

ECONOMIC IMPACTS ON THE REGIONAL ECONOMY

Measuring the cumulative impact the Port of Lewiston has as a multi-modal, multi-dimensional, multi-jurisdictional and full scale economic development agency.

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PORT OF LEWISTON EXECUTIVE SUMMARY

In 1997, the Ports of Lewiston, Clarkston and Whitman County collectively sponsored Steven Peterson,* a research economist and Clinical Assistant Professor of Economics at the University of Idaho, to conduct a Tri-Port Economic Impact Study. In the fall of 2013, these entities re-sponsored Steven Peterson, principal investigator, to conduct a partial update to the previous study. Specifically, it focuses on three objectives when discussing the Port of Lewiston:

- Exploring the Port's role as one of the region's most important economic development agencies.
- Analyzing the economic

impacts created by the firms associated with the Port.

 Analyzing the important trends in the regional economy over the last decade.

Although water transportation is the primary role that is usually associated with Ports, this report illustrates it is only a portion of the Port of Lewiston's overall operation. The Port of Lewiston is a multidimensional, multi-modal, multi-jurisdictional, and full-scale economic development agency.

The footprints of economic development agencies can have lasting cumulative impacts on economies,

especially in the role they play in attracting and retaining businesses and industries and in the development of business clusters. This study measures that cumulative impact.

Working in cooperation with the Nez Perce County, the City of Lewiston, and Valley Vision, a primary objective of the Port is to encourage economic growth to make the valley a competitive force in the regional marketplace. By doing so, we work together to improve employment opportunities and the standard of living within our community. Every dollar of tax payer investment creates \$8.80 in local tax revenue.

INTRODUCTION

Economic Development Role

Exploring the Port of Lewiston's role as one of the region's most important economic development agencies.

For every dollar of tax payer investment by the Port, approximately \$8.80 in local tax revenues are created by the economic activities and the entrepreneurial firms associated with the Port.

The Port of Lewiston's economic development niche is served in a capacity not fulfilled by any other local economic development partner. Tax dollars levied by the Port are not used for Port operations. These property tax dollars are reinvested back into Nez Perce County for economic development functions,

Since 1996, one half of the largest sector of the economy, wood products, has been replaced by the ammunition, boat building and other expanding manufacturing industries.

Measured cumulatively from 2001-2013 Nez Perce County manufacturing employment increased providing a large stable sector with above average wage employment.

primarily through infrastructure and property development to help build the necessary land inventory for lease or re-sale. (ie: Southport, Northport, Harry Wall Industrial Park, and the Business & Technology Park). The Port was also instrumental in the successful development of Nez Perce Plaza Planned Unit Development.

In FY2013 the Port levied \$450,000 in property taxes. The Port then invested this amount back into Nez Perce County which provided approximately \$3.97 million in local tax revenue (mostly property tax revenue) to local governmental entities (including the multiplier effects).



Associated Economic Impacts

Analyzing Economic Impacts by firms associated with the Port of Lewiston.

Firms and business associated with properties owned or developed by the Port provide 1,840 direct jobs in the region, which is approximately 9.1% of Nez Perce County's covered employment or 7.3% of all employment.*

Examples of firms and businesses associated with the Port's business development activities include:

 Businesses currently located on the properties developed, but not longer owned, by the Port (ie: ATK Sporting Group, Bentz Boats, Schweitzer Engineering Laboratories, Howell Machine, Interventional Pain Consultants, Fed Ex).

- Businesses requiring intermodal transportation services supporting the region and international trade (ie: Swift Transportation, Pacific Steel & Recycling, George Brocke & Sons).
- Businesses that have participated in the Port's incubator program (ie: Clearwater Canyon Cellars, Seekins Precision).

Regionally, the total 2013 direct and indirect economic impacts include \$503.4 million in sales.

\$200.3 million in gross regional product, \$120.3 million in total compensation, 2,736 jobs, and \$14.8 million in total state and local taxes.

This represents an increase of 106% in direct jobs associated with Port developed properties since the previous 1997 study. See Exhibit 3

^{*}Covered employment, measured by the Quarterly Census of Employment and Wages (QCEW-2013 Year) represents jobs covered by unemployment insurance and excludes self-employed workers. Total employment, a broader measure of employment as measured by the Bureau of Economic Analysis (BEA 2012 Year) includes covered jobs, self-employment, and other categories.

For every 1 Port of Lewiston employee there are 263 direct jobs on Port associated properties or 1 PORT EMPLOYEE TO EVERY 391 TOTAL JOBS

(including the multiplier effects).

Regional Economic Trends

Analyzing trends in the regional economy over the last decade.

Today (2012/2013) Nez Perce County is the regional leader in manufacturing jobs, constituting about half of all manufacturing jobs in the Quad County region (53% of all covered manufacturing jobs (QCEW) or 46% of total manufacturing jobs (BEA).

The Quad County region (Nez Perce, Latah, Asotin, Whitman) has had a stable, slow growing economy with a significant manufacturing and high education sector, both of which provide high paying jobs relative to the broader regional economy.

Historically, Nez Perce County has had a mature, natural resource based economy with below-average employment and population growth. Since 53% of all of jobs located on properties owned or developed by the Port of Lewiston are related to manufacturing; and 87% of all jobs are related to both manufacturing and Port-related transportation (hauling products to and from the Port via water, trucking and rail). See Exhibit 2

1996, one-half of the largest sector of the economy, wood products, has been replaced by the ammunition, boat building and other expanding manufacturing industries.

Measured cumulatively from 2001-2013 Nez Perce County, manufacturing employment increased providing a large stable sector with above average wage employment.

The Port's diversification maximizes the community's return on investment through the Port's contribution to economic development.

The Port of Lewiston's role in supporting the growth of evolving manufacturing and technology sectors through property and infrastructure development, transportation infrastructure, business incubator program and aligning with complementary agency partners demonstrates an example of strong economic leadership.



Water transportation is the primary role that is usually associated with Ports, but that is only a small portion of their overall missions and operations. The Port of Lewiston is a multi-dimensional, multi-modal, multi-jurisdictional, and full-scale economic development agency. The Port has co-evolved with both Lewiston's economy and the broader regional economic development in the last couple of decades. The focus of this analysis is on the Port of Lewiston's economic contribution to, and co-evolution with, the Quad County economy.

PORT OF LEWISTON OVERVIEW

The Port of Lewiston was created in 1958 with an 80% support of the Nez Perce County voters. Per Idaho Code 70-1101 the Port oversees harbor operations, terminal facilities, international trade, and industrial and economic development.

The Port of Lewiston is the one of the regions' most important and vital economic development agencies. Port economic development activities include: industrial parks, business and technology parks, business incubator facilities, transportation, and infrastructure development:

 The water-based Northport location includes the Port's warehousing and container terminal operations, Swift Transportation, Excel
Transportation, Pacific Steel
& Recycling and many
other tenants. This area is
mostly zoned "Port" and
also houses the incubator
facilities.

- The Southport Industrial
 Park is home to over 680
 jobs and includes businesses
 such as ATK Sporting Group,
 Howell Machine, Bentz
 Boats, and the Idaho State
 Juvenile Detention facility.
 The Port no longer owns
 property within this park.
- The Business and Technology Park, located within Nez Perce Plaza and the heart of Lewiston, includes Schweitzer Engineering Laboratories, Interventional Pain

Consultants and is the future home of Clearview Eye Clinic & Surgical Center. This area is part of a PUD and targets light manufacturing and professional office space.

The Harry Wall Industrial
 Park includes EKO, PCS
 Laser & Engraving, Fed Ex
 Ground Distribution Facility,
 City of Lewiston Transfer
 Station, and the Nez Perce
 County Adult Detention
 facility. This area is
 strategically located for easy
 access to Hwy 12, zoned
 heavy industrial and has
 the largest land inventory
 available for business
 development.



The Port of Lewiston is one of the Region's most important and vital economic development agencies. Firms and business associated with the Port create a substantial portion of the regional economy that increases with each passing year.

Partnerships

The focus of the Port of Lewiston's mission is job creation. The Port partners with local businesses and agencies such as Valley Vision, Clearwater Economic **Development Association** (CEDA), Urban Renewal Agency, the Small Business Development Center, and the Lewis-Clark Valley Chamber of Commerce to serve business development needs. Each entity provides a specific role to assist in business development within Nez Perce County. By developing industrial and commercial property, the Port is providing a key component for attracting new businesses and assisting existing businesses in expansion. The Port of Lewiston then sells or leases these properties, depending upon business needs, and the jobs then benefit the regional economy.

Port Operations

The Port of Lewiston directly employs approximately 7 people and historically operates on a budget that ranges from \$1.8 million to \$2.3 million depending on its yearly activities. The Port's operations are fully supported by lease payments and rental income; not taxpayer dollars. Taxpayer monies are only utilized for capital improvements that create a future flow of benefits to the Nez Perce County economy.

The primary source of revenue for the Port FY14 fiscal audit includes terminal revenue of approximately \$0.740 million, rental income of \$0.486 million, tax levy of \$0.465 million, sales tax levy of \$0.105 million, and Lieu tax of \$0.062 million. In addition, the Port received \$1.621 million in state and federal grants, \$0.60 million in REDIFIT loan, interest of \$0.011 million, and property sale of \$0.430 million.

The primary operating expenses are salaries and operating costs, terminal operations, and other expenses.

Transportation Infrastructure

The Port of Lewiston supports a multi-modal array of transportation including: trucking, water transportation, railroads, and telecommunications. Lewiston and the Lewis Clark Valley is situated in a box canyon in mountainous north central Idaho. Each of these infrastructures historically have been under-developed with much of the infrastructure aging and inadequate. The Port carries out an essential function in maintaining and expanding these infrastructures in a multimodal strategy to promote transportation diversification and competition.





Northport Before



Northport After



Business & Tech Park Before

Business & Tech Park After

PORT OF LEWISTON'S DIRECT IMPACTS

Both nationally and state-level manufacturing employment has seen great fluctuations over the last decade given the severity of the 2007-2009 recession and subsequent slow recovery. Nez Perce County held its own over this time period (2001-2013) when the State of Idaho faced a sharp decline. As measured cumulatively from 2001-2012, manufacturing employment actually increased by about

As measured cumulatively from 2001-2012, manufacturing employment actually increased (by 1%- 2%) when the broader state and regional economies were declining sharply. Nez Perce County manufacturing employment jumped 20% from 2012 to 2013.

1%-2% when manufacturing in the broader state and regional economy was declining sharply. Nez Perce County manufacturing (covered) jobs increased approximately 20% from 2012 to 2013. Several key drivers of the Nez Perce County manufacturing growth has been the entrepreneurial firms situated in the Port of Lewiston or on land developed





Harry Wall Industrial Park



Southport

by the Port of Lewiston such as ATK Sporting Group, Seekins Precision and Schweitzer Engineering Laboratories.

Lewiston has a shortage of flat, level, land available to commercial and industrial expansion. The Port of Lewiston has provided considerable infrastructure that helped facilitate entrepreneurial firms who build jobs in the regional economy. Nez Perce County historically has had

a mature, natural resource based economy that has experienced below-average employment and population growth See Exhibit 4. The Port of Lewiston continues to be an essential player in providing infrastructure for attracting new businesses and expanding existing businesses.

Total direct employment associated with the Port of Lewiston grew approximately 106% cumulatively since 1996,

from 895 jobs to 1,840 in 2013. See Exhibit 3

Firms and entities associated with the Port of Lewiston provide direct jobs to approximately 1,840 workers in the region, which is approximately 7.3 percent of Nez Perce County's total employment or 9.1 percent of its covered employment, not including the multiplier effects.

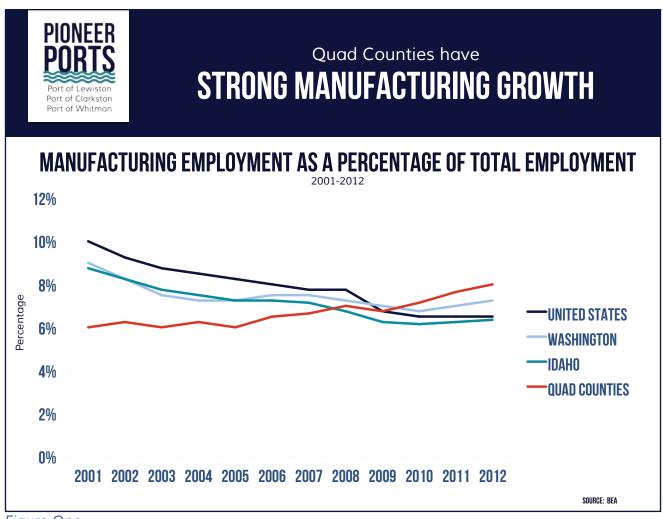


Figure One

Approximately 53% percent of total direct Port-related jobs are in basic manufacturing or high technology production. The Port has been instrumental in enhancing the manufacturing base of the Quad County region at a time when the broader state and regional economies were facing manufacturing decline. See Figure One

In addition to manufacturing, trucking firms constitute 28 percent of jobs associated on Port properties, Port-related transportation (6 percent), construction (1 percent), economic development (6 percent), health/education/recreation (4 percent), and wholesale/retail/recycling (3 percent). See Exhibit 2

Port-related transportation firms reflect jobs associated with hauling products to and from the Port of Lewiston. They include water transportation, trucking and rail.



PORT OF LEWISTON'S TOTAL ECONOMIC IMPACT

The ownership patterns among the firms associated with the Port of Lewiston vary. Some firms lease land (ie: Atlas Sand & Rock), some firms lease both land and buildings (ie: Swift Transportation), while other firms purchase the land outright (all of Southport Industrial Park).

Port of Lewiston's Impact (Including Multiplier Effects):

- 2,736 jobs
- \$503.4 million in sales transactions
- \$200.3 million in gross regional product
- \$120.3 million in total compensation
- \$14.8 million in total state taxes
- Local taxes: \$3.97 million
- State sales/excise taxes: \$8.98 million
- State income and other taxes: \$1.99 million

The impacts include the multiplier impacts from backward linkages to the local economy and from the impact of resulting employee and consumer spending.

Economic activity from the firms associated with the Port of Lewiston in the Quad County region creates economic activity that is equivalent to



\$200 MILLION

Gross Regional Product

\$120 MILLION \$14.8 MILLION
Total Compensation State & Local Taxes

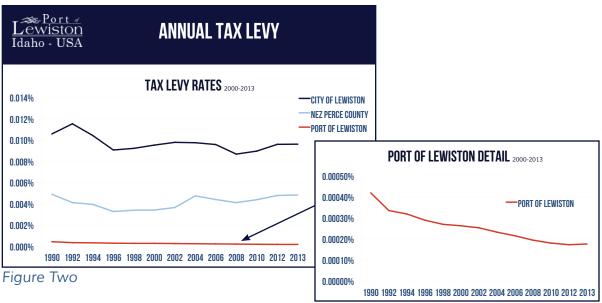
*TOTAL IMPACTS INCLUDE DIRECT, INDIRECT AND INDUCED

approximately 13.6 percent of all the sales transactions in Nez Perce County, 11.3 percent of the gross regional product, 10.7 percent of all total compensation, 10.8 percent of all jobs (including self-employed) or 13.5 percent of covered employment (excluding self-employed workers), and 11.5 percent of all indirect business taxes (i.e. property taxes, sales taxes, and excise taxes).

For the Quad County region, the firms associated with the Port of Lewiston create approximately 5.1 percent of the sales transactions, 3.9 percent of gross regional product, 3.7 percent of total compensation, 3.4 percent of all jobs (including self-

employed workers) and 3.8 percent of all indirect business taxes.

The direct tax payer support for FY 14 was approximately \$465,000 all of which goes to capital improvements and expenditures, not operations. Total local taxes generated from all of the firms associated with the Port, including the multiplier effects, was \$3.97 million. For every one dollar (\$1.00) of taxpayer support, the firms associated with the Port of Lewiston created a total of \$8.80 of local tax revenues; or alternatively, if the Port of Lewiston is responsible for as little as 11% of the total economic activity of the firms associated with the Port, the Port would pay for itself.



While the overall property tax levies have remained relatively constant for the City of Lewiston and Nez Perce County since 1990 Figure Two, the Port of Lewiston tax levy has been fallen by 61% Figure Three, which demonstrate fiscal stewardship for job creation/economic development efforts.

Figure Three

By The Numbers

Economic Activity by firms associated with the Port of Lewiston means:

- Every \$1.00 of Port tax dollar creates \$8.80 in local tax revenue dollars.
- The 1,840 actual (direct) jobs associated with the Port constitute 9.1% of Nez Perce County's total covered employment—106% increase since 1996.
- Including the multiplier effects, the Port job impacts increase to 2,736 direct and indirect regional jobs.
- The Port invests a minimum of \$450,000 annually into economic development (20% of annual Port revenues).

 Total economic impacts reached \$503.3 million as measured by sales transactions from all Port and business operations.



Tax Payer Investment Only. Not used for Port Operations.



Every dollar of tax payer investment creates \$8.80 in local tax revenue.



Local revenue tax generated by firms located in the Port of Lewiston development properties.* Tax dollars are invested back into your communities.





REGIONAL ECONOMY OVERVIEW

The regional economy includes the counties of Latah and Nez Perce, situated in the state of Idaho, and Asotin and Whitman, situated in the state of Washington. The four counties are located in north Idaho and eastern Washington along the Idaho-Washington border. The major cities situated in each county are Pullman, Washington (Whitman County), Moscow, Idaho (Latah County), Lewiston, Idaho (Nez Perce County), and Clarkston, Washington (Asotin County). The Idaho communities of Lewiston and Moscow, and Pullman and Clarkston in Washington, are the major population centers. They are often referred to as the Ouad Cities or Ouad Counties.

Trade flows (wholesale and retail trade patterns) observed for the region have both east-west and north-south elements. Exhibit 1 illustrates these broad regional trade patterns at the local level. The dominant geographical

Lewiston is the largest community in the Quad County region and the largest trade hub.

location in the trade hierarchy is Spokane, Washington, which is the regional economic hub encompassing eastern Washington, northern Idaho, western Montana, and southwestern Canada. Spokane provides the widest range of goods and services for local businesses and households, and the most competition within each of the markets for goods and services.

At the next level in the system of trade centers forming the trade hierarchy, is the local trade "hub" of Lewiston, Idaho. The number of goods and services, and the degree of competition in markets, is measurably smaller for Lewiston than for Spokane.

At the third level of the trade center hierarchy, the towns of Moscow, Pullman, Grangeville, and Orofino appear as local trade hubs. For example, Grangeville serves as the hub for the towns of White Bird, Riggins, Elk City, Kooskia, and Cottonwood, providing a smaller range of opportunities for residents' market expenditures.

Lewiston and Clarkston are located at the confluence of the two largest rivers in the state of Idaho — the Snake River and the Clearwater River. There are three area Ports: The Port of Lewiston on the Clearwater River, the Port of Clarkston on the Snake River, and Whitman County which has three Port locations — Wilma, Almota, and Central

Ferry, all on the Snake River.
There are two dams extending water transportation to the region — Little Goose and Lower Granite. Lower Granite, built in the upper reach of the Lower Snake, was completed in 1975, bringing water transportation to the Lewis Clark valley. The Port of Lewiston has grown to be a major part of the area economy since water transportation became available in 1975.

Historically the Quad County has been a slow-growing region in contrast to their respective fast-growing states. Lewiston is the largest community in the Quad County region and the regional trade hub. The county has approximately 849.1 square miles, ranking 33rd in the state. Population density was 46.3 persons per square mile in 2010. The population of the Quad Counties grew 9.8 percent cumulatively in the period 2000-2013 from 133,636 people to 146,673 people Exhibit 4. In contrast, over the same period (2000 to

2013) Idaho grew 24.0 percent, Washington (17.9 percent), Ada County-Boise (37.5 percent), and Kootenai County-Coeur d'Alene (31.7 percent) Exhibit 5. The population of Nez Perce County increased modestly from 2010 to 2013 at 1.7 percent, Whitman County grew 4.0 percent, Latah County 2.2 percent, and Asotin County 2.3 percent. Population growth in Asotin County/Nez Perce County and the Quad County area has been slow but steady over the last two decades. The 2000s has been a period of modest but not rapid growth Exhibit 4. Source: U.S. Census.

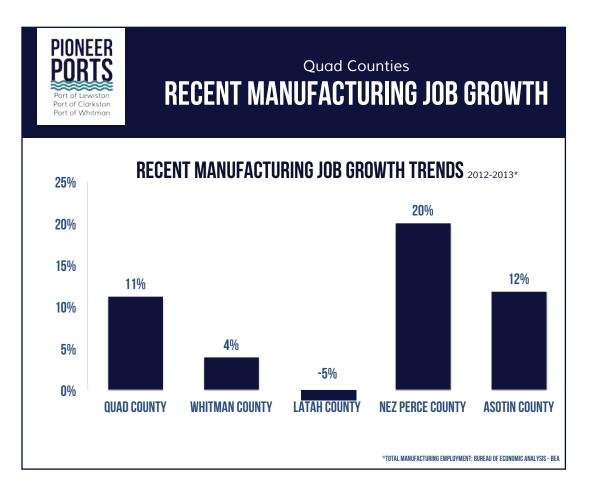
Lewiston's population growth grew a modest 3.7% cumulatively (2000-2012)

Exhibit 6. Thus, population growth in Nez Perce County and the Quad County area has been slow but steady over the last two decades. The one exception, however, is the rapid expansion of Schweitzer Engineering Laboratories' employment and Washington State University enrollments,

which may be altering the population growth projections of Pullman and Whitman County and may be causing spillover population in Lewiston and the rest of the regional economy.

The Lewis-Clark Valley's largest employer is Clearwater Paper Corporation, which operates a paper mill and has approximately 1,350 employees. Idaho Forests Incorporated operates a sawmill with about 130 employees. The Nez Perce Tribe is responsible for 1,328 regional jobs. The Lewis-Clark Valley is home to ATK Incorporated, a small-arms manufacturing plant that employs about 1,210 workers. Lewis-Clark State College (600-762 employees) has a strong teaching, nursing, and vocational education emphasis. Retail giants, Walmart (439 employees) and Costco (170 employees) are located in Clarkston, Washington. Schweitzer Engineering Laboratories currently employs





about 240 workers in Lewiston and expects to increase that number to 500 jobs in the near future. St. Joseph's Regional Medical Center (900 employees), Tri-State Memorial Hospital (387 employees) and other health care services are also an important industry as well as Regence BlueShield (600-750 employees), which provides health insurance. Sources: Various including Idaho Department of Labor and Valley Vision.

Retail trade has grown sharply in the last decade. A number of new establishments have moved to Lewiston including retail trade, fast food, and dining establishments. Lewiston is a retirement community and shares the banana belt distinction with Clarkston. Lewiston receives so little snow it has virtually no snow removal equipment. Recreation is an important industry because Lewiston is located at the confluence of the Snake and Clearwater rivers, the Gateway to Hells Canyon. Nez Perce County has a large retail boat industry and jet boat manufacturing industry with the Lewis-Clark Valley considered the "Jet Boat Capital of the World".

Broadly speaking, the largest sector of Nez Perce County's economy in 2010 was services, which comprised about 36 percent of total direct employment (Bureau of Economic Analysis [BEA]). Individually, the sector rankings were state and local government (15 percent), health care (15 percent), retail trade (11 percent), and manufacturing (11 percent).

Regional Economy Emerging Trends

Overall, the Quad County region has had a stable, slow growing economy with a significant manufacturing and high education sector, both which provide high paying jobs relative to the broader regional economy. Nez Perce County, in particular, has benefited from a large stable manufacturing sector that has provided above average wage employment. The economy grew relatively slowly during the expansion years but has weathered the current recession better than many other previous faster growing regions due to economic diversification.

The character of the Quad County economy is in a state of change. Historically, the economy has been based heavily on both natural resource industries (particularly wood and paper manufacturing) and state government employment, which are stable, mature, and in a possible state of decline. Clearwater Paper, for example, (formally Potlatch Corporation) has seen a

Nez Perce County in particular has benefited from a large stable manufacturing sector that has provided above average employment. The economy has weathered the current recession better than many other previous faster growing regions due to economic diversification.

reduction of several hundred employees over the last decade. Recently, the region has attempted to expand and attract several high technology firms (most notably Schweitzer Engineering Laboratories), manufacturing firms, and retail trade businesses in an effort to diversify the economy. ATK (1,210 jobs), along with a cluster of ammunition and armament firms has seen a substantial increase in local employment and may currently employ over nearly 2,000 jobs.

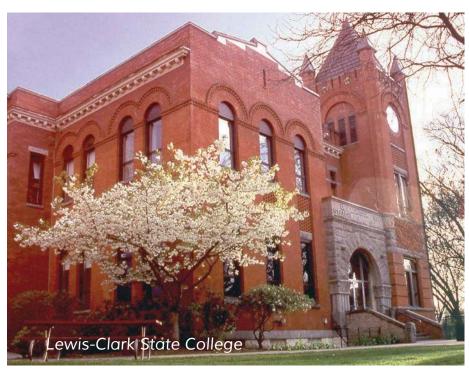
Nez Perce County is the regional leader in manufacturing jobs, constituting 53% of the total (covered) regional Quad County manufacturing jobs and 46% of all total manufacturing jobs. An economic base assessment taken from the Timbersheds Study in 1996 is illustrative of changes in the Nez Perce County economy. The largest sector of the economy was wood products, which contributed 24.9 percent of the employment in the community and 34.7 percent of the earnings at its peak. Today, approximately 50% of this has been replaced by the ammunition, boat building, high technology manufacturing and other expanding manufacturing industries. The second largest sector was the central function (CF) of the community. This represents Lewiston's role as a trade center for the Quad County region. Lewiston is the trade hub of the Quad County region.





The Nez Perce County economy is diversifying. For example, Schweitzer Engineering Laboratories has overtaken Clearwater Paper of Lewiston (1,350 employees) as the Quad County's region's largest direct employer with approximately 2,300 employees in Pullman, Washington and Lewiston, Idaho. The ranking Nez Perce County employers include Clearwater Paper, the Nez Perce Tribe, ATK (ammunition manufacturing), and St. Joseph's Regional Medical Center.

Wood products manufacturing, which has been in a state of regional decline, has seen some recent increases with the reopening of the Bennett mill in the Port of Wilma Industrial Park (across from Clarkston,



Washington) and the purchase of the former Clearwater Sawmill by Idaho Forest 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), Walla Walla Community College (WWCC) and Lewis-Clark State College (LCSC). The student enrollment increases at WSU over the last decade have reversed two decades of stagnation in student enrollment in Pullman. Students constitute about 25% of the Quad County's population (36,000 students).

Commuting and trade flows run east-west more than north-

south in the Quad County region. Both Nez Perce County and Whitman County are net exporters of jobs. That results in a net inflow of commuters that live elsewhere and work in those counties. For example, approximately 45% of Nez Perce County workers live in other regional counties, the most important is Asotin County where approximately 3,779 Nez Perce County workers live.

Methodology

Primary data was supplied from the Port of Lewiston including budgets, information on tenants, and other pertinent information.

Secondary information was obtained from the IMPLAN software and data package, the U.S. Bureau of Economic Analysis, Department of Commerce; U.S. Bureau of Labor Statistics, Department of Labor, and the U.S. Census Bureau, Department of Commerce.

The analysis was conducted with a custom built 2011 IMPLAN Input/Output four-county economic model adjusted to 2013 dollars (i.e. the Quad-County region) for Whitman County, Asotin County, Latah County, and Nez Perce County. An Idaho State 2011 IMPLAN model was also built and employed for estimating some analyses (where appropriate).

An economic impact assessment is founded on an economic base theory. A base activity is one that

brings new monies into a regional economy. Most of the economic activity associated with the Port of Lewiston was considered basic. For example, over 50% of the economic activity associated with the Port of Lewiston is derived from manufacturing firms and virtually all those sales occur outside the regional economy. Trucking was considered basic for two reasons. First, a sizable portion of the trucking revenues occurs outside the regional economy. Second, the trucking firms are potentially mobile, and can locate in virtually any region or economy. Thus, if they could not find suitable facilities in Lewiston, they could easily relocate elsewhere, taking their revenues with them. Finally, most of the other firms operations in the study were considered basic, either because of the majority of the revenues was primarily from outside the region or the firms could have easily located outside the regional economy in the absence of adequate

facilities in Lewiston. Of the total 1,840 direct jobs, approximately 1,729 were considered basic or 94% of the total. The economic impacts were calculated on base revenues and expenditures.

Economic impacts include the direct impacts of Port-related expenditures and the backward linkages of that spending as it circulates throughout the economy, i.e. the multiplier effects. It also includes the impacts of consumer spending relating to this economic activity. The following economic model outputs are reported:

Sales: Reflects the total transactions from all sources in dollars by direct, indirect, and induced economic activity (i.e. including the multiplier effects).

Gross regional product (or value added): A subset of sales. It is a measure of the net increase in the economy resulting from



an increase in local base expenditures. It includes, wage and salary earnings (payroll), proprietors' income, other property income, and indirect business taxes.

Earnings (payroll): A subset of gross regional product and includes wage, salary, and other income payments including fringe benefits to workers (including the multiplier effects).

Employment: Represents the total employment resulting from economic activity (including the multiplier effects).

Taxes: This analysis includes all taxes, including personal income taxes and corporate income taxes. At the local level, they primarily include property and sales taxes (including the multiplier effects).

The primary indicators of economic activity most relevant are value added.

earnings (payroll), jobs, and indirect business taxes.

With/Without, Caveats, Limitations

This analysis provides both descriptive analysis (i.e. actual employment numbers) and the outputs of the IMPLAN input/output models. The descriptive data alone provides a powerful analysis in its own right of the role of the Port role in the regional economy. The direct employment data was collected confidentially by the respective ports and this analysis is subject to the accuracy of those surveys.

The outputs of the IMPLAN model are based on the assumption that most of the expenditures of the Port activities are basic (i.e. new monies to the communities). To the extent that if some of these activities were non-basic, it would proportionally reduce the magnitude of the impacts.

There is also the "with or without" issue and the question it poses: If the Port of Lewiston did not exist, would the Port-related firms and their respective economic activities still be situated in the region? Would they have never existed at all or would they have left and moved to other communities? To some extent this question is "not knowable." However, the fact that the Ports play such an important integrated role, the provision of industrial infrastructure suggests that a significant portion of this economic activity would likely moved elsewhere in the absence of the Ports.





Conclusion

The Port of Lewiston provides vital commercial and industrial infrastructure necessary for the future growth of Lewiston and the broader regional economy. The Port has played a vital role in enhancing and diversifying the manufacturing base of the Quad County region.

- Over 53% of the jobs associated with the Port of Lewiston are in manufacturing.
- The firms associated with the Port support about 13.5% of the total covered employment (2,736 jobs including the multiplier effects).
- The Port (and associated firms) creates over
 \$500 million in sales

- transactions per year in the regional economy.
- The Port supports a multi-modal array of transportation and infrastructure needed for current and future economic growth and development in Nez Perce County.
- For every \$1.00 dollar of taxpayer support, the firms associated with the Port of Lewiston created a total of \$8.80 of local tax revenues; or alternatively, if the Port of Lewiston is responsible for as little as 11% of the total economic activity of the firms associated with the Port, the Port would pay for itself.

Nez Perce County and the Quad County region has been fortunate to have an increasing manufacturing base during the aftermath of the worst U.S. recession since World War II. There is a great complacency in the region that is taking these jobs for-granted at the risk of great peril. The manufacturing sector is extremely competitive with many states and local entities offering huge incentive packages to entice manufacturing firms to relocate in their regions. The Nez Perce County taxpayers should be vigilant about protecting the county's manufacturing base.

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EXHIBITS

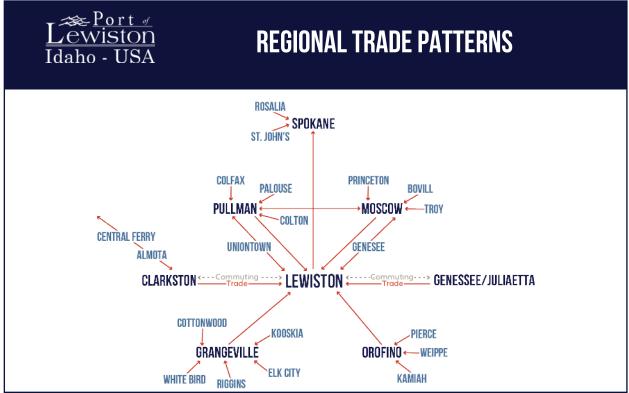


Exhibit One

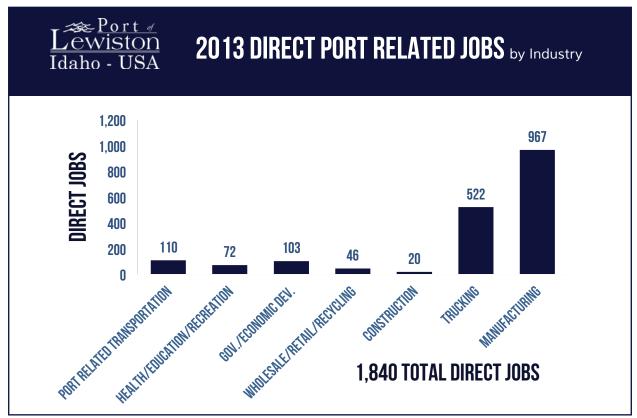


Exhibit Two



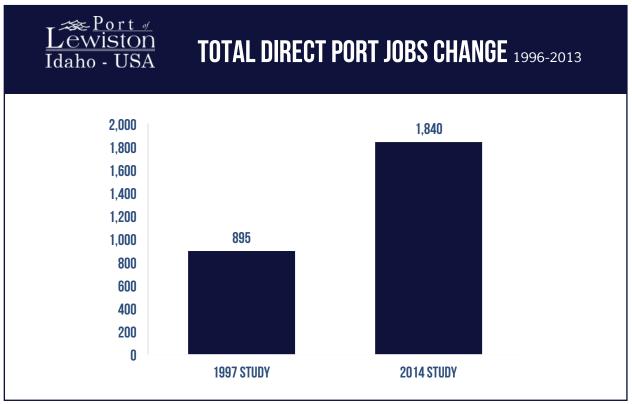


Exhibit Three

	ort / iston - USA	QUAD COUNTY POPULATION GROWTH 1900-2013						
YEAR	WHITMAN COUNTY	ASOTIN COUNTY	NEZ PERCE COUNTY	LATAH COUNTY	TOTAL			
1900	25,360	3,366	13,748	13,451	55,925			
1910	33,280	5,831	24,860	18,818	82,789			
1920	31,323	6,539	15,253	18,092	71,207			
1930	28,014	8,136	17,591	17,798	71,539			
1940	27,221	8,365	18,873	18,804	73,236			
1950	32,469	10,878	22,658	20,971	86,976			
1960	31,263	12,909	27,066	21,170	92,408			
1970	37,900	13,799	30,376	24,891	106,966			
1980	40,103	16,823	33,220	28,749	118,895			
1990	38,775	17,605	33,754	30,617	120,751			
2000	40,740	20,551	37,410	34,935	133,636			
2010	44,776	21,623	39,625	37,244	142,908			
2013	46,570	22,110	39,915	38,078	146,673			
CUMULATIVE GROWTH RATES								
1900-2010	76.6%	542.4%	185.6%	176.9%	155.5%			
1980-2010	11.7%	28.5%	18.2%	29.5%	20.2%			
2000-2013	14.3%	7.6%	6.7%	9.0%	9.8%			

Exhibit Four



Lewiston Idaho - USA

SELECTED COUNTY & STATE POPULATION GROWTH 1900-2013

YEAR	UNITED States	WASHINGTON	KING COUNTY	SPOKANE County	IDAHO	ADA County	KOOTENAI County		
1900	76,212,168	518,103	110,503	57,542	161,722	11,559	10,216		
1910	92,228,496	1,141,990	284,638	139,404	325,594	29,088	22,747		
1920	106,021,537	1,356,621	1,356,621	141,289	431,866	35,213	17,878		
1930	123,202,624	1,563,396	1,563,396	150,477	445,032	37,925	19,469		
1940	132,164,569	1,736,191	1,736,191	164,652	524,873	50,401	22,283		
1950	151,325,798	2,378,963	2,738,963	221,561	588,637	70,649	24,947		
1960	179,323,175	2,853,214	935,014	278,333	667,191	93,460	29,556		
1970	203,211,926	3,409,169	1,156,633	287,487	712,567	112,230	35,332		
1980	226,545,805	4,132,156	1,269,749	341,835	943,935	173,036	59,770		
1990	248,709,873	4,866,692	1,507,319	361,364	1,006,749	205,775	69,795		
2000	282,192,162	5,911,043	1,738,916	418,673	1,299,610	302,992	109,528		
2010	308,745,538	6,724,540	1,931,249	471,221	1,567,582	392,365	138,494		
2013	316,128,839	6,971,406	2,044,449	479,398	1,612,136	416,464	144,265		
	CUMULATIVE GROWTH RATES								
1900-2010	305.1%	1197.9%	1654.8%	718.9%	869.0%	3294.5%	1255.7%		
1980-2010	36.3%	62.7%	52.1%	37.9%	66.1%	126.8%	131.7%		
2000-2013	12.0%	17.9%	17.6%	14.5%	24.0%	37.5%	31.7%		
						SOURCE:	U.S. CENSUS		

Exhibit Five

Lewiston Idaho - USA

IDAHO CITY POPULATION CHANGE

1990-2012

LATAH County	1960	1970	1980	1990	2000	2012	2000-2012
Bovill	357	350	289	256	305	259	-15.1%
Deary	349	411	539	529	552	512	-7.2%
Genesee	535	619	791	725	946	965	2.0%
Juliaetta	368	423	522	488	609	582	-4.4%
Kendrick	443	426	395	325	369	303	-17.9%
Moscow	11,183	14,146	16,513	18,519	21,291	24,499	15.1%
Onaway	191	166	254	203	230	189	-17.8%
Potlatch	880	871	819	790	791	812	2.7%
Troy	555	541	820	699	798	888	11.3%

NEZ PERCE County	1960	1970	1980	1990	2000	2012	2000-2012
Culdesac	209	211	261	280	378	379	0.3%
Lapwai	500	400	1,043	932	1,134	1,140	0.5%
Lewiston	12,691	26,068	27,986	28,082	30,904	32,051	3.7%
Peck	186	238	209	160	186	199	7.0%

SOURCE: U.S. CENSUS/IDAHO STATE

EXHIBITS

Port of Lewiston Economic Impacts on the Regional Economy





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