

Best Places

Forbes / Milken Institute

Postcard Perfect

Despite the high-tech slowdown, business prospects in the West continue to shine.

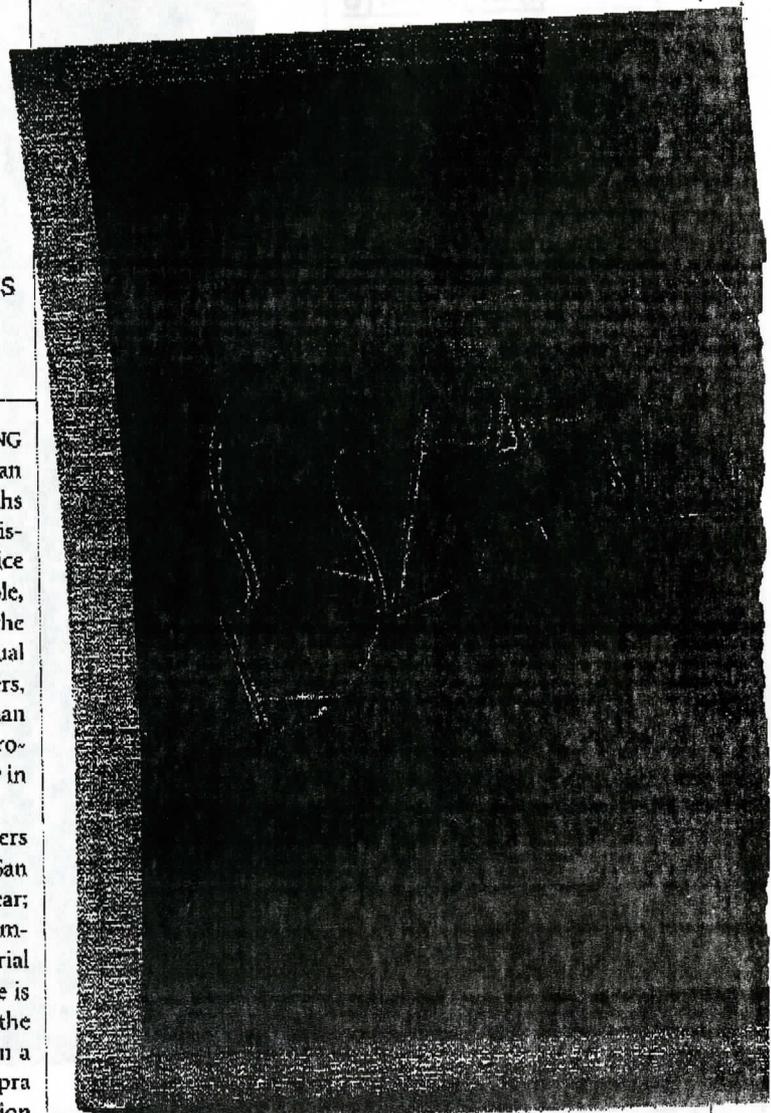
BY KURT BADENHAUSEN

IN THE LONG PARADE OF KOOKY TRENDS LATELY SWEEPING California—banning perfume in restaurants and Indian mascots in public schools, smoking communal hookahs in cafes, turning your own bitter divorce into a thinly disguised autobiographical film that becomes a box-office hit—hold a place for sanity. The state has proven, on the whole, remarkably resilient through the spike of energy prices and the constant thud of falling tech companies. In the fourth annual Forbes/Milken Institute Best Places for Business and Careers, California has grabbed six of the ten top spots, one more than last year. With over \$1 trillion worth of goods and services produced each year, the Golden State generates 13% of total GDP in the U.S., making it the world's fifth-largest economy.

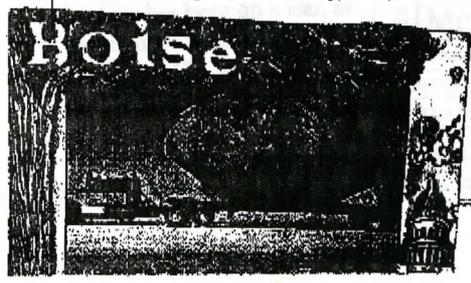
Look closer and you'll see a shuffling of regional players within California. Thanks largely to the Internet earthquake, San Jose toppled from first place on the list last year to 61 this year; San Francisco fell from number 3 to 54. San Diego, ranked number 8 last year, rose to the top this time. The reason? "Industrial diversity within a metro area during a down economic cycle is critical," says Ross DeVol, director of regional studies at the Milken Institute. You find a mix of strong companies within a broad technology base in the San Diego metro area—Sempra Energy, Qualcomm and IDEC Pharmaceuticals, not to mention one of the largest collections of biotech outfits in the U.S., with some 500. To fatten their talent pools, these companies have their pick of more than 200,000 students from nearby colleges and universities. Diversified economies also helped propel Santa Rosa, Ventura, San Luis Obispo, Oakland and Orange County to the top of the rankings.

The Forbes/Milken list of Best Places relies on the latest government data for employment and wage growth over one- and five-year periods. Analysts at the Santa Monica, Calif.-based Milken Institute also search for critical shifts within the vast technology sector, weighing one- and five-year changes in gross tech output, technology output as a percentage of the total metro economy and

the diversity within tech industries. We added a "job momentum" category this year tracking employ-



ment during the first quarter of 2002 to gauge how metro areas were handling the effects of Sept. 11 and the slowing economy in 2001. There's one reason you see a couple of non-Western regions in the top ten. Two cities on the Texas-Mexico border, McAllen and Brownsville, got a big boost in job and wage growth from the North American Free Trade Agreement.



1 San Diego, CA (8*)	
JOB GROWTH ¹	21%
HIGH-TECH GDP GROWTH ¹	86%
POPULATION	2,820,844

Has the most diversified high-tech economy in the U.S., with hundreds of biotech, communications, software, Internet and infor-

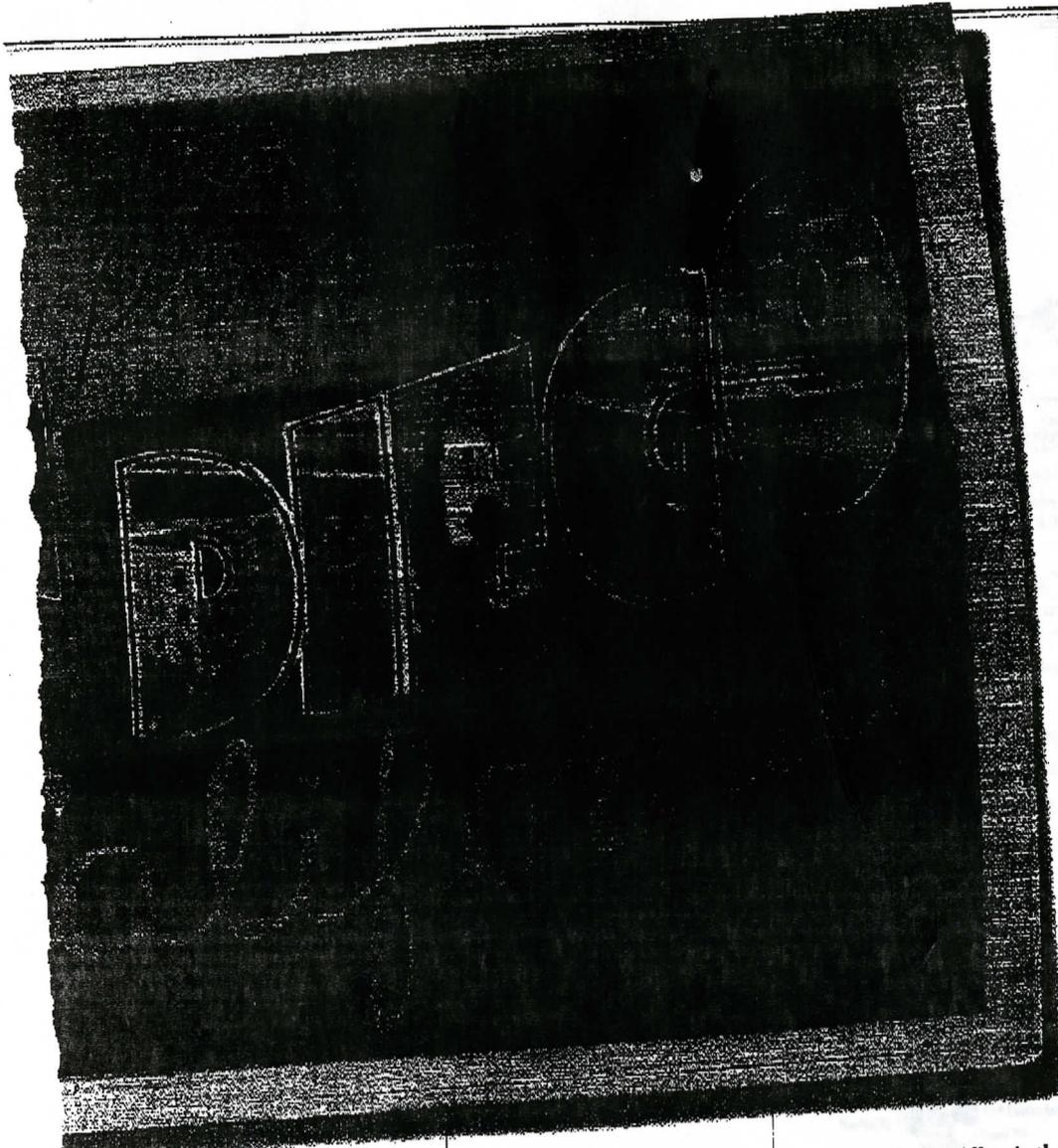
mation technology outfits. Oh, yeah: Great climate, too.

2 Santa Rosa, CA (6)	
JOB GROWTH	20%
HIGH-TECH GDP GROWTH	109%
POPULATION	438,970

Nice place to visit—and do

*Last year's rank. ¹Five-year growth rate.

THE SAN DIEGO HISTORICAL SOCIETY PHOTOGRAPH COLLECTION. BY FRANKLIN SANDERSON/ISTOCKPHOTO. SOURCE: PHOTOGRAPH BY DENISE SALANTE FOR FORBES



business, although the classy wine industry in Sonoma County has helped make this region the 8th-most-expensive place in the country to live.

3 | Las Vegas, NV (14)

JOB GROWTH	32%
HIGH-TECH GDP GROWTH	48%
POPULATION	1,381,086

Sin City has been on a tear, as wages surged 64% since 1995, tops in the U.S. Its 32% 5-year job growth (all those blackjack dealers?) is also the best of any metro area.

4 | Ventura, CA (18)

JOB GROWTH	18%
HIGH-TECH GDP GROWTH	130%
POPULATION	745,063

Blistering growth in tech, attributable in part to Amgen and WellPoint Health Networks, both of which are based in Thousand Oaks.

5 | McAllen, TX (25)

JOB GROWTH	28%
HIGH-TECH GDP GROWTH	67%
POPULATION	534,907

Home of increasing cross-

border trade, McAllen is the 3rd-fastest-growing large metro area in the nation, behind Las Vegas and Naples.



6 | Boise, ID (7)

JOB GROWTH	24%
HIGH-TECH GDP GROWTH	98%
POPULATION	407,844

Thanks to employers like Micron Technology and Hewlett-Packard, 8% of Boise's work force is in high-tech jobs—higher than those of Seattle and Portland, Ore.

7 | San Luis

Obispo, CA (21)

JOB GROWTH	23%
HIGH-TECH GDP GROWTH	102%
POPULATION	236,953

Situated halfway between Los Angeles and San Francisco, the city has a comparatively low cost of living and a 3.2% unemployment rate.

8 | Oakland, CA (10)

JOB GROWTH	16%
HIGH-TECH GDP GROWTH	86%
POPULATION	2,348,723

Once called "Jokeland," the city has snapped back smartly with help from the East Bay's vast technology base.

9 | Brownsville,

TX (59)

JOB GROWTH	19%
HIGH-TECH GDP GROWTH	285%
POPULATION	329,131

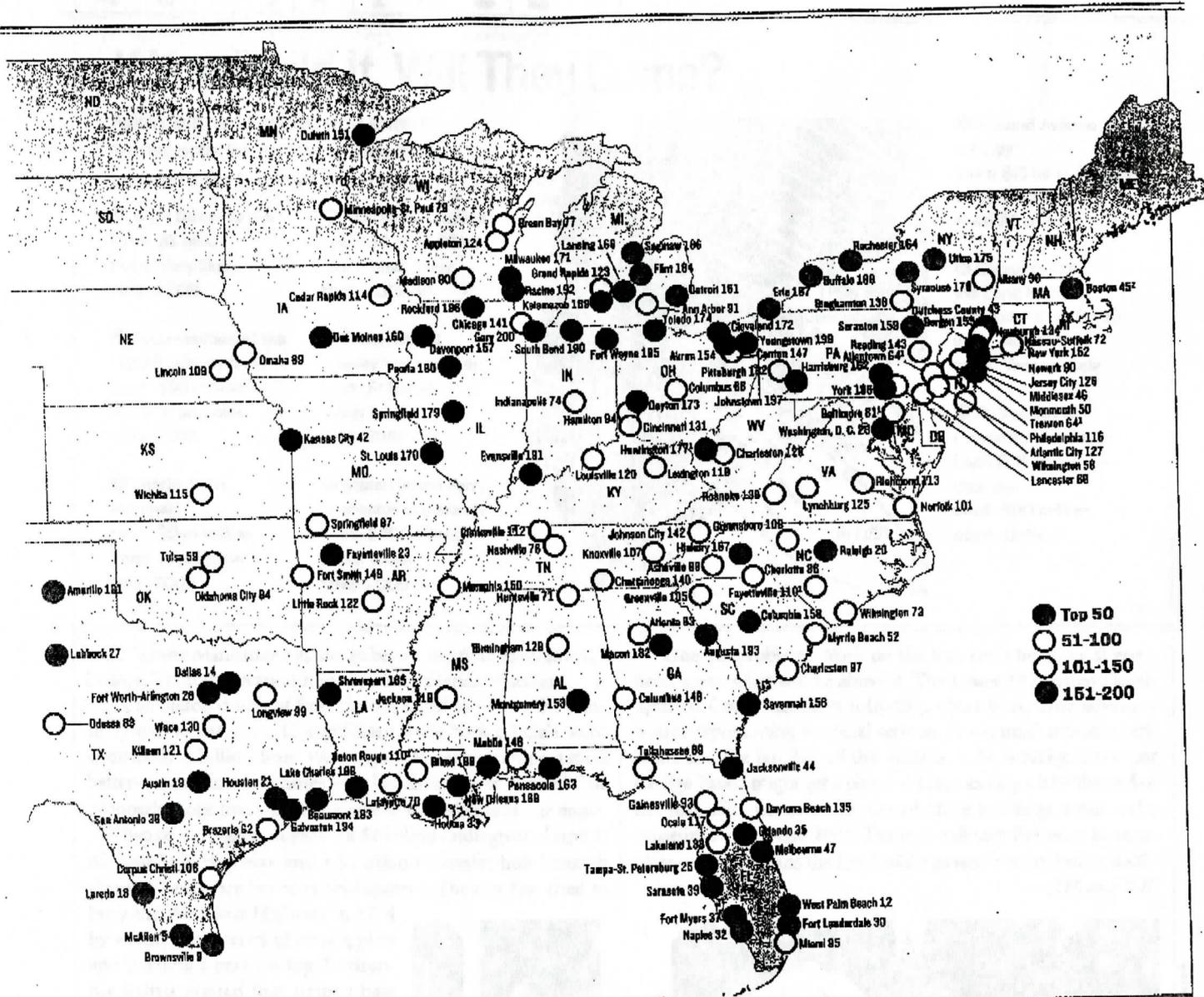
With 150 manufacturers on both sides of the Rio Grande, high-tech output is exploding.

10 | Orange

County, CA (12)

JOB GROWTH	20%
HIGH-TECH GDP GROWTH	48%
POPULATION	2,760,948

Home turf for Mickey and Goofy, the county has 24 million-plus visitors each year who help pay for 165,000 tourism-related jobs.



TOP GAINERS

Rise from last year's list		Current rank
+109	ODESSA-MIDLAND, TX	83
+96	LUBBOCK, TX	27
+92	BRAZORIA, TX	62
+89	LAFAYETTE, LA	70
+80	ANCHORAGE, AK	48
+78	MELBOURNE, FL	47
+71	BAKERSFIELD, CA	53
+63	ALBUQUERQUE, NM	34
+61	CORPUS CHRISTI, TX	108
+61	ALBANY, NY	96

LOSING GROUND

Drop from last year's list		Current rank
-77	SEATTLE, WA	92
-77	SALEM, OR	144
-69	DETROIT, MI	161
-66	NEW YORK, NY	152
-62	COLUMBIA, SC	158
-80	SAN JOSE, CA	61
-58	APPLETON, WI	124
-57	COLUMBUS, GA	148
-56	CHARLOTTE, NC	86
-51	SAN FRANCISCO, CA	54

HIGHER EDUCATION

Rank		Degree attainment ¹
1	BOULDER, CO	49.5%
2	HUNTSVILLE, AL	46.1
3	WASHINGTON, DC	43.4
4	MINNEAPOLIS, MN	41.6
5	MADISON, WI	40.8
6	GAINESVILLE, FL	40.1
7	RALEIGH, NC	38.5
8	FORT COLLINS, CO	38.0
9	ANN ARBOR, MI	37.5
9	TALLAHASSEE, FL	37.5
	UNITED STATES	25.8

Source: Economy.com.

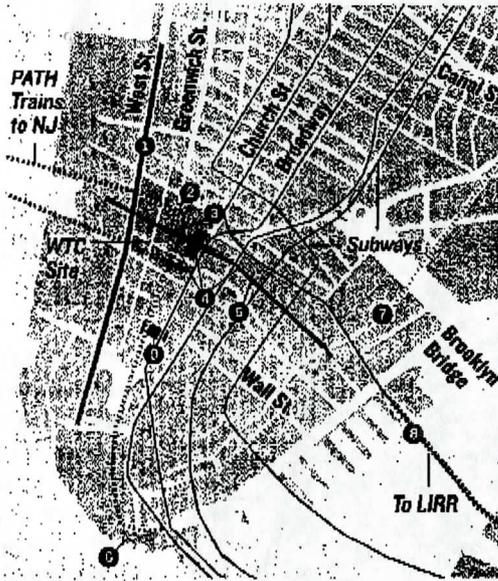
available. ¹Percent of population 25 and older holding at least a bachelor's degree.

Best Places

If You Build It, Will They Come?

Many plans to repair and extend transportation to lower Manhattan compete for backers and funds.

- 1 West Street tunnel
COST: \$2 billion
ODDS: Very likely
TIME: 2008
- 2 Reconnection of the I and 9 subway lines
COST: \$90 million
ODDS: In progress
TIME: 2003
- 3 Interim PATH terminal
COST: \$544 million
ODDS: In progress
TIME: 2003
- 4 Hub and walkways
COST: \$2 bil to \$3 bil
ODDS: Most likely
TIME: 2008-10
- 5 Fulton Street subway transfer hub
COST: \$1 billion
ODDS: Likely
TIME: 2010
- 6 Staten Island Ferry connector to subways
COST: \$400 million
ODDS: Likely
TIME: 2005



- 7 Second Avenue subway
COST: \$13 bil to \$20 bil
ODDS: Possible
TIME: After 2015
- 8 Connection to the Long Island commuter train (LIRR)
COST: No estimate
ODDS: Very unlikely
- 9 Rector Street connection between I and 9, N and R subways
COST: \$80 million
ODDS: Unlikely

time. "Lower Manhattan has always been a stepchild to midtown," he says, "[mainly because] midtown has all kinds of access."

A \$5 billion chunk of federal aid is slated to restore the transit system to pre-Sept. 11 conditions. New York officials want another \$7.3 billion from Washington to make transportation better—more than four times what has already been allotted. The proposals range from the reasonable to the ridiculous (see map).

Two of the bigger projects—a \$2 billion underground stretch of West Side Highway and a \$3 billion transfer hub beneath Ground Zero—are key to redevelopment. The city first tried to bury the West Side Highway in 1974 by wiping out a series of rotting piers and building a park on top. Environmentalists argued that striped bass wouldn't spawn without the piers; \$250 million later, the project died in 1985. The new Westway would coexist with streets running through the former superblock, creating more room for a memorial park and easing congestion for delivery trucks.

The transfer hub, large enough to accommodate a ten-car PATH train from New Jersey, would increase the PATH's capacity by 25%—a boon for half of the commuters to downtown from outside Manhattan. From the hub, pedestrians could take underground moving walkways across downtown, to Wall Street on the east or the Financial Center on the west.

One big problem: Work on the hub can't begin until engineers know what will be above it. The Lower Manhattan Development Corp. has been soliciting ideas from nine advisory boards representing financial services firms, small retailers, residents and the families of the victims. If he is lucky, Governor George Pataki might get a plan for a memorial park by the end of the year and one for a complex of office buildings, retail and a museum by year-end 2003. The hub will take five years to complete—which means the first buildings won't be up before 2007.

—B.N. and T.K.



Go-to guy: Charles Gargano controls a \$2.7 billion budget.

AXIOM LEE FIREMAN FOR FORBES; MAP BY LISA BACGER, AND THE REGIONAL PLAN ASSOCIATION