

Bonner County Planning Department

"Protecting property rights and enhancing property value"

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BONNER COUNTY COMPREHENSIVE PLAN

COMPONENT: ECONOMIC DEVELOPMENT

ADOPTED UPDATE: MAY 24, 2023

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Introduction

Bonner County's economy is highly integrated across the rural portions of the county and the several incorporated cities in the county. A couple examples illustrate this level of integration:

- While only about 28% of the county's residents live in one of the incorporated cities, in 2019 nearly half of all jobs in the county were located in one or more of these incorporated cities.
- While nearly half of the jobs are located in the incorporated cities, only about 20% of those who work in Bonner County lived in one or more of these incorporated cities.

Given this level of economic integration across the county as a whole, the economic development component addresses the overall economy of the county without attempting to describe the economy of the rural portion of the county separately from the incorporated cities.

Chapter 1 - Labor Force Demographics

Table 1 highlights key characteristics of Bonner County's demographics as they relate to the labor force.

With respect to age, Bonner County's population is, on average, significantly older than both Idaho overall as well as in comparison with the United States. Bonner County has become an attractive retirement destination for many, which is no doubt the driving force behind this statistic.

Table 1 Bonner County: Demographic Characteristics

| | BONNER COUNTY | % | STATE OF IDAHO |
|---|-----------------|-------------|------------------|
| Total Population | 49,491 | 100% | 1,900,923 |
| Sex | | | |
| Male | 25,042 | 50.6% | 50.1% |
| Female | 24,449 | 49.4% | 49.9% |
| Age | | | |
| Median Age | 47.9 | - | 36.6 |
| Under 5 Years | 2,326 | 4.7% | 6.0% |
| Under 18 Years | 9,651 | 19.5% | 24.7% |
| Between 18 & 65 Years | 24,696 | 49.9% | 74.7% |
| Over 65 Years | 12,818 | 25.9% | 16.6% |
| Educational Attainment (25 Years and over) | | | |
| High School Graduate or higher | | 91.5% | 91.3% |
| Bachelor's Degree or higher | | 26.6% | 28.7% |
| Graduate or Professional Degree | | 0.0% | 6.1% |
| Median Household Income | \$51,594 | | \$58,915 |

Table 1 also shows the educational attainment of county residents over the age of 25. It should be noted that the data on educational attainment include those age 65 and older, so it may not provide an accurate reflection of the educational attainment of the active workforce. A more detailed breakdown of educational attainment only for those in the workforce would be useful to develop a better understanding of the county's economic potential.

Chapter 2 - Labor Force Employment Trends

Figure 1 shows the 5-year trends in both the size of the overall labor force in the county, as well as the total number employed. Both numbers show a 16% growth over this time period.

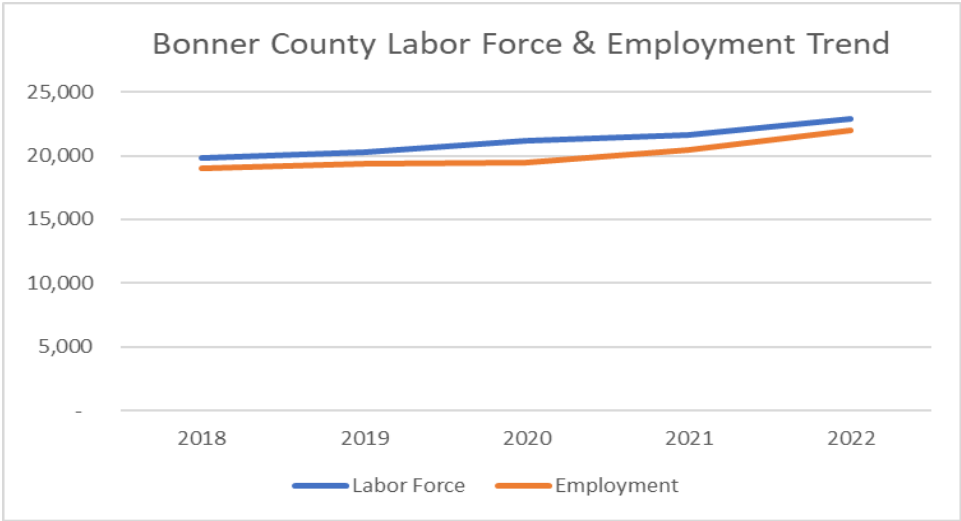


Figure 1 Bonner County Labor Force and Employment Trend

Source: Idaho Dept. of Labor – Local Area Unemployment

Figure 2 shows the seasonally- adjusted unemployment rate for the county. The peak that occurred in 2020 was obviously an anomaly driven by the COVID pandemic. In general, the unemployment trend pattern tracks with that of Idaho and the United States overall. However, Bonner County’s unemployment rate is consistently higher than the state overall.

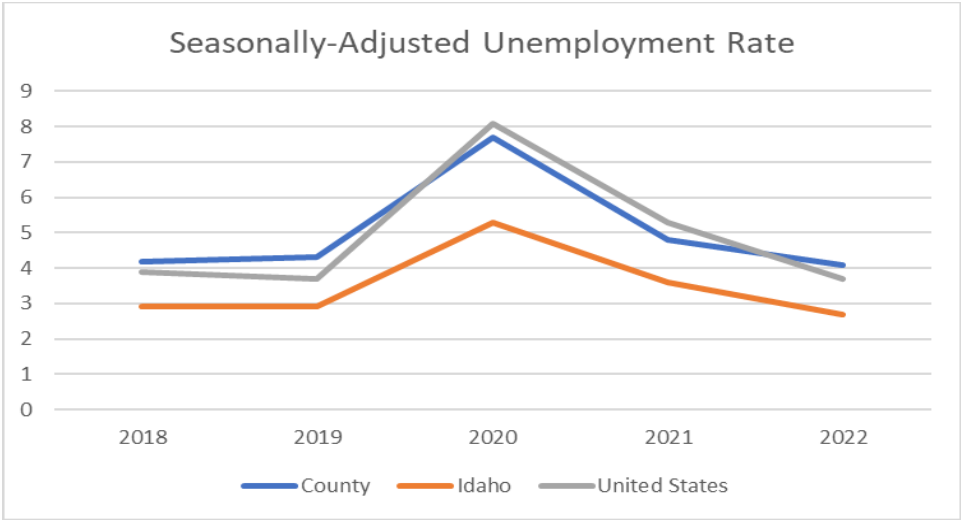


Figure 2 Bonner County: Seasonally Adjusted Unemployment Rate

Source: Idaho Dept. of Labor – Local Area Unemployment

Chapter 3 – Key Economic Sectors and Employers in Bonner County

Table 2 shows the total wages paid in the County by industry in 2011 and 2021. For the overall economy, the annual average employment grew by 22% over this period, while the annual total wages grew by 69%. The largest growth in annual average employment was observed in the following three sectors – Construction, Information and Education & Health Services industries. The largest growth in the total annual wages over the decade was observed in Construction, Information and Leisure & Hospitality industries.

The fastest growing sector over this time period was Construction, which is perhaps not surprising in light of the significant population and building boom experienced during this period. Historically Bonner County has had periods of other high growth sectors where Information Technology, Leisure & Hospitality, and Professional and Business Services showed substantial growth.

Table 2 Bonner County: Annual Avg. Employment, Annual Total Wages and Annual Avg. Pay (2011-2021)

| Industry | Annual Average Employment | | | Annual Total Wages | | | Annual Average Pay | | |
|--------------------------------------|---------------------------|--------|--------|--------------------|----------------|--------|--------------------|----------------|--------|
| | 2011 | 2021 | % Inc. | 2011 (Dollars) | 2021 (Dollars) | % Inc. | 2011 (Dollars) | 2021 (Dollars) | % Inc. |
| Total, all industries | 12,552 | 15,302 | 22% | 393,311,508 | 663,674,554 | 69% | 31,335 | 43,372 | 38% |
| Goods-producing | 2,867 | 3,668 | 28% | 100,759,292 | 188,244,014 | 87% | 35,145 | 51,319 | 46% |
| Natural resources and mining | 360 | 389 | 8% | 15,909,740 | 21,198,074 | 33% | 44,235 | 54,529 | 23% |
| Construction | 648 | 1,198 | 85% | 18,335,670 | 52,571,170 | 187% | 28,318 | 43,870 | 55% |
| Manufacturing | 1,860 | 2,081 | 12% | 66,513,882 | 114,474,770 | 72% | 35,763 | 55,010 | 54% |
| Service-providing | 7,383 | 9,208 | 25% | 213,298,057 | 355,905,505 | 67% | 28,890 | 38,651 | 34% |
| Trade, transportation, and utilities | 2,770 | 3,079 | 11% | 92,824,570 | 121,210,474 | 31% | 33,517 | 39,371 | 17% |
| Information | 172 | 262 | 52% | 6,994,397 | 19,979,705 | 186% | 40,586 | 76,331 | 88% |
| Financial activities | 506 | 642 | 27% | 18,966,804 | 34,314,188 | 81% | 37,509 | 53,470 | 43% |
| Professional and business services | 710 | 944 | 33% | 29,027,893 | 58,496,969 | 102% | 40,884 | 62,000 | 52% |
| Education and health services | 1,141 | 1,564 | 37% | 33,810,709 | 56,530,721 | 67% | 29,626 | 36,135 | 22% |
| Leisure and hospitality | 1,672 | 2,180 | 30% | 23,131,836 | 48,846,204 | 111% | 13,835 | 22,407 | 62% |
| Other services | 412 | 538 | 31% | 8,541,848 | 16,527,244 | 93% | 20,716 | 30,706 | 48% |

Source: QCEW Data Files: U.S. Bureau of Labor Statistics

Percent Increase in Annual Avg. Employment, Wages and Pay (2011-2021)

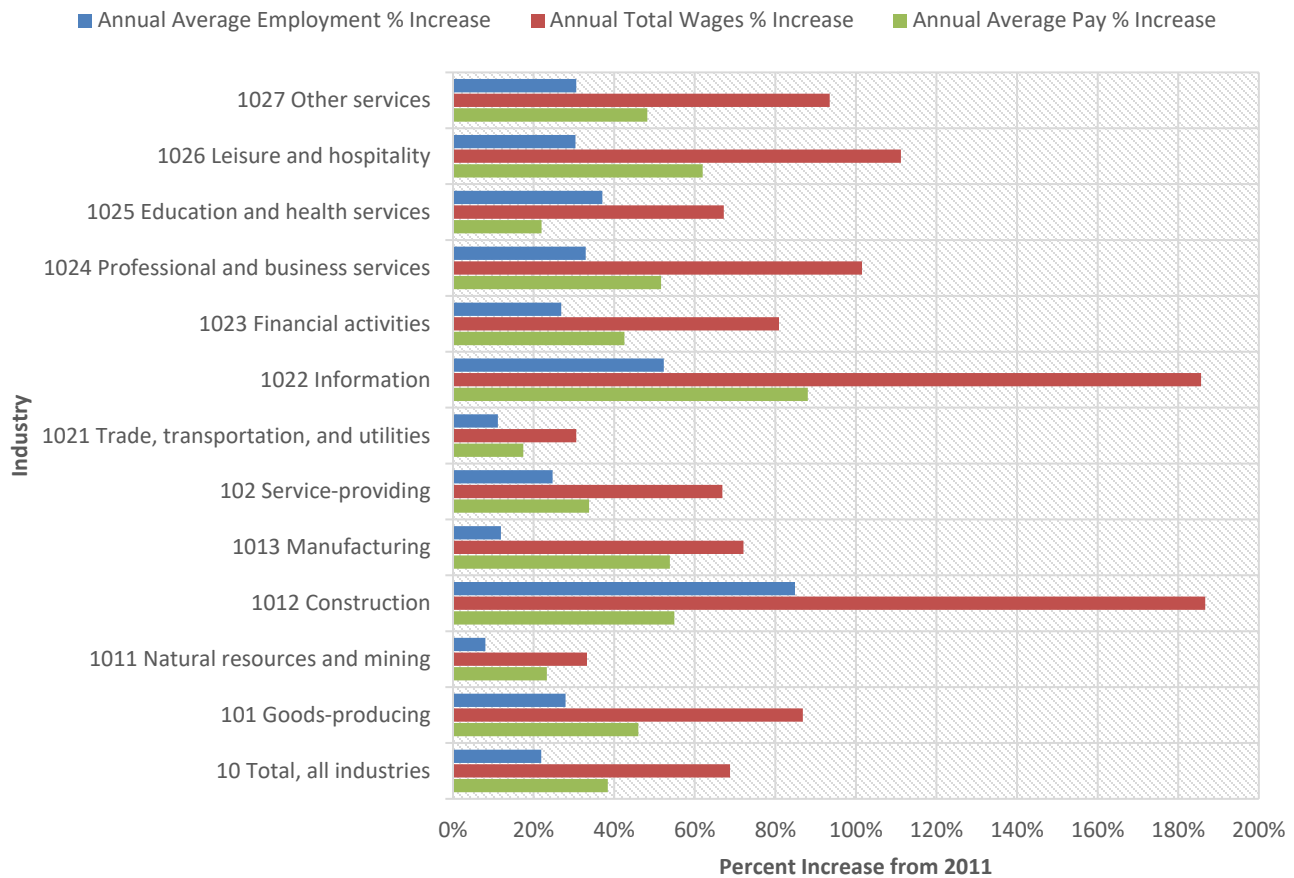


Figure 3 Bonner County: Annual Average Employment, Annual Total Wages and Annual Average Pay - Percent Increase (2011-2021)

Most business establishments in Bonner County are small firms. Table 3 shows that over 80 percent of all businesses have fewer than 10 employees, and that proportion has been consistent over the past several years as the total number of businesses has grown by about 5%.

Table 3 Bonner County: Number of Establishments by Establishment Sizes (2018-2020)

| ESTABLISHMENT SIZE | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|
| Establishments with less than 5 employees | 1099 | 1106 | 1155 |
| Establishments with 5 to 9 employees | 266 | 272 | 298 |
| Establishments with 10 to 19 employees | 163 | 161 | 157 |
| Establishments with 20 to 49 employees | 76 | 73 | 81 |
| Establishments with 50 to 99 employees | 20 | 25 | 22 |
| Establishments with 100 to 249 employees | 13 | 15 | 16 |
| Establishments with 250 to 499 employees | 4 | 3 | 3 |
| Establishments of all sizes | 1642 | 1656 | 1733 |

Sources:

- (CB2000CBP: All Sectors: County Business Patterns, Including ZIP Code Business Patterns, by Legal Form of Organization and Employment Size Class for the U.S., States, and Selected Geographies: 2020 - Census Bureau Table, n.d.)
- (CB1900CBP: All Sectors: County Business Patterns, Including ZIP Code Business Patterns, by Legal Form of Organization and Employment Size Class for the U.S., States, and Selected Geographies: 2019, n.d.)
- (CB1800CBP: All Sectors: County Business Patterns, Including ZIP Code Business Patterns, by Legal Form of Organization and Employment Size Class for the U.S., States, and Selected Geographies: 2018, n.d.)

Percentage of Total Establishments by Establishment Size (2020)

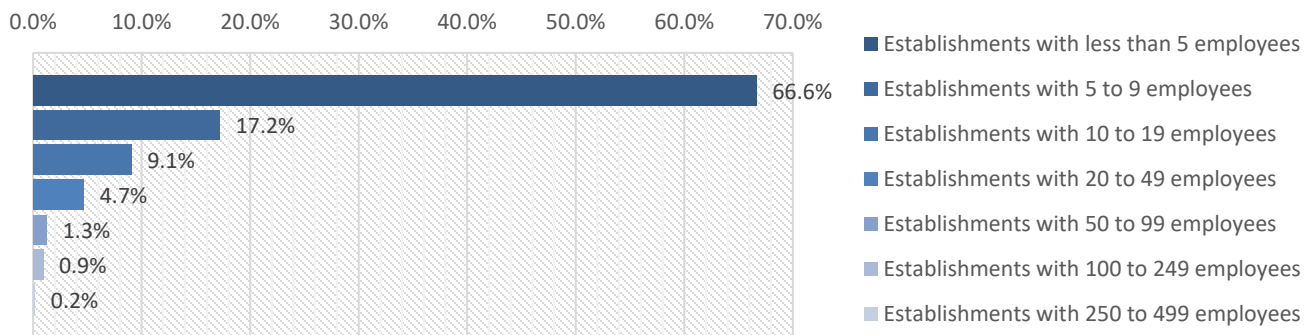


Table 4 shows the ten largest employers in Bonner County as of 2021. As shown, 3 of the top ten employers are local government agencies, with the balance being private companies from a variety of sectors. It is worth noting that three of the top ten are from the manufacturing sector, with two of those in the relatively high-technology fields of aircraft manufacture (Kodiak) and electronic components (Encoder Products).

Table 4 Bonner County: Top Employers, 2021

| TOP EMPLOYERS, 2021 | | |
|------------------------------------|------------------|------------------|
| Employer | Ownership | Employment Range |
| Lake Pend Oreille School District | Local Government | 500-999 |
| Litehouse | Private | 250-499 |
| Bonner General Health | Private | 250-499 |
| Bonner County | Local Government | 250-499 |
| Schweitzer Mountain Resort | Private | 250-499 |
| Wal-Mart | Private | 250-499 |
| West Bonner County School District | Local Government | 100-249 |
| Kodiak | Private | 100-249 |
| Idaho Forest Group | Private | 100-249 |
| Encoder Products | Private | 100-249 |

Source: Idaho Department of Labor - Quarterly Census of Employment Wages

Source: Idaho Department of Labor

Chapter 4 – Commuting Patterns

Figure 4 shows an overall view of commuting patterns in Bonner County in 2019. Approximately 10,500 people both live and work in Bonner County. About 4,200 people commute into Bonner County from the surrounding area to work in the county. Conversely, about 6,500 people commute from Bonner County to work in the surrounding area.

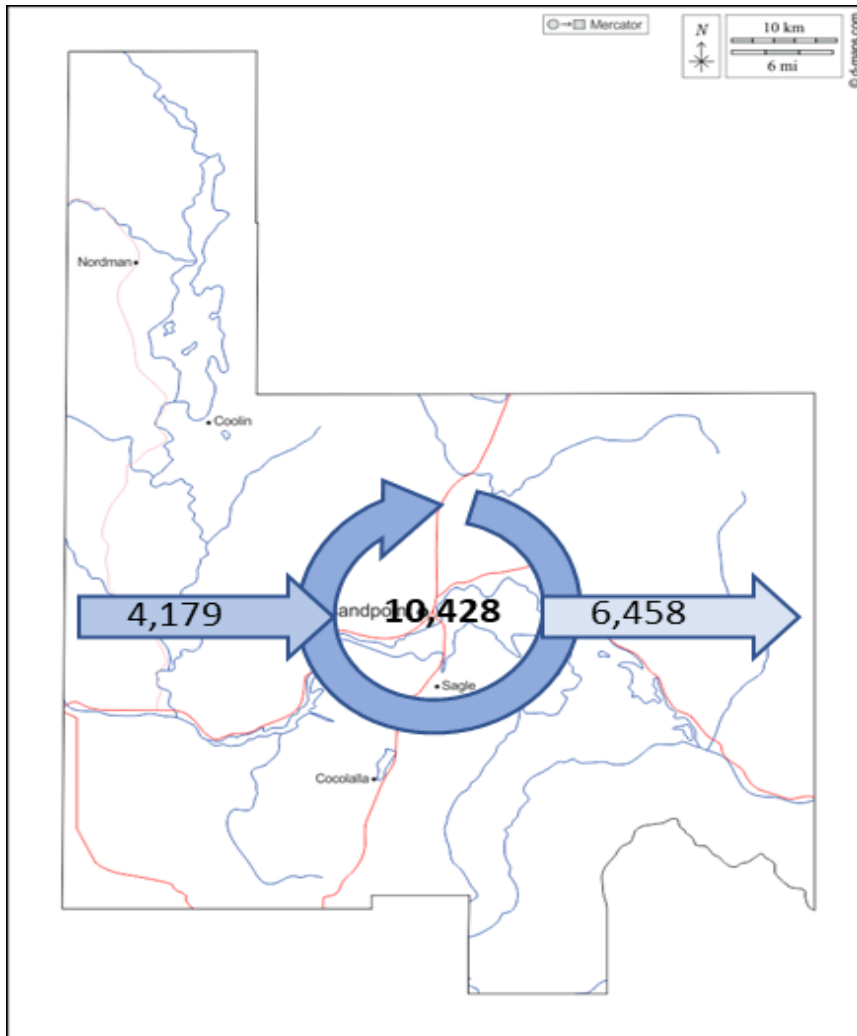


Figure 4 Bonner County: Commuting Pattern

Source: U.S. Census Bureau

Chapter 5 – Strengths and Challenges Facing the Bonner County Economy

In their 2015 Report *Bonner County: Idaho's Resilient Economy* Headwaters Economics identified the following strengths and weaknesses of the Bonner County economy. Their analysis was based on a comparison with other similar communities in the West which included McCall ID, Whitefish MT, Redmond OR, and Ashland OR.

Table 5 Bonner County: Strengths and Weaknesses

| Strengths | Weaknesses |
|---|--|
| <ul style="list-style-type: none">• Manufacturing size and breadth• Growing advanced industries• Consistent tourism draw• Residents' commitment to the community | <ul style="list-style-type: none">• Distance to markets• Low Internet download and upload speeds• Low educational attainment of workforce• Commercial and residential real estate unaffordable and rising relative to local wages |
| <ul style="list-style-type: none">• High quality of life• High quality primary and secondary education• Commercial and residential real estate affordable relative to urban areas | |

Source: Headwaters Economics

The study noted that the high quality of life found in Bonner County leads to strong commitment from its residents to continue to live here even in the face of periodic economic challenges. As an example, they noted that while there was a significant impact to the county from Coldwater Creek going out of business, the overall economy bounced back from that challenge relatively quickly. Further, even though Bonner County's economy has a strong tourism component, it is less dependent on tourism due to its manufacturing, aerospace and technology base (e.g., Encoder Products, Kochava, Kodiak, Litehouse, Tamarack) than other tourism driven economies such as Whitefish MT and McCall ID.

The primary challenge that could be addressed in this Comprehensive Plan is to establish objectives and policies that address the rising costs of commercial and residential real estate relative to local wages. The county may also be able to identify actions that would address availability of broadband Internet and the educational attainment of the workforce, but these would likely fall outside the domain of land use policy, and therefore would not be addressed in this Comprehensive Plan.

Chapter 6 – Summary of Economic Development Policies from Sub-Area Plans

When we began this update of the Comprehensive Plan, we began by drafting Goals, Objectives and Policies that were drawn from the five sub-area Plans developed by citizen driven committees over the prior several years. In light of that approach, it's appropriate to include a brief review of the policies found in those sub-area plans since these were the foundation for the policies we have recommended.

- Four of the five sub-area plans included an economic development section. In each of those plans specific policies were included, and there was a good degree of commonality across all four. The following is a summary of those policies recommended in multiple sub-area plans.
- New businesses should be located in such a way to cluster commercial and industrial uses in common areas vs. dispersing them throughout the county. Suggested criteria for evaluating where new commercial and industrial uses should be located included: areas with existing commercial/industrial uses, areas adjacent to primary transportation corridors, within Areas of City Impact (ACI), and in areas currently designated for such uses.
- All the sub-area plans recommended policies that would mitigate the impact of commercial and industrial uses on the surrounding area. Examples of mitigation techniques include: appropriate site sizes, use types, landscaping, buffering and establishment of design standards which mitigate emissions of noise, light, glare, smoke, odor, dust, particulate matters, vibrations, traffic.
- Another common theme was the recommendation to establish policies that allowed for home occupation and small cottage industries. The sub-area plans suggested such uses should be allowed in most if not all land use designations while also establishing standards that mitigate potential impact on the surrounding neighborhood.
- Several sub-area committees recognized the high value of Bonner County's rural character and high quality of life, and specifically highlighted the positive impact these features have on business development, retention and economic growth. They recommended that policies should be implemented to ensure those positive characteristics of the county are maintained into the future.
- Several plans recommended policies specifically designed to foster specific economic segments that have historically been a significant part of the county's economic base, including agriculture, timber, mining, and recreation.