

A new approach to Valley growth

THE OLD WAY Recruit companies that people want to work for. The new way to attract the kind of people companies want to hire.

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By Rocky Barker

Creativity may have become the Treasure Valley's most important natural resource, and the quality of life here is the raw material that sustains it.

Boise has attracted a class of young, highly educated and creative workers and artists that have made the Valley one of the most desired places to live and work in the country, according to magazines like Forbes and National Geographic Adventure.

But the university researchers, business leaders and other experts who predict these people could drive the Valley's economic future say that without more commitment to education and transportation, Idaho could lose out to other areas with the same outdoor amenities but more vibrant and livable city centers. These experts and high-tech business people say the state should switch from recruiting companies to attracting the people that companies want to hire. The reasoning: When high-tech workers like Shane Vaughan can interact with venture capitalists like Mark Solon in vibrant downtowns and communities with artists and business people like filmmaker Heather Rae, economic development will follow.

Providing this kind of business, social and creative climate could require the Valley to finally come together on some key issues. Congestion and air pollution could chase away high-tech workers and other creative thinkers. And without more money for research and engineering at Idaho's universities - and math and science in its public schools - innovation will come from places like Salt Lake City, some warn.

In that city, businesses took the lead on public transit and education in the 1970s, and the results are surpassing some of the highest expectations.

Shane Vaughan came back to Boise to raise his children after a successful advertising career in California. He now works as vice president of marketing for Baliho, which builds software for large advertising agencies and is one of the dozens of small high-tech companies in the Valley.

"Most of these people could move to New York or the Bay Area, but they choose to live in Boise," Vaughan said. "We as a state have to ensure that we make them want to continue to do that."

Idaho used to attract companies with its relatively cheap electric power, low labor costs and the so-called "second paycheck" - the natural amenities in Idaho's wild country. But the creative mix of professionals and entrepreneurs are driving economic growth in the now metropolitan Treasure Valley, said Nancy Napier, a Boise State University economics professor who heads the Boise State University Center for Creativity and Innovation.

"Creativity is the resource of the future," Napier said. "We've always taken it for granted, but other countries now are systematically looking at how to tap it."

A growing number of business leaders and local officials say tackling air quality and traffic in the Valley is essential, as the population is expected to double to 1 million people by 2030. Congestion and costs could rise so high that bad air quality, inconvenience and taxes could turn away the very workers Napier says will drive the economy of the future.

Idaho's high-tech businesses won't thrive if they have to attract more than half of their skilled workers from elsewhere, said Mark Solon, managing partner of Highway 12 Ventures, a venture capital firm that helps start-up companies like Baliho.

He and other tech business leaders say Idaho has to significantly increase its commitment to education and research if these businesses are going to create high-paying jobs in the future.

"If 20 years from now we want a community of healthy technology-based companies that grow and spin off other high growth companies, the groundwork has to be laid right now," Solon said.

THE CREATIVE CLASS

Economist Richard Florida calls these workers the "creative class" - young, highly educated professionals, engineers, entrepreneurs, artists and business executives. In his book "The Rise of the Creative Class," Florida ranked Boise ninth in the United States for attracting creative people.

Madeline Behrendt, a former model and Ralph Lauren executive, moved from New York to Boise 10 years ago to start a new career as a holistic chiropractor. In her spare time, she produced and directed a documentary film about Boise's creative class called "bCreative."

She doesn't own a car, yet she has no problem getting to the coffee shops, Boise Co-op, theaters, museums and other attractions that make her life in Boise so satisfying.

"The Foothills are my back yard, and Boise's Centre on The Grove is my front," she said.

This compactness and connectivity made her feel at home.

"In New York, you have your neighborhoods and people know each other," Behrendt said. "I was looking for a place to live like that in the West where I could ride my bike."

Balihoo's business plan includes recruiting people attracted to Boise's lifestyle, said Vaughan, who was born in Emmett. In companies where ideas drive profits, attracting creative people can be the difference between success and failure.

Vaughan's love of snowboarding and hiking are as important to him as his job.

"We are extremely passionate people in both our work situation and outside of work," Vaughan said. "I have to be emotionally engaged. I'm not interested in a punch-the-clock, 9-to-5 job."

But not everyone thinks the state should turn its attention to pleasing newcomers.

Alex LeBeau is president of the Idaho Association of Commerce and Industry - the state's most powerful business lobby with strong ties to the state's largest businesses. He moved to Boise from Twin Falls in the late 1980s.

He said the things that attract and keep the creative class also appeal to most Idahoans.

He lives in Southeast Boise, he said, to be near the river and Downtown. But he could own a larger house for the same money if he lived in West Boise.

"We can talk about this emerging class, but if we do the right things for the employees and citizens of Idaho, it will be inherently attractive to the people from outside," he said.

THE OLD BOISE BUSINESSES HAVE CHANGED

But the economy is already changing.

Once, Boise housed the headquarters for Albertsons, Morrison-Knudsen, Boise Cascade, Ore-Ida and TJ International. Those companies have left or transformed, yet the economy has remained strong.

Today, the region's largest private employer, Micron Technology, has suffered big losses, and people speculate it could leave Boise or be taken over. The housing boom that drove growth for a decade has ended.

These events could cause short-term setbacks in Idaho's economy, experts say. But the entire West has grown along with Boise, and there is no sign that will end soon, said William Travis, a University of Colorado geography professor and author of "New Geographies of the American West." As long as Boise continues to attract a young work force, its economy will grow, too.

In 2005, the Legislature approved tax incentives to prod Albertsons and Micron to expand their work forces here- and to attract new corporate headquarters - but no company took advantage.

A political compromise that extended modest incentives to smaller companies has been a success. By offering tax breaks for new well-paying jobs, the state has helped new high-tech companies like Blackfin Technologies, a Boise software company, expand.

But the question is whether Idaho should focus on attracting creative workers, not luring businesses with breaks or credits that end up getting locked in an often uneven tax code.

"We can come up with tons of business incentives and advertise Idaho's business climate all we want, but how we take care of our air and water quality, our transportation, health care and school systems, whether or not we are connected electronically and especially how we treat our citizenry ... these are the things that define us as a state," said Georgia Smith, a longtime Commerce Department worker and now an administrator at the Idaho Department of Labor.

GROWTH CLOGS FUTURE TRAFFIC

Many people flee to Idaho to escape congested cities with poor air quality, but that incentive may not last. Today, just 5 percent of the Valley's roads are congested at any given time. Even if every planned highway extension, surface street widening, bus route and light rail train system were built by 2030, more than 25 percent of roads still would be congested, said Matt Stoll, executive director of the Community Action Planning Association of Southwest Idaho.

But if Idaho lags in fixing roads and moving toward public transit, congestion could rise to 75 percent of the Ada and Canyon roads, Stoll said.

"What we are today is not what we will be tomorrow," Stoll said. "The question is: Do we want to guide our future?"

Idaho businesses have been split on whether to push for these changes. The Boise Metro Chamber of Commerce wants public transit. Other business groups, including the Idaho Association of Commerce and Industry have fought it.

LeBeau said transportation is important to the Valley, but he's not ready to say it is the overriding issue for the region's future.

"The best thing from a public policy standpoint is to encourage diversity in our education system, our transportation system, our employment and our energy sources," LeBeau said. "There is no one answer."

BUSINESSES LED THE WAY IN UTAH

Lane Beattie, president and CEO of the Salt Lake Area Chamber of Commerce, was president of the Utah Senate when it increased a 1970 local tax to pay for roads and transit.

Today, Salt Lake's six-year-old light rail system attracts 47,000 riders a year - more than double what planners predicted for 20 years after construction.

Establishing the tax in the 1970s was critical, Beattie said. In the end, it happened when economic and political leaders viewed it as a business decision.

"You have to be able to look to the future when you realize that you will someday need a transit component of transportation," Beattie said. "You will save the taxpayers literally millions of dollars by addressing those issues today instead of tomorrow."

High-tech leaders like Solon point out that Idaho's spending on research in its universities trails surrounding states.

Utah, once again, is a model of proactive action. In the 1970s, Utah's Legislature funded a research park next to the University of Utah.

Lawmakers and governors have funded research ever since - including \$20 million this year for the Utah Science, Technology, and Research Initiative. The University of Utah alone spun off 17 high-tech companies in 2007, Solon said.

BOISE HAS A HEAD START, ONE RESEARCHER SAYS

In the increasingly urban Boise landscape, arts, entertainment, sports, and even coffee shops add to the city's attraction.

Napier and graduate student Ryan Cooper have developed a "Creative Cities Index" to measure the factors appealing to this creative class. Using everything from income per capita, environmental factors, commuting time, arts, recreation, education and even patents per capita, they found Boise nearly even with larger neighbors Portland and Seattle.

The index attracted inquiries from people worldwide, including an executive from the New Zealand software company CropLogic, which has developed programs to help potato farmers maximize their productivity.

Part of the attraction, of course, was potato farmers, said Nic Lees, one of the founders of the company now moving here. But the concentration of tech companies, people and entrepreneurs was a major factor.

"When you look at medium-sized cities throughout the United States, we look brilliant," Napier said.

ADDITIONAL INFORMATION

TOP ISSUES FOR THE CREATIVE CLASS

1 REDUCING TRAFFIC CONGESTION, SPRAWL

Possible options: Increased registration costs to make up some of the \$200 million annual shortfall in road funding and local option tax authority for roads and mass transit.

2 ACCESS TO HIGHER EDUCATION

Possible options: Support for the College of Western Idaho, scholarships for Idaho students.

3 OPEN SPACE AND NATURAL AMENITIES

Possible options: One bill being discussed this year would give farmers and ranchers tax breaks for preserving open space.

4 ENERGY EFFICIENCY

Possible options: Legislators are talking about requiring energy-efficient state and school buildings. Gov. Butch Otter has directed state agencies to buy hybrids and fuel efficient vehicles.

5 CLEAN AIR, CLEAN WATER

Possible options: Another bill would establish rules for setting up regional car emissions testing programs.