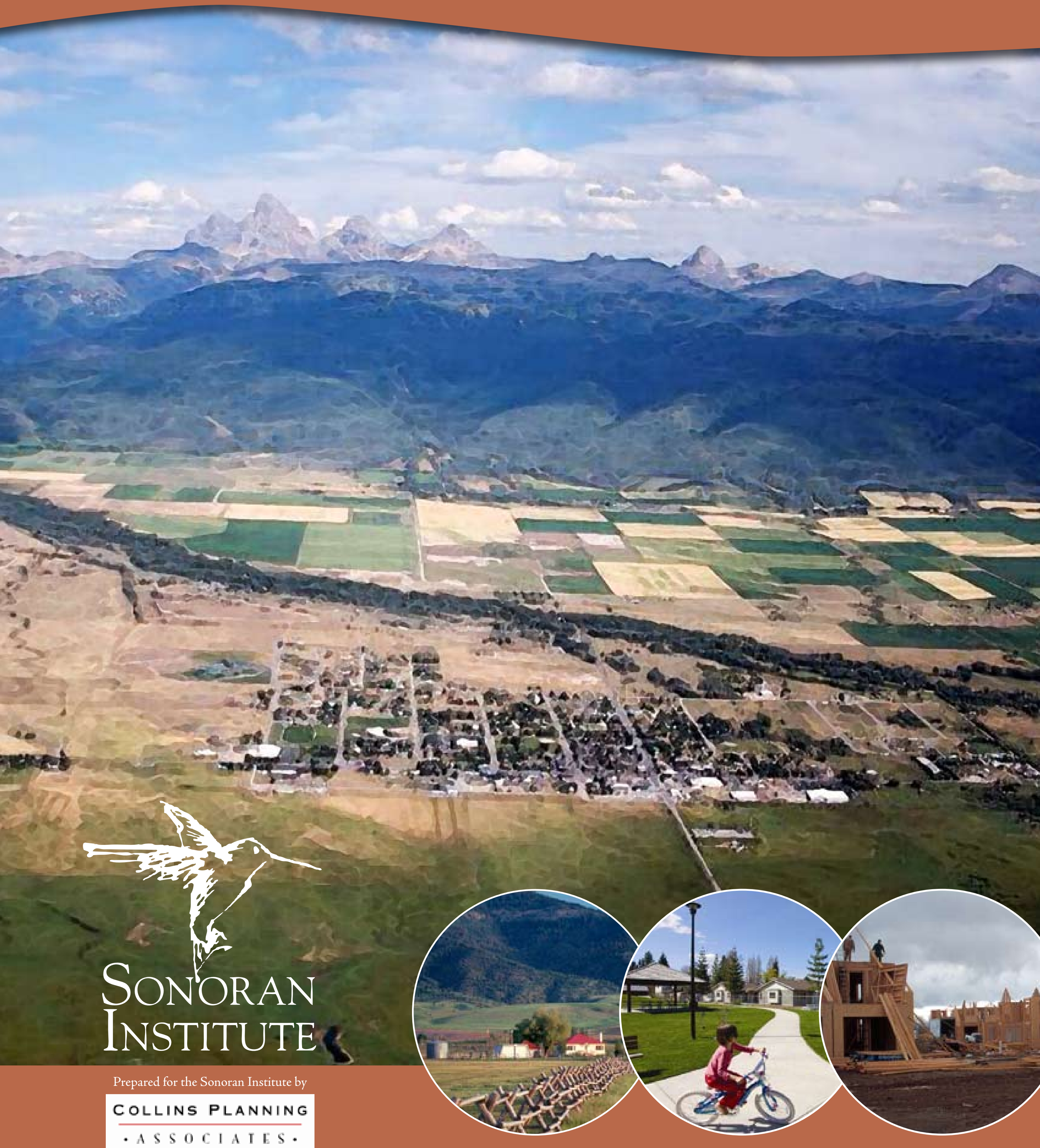
Growth Impacts
in the Teton Region of Wyoming and Idaho



Sonoran Institute

Prepared for the Sonoran Institute by

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PREFACE AND ACKNOWLEDGEMENTS

Wildlife, watersheds and growth impacts – such as sprawl, transportation and economic change – do not respect city, county or state boundaries. This report tells the story of how rapid growth in one Western place ripples out to impact communities for miles around. In this case, the "spillover" growth is from Teton County (Jackson Hole), Wyoming, into Teton County, Idaho, and other neighboring counties. The goal of this report is not to prescribe solutions. Decisions about the future of these communities, whether by individual counties or a broader region, will be most successful if they come from within. We hope that this document will spark serious discussion and collaboration that will generate action.

Similar situations are happening – and will continue to happen – in Wyoming and across the West. Energy resource development and high-amenity property acquisition by out-of-state investors have brought financial advantages to Wyoming and this region, but not without challenges. Information such as this study can help communities recognize that collaboration among jurisdictions is key to maintaining their prosperity and quality of life as they confront these challenges.

State and local governments, along with business leaders, landowners and engaged citizens, are beginning to address the high costs of scattered development and poorly planned land consumption. Rapid growth and economic change challenge the traditional social fabric of rural Western communities, as well as housing, transportation, services and infrastructure needs.

Since 1990 the Sonoran Institute has been bringing together people with diverse interests and perspectives to forge collaborative, enduring solutions to the challenges of growth and change in the West. Recently the Institute launched the Partnership for Wyoming's Future to help communities throughout the state protect and maintain what they value as they grow. Based in Cheyenne, the Partnership provides a statewide voice for effective land-use planning, sustainable economic development, and policies that protect wildlife habitat, water, working agricultural lands, and quality of life.

The Sonoran Institute is grateful to the Kendeda Fund for Sustainability of the Tides Foundation for funding this study. We deeply appreciate the people of the Teton region of Wyoming and Idaho whose love of place inspired this report. We hope this information helps local officials and residents as they grapple with rapid growth in this spectacular landscape. They may well provide important lessons for other regions that encounter the opportunities and challenges of rapid and profound change in the West.

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Tucson, Arizona

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A REGIONAL OVERVIEW

The Rocky Mountain West is now sometimes referred to as the "Third Coast" due to the enormous growth in its population and the transformation of its economy. In many ways Jackson Hole, Wyoming, and surrounding communities exemplify how those changes are transforming the rural West.

Jackson Hole's evolution from a sleepy ranching community to a prosperous center for recreation and an amenities-rich lifestyle has created connections that defy the region's rugged geography. Although neighboring Teton and Lincoln counties in Wyoming and Teton County, Idaho, are separated by towering mountains and county and state boundaries, their well-being is inextricably linked.

At the center of the boom is Jackson Hole in Teton County, Wyoming, which is the economic engine for the region. Since 1980 the number of jobs in that county has nearly tripled. At the same time, according to official data from the 2000 Census, the median price of a house there is around $500,000 (although according to some individuals in the real estate industry, this number is now closer to $1,000,000). So, as in other western communities, the jobs and services that keep Jackson healthy and vibrant depend on a labor force who cannot afford to live there. Without the affordable housing provided in neighboring Teton County, Idaho, and Star Valley-Lincoln County, Jackson would find it virtually impossible to maintain the restaurants, lodging, retail and essential community services on which the economy depends.

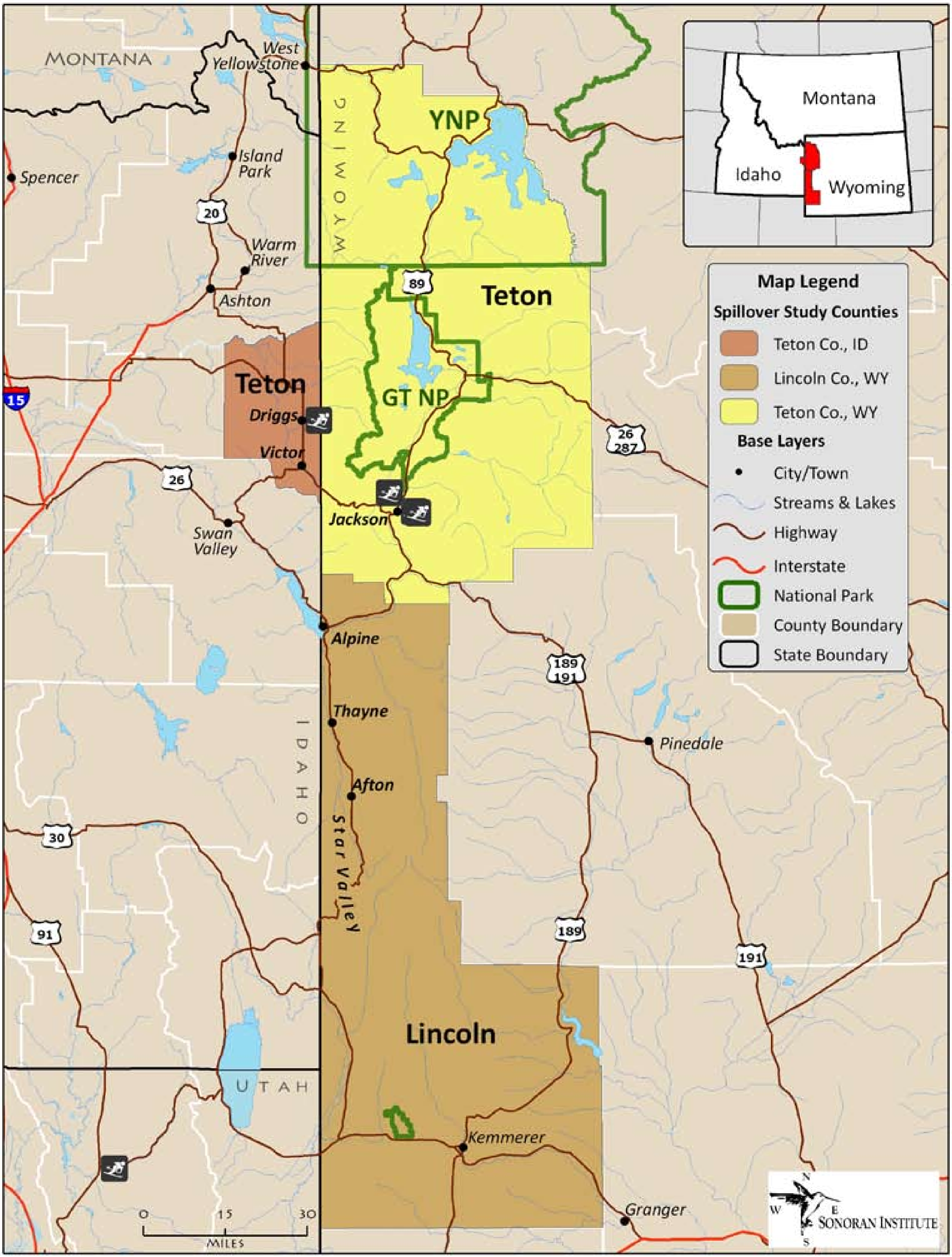
As Jackson's high-income second-home dwellers took up permanent residency, its economy evolved from largely seasonal tourism to one dominated by the service needs of this prosperous population. The fiscal impacts of that change reach far beyond the city limits.

The spillover of Jackson workers into neighboring communities is creating both opportunities and potential crises. The growing population has fueled the construction industry and spurred commercial development in these "spillover" communities. But it is also straining critical services such as water, sewer and trash-disposal systems in communities without a long-term way to pay for their expansion.

The uneven distribution of revenues and costs that has resulted from having a job center in Jackson with workers housed in neighboring counties cannot be ignored. Ultimately the success or failure of any one of those communities has crucial ramifications for the others. Given Jackson's dependency on its neighbors for a workforce, the long-term sustainability of the communities where those workers live should be of concern. Likewise, if Teton County, Idaho, and Lincoln County, Wyoming, wish to remain communities where a middle class can live and prosper, they must take steps to insure they do not repeat the patterns that have put residency in Teton County, Wyoming, beyond the reach of all but the wealthy. They must recognize that their prosperity and livability are intertwined and find ways to work as a region, rather than as separate entities.

Yet, despite this regional interdependency, no concerted effort exists to investigate, plan and resolve the myriad issues that are arising because of this relationship. In fact, many statistics on such basic community characteristics as employment, income and economic development are out-of-date or nonexistent. If these communities wish to sustain their quality of life and economic well-being, they must open a regional dialogue about their common interests and needs.

This report could be a catalyst for beginning that conversation. It assembles the qualitative information that helps frame both the challenges and the opportunities facing the region. The next steps are up to the people who live in this region. Will they choose to decide how and in what manner their communities grow and prosper, or will they leave their future to chance?


MONTANA
West Yellowstone
Island Park
Spencer
20
Warm River
Ashton
Teton
Driggs
Victor
15
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Swan Valley
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91
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THE JACKSON JOB MACHINE *High Numbers, Low Pay*

Employment is a key force driving many of the transitions taking place in the region. Jobs in Teton County, Wyoming, nearly tripled between 1980 and 2000, from roughly 8,000 to nearly 23,000. Those years also saw a significant change in how many of the local jobs were filled by residents of the county. For example, in 1980 county residents held about 7,000 of the 8,000 local jobs. ***By the year 2000, almost half of the jobs in the county were filled by workers who did not live there.***

TETON COUNTY, WY JOBS/ RESIDENT WORKFORCE 2000	
Teton County, Wyo. jobs 2000	22,856
TC, Wyo. residents who work in TC, Wyo.	10,909
Sublette residents who work in TC, Wyo.	134
Lincoln residents who work in TC. Wyo.	895
TC, Ida. residents who work in TC, Wyo.	1,014
Unidentified home location of workers	9,950*

Source: Wyoming Department of Employment (DOE)

*Wyoming DOE study of commuting patterns for Teton County, Wyo,. and detailed background on their data methodologies indicate that this 9,904 figure is most likely comprised of the following:	Seasonal workers with unemployment insurance	6,500
	Seasonal workers without unemployment insurance	1,150
	Employees with multiple jobs (10% Wyo. avg.)	2,300
	Total of unidentified workers	9,950

It should be noted that about one-third of the Teton County, Wyoming, workforce is made up of seasonal workers, reflecting the peak summer and winter tourist seasons. Yet even after discounting for seasonal employment and multiple-job holders, the county continues to fall short of resident workers to fill the valley's jobs.

The problem is not a shortage of capable people; the population in the three counties has been steadily growing. The problem is economic. Even as the number of new jobs rises steadily, most of the work is in the lowest-paying sectors. Nearly half of all the county's jobs are in retail, food services and accommodations with average wages between $23,000 and $28,000 a year. Those wages are no match for the high cost of living in Jackson. The simple fact is that a significant number of workers cannot afford to live in the county where they work.

A Housing Needs Assessment recently completed by the Teton County Housing Authority quantifies the growing problem. While 15 percent of the workforce commuted daily to Jackson Hole in 1990, by 2005 it had jumped to 23 percent. And given that housing prices in Teton County, Wyoming, aren't likely to decline significantly, neighboring towns and counties will continue to serve as "bedroom" communities for Jackson Hole workers.

Andy Schwartz
Chair, Board of County Commissioners, Teton County, Wyoming

"Even if housing prices drop 20 percent, buying a home here will still be beyond the reach of many working couples. Most of our law enforcement officers have chosen to live outside the county – what could that mean if there is some kind of major crisis? Our fire and EMT people are required to live within the county, but it's getting harder and harder to recruit people for those jobs."

John Woodward
Planning Director, Lincoln County,Wyoming

"If you're an employer, you're worried about new workers… You have teachers and miners turning down jobs in Star Valley because they can't afford housing."

The need and willingness of Jackson workers to make long and sometimes difficult commutes presents both opportunities and challenges for neighboring communities.

Since 1990 the population of Teton County, Idaho, has surged by 74 percent with nearly one-third of its labor force relying on its Wyoming neighbor for jobs. The communities in the northern part of Lincoln County, Wyoming, are also heavily dependent on Jackson Hole to employ their residents. One county official estimates that more than 60 percent of the workforce in northern Star Valley commutes to Jackson Hole.

Housing Booms

The most visible impact has been the huge upsurge in construction of new homes to meet this pressing need. While residential construction in Teton County, Wyoming, has steadily slowed since 1990, it has marched upward across the border in Idaho.

RESIDENTIAL BUILDING PERMITS ISSUED 1990 - 2005			
	1990 – 1995	1996 – 2000	2001 – 2005
Teton Co, Wyo.	1158	1018	770
Teton Co., Ida.	347	589	632

Source: U.S. Census Bureau

Working in Jackson but living in an outlying area is clearly a financial reality for many, and the economic incentives for making the commute are substantial. In comparison to its pricey neighbor, homes in Jackson's bedroom communities are a real bargain.

LOCATION OF HOME	2005 MEDIAN HOME VALUE
Teton Co., Wyo.	$539,115
Teton Co., Ida.	$175,727
Lincoln Co., Wyo.	$140,607

Source: City-Data.com

Note: The most recent "official" data on median home values is the 2000 census. Consequently the numbers in this chart are lower, probably significantly lower, than current home values.

But how big a bargain depends on where the home buyer is getting a paycheck. While the wages paid in Teton County, Wyoming, are low in comparison to the cost of living there, they are significantly higher than what is paid for the same work in Teton County, Idaho. In fact, on the lowest end of the scale, the pay is nearly double.

That disparity in wages not only gives the Wyoming workers a distinct advantage in the Idaho housing market, it pushes home prices higher. Perhaps, ironically, what may be happening is much like the change experienced by Jackson Hole 20 years ago. Like Jackson's surge of second home buyers in the late 1980s, today's commuters arrive in the bedroom communities with much higher incomes that enable them to compete with local workers for housing. The heightened demand drives up the cost of homes and moves prices beyond the reach of many without an external income.

So, even as the supply of housing continues to grow, the cost of those new homes is rising disproportionately. In fact, by using a standard measure that the median price of a home should be no more than three times the median income, Teton County, Idaho, has already slipped out of the range considered affordable.

PERCENTAGE INCREASES IN HOUSING STOCK AND HOME PRICES 1990 - 2000		
County	Increase in Housing Stock	Increase in Median Home Price
Teton Co, Wyo.	45%	259%
Teton Co., Ida.	60%	125%
Lincoln Co., Wyo.	26%	58%

Source: U.S. Census Bureau

Business Transitions

The spillover of Jackson workers has also meant growth in the commercial sectors of the outlying communities. Even though Teton County, Wyoming, continued to show an uptick in commercial building activity, the percentage paled in comparison its Idaho neighbor.

COMMERCIAL BUILDING PERMITS ISSUED 1990 - 2005			
	1990 – 1995	1996 – 2000	2001 – 2005
Teton Co, Wyo.	129	219	247
Teton Co., Ida.	1	30	123

Source: U.S. Census Bureau

The differences go beyond just numbers. As Jackson's resident population became more affluent, the demand for amenity-rich services also grew. And so the local drugstore became a high-end furnishings shop; Fred's Market became Sotheby's Realty; Denny's Restaurant became the Rendezvous Bistro; Knobe's Office Supply became Staples; the Wax Museum became Eddie Bauer's; Wyoming Outfitters became the Gap; a discount outlet became a fine art gallery. The skyrocketing price of land also helped spur many of these commercial changes. Lofty rents require businesses with high-volume or high profit-margins.

The increase in commercial activity in Teton County, Idaho, suggests that the spillover effect is creating some opportunities. So far, however, the growth has not been in sectors that create long-term economic stability within the local communities. The percentage of jobs provided within the county relative to its population remains below what is considered economically healthy. Even as new jobs are created within these bedroom communities, employers will have to compete for workers with Teton County, Wyoming, which pays higher salaries. That may eventually leave these local businesses with some difficult choices: raise wages, cut staff or close up shop. If they chose to increase salaries, these now affordable communities could enter the sort of inflationary spiral that transformed Jackson.

WHAT PEOPLE EARN – MEAN WAGES BY INDUSTRY – 2004				
	TC, Wyo.	% of Jobs	TC, Ida.	% of Jobs
Construction	$42,068	12%	$27,130	18%
Retail	$28,400	12%	$19,802	13%
Accommodations & Food Services	$23,209	36%	$12,584	13%
FIRE*	$51,141	4%	$24,616	4%
Professional	$55,686	4%	$32,547	8%
Government	$42,621	11%	$25,423	21%

Sources: Teton County, Wyoming, statistics are from Wyoming Department of Employment; Teton County, Idaho, statistics are from Idaho Dept. of Commerce and Labor. FIRE--Finance, Insurance and Real Estate*

Public Safety

Hard numbers and specific surveys don't exist on the relationship between the increased commuter traffic and highway safety, but what data do exist suggest cause for concern. In 2006 Teton was one of only three counties in Idaho where collisions increased rather than dropped. A 2006 analysis of highway safety in Wyoming found two popular commuting routes among the state's most dangerous in terms of fatalities and serious injury crashes: Route 22 between Jackson and the Idaho border and Route 238 in Lincoln County near Afton.

COMMUTER ECONOMICS *More than just the price of gas*

Growing populations need more than roofs over their heads. They need schools, police and fire services. They need water at the tap, sewers and a place for all their trash. In other words, they need services that are traditionally supplied by local government. As Jackson and Teton County, Wyoming, grew, they had to face the cost of providing those services—such as the $7.35 million price tag for the Wilson Sewer District infrastructure. Now their neighbors are finding there are similar costs to being a bedroom community. Expanding the already over-tapped sewer system for Alpine, Victor and Driggs will likely cost $15 million or more. Victor just spent $2 million to improve its water system and Alpine needs additional well and storage capacity to meet its water needs. Can they afford it? It depends on how you do the numbers.

Lincoln County, Wyoming, is awash with revenues from the booming natural gas industry in the southern part of that county and has little worry about the fiscal consequences of the unprecedented residential growth in Star Valley. Teton County, Wyoming, enjoys the economic benefits of 3 million annual tourists and one of the wealthiest resident populations in the nation. But Teton County, Idaho, like many state and local governments, must rely primarily on property taxes to pay for public services.

Property Tax and Its Limits

As in a number of states, Idaho has placed a cap on property taxes. It limits the annual growth in revenue to 3 percent. Yet in Teton County budget expenditures are growing at nearly 12 percent. Such increases would be impossible if it weren't for a critical exception to the tax limitation law: Newly constructed buildings are exempt from the cap in their first year.

The current growth boom in Teton County, Idaho, has delivered an average of 186 new houses onto the tax rolls each year since 2000. That new construction created a significant amount of revenue that was exempt from the tax cap. This windfall of rapid growth has allowed the county to dodge a bullet and meet the needs of its many new residents. But not forever. Many of the expenses imbedded in the growing budget are not one-time expenditures. In essence, the county is paying for recurring expenditures with non-recurring revenues.

Eventually growth will slow and probably even out. The flood of revenue generated by the uncapped taxes on all that new construction will turn to a trickle. Where will the county turn to meet a budget that became dependent on that temporary surge?

What does it mean for Jackson Hole and Teton County, Wyoming, when their neighbors can no longer afford to supply their commuting workers with housing, schools and other essential services?

Revenue Sharing

Discussion of these regional interdependencies logically leads to the question of whether revenue sharing might be one solution to the challenges presented in this report. But, as with the social and economic dynamics of the region, it is a complicated option to pursue.

The legal authority of the region's counties is limited to what is expressly granted to them by their state legislatures. As such, they have no authority to enter into any general sharing of expenses or revenues. Shared funding of a specific service, on the other hand, can be undertaken, and there is a history of such joint efforts. For example, the two Teton Counties shared the costs of upgrading and maintaining a road that straddles the Idaho/Wyoming state line. Therefore, efforts to share costs and revenues stand a greater chance of success if they are aimed at specific projects, especially if the initial steps involve small expenditures. Besides avoiding the legal obstacles, these sorts of smaller, highly targeted projects could help reduce the political resistance to much more ambitious revenue-sharing proposals.

The financial burdens of regional growth might also be shared through in-kind services. For example, Teton County, Wyoming, provided its engineering department to its Idaho counterpart to prepare the design of a trash transfer station. In return, Alta, Wyoming, residents continued to enjoy the use of the Idaho landfill and transfer station. Similar types of shared resources can be achieved for a broader array of services. This is a bigger issue for Teton County, Idaho, than for Lincoln County due to the natural gas revenues accruing to Lincoln.

COMMUTING & COMMUNITY *Why does it matter if you can afford the gas?*

It is not easy to define or to measure the impact that rapid growth and a commuter-dependent economy have on the character of a place. Residents of this three-county region know what is special about the place – wide open spaces, majestic mountains, grand valleys and blue-ribbon trout waters. They like knowing their neighbors, but also knowing there is plenty of space to get away from humanity when they need to. They like the safety and the sane pace of life. Social scientists label these qualities with names like livability, affordability and sustainability. But, do they know how to maintain it?

As few as 20 years ago the region was economically relatively healthy and self-sustaining. Each county, including Teton County, Wyoming, was able to fill its jobs, house its workers, pay its bills and maintain its unique identity. In the ensuing years, it has undergone a transformation that has been repeated in a growing number of western communities.

Resort communities were among the first to experience the effects of "urban flight" –people who came to seek refuge from the stresses and problems of the city. The go-go economy of the 1980s and the 1990s' dot-com boom added to the list of people wealthy enough to make that break permanent. Wyoming's favorable tax structure contributed to Jackson Hole's allure as a home base. The approval of commercial jet traffic at the local airport, followed by the development of a number of high-end resorts and residential areas accelerated the trend. And before long, those essential elements of livability, affordability and sustainability disappeared for practically all but the very wealthy. As has been discussed in the previous sections, that change has had ripples that deeply affect the population and economies of neighboring communities. What of the impacts on the character of those communities?

Could History Repeat Itself?

The changes unfolding in Teton County, Idaho, are remarkably similar to those that played out Jackson. The Driggs Airport has become a burgeoning facility with robust private jet traffic, and one can easily foresee commercial flights sometime in the near future. Several large-scale golf-course developments are underway tailored for high-end buyers and second-home owners. Grand Targhee Resort located in Alta is proposing a significant expansion that would transform the ski area from the hometown ski hill to a destination resort. After a contraction in the number of second homes built in the county during the 1990s, anecdotal information suggests that perhaps 25 percent of the new housing starts in the last five years were for second or vacation homes.

THE ROLE OF GROWTH *Too much of a good thing?*

Underlying any discussion of regional cooperation is the question of growth. Specifically, how can the community guide growth in a way that reflects the values of its residents and ensures the natural, economic and cultural vitality of the entire region.

The rapid growth of Jackson Hole and Teton County, Wyoming, eventually moved those communities to enact fairly elaborate development regulations and permit requirements. Those hurdles, coupled with the very high cost of land, create a significant disincentive for new development. Some say it's a case of shutting the barn door after the cows got loose. Others say it is the scourge of outsiders who come to a place for its beauty but then want to stop others from coming to enjoy it too.

By contrast, rules and procedures are comparatively easy in Lincoln County, Wyoming, and Teton County, Idaho. In the latter's case, as of the fall of 2006, there were 8,200 subdivided lots and parcels for the entire population of 8,500 people. If the county were to build out at currently allowed levels, it could accommodate a population of 85,000 people. In addition to allowing the large number of subdivision lots, there is practically no control over their location. Twenty-nine percent, or 675, of the lots are located north and west of Tetonia in the far northern part of the county. These lots are far from commercial services, are on the opposite end of the county from the Wyoming connection, and expand the footprint of development into parts of the county that have long been farmed.

Lincoln County, Wyoming, enacted a short-term moratorium on new subdivisions to provide time to strengthen local regulations, but the changes were not far-reaching. Development applications are not subject to rigorous standards or review procedures. For example, a large-scale development containing 198 townhouse condominiums, 54 mixed-use sites and 10 commercial sites received master plan approval from the county commission based on an architect's conceptual illustration—that is, without engineered site plans or detailed plans for water and sewer service.

Clearly, there are stark differences in the attitudes about and controls placed on growth within the region. A significant challenge to any regional dialogue is the reality that the core community thrives on strict growth limits while diverting high-impact development to neighboring communities.

WHERE DO WE GO FROM HERE?

The goal of this report is not to prescribe solutions. Decisions about the future of these communities, whether as individual counties or a broader region, will be most successful if they come from within. We do hope this document will spark serious discussion and collaboration that will generate action.

The desire for regional dialogue and solutions is not new to the Teton region, and future efforts can benefit from past work. Most relevant is a local nonprofit corporation named Teton Area Advisory Forum (TAAF) that was created by several local citizens as a host for discussions of regional significance. The nonprofit does not take sides on issues and is not proactive. It convenes meetings only when asked to provide a forum. Government officials from the two Teton Counties and municipalities in them, representatives from other nonprofit agencies, and major employers have been regular attendees at meetings. Invitations to Star Valley have been extended in the past but no responses were received.

The group's activities have ebbed and flowed over the years, and it has not been very active lately. Although it lacks significant authority to bring about changes, it does provide one very important advantage. Because of its existence and objective role in the past, no one would question TAAF's authority to convene initial meetings on a regional dialogue.

The crucial thing is that serious and substantial discussions begin now, while enough time and options exist to enable effective, community-guided action.

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