

The 2011 Economic Impacts of The Port of Whitman County on the Regional Economy

Sponsored by the Port of Whitman County

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* The results and findings of this study are those of the authors, Steven Peterson and Stephen Pool, and do not necessarily represent any other organization or individuals.

Executive Summary

- ◆ This is a study of the Economic Impacts of the firms associated with the Port of Whitman County on the local and regional economy. The regional (i.e. Quad County) economy includes the counties of Whitman and Asotin (Washington), and Latah and Nez Perce (Idaho).
- ◆ The study was sponsored by the Port of Whitman County in the fall of 2011 and completed August 2012. It is an update of two previous studies in 1997 and 2005.
- ◆ The study has three primary objectives: 1) Analyze the economic impacts created by the entrepreneurs/firms associated with the Port of Whitman County 2) Conduct an analysis of the retail trade sector in Whitman County and the Quad County region 3) Analyze the important trends in the regional economy over the last decade.

Key Conclusions

- ◆ After decades of stagnation, Whitman County has become the engine of growth of the Quad County region.
- ◆ The key drivers of Whitman County growth has been the entrepreneurial firms situated in the Port of Whitman County's Pullman industrial park (such as Schweitzer Engineering) and increased student enrollments at Washington State University.
- ◆ Schweitzer Engineering has increased its Pullman employment by more than 1,000 employees over the last decade. It has opened a new facility in Lewiston that currently employs 170 workers and which is expected to increase to 500 employees.
- ◆ Schweitzer Engineering has overtaken Clearwater Paper of Lewiston as the region's largest direct employer.
- ◆ The Port of Whitman County has provided much of the infrastructure that helped facilitate the entrepreneurial firms who build jobs in the regional economy.
- ◆ The manufacturing sector has increased 152 percent (2000-2010) in Whitman County.
- ◆ Firms associated with the Port of Whitman County provide direct jobs to approximately 2,414 workers in the region, which is approximately 10 percent of Whitman County's total direct employment or 14 percent of its covered employment, not including the multiplier effects.
- ◆ The firms associated with the Port of Whitman County and related business operations create \$358 million in gross regional product, 4,183 jobs, and \$18.7 million in indirect business taxes (property, sales/excise taxes (including the multiplier effects)). This approximates 25 percent of Whitman County's economy and about 8 percent of the Quad County economy.
- ◆ Whitman County's retail trade sector is underdeveloped (Figure E.4). According to the most recent Economic Census-2007) in constant 2011 dollars: Lewiston produced \$738.3 million in retail sales, Moscow - \$353.5 million, Pullman - \$203.7 million, and Clarkston - \$198.0 million. Pullman produced nearly the same level of retail sales as Clarkston, a town less than 1/3rd the size of Pullman.
- ◆ The estimated net retail trade deficiency for Pullman ranges from a low of \$166.3 million to a high of

Figure E.1

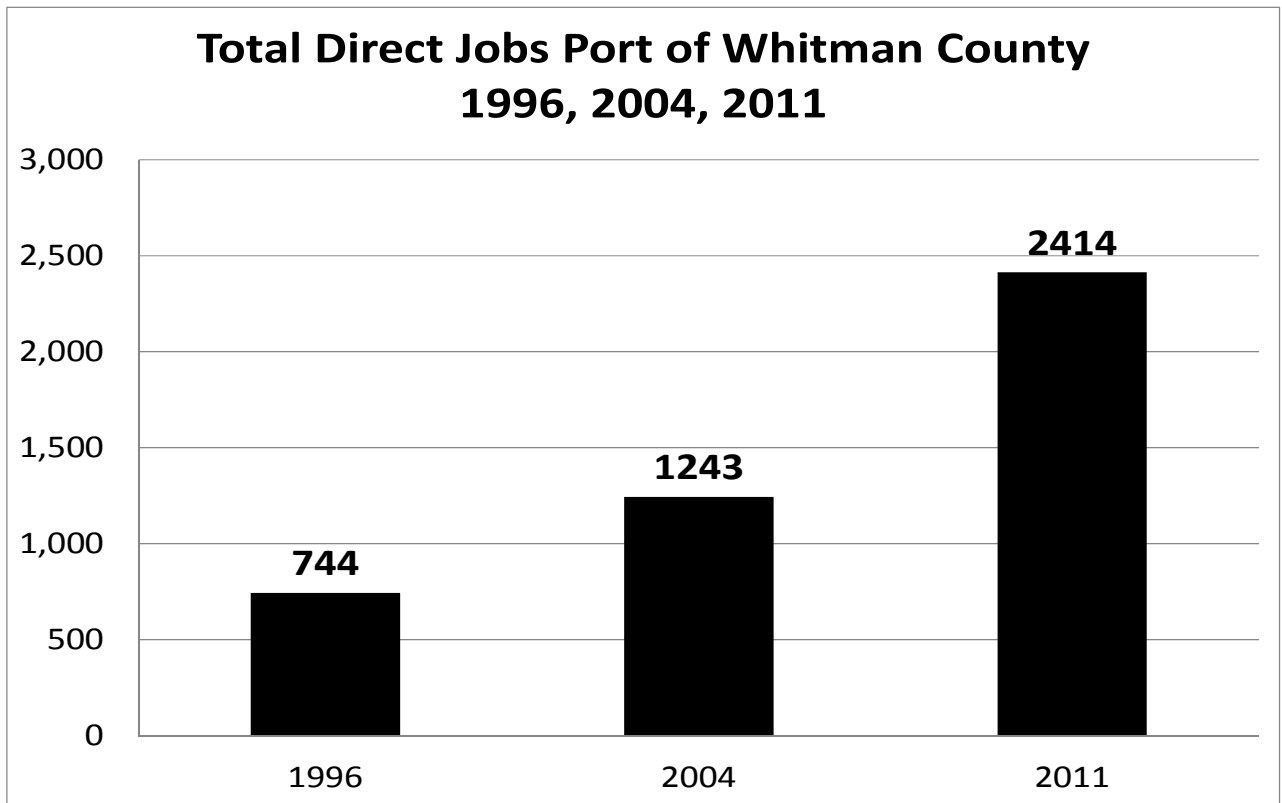


Figure E.2

Direct Employment Port of Whitman County (1996, 2004, 2011)

	1996	2004	2011
Direct Employment	%	%	%
Grain Handling and Storage	9%	4%	2%
Commodity Transportation (Barge, Truck, Train)	15%	6%	3%
Recreation	6%	3%	1%
Agriculture Services	5%	1%	1%
Light Manufacturing/Basic Services	3%	1%	3%
Wood Products	25%	14%	1%
High Technology Services and Manufacturing	33%	68%	86%
Professional Services	5%	3%	1%
Infrastructure and Other	0%	0%	2%
Total	100%	100%	100%

\$421.9 million. For Whitman County the deficiency ranges from \$272.3 million to \$688.7 million.

General Economic Trends

- ◆ The character of the economy is in a state of change. Historically, the economy has been based heavily on both natural resource industries and state government employment which are stable, mature, and in a possible state of decline. Recently, the region has attempted to expand and attract several high technology firms (most notably Schweitzer Engineering), manufacturing firms, and retail trade businesses in an effort to diversify the economy.
- ◆ Wood products manufacturing is in a state of regional decline with the closure of the Wilma Bennett mill and the sale/employment reduction of the former Clearwater Sawmill (to Idaho Forests Group).
- ◆ Higher education has faced severe budget constraints. Student enrollments have been flat at the University of Idaho (UI) but are increasing at Washington State University (WSU) and Lewis-Clark State College (LCSC). The student increases at WSU over the last decade have reversed two decades of stagnation in student growth in Pullman.
- ◆ Population in Whitman County robustly increased from 40,740 to 44,776. Its population previously peaked 38 years ago in 1974 at 41,952.

Economic Impacts of the Port of Whitman County

- ◆ Firms associated with the Port of Whitman County provide direct jobs to approximately 2,414 workers in the region (Figure E.1 and E.2). Approximately 86 percent of total direct jobs are in high technology production or manufacturing, light manufacturing and basic services (3 percent), transportation (3 percent), grain handling and storage (2 percent), port infrastructure (2 percent), wood products (1 percent), professional service (1 percent), agricultural services (1 percent), and recreation (1 percent).
- ◆ The Port of Whitman County's direct employment has risen from 744 direct employees in 1996 to 2,414 in 2011, a 224 percent increase. Port employment grew 67 percent from 1996 to 2004, and 94 percent from 2004 to 2011.
- ◆ The total 2011 economic impacts of the Port of Whitman County from all business operations is \$886.9 million in sales, \$358 million in gross regional product (a subset of sales), \$227.3 million in payroll earnings (a subset of gross regional product), 4,183 jobs, and \$18.7 million in indirect business taxes (property, sales/excise taxes). These impacts include the multiplier impacts from backward linkages to the local economy and from the impact of resulting employee and consumer spending (Figure E.3).
- ◆ Economic activity associated with the Port of Whitman County in the Quad County region creates economic activity that is equivalent to approximately 34.1 percent of all the sales in *Whitman County*, 25.4 percent of the gross regional product, 25.4 percent of all earnings, 17.5 percent of all jobs (including self-employed) or 24.1 percent of covered employment (excluding self-employment), and 26.2 percent of all indirect business taxes (mostly property taxes, sales taxes, and excise taxes).
- ◆ For the Quad-County region, The Port of Whitman County creates approximately 10.5 percent of the sales, 7.6 percent of the Value added, 7.3 percent of all earnings, 5.3 percent of all jobs (including self-

Figure E.3**Economic Impact of the Port of Whitman County 2011 by Industry**

Industry	Gross Regional		Total		
	Sales	Product	Compensation	Jobs	Indirect Taxes
Plant Agriculture	\$309,661	\$118,099	\$102,634	2	\$7,291
Animal Agriculture	\$513,945	\$94,907	\$46,159	3	\$11,091
Logging and Forest Services	\$1,139,987	\$523,911	\$472,301	9	\$20,569
Mining	\$5,157,206	\$2,890,775	\$619,997	8	\$254,455
Utilities	\$4,536,003	\$3,193,857	\$930,177	8	\$559,741
Construction	\$1,541,356	\$766,541	\$636,034	17	\$10,599
Food Processing	\$5,676,637	\$926,404	\$667,289	18	\$123,575
Wood and Paper Manufacturing	\$8,320,487	\$2,616,724	\$1,945,672	37	\$47,189
Manufacturing	\$634,321,502	\$214,546,606	\$140,361,063	2,077	\$3,407,643
Wholesale Trade	\$45,767,486	\$29,558,637	\$17,201,563	325	\$6,344,247
Retail Trade	\$12,545,869	\$10,587,229	\$6,766,485	237	\$2,189,970
Transportation	\$31,609,874	\$13,984,344	\$9,877,485	214	\$700,712
Publishing and Communication	\$9,764,167	\$3,696,824	\$2,138,614	60	\$293,360
Finance, Insurance, and Real Estate	\$38,754,045	\$25,282,540	\$4,182,822	134	\$3,410,421
Professional Services	\$34,595,390	\$22,030,745	\$18,314,101	256	\$407,037
Other Services	\$10,984,529	\$6,497,152	\$5,086,984	205	\$511,231
Private Education	\$503,943	\$220,991	\$181,156	19	\$2,601
Offices of Physicians, Dentists	\$10,642,178	\$6,258,723	\$5,862,253	101	\$70,178
Home Health Care Services	\$281,270	\$159,524	\$149,834	9	\$1,036
Medical and Diagnostic Labs and Outpatient	\$789,426	\$412,393	\$319,554	6	\$4,935
Private hospitals	\$2,855,989	\$1,327,530	\$1,243,663	23	\$16,335
Nursing and Residential Care Facilities	\$2,614,790	\$1,557,094	\$1,442,390	49	\$53,056
Social Services	\$3,921,239	\$2,090,124	\$2,051,764	92	\$57,806
Recreation	\$1,892,045	\$1,007,534	\$645,613	44	\$107,961
Lodging, Food, and Drink	\$9,874,551	\$4,589,110	\$3,115,931	192	\$526,830
State and Local Government	\$6,371,969	\$1,870,190	\$1,617,074	23	-\$420,089
Federal Government	\$1,642,238	\$1,186,735	\$1,279,476	18	\$0
Total	\$886,927,783	\$357,995,245	\$227,258,087	4,183	\$18,719,781

Figure E.4**2007 Retail Sales Per Capita and Per Household
In Constant 2011 Dollars**

Region	Retail Sales	% (*)	Population	Per Capita	% (**)	Households	Per Household
Whitman County	\$ 294,061,457	100%	41,082	\$ 7,158	109%	15,717	\$ 18,710
Pullman	\$ 203,692,917	144%	26,154	\$ 7,788	100%	9,597	\$ 21,225
Rural Whitman	\$ 90,368,540		14,928	\$ 6,054	129%	6,120	\$ 14,766
Nez Perce County	\$ 762,629,587	39%	37,410	\$ 20,386	38%	16,163	\$ 47,184
Lewiston	\$ 738,286,202	40%	30,863	\$ 23,921	33%	13,489	\$ 54,732
Rural Nez Perce	\$ 24,343,385		6,547	\$ 3,718		2,674	\$ 9,104
Latah County	\$ 392,362,562	75%	34,935	\$ 11,231	69%	14,635	\$ 26,810
Moscow	\$ 353,477,586	83%	21,297	\$ 16,598	47%	9,168	\$ 38,556
Rural Latah	\$ 38,884,975		13,638	\$ 2,851		5,467	\$ 7,113
Asotin County	\$ 226,581,492	130%	20,551	\$ 11,025	71%	8,977	\$ 25,240
Clarkston	\$ 197,985,419	149%	7,330	\$ 27,010	29%	3,274	\$ 60,472
Rural Asotin	\$ 28,596,074		13,221	\$ 2,163		5,703	\$ 5,014
Spokane County	\$ 6,741,223,000	4%	456,197	\$ 14,777	53%	184,590	\$ 36,520
Ada County	\$ 5,855,102,000	5%	372,462	\$ 15,720	50%	145,584	\$ 40,218
Coeur d'Alene	\$ 1,234,577,000	24%	42,002	\$ 29,393	26%	18891	\$ 65,353
Boise	\$ 3,893,058,000	8%	202,563	\$ 19,219	41%	86032	\$ 45,251
Idaho State	\$ 20,526,631,000	1%	1,499,279	\$ 13,691	57%	570283	\$ 35,994
Washington State	\$ 92,968,519,000	0%	6,465,126	\$ 14,380	54%	2577375	\$ 36,071

* Ratio of Whitman County's Total Retail Sales to Other Regions

** Ratio of Pullman's Per Capita Retail Trade Sector to Other Regions

Source: Economic Census

employed) and 7.3 percent of covered employment (not including self-employment), and 7.6 percent of all indirect business taxes.

Retail Trade Analysis

- ◆ In almost every regional and county's economy, retail trade is predominant in its direct but mostly non-basic jobs and earnings contribution. Retail trade as an industry (direct) is ranked 1st in Asotin County (15.4 percent), 2nd in the State of Idaho (11.3 percent), 3rd in Washington State (10.1 percent), 3rd in Nez Perce County (11.5 percent), and 5th in Whitman County (6.2 percent).
- ◆ Pullman's per capita retail sales was \$7,788. In contrast, per capita retail sales were \$16,598 for Moscow and \$23,921 for Lewiston. Clarkston had the highest per capita sales at \$27,010, in part from Costco Store and the new Walmart which opened in Clarkston a couple of years ago.
- ◆ In terms of per household retail trade comparisons, Coeur d'Alene was first at \$65,353 followed by Clarkston (\$60,472), Lewiston (\$54,732), and Nez Perce County (\$47,184). Moscow was (\$38,556) and Pullman (\$21,225), or about 55 percent of Moscow.
- ◆ Commuting and trade flows run primarily east-west in the Quad County region. Whitman County has a net commuter deficit of 1,676 workers producing a net resident's adjustment (in constant 2010 dollars) for Whitman County of -\$106.1 million. These are funds that leak out of the community because net in-commuters exceed net out-commuters from all surrounding counties and regions. Latah County, Idaho is a net beneficiary in the resident's adjustment, gaining a net positive inflow of \$120.6 million.
- ◆ A clear picture emerges from this analysis. In terms of population and overall size of the economy, Whitman County and Nez Perce County are equivalent. Yet the retail trade sector of Whitman County is just 39 percent the size of Nez Perce County.
- ◆ If we add in \$90 million of additional sales for the Pullman new super Walmart and the opening of the new James Toyota dealership in Whitman County, the retail trade sector in Pullman would be \$59 million smaller than Moscow. The overall size of the Whitman County retail trade sector would still be about 50 percent the size of Nez Perce County.