

LINCOLN COUNTY FAIRGROUNDS
HIGHEST & BEST USE ANALYSIS

DEMOGRAPHIC AND ECONOMIC ANALYSIS OF LINCOLN COUNTY

As a comparative measure for the Lincoln County population trends and projections, Tables 1 and 2 below show the same data for the whole State of Washington according to the U.S. Census Bureau and the Washington State Office of Management and Budget (OMB).

Table 1: Washington State Population Trends, 2000 - 2017

Year	April 1, 2000	July 1, 2005	April 1, 2010	April 1, 2017	Total Δ 2000-2017	Annual Avg. Δ 2000-2017
State of Washington	5,894,121	6,298,816	6,724,540	7,310,300	1,416,179	1.27%

Table 2: Washington State Population Projections, 2010 – 2040 (Intermediate Series)

Year	2010	2020	2030	2040	Total Δ 2010-2040	Annual Avg. Δ 2010-2040
State of Washington	6,724,540	7,604,005	8,403,599	9,100,086	2,375,546	1.01%

Note: These Washington State projections were published in November 2016 while the county projections were published in 2012. While not entirely comparable, they still provide a baseline for the projections at the county level. The 2040 statewide population number is the same in both forecast models.

The OMB projections developed in 2016 indicate that the state's growth rate is expected to slow down between 2010 and 2040 compared to what it was during the period 2000 to 2017. In part, that reflects slower growth during the first years of the forecast as the state was still recovering from the recession of 2007-2008. Despite the slowdown, the statewide growth rate is projected to be greater than 1.0% annually over the period from 2010 to 2040.

PART 1 – LINCOLN COUNTY DEMOGRAPHIC TRENDS AND CHARACTERISTICS

A. Population – current and past trends

Table 3: Lincoln County and Davenport Population Trends, 2000 - 2017

Year	April 1, 2000	July 1, 2005	April 1, 2010	July 1, 2017	Total Δ 2000-2017	Annual Avg. Δ 2000-2017
Lincoln County	10,184	10,177	10,570	10,579	3.88%	0.22%
City of Davenport	1,734	1,699	1,735	1,614	-6.92%	-0.42%

Source: U.S. Census counts and estimates for Lincoln County 2000 – 2017. City of Davenport census counts and estimates for 2000 – 2010; unofficial non-government estimate for 2017.

Lincoln County’s population remained almost stationary over the 17-year period from 2000 to 2017, growing by 395 residents. While it increased by 3.8% from 2000 to 2010, the annual growth rate fell back to only 0.09% from 2010 to 2017 and only showed an increase of 3.88% for the entire 17-year period. Its annual average growth rate over the 17 years was 0.22%.

Although the county as a whole comprises the area of measurement for demographic and economic trends, the numbers for the city of Davenport are also shown to indicate trends in the urban area where the fairgrounds are located. They show a pattern of *declining* population from a relatively small base: from 17% of the countywide total in 2000 to 15.3% in 2017.

Significance: This low level of population growth indicates a lack of growth in demand for local goods and services. Other ways of measuring local demand are examined below in this report but it would be reasonable to assume there is not pent-up demand for local goods and services in Lincoln County. The low population growth rate is also an overall indicator of constraints on growth of the labor force.

B. Population projections (Intermediate Series)

The latest available projections of population by counties in Washington came from the 2017 forecast report from the Office of Management and Budget, Projections of the Total Resident Population for Growth Management. These are shown below in Table 4 for Lincoln County for the period 2010 – 2040. Projections are not available for individual cities.

Table 4: Lincoln County Population Projections, 2010 – 2040 (Intermediate Series)

Year	2010	2020	2030	2040	Total Δ 2010-2040	Annual Avg. Δ 2010-2040
Lincoln County	10,616	10,765	10,926	10,848	232	0.07%

Note: The OMB number for the 2010 population is higher than the U.S. Census number. It was an estimate used prior to the release of the official Census data. The difference of 46 people is not expected to alter the general trends shown in the projections.

These projections show a pattern of almost static population in Lincoln County out to the year 2040. In addition to 30-year total growth of only 2.2%, the age composition of the population indicates declining consumer demand and a declining labor force.

C. Age Characteristics of the Population

Table 5 shows the changes in the age composition in Lincoln County between April 2010 and July 2016.

Table 5: Major Age Groups of Lincoln County Population, 2010 and 2016

	4/1/2010	%	7/1/2016	%
Total Population	10,570	100.0	10,350	100.0
< 5 years	550	5.2	507	4.9
6 - 17	1,850	17.5	1,708	16.5
18 - 64	5,972	56.5	5,548	53.6
> 65	2,198	20.8	2,587	25.0

Source: U.S. Census

Table 5 shows that while the total population of Lincoln County declined by 220 persons between 2010 and 2016, the population in the working age group of 18 – 64 declined by an even greater amount of 424 persons. At the same time, the age group of 65 and over increased by 389 persons. That represents a decline in the working age population of 7.1% over the period of six years. However, the remaining population in the working age group is large enough to support sizable economic development initiatives.

D. Income characteristics

Per capita income in Lincoln County over a 12-month period ending in 2016 was \$25,382 compared to \$32,999 for the state of Washington as a whole, according to the U.S. Census Bureau. The median household income in Lincoln County was \$47,626 compared to \$62,848 in the state as a whole. Based on the population numbers, the per capita figure represents total income in Lincoln County of approximately \$262,703,700.

Income figures need to be weighed against cost of living in order to estimate the comparative economic well-being of the population. However, the Census data show that Lincoln County had 12.5% of its population living in poverty in 2016 compared to 11.3% in the state as a whole.

E. Education characteristics

U.S. Census data show that 91.3% of persons age 25 years+ in Lincoln County had an education level of high school graduate or higher during the years 2012 – 2016 compared to 90.6% statewide. That is a favorable indicator for Lincoln County. However, only 22.0% of that same age group had a bachelor's degree or higher during that period compared to 33.6% in the whole state of Washington. A labor skills survey would be valuable for determining what kinds of skill sets are available in the county population to support jobs requiring a bachelor's degree or higher.

PART 2 – LINCOLN COUNTY ECONOMIC TRENDS AND CHARACTERISTICS

The Washington State Employment Security Department published its latest Lincoln County Profile in August 2016. It provides an overview of the major economic sectors that drive the Lincoln County economy. The following information is paraphrased from that Profile.

Overview

Regional context

Lincoln County is a rural county at the northern edge of the Palouse wheat-growing region. The economy is dominated by wheat. Next to Whitman County, Lincoln County grows the most wheat in Washington State. Annual wheat production can be over 25 million bushels. One point two million acres of the county's 1.5 million-acre area is in farmland and one in every three of those acres is planted in wheat. Lincoln county farmers are very efficient and 2016 production was good. However, wheat prices did drop and have farmers worried about the future. With the drop in wheat prices, the regional economy and local retail sales will be impacted. Livestock production is also an important component of Lincoln county agriculture. A new meat packing plant in Odessa has added diversity to agriculture income.

Tourism activities have increased over the last decade as Grand Coulee Dam and Lake Roosevelt have become more developed.

Local economy

Growth in total nonfarm employment has been relatively slow over the last 12 years, but has managed to minimize losses during the last recession. Employment peaked in 2008, but has slightly declined since then.

Outlook

The Lincoln County goods-producing sector remained unchanged in 2016. Increases in agricultural wealth have spurred construction of storage facilities and warehouses.

The service-providing industry has seen decreases. Losses have come from trade and financial employment. Government employment constitutes almost half of all jobs in the county. In the short term ongoing budgetary problems are expected to continue to limit overall expansion of government. Lincoln County retail sales improved in 2015. But, even with the increase in total retail sales, overall sales tend to be lower relative to the per capita state average. This reflects the large number of purchases occurring in neighboring counties as county residents travel to shop.

Slow population growth over the last decade limits overall economic growth. This is especially true in many small communities where support for services and the replacement of existing public infrastructure are hampered by a declining population. Overall, the population for the county tends to grow much slower and is older than is typical for the state and nation.

Profile of Lincoln County Agricultural Economy

The dominance of agriculture in Lincoln County’s economy suggests that it may provide opportunities for new businesses or other revenue-producing activities at the County Fairgrounds. A profile of the agricultural sector is provided below with data taken from the 2012 Census of Agriculture published by the U.S. Department of Agriculture. While the data are now almost six years old, any new data from the 2017 Census of Agriculture will not become available for at least another year.

**U.S. Department of Agriculture
2012 Census of Agriculture
County Profile: Lincoln County, Washington**

Table 6: Overall Comparison, 2007 - 2012

	2012	2007	% change
Number of Farms	897	798	+ 12
Land in Farms	1,114,940 acres	1,090,178 acres	+ 2
Average Size of Farm	1,243 acres	1,366 acres	- 9
Market Value of Products Sold	\$183,244,000	\$126,216,000	+ 45
Crop Sales \$173,610,000 (95 percent)			
Livestock Sales \$9,634,000 (5 percent)			
Average Per Farm	\$204,286	\$158,165	+ 29
Government Payments	\$20,307,000	\$15,371,000	+ 32
Average Per Farm Receiving Payments	\$29,176	\$25,834	+ 13

Table 6 shows there were 897 farms in Lincoln County in 2012, up from 796 in 2007 although the average size of farms decreased from 1,366 acres to 1,243 acres. The value of all products sold was \$183,244,000 consisting of \$173,610,000 in crop sales and \$9,634,000 in livestock sales. Farms by size and relative distribution of land in use are shown in the graphs below.

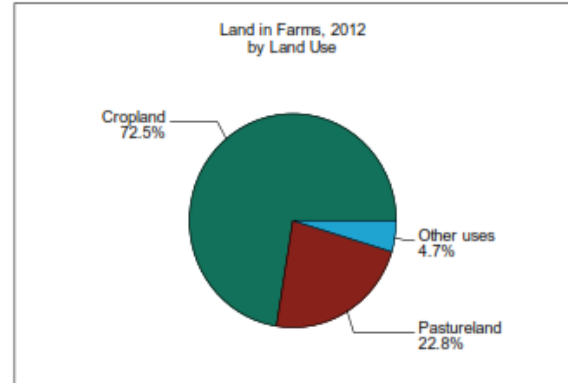
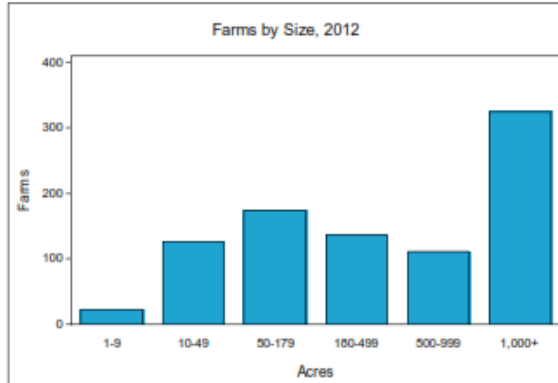


Table 7: Comparative Value of Commodities and Rank, 2012

Ranked Agricultural Items Among the 39 State Counties and 3,079 U.S. Counties, 2012			
Item	Quantity	State Rank	U.S. Rank
MARKET VALUE OF AGRICULTURAL PRODUCTS SOLD (\$1,000)			
Total value of agricultural products sold	183,244	13	620
Value of crops including nursery and greenhouse	173,610	12	300
Value of livestock, poultry, and their products	9,634	25	2,130
VALUE OF SALES BY COMMODITY GROUP (\$1,000)			
Grains, oilseeds, dry beans, and dry peas	159,305	3	239
Vegetables, melons, potatoes, and sweet potatoes	5,123	12	365
Fruits, tree nuts, and berries	118	35	1,335
Nursery, greenhouse, floriculture, and sod	167	34	2,009
Other crops and hay	8,958	9	329
Cattle and calves	8,701	16	1,414
Hogs and pigs	76	18	1,329
Sheep, goats, wool, mohair, and milk	82	26	1,527
Horses, ponies, mules, burros, and donkeys	241	19	1,087
Other animals and other animal products	15	34	2,040
TOP CROP ITEMS (ACRES)			
Wheat for grain, all	326,071	2	12
Winter wheat for grain	226,703	3	11
Spring wheat for grain	99,368	2	43
Barley for grain	32,799	2	22
Forage-land used for all hay and haylage, grass silage, greenchop	23,392	11	825
TOP LIVESTOCK INVENTORY ITEMS (NUMBER)			
Cattle and calves	14,933	20	1,594
Chukars	(D)	1	28
Horses and ponies	1,516	15	710
Pheasants	(D)	5	(D)
Sheep and lambs	1,131	17	793

(D) = Not Disclosed

In terms of value of crops by commodity groups, the next largest commodity group after grains, oilseeds, dry beans and dry peas was the category of other crops and hay, followed by cattle and calves, then by vegetables, melons, potatoes and sweet potatoes. Those three classifications combined equaled only 8.8% of the value of grains and related products.

The agricultural sector provides an important and sustainable base in the economy of Lincoln County. Without diminishing its role, it would still be desirable to diversify the economy to take advantage of new products and technologies as well as changes in consumer preferences and future labor force skills. Diversification could also mitigate the trend toward declining and aging population in the county.

Labor Force and Employment in the Overall Lincoln County Economy

A snapshot of the overall economy can be obtained by looking at the distribution of employment between the various sectors identified by the North American Industrial Classification System (NAICS). However, these need to be examined with caution because different reporting agencies use different methodologies and often produce different results. For example, looking at the broad picture of establishments, the U.S. Census Bureau provides an overview of businesses that employ workers covered by State unemployment insurance. The latest available overview is from the 2015 County Business Patterns and the numbers of establishments by industry sector are shown in Table 8.

Table 8: Private-Sector Business Establishments with Employees in Lincoln County in 2015

NAICS Code	Industry Sector	Number of Employer Establishments	Paid employees for pay period including March 12 (number)	Annual payroll (\$1,000)
00	Total for all sectors	249	1,554	66,861
11	Agriculture, forestry, fishing and hunting	2	a	D
22	Utilities	4	23	2,035
23	Construction	36	158	9,739
31-33	Manufacturing	7	40	1,165
42	Wholesale trade	28	180	9,313
44-45	Retail trade	40	290	8,205
48-49	Transportation and warehousing	2	a	D
51	Information	6	30	596
52	Finance and insurance	20	70	2,686
53	Real estate and rental and leasing	6	13	237
54	Professional, scientific, and technical services	13	105	6,536
55	Management of companies and enterprises	2	a	D
56	Administrative and support and waste management and remediation services	10	37	1,473
61	Educational services	2	a	D
62	Health care and social assistance	16	427	19,610
71	Arts, entertainment, and recreation	9	22	1,536
72	Accommodation and food services	19	65	921
81	Other services (except public administration)	26	58	1,019
99	Industries not classified	1	a	

Source: 2015 County Business Patterns, Lincoln County Washington

While this is interesting information it does not provide a complete picture of the distribution of employers or workers by NAICS sectors. Total employment for all sectors is shown as being 1,554 employees. That is only about one third the total number of workers shown by the Washington Employment Security Department in its annual average labor market statistics.

Table 9: Annual Labor Force & Employment Data, Lincoln County, WA

Employment and Unemployment (Not seasonally adjusted)					
	2017		2016		2015
	December	November	December	November	December
Civilian Labor Force	4,899	4,983	4,755	4,736	4,791
Employment	4,623	4,762	4,453	4,485	4,484
Unemployment	276	221	302	250	307
Unemployment Rate	5.6%	4.4%	6.4%	5.3%	6.4%

Source: Washington ESD, Labor Area Summary

A further breakdown of Lincoln County employment can be found in the statistics provided by the Employment Security Department (ESD) as well as the U.S. Census Bureau's [On-The-Map](#) program. Again, the ESD data do not provide a meaningful breakdown by industry sectors because of the rules that avoid disclosure of data that might identify individual employers. Also, the data are only shown for non-farm employment which leaves out a major source of employment in Lincoln County. A summary list of employment by major sectors is shown in Table 10 below.

Table 10: Average Employment by Sector, Lincoln County, WA, November 2015 – 2017.

Industry Title	2017		2016		2015
	November	October	November	October	November
Total Nonfarm	2,610	2,620	2,510	2,560	2,560
Total Private	1,290	1,320	1,250	1,300	1,220
Goods Producing	250	260	250	270	220
Mining, Logging, Construction	200	210	210	210	180
Manufacturing	50	50	40	60	40
Service Producing	2,360	2,360	2,260	2,290	2,340
Trade, Trans., Utilities	520	530	540	550	520
Information & Financial	130	130	70	80	80
Government	1,320	1,300	1,260	1,260	1,340

Source: Washington Employment Security Department

According to the ESD data, over the two-year period from November 2015 to November 2017 total employment in Lincoln County increased by 50 workers or 1.95%. It is significant that 30 of those additional workers were employed in the goods producing sector. The service producing sector added 20 employees while the government sector declined by 20 employees.

For a longer-range view, the U.S. Census Bureau's [On-The-Map](#) program provides more detailed data by NAICS (North American Industrial Classification System) sectors. Table 11 shows comparisons between 2002 and 2015 with respective shares of total employment.

Table 11: Jobs by NAICS Industry Sector, Lincoln County, WA, 2002 and 2015

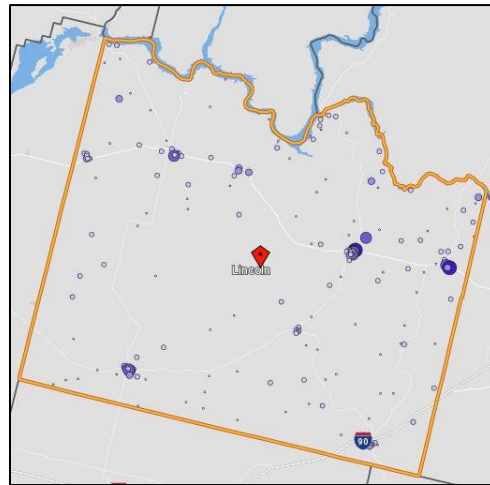
	2002		2015	
	Jobs	Share	Jobs	Share
Total, All Jobs	2,824	100.0%	2,720	100.0%
Ag., Forestry, Fishing, Hunting	198	7.0%	305	11.2%
Mining, Quarry, Oil & Gas	0	0.0%	14	0.5%
Utilities	26	0.9%	21	0.8%
Construction	155	5.5%	247	9.1%
Manufacturing	40	1.4%	36	1.3%
Wholesale Trade	201	7.1%	268	9.9%
Retail Trade	320	11.3%	209	7.7%
Transportation & Warehousing	10	0.4%	11	0.4%
Information	17	0.6%	20	0.7%
Finance & Insurance	111	3.9%	49	1.8%
Real Estate & Rental & Leasing	8	0.3%	10	0.4%
Professional, Scientific, Technical	88	3.1%	83	3.1%
Management (Private)	0	0.0%	0	0.0%
Admin. & Support, Waste Mgt.	49	1.7%	15	0.6%
Educational Services	434	15.4%	568	20.9%
Health Care, Social Assistance	482	17.1%	470	17.3%
Arts, Entertain., Recreation	124	4.4%	38	1.4%
Accommodation & Food Services	163	5.8%	92	3.4%
Other Service (Private)	103	3.6%	30	1.1%
Public Administration	295	10.4%	234	8.6%

Source: U.S. Census Bureau, On-the-Map program

The largest increases from 2002 to 2015 were in the sectors of Mining; Construction; Wholesale Trade; and Educational Services while the largest *decreases* were in the sectors of Retail Trade; Finance & Insurance; Administration & Support Services; Arts, Entertainment & Recreation; Accommodation & Food Services; and Other Services. This pattern fits the observation made in the State's Profile that residents of Lincoln County have increasingly shifted their shopping for goods and services to the larger commercial center of Spokane.

Not all the employment shown in the tables above is located in the area around Davenport and the Fairgrounds. The map below shows the concentrations of employment spread throughout the county around several population centers including Reardan, Harrington, Odessa, Wilbur and other smaller communities.

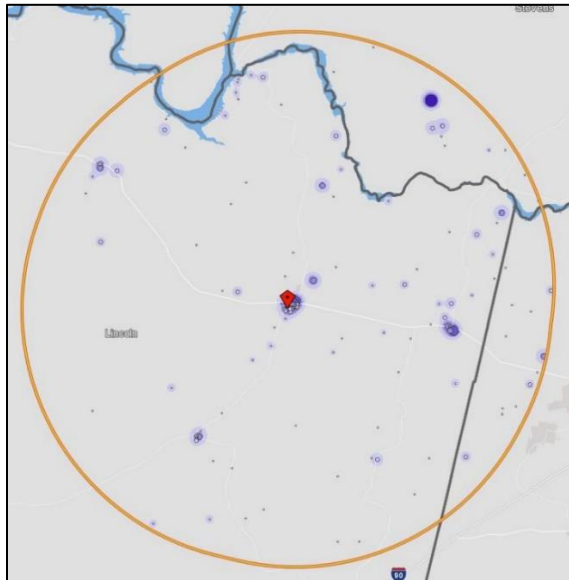
Distribution of Employment in Lincoln County, WA, 2015



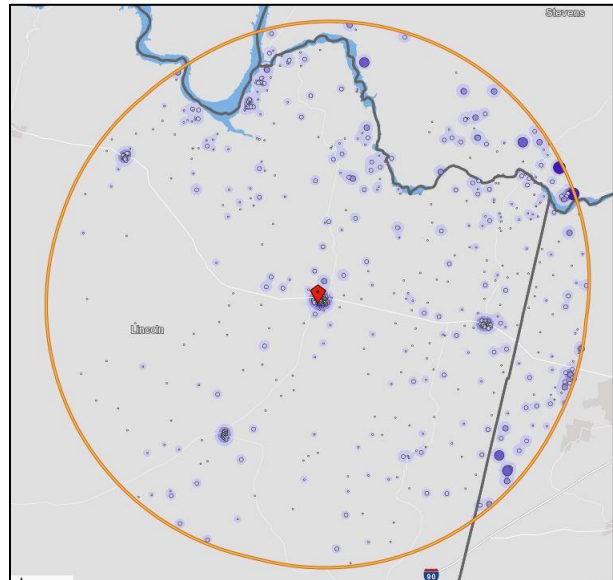
Labor Force and Employment in the Davenport Area Economy

To examine the labor force employment distribution that could provide resources for businesses located at the fairgrounds, a 20-mile radius around the city of Davenport was measured using the 2015 data from the U.S. Census Bureau's On-the-Map program. That program allows examination of labor market characteristics from two sets of data: (1) characteristics of employment according to where workers live; and (2) characteristics of employment according to where workers are employed. Both of these were examined for this report and it was found that there are significant differences in the results.

Employment Pattern by Place of Work



Employment Pattern by Place of Home



The two maps above graphically show the differences. The map on the left shows the relatively smaller number of those who work within the 20-mile radius regardless of where they live. Most of them live within 20 miles of Davenport but there are some who commute into the area from outside the circle. The map on the right shows the larger number of workers who live within the 20-mile radius but may also work outside of the circle. It is assumed that most of those workers commute to Spokane County including Fairchild Air Force Base and the Spokane Airport / West Plains area.

Table 12 shows a comparison of the results of the two methodologies.

Table 12: Employment within 20-Mile Radius of Davenport, 2015

	By Place of Work		By Place of Home	
	Count	Share	Count	Share
Total All Jobs	2,469	100.0%	3,248	100.0%
Ag., Forest, Fishing, Hunt	275	7.1%	211	6.5%
Mine, Quarry, Oil & Gas	0	0.0%	12	0.5%
Utilities	21	0.9%	81	2.5%
Construction	241	9.8%	223	6.9%
Manufacturing	26	1.1%	179	5.5%
Wholesale Trade	183	7.4%	191	5.9%
Retail Trade	138	5.6%	290	8.9%
Transport. & Warehousing	11	0.4%	89	2.7%
Information	42	1.7%	42	1.3%
Finance & Insurance	38	1.5%	80	2.5%
Real Estate; Rental & Lease	38	1.5%	23	0.7%
Professional, Science, Tech.	78	3.2%	113	3.5%
Mgt. of Companies & Enterprise	0	0.0%	21	0.6%
Admin. & Support; Waste Mgt.	16	0.6%	75	2.3%
Educational Services	446	18.1%	400	12.3%
Health Care & Social Assistance	368	14.9%	565	17.4%
Arts, Entertainment, Recreation	9	0.4%	79	2.4%
Accommodation & Food Service	65	2.6%	164	5.0%
Other Service (exc. Public Admin)	17	0.7%	67	2.1%
Public Administration	557	22.6%	340	10.5%

Significance: Just looking at the employment sector characteristics of those who work in the Davenport area might result in a conclusion that there is a shortage of qualified workers in such areas as manufacturing; utilities; transportation and warehousing; professional, scientific and technical occupations; and other skilled sectors. However, these data show that there are many residents of the Davenport area who have these skills but work at jobs outside of Lincoln County. By place of work, their jobs would be counted in Spokane County or other locations. This will be an important factor in determining what businesses can be supported at the fairgrounds in Davenport.

The comparison also shows that there are several categories where the number of workers employed within the 20-mile radius of Davenport exceeds the number of workers living there

who work in those categories. It can be assumed that the gap is filled by workers who commute into that area from outside the 20-mile radius. There is a total of 360 more workers in those categories than live within the measured circle.

While the State's Profile does not paint an optimistic picture for future economic development, there are other resources in Lincoln County that can be leveraged to create jobs and increase flows of capital investment and spending. The subject of this report – the fairgrounds property – is one of them. From a business standpoint, the fairgrounds is an asset that could offer developed and serviced sites and buildings that can support several types of new business development. These are explored later in this report.

Lincoln County can also leverage its agricultural production, primarily wheat, to develop new products and new methods of production to add local value. There are several resources available to support such efforts, especially those of Washington State University. These are also explored in this report.

Tourism also offers opportunities for expanded development, especially as Davenport is a major gateway to the recreational amenities of Lake Roosevelt along with many other recreational venues accessible in the mountains and forests north of Lincoln County. US Hwy 2, which runs alongside the fairgrounds from Puget Sound to the Canadian Rockies, is an important asset.

Davenport also has an excellent general aviation airport across the highway from the fairgrounds. This could be leveraged to attract development of aircraft components as well as the rapidly expanding drone industry.

That part of the labor force that lives in the Davenport area but works in Spokane County is also an important resource. Typically, people who commute 20 miles or more would prefer to have jobs closer to home. Many of those workers could be candidates for starting or working at entrepreneurial or innovative businesses that could be developed at the fairgrounds.

The most significant asset, however, is the very large population and commercial area next door to Lincoln County – the Spokane Metropolitan Area. This is the primary market area available to support new and expanded economic opportunities in Lincoln County. Spokane County is profiled in the next section of this report and is later linked with potential opportunities identified for the fairgrounds in Lincoln County.

These assets are explored in more detail in the section of this report on Resources for Business Development.