by Meadows Field, one of two international airports in the San Joaquin Valley.

Demographics: Of the initial set of eight potential California comparables considered, Bakersfield has the highest annual average growth rate together with highest overall household incomes and home values. Just over 50% of the city's population is Hispanic. Despite overall strong incomes, the *gap* between Latino and all household incomes is above the 8-city average.

Economics. Kern County is a major player in agriculture – ranked #4 in value of production for counties across the U.S. Major industries include food processing, energy ranging from petroleum refining to wind farms, federally funded aerospace/defense installations, mining, diversified manufacturing, distribution and corporate/regional headquarters. Major employers based in Bakersfield include City and County governments, three medical facilities, farming/agricultural operations, the headquarters of ARB, Inc. (one of the world's largest specialty contractors), and State Farm Insurance (operations center for California).

Education. The City is home to the largest high school district in the state. Bakersfield College is a 2-year community college; California State University Bakersfield opened in 1970. However, Wikipedia notes that Bakersfield has “consistently ranked as one of the least educated metropolitan areas in the United States,” at #100 out of the 100 largest metro areas as of 2008.

Governance. The 7-member City Council is elected from seven wards or districts with a weak mayor elected at-large. While growing rapidly, the area faces significant water supply issues.

Culture. An historically strong Basque presence is still experienced with some of the city's best known restaurants and annual Basque Festival. A symphony orchestra has performed for over 80 years. The city is also known for the genre of country music Bakersfield Sound – exemplified by Buck Owens and Merle Haggard. Bakersfield is home to two minor league professional sports teams (baseball and hockey) and to multiple sports venues (including auto racing).

Take-Away: While Bakersfield and Kern County are considerably more populated than Benton and Franklin Counties, the Tri-Cities region is built on a similar base of agricultural, energy and federally funded industries. The Tri-Cities is the growth engine of eastern Washington much as Bakersfield has been for California's Central Valley. Both in Pasco and Bakersfield, getting Latino incomes and education to par represents a continuing challenge.

VISALIA

With 133,000 residents in a county approaching ½ million, Visalia is the 5th largest city in the San Joaquin Valley – after Fresno, Bakersfield, Stockton, and Modesto.

Location. Visalia is situated approximately 190 miles from Los Angeles and 230 miles from San Francisco – and just 43 miles south of Fresno. Highway 99 is the main north-south transportation corridor, with the Sequoia Freeway running east to Sequoia National Park and west to Hanford (in Kings County). The Visalia Municipal Airport provides general aviation but no commercial service.

Demographics. Visalia’s population is just over 50% Hispanic. The community scores well on most demographic factors compared with other Central Valley cities. Exceptions are a relatively high median age of residents and relatively low median home value (though above values in Pasco). Of the 8 valley comparables, Visalia has the highest proportion of white collar jobs.

Economics. While serving as the county seat of Tulare County, Visalia is also described by Wikipedia as “the economic and governmental center to one of the most productive single agricultural counties in the country.” Early settlement is attributable to a gold rush along the Kern River, followed by inclusion on a stage route – and with many historic brick and subsequent art-deco structures in and near the town center. A Towne Trolley serves the downtown area.

Tulare County is often ranked as the #1 agricultural county in the U.S. (dairy, livestock, citrus, grapes, nuts, corn, silage) together with light manufacturing and distribution facilities cited as the “fastest growing” sources of added local jobs. Major employers include city and county government, four medical facilities, the two-year College of the Sequoias together with private non-ag industrial firms VF (apparel), International Paper, and Jostens (yearbooks/class rings).

Education. College of the Sequoias has three campuses with the main campus in Visalia (with focus on nursing and allied health). The College was put on “warning” status by the Western Association of Colleges (WASC); accreditation was reaffirmed in 2015. While there also are branches of other public and private institutions with a local presence, Visalia is the only major city in the Central Valley over 100,000 population without a local 4-year university.

Governance. Visalia has been governed by a 5-member City Council, historically elected at-large. In response to a settlement in a California Voting Rights lawsuit, in 2016 Visalia began to transition to district elections – to be completed by 2018 with staggered election dates.

Culture. An historic Fox Theater has been restored by a community group as a live venue for music and stage performances. Visalia also is home to a minor league baseball team.

Take-Away: While less advantaged in terms of multi-modal transport access, Visalia is diversifying beyond its historical agricultural base. Like Pasco, the community is addressing governance concerns to assure better representation from its majority Latino population.

WOODLAND

Woodland is a city of 59,000 residents in a relatively small county (geographically) of 217,000.

Location. As the county seat of Yolo County, Woodland is situated just 15 miles northwest of Sacramento – the state’s capitol. The I-5 freeway runs east-west from Sacramento, then turns northwest at Woodland. Interstate 80 can be accessed 11 miles to the south via Highway 113. San Francisco is 80 miles to the southwest and Los Angeles over 400 miles to the southeast. The Sacramental International Airport is located just eight miles to the east of Woodland.

Demographics: With a population that is 51% Hispanic, Woodland scores well on most demographic factors as compared with other Central Valley cities. Exceptions are that in-city population is growing below the 8-city average, median age of population is relatively high, and the % of Latinos who are college graduates is at the low end of the valley comparables.

Economics. While small in geographic area, Yolo County is known as one of the largest crop producers in the state. Proximity to major transportation services (freeway, rail, and air) has solidified Woodland’s position as a transportation, manufacturing and distribution center. And Woodland’s proximity to Sacramento coupled with “small town feeling” led to this city having the highest % increase in property values in the U.S. in 2002 (before the Great Recession).

Top industrial firms include UPS, Target, Rite Aid and Walgreens (all distribution centers) plus Lamson Session (PVC pipe), Monsanto (vegetable seed research), Leer West (truck beds), Pacific International Rice Milling, and Tremont Group (ag products). Public/institutional employers include the U.S. Postal Service, City, School District, County, and Woodland Healthcare. Of Central Valley comparables, Woodland has the highest proportions of workforce employed in computer, health care, life/physical science and management occupations.

Education. K-12 education services are provided by a public joint unified school district (including charter school) together with several private schools. The Yuba Community College District oversees Woodland Community College – a two year school receiving WASC initial accreditation in 2008. Woodland is just 10 miles from the University of California at Davis.

Governance. Woodland has a five-member City Council – including the Mayor as presiding officer and four other Council members – all elected at-large.

Culture. The City of Woodland touts a “strong historic heritage,” including a large stock of historic buildings in the downtown and nearby neighborhoods. The Woodland Opera House has been renovated as a venue for local theatre and music events.

Take-Away: Of the three California Central Valley communities profiled, Woodland is perhaps the most similar to Pasco in terms of community size, multi-modal transport capacity, and immediate proximity to an even larger urban center (Sacramento). While having a strong agricultural base, the community has significantly diversified in recent years. Housing affordability is an issue – as Woodland has the highest values of the 8 comparables reviewed.

SUMMARY OBSERVATIONS

What findings can be drawn from this review of the cities profiled? Five observations are noted:

- 1. Cities that have prospered economically have done so by extending from and diversifying beyond their initial agriculture strengths – albeit in varied ways.** Bakersfield has diversified by taking advantage of opportunities in energy production, diversified manufacturing, federal installations, construction jobs and proximity to the Los Angeles market. While more isolated, Visalia has become the retail, business service and governmental center for the vast agricultural region of Tulare County as well as for non-ag basic industrial firms. In contrast, Woodland has diversified beyond agriculture by taking advantage of proximity to two major interstates (I-5/I-80), the state capitol (Sacramento) and university (UC-Davis).
- 2. Where available, economically successful communities have taken advantage of their proximity to larger urban centers and/or regional transportation networks.** Of the three case study cities, this is particularly the case for Bakersfield and Woodland – facilitating their rise as major distribution centers serving the LA, San Francisco, Central Valley and broader west coast markets. These two cities also are proximate to the two major airports of the Central Valley and are receiving spillover residential growth from nearby major metro markets. As a community more removed from major metro areas, Visalia focuses on internal connections to maintain its role as central hub within its vast agricultural hinterland.
- 3. Effective, adaptive local governance, infrastructure and cultural amenities should be considered as elements integral to community and economic vitality.** All three of the profiled cities have active heritage programs and a local arts/cultural scene with a downtown area focus. Two have minor league baseball teams. Like Pasco, Visalia is transitioning from at-large to district-based City Council positions. To more proactively address statewide drought issues, the Water Association of Kern County is embarking on a public-private partnership effort to educate the general public – including extensive use of social media.
- 4. Improving adult educational attainment in these traditionally ag-based communities represents a continuing challenge, particularly for the local Hispanic population.** Latino education levels continue to lag well behind attainment for the full population of all the California Central Valley comparables considered. Educational attainment for Pasco lags behind that of all the California comparables – yet socioeconomic outcomes for Pasco are better than for some of these comparable communities. This suggests that education alone is not necessarily the best or only community development strategy. Rather, the critical need appears to be to better tie education services from K-12 to college to real-time job opportunities and needs of the local community. For Pasco, this may mean a more laser-like focus on training targeted to jobs in Pasco for residents of Pasco.
- 5. Similarly, narrowing the income gap between the Anglo and Latino population comes across as a factor relevant to continued economic momentum and prosperity.** For the California high achievers, the common thread is white collar jobs – offering higher pay and opportunities for career advancement. Less than 40% of Pasco’s workers have white collar jobs – well below the 53% white collar proportion for all 8 California comparables and the 57% white collar proportion for Visalia at the head of the pack.