WASHINGTON BUSINESS

OUR FUTURE WORKERS...

WHERE WILL THEY COME FROM?

- The labor shortage
- Training new workers
- Raising our standards
Shipping and fuel costs are soaring. The Association of Washington Business can help you save 67 percent on your shipping bill with the AWB Member Freight Program.

- Point, click and ship: The AWB Freight Program provides your company with the ultimate in shipping flexibility. You choose from the Northwest’s best carriers and get pricing that saves you money.

- The AWB Freight Program is designed with your needs in mind. Choose local, regional or transcontinental service with Oak Harbor, USF Reddaway, Bestway and Holland along with Overnite, Central and Watkins. Whether you’re shipping from Seattle to Spokane or Moses Lake to Newark—you’re covered!

- Inbound, outbound or drop ship, you schedule the carrier when you need it simply by pointing and clicking. Track your shipments, manage multiple locations and users, compare rates—all from your computer!

For more information, log on to AWB’s Web site at www.awb.org or contact Jennifer Costello at (360) 943-1600 or jenniferc@awb.org.
The last thing you want after gum surgery is a cavity.
So the first thing you need is a Delta Dental plan.

In many cases, gum surgery can expose new tooth surfaces which are especially prone to decay. However, research demonstrates that prescription-strength fluoride toothpaste can reduce these cavities by up to 70%. Which is why our Delta Dental plans from Washington Dental Service were among the first to cover them.

Researching and covering innovative new treatments not only improves oral health. It also improves your bottom line by lowering long-term costs. To learn more, ask your benefits broker, visit www.DeltaDentalWA.com or call 1-800-367-4104.

Our Future Workers: Where will they come from?
State spearheads work readiness program
by Shawn Sullivan

Feedback
Letters to the President

Ulcer Gulch
A different look at politics

Inside Washington
News from around the state

Chair’s Corner
by Kirk Nelson

President’s Message
by Don C. Brunell

A rough budget ride
by Richard S. Davis

Points of View
Washington Business Week
by Stan McNaughton and Gary Hauff

Q&A with Charlie Earl
State Board for Community and Technical Colleges

Staffing agencies fill worker gap
by Daniel Brunell

Member Profile
Cutting Specialists Inc.
AWB’s 6,000th member
by Shawn Sullivan

Legal
Simple rules for grassroots lobbying
by Kris Tefft

Industry Profile
Growing pains for Washington’s biotech industry
by Paul Schlienz

Community Profile
Stehekin: Peace, quiet and clean water
by Ron Dalby

Technology
State plays key role in space program
by Paul Schlienz

Travel Washington
Whidbey Island: Idyllic island paradise
by Ron Dalby

Made in Washington
Cranberry industry making a comeback
by Daniel Brunell

People on the Move
Who’s in the news, who’s on the move

Profile: Kirk Nelson
AWB’s new chair is betting on customer service
by Shawn Sullivan
Teamwork and dedication make AWB a success

“H”ow can I make a difference?” This is a question often posed by potential new members of the Association of Washington Business.

Having an impact on the way Washington does business might seem like an impossible task for a single business owner. What job providers often overlook is that when they join AWB they become part of team—in fact, probably the most powerful and effective business team in the state.

When I started at AWB in 2000, the dot-com bubble had just burst and George W. Bush was taking his first oath as President of the United States. At the time, AWB was distributing a monthly twelve-page newsletter and AWB.ORG was receiving a few hundred hits per day.

In just a handful of years, AWB has not only been able to shape public policy, but also create whole new avenues by which policy can be shaped.

In 2000 and 2001, AWB President Don Brunell led the effort that yielded the Washington Alliance for a Competitive Economy. This partnership with the Washington Roundtable and the Washington Research Council enabled AWB to focus the Legislature’s attention on competitiveness during the 2001 legislative session.

WashACE ultimately gave birth to the Competitiveness Redbook, which indexes how Washington compares with other states in the issues that matter most to job providers. This annual publication has provided businesses and lawmakers with a point of reference on how Washington stacks up with the rest of the country. The competitiveness efforts proved to be effective and timely, as Boeing announced its intentions to move its headquarters to another state early in 2001.

Spring 2002 marked the launch of the first issue of Washington Business magazine, replacing AWB’s monthly newsletter with a 48-page, full-color magazine. The new publication became an instant hit and expanded AWB’s reach as its own media outlet for members and policy efforts. The publication was advertising-supported from the beginning, and allowed AWB’s message to be seen in newstands, waiting areas and coffee tables statewide. More than four years later, Washington Business is as strong as ever, winning numerous national awards in recognition of its design and editorial content.

Storming onto the scene in 2003 was Jobmakers.com, launched by AWB and the Washington Roundtable. Legislators were completely caught off guard, as no one really knew how to respond to this revolutionary public tracking system. The term “jobmakers” made it to the floors of the House and Senate, as lawmakers didn’t want to be referenced as anti-job.

Subsequently, the 2003 legislative session become one of AWB’s best ever, and the business community finally had a tool that allowed them to track—in real time—the “business-friendliness” of the Legislature. 2007 will mark the fifth anniversary of Jobmakers.com, which is still regarded as a cutting-edge tool among AWB’s peers nationwide.

To help celebrate its 100th year anniversary in 2004, AWB redesigned its Web site and released a special video presentation on DVD to commemorate a century of achievement. By 2004, AWB had boosted traffic to its Web site by a factor of 20. The increased visibility resulting from Washington Business magazine and Jobmakers.com was beneficial to everyone.

Getting an early start on the podcasting phenomenon, AWB launched its weekly radio show, Washington Business Weekly, in 2005. The program was among the first chamber-oriented radio broadcasts in the country to be podcasted. Already approaching its second year, Washington Business Weekly reaches an audience of 30,000 via radio stations in Tacoma and Spokane, and an unlimited audience through audio downloads and iTunes subscriptions.

Wayne Gretzky once said, “Skate to where the puck is going to be, not to where it has been.” Thanks to the teamwork and dedication of AWB’s staff, this philosophy has been successfully implemented.

Serving AWB and its members over the past six years has truly been a joy and an honor. Being part of the AWB team, the answer to “How can we make a difference?” is apparent every day. As long as AWB members continue to recognize that we are all in this together—no matter how small or large the business—AWB and Washington’s business community will continue to prosper.

Alexis Nepomuceno has headed AWB’s communications department since 2000. Before joining AWB, Nepomuceno co-founded iPolitics.com, was actively involved in politics and co-founded Jet City Pizza. In December, he will leave AWB to become chief information and marketing officer for Garlic Jim’s Pizza in Everett. Richard S. Davis, currently of the Washington Research Council, will take over as AWB’s vice president of communications.
Blue-collar sacrificial lambs

President's Note: The Washington State Labor Council (AFL-CIO) endorses I-937, the initiative mandating that 15 percent of all electricity come from renewable sources such as wind or solar, but excludes hydro power. AWB President Don Brunell and Robert Hemsley represented the opponents of I-937 before the Bellingham Herald editorial board, while Rep. Jay Inslee, D-Bainbridge Island, who claimed to be an author of I-937, represented the proponents and trotted out the AFL-CIO endorsement as part his case to the editorial board.

I've always been proud to be a union member, but what has surprised me about I-937 is the hostility of the proponents—not only to hydro dams, but industry as well. The proponents—and most editorial boards—seem quite willing to sacrifice blue-collar jobs for the cause. I'm no longer surprised at how many mills have shut down, but rather amazed that some keep hanging on. It is a bit ironic, but the business community is actually fighting the hardest to keep good jobs in the state. Meeting Jay Inslee reminded me why I cast my first vote for Ronald Reagan. The Democrats aren't the party of Roosevelt anymore.

Robert Hemsley, Everett
Association of Western Pulp & Paper Workers

Audubon endorses I-937

America's addiction to fossil fuels presents a grave threat to birds and their habitat and is a primary cause of global warming. Don Brunell's Sept. 12 guest column in The Columbian wrongly stated that the National Audubon Society had raised concerns about I-937, Washington's ballot initiative that would spur the use of clean energy. In fact, Audubon Washington has endorsed the initiative and strongly supports renewable energy.

With proper precautions, which I-937 calls for, wind power will make Washington a leader in reducing the threat of climate change. Audubon believes oil and coal extraction, and the pollution and global warming that follow, present a far graver risk to wildlife than properly developed wind power.

I-937 envisions a thriving economy where energy jobs are created in Washington, and innovation replaces our dependence on fossil fuel that threatens our long-term economic growth and great natural treasures. The plan is modest, ensuring that 15 percent of the state's energy come from renewable sources by 2020.

As president of the National Audubon Society, and on Audubon's behalf, I urge passage of I-937 on Nov. 7.

John Flicker, New York City
President, National Audubon Society

Future electrician: “Right On!”

I just wanted to respond to Don Brunell's recent article in The Columbian regarding skilled labor.

You are right on the money. I am currently enrolled in the power utilities industry electricians' program at Clark College. This will help provide me with a pathway toward apprenticeship with either the National Electrical Contractors Association, the International Brotherhood Electrical Workers or the Bonneville Power Administration.

In the upcoming five to eight years, up to 50 percent of the workforce in the utilities industry will be reaching retirement age. Until recently, Washington's state government was not recognizing that fact when giving out worker retraining money or forecasting job outlooks. There was no two-year degree program at Clark College for power utilities industries electricians until a grievance was filed, persuading them to have one.

Great article; it gave me even more motivation to succeed. Thank you again.

Brian Sheppard, Vancouver
Future Electrician

Vocational training is important

I enjoyed your recent article regarding the lack of skilled tradesmen. As a substitute teacher going into numerous high schools in Oregon and Washington, it is clear to me that the schools and the parents are the problem.

You can count the number of vocational programs on one hand. We allow the majority of students to spend four years in high school doing nothing. We tell all of them they should be going to college so they can be anything they want to be. It is time for pressure to be put on the schools to promote the vocational programs and stop allowing students to sit on their hands for four years, and then spend more money to send them to community college because they learned nothing in high school.

Hopefully AWB will push the Legislature for more vocational programs, if you are not already doing so.

Tom Goold, Vancouver

Thanks to AWB's leadership

Thank you for writing such a great article on the estate tax. We also commend the Association of Washington Business for taking the lead to repeal Washington's estate tax with Initiative 920. Repealing the federal and state estate taxes is vital to family-owned businesses across America. Thanks again.

Carrie E. Simms, Washington, D.C.
American Family Business Institute

Correction

Who do they represent again?

Seattle political leaders remain strongly opposed to building a new Alaskan Way Viaduct, despite a new poll showing voters prefer a new viaduct to a more expensive tunnel by a 2-1 ratio.

The Seattle Times, Oct. 16, 2006

EPA’s power mower power grab

The EPA is openly seeking implementation of pollution standards for lawn mowers that would cut smog-causing emissions by 35 percent. Lawn mower emissions comprise perhaps 3 percent of all EPA-monitored air pollutants, according to the agency’s National Emissions Inventory.

Town Hall, Oct. 19, 2006

SayWA tanks

SayWa, the state’s briefly used tourism slogan, will be remembered as one of the oddest slogans ever employed to lure tourists to our state, reports The Seattle Times. The headline read: “It didn’t say enough!” The Olympian headline read: “Good riddance to SayWa.” The Daily Herald was more pointed: “The brutally bad ‘SayWa’ tourism slogan bit the dust just seven months after its ill-conceived conception as part of $442,000 marketing campaign. Say Amen.”

Don Brunell, AWB Top Ten

Another lick, and a promise vote will count

King County officials announced that the many ballot measures, charter amendments and initiatives pushed the length of the county’s general election ballot to 18 inches. Returned absentee ballots weigh more than an ounce, requiring an additional 24-cent stamp, or a total of 63 cents in postage.

The News Tribune (Tacoma, Wash.), Oct. 19, 2006

It’s time to pick a new 520 bridge

Drain the lake. Combine drive-through espresso with toll booths. Use aerocars and commuter submarines. Just plain stop people from moving here—or at least require them to live and work in the same place. Some funny and pretty innovative ideas, perhaps, after nine years of studying how to relieve congestion across Lake Washington, but none is among the proposals on the table to replace the Evergreen Point Bridge, also known as the 520 bridge.

Seattle Post-Intelligencer, Oct. 23, 2006

Planning ahead

Vancouver and Seattle will join forces to try to attract a post-2010 global mega-event, with a wish list that includes co-hosting the 2018 World Cup of soccer, a world’s fair around 2020 or the 2028 Summer Olympics.

The Vancouver (British Columbia) Sun, Oct. 6, 2006

State’s most dangerous

The FBI has released its annual ranking of most dangerous U.S. cities. 371 cities and municipalities that reported crime rates were included in the list. Let’s see how Washington’s cities stack up.

47. Tacoma
67. Yakima
82. Kent
88. Everett
94. Federal Way
109. Seattle
151. Spokane
183. Vancouver
237. Spokane Valley
314. Bellevue

If you care about having a safe workplace and saving your company money, this program is for you! Enroll in the AWB CompWise Program and start receiving refunds on your workers' compensation premiums. Group refunds average more than 20 percent, with some firms receiving refunds as high as 35 percent due to our merit-based refund formula. For your free, no-obligation summary, please call or visit our Web site at www.awb.org/services/compwise/index.asp for more details or to submit an online information request.
Costco, Starbucks big hits in Asia

TAIPEI—During Gov. Christine Gregoire’s trade mission to Asia, the 80-member delegation visited Costco and Starbucks stores in Seoul, South Korea and Taipei, Taiwan. Both companies are growing rapidly in these countries and stores are loaded with Washington products like Almond Roca, made by Brown and Haley in Tacoma. Washington wines, potatoes, beef, apples and frozen vegetables are also favorites in these stores. AWB President Don Brunell participated in the trade mission as the state's chamber of commerce leader. AWB has a special report on the trade mission with tips for small and medium-size businesses on how to do business in Asia.

Boeing tests new 747 swing tail

EVERETT—Boeing has successfully tested the swing tail on their 747-400 Large Cargo Freighter. The 747 LCF remains at the Boeing factory in Everett for further tests on the swing tail, a major modification to the airplane that allows large items to be loaded and unloaded from the back of the aircraft. The Oct. 10 test was first time the swing tail has been opened. Since its first flight, the 747 LCF has completed 55 hours of flight testing and 270 hours of ground tests. The 747 LCF will transport major components of the new Boeing 787 Dreamliner.

Vancouver gets 100 new computer chip jobs

VANCOUVER—SEH America Inc. will spend more than $350 million and create about 100 new jobs in Vancouver, where the company plans to build the only large-scale U.S. facility manufacturing 12-inch silicon wafers, a basic component for the next generation of computer chips. All Washington companies involved in the manufacturing of 12-inch silicon wafers—including two smaller companies in the Vancouver area—will benefit from a state tax cut, triggered by SEH’s spending. “We’re looking at 200 to 300 jobs over five or six years as [SEH America] continues to build out its facilities,” commented Rep. Deb Wallace, D-Vancouver.

Study looks at performance audits

ALEXANDRIA, VA. – Washington’s new performance audit program is the subject of a comprehensive study, released by the Association of Government Accountants. In 2005, Washington’s citizens approved Initiative 900, which gave state Auditor Brian Sonntag the most extensive authority in the nation to conduct comprehensive, independent performance audits of state and local governments. A portion of the state sales and use tax revenue is reserved solely for the conduct of performance audits. AGA’s study documents the initial actions taken by state Auditor Brian Sonntag to implement the provisions of the initiative and prepare to conduct performance audits. To view the report, visit www.agacgfm.org.

Minimum wage hike coming in January

OLYMPIA—Washington’s minimum wage will remain the highest in the nation when it jumps 30 cents to $7.93 per hour on Jan. 1. This represents a 3.9 percent hike above the current $7.63 per hour. The increase was triggered by Initiative 688, passed by voters in 1998, which linked the state minimum wage to the federal Consumer Price Index. Average changes in prices in a fixed assortment of goods and services are measured by the Consumer Price Index for urban wage earners and clerical workers. The index rose 3.9 percent during the year ending on Aug. 31.
Company moves billing ops to Spokane Valley

SPOKANE VALLEY—Healthcare Resource Group of Sandpoint, Idaho, has relocated its Post Falls, Idaho, OutPartnering™ Center to Spokane Valley. The move will allow improved access to a larger and more experienced workforce. The facility provides billing and accounts receivable management services for hospitals and medical facilities. The center currently employs 55, but the move to larger quarters will allow the company to immediately add 50 positions. HRG expects to add an additional 70 employees in the future, bringing the company’s total staff to 175.

Washington to provide national Christmas tree

WASHINGTON, D.C.—The state of Washington is providing this year’s national Christmas tree that will stand on the west lawn of the U.S. capitol during the holiday season. The tree, a 65-foot-tall Pacific silver fir, will be adorned by 10,000 lights. More than 3,000 ornaments, handmade by Washington schoolchildren, will also hang on the tree. Continuing a tradition that started in 1964, Speaker of the House Dennis Hastert, R-Illinois, will light the tree. The tree was selected from Washington’s Olympic National Forest. 65 smaller trees will also be donated by Washington Christmas tree farmers and communities for distribution among government offices around the nation’s capitol.

Spokane real estate market still hot

SPOKANE—Spokane real estate is hot. Total building permit values in the region surpassed $900 million in 2005, easily breaking the record set in 2004. Large projects included a $44 million expansion of the $89 million Spokane Convention Center and a $28 million restoration of the historic Fox Theater downtown. “It’s further evidence that the region continues to be discovered by people outside of the area,” says John Pilcher, Spokane’s economic development director. “This is capital investment in the community. I see a bright future for the city and confirmation that our growth strategy is paying off.”

CenturyTel to build Pierce County wireless network

TACOMA—The Rainier Communications Commission has recommended that CenturyTel build a wireless broadband network in Pierce County. CenturyTel was chosen from among 10 companies that responded to a request for information, and will collaborate on the project with equipment provider SkyPilot. Following an evaluation of several pilot programs, work will begin on a countywide wireless broadband network. The primary purpose of the network, which will be a multi-million-dollar investment, is as a backup public safety resource. Limited-capacity, free Wi-Fi service is planned. Eventually, citizens throughout the county will have access to full-capacity Internet service at a competitive price.

Spokane airport begins $72 million expansion

SPOKANE—Spokane International Airport has begun construction on a $72 million project that will include a new terminal, concourse enhancement, and new retail and restaurant outlets. The improvements will include an 18,000-square-foot hangar, an extension of the main runway, a new control tower, and more. The project, scheduled for completion in 2008, was spurred by an expected increase in airline passenger travel from today’s level of 1.7 million trips per year to 3.3 million by 2020. Over the past five years, air cargo activity levels have doubled. Even more dramatic increases are expected in the future.
Pension bonus may be blocked by Legislature

OLYMPIA—A $453 million pension bonus that thousands of government and public school employees were expecting in 2008 may never materialize. This is because Gov. Gregoire and the Legislature are looking at ending a program that allows government employers and their employees to share in extraordinary gains from pension fund investments. Lawmakers may end this gainsharing program because it has become considerably more expensive than expected when it began in 1998. The state would then put its half of the gainsharing back into the retirement trust fund so it could be reinvested, allowing the state to pay future pension benefits.

Isothermal Systems Research expands Pullman facility

PULLMAN—Isothermal Systems Research is adding a new two-story, 27,000-square-foot building to its location at the Port of Whitman County. The building will triple the workspace at ISR’s current research and development space and will be situated next to their existing 14,000-square-foot building. The improvements will support the retention of 70 existing jobs at ISR and create 31 new jobs within three years. ISR develops high-end cooling systems, considered critical in protecting high-performance components used by industry and the military.

AWB recognizes businesses for environmental excellence

TACOMA—AWB presented 11 companies and one city with AWB’s Environmental Excellence Award on Oct. 19. The awards recognize efforts in environmental innovation, resource conservation, education and continuous improvement. The winners represent the highest standard of environmental excellence as determined by a panel of expert judges. The 2006 Environmental Excellence Award winners are:

- The Holland Inc., Vancouver
  Environmental Innovator

- Puget Sound Energy, Snoqualmie
  Land or Wildlife Conservation

- The City of Duvall
  Water Quality

- Alcoa Wenatchee Works, Wenatchee
  Water Quality

- Print NW, Tacoma
  Pollution Prevention

- Achilles USA, Everett
  Pollution Prevention

- Corporate Recycling Services, Tacoma
  Environmental Education

- Sunset Air Inc., Olympia
  Environmental Education

- Boeing Integrated Defense Systems, Renton
  Resource Conservation

- Providence St. Peter Hospital, Olympia
  Resource Conservation

- Todd Pacific Shipyards Corp., Seattle
  Continuous Improvement

Jack Graves of The Holland Inc. (second from right), receives the Environmental Excellence Award award at the Northwest Environmental Summit. Presenting were (from left): Tom Fitzsimmons, chief of staff to Gov. Gregoire; Ken Weiner of Preston Gates Ellis LLP; Jay Manning, Department of Ecology director; and AWB’s Grant Nelson.
Seattle goes ‘Metronatural’

SEATTLE—The Seattle Convention and Visitors Bureau has unveiled its new trademarked tagline. This campaign, dubbed “Metronatural,” is designed to increase tourism and highlight Seattle’s uniquely marketable combination of urban and outdoor experiences. The tagline will become increasingly visible in Seattle and around the world. SCVB has launched a new convention trade media advertising campaign featuring Metronatural-themed photography and messaging. A worldwide publicity campaign will announce and promote the new Seattle brand to travel, feature, lifestyle, trade and business media. Many of SCVB’s more than 1,000 member businesses are expected to incorporate the new brand into their marketing programs.

New dams may rival Grand Coulee

YAKIMA—Enormous dams may be built on the Columbia Plateau to bring more water to the dry region. Dams are being considered on Hawks Creek, near Lake Roosevelt; in Lincoln County; Foster Creek, in Douglas County; and Grant County’s Sand Hollow and Crab Creek. The dams would hold water pumped from the Columbia River. The sites are now being examined for earthquake potential, as well as environmental and geological factors. If the dams rise at all, it will be years before they are completed, according to Derek Sandison, the Department of Ecology’s director for central Washington.

Prepared Response receives Homeland Defense Award

SEATTLE—Prepared Response Inc., a leading developer of crisis management planning and response systems, has received the Focus on Innovation Award from the National Homeland Defense Foundation. PRI, based in Seattle, was selected from more than 100 firms for its pioneering work in the area of statewide crisis management planning and response systems. The award is given to companies who display excellence in innovation and provide new technologies for homeland defense. PRI provides the core technology for Washington’s Critical Incident Planning and Mapping System, currently being deployed to protect all schools and critical infrastructure in the state.

Christmas tree, holiday tree – whichever you prefer

Since 1989, AWB members have donated a stately 30-foot Noble fir tree, funds to decorate it, and contributed money for Christmas gifts and toys for needy children in rural areas. This year more than 100 AWB members and friends from Colville to Vancouver have contributed $15,000 to make the holiday brighter for children in rural areas of Thurston, Pierce, Mason and Grays Harbor counties. Santa’s helpers, who moonlight as volunteer firefighters in the participating counties, distribute gifts to needy rural families.

“Since the project started 17 years ago, AWB members have donated almost a quarter million dollars. Most of the money goes to the rural firefighters to buy the gifts,” said AWB President Don Brunell. “Too often, the needy in rural areas are forgotten. The rural firefighters and AWB members have filled that void, and it is one of the best things we do each year.”

The Capitol Holiday Kids’ Tree is the state’s Christmas tree. The project is a partnership between the Capitol Campus Volunteers, the Department of General Administration, the Washington Forest Protection Association, and volunteer firefighters. It is entirely funded by AWB member donations.
As I reflect on my 27-year career with Qwest and its predecessor companies, I feel privileged to be part of an industry that has played such a vital role in the development of the telecommunications network that is so critical to the economic viability of our state.

Looking back, I’m amazed at how dramatically the telecommunications industry has changed, and how the changes continue at an ever-increasing pace.

The early years—up to about 1996—could easily be described as a slow evolution of communications-related technology with minimal competition. Then came the Federal Telecommunications Act of 1996, a painful attempt by Congress to rewrite the nation’s telecom laws that dated back to 1934. The primary intent of the federal legislation was to open the telecommunications market to competition, specifically the markets served by the seven Regional Bell Operating Companies that emerged from the breakup of the old Bell System in 1984.

Although true competition sputtered for the first few years as regulators and the major telecom players worked to implement the new law and understand the economic and technical realities, it is certainly thriving now and growing stronger every day.

It’s important to understand, however, that when the 1996 Telecom Act was debated and passed, it was based on the technologies and industry structure at that time. Commercial applications and public use of the Internet were in the very early stages of development, so the legislation did not address the Internet.

Wireless technology was still relatively primitive and pricey, with limited consumer acceptance and use. Cable television companies provided video service, but little else. Long distance companies offered long distance calling only—a very lucrative business to be in at the time—while local phone companies primarily provided local service. Satellite technology was simply fun to dream about. In short, the industry was fragmented and very specialized in their products and services, and many of the new technologies deployed today were not available then. Consequently, consumers had little choice but to deal with separate providers to acquire the various products and services necessary to satisfy their individual communications needs.

Fast forward 10 years to 2006. The Internet is a household staple for families and businesses. Personal computer processors are screaming fast and affordable. There are now more wireless phone users in Washington than traditional wire line users, and cable TV companies now offer a variety of services including voice and high-speed Internet. Long distance companies are effectively a thing of the past, and companies like Qwest are offering a full range of services. In short, today there are multiple providers offering similar services using different technologies, and aggressively competing for the same customer base.

Wow, what a difference in just a few short years! That’s not the end of the story.

The future of healthy competition and customer choice depends on a healthy regulatory climate that allows all companies to compete on a level playing field and sustain the level of investments that enable continued technological improvements.

Unfortunately, the laws and regulations that govern the telecommunications industry have not kept up with the changes and are in dire need of a major overhaul. Currently, the government jurisdiction and the degree of regulation for each company depends more on the technology used than the service provided. That’s simply a carry-over from the days when the industry was very specialized and fragmented. However, those days are history.

Now is the time for new streamlined laws and regulations at all levels of government that recognize the dynamic changes in this revolutionary period of technology convergence and competition. The future of healthy competition depends on it.
AWB would like to thank the following sponsors for helping us make the 2006 Policy Summit a success.

Alaska Airlines
AWB Agency Services
Altria Corporate Services Inc.
BP
Baldwin Resource Group Inc.
Banner Bank
Chevron
Columbia Vista Corp.
CompManagement Inc.
ConocoPhillips Co.
Costco Wholesale
Fluor Corp.
Fred Meyer
Georgia-Pacific Corp.
Group Health Cooperative
Kinross Gold USA Inc.
Lane Powell PC
Microsoft Corp.
PacifiCorp
Premera Blue Cross
Puget Sound Energy
Qwest
Regence BlueShield
Schweitzer Engineering Labs Inc.
Sterling Savings Bank
The Boeing Co.
Wal-Mart
Weyerhaeuser Co.
Higher costs are killing U.S. manufacturers

There’s an old saying about “fighting with one hand tied behind your back.” It means that you’re at an unfair disadvantage.

Nowhere is that more true than with America’s manufacturers. Once the backbone of the American economy, today they are under increasing pressure from foreign competitors who pay lower wages, expedite permitting, and have fewer costly regulations. Yet, in the United States, the amount of money it takes to make products keeps rising.

U.S. manufacturers are doing everything they can to cut their costs and become more efficient, but today the problem is “external costs,” meaning costs over which employers have no control. Those are things like taxes, mandated employee benefits, liability insurance and lawsuits, energy prices, and regulatory costs.

According to the National Association of Manufacturers, the situation is bad and getting worse.

In a 2003 study, NAM found that external costs added 22.4 percent to U.S. manufacturers’ production costs compared to their nine global competitors—countries like Canada, Japan, China, South Korea, Taiwan and Mexico.

The most recent study shows that those costs have escalated dramatically and now add 31.7 percent to U.S. manufacturers’ costs. That’s a whopping 42 percent increase!

I got a first-hand look at those competitive challenges on Gov. Gregoire’s recent trade mission to South Korea and Taiwan. It became abundantly clear that all of us must realize manufacturing today is competitive worldwide.

Today, it is virtually impossible for U.S. producers to pass increased costs along through higher prices. In fact, product prices are either flat or falling, while manufacturer costs for construction, health care, education and other non-manufacturing sectors increased nearly 60 percent.

The stakes are enormous. Manufacturing in the United States generates about $1.4 trillion a year, or about 12 percent of our gross domestic product, and supports 20 million family-wage jobs with good benefits. It accounts for 75 percent of our industrial research and development and two-thirds of U.S. exports of goods and services.

Washington is a leading manufacturing and exporting state. We produce and export everything from airplanes to software, irrigation systems to digital voltage surge relays, bottled apple juice to beef. Our state also is a high-cost state when it comes to state and local regulations, taxes, unemployment insurance, health care and wages. In the past, our low and reliable electric rates gave us an offsetting advantage, but today electricity is no longer cheap, and our long-term supply is in question.

If we do not reverse the trend, those jobs for our children and grandchildren will be lost to foreign competitors.

So, what should we do?

The first step is a comprehensive energy policy for our state and nation which utilizes all sources of energy, encourages domestic exploration for gas and oil, develops clean coal and safe nuclear power, and continues to promote production of wind and solar power.

In addition, we must invest in basic and cutting edge research, train more skilled workers in critical areas, promote science and math education, and insist on high learning standards in our schools, colleges and universities.

Next, tax policy must encourage research and development, reinvestment in plant, machinery and equipment, and we must eliminate frivolous lawsuits.

Finally, regulations must make sense, be easily understood and reasonable. Without the ability to expedite permitting, we will lose manufacturers to foreign nations.

U.S. manufacturers are already doing their part to remain competitive through innovation, worker training and new equipment. Now, it is time for elected officials to do their part to lower costs so American employers can fight back with both fists. It’s the only way our economy will survive.
Commitment to a Voluntary Regional Agreement

The CSRIA and the Department of Ecology shall engage in a voluntary regional agreement that provides for new water use on the Columbia and Lower Snake River system through the use of best management practices, a mitigation fee, and the development of new water conservation measures and related projects, consistent with the requirements of the 2006 Columbia River water management legislation.

Addressing Existing Interruptible Water Rights on the Mainstem

- CSRIA members shall install or maintain water efficiency practices for the affected rights and permanently transfer any conserved water that results from improvements to the state water trust program.

- The Department of Ecology commits to issue new uninterruptible water rights (supplemental drought permits), effective during the periods in which existing rights would be interrupted, and commits to provide mitigation water necessary to ensure that these new rights will not impair the Columbia River in low-flow years.

Issuing New Water Rights Based on Conserved Water

- CSRIA members obtaining new permits shall install or maintain water efficiency practices for all their existing rights and permanently transfer any conserved water that results from improvements to the state water trust program. They shall submit all water rights held to the Department of Ecology for recalibration, if necessary, to reflect actual beneficial use levels.

- CSRIA members agree to pay $10 per acre-foot of water each year to the state for the full amount of water used under the new permits, and in the previous year as determined through metering records.

- CSRIA will work with the Department of Ecology to identify the most cost-effective and feasible water efficiency projects that can be implemented in a time frame and in a location that would allow water—and associated rights—to be used to mitigate for new water rights authorized by the Department of Ecology. CSRIA will support the Department of Ecology's efforts to effectuate targeted water conservation projects utilizing funds paid by CSRIA members.
Election day divides the political season. Before the votes are cast, we’re like schoolyard captains choosing our teams. When balloting ends, one team takes the field with more players, more momentum, and a bigger payroll. They also get to write the rules.

And the budget.

Former Sen. Harold Hochstatter once quipped, “Being in the minority is like falling off your horse and catching your foot in the stirrup. You are present for lots of action, but can’t affect the outcome.” Sometimes, though, the guy in the saddle has all he can do just to hang on. And at the end of the ride, he’ll be judged on his performance.

While no one in either party wants to stifle economic growth, major Democratic constituencies — public employees, labor unions, and social service advocates — will be promoting an agenda that threatens business by destabilizing the fiscal environment. Bolstered by a temporary budget reserve, the lobby for increased spending couches its demand in the noisome question: “If not now, when?”

With nearly two billion dollars in reserves, the right answer—we don’t have the money—will be a tough sell. Budget writers are in the position of a guy who suddenly receives an unexpected inheritance. The windfall is nice and there’s plenty that he can do with it: Take the family to Disneyland, fix the roof, pay off the credit cards, or buy down the mortgage. What he shouldn’t do is use the money for a down payment on a second home. One-time windfalls don’t justify long-term commitments. The short-lived surplus doesn’t either.

We’ve been here before. Those of us with long memories recall 1993, the year lawmakers increased business taxes to balance the budget. Although the shortfall turned out to be smaller than anticipated, it took years to peel back the taxes. Not coincidentally, 1993 was also the year that voters passed the Initiative 601 spending limit. It was an unusual instance of business tax hikes sparking a grassroots taxpayer response.

The picture for next year differs in particulars, but is similar in its ramifications. There’s enough money to increase spending substantially, but not sustainably. Even if lawmakers simply maintain current spending levels, a bleak fiscal future of shortfalls, tax hikes, and budget cuts is clearly foreseeable.

New spending initiatives would compound existing problems, plunging the state into fiscal distress as early as 2009. Although that’s conveniently after the next general election, it’s foolish to plant fiscal land mines in fields you know you’re going to cross.

Yet there’s a lot of pressure to do just that. The recommendations of Washington Learns, Gov. Christine Gregoire’s select committee to transform education, will not come cheap. Hefty price tags can also be expected to accompany recommendations to increase access to health care, clean up Puget Sound, and create the “Next Washington” — her ambitious workforce and economic development plan.

Recession-induced restraint in 2001 resulted in belt tightening, but little structural change in state spending. When the economy rebounded, restraint receded. The basic challenge remains. Medicaid and other health care programs, including public employee health insurance, devour an increasing share of state dollars and squeeze out other priorities. The Legislature is not powerless. State policies can be changed, but lawmakers face unpalatable choices, possibly including benefit cuts, tighter eligibility standards, and less generous programs for state workers.
Gov. Gregoire has acted to increase fiscal discipline and performance. She has added the Government Management, Accountability and Performance program to the Priorities of Government budget process. The two data-hungry systems will soon be informed by performance audits. The payoffs from such efforts, however, will be long term and will not result in immediate savings that can be applied to bolster education, infrastructure, or workforce development. Committing to new spending on the strength of unrealized prospective savings would undermine the accountability effort and weaken the state’s financial management.

In mid-December, the governor will release her proposed 2007-2009 budget. The temptation to leverage the surplus to increase spending on her top priorities must be moderated by a tough-minded appreciation of the state’s current budget imbalance. She and legislative leaders must then keep a tight grip on the state’s fiscal reins.
Business Week is leadership training for all

As a five-time volunteer company adviser at Washington Business Week, it gradually became evident to me that I receive much more value than I give.

I’ve been to a lot of leadership courses and conferences, and I can personally attest that Washington Business Week has provided me with the most reward, because that’s where “the theory hits the road.” The learning is incredible for all involved—the students and the volunteer leaders.

Preparing for the future

As we look at our changing times and the current strain on our education system, many business leaders realize the need for new and innovative ways to get people ready to enter the workforce. Between 5 and 10 million baby boomers may retire by 2010. That alone will have a huge impact on our current labor force and require many people to increase their skills to meet the demand of fewer workers and lost talent.

Washington Business Week helps set the stage for high school students to prepare for real-life experiences in the business world. For one week of their lives they’re transformed into company owners, learning about business, ethical leadership, risk, teamwork, and a whole variety of skills that are crucial to success.

As business leaders, we must ask ourselves what we can do to supplement high school students’ learning to help prepare them for the challenges and opportunities that lie ahead? How can we increase leadership skills for ourselves and our current employees? Washington Business Week is more than a great start on both fronts.

Leadership training pays off

Business and community volunteers come from around the state to act as advisers to each student company. When volunteers from PEMCO return after a week at the program, they have a better understanding and appreciation of our future workforce. They have measurably developed their own essential skills, and they’re always energized from the experience.

The challenge with most leadership courses is that you need time to adopt new behavior habits, and new habits require immediate practice, more practice, and feedback. This program is all about real-time feedback. Most leadership courses come in one of two varieties: A one- or two-day conference that’s quickly forgotten, or an extended leadership course that’s very costly and big on theory. Both tend to focus only on those already near the top of their organizations, but the need for effective leadership occurs at every level in a company.

As a Business Week company adviser, you hold the power to transform the students’ learning experience into your own “virtual leadership laboratory.” If you challenge yourself, you can actually practice and perfect many of the timeless leadership concepts that are locked up in the dusty three-ring binders on your bookshelf.

Support Business Week

The bottom line is, after a week as an adviser, you’ll have moved ahead on your professional development goals, honed your leadership skills, gained a better understanding of the many aspects of business, and helped others grow toward becoming our future business leaders.

You’ll also build an incredible extension to your current network of business contacts. Years later, I’m still friends with many of the leaders I met at Washington Business Week.

Washington Business Week provides real-life, real-time leadership training for all. It’s a great leadership workout that deserves all of our support. I recommend you go for it!

Business Week’s goal is to prepare our youth for life after high school, regardless of their chosen career path. The week is all about leadership, free enterprise, teamwork, ethics and more. New in 2007 will be specific pathways focusing on accounting, construction and health care careers. For more information, please go to www.wbw.org or call (253) 815-6900.
Helping youth succeed is its own reward

"Washington Business Week, the magazine?" I get this comment more often than not when I approach the subject of Washington Business Week at high schools and Rotary Club meetings. Ironically, my parent company is *The Washington Post*, who in turn owns *Business Week* magazine, so I am constantly in a tightly woven “business week” web.

My name is Gary Hauff, and I’m a 1979 Washington Business Week graduate. Back then, as a junior at Cashmere High School, a teacher shared some information about a business program designed for students. It was held on the Central Washington University campus and it was a full week in length, which meant a week away from home hanging out with friends and meeting girls. There was only one problem: It was held during the summer.

That was more than 27 years ago. I ultimately made a life-altering decision to interrupt my summer and attend Washington Business Week. Not only do I have fond memories of that special week in Ellensburg, but it also helped mold my future. Thanks to Washington Business Week, I started two separate businesses in central Washington and had the opportunity to venture into the business world at a young age. I learned how to make money as well as lose money, and everything else that goes with owning a business.

Today, I proudly state on my resume that, not only did I attend Washington Business Week the third year it existed, I am a volunteer company advisor, as well. I became reacquainted with the program about 10 years ago and have been a volunteer ever since.

My wife says that I’m obsessed with the program—I have an entire wall in my office dedicated to Washington Business Week photos! I prefer to use another word to describe my feelings about the magic of Business Week: Rewarding!

I am guaranteed my reward each and every year, albeit measured in different ways. I have an opportunity to meet young adults, learn their stories and help make a positive impact on their futures. I have had the pleasure of meeting parents and grandparents, and even having an occasional lunch with my students. Over the years, I have found that the demand on these students is high, yet they all have one common aspiration: They want an adult to listen to their ideas and opinions.

Having three teenagers of my own, I know that we parents don’t always listen to our kids and may have a tendency to tune them out. That’s why I love Washington Business Week. It really helps me with my listening skills, and my students have an opportunity to express themselves without worrying about criticism.

Washington Business Week is more than just learning about the business world and calculating profits and losses. It’s about teamwork, communication, leadership, and social skills. I have seen many students do a 180-degree turnaround within the first few days of the program, and then be the first to pass along e-mail addresses and hugs at the end of the week. I still receive e-mails and cards from past students, which only makes me look forward to the summer program even more. In addition, the other volunteers and staff really work to make the program a success, which means that Washington Business Week is about the adults as well as the students. The synergy is very pronounced.

Although I’m just a volunteer, I am constantly prospecting and recruiting for the program. If it were up to me, Washington Business Week would be mandatory for all high school students. After all, “real-world experience” and “life-changing results” is what everyone will encounter in their lives. Washington Business Week just makes it more enjoyable.
Charlie Earl was appointed executive director of the State Board for Community and Technical Colleges in February 2006. Prior to his appointment, Earl was president of Everett Community College for more than six years. As executive director of the State Board, Earl now serves on the governor’s executive cabinet and the Workforce Training and Education Coordinating Board. He was also appointed by the governor to the new Veterans Innovations Program board.

**Charlie Earl:**

State community colleges are gearing up to train more adults

Q Our state has 34 community and technical colleges. How many people do you serve, and is that satisfying the need?

A Last year, we served 480,000 students. We need to educate more people to provide them with the skills and knowledge that are in demand by employers in a global economy.

Q What do you see in Washington’s demographic trends that keeps you up at night?

A Over the next two decades, fewer young adults will be entering the workforce and more older, well-educated adults will be leaving. This could create instability in our state’s economy. Community and technical colleges must improve educational attainment rates for both young people and working adults to help keep Washington competitive in a global economy.

Currently, 1.4 million working-age adults in Washington—one-third of today’s workforce—have no formal education beyond high school. This is equal to the sum of the next 10 years of high school graduating classes across the state. The race to be globally competitive will be lost if the state relies solely on recent high school graduates. Over the next 10 years, the largest and fastest-growing age group in the state’s population will be adults 25 to 35 years old. These adults will be in the workforce for the next 30 years, and too many are stuck in low-wage jobs.

Over the next 15 years, the increase in the number of people of color will nearly equal the increase in the white population. This growing diversity represents strength in a global economy, bringing a diversity of talents, creativity, values and languages to the state’s workforce. Community and technical colleges are the key to higher education access for people of color for English proficiency, job skills certificates, associate and bachelor’s degrees.

Q Since reliable, skilled and trained workers are critical to our future growth and economic development, how are the community and technical colleges addressing those needs?

A Two-year colleges are critical to producing workers for high-demand fields like nursing, manufacturing, construction and technology. Each year, our colleges are creating, expanding and closing programs to keep in line with those most in demand by employers. For example, we have nearly doubled the number of nurses trained at two-year colleges in the past decade. We are also working to recruit more young people into these high-demand fields. It’s no mystery that our economy suffers when a company can’t find the employees it needs to stay competitive.

We stay in tune with the needs of our state’s key industries with 11 Centers of Excellence located on two-year college campuses throughout the state. These centers serve as a hub for industry trends, best practices and innovative curriculum. They share their expertise with all 34 community and technical colleges statewide to assure all Washingtonians have local access to the most relevant education programs.

Employers have told us they need pathways for their employees in technical fields to earn bachelor’s degrees. To help fill skills gaps in targeted areas, new applied bachelor’s degree programs will start on four community college campuses next year.

Employers and students are usually impatient to finish training and start working. To help students speed up their timeline to getting a skilled job, we have launched new programs that pair English as a Second Language courses with job training. Students gain literacy and job skills at the same time.

With the help of the Legislature, a pilot project was created to provide substantial financial support for low-income adults to go to college and get job training. This program, called Opportunity Grants, covers more than just tuition. It may include books, childcare and even transportation. Research conducted by the State Board for Community and Technical Colleges shows that one year of college-level courses, plus a credential, such as nursing, welding or drafting, represents an economic tipping point—the difference between struggling in a low-wage job and having a career that leads to a better life. Opportunity Grants are designed to help more students reach the tipping point and beyond.

Q How many high school students go on to a two- or four-year college program?
Starting out from high school, an equal number—about 30 percent—of students go to two- and four-year colleges. However, within two years of high school graduation, an additional 18 percent of students come to community and technical colleges, either by delaying college until then or transferring from a four-year college. In our state, 14,000 students transfer from the community and technical colleges to universities each year, representing 41 percent of our state's bachelor's degrees.

Q: Is the community college role in remedial education increasing? If so, in what areas?

A: The number of students in remedial education is staying level. Our colleges are working closely with K-12 and four-year universities to reduce those numbers, and improve college and job readiness by high school students. The governor’s Washington Learns effort is further emphasizing the importance of college readiness, especially in math. We look forward to fewer students requiring remedial courses in the future.

Q: How is the system addressing distance and online learning to better accommodate student and employer needs?

A: Distance learning is growing at our colleges. It has more than doubling in the past five years and is now serving more than 80,000 students. Over three-fourths of all distance learning in higher education happens at the community and technical colleges, including 1,200 courses taught online. Some colleges offer entire associate degree programs online.

Online education is efficient for students and colleges. Working adults can take classes any time of the day or night, and colleges need fewer buildings to teach their classes.

Q: In the future, the Legislature is facing skyrocketing health care and pension costs, which are huge state budget drivers. Those costs impact the ability of the governor and lawmakers to fund higher education. Are there alternative funding sources such as higher tuitions, endowed faculty chairs, and foundation support? What are those sources and how do they relate?

A: The state continues to pay less and less of the share of higher education. Ten years ago, students paid 29 percent of the cost of their education. Today, they pay 37 percent. This erosion of state support of higher education contributes to pricing some lower income people out of college education. Higher education has always been—and must continue to be—an obligation of the state. There is some legislative interest in stemming this unfortunate trend by making community and technical college education part of constitutionally mandated basic education. This would be a clear demonstration of the state’s commitment to prosperity for all its residents.

Two-year colleges secure significant funds through grants and private fund raising. They also engage in dynamic local partnerships. In the long term, however, colleges can’t backfill the continued losses in state funding. The state receives a significant return on its investment by supporting higher education. We will be advocates for improving the state’s investment over the next several years.

Q: How will Gov. Gregoire’s Washington Learns recommendations impact the community and technical college system?

A: If there is success in early learning and K-12, then the community and technical colleges will be able to help students progress even further and faster. We are preparing to advance several themes in Washington Learns, including providing more people with the knowledge and skills that are in demand by our state’s economy.

Community and technical colleges can help the state meet the challenge for more graduates in the fields of math, science and technology. We must, because over half of our state’s new teachers and 41 percent of all bachelor’s degree recipients begin their higher education at two-year colleges. Community and technical colleges must expand their segment of the educational pipeline for increased training in math, science and engineering.
Qualified people with basic job skills are becoming increasingly hard to find.

In a recent employer study released by the Washington State Employment Security Department, nearly all human resource professionals said finding people with the required basic job skills is the single most difficult task they face. When asked about difficulties new employees experience, employers ranked problems with basic math, reading and writing as the top three.

Results similar to those found in the ESD study have long plagued Washington. For years, state government has struggled to find a solution that lawmakers, employers, educators, parents and students can all agree on. Finding solutions to the most common problems has taken years of planning and communication between affected parties. Above all, it has been difficult to implement these solutions in a way that minimizes the burden on the people the programs are designed to help.

One of the major projects the state has spearheaded is the Work Readiness Credential, part of a national effort to prepare students for the workplace.

“We saw this as something that could realistically help close the skills gap for entry-level workers,” said Pam Lund, associate director of the Workforce Training and Education Coordinating Board. “Skills gap” refers to the difference between the expertise an employer requires for a position and the actual capabilities of the applicant.

“The [Work Readiness] Credential helps prepare people—many of which are just out of high school—for their first job,” Lund said. It prepares people for employment by testing critical skills that employers have deemed necessary for entry-level positions. These include basic reading, writing, math, situational judgment, and a basic understanding of work-related etiquette.

The Workforce Board administers the test through agency-approved testing sites statewide. “When people pass the test, they get a certificate that potential employers in all 50 states will accept as valid,” Lund said. “It also gives job seekers the confidence to actively search for a position knowing they have the required skills.”

AWB and its education foundation, the Institute for Workforce Development and Economic Sustainability, have worked closely with the board to ensure that the business community plays a significant role in developing the credential.

“As a member of the Workforce Board, we have taken an active
role in forming partnerships between businesses and the creators of the credential,” said Mike Hudson, executive director of IWDES. “Right now, we are taking the lead role in the transition from six separate state government agencies into one national non-profit organization based on our own model.”

Hudson believes that creating a non-profit—rather than a separate government entity—will ultimately help the organization respond to change at a much faster rate. “We have made the decision to financially sponsor the transition phase of the credential,” Hudson said.

Another area of concern expressed by the businesses—as well as four-year colleges—is the level of math instruction a high school student must take to graduate. “The state’s minimum math requirement is two years of unspecified math courses,” said Bill Moore, coordinator of assessment, teaching and learning for the Washington State Board for Community and Technical Colleges. “As of ten years ago, colleges in Washington decided that was not sufficient for college.” The state board has worked with educators at the high school and college level to create the Transition Math Project, a program designed to improve the ranking of Washington’s students by helping them progress from high school to college-level math.

“We are teaching high school educators why math matters,” Moore said. “The way it is being taught needs drastic improvement.” The board is currently in the second phase of the process, with full implementation coming in 2007. “Our next phase will be disseminating this information around the state,” Moore said. “We are in a position to offer early diagnostic testing for math, which will help us measure our ability to prepare kids for college and beyond.”

By working with teachers in high schools across Washington, the board hopes to decrease the number students needing remedial math courses. Last year, that number totaled more than 47 percent.

“Ultimately, we are hoping to develop a project that could be implemented anywhere else in the nation,” Moore said. Other states have already taken notice of how Washington has taken a leading role in educating its children. “By developing a single curriculum for math in high school, we are ensuring that everyone has the same level of education when they enroll in a four-year college or university,” Moore said.

“The reality is that something needed to be done at the statewide level to give our kids a chance at success,” Moore continued. “Beyond that, it was a question of what curricula teachers should use at the local level.” Although the state board has yet to finalize the project, the preliminary indications are that it will drastically improve the preparedness of Washington’s high school students.

Because of repeated criticism by employers and educators over education, the state has taken up a leading role in preparing people for the workforce. Efforts in both the government and private sectors are starting to show dramatic results, and the way the state has left itself room to maneuver will ensure that people responsible for filling the skills gap can adapt to any changes in the system.

---

‘Dream It. Do It.’ aims to fill worker shortages

While state and local governments work hard to prepare students for the workforce, manufacturers across the country are joining a national campaign to fill worker shortages. “The fact is that the current rate of baby boomer retirement, coupled with an adverse attitude towards manufacturing itself, will result in significant labor shortages,” said John Vicklund, president of Washington Manufacturing Services.

Hoping to reverse negative opinions about manufacturers and stop a recent trend toward offshoring, the National Association of Manufacturers initiated a program they call the “Dream It. Do It.” campaign. “When people tell children what they should become, everyone wants them to have desk jobs,” said Ed Halloran, state campaign director. “No one says ‘try manufacturing.’ Everyone forgets about those jobs, like designing and engineering.”

The campaign originated in Kansas City, where NAM first decided to pilot the program. “I was an NAM board member when we developed the Kansas City pilot program,” said Don Brunell, president of AWB. “I was so impressed by the idea that I lobbied NAM for a similar program in Washington.”

After two years of continued communication between AWB, NAM and the Institute for Workforce Development and Economic Sustainability, AWB convinced NAM that Washington was the best place for the next pilot.

“After receiving the preliminary authorization from NAM, we partnered with Washington Manufacturing Services and Shoreline Community College to start the program,” said Mike Hudson, executive director of the Institute for Workforce Development and Economic Sustainability.

The campaign has a three-part approach to filling the upcoming labor shortage. “First, we had to get the public sector on board, which we have done,” Halloran said. “Then we need to introduce manufacturers in need, and then—after all else is said and done—go public.”

The “Dream It. Do It.” campaign has finalized the first two aspects of the plan and goes public in 2007. “Washington has a thriving manufacturing sector starting to feel the pressure of labor shortages,” Brunell said. The campaign hopes to stop the closure of manufacturers resulting from labor shortages. “This program will ensure that more companies remain in the United States,” Brunell said. “It will help businesses find people who are not only qualified, but also want to work there.”
In today’s volatile global economy, the dynamic changes that companies can experience is breathtaking. For example, two years ago, YouTube didn’t exist. A few weeks ago, they were sold to Google for $1.65 billion. This new, increasingly global economy requires a well-educated, resourceful, and elastic workforce that can adapt and thrive under such circumstances.

An adaptable workforce is something the staffing industry provides. It’s why the industry grew by more than 250 percent in the 1990s, and why it shrank by 25 percent during the economic slowdown of 2001 to 2003. When times are good, the need for workers goes up. When times are bad, the need declines. In this respect, the staffing industry is a bellwether for the U.S. economy.

Current indications are that times are good. More than 2.9 million people are employed by staffing companies every day. Over the last two years, more than 530,000 new jobs have been created by the industry. In Washington, the staffing industry is becoming an increasingly vital part of the state’s economy. It employs more than 50,000 people a day in Washington.

The face of the staffing industry has changed in recent years. “There is a giant misconception that working for staffing agencies is nothing but grunt work,” said Jenifer Lambert of Terra Resource Group. “I feel that it is becoming a more and more accepted practice among both employers and employees to using staffing agencies to fulfill their specific needs.”

The staffing industry offers a lot of options to their employees. They can select their work schedules and choose among a variety of assignments. This flexibility provides choices to people who have other part-time or seasonal jobs, parents raising children, and even people who are between jobs. Workers can accept assignments when and where they wish; employers have workers when, where and for whatever purpose they need. Many staffing agencies provide key benefits such as 401k plans, health care plans, and paid vacations and holidays. Staffing agencies also allow workers to gain vital training. More than 90 percent of them provide some sort of free training to their employees. Temporary employment can also give new workers valuable opportunities to gain necessary experience and permits to gain the necessary skills for other jobs.
them to try out employers they may want to work for permanently. More than 70 percent of temporary employees obtain long-term jobs while working for staffing companies.

Many agencies have become off-site human resource departments. “In this day and age where companies have to be leaner to survive, we provide an alternative.” said Kathy Williams of Volt Services Group. Volt is a leader in the industry, with more than 350 offices throughout the United States, Canada and Europe. “By working with our client companies to fulfill their human resource needs, we let them focus on what they know best—their business.”

For all that is right with the industry, there are some problems. One is that they are a victim of their own success. “The lack of skilled workers in the state is alarming,” said Gerri Coleman with Express Personnel of Walla Walla. “Non-skilled workers are becoming a thing of the past. We need more young people with the basic trade and engineering skills that we, as employers, want.” This shortage of workers in certain skill sets is so acute that companies are looking abroad to fill the need.

A major issue for the staffing industry is getting more visas for skilled workers. There is currently a federal cap of 65,000 for H-1B visas, a non-immigrant visa that allows a U.S. company to employ a foreign individual for up to six years. Under the H-1B program, a potential employee must have at least a bachelor’s degree, or equivalent, and the employer must attest to the U.S. Department of Labor that the alien will receive a salary commensurate with the prevailing wage for domestic workers in the same job category.

Many of the rapidly increasing number of engineers coming out of Southeast and South Central Asia are turning to staffing agencies to gain employment in the United States. Yet, all attempts to increase the number of H-1B visas have been blocked because it gets lumped into the larger immigration debate.

In Washington, there are challenges just as big. State taxes such as the B&O, workers’ compensation, and unemployment insurance all weigh heavily on the industry. There is no classification for the staffing industry in Washington’s tax code. This means that every single activity that a worker might do in a day has to be documented to the state for tax classification purposes. For workers that might do two or three different tasks a day, this creates a paperwork nightmare. That, coupled with the high cost of taxes, makes for a difficult business climate for staffing companies in Washington.

Despite the challenges, though, the staffing industry is doing well. It has matured from a place once used only as a source of day laborers and typists to a resource companies turn to for skilled clerical workers, accountants, engineers—even executives. As the global economy expands, the staffing industry will continue to provide a vital link between employers and employees.
Cutting Specialists Inc. is like many small companies trying to survive in a small niche within a larger industry. Specializing in the precision cutting of large metallic parts for the aerospace industry, they can cut any type of metal to within a millimeter of specification, even difficult-to-cut metals like titanium.

“My grandfather started this business in 1950,” said Mike Engstrom, third-generation president of Cutting Specialists. “At that time, the company primarily did propeller work for the marine industry.” Back then, the name on the door was Engstrom Machine Works, which survived as a small machine shop for 30 years.

In 1986, the opportunity for greater success presented itself. Engstrom Machine Works changed with the times, began specializing in metal cutting, and changed its name to Cutting Specialists Inc. “My dad took over for my grandfather and adapted the business to the in-demand market of metal cutting,” Engstrom said. “We are now a one-stop service center for cutting—which entails titanium, stainless steel and harder-to-cut materials.”

While things are currently going well for Engstrom, it has not always been that way. “When the aerospace industry decelerates, our shop slows down with it,” Engstrom said. “We are now a one-stop service center for cutting—which entails titanium, stainless steel and harder-to-cut materials.”

Even with the setbacks they faced, Cutting Specialists did what most small, family-owned businesses do — they tried to retain their employees. “I have the same shop foreman my father used when he ran the business,” Engstrom said. “Within our industry, you have to roll with all of the ebbs and flows.”

Fortunately, the economy has turned around and business is booming. To fill the demand, Cutting Specialists operates two shifts. “Our shop is open from 4 a.m. until 1 a.m.,” Engstrom said. “We operate these hours because our clients are open during these hours. It is common for us to start receiving calls around 5 a.m.”

Cutting Specialists cuts six truckloads of steel every day, and processes 2.5 million pounds of aluminum a year. The work is done with 18 high-tech saws using an assortment of special blades matched to the type of metal being cut.

Cutting Specialists Inc. by Shawn Sullivan

Small Tukwila employer becomes AWB’s 6,000th member

Engstrom, like many business owners in the state, has a love for Washington that keeps him from relocating, “I couldn’t imagine having my business anywhere else,” Engstrom said. “The people in this area are extremely wonderful to work with, and they work hard to make sure we stay in business. Honestly, I can’t ask my employees to work any harder than they are right now.”

Nevertheless, Engstrom still sees a need for improvement in Washington, particularly in the transportation infrastructure. “Traffic congestion can be a bear sometimes,” Engstrom said. “We could get a lot more work done if our delivery truck did not have to sit in traffic all day long.”

Despite traffic problems and a cautious attitude towards business taxes — like the estate tax — Engstrom hopes for continued prosperity and growth. “In the next four years we plan to purchase five new saws, depending on technological advances,” he said. “When the good times are present, as they are right now, you need to upgrade your systems to prepare for the possibility of a slowdown.”

The economic outlook for the aerospace industry is good, but Engstrom, like most business owners, will be planning ahead for the next slowdown. “I would love to see continued business in Seattle, but that doesn’t mean I am not getting ready for the economic downturn,” Engstrom said. “But, in the mean time, we will take advantage of how busy we are.”

Cutting Specialists is what many companies in Washington aspire to be — a hard-working, no-nonsense, profitable business. When asked why he decided to join AWB, Engstrom responded with a smile: “Especially in good times, it is not bad to have someone on your side.”

As the 6,000th member, Cutting Specialists is a milestone for AWB. They are representative of the multitudes of small employers throughout Washington who are working hard to succeed. They are all examples of how our economy depends on small, family-owned businesses. Without business owners like Mike Engstrom, our economy might falter. Without companies like Cutting Specialists, thousands of Washingtonians would be without jobs.
Simple rules for grassroots lobbying

Say you're a business owner, or perhaps a director for your area's chamber of commerce. You hear about a hot issue that's coming up before the Legislature and you'd like to get involved.

You call your chamber of commerce, AWB or your local representative. But what if you want to get more directly involved with the lawmakers in Olympia? That's just for professional lobbyists, right? Wrong.

Small business owners, chamber of commerce executives, and others can and should get involved in the legislative process when issues pop up that affect them.

But what about the rules governing registering and reporting as lobbyists, including spending money for gifts or entertainment for legislators or public officials? It's not all that hard.

It is possible for a business owner or chamber executive to get involved personally in the legislative process on a set of issues without having to register as a lobbyist or worry about filing reports to the Public Disclosure Commission. But the more time a person spends around Olympia, and the more money he or she makes or spends doing it, the more likely it will be that disclosure laws require registration and reporting.

A lobbyist is defined as any individual who attempts to influence state legislation or the legislative action of a state agency. So, in that respect, even the person who calls a legislator's office to encourage the passage or defeat of a bill is a lobbyist; he or she has attempted to influence state legislation.

But that kind of lobbying, by itself, doesn't require registering with the PDC or reporting anything. In fact, any individual may do the following without having to register or report:

• As a citizen, on their own time and without being paid, write letters, make phone calls, have personal visits with legislators or agency officials to express views on legislation and public policy so long as no money is spent on meals, drinks, gifts, or other entertainment for legislators or officials.

• Monitor legislation and observe public hearings and floor action of the Legislature.

• Appear and testify before public hearings of legislative committees or state agencies.

• Accept an invitation from a state agency to participate as a stakeholder in a rulemaking process.

• Lobby more extensively, but without compensation for being a lobbyist and without spending any money on any legislators or state employees.

• Lobby more extensively, and get paid for it, but for no more than four days during any three month period, and without spending more than $25 on legislators or state employees.

What triggers registration and reporting requirements for lobbyists is influencing legislation regularly, getting paid for it, and making expenditures for, or on behalf of, legislators and officials, and—typically—getting expenses reimbursed for it. That is when the citizen crosses the threshold from grassroots activist to registered lobbyist.

In that case, if an individual spends a total of more than $25 on one or more legislators—for instance, paying for a dinner meeting—it is a reportable expenditure.

If a person spends more than $25 on a legislator for a meal, entertainment, or gift, not only is the expenditure reportable to the PDC but a copy of the report must be sent to the legislator.

Special rules also come into play for groups traveling to Olympia. For example, if an entire chamber of commerce decides to spend a day in Olympia attending hearings, meeting with legislators, and having a reception, those are considered above and beyond casual or volunteer lobbying.

For questions on special cases or if you're uncertain, call the PDC for guidance or visit their Web site at www.pdc.wa.gov.

The bottom line is there are ample opportunities for the small business owner or chamber of commerce executive to come to Olympia on an issue and get personally involved without going through the PDC process of registering and reporting. Not only is this kind of participation intellectually rewarding, it is vital assistance to those of us whose day-to-day work is before the Legislature on behalf of the business community.

Any legislator will tell you that the best lobbyist is a constituent back home.
Washington's economy has a new kid on the block. Long known for airplanes, software, timber and agriculture, the state now boasts a thriving biotechnology industry.

Only seeing commercial application since the 1970s, biotechnology uses genetic engineering to create new medications. Since then, the Seattle area has become one of the epicenters of the industry.

It was only natural that a biotech industry would develop in the Seattle area, thanks to an unusually strong medical research base. "We were strong in the biomedical field before anyone had probably even coined the term 'biotech,'" said Pamela Love, of the Washington Biotechnology and Biomedical Association.

Seattle's greatest research strength is the University of Washington, whose medical school receives more National Institute of Health grants than any other public university in the United States. Among all institutions of higher learning, only the privately owned Johns Hopkins University, in Baltimore, receives more NIH grants than the UW.

In addition to the UW, Seattle is also home to the Fred Hutchinson Cancer Research Center, the nation's premier institution for cancer research; Batelle's Pacific Northwest National Laboratory; and the Benaroya Research Institute at Virginia Mason Hospital. Beyond Seattle, both Washington State University and Eastern Washington University have also made significant contributions to biotech research.

"You put all of those institutions together and we're as strong in research as Massachusetts or the San Francisco bay area," commented Jack Faris, WBBA president. "We have a huge base to grow from."

Growing pains for Washington’s biotech industry

by Paul Schlienz

Washington's economy has a new kid on the block. Long known for airplanes, software, timber and agriculture, the state now boasts a thriving biotechnology industry.

Only seeing commercial application since the 1970s, biotechnology uses genetic engineering to create new medications. Since then, the Seattle area has become one of the epicenters of the industry.

It was only natural that a biotech industry would develop in the Seattle area, thanks to an unusually strong medical research base. "We were strong in the biomedical field before anyone had probably even coined the term 'biotech,'" said Pamela Love, of the Washington Biotechnology and Biomedical Association.

Seattle’s greatest research strength is the University of Washington, whose medical school receives more National Institute of Health grants than any other public university in the United States. Among all institutions of higher learning, only the privately owned Johns Hopkins University, in Baltimore, receives more NIH grants than the UW.

In addition to the UW, Seattle is also home to the Fred Hutchinson Cancer Research Center, the nation’s premier institution for cancer research; Batelle’s Pacific Northwest National Laboratory; and the Benaroya Research Institute at Virginia Mason Hospital. Beyond Seattle, both Washington State University and Eastern Washington University have also made significant contributions to biotech research.

“..." commented Jack Faris, WBBA president. “We have a huge base to grow from.”
Some other companies aren’t so lucky. Hopefully, smaller companies like ours will be able to move ahead and get products to the market.”

If biotech startups run out of investment capital before reaching profitability, or there’s a fatal flaw in their technology, they fail. If they survive and are successful, however, there are two possible paths they may then take. One option is for a company to go public and thrive on its own. The other successful outcome for a biotech startup is to be acquired by a larger, more established biotech company.

“We shouldn’t be thinking about being acquired as being a bad thing,” Faris said. “Mergers are a natural phenomenon and can represent a very successful outcome. There’s a lot that’s positive to mergers.”

Seattle biotech’s most famous merger was the 2002 acquisition of Immunex by Amgen, a larger California-based biotech company, for $10 billion. Although the Immunex name disappeared in the acquisition, this merger was anything but negative for the Seattle economy.

Although Amgen cut 400 Seattle jobs, things did not remain bleak for long. Soon, the company was in an expansion mode, building a large and spectacular campus along Elliot Bay, which became one of the Seattle waterfront’s most prominent landmarks. Amgen’s Seattle campus—rapidly becoming the company’s research center—and its campus in Bothell employed 950 workers in early 2006. By the end of the year, Amgen expects to hire 150 new workers in the Seattle area.

More mergers followed the marriage of Amgen and Immunex. In 2005, Corixia was acquired by GlaxoSmithKline; and this year, Corus Pharma was acquired Gilead Sciences.

Currently, the $2.1 billion merger of Icos with pharmaceutical giant Eli Lilly is the talk of the town. Although Lilly has warned of job cuts after finalization of the Icos deal in 2007, the Amgen experience strongly suggests that there’s a real possibility of strong growth following such a restructuring.

**Building the future**

There is growing evidence that state government understands the importance of biotech. During the 2005 legislative session, the Life Sciences Discovery Fund was created.

The fund was created to promote life sciences research, improve Washington’s competitiveness in biotech, and to improve the quality and delivery of health care in Washington.

Fueled in part by Washington’s receipts from the 1999 tobacco lawsuit settlement, the fund will be able to deploy $350 million over ten years in support of research competitiveness.

In addition, the biotech industry is pushing for further measures, including lowering the B&O tax rate levied on biotech businesses, designed to keep Washington attractive to the industry.

As biotech grows in Washington, one worrisome cloud on the horizon is the fact that the industry is importing a disproportionate share of its talent from out of state. Ironically, in spite of its excellent base of research institutions, Washington lags behind in producing science and engineering graduates.

“In the long term, everything starts with doing everything we can possibly do to improve the quality of science learning at all levels, starting with kids at the earliest stages of school,” Faris said. “We also need to do more to help high school and college students understand the opportunities in biotech.”

Even with the unease over mergers, the difficulties faced by companies in staying afloat while they spend years developing and testing their products, and concerns about workforce development, the biotech industry is thriving in Washington. In Seattle, it has even changed the face of the city with the large Amgen campus. In addition, a City of Seattle initiative is well under way to transform the neglected, largely industrial South Lake Union neighborhood into a biotechnology center linked to downtown by a streetcar line.

“Generally, there’s reason for great optimism, but we’re going to have to figure out how we’re going to invest in research, improve our commercialized technology, and do everything we can to help biotech enterprises succeed,” Faris concluded.
Living in Stehekin, you don’t really need a car. A reliable boat is much more useful. Your own two feet—perhaps supplemented by a bicycle or maybe a horse—are about all you’ll need for getting around town. After all, you really can’t drive anywhere from here, and it’s a chore to call home and tell people where you are—there’s only a single telephone in the entire town.

Located at the head of Lake Chelan in north-central Washington, there are only two ways to get to Stehekin—by boat or by floatplane. If you have a fairly seaworthy boat that can go fifty-plus miles on a tank of gas, you can do it yourself. Otherwise, if you’re headed for Stehekin, you’ll likely find yourself at dockside in the town of Chelan at the south end of the lake, buying a ticket to ride the 110-foot M/V Lady of the Lake II on its daily run to Stehekin and back. The trip takes about four hours each way, with stops at isolated places along the lake shore where a few people live for at least part of every year. Stehekin is about as remote as it gets in this part of the world. In the summer of 2006, the round trip boat ride cost $38, plus a $2 fuel surcharge.

“Getting away from it all—that’s the key,” according to Linda Cooper, a National Park Service seasonal ranger handling queries from behind the counter in the North Cascades National Park visitors center in Stehekin. Cooper works in Stehekin about four months each year, drawn to the area because of its beauty and solitude. Besides working behind the counter, she also gives various programs and leads hikes in the immediate area.

Stehekin is just south of the North Cascades National Park boundary and is a logical starting point for exploring one of the more secluded national parks in the nation.

“I think the majority of people come here to hike,” Cooper said. A look at a free map provided by the Park Service suggests there is good reason for this. Trails lead up through nearby mountains and along the lake shore, and there are no RVs to contend with in the campgrounds. When you go camping near Stehekin, the only equipment available what you can carry on your back.

Hikers and other outdoor recreation tourists pretty much define Stehekin’s major industry. There are a few places to stay in town, a modest store, a gift shop, a lodge locally famed for the meals it serves, a shop to rent bikes and kayaks, and a post office.

**Boat mail**

Adele Bingham is the town’s postmaster. Her busy time each day is during the two hours when the Lady of the Lake II is tied to the dock a short stroll from her office. The boat brings in the day’s mail, which she has to distribute, and then she has to scramble to get all of the outgoing mail bagged and ready for the boat to take back down the lake.
Minutes before the boat leaves, Bingham can be seen hustling from the post office building, pushing a two-wheeled cart toward the dock. On the boat, members of the crew are waiting for her near the stern and load the mail on board with other cargo headed down the lake.

Like the mail, life in Stehekin tends to revolve around the comings and goings in the harbor. Anything and everything you want to purchase comes in either via the Lady of the Lake II or a barge. At least two companies operate barges on the lake to deliver large items—like vehicles—and one is based in Stehekin.

**Tourists**

The primary cargo crossing the docks in summer, though, is tourists. Some come only for a couple of hours so they can say they have been here. Some come to hike, and still others come to stay at the lodge and explore the surrounding area.

For those only up for the day, a bus is waiting at the dock when the Lady of the Lake II arrives to whisk visitors off to visit Rainbow Falls, a short distance down the town's only road and one of the prettiest spots in the area. The bus driver will get you back to the boat in time for the return trip to Chelan.

Exploring the town on foot can be even more fun. How else would you find The House that Jack Built, a gift shop up by the information center? It’s run by Paula Fitzpatrick, who probably thought she was moving to the big city when she came to Stehekin four years ago.

Fitzpatrick’s husband works for the National Park Service. His previous assignment was in Gates of the Arctic National Park, and they lived in Bettles, Alaska, a dot on the map smaller than Stehekin and even more remote. You can’t even get to Bettles by boat, only by airplane or overland by snowmachine in the winter after the ground freezes. Stehekin must have seemed almost urban when Fitzpatrick arrived after years of being isolated in Bettles.

**A top-notch school**

Three blond, blue-eyed children run in and out of the store, which isn’t very busy on this particular day. Her children point to a key reason Fitzpatrick likes living in Stehekin—a K-8, one-room school with a single teacher who has taught in Stehekin for 30 years. According to Fitzpatrick, there are some families that actually move to Stehekin in the winter just so their kids can attend this school, which is reputed to be one of the best in the state. When children advance beyond the eighth grade, though, they have to be home-schooled.

Almost everybody you talk to in
Stehekin who lives year-round in the community talks about the school and the teacher as one of the town’s greatest assets. The old school building, in use until just a couple of years ago when it was replaced with a new facility—this one with a real gym—is now on the National Register of Historic Places and is a tourism draw in its own right.

**Visits can last for years**

Darlene Reinvold first showed up in Stehekin more than four years ago. “I came up as a visitor,” she said, “and met the bus driver.” Now officially a couple, they spend every summer in Stehekin. “I even stayed over one winter,” she said. Reinvold works at the Stehekin Valley Ranch, a lodge famed for its meals featuring homemade pies and breads.

The family that owns the ranch has roots in Stehekin reaching back a century or more, and if you want to be a guest for dinner, you’d better sign up early. By mid-afternoon one day late last August, hand-lettered signs were up in several locations saying that all tables were reserved that evening and anyone else wanting to dine at the ranch was just out of luck. According to Reinvold, if you do just one thing in Stehekin, you should have dinner at the ranch.

Besides the bus driver, a big attraction for Reinvold is the clean water. “I drink out of the lake and out of the streams,” she said. When asked what she liked most about Stehekin, Reinvold looked toward Lake Chelan, pointed to it and said, “That lake, right there.”

It is, after all, the lake that gives the town its charm and its character and, in a sense, protects it from the outside world. At the same time, it’s the lake that ties the town to the rest of the world and provides such a strikingly beautiful setting for this remotest of
Bouncing across the lunar surface piloted by a figure in a space suit, the ungainly looking vehicle comes to a stop at the base of a large boulder. This four-wheeled distant cousin of a dune buggy was not made in Detroit; it’s cutting-edge technology, and it was built in Washington.

But in 1972, NASA’s Lunar Roving Vehicle wasn’t Washington’s first contribution to the exploration of space. The Boeing Co., always on the cutting edge with its aviation business, became an important player during the early years of the U.S. manned space flight program. As a NASA aerospace contractor, Boeing designed the first stage of the Saturn V rocket, which propelled Apollo astronauts out of Earth’s orbit into space and ultimately to the moon.

Much of Boeing’s work on the Saturn V was done outside of Washington, but five lunar orbiters were built at Boeing’s Kent Space Center. These unmanned lunar orbiters, launched in 1966 and 1967, played an important role in space exploration by photographing potential lunar landing sites for subsequent manned Apollo missions.

Among the program’s most memorable achievements was an iconic black-and-white image with the moon’s surface in the foreground and the 232,000-mile-distant Earth in the background, captured by Lunar Orbiter 1 in 1966. It was first view of Earth ever seen with another planetary body in the foreground.

**Not your average dune buggy**

In 1969, NASA contracted with Boeing to design and build the famous Lunar Roving Vehicle, which was also assembled in Kent.

The LRV, which resembled a dune buggy, allowed astronauts to explore a much wider area of the lunar surface and collect a greater variety of soil and rock samples.

Prior to the LRV, astronauts were restricted to staying close to their lander. Beginning in 1971 with the Apollo 15 and 16 missions, astronauts were able to travel much further from their landing site. On Apollo 17, the astronauts logged more than 100 kilometers during their LRV journeys on the moon.

The LRV remains one of the space program’s most amazing creations. Built to incredibly demanding technical specifications, the vehicle was capable of operating in the low-gravity, airless environment of the moon. It had to negotiate rugged, dusty terrain and withstand temperature extremes of more than 400 degrees. Weighing about 400 pounds on Earth, it was able to carry 1,080 pounds on the moon.

State plays key role in space program

by Paul Schlienz

Astronaut Eugene Cernan checks out the Lunar Roving Vehicle prior to the first Apollo 17 extravehicular activity on Dec 10, 1972.

NASA
Boeing’s LRV contract lasted until 1972 and the end of the Apollo program. From there, NASA’s focus shifted from manned lunar exploration to Skylab and, much later, the shuttle program.

Although Boeing remains a NASA contractor, the bulk of its aerospace operations are now located elsewhere. Another aerospace firm, California-based Aerojet, builds rocket propulsion systems for the space program at its manufacturing facility in Redmond.

Washington has contributed to the ranks of the astronaut corps, as well. Dick Scobee, born in Cle Elum and raised in Auburn, became a shuttle astronaut after a distinguished career in the U.S. Air Force. After a successful shuttle flight in 1984, he went on to command the ill-fated Challenger mission. His memory has been kept alive in his home town of Auburn with the renaming of an elementary school and the local airport in his honor.

In the 21st century, Washington remains a key contributor to space exploration through the research prowess of its universities. At the University of Washington, research into the Earth’s upper atmosphere, space environment models, and advanced propulsion systems are in progress.

Much of the university’s research has been focused on next-generation space travel concepts that may be of great interest to NASA as it shifts its focus from the shuttle program to a manned space flight to Mars.

Robert Winglee, a UW earth and space sciences professor, has had international media coverage for developing the mini-magnetospheric plasma propulsion concept, also known as M2P2, which laid the groundwork for creating a type of magnetic sail that would allow a spacecraft to efficiently utilize the solar wind as a source of propulsion.

In addition, the university has been recognized for its work on the Mag-beam concept, also headed by Winglee, which would beam energy directly from a satellite in Earth orbit to an outgoing spacecraft, eliminating the need for the spacecraft to carry an onboard propulsion system and allowing much higher speeds. Using this technology, NASA could potentially complete a round-trip mission to Mars in 90 days, instead of the currently projected 2.5 years.

Despite such research contributions, there is a growing consensus that Washington should be more involved in the space program. “It’s clear that the Northwest needs a critically massed group of scientists and engineers,” said Winglee. “Here—where we don’t have a NASA or Boeing aerospace or aeronautics unit—we run the risk of being left out as we develop a human presence in space. I think it’s a real big issue for our state.”

Efforts are underway to link university research with private companies and NASA research centers. The Research Institute for Space Exploration, headed by Winglee, aims to develop a new generation of professionals who can help expand the human presence in space by enabling students to

Lunar Orbiter I lifts off from NASA’s Langley Research Center in Virginia on Sept. 6, 1966. It was the first of five orbiters built in Washington for the early Apollo program, and paved the way for future manned flights to the moon.
get hands-on work experience in the aerospace field. RISE’s ultimate goal is to advance space exploration through the development of breakthrough technologies for advanced spacecraft systems and new instrumentation to more effectively probe the planets and their space environments.

NASA is also developing a new generation of scientists and engineers through its Space Grant National Fellowship program. In Washington, Space Grant is run out of the UW and is active at other institutions, including the University of Puget Sound, Whitman College, Washington State University, Seattle Central Community College, and North Seattle Community College.

“We recruit students as high school seniors around the state,” commented Janice DeCosmo, assistant dean of the UW’s Office of Education and director of the Washington NASA Space Grant Consortium. “We bring them a scholarship to the UW and get them involved in research.”

Many of the Space Grant students have internships at NASA and become employed in aerospace, either at NASA or with companies like Boeing, after they graduate.

DeCosmo feels that Washington has been at a disadvantage in developing a greater aerospace component in its workforce, especially since Boeing moved its headquarters to Chicago in 2001.

Western Washington University’s Space Grant Coordinator George “Pinky” Nelson, a former shuttle astronaut turned college professor who was on three missions between 1984 and 1988, is also concerned.

“There’s a lot that the state could do to promote science education,” commented Nelson, who is also WWU’s director of science, mathematics and technology education. “The biggest thing the state could do is to fully fund K-12 education so that the districts aren’t broke all the time. We could also raise the pay of teachers, which would be useful in attracting more really high-quality folks into teaching.”

Nelson would like to see a big push for science literacy among teachers so they can better educate elementary and secondary students in this vital area.

“The number of people who go into the teaching field has to increase,” Nelson concluded. “All of us baby boomers are going to retire. It’s inevitable that we’re all going to die in the next 30 years or so. There’s going to be a huge demand.”

The world’s first view of Earth taken by a spacecraft in the vicinity of the moon. The crescent Earth was photographed by Lunar Orbiter I on Aug. 23, 1966, and transmitted to a NASA tracking station in Spain.

In this artist’s conception of the Mag-beam system, a plasma station (lower left) applies a magnetized beam of ionized plasma to a spacecraft bound for Jupiter. The system eliminates the need for spacecraft to carry heavy and bulky onboard propulsion units.
Washington Business

Whidbey Island

Idyllic island paradise just a ferry ride away from the city

Story and photos by Ron Dalby

If you’re visiting Whidbey Island for the first time, skip the ferries from Port Townsend and Mukilteo and drive over. Just north of Mount Vernon, take the State Route 20 exit from Interstate 5 and head west. The road takes you first to Fidalgo Island and then, spectacularly, on to Whidbey Island. You’ll never forget your first sight of the bridge over Deception Pass that connects Fidalgo Island to Whidbey Island. It is truly one of the grandest sights in Washington.

Make the view even better by pulling off at one of the nearby turnouts and walk across the bridge. If you’re lucky, the tide will be surging through the pass below the bridge and you’ll get to see an impressive display of the ocean’s power.

Captain George Vancouver and his navigator and first mate, Joseph Whidbey, are credited with naming Deception Pass in 1792. One explanation behind the name holds that both officers mistook Whidbey Island for a peninsula, and named the passage Deception Pass for the way the island had deceived them. The second explanation is that, due to the strong current during the tide change, they mistook the narrow waterway for a river, believing they had stumbled across the fabled Northwest Passage. Because of the current’s deceptive nature, Deception Pass was so named.

Besides being the name of the channel between the two islands, Deception Pass is also the name of the most-visited state park in Washington. Parts of the park are on both islands. You can camp, walk along miles of beach, or launch a boat to explore Puget Sound.

Oak Harbor
A few miles south of Deception Pass is the largest town on the island. About 20,000 people call Oak Harbor home. Many of them are Naval personnel stationed at nearby Whidbey Island Naval Air Station.

“[The Navy] is the economic engine that drives our community.” said Sande Crank-Mulkey, a staff member at the Greater Oak Harbor Chamber of Commerce.

It’s easy to see what she means. Naval personnel and their families are a constant presence in the stores and parks in and around the Oak Harbor, and military aircraft coming and going from the...
base at all hours are so common that few people bother to look up when they zoom overhead.

Jim Lazzo, owner of M7L Loan Co., agrees that the Navy is a big part of the town’s economy, but he also adds that, “It’s become a big retirement community.” He goes on to describe how retirees from California and elsewhere have been able to make a killing selling their homes in highly popular areas and move to Whidbey Island. They use half of the profit to buy a comparable home on the island and keep the remainder as a retirement nest egg.

Lazzo fits easily into both segments of the economy, though he didn’t make a killing financially when he moved here. He’s a retired Marine pilot who moved to Oak Harbor from California some 30 years ago. His business is one of the oldest ones on Pioneer Way, which is the heart of the old downtown area.

Lazzo has only to look out the window of his shop to see big changes in the town. “They’re trying to make the downtown into a sophisticated shopping area,” he said. To some extent, he’s describing one of the newest downtown businesses, which opened earlier this year next to his pawn shop. Today’s Dog is an upscale pet boutique that advertises, “Unique accessories for dogs and cats.”

Most of the impetus for the change in downtown Oak Harbor likely comes from the arrival of the “big-box” stores in the last couple of decades. Building large facilities on the southwest corner of town, stores like Wal-Mart, K-Mart, Home Depot and others have pulled shoppers away from downtown. The trend in upscale stores downtown may be an effort to lure tourists, among others, into the heart of the old town.

**Coupeville**

Though Oak Harbor is by far the largest community on Whidbey Island, the oldest town on the island—and the county seat for Island County—is Coupeville, established in 1853.

The history of Coupeville relates almost exclusively to the sea. Established by Captain Thomas Coupe and his wife, Maria, the town was originally a thriving shipping port for wool, lumber, grain and apples. Part of that history can be felt by walking out on the wharf, which is the oldest surviving wharf in Puget Sound. Once on the wharf, turn back and look at the town. More than 50 of the
buildings in view are on the National Register of Historic Places.

Walking back into town, visiting the museum should be high on your list of priorities, as well as ambling along both sides of Front Street investigating the various galleries and shops that cater to visitors. There’s a bit of history in virtually every building you enter, and most of the shopkeepers are more than happy to share it with you.

When asked, locals will probably direct you to one of the waterfront restaurants for lunch: either Toby’s, which is at least a century old, or the Mad Crab. Both offer excellent local seafoods and other dishes. Toby’s, though, puts you right in the middle of the island’s history when you belly up to the bar.

According to the history on the wall, the bar at Toby’s most likely came around Cape Horn in the late 1800s. Around 1900 it was the bar in the officer’s club at Fort Casey, just a short distance away. From there, it wound up in the Central Hotel in the early 1940s, was saved from a fire, and was finally moved to its present location.

Fort Casey

Admiralty Inlet, on the west side of Whidbey Island, was considered the only route into Puget Sound for large naval vessels in the 1800s, so a battalion of coastal artillery was installed next to the existing Admiralty Head lighthouse before the turn of the century. Fort Casey was perfectly situated to control the entrance and egress of Puget Sound shipping. Today, the old fort is a state park and examples of some of the artillery pieces are on display. Access to the lighthouse, which is no longer used, is free.

In the early days of World War II, when the powerful Imperial Japanese Navy was believed to be a threat to Puget Sound, another artillery base was created northwest of Fort Casey at Fort Ebey, near Point Partridge. Together with a mainland artillery battery near Port Townsend, these bases offered virtually complete control of the water access route to the major cities along Prince William Sound.

The ferry system

While driving onto Whidbey Island via Deception Pass makes for a great adventure, departing by ferry makes for another. Two ferry routes serve the area: Near the southern tip of the island you can board at Clinton for a short trip to Mukilteo, or at the edge of Fort Casey you can embark on a slightly longer trip to Port Townsend on the Olympic Peninsula.

For many islanders, the Mukilteo ferry is an essential part of the local economy. Washington’s ferry system allows residents to commute to Seattle for work, making it possible to live on an idyllic island in Puget Sound and hold down a job in the big city. Talk about having the best of both worlds!
AWB thanks you for a successful event!

Sponsors
MAJOR SPONSOR
Preston Gates Ellis LLP

SUPPORTING
Lane Powell PC
Landau Associates Inc.
Heller Ehrman LLP
Simpson Investment Co.

CONTRIBUTING
BP
Perkins Coie LLP
Microsoft Corporation
Nelson Irrigation Corporation
Cairncross & Hempelmann
Charles R. Wolfe, Attorney at Law

MEDIA
Sustainable Industries Journal
Northwest Construction
Seattle Daily Journal of Commerce

In partnership with:
American Council of Engineering Companies
Associated General Contractors
Association of Washington Cities
Department of Community Trade and Economic Development
Energy Northwest
Environmental Services Directory
Environmental Solutions Association
Federal Way Chamber of Commerce

Moderators & Speakers
Janice Adair, Department of Ecology
Kurt Anderson, GeoEngineers Inc.
Josh Baldi, Department of Ecology
Edward M. Belsky, Marsh
Lisa Berntsen, GeoEngineers Inc.
Scott Biechler, Department of Ecology
Theda Braddock, Wetland Ecological Services
Swed Brandt-Erichsen, Heller Ehrman LLP
Nelsa Brodie, Department of Ecology
Rodney Brown, Cascadia Law Group
Steve Cant, Department of Labor and Industries
Jan Cassin, Paramount
Terry Chambers, Small Business Development Center
Gary Chandler, AWB
Rep. Bruce Chandler
Kelly Cole, Environmental Protection Agency
Lynn Coleman, Department of Ecology
Gary Conner, KOMO-TV Seattle
June Coover, REtec
Kirsten Dodge, Perkins Coe LLP
Su Dowie, Foss Waterway Development Authority
John Earl, Canyon Creek Cabinet Co.
Michael Early, Industrial Customers of NW Utilities
Tom Eaton, Environmental Protection Agency
Sally L. Fisher, GeoEngineers Inc.
Kathy Fletcher, People for Puget Sound
Melissa Gildersleeve, Department of Ecology
Kimberly Goetz, Department of Ecology
Nathan Graves, Kennedy/Jerks Consultants
Robert Grott, NEBC
Peter Hallett, Ater Wynne
Eric Hansen, Geomatrix
Peter Hapke, Hapke Law Offices
Charlie Harris, Skills Inc.
Scheidt & Hildebrand, Master Builders Association of King Co.
Nancy Hirsh, Northwest Energy Coalition
Kris Holm, Water Resources Northwest
John J. Houlihan, Jr., Houlihan & Partners
Rep. Fred Jarrett
Kara Kluge, City of Tacoma
Jeff Kray, Marten Law Group
Denise Lietz, Preston Gates Ellis LLP
Josh Lipsky, Cascadia Law Group
Sandy Mackie, Perkins Coe LLP
Eric Markell, Puget Sound Energy
Patrick Mazza, Climate Solutions
Mo McBurney, Washington Environmental Council
Karen McGaffey, Perkins Coe LLP
Rep. Cathy McMorris
Todd Mielke, Spokane County Commissioner
Bill Moore, Department of Ecology
Sen. Bob Morton
Colin Moxley, Green Diamond Resource Co.
Grant Nelson, AWB
Michael Nesteroff, Lane Powell PC
Teri North, Department of Ecology
Mark W. Ossola, Thea Foss Holdings
Dave Peeler, Department of Ecology
Jim Pendarvis, Department of Ecology
Kurt Peterson, Cascadia Law Group
Dave Phelps, GeoEngineers Inc.
John Postema, Snohomish County Farm Bureau
John Vicklund, Washington Manufacturing Services
Mark W. Ossola, Thea Foss Holdings

Master Builders Association of King and Snohomish counties
Med-Tox Northwest
Network for Business Innovation and Sustainability
Seattle Export Assistance Center, U.S. Department of Commerce
Washington Farm Bureau
Washington Forest Protection Association
Washington Refuse and Recycling Association
Washington Policy Center

Will Stelle, Preston Gates Ellis LLP
John Stuhmiller, Washington Farm Bureau
Kate Tate, Weyerhaeuser Co.
Bill Taylor, Taylor Shellfish
Gail Terzi, U.S. Army Corps of Engineers
Lisa Thomas, Preston Gates Ellis LLP
Roland Thompson, Allied Daily Newspapers
Krassimir Totev, Washington Manufacturing Services
Joe Tovar, American Planning Association
James Tupper, Mentor Law Group
Michelle Underwood, Department of Ecology
Rep. Dave Upthegrove
John Vicklund, Washington Manufacturing Services
Matthew Wells, Preston Gates Ellis LLP
Chuck Wolfe, Attorney at Law
Ross W. Woods, Triad Development
Victor Woodward, Habitat Bank LLC
Dave Workman, Department of Ecology
Maggie Yowell, Marten Law Group
Ken Zunker, Department of Ecology
Polly Zehm, Department of Ecology
Michelle Costenaro, Achilles USA Inc.
Washington produces an astonishing assortment of goods. One of the most surprising is the little berry everyone associates with New England bogs, Thanksgiving, and an irresistible tangy flavor.

Cranberries are a small but interesting part of the state’s agricultural portfolio. In 2004, the state produced 185,000 barrels of cranberries. Washington’s crop represents about 3 percent of the national cranberry output, making it the fifth largest grower in the nation.

Washington has about 125 cranberry growers on more than 1,700 acres of land, mostly located along the Pacific lowlands from Grays Harbor to Long Beach. Grays Harbor County has 80 cranberry growers, which are concentrated in the Grayland area with about 900 acres. Grays Harbor has an additional 100 acres in the North Beach area near Ocean Shores. Pacific County has 600 acres in production near the Long Beach area, while Whatcom County has about 100 acres of cranberries near the town of Lynden.

Most of Washington’s growers are contracted with Ocean Spray Cranberries Inc., a national cooperative of cranberry producers. Ocean Spray was founded 76 years ago and has had a presence in Washington since the 1940s. Currently, Ocean Spray is owned by more than 650 cranberry growers in Massachusetts, Wisconsin, New Jersey, Oregon, Washington, British Columbia and other parts of Canada, as well as more than 100 Florida grapefruit growers. Last year, Ocean Spray reported gross sales of about $1.4 billion.

Most cranberry farms are family affairs that go back generations. In the Grayland area, many cranberry bogs were started by Finnish immigrants in the 1870s. Despite the advent of mechanical pickers and other technologies, the industry remains rather low-tech. Families with a small staff of employees maintain and harvest the crop.

One of these is the Erickson farm near Grayland. Merri and Bob Erickson moved back to the area in 1975 to work the fields that Bob’s family grew up on.

“This year’s crop is smaller than last year’s,” said Erickson as he looked out over his acreage. “A cold spring, along with a hail storm last September, really nailed this crop.”

The weather hasn’t been the only thing that’s been rough on cranberry growers. In 1999, the price of cranberries dropped precipitously from 60 cents to 10 cents a pound. In the 1980s and early 1990s, consumer demand for cranberry products surged past available supply, driving up the price of cranberries. Growers responded by increasing acreage and planting higher-yielding vari-
Growers were making long-term investment decisions based on short-term prices. The industry-wide expansion was followed by an unfortunate stalling of demand growth, causing a dramatic drop in prices.

Since then, prices have made a comeback. This year, the average price for cranberries has steadily increased to 40 cents a pound. The market stabilization, along with a new aggressive marketing approach on the part of Ocean Spray, has assisted in the turnaround. Over the last several years, there has been a dramatic change in the way many consumers view the tangy fruit that was once viewed as a strictly seasonal novelty.

“There has been a concerted effort by Ocean Spray and their growers to make cranberries a year-round product instead of it just being a Thanksgiving and Christmas delight,” said Merri Erickson. In addition to growing cranberries, Merri runs the Washington Cranberry Alliance, an organization that represents the state’s cranberry growers. “So far, I think we have been successful.”

Much of the campaign to make cranberries more popular has focused on diversifying the ways cranberries are marketed. For example, cranberry juice blends like Ocean Spray’s Cran-Apple®, Cran-Grape®, and Cran-Raspberry® flavors have become best sellers. Another Ocean Spray product, Craisins®, consists of sweetened, dried cranberries. These have become wildly popular, taking the place of raisins in many trail mixes and snack foods.

Ocean Spray has also adapted to the rise of more health-conscious consumers. Omega-3 essential fatty acids, vitamin E, and antioxidants are found in relatively high concentrations in cranberries. By tailoring their product to these new consumers, the cranberry industry is revamping their whole image. Two examples of this transformation have been seen in the last 18 months.

In July 2005, Ocean Spray and Pepsico Inc. announced a long-term strategic alliance in which the soft drink maker will market, bottle and distribute single-serving cranberry juice products in the United States and Canada under the Ocean Spray name. The agreement also includes opportunities for the future development of new products.

“This agreement will greatly increase the ways we get our products out to consumers,” said Bob Radford, fresh fruit manager for Ocean Spray. “Especially getting our products into convenience stores, vending machines, and other markets around the nation.”

The second example has a direct regional impact. Ocean Spray has begun a $33 million expansion at its Aberdeen plant that will add a new Craisin line capable of producing more than 15 million pounds a year. This will make Aberdeen the main producer of Craisins on the West Coast, boosting production from 400,000 barrels of cranberries to about 600,000 barrels. The Aberdeen plant will process more than 50 percent of the total West Coast crop. The addition will add 50 full-time, family-wage jobs to the plant’s current complement of about 70 employees. The project is slated for completion by April 2007.
The Association of Washington Business has elected its officers executive board members for 2007. Kirk Nelson, president of Qwest Communications Washington, Seattle, will serve as chair of the board; Brad Carlson, president of Evergreen Memorial Gardens, Vancouver, will serve as vice chair; Jack McRae, senior vice president of Premera Blue Cross, Mountlake Terrace, will serve as secretary-treasurer, and Creigh H. Agnew, who recently retired as Weyerhaeuser vice president, will serve as immediate past chair.

Gov. Christine Gregoire recently appointed Judy Schurke as acting director of the Washington State Department of Labor and Industries.

Heritage Financial Corporation announced the promotion of Edward D. Cameron to senior vice president and chief financial officer.

Michael McGauly joined Tacoma-based Stradler Hallett & Co. PS as a tax manager.

Parametrix hired Youwei Chang, PE, as a senior civil engineer for its SR-520 project.

Preston Gates Ellis LLP announced the addition of Paul Fitzpatrick as a partner in the firm’s Spokane office.

Timberland Bank added John Norawong as senior vice president and head of its community banking group.

Seann W. Hallisky joined the Seattle office of Stoel Rives LLP as an attorney in its technology and intellectual property group.

Weyerhaeuser Company announced that Sandy D. McDade has assumed the role of senior vice president and general counsel.

The Bank of Clark County announced the promotion of Kerry Baskin to vice president of its credit administration department, and also hired Sandra Schoof as its newest commercial loan processor in their Vancouver loan processing department.

Josh Williams has been named business banking manager, a newly created position, for Wells Fargo’s Washington business development team.

Panasonic Shikoku Electronics Corporation of America hired Daniel A. Johnson as a human resources manager in its Vancouver office.

Perkins Coie’s Olympia office expanded with the addition of Joseph H. Rehberger.

Rick Goode took over as president and chief executive officer of Vancouver-based Columbia Machine Inc.

Boeing Co. recently named Larry Dickenson as vice president of its commercial aircraft sales team.

Golder Associates has added Scott Dinkelman, Mitch McGinnis and Kurt Schlyer as senior staff.

Bullivant Houser Bailey PC named former Stoel Rives CEO Stephen O. Kenyon as CEO of its six offices on the West Coast.
“Thanks, employers, for the $650 million supporting children.”

Thanks to the cooperation of employers across Washington, parents who don't have custody of their children still pay $650 million per year to support them. And employers can continue their great work by reporting newly hired employees to the Division of Child Support in the Department of Social and Health Services.

That saves employers money, reduces fraud and makes it easier to ensure children receive their child support payments.

Employers can help also by sending in child support payments withheld from employee paychecks electronically. It saves them - and taxpayers - time and money and gets the support money to children faster.

Here are some helpful websites:


**Paying by Internet**: (www.dcsonline.dshs.wa.gov)

Labor and Industry fraud information: (www.Fraud.LNI.wa.gov)

Unemployment compensation fraud: (http://fortress.wa.gov/esd/portal)

**Or call 800-468-7422** to take advantage of DCS' other electronic funds transfer programs.

“Child Support, the best investment you'll ever make”
Kirk Nelson: Betting on customer service

by Shawn Sullivan

When Kirk Nelson joined Pacific Northwest Bell in 1979, there was only one way to make a phone call. Today, the telecommunications industry uses satellites, wireless technology, copper, fiber optics and cable to connect almost every corner of the globe. In the intervening 27 years, Nelson has witnessed and taken part in shaping some of the most significant advancements in the telecommunications industry.

Nelson earned his bachelor’s degree from Pacific Lutheran University before going on to hold several management positions in marketing and operations at Pacific Northwest Bell. While working for Bell, Nelson earned his Masters of Business Administration from Seattle University in 1985. The early days of his career gave him a solid understanding of all facets of the business.

In 1999, six months prior to the merger with Qwest—and after receiving several promotions that took him across the northwestern United States—Nelson’s skills were recognized by top executives and he was appointed president of Qwest’s Washington operation.

“When I took over in Washington, we were transitioning from a traditional monopoly to an organization that quickly needed to understand the implications of competition,” Nelson said. “Especially with the highly competitive markets we now find ourselves in.”

Nelson immediately set a more collaborative tone with Washington public policy stakeholders and focused his team on improving customer service and rebuilding Qwest’s reputation with its customers, local communities and its employees.

“For Qwest, our focus is entirely on the customer,” Nelson said. “Customer satisfaction has significantly increased over the past five years, and complaints to the [Washington Utilities and Transportation Commission] dropped from more than 3,000 a year to less than 400 in 2005.” In fact, JD Powers recently rated Qwest’s technicians number one in the industry.

This renewed commitment to customers has paid off dramatically. “We have been making steady progress since 1999, but we still have room to improve,” Nelson said. “Our customers today have multiple choices to meet their communication needs, and we have to earn their business through the spirit of service every day.”

While focusing on improving Qwest’s customer service, Nelson also spearheaded the company’s public policy agenda by gaining more regulatory flexibility in Washington. “We did this so Qwest can compete on a more level playing field,” Nelson said. Qwest has continued to raise awareness within government and the public that the telecommunications industry is highly competitive.

On Sept. 22, Nelson was elected chair of the board for the Association of Washington Business. During his one-year term, he plans to encourage other AWB members and staff to utilize his commitment to customer service. “In the past six years, AWB has nearly doubled its membership to more than 6,000 members,” Nelson said. He attributes this success to AWB’s basic principle of members first. “I think this increase in membership clearly demonstrates the value AWB provides to its members, the state’s economy and the community—something I intend to continue as current chair.”

Nelson’s commitment to customer service will vastly improve AWB’s already stellar reputation with its members. “In the next year, I’d like to see us continue to increase our membership, work with the Legislature in a bipartisan way to communicate our agenda, and continue to build our partnerships and coalitions,” he said. Bipartisanship is something that AWB, like Kirk Nelson, has strived to accomplish for many years. Under Nelson’s guidance, it will continue as one of the highest priorities in 2007.
Big benefits for small companies.

Are you able to keep your employees healthy, happy and productive with health insurance you can afford?

AWB HealthChoice is your best choice!

- Great rates
- Choice of eight plans, including three Health Savings Account (HSA) options
- Dental, vision and life options available
- Extensive statewide network
- Choose your doctor

Request your FREE information packet to find out more.

Call toll-free 1-866-448-9577 or visit us on the Web at www.healthchoicewa.com

Sponsored by the Association of Washington Business • Underwritten by Premera Blue Cross
Sometimes we prefer a nice, luxurious countertop across town. After all, what better place to get to know you and your company? Not just what you sell, but how long you’ve been selling it, who you sell it to, and what makes yours better than the rest. They’re the kinds of questions that lead to other questions, which ultimately lead to an intimate understanding of your business banking requirements. Then, maybe we could interest you in a production loan, merchant services, cash management, or the roast turkey club.

Business Banking from Sterling Savings Bank. The perfect fit for your business.