Effects of Proposed Grand Targhee Development on Public Services and Housing Markets in Teton County, ID

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Introduction and Summary

Grand Targhee Resort (GTR) has proposed expanding its skiing infrastructure to serve more customers. The proposed alternative would double visitor capacity and nearly double resort employment during the winter season. GTR's proposal is currently under NEPA review with the U.S. Forest Service through its special use permit. Separately, GTR has proposed a planned unit development resort (PUDR) on private land off of Alta-Ski Hill Road in Teton County, WY, which the county approved in 2008 and amended in 2017. This phased development would create a clustered resort center with its own sense of place, providing at build-out 450 units in a combination of lodges, hotels, duplexes, cabins, and single-family lots and 150,000 square feet of commercial development.

Both development proposals have emerged in the context of a highly dynamic growth period for amenity-rich communities and destinations throughout the western United States. Driven in part by GTR's amenities, visitation to the Teton Valley for both winter and summer recreation opportunities has surged in recent years, creating congestion for transportation networks, parking facilities, and recreation infrastructure. Growth in nearby Jackson, Wyoming has generated growth in Teton County, ID, as existing residents and would-be second-home buyers have been priced out of the market in Wyoming. This has increased demand for primary residences as well as second homes and investment properties and put upward pressure on rents in Teton County, ID. The tight housing market has had ripple effects through the labor market across the region as people who work in Teton County, WY, look across the border for cheaper housing options, commute further, or leave the region for a more affordable cost of living elsewhere.

The COVID-19 pandemic has exacerbated and confounded these underlying trends, as the transition to remote work has made these amenity-rich, rural settings particularly attractive to professionals. It is yet unclear whether this "Zoom town" phenomenon will result in permanent demographic and economic shifts for communities like Driggs, Idaho. All of these factors have driven recent population growth beyond Teton County, ID's planning projections.

Amenity-driven growth is not a new phenomenon, however, and enhancements to amenities on the western slopes of the Tetons increase the attractiveness of the area, especially compared to higher-cost resort communities in Jackson, Wyoming and elsewhere in the Intermountain West. Ultimately, maintaining a high-quality experience for residents and visitors in both Teton County, ID, and Teton County, WY, is key to maximize the economic benefits of current and planned development. If existing public infrastructure and available housing are unable to fully support the potential level of visitation and traffic without further investment, quality of life for future residents and visitors could decline.

It is against this backdrop that Teton County, ID, asked ECONorthwest to help better understand the economic benefits, costs, and impacts of the current and potential future growth trajectories in the region. This report documents current demographic and economic conditions in the Teton Valley so decision makers have a clear understanding of the trends, market dynamics, and uncertainties underlying potential future regional development proposals. It uses the latest data and information gathered through key-informant interviews with staff from Teton County, ID, and Teton County, WY to identify current and potential future costs and scarcities in Teton County, ID, given assumptions about potential future growth trajectories.

As the federal government and Teton County, WY, consider GTR's expansion proposals, the deliberation must consider whether and how the region can continue to provide adequate public services and support healthy housing and labor markets. Thoughtful planning that recognizes interjurisdictional and financial constraints is essential for effective implementation of future growth. The information in this report may be used to support cooperative regional investments to maintain quality of life for current and future residents of the Teton Valley.

Key findings

1. **With increased traffic volumes to GTR and the PUDR, roads maintained by Teton County, ID, and Driggs are likely to require more frequent maintenance. Additional capital improvements are needed or will be needed sooner than otherwise planned.** If not addressed, congestion and road conditions may worsen, contributing to additional costs in the form of more air pollution and time spent in traffic, diminishing the quality of life for residents and quality of the experience for visitors.
   - Teton County, ID, Public Works predicts impacts to the network of County roads that provide a route up the mountain and/or allow traffic to bypass the City of Driggs. In particular, the County noted at least $6.4 million for road improvements that need to occur to improve traffic flows. Driggs would experience an additional $5.6 million in needed road improvements.
   - Road maintenance schedules will also need to accelerate with increased traffic volumes. The additional annual cost to accelerate road maintenance cycles would add around $187,000 in additional costs per year for Teton County, ID and $40,000 for Driggs.
   - These maintenance and capital upgrades do not address additional increased construction traffic through Teton County, ID. Depending on the phasing of the PUDR and timing of its development compared to GTR improvements on the mountain, construction traffic could worsen congestion and lead to additional unfunded costs.
   - An unknown additional cost would likely occur to expand parking for GTR guests who take the shuttle. This may ease congestion on Ski Hill Road in Wyoming, but depending on where parking is located, would do little for congestion in Teton County, ID and potentially create additional costs.

2. GTR compensates Teton County, ID for emergency response and solid waste under existing contracts. **The analysis shows that revenues received under these contracts are likely underestimating the true cost of providing these public services**, meaning county taxpayers are subsidizing services provided in Wyoming. Expansion would accelerate the under compensation if contracts are not renegotiated.

3. Revenue from GTR expansion largely materializes in Wyoming through sales tax revenues and public land payments. Teton County, ID, provides most of the public infrastructure that makes GTR accessible (roads) and safe (fire and emergency management, trash management). The county does not share in tax revenue generated from visitor spending in Driggs or Victor, Idaho. It has limited resources to respond to increases in visitation and transportation demand. The analysis shows:

   - Teton County, ID, will likely experience only costs because of inability to capture revenue from economic transactions and the limits to growth in property taxes.
   - Driggs, ID, will experience costs in the form of accelerated road maintenance needs and road capital improvements. While Driggs does have the ability to generate revenue from economic activity, the road needs outweigh annual road and bridge levy and the lodging tax revenues.
   - Teton County, WY, will experience an increase in revenues due to increased economic activity and development.

The following table identifies the public service costs for each jurisdiction and the revenue options available to support public service provision. The PUDR will provide additional housing and commercial services in Wyoming. **At a minimum, this will shift some spending that currently occurs in Idaho to Wyoming, while doing little to reduce demand for public services provided by Teton County, ID, and Driggs, further increasing the gap between revenues and costs.**

Consideration	Idaho			Wyoming	
	Teton Co., ID	Driggs	Victor	Alta	Teton Co., WY
Public Service Costs	Direct: Road maintenance and replacement; TC Fire & Rescue "subsidy" of resort calls; Solid Waste Transfer Station usage and improvements; staffing difficulties.	Direct: road maintenance; staffing difficulties, parking and traffic congestion improvements.	Likely similar to Driggs; may have additional congestion due to proximity to other Wyoming ski areas.	Direct public service cost impacts not identified.	Direct public service cost impacts not identified.

Revenues	No direct revenues from economic activity. Limited ability to generate revenues from property taxes.	Limited increase in revenues from property tax revenues. Direct revenue growth from growth in economic activity but the distribution of spending is unknown.	Limited increase in revenues from property taxes. Direct revenue growth from growth in economic activity but spending impacts from resort expansion are unknown.	Only has solid waste rate-setting authority.	Direct revenue growth from property value growth; direct revenue capture from increased economic activity.

4. Teton County, ID's housing market is very tight and has been worsening for a while, independent of new development at GTR. **The GTR expansion is likely to further worsen the existing shortage of affordable housing.** The PUDR is unlikely to contribute meaningfully to a solution that brings more affordable housing to the region. The future of Teton County's existing challenges with housing production and affordability will depend on how quickly the GTR and the county grow. Growth in resort visitors will generate economic activity and require new workers, most of whom are expected to live in Teton County, ID. The new visitors and FTEs could require 117 to 958 new units over the next 10 years, depending on the growth scenario. A portion of this new need is likely captured in the 955 keep-up units estimated in the Teton Regional Housing Needs Assessment. New housing units in the PUDR would relieve some of the housing need, particularly the demand from visitors. However, to the extent GTR's proposed expansion contributes to continued rapid growth in the region, it is likely to worsen the existing housing scarcity problem, particularly for affordable units.

1. A Review of Economic Conditions in the Teton Valley Region

This section details the conditions and trends underpinning economic growth in the Teton Valley in recent years. The focus is on Teton County, ID, with regional data presented to show the interrelationship of the economies in Teton County, WY, and Teton County, ID. Key topics covered include population growth and tourism as an economic driver, local government revenue and expenditures on relevant public services, and housing markets.

Key Trends Driving Economic Growth

The local economy is heavily reliant on the tourism and construction industries and sensitive to the booms and busts of economic cycles.

Teton County, ID, is smaller and less frequently visited than Teton County, WY, because it is further from the main attractions of the region – Jackson Hole Mountain Resort, Grand Teton National Park, and Yellowstone National Park. However, its economy is still as reliant on the tourism industry. Economic expansion and contraction from recent economic cycles show that it is more likely to experience similar economic changes, however, these changes may show more variance (i.e., higher highs and lower lows).

Proximity to Wyoming's major ski areas (Jackson Hole Mountain Resort, Snow King Mountain Resort, and GTR) is a key economic driver of Teton County, ID. One in five (20.5 percent) of employment in the county is in the travel and tourism industry. In comparison, only one in ten (11.4 percent) of employment in the U.S. is in the travel and tourism industry.[1] Consequently, much of the growth of the county is dependent on the outlook of this industry, which changes with people's discretionary incomes and time available for leisure activities.

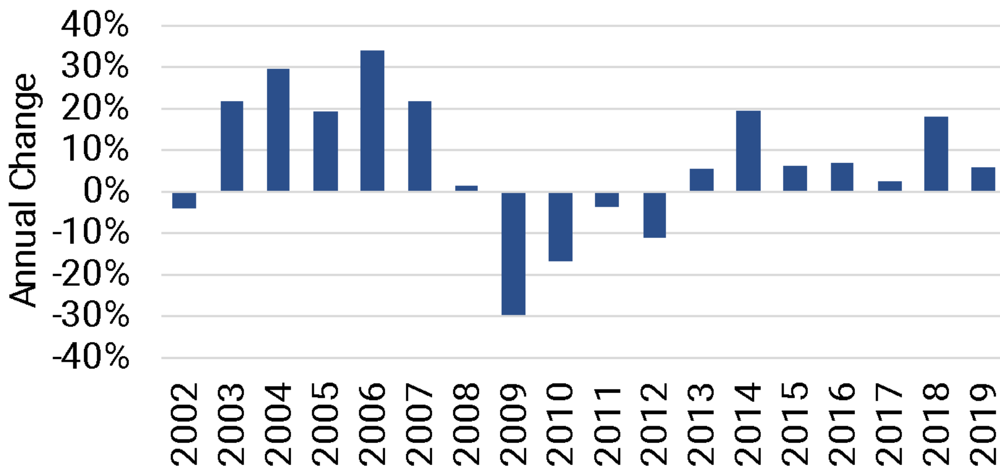
The large swings through economic cycles are also reflected in the construction industry, of which residential building construction is a significant component. During many of the years leading up to the Great Recession, employment in the construction industry grew at above 20 percent per year. But it quickly declined by about 30 percent in 2009 and another 17 percent in 2010. Employment in the industry grew at an annual average rate of about 9 percent between 2013 and 2019, with larger portions of the growth occurring in 2014 and 2018. See Exhibit 1.

A notable characteristic of this tourism-driven economy is that investment income makes up a large portion of people's livelihoods. As of 2020, income from dividends, interest, and rent (i.e., investment income) was 25.0 percent of all incomes in Teton County, ID, considerably higher

[1] Headwaters Economics, *A Profile of Industries that Include Travel & Tourism*, November 11, 2021. Using 2019 ACS 5-year estimates.

than 18.4 percent in the U.S.[2] This figure for the county was even higher at about 29 percent between 2012 and 2019, whereas the figure was 19.5 percent in the U.S. during the same time.[3] This relatively high reliance on investment income implies that the economic condition of the county changes with the demand for second homes or vacation rentals.

Exhibit 1. Annual Change in Employment in Construction Industry
Source: ECONorthwest; data from Headwaters Economics, *A Profile of Socioeconomic Trends*, April 21, 2022



Recent economic cycles demonstrate the quick growths and declines that Teton County is exposed to. Exhibit 2 shows that in the most recent period of economic growth (2010 to 2019), Teton County grew faster than in other places in the region in terms of its population (19 percent), employment (43 percent), and personal income (71 percent). Also, the percent of employment and percent of personal income lost during and immediately after the Great Recession (2007-2010) were greater in Teton County than in other places.

In the nine years preceding the Great Recession, Teton County experienced an even greater growth. Population increased by 63 percent and employment and personal income more than doubled. In comparison, its larger neighbor Teton County, WY, saw a 21 percent growth in population, a 34 percent increase in employment, and a 151 percent increase in personal income.

[2] Headwaters Economics, *A Profile of Non-Labor Income,* April 21, 2022. Using data from U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts.

[3] U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts.

Exhibit 2. Comparison of Population, Employment, and Personal Income Changes, 1998 to 2019
Source: ECONorthwest; data from Headwaters Economics, *A Profile of Socioeconomic Trends*, November 11, 2021

Population

Time Period	Teton County, ID	Teton County, WY	Ada County, ID	Idaho	Wyoming
1998 to 2007	63%	21%	32%	20%	9%
2007 to 2010	14%	4%	5%	4%	6%
2010 to 2019	19%	10%	23%	14%	3%

Employment

Time Period	Teton County, ID	Teton County, WY	Ada County, ID	Idaho	Wyoming
1998 to 2007	137%	34%	36%	27%	25%
2007 to 2010	-13%	-3%	-7%	-7%	-1%
2010 to 2019	43%	29%	32%	22%	6%

Personal Income

Time Period	Teton County, ID	Teton County, WY	Ada County, ID	Idaho	Wyoming
1998 to 2007	140%	151%	41%	36%	54%
2007 to 2010	-18%	-13%	-6%	-3%	1%
2010 to 2019	71%	45%	48%	38%	15%

2019 to 2020

	Teton County, ID	Teton County, WY	Ada County, ID	Idaho	Wyoming
Population	3.3%	0.5%	2.6%	2.1%	0.4%
Employment	-1.1%	-8.7%	-0.9%	-1.1%	-5.4%
Personal Incom	7.7%	-1.8%	6.4%	7.5%	0.4%

Demographic Changes in 2020

Preliminary data for households in 2020 suggests a different pattern of economic change in the region. Census data[4] shows that the population and personal income in Teton County, ID, grew 3.3 percent and 7.7 percent, respectively. Meanwhile, employment declined about 1.1 percent. Similar patterns were observed in Ada County, ID, and across the state.[5] These estimates may confirm the "Zoom town" thesis, the observation that there is an influx of wealthier individuals who could work remotely to less populated destinations with outdoor recreational activities.

[4] The latest available ACS 5-year estimates for 2020 may be less reliable than previous years' estimates due to unprecedented data collection issues experienced during 2020. Office closures impacted initial mailings and reminder mailings from the Census Bureau, which reduced self-response rate to the surveys. In-person follow up interviews did not take place for many months due to stay-at-home orders and social distancing practices. The impact of the changes to the data collection process was an overrepresentation of people living in single-family homes, who are married, with post-secondary education, or with higher incomes. The Census Bureau has implemented a new process to overcome the statistical issues in the 2020 data.

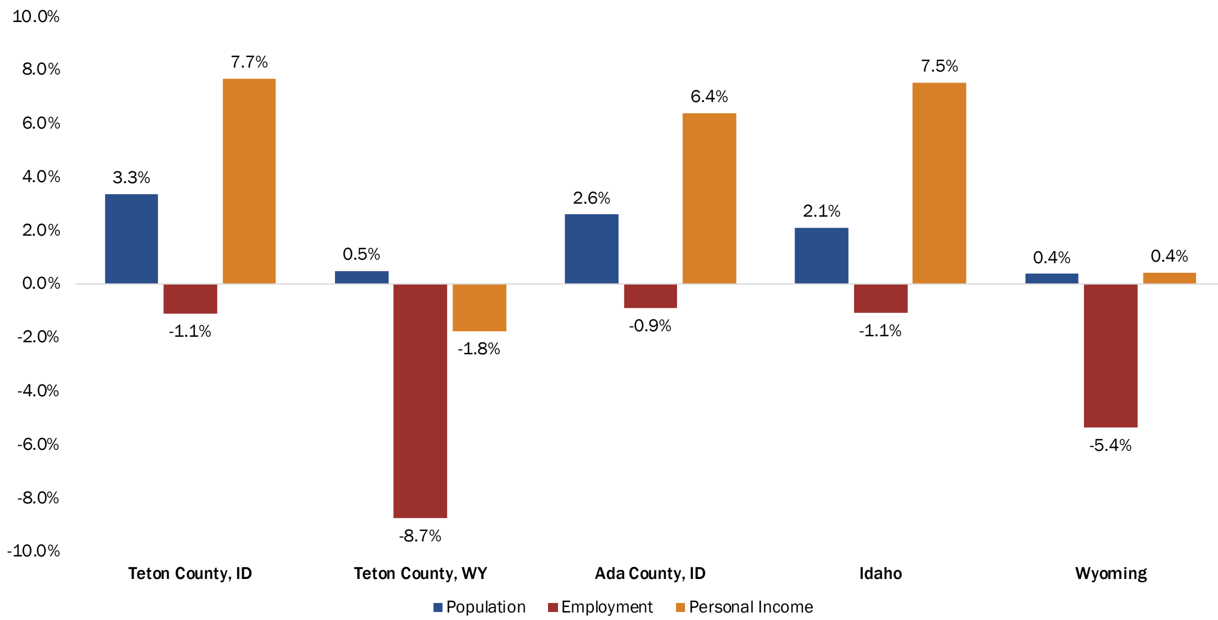
[5] Headwaters Economics, *A Demographic Profile*, April 21, 2021. Using 2020 and 2019 ACS 5-year estimates.

Employment in the travel and tourism industry still suffered losses due to government-mandated stay-at-home orders and social distancing practices.

However, similar changes did not occur across the state line. In Wyoming, population grew by less than a percentage point and employment losses were much larger. Personal income fell in Teton County, WY, during 2020, but it rose 0.4 percent in the state.[6] The declines observed in the data for Teton County does not necessarily negate the presence of activities related to Zoom town. It could be that fewer out-of-state, remote workers moved there than to Idaho, the employment losses in the travel and tourism industry were more acute, or some combination of the two.

Exhibit 3. 2019 to 2020 Change in Population, Employment, and Personal Income

Source: ECONorthwest; data from Headwaters Economics, *A Profile of Socioeconomic Trends*, April 21, 2022



[6] Ibid.

Revenue Sources and Key Trends Impacting Fiscal Conditions

As the region has grown, local governments have signaled the challenges of delivering public services within the legislative limits of their taxing authority. As stated above, the confluence of regional economic growth centered on tourism, in both Teton County, WY, and Teton County, ID, has created a challenge for local governments. They must invest in public services to keep up with demand from visitation and residential growth, but face constraints in their administrative ability to collect taxes. This "alignment" issue between revenue generation and public services expenditures is most pronounced for Teton County, ID, because GTR is in the state of WY but can only be accessed from Idaho.

Revenues in Teton County, ID, and the Idaho cities of Driggs and Victor are fiscally strained due to three primary external factors.

(1) Budget growth and revenue options are restricted by state law, so counties and communities are limited in their ability to capture increases in economic activity.
(2) Growth in tourism, traffic, and congestion, and the expansion of the tourist season have strained service delivery budgets, particularly in the public works and emergency management areas.
(3) The rapid increase in housing costs has meant a hollowing out of the workforce for leanly staffed local governments.

This section discusses baseline conditions and estimates fiscal implications of resort expansion. The analysis focuses first on the tax trends and revenue structures in place in the study area jurisdictions, and then identifies several primary areas of concern from a public service perspective.

Revenue sources to support public services are constrained and don't increase at the same pace as development.

State and local government staff and officials for the Idaho jurisdictions in this study identified a single primary reason for the fiscal challenges facing their jurisdictions: property tax revenue is constrained from keeping pace with budget growth, and there are limited other options to capture additional revenue from additional economic activity in the region. Idaho state law restricts growth in budgets funded by property tax to no more than three percent growth per year.[7] A recent change to state law further restricts the value of new construction to 90 percent of assessed value (rather than 100 percent).[8] This means that although there has been substantial growth in property values and new construction in Teton County, local government general

[7] Levy and Apportionment of Taxes. Idaho Code 63-802(a)(i). 2021.

[8] HB 389 made major changes to Idaho property tax code, including increasing the homeowner exemption and limiting the addition of new construction to property tax rolls to 90 percent (Idaho Code 63-301A(3)).

revenues have not kept pace with the growth. Additionally, growth in this area has led to increases in service demands facing local governments, as will be discussed in the next section.

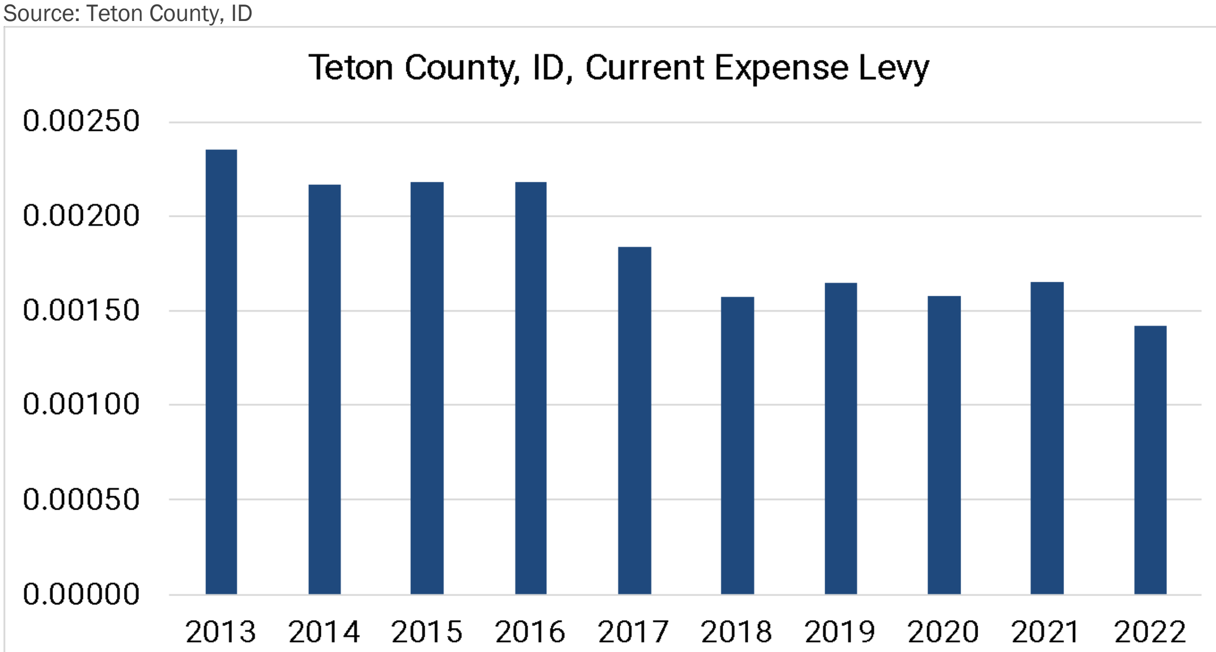
Revenue Sources Vary by Jurisdiction and Differ Between States

The following section presents background information regarding existing fiscal conditions facing Teton County, ID, the cities of Driggs and Victor on the Idaho side of the border, and the city of Alta and Teton County, WY, on the Wyoming side of the border.

Teton County, ID

The primary source of general revenue in Teton County, ID, is property tax. The County's current expense levy supports general government functions such as the County Sheriff and other law enforcement and public safety services. Growth in property values has outpaced the three percent (plus new construction) limitation to the growth in property tax revenues. This is evident in the decline of current expense levy rates (see Exhibit 4). Current expense levy rates fell from 0.00335 (or $3.35 per $1,000 of assessed value) to 0.00183 (or $1.83 per $1,000 of assessed value). This is a function of growth in budgets counteracting growth in assessed values over the past decade, with most of the downward pressure occurring between 2018 and 2021.

Exhibit 4. Teton County, ID, Current Expense Levy Rates, 2012 – 2014
Source: Teton County, ID



The share of Teton County's (ID) general fund that is funded primarily from property tax revenue has fallen from about 80 percent in FY 2012 to 52 percent in FY 2021.[9] Under Idaho state

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[9] The percentages cited here – 80 percent in FY 2012 and 52 percent in FY 2021 – are based on total revenues including substantial transfers and adjustments out of the general fund (*i.e.,* negative revenue) in 2012 and 2013. The chart in Exhibit 6 shows a decline of rough 64 percent to 52 percent in FY 2021, because the negative revenue is excluded.

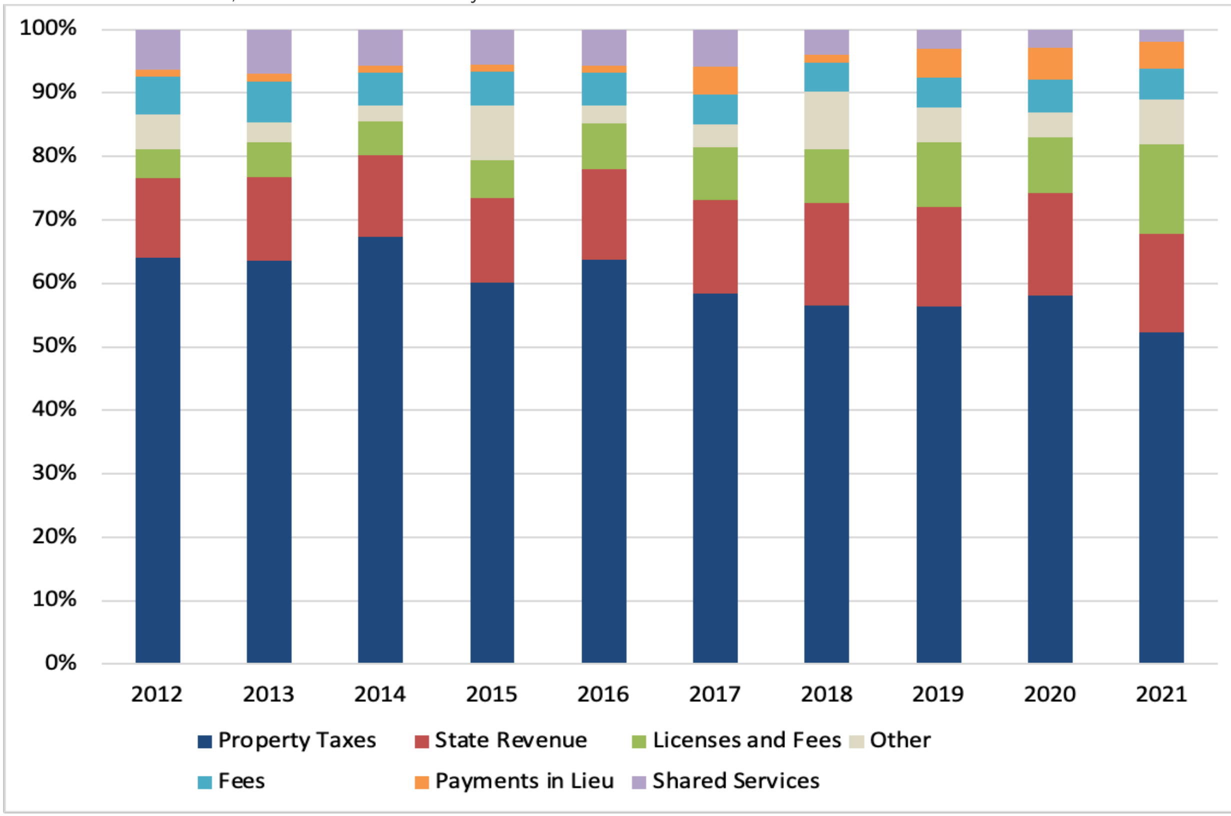
law, counties do not have the authority to levy a sales or other excise tax, which means there is no opportunity for the County directly to capture tax revenue from increased economic activity generated within its boundaries (see Exhibit 5 for a table showing sales tax rates for jurisdictions within the scope of this analysis). State sales tax generated in Teton County, ID, is redistributed by the state according to the state's revenue sharing formula which is based on population and other factors and not according to the jurisdiction where it is generated. Local governments in Idaho do not have the authority to levy a local income tax. The County has had to rely increasingly on other revenue sources, such as road levies, school levies and impact fees, to work around the constraints on property taxes. Property tax revenues fell from 64 percent of general fund revenues to just over 50 percent from 2012 - 2021 (see Exhibit 6 below for a chart showing Teton County, ID, general fund revenue sources[10]).

Exhibit 5. Local Sales and Excise Tax Rates for Select Jurisdictions in Study Area
Source: Data from Teton County WY. Teton County, ID, City of Driggs, and City of Victor

Tax	Teton County, WY	Teton County, ID	City of Driggs, ID	City of Victor, ID
Sales Tax	1.0%	n/a	0.5%	1.0%
Special Purpose Excise Tax	1.0%	n/a	n/a	n/a
Lodging Tax	2.0%	n/a	6.0%	6.0%
Resort District Tax	2.0%	n/a	n/a	n/a
Liquor, Beer and Wine	n/a	n/a	2.0%	1.0%
Prepared Foods	n/a	n/a	1.0%	1.0%

[10] Shared services agreements include agreements with Driggs, Victor, Teton County, WY, for public services such as dispatch or Sheriff services that Teton County, ID, provides. Fees include the $11,000 per year that GTR pays to the County for solid waste services, plus other fees and charges for County services. Payments in lieu of taxes include the roughly $200,000 that Teton County, ID, receives in Forest Service payments for use of County land.

Exhibit 6. General Fund Revenue Sources, Teton County, ID, 2012 – 2021
Source: ECONorthwest; data from Teton County Clerk



City of Driggs, ID

The City of Driggs utilizes a 0.5 percent retail sales tax that applies to all sales subject to taxation under the Idaho State Sales Tax Act. Driggs also levies a suite of tourism-related sales taxes known collectively as the "lodging tax": a 1 percent tax on prepared food, a 2 percent tax on by-the-drink beverages (meaning those intended for consumption on premises), and a 6 percent room occupancy tax on short-term rentals and hotel stays (increased from 3 percent in May 2022, to take effect in October 2022).[11] Under the 3 percent rate, lodging tax revenues more than doubled from 2014 to 2020, from $248,000 in FY 2014 to $572,000 in FY 2020, and more than tripled to FY 2021 (unaudited) when revenues were $747,000. During this time, the lodging tax surpassed property tax as the City's primary source of general fund revenues, going from 14 percent of general fund revenues in FY 2014 to 32 percent in FY 2020. The Driggs City Council has made road maintenance a priority for funding from lodging tax revenues, directing around $272,000 to road maintenance in FY 2021 – an amount that equaled 85 percent of the City's maintenance transportation budget.[12] The revenue, which is not dedicated by ordinance but

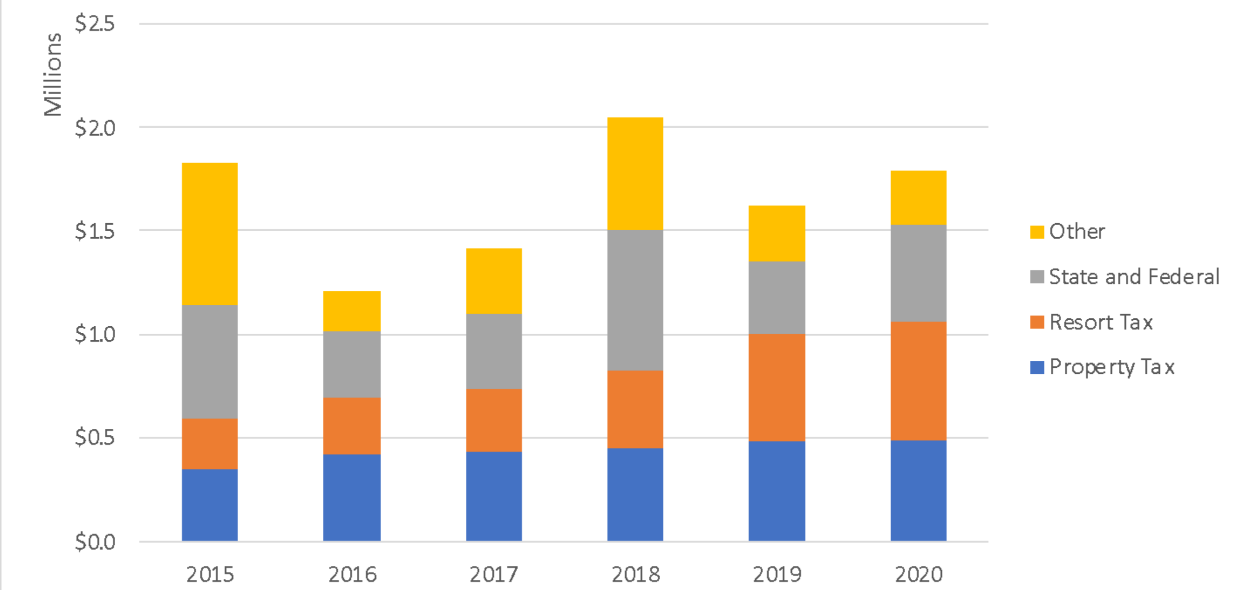
[11] Voters approved an increase in the lodging tax from 3 percent to 6 percent of sales in May 2022. City of Driggs. https://driggsidaho.org/departments/city-clerk/elections

[12] Transfer from Driggs FY 2021 unaudited financial statement. Road maintenance as a Council priority is from interview with Driggs City staff.

directed annually by City Council, is sufficient to cover maintenance costs at current traffic levels, but does not provide additional revenue for needed expansions or improvements.[13] (See Exhibit 7 showing Driggs' general fund revenue sources.)

Exhibit 7. City of Driggs General Fund Revenues, FY 2015 – FY 2020

Source: ECONorthwest; data from City of Driggs Comprehensive Annual Financial Reports



City of Victor, ID

The City of Victor levies a 1 percent tax on retail sales, a 1 percent tax on prepared food, a 1 percent tax on by-the-drink beverages, and a 6 percent lodging tax.[14] Victor's lodging tax rate doubled from 3 percent through 2021 to 6 percent beginning January 1, 2022.[15] Tax revenues were $740,678 in 2021 and—as in Driggs—lodging tax is the primary source or general revenue, ahead of property tax revenues which generated $504,440 in 2021.[16]

Teton County, WY

Wyoming property taxes are levied differently than Idaho's. Commercial and residential assessed value is calculated as 9.5 percent of fair market value, which is determined annually through an appraisal process. New construction value is captured through the appraisal process

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[13] Interview with Driggs City Public Works staff.

[14] City of Victor. 2022. "Resort Tax Information". Accessed at: https://www.victorcityidaho.com/business/sales_tax_information/index.php

[15] City of Victor. 2021. Email regarding new lodging tax rate. Accessed at: https://files4.revize.com/victorid/Letter%20to%20Sleeping%20Accomodations%20Regarding%20Lodging%20Tax%20Increase.pdf

[16] City of Victor. 2021. Financial Statements and Supplemental Information. Accessed at: https://files4.revize.com/victorid/Audit%202021.pdf

rather than added separately to the tax rolls. Levies are based on mill rates – or $0.01 per $1,000 – determined through each taxing district's budget for the year. [17] Wyoming also allows counties to levy excise taxes and allows for the creation of resort districts which may impose taxes to provide funding for public improvements within established boundaries. In other words, Wyoming tax structure allows local governments to capture more tax revenues from growth in property values and from growth in economic activity. This tax structure is more favorable in terms of allowing local government budgets to keep pace with high-growth areas such as the study area.

Teton County, WY, levies a 1 percent sales tax, a 1 percent special purpose excise tax, both of which apply to most goods and services (excluding unprepared food). The only jurisdictions within Teton County, WY, that are directly in this study area are the GTR area and the community of Alta, Wyoming. Within Teton County, WY, there are three taxing districts that are affected by resort expansion: the Alta Solid Waste District and the Targhee Town Water District, which are both property tax funded, and the GTR District, which is funded by a 2 percent sales and use tax on top of other state and local tax revenues.[18] The GTR District funds various contract services including a naturalist program, summer trail maintenance, snow removal, and parking expansion; its FY 2022 proposed budget was $180,729.[19] GTR pays property taxes on the privately owned parcel at the base of the resort; over the past five years total roughly $417,000 and over the past ten years total $727,000.[20] It is not known how much in sales tax is generated at the resort as of the time of this study, though a later section will discuss methods for estimating this.

Alta, WY

The community of Alta, Wyoming, is an unincorporated community within Teton County, WY, with approximately 430 residents.[21] The community's only governing body is its Solid Waste District Board, which is primarily a rate-setting entity designated to calculate and recalibrate millage rates for solid waste services provided by Teton County, ID.[22] The Board has taken on other matters of concern to the community, as the only entity able to represent and elevate areas

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[17] Teton County, Wyoming. 2022. "Determining Property Tax". Accessed at: http://www.tetonwyo.org/188/Determining-Property-Tax

[18] Teton Village District Offices. 2022. "Resort District". Accessed at: https://tetonvillagewy.org/district-government/teton-village-districts/resort-district-tvrd/

[19] Teton County, Wyoming. 2022. Grand Targhee Resort District Proposed Budget. Accessed at: https://www.tetoncountywy.gov/DocumentCenter/View/18779/Grand-Targhee-Resort-District-Proposed-Budget

[20] Teton County, Wyoming, 2021. Online Property Tax Search. Accessed at: https://maps.greenwoodmap.com/tetonwy/treas/query/search.php?Tax_ID=05-000612

[21] US Census Bureau 2020 Decennial Census population estimate. https://data.census.gov/cedsci/profile?g=1600000US5601985

[22] Current rate is $110 per lot (See Teton County Mill Levies for 2021, accessed at: http://www.tetonwyo.org/DocumentCenter/View/19855/TETON-COUNTY-MILL-LEVIES-FOR-2021?bidId=). Solid waste rates may not exceed three mills, per interview with Alta Solid Waste Board member.

of concern to the community. Teton County, WY, collects fees on new construction for affordable housing purposes. Fees in Alta, Wyoming, totaled $125,000 between April 2018 and January 2021.[23] Of note for later sections of this analysis, Alta is not served by the Teton County, ID, Sheriff – which means traffic infractions and public safety concerns are addressed by Teton County, WY, Sheriff, which has limited physical presence in the area.

Federal Land Payments to Counties

The federal government pays states and counties directly to compensate for the presence of non-taxable federal land within their boundaries. The payments-in-lieu of taxes (PILT) program makes unrestricted payments to counties, while several Forest Service revenue sharing programs direct a portion of the value of commercial receipts to county governments and school districts. In some cases, these payments are restricted to specific uses, such as roads and schools. In FY 2021, the PILT program distributed $233,374 to Teton County, ID, while Teton County, WY, received $2,036,715.[24] In FY 2021, the Forest Service paid Teton County, ID, $80,057 (7-year rolling average, Caribou-Targhee NF) and Teton County, WY, $390,665 (7-year rolling average, Targhee, Teton, and Bridger NFs, the majority from Teton NF).[25] The specific distribution of these payments across the county and school districts is unknown.

Cost of Service Challenges

Population growth and visitation have accelerated costs to support public infrastructure, through increased maintenance demand, capital investments, and cost of retaining employees.

Against the backdrop of constrained revenue growth and lack of revenue diversity, a common theme from interviews with Teton County and City of Driggs staff is that Teton Valley is undergoing changes that have placed pressure on local government service delivery budgets. For all jurisdictions in the study area, the major impacts to public services were identified as road maintenance due to increased traffic; solid waste removal; and public safety, including fire and rescue.

Teton County, ID

Teton County, ID, identified two areas of concern with current and future growth trends, both in the Public Works department: roads and solid waste.

[23] Information provided by Teton County, ID.

[24] US Department of the Interior. 2021. "Payment in Lieu of Taxes" Online search by county. Accessed at: https://pilt.doi.gov/counties.cfm

[25] US Forest Service. 2021. "All Service Receipts - Final Payment Detail Report PNF". Accessed at: https://www.fs.usda.gov/sites/default/files/2022-04/Final-2021-10-2-Report.pdf

Roads: The County has a road network of 344 miles, largely gravel, which are maintained by an operation of nine employees in the Public Works Department. The County levies an additional road and bridge property tax levy that supplies $1 million to $1.2 million in funding for maintenance and reconstruction of county roads.[26] See Exhibit 8 and Exhibit 9 below for tables showing funding and expenditures. Regular maintenance includes snow removal, grading roads in the spring, chipping and sealing, and applying other materials to prevent deterioration. The goal is to reseal and chip seal roads every seven to 10 years, but County staff indicated that if funding and staffing were not an issue, this cycle would be accelerated particularly due to the increased traffic in the area.

There is also a need for road improvements at key segments in order to allow for traffic flows to improve through the area, particularly to add network connectors to Ski Hill Road.[27] County staff indicated that while funding does limit availability to keep up with road maintenance needs, equally challenging are issues finding and retaining staff given the increasing cost of housing and other basic expenses.

Exhibit 8. Funding for Road Construction, Reconstruction, and Maintenance, Teton County, ID
Source: FY 2020 Road and Street Report, Teton County, ID

Funding	
Property Tax Levy (Road and Bridge)	$1,264,091
Local Impact Fees	$210,472
Other Local	$64,553
State	$1,447,103
Federal	$48,107
Total Funding	**$3,034,326**

Exhibit 9. Costs for Road Construction, Reconstruction, and Maintenance, Teton County, ID
Source: FY 2020 Road and Street Report, Teton County, ID

Costs	
New Construction	$17,141
Reconstruction	$554,317
Routine Maintenance	$1,005,801
Equipment	$410,532
Administration	$147,827
Other	$50,405
Total Expenditures	**$2,186,023**

[26] Idaho Tax Commission. 2021. Report 04 Fund Detail and September Levy Report (data).

[27] Teton County, ID Public Works Director. 2021. Interview by ECONorthwest staff.

Solid waste: The County operates a Solid Waste Transfer Station (transfer station) that is used by residents, business owners, and visitors in the area. Teton County, ID property owners pay a Solid Waste Fee through their property tax bill that covers the costs of land ownership and capital costs of infrastructure needed to manage waste at the transfer station. GTR pays $11,000 per year in lieu of the Solid Waste Fee. County staff and experts that ECONorthwest consulted for this analysis did not know what metrics this fee amount is based on. At the time of drafting ECONorthwest does not have a copy of the contract with GTR but County staff confirmed the contract is negotiated, and the revenue history provided by Teton County shows that the $11,000 appears to have been in place for at least five years without fluctuating with the County's underlying cost conditions. The current contract is valid for at least the next five years. The community of Alta, WY has a similar fee in lieu arrangement with Teton County, ID to cover costs that the Solid Waste Fee would otherwise cover for its residents and businesses; Alta's fee is recalculated annually based on the percentage of occupied buildings in the service area.[28]

RAD Curbside (RAD), a waste management company based in Driggs, ID, provides waste collection services for residents and businesses throughout the Teton Valley. RAD pays a franchise fee of $25,000 to the County to provide this service.[29] GTR pays RAD a service fee and tipping fee to collect household and business waste, which is in addition to the fee in lieu of the Solid Waste Fee that GTR pays directly to Teton County, ID. The tipping fee is the weight-based fee that the transfer station charges to accept waste, which RAD passes through to its customers. Recyclables are not assessed on the same rate structure, and GTR diverts its recycling from the waste stream at high rates.[30]

Construction waste, which tends to be lower in weight per volume than regular household and business waste, does not contribute directly to the Solid Waste Fee revenue that supports capital infrastructure investments at the transfer station. The transfer station assesses a tipping fee per ton of construction waste that passes through, so construction waste contributes to the variable costs incurred at the transfer station to handle such waste.

Finally, RAD has a contract with Teton County, ID to transport solid waste to the Mud Lake landfill, located about 80 miles away in Jefferson County, ID. The County pays RAD per truck trip in addition to a fuel surcharge and a tipping fee at the landfill.

A 2020 audit of the Solid Waste Transfer Station noted the following:[31]

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[28] Information from the Alta Solid Waste District Proposed Budget for FY 2022. July 2021. https://www.tetoncountywy.gov/DocumentCenter/View/18775/Alta-Solid-Waste-Disposal-District-Proposed-Budget

[29] Teton County Transfer Station Audit and Teton County staff. 2021. Interview by ECONorthwest staff. Note the contract with this provider was renewed for five years beginning in 2022.

[30] Personal Communication, David Hudsacsko, RAD Curbside. 2022. Interview by ECONorthwest staff.

[31] Teton County, Idaho, Solid Waste Transfer Station System Operations Audit. Prepared for Teton County Public Works by Great West Engineering. March 24, 2021.

- The station has been experiencing growth in waste of 9 to 10 percent per year, a level which is "not sustainable" for the station.
- There is a wide separation between growth in waste and growth in population, which indicates that the "large transient community" of tourists and people with second homes is generating a significant amount of waste, a trend which was exacerbated during the COVID-19 pandemic (especially as people who are able to work remotely were moving to smaller communities like Teton County).
- There has been a notable increase in construction-related waste from homes, multifamily units, and schools.
- The audit identified $2.9 million in recommended capital improvements and a number of operational efficiencies and investments needed to meet increased demands.

City of Driggs, ID

The City of Driggs identified traffic and congestion as areas of concern. Driggs Public Works maintains 25 miles of city-owned road. There is one traffic light in Driggs. As in Teton County, ID, Driggs would prefer to reseal roads on a five-year cycle as opposed to a seven-year cycle that the city currently operates under. Staffing was identified as an area of concern for Driggs, given high cost of living and housing costs. Funding sources and costs for Driggs' Transportation Fund are shown below in Exhibit 10 and Exhibit 11. The resort tax has been a primary source of revenue for transportation maintenance needs in recent years.

Exhibit 10. Transportation Fund Information, Driggs, ID
Source: FY 2022 Budget, Driggs, ID

Funding	
State Highway Users Fund	$65,645
State Highway 30%	$22,320
Resort Fund	$326,064
County Road Levy	$135,000
County Road 40-810A	$32,630
Total Funding	**$581,659**

Exhibit 11. Transportation Expenditure Information, Driggs, ID
Source: FY 2022 Budget, Driggs, ID

Expenditures	
Personnel & Overhead	$237,593
Street Lights	$43,993
State Highway Funding	$23,000
Equipment	$25,000
Fuel and Oil	$24,000
Road Materials	$4,000

Road Maintenance	$137,000
Parking Lot Maintenance	$8,000
Pathway Maintenance	$9,500
Street Striping/Painting	$16,000
Street Signs	$11,500
All Other	$14,960
Capital	$27,113
Total Expenditures	**$581,659**

Alta, WY

Alta's roads are maintained either by Teton County, WY, or by neighborhoods and developments. Alta has identified traffic infractions such as speeding as areas of concern for community members, and also identified that wait time for law enforcement response (from Teton County, WY) in the community was sometimes problematic.[32] Alta would also benefit from additional parking lots and transit options from Driggs and Alta, which would help to alleviate some of the traffic up and down the mountain.

Teton County Fire and Rescue (Idaho)

Teton County Fire and Rescue is funded by the Teton County fire district, a property taxing jurisdiction with a FY 2021 budget of $3.9 million.[33] TCFR serves all of Teton County including jurisdictions within the county; Alta, unincorporated Wyoming communities, and GTR on the Wyoming side. TCFR recently renegotiated the payment from Teton County, WY, for services provided to Wyoming; the FY 2021 amount is $480,000 which is roughly based on the share of calls originating in Wyoming versus Idaho. Over a three-year period prior to 2021, there were about 800 calls, 100 of which originated in Wyoming. Of the 100, 80 were from GTR and another 20 were from Alta. The other 700 calls originated in Idaho. About 75 percent of all calls are for emergency medical services, and the other 25 percent were for fire services.[34]

[32] Teton County, ID, Sheriff is not able to cross state lines due to differences in state law and jurisdictional issues.

[33] Teton County Fire and Rescue. 2021. "Breakdown by Major Incident Types per FDID".

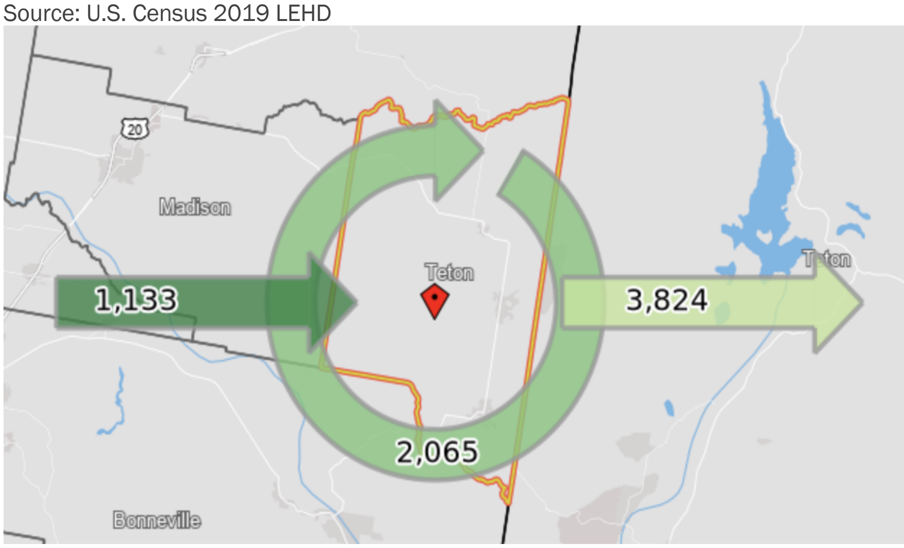
[34] Teton County Fire and Rescue Chief. 2021. Interview by ECONorthwest staff. December 13, 2021.

Key Trends Driving Housing Markets

Housing markets are regionally interdependent

Housing markets are understood within a regional context because people can choose to live and work in different places. Only a third of residents of Teton County, ID, live and work in the county, but 3,824 (or 65 percent) of residents commute to other counties.[35] Most are likely working across the border in Wyoming because there are larger employers and more frequently visited tourism destinations in Jackson that attract more and often higher-paying jobs. Idaho residents who work across the state border are more likely to earn a higher income. Notably, the share of residents working outside the county has not changed much since 2012.[36]

Exhibit 12. Commuting Patterns of Teton County, ID, Residents
Source: U.S. Census 2019 LEHD



A related feature of the commuting between the two counties is chain commuting in and out of Teton County, ID. 1,133 (or 35 percent) of workers in the county commute in from other places, mostly from other cities in Idaho.[37] Just as some people working in Teton County, WY, were priced out of the housing market and moved to Teton County, ID, there appears to be people working in Teton County, ID, who cannot afford to live there. Thus, Teton County, ID, serves as a bedroom community for some workers in Wyoming, but it also serves as an employment destination for residents of other surrounding areas.

Teton County, ID, is a bedroom community to Teton County, WY, for many reasons. Many long-time residents of Teton County, ID, find better employment opportunities across the state border. However, an increasingly larger share of the Teton County, ID, residents are former

[35] U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2019).

[36] Ibid.

[37] Ibid.

residents of Teton County, WY, who continue to work in Wyoming but who may have been priced out due to high housing costs or preferable housing conditions. Single or younger individuals may find roommates to stay in the WY county, but older individuals and those with dependents are more likely to move to less relatively expensive housing markets like in Teton County, ID.

Housing and economic development strategy should be coordinated across jurisdictions because of the existing mobility between them. Isolated attempts to improve housing affordability in Idaho may prove to be futile if affordable housing opportunities continue to deteriorate in Wyoming.

Home prices and rents rose significantly during the last economic cycle and through the COVID-19 pandemic

Recent Trends Housing Prices and Rents

The real estate market in Teton County, ID, experienced strong growth, especially in the last few years. The region's largest real estate broker reported that typical single-family dwellings were sold at $755,000 and typical condominiums and townhouses were sold at $429,000. Furthermore, the average price for single-family dwellings reached $1 million due to large or luxury units that were sold in a higher price range.[38] Only a few years ago in 2018 and 2019, nearly 75 percent of homes were priced under $500,000. Now, a majority (70 percent) of homes are sold over $500,000.[39]

A search of recent sales and listings on Zillow confirmed the reported figures. There were many 2-bedroom and 3-bedroom single-family dwellings selling in the $500,000 to $700,000 range and many more luxury homes that sold at above $1 million. 2-bedroom and 3-bedroom townhouses were also available for sale in the $525,000 to $825,000 range. A townhouse marketed as a vacation rental was available for sale at $460,000. There were also 97 vacant lots that were sold in the most recent 12 months, and 460 sold in the most recent 24 months.[40]

Vacant land transaction volume increased by 118 percent compared to a year ago and average sales price doubled. They represented 66 percent of all sales volume in 2021.[41] These values suggest upcoming growth in residential and commercial real estate uses in the near future. The

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[38] Compass Real Estate. *Teton Valley Real Estate Market Report*. Year End 2021. https://issuu.com/jhrea/docs/q4mr_tetonvalley2021.

[39] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

[40] These observations are based on searches on Zillow.com on November 15th, 2021, and April 21st, 2022.

[41] Compass Real Estate. *Teton Valley Real Estate Market Report*. Year End 2021. https://issuu.com/jhrea/docs/q4mr_tetonvalley2021.

reported real estate transactions for 2021 were distributed geographically: 401 were in Driggs, 465 in Victor, 255 in Tetonia, and 34 in Alta.[42]

A newly constructed residential area called The Village at Teton Creek also exemplifies the types of dwelling units that are entering the market. The Village's 2-bedroom, detached units are sold starting at $519,000 and up to $589,000, with an annual HOA fee of $2,900. The units are marketed as investment products whose revenues from vacation rental uses are expected to be about $54,100, based on monthly rents that could vary from $1,000 to $10,000 depending on the season.[43] Other vacation rental units observed in the area were listed for $2,250 per month for a 1-bedroom unit to $3,600 per month for a 2-bedroom unit.[44] A listing also included a 2-bedroom unit at $5,900 per month.[45]

Affordability for Median Households

One data point suggests that home prices have risen in proportion to changes in income during the period between 2010 and 2019. A summary of transaction data for Zillow shows that home prices increased by 70 percent in Teton County, ID, and 48 percent in Teton County, WY (see Exhibit 13). These numbers closely match the growths in personal income during the same period (see Exhibit 14).

Exhibit 13. Change in Home Sales Prices
Source: ECONorthwest; data from Zillow[46]

Time Period	Teton County, ID	Teton County, WY
2010 to 2019	70%	48%
2019 to Mar. 2022	52%	35%

However, a closer look at more recent changes suggests deteriorating housing affordability. Home sales prices rose 15 percent per year and rents rose over 9 percent per year between 2015 and 2021. In comparison, annual job growth and wage growth lagged behind at 5.0 percent and 4.9 percent, respectively. Housing supply grew by only 2.1 percent per year during the same time period.[47] These figures point to a tightening housing market where prices are going up because housing supply is not matching with economic growth. This lag in demand and supply

[42] Ibid.

[43] Fall Line Realty Group. "The Village at Teton Creek." https://jacksonholebrokers.com/village-at-teton-creek/.

[44] These observations are based on a search on Zillow.com on November 15th, 2021.

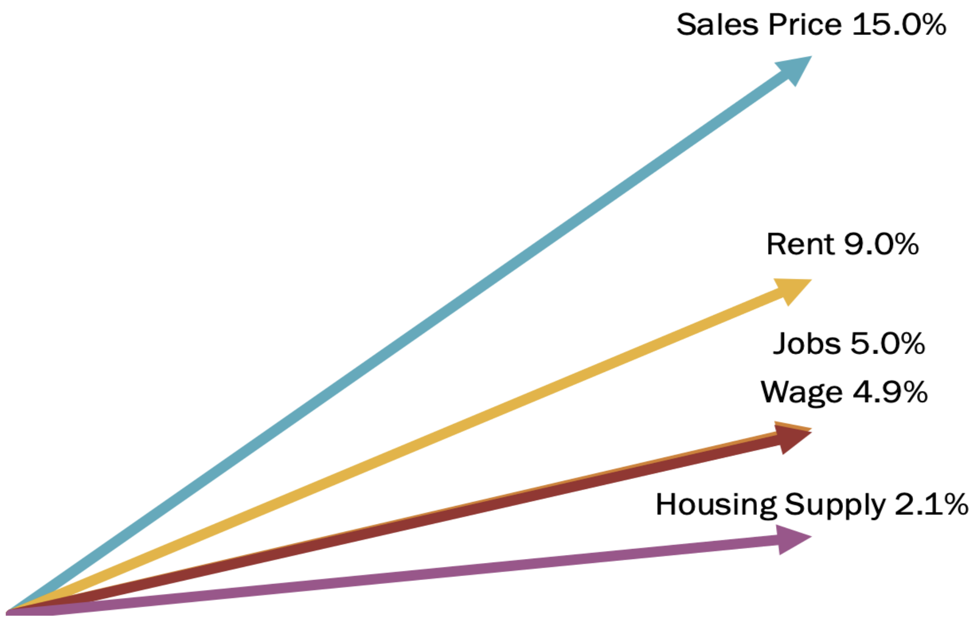
[45] These observations are based on a search on Zillow.com on April 21st, 2022.

[46] Zillow Home Value Index, All Homes (SFR, Condo/Co-op), Time Series, Smoothed, Seasonally Adjusted.

[47] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

is not surprising since it can take several years for housing projects to be entitled, financed, permitted, and constructed before they are occupied by households.

Exhibit 14. Economic Indicators, Annual Growth between 2015 and 2021, Teton County, ID
Source: ECONorthwest; data from WSW Consulting[48]



Moreover, home prices have risen 52 percent in Teton County, ID, between December 2019 and March 2022, at a level above the national trends in home sale prices during the COVID-19 pandemic. Teton County, ID's home sale prices rose about 14 percent in the 6 months between September 2021 and March 2022. The increase in Teton County, WY was more in line with national trends. In comparison, median household income increased by only 37 percent in Teton County, ID, and 24 percent in Teton County, WY, between 2010 and 2020.[49] In other words, the income of a typical household in the region increased at about half the rate of increase in home prices.

The symptoms of tightening housing conditions are reported in Teton Regional Housing Needs Assessment.[50] Most of the new, market-driven housing supply is targeted to high-income households. Also, 18 percent of renters reported moving out due to direct conversion of their unit to a short-term rental unit.[51] One way to understand whether households are earning enough to pay for today's housing costs is to calculate the affordable home prices and rents. Housing is generally considered affordable when housing costs make up no more than 30

[48] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

[49] U.S. Census Bureau. (2010). Median Household Income. ACS 5-year estimates.; and U.S. Census Bureau. (2020). Median Household Income. ACS 5-year estimates.

[50] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

[51] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

percent of a household's income. Exhibit 15 shows estimates of affordable housing costs for different levels of income based on the county's 2022 Median Family Income (MFI) of $85,400[52].

Depending on the methodology used, households earning 120 percent of MFI ($102,500) could afford new homes or rental units at the bottom end of those that are being sold or rented today (about $500,000 for-sale and $2,250 rental). Households earning less than 120 percent of MFI likely cannot afford typical housing that is on the market today, and thus will have to either remain in their current situation or look for much lower-cost dwellings or spend more than 30 percent of their income on housing.

Exhibit 15. Affordable Housing Costs
Source: ECONorthwest; data from HUD

Household Income Level	120% of MFI	80% of MFI	50% of MFI
Household Income	$ 102,500	$ 68,300	$ 42,700
Affordable Housing Price			
5% down, 5.5% interest	$ 379,980	$ 253,320	$ 158,320
20% down, 5.0% interest	$ 501,120	$ 334,080	$ 208,800
Affordable Monthly Rent	$ 2,360	$ 1,510	$ 870

Notes: 5 percent down approach uses a method used in 2014 Western Greater Yellowstone Area Housing Needs Assessment. It assumes a 30-year fixed rate mortgage with 5.5 percent interest rate, 5 percent down payment, and 20 percent of monthly payments covering taxes, insurance, and HOA fees. This results in a price-to-income ratio of 3.7. 20 percent down approach uses 5.0 percent interest rate to better reflect today's economic conditions. This results in a price-to-income ratio of 4.9. Rent calculations assume $220 per month in utilities expenses.

On the one hand, a rise in housing prices would benefit existing homeowners who built equity in their properties and outside investors who find attractive opportunities in the county. However, renters looking to buy their first homes and growing households looking to purchase larger homes are likely to find fewer housing opportunities. Their wages likely have not grown at the pace of housing price growth, and newly built homes are only targeting higher-income households.

Today's higher prices are driven by strong demand for housing, including second homes and vacation rentals, accentuated by tight, lagging supply

From a simple supply-and-demand point of view, a shortage of housing can lead to higher prices. In places like Teton County, ID, there could be a shortage of *primary housing* due to the presence of *secondary housing*. Land and buildings dedicated for second homes and vacation rentals reduce land and buildings available for primary residence.

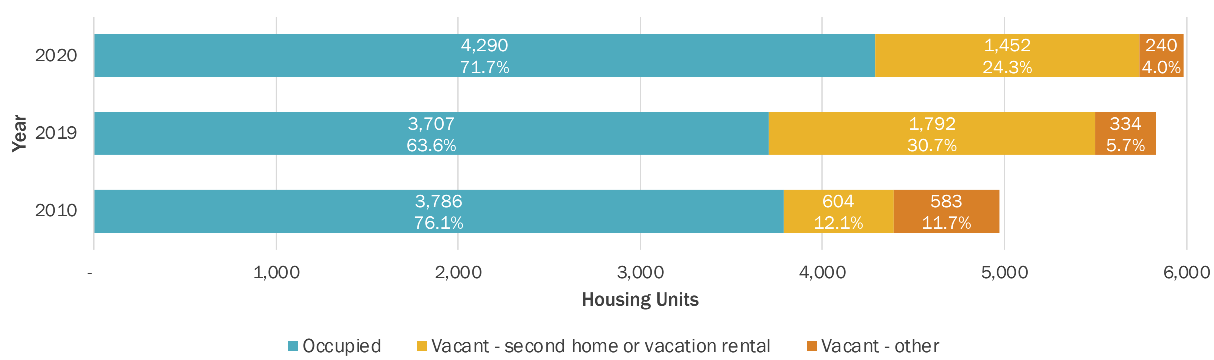
[52] Income Limits FY 2022, U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

As of 2019, 36.4 percent (2,126 units) were estimated to be vacant in Teton County, ID. This is comparable to 34.9 percent vacancy in Teton County, WY. The vacancy rate was much higher than in the U.S., which was only 12.1 percent in 2019. Of the 2,126 units, 1,792 units (84.3 percent) were vacation homes or short-term rentals, and 181 units (8.5 percent) were occupied households with residence outside the county.[53]

Furthermore, the number of vacant units have grown since 2010. Exhibit 16 shows not only that the total number of vacant units grew from 1,187 to 2,126 units between 2010 and 2019 but also that only 604 of vacant units were vacation homes or short-term rentals in 2010, compared to 1,792 in 2019. Both the increase in the total vacancy and the number of second homes or short-term rentals limit housing opportunities for people looking for primary housing.

The housing stock changed substantially in 2020. First, the total housing stock grew 2.5 percent from 5,833 to 5,982 units. More importantly, the estimated number of occupied units grew 583 units while vacant units shrank 434 units. These survey results suggest a large turnover of second or vacation rental units into primary residences.

Exhibit 16. Housing Units in Teton County, ID
Source: ECONorthwest; data from 2020, 2019, and 2010 ACS 5-year estimates



Short-Term Rentals

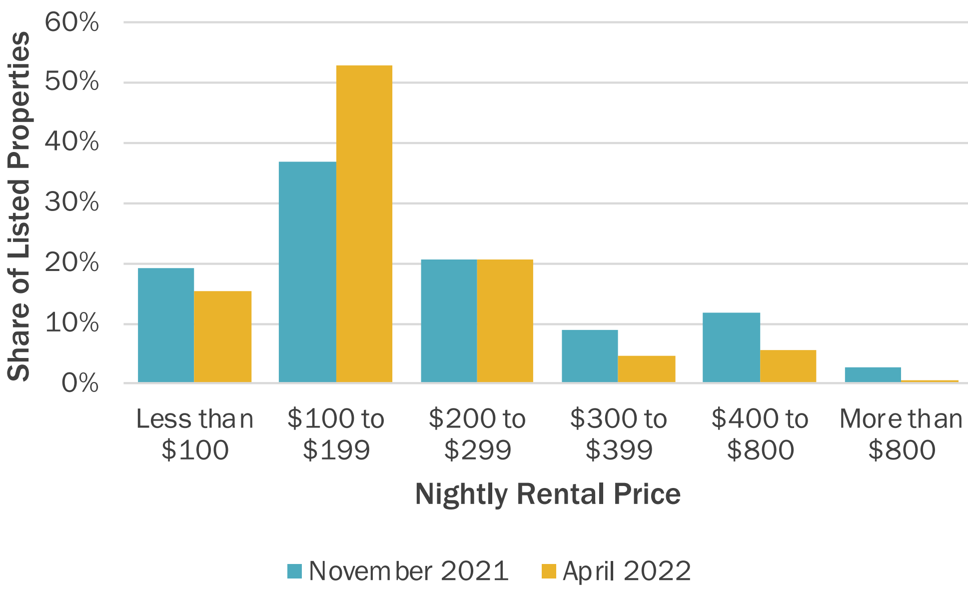
According to a 2020 study of short-term rentals in the region by graduate students at University of Colorado Denver, there were 2,575 short-term rental property listings active between February 2019 and February 2020.[54] 33 percent were located within Teton County, ID, and the remaining 67 were located within Teton County, WY. The average monthly income of the properties in Idaho was $2,920, and 7.9 percent of them operated as a short-term rental for more than half of the year. In comparison, the average monthly income of the units in Teton County, WY, was $5,791 and 6.9 percent operated for more than half of the year.

[53] Headwaters Economics, *A Demographic Profile*, November 11, 2021. Using 2019 ACS 5-year estimates.

[54] Shelby Jablon. 2020. *Teton County, Idaho and Teton County, Wyoming Short Term Rental Study.* Capstone project for Master of Urban and Regional Planning Program, College of Architecture and Planning, University of Colorado, Denver.

A search of rental listings on Airbnb on a day in November 2021 showed 606 properties ranging from tiny cabins renting at $35 per night and 1-bedroom units renting at $100 per night to large, luxury units renting at $5,000 per night. Another search of Airbnb listings on a day in April 2022 showed 299 properties with a greater share of units at $100 to $199 nightly rental price. Exhibit 17 shows the distribution of the listings by nightly rental price and the search period. The difference in the total number of observations could reflect seasonality and any irregularities on the day the data was collected.

Exhibit 17. Distribution of Airbnb Listings in Teton County, ID
Source: ECONorthwest; data from Airbnb



Net migration of higher-income individuals fuels a competitive housing market

Teton County, ID, has attracted new residents as well as lost some residents in the past decade. While there are many possible reasons for each move, it appears that incoming residents had higher incomes than residents who moved out. Reportedly, about half of the buyers of second homes and vacation rentals are from outside the region.[55]

In 2014, the median family income was $59,400 (in 2014 $), 49 percent of households earned $25,000 to $75,000, and only 13 percent of households earned $100,000 to $150,000.[56] By 2019, the median family income rose about 25 percent (including inflation) to $74,200 (in 2019 $), and the local economy had grown to a point where 37 percent of households earned $25,000 to $75,000, and 25 percent of households earned $100,000 to $150,000. In comparison, only 15 percent of

[55] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

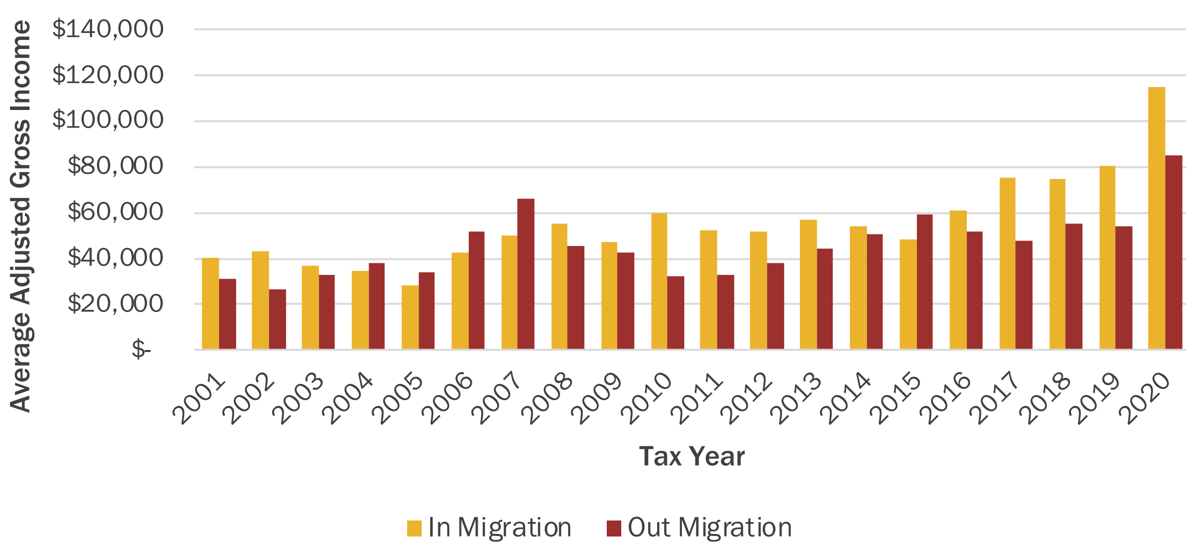
[56] Rees Consulting et al. 2014. Western Greater Yellowstone Area Housing Needs Assessment. Accessed at: https://jacksontetonplan.com/DocumentCenter/View/420/2014-Western-Greater-Yellowstone-Regional-Housing-Needs-Assessment-PDF

households in the U.S. earned $100,000 to $150,000 in 2019.[57] The growth in the county's median family income during the five years, even after accounting for inflation, appears to be driven by the growth in the share of households earning higher levels of income.

Based on those who filed tax returns on the year they moved, Exhibit 18 shows that tax filers who moved to Teton County during the last economic cycle tended to have higher incomes than those who moved out (i.e., the yellow bars are higher than the red bars). This finding contrasts with years 2004 to 2007 when those who moved to the county tended to have lower incomes than those who moved out. This pattern suggests the recent years' growth in income and wealth in Teton County, ID, is partially driven by migration of higher-income tax filers than in the past.

Furthermore, the size of the difference in average income between the in-migrants and out-migrants were much larger in the early years of the last economic cycle (2010 to 2012) when the economy started to recover and in the later years of the cycle (2017 to 2019) when the economy was expanding strongly. In 2020, the average income of in-movers was about $34,000 higher than the previous year and that of out-movers was about $21,000 higher than previous year. Thus, combined with the fact that net in-migration has been positive for most of the past decade, the difference in average incomes of movers likely contributed to the growth in the share of households earning higher levels of income. Also, the large increase in the average income of in-movers in 2020 may be related to the large turnover of second or vacation rental units into primary residences.

Exhibit 18. Average Adjusted Gross Income of Movers, Teton County, ID
Source: IRS Statistics of Income Migration Data



Note: Based on reported adjusted gross income for each tax return filer

[57] Headwaters Economics, *A Demographic Profile*, November 11, 2021. Using 2019 ACS 5-year estimates.

Rising housing prices and construction costs contribute to make housing scarce, particularly for households with lower incomes

Teton County has experienced in the past 10 years a quick pace of growth in population, employment, income, and housing costs. The strong growth was indicative of national economic recovery from the Great Recession and increase in people's discretionary incomes and demand for leisure activities. Within the four years between 2014 and 2018, home prices rose 20 percent so that most 3-bedroom dwellings cost more than $300,000. Construction cost alone of a 3-bedroom unit without a garage was estimated to be at least $270,000. These "family sized" units would have been affordable to only the households with 120 percent of MFI or greater. Also, the rents had increased by 40 percent for 1-bedroom units, 80 percent for 2-bedroom units, and 137 percent for 3-bedroom units.[58]

Additional cost increases are also weighing on housing affordability. The average cost to build a 1,400 square foot unit in 2021 was $555,000.[59] Disruptions to the workforce and global supply chain contributed to a 12 percent to 14 percent increase in development costs in 2021.[60]

Housing is becoming less affordable partly because the average worker is employed in lower wage industries. Although a greater portion of the county's population is fully employed—62 percent worked 50 or more weeks per year and 68 percent worked 35 or more hours per week, whereas those figures were 59 percent and 60 percent, respectively, in the U.S.—many are employed in sectors with relatively lower wages. 13.4 percent of the county's employment is in accommodation and food services and 14.1 percent is in retail trade. In comparison, 10.9 percent of employment in the U.S. is in accommodation and food services and 11.8 percent is in retail trade.[61]

The Regional Housing Needs Assessment estimated 170 additional "catch-up" units need to be built to address currently existing housing needs in Teton County, ID. Based on a projected job growth of 4.8 percent in Idaho in the next 5 years and an estimate of current employees planning to retire and stay in their homes, the assessment also estimated 995 additional "keep-up" units to house new employees in the county. If the current pattern of commuting continues, 415 additional units would be needed to house the portion of new workers in Wyoming who would reside in Idaho. In total, the estimated housing need in Teton County, ID, ranges from 1,165 to 1,580 units.[62]

In annualized terms, about 200 to 320 units need to be built per year in the next 5 years to meet the need for housing. 200 units per year would be needed to meet the 995 keep-up units

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[58] Teton County, Idaho. 2019. Affordable Housing Strategic Plan.

[59] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

[60] RSMeans City Cost Index Idaho. Q4 2021. Norwell, MA :RSMeans,

[61] Headwaters Economics, *A Demographic Profile*, November 11, 2021. Using 2019 ACS 5-year estimates.

[62] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

estimated based on job growth in the next 5 years. Additional 120 units per year would be needed for the catch-up units and for units to house new workers in Wyoming residing in Idaho.

The housing assessment recommends 60 percent of the needed units be priced below-market and affordable to households earning no more than 90 percent of MFI for rentals and 150 percent of MFI for ownership units.[63]

Historical housing production is not nearly sufficient to meet the keep-up needs, let alone the catch-up needs and the additional units for new workers commuting to Wyoming. Only about 1,000 units were added to the housing supply in Teton County, ID, between 2010 and 2020. Moreover, the shares of the new units were almost evenly split between primary and secondary housing.[64] In the most optimistic scenario, in which 100 affordable, primary housing units are built each year, housing production would have to double for the next 5 years to meet the estimated need for keep-up units. In a scenario in which only 50 primary housing units are built each year, housing production would have to increase 6- or 7-fold to produce 1,580 units, and possibly even more to ensure there is a sufficient supply of affordable units.

Although the region's recent investments in the new affordable housing will help alleviate the growing housing crisis, they are not nearly sufficient to address the full extent of the need. The City of Driggs is partnering with Northwest Real Estate Capital Corporation to develop affordable housing in downtown Driggs at Depot Square. There would be 30 income-restricted units affordable at 30 percent to 60 percent of MFI. As of early 2022, an additional 66 affordable rental units were planned. The City of Driggs is also working with the Karl Johnson Foundation and others to provide affordable ownership units. The City of Victor recently entered an agreement with the Joint Housing Authority to lease land at Sherman Park for an affordable housing project with up to 72 units. Also, GTR opened in 2021 96 dormitory-style units in Driggs for its employees.

[63] WSW Consulting. 2022. "Teton Region Housing Needs Assessment"

[64] U.S. Census Bureau. (2010). Occupancy Status and Vacancy Status. ACS 5-year estimates.; and U.S. Census Bureau. (2020). Occupancy Status and Vacancy Status. ACS 5-year estimates.

2. Grand Targhee Resort’s Expansion Proposals and Future Economic Growth in Teton County, ID

Continued growth in population and visitation is expected in the Teton Valley regardless of specific expansion plans at GTR or within the PUDR. However, without these developments, the Teton Valley would be considerably less likely to capture spillover demand from Jackson, Wyoming and other amenity-driven resort communities in the intermountain west. With current and expanded amenities, the Teton Valley will continue to be an attractive substitute to other resort communities as long as it remains a more affordable destination and investment prospect relative to other places.

GTR’s expansion plans on the mountain would more than double the “comfortable carrying capacity” of the existing resort during the winter season. This number is a measure of the optimal number of guests that ski infrastructure—including lift capacity and downhill trail capacity—can accommodate on a daily basis without leading to overburdened services, long wait times, and an unpleasant user experience. Expanding the resort would expand employment at the resort and at businesses that provide services to the resort, resort employees, and visitors traveling to the resort. Current plans envision an almost doubling of full-time equivalent (FTE) jobs in the region during the winter season (an increase of about 600 FTEs). Almost half of the increase in employment is likely to occur in Idaho, and many of the Wyoming employees would need housing in Idaho.

GTR’s proposed PUDR would develop a resort center to complement its on-mountain amenities and provide a mix of recreational, retail, and service-oriented activities in addition to overnight accommodations. Accommodations would include lodges and hotels for overnight guests, short-term rentals, and single-family lots that could serve as primary or secondary residences. The resort master plan currently would allow 450 units of housing and 150,000 square feet of commercial, including restaurants and retail. Parking and employee housing are required and scaled based on level of development, with employee housing provided either onsite or in Driggs or Victor, ID. The master plan suggests a phased development approach, but no specific timing for phases is stipulated—this means development could occur rapidly within a tightly sequenced timeframe or be spaced out over time which may allow for more strategic public investment in services to respond to increases in visitation demand. Without a phased approach that provides sufficient planning time, the latter scenario is not guaranteed and could be challenging for local jurisdictions to adequately respond to.

The forthcoming NEPA EIS of the on-mountain resort expansion will provide visitation projections specific to capacity of buildout alternatives, and an economic impact analysis of the proposed alternatives. No additional analysis is currently underway to understand the potential economic impacts of the PUDR. If both are developed, visitation to the Teton Valley would undoubtedly increase. Although the intent of the PUDR is to provide a broader set of amenities and accommodations for GTR guests, the broader set of amenities may be attractive to a broader set of visitors, increasing total visitation to the Teton Valley beyond what GTR would drive alone. In response to the expanded scale and scope of amenities provided by GTR and the PUDR, population and demand for housing would likely continue to increase, as people are drawn to relocate to the region. Employment opportunities would increase directly to develop and staff the increased amenities and through indirect pathways.

Disentangling the specific amount each individual development would lead to incremental increases, independent of other growth-inducing trends, is a challenge subject to considerable uncertainty. The aim of this analysis is to explore a range of potential outcomes, recognizing that even with full buildout of GTR and the PUDR, underlying economic trends ultimately influence demand. If strong demand seen in recent years continues, one scenario may play out. If demand softens due to macroeconomic trends or other factors independent of development, a different set of outcomes may materialize.

Thus, this analysis considers the impacts on housing, public infrastructure, and services under three potential visitation growth trajectories.

- **High Visitation Growth**: The high visitation scenario assumes enhancements at GTR and rapid buildout at the PUDR fuel continued growth in demand for visitation and relocation into the Teton Valley, consistent with the 6 percent annual growth trend seen in recent years. Investments in amenities, such as these proposed developments, have the potential to generate visibility to an area and increase visitation both directly (ski-related visits) and indirectly (visitors taking in the scenery, shops, restaurants, and participating in other non-ski-related activities). Using the 2021/22 season as a base visitation (231,000 visits), a 6.4 percent annual increase would result in about 20,000 new visitors per year in 10 years.
- **Medium Visitation Growth**: With proposed improvements currently under evaluation in the EIS, visitation during the winter season at the GTR is expected to directly support visitation growth of about 3.5 percent per year. This growth trajectory assumes that most visitation growth will be directly related to ski area expansion. The PUDR would be phased in, and demand for accommodations and services would exclusively come from visitors to the GTR. Using the 2021/22 season as a base visitation (231,000 visits), a 3.5 percent annual increase would result in about 10,000 new visitors per year in 10 years.
- **Low Visitation Growth**: If visitation growth cools with increased economic uncertainty and softer than expected demand for the amenities offered in the Teton Valley materializes, visitation growth could decline to about 1 percent per year. This growth trajectory assumes underutilized future capacity at GTR and a slow pace of development at the PUDR occupied by visitors to GTR. Using the 2021/22 season as a base visitation (231,000 visits), a 1 percent annual increase would result in about 1,800 new visitors per year in 10 years.

In addition to visitation growth, GTR and the PUDR amenities could affect employment and population growth in the region. These assumptions are used in the housing analysis in Section 3. In its 2020 Annual Report on Teton County 2012-2030 Comprehensive Plan, the planning department notes that the annual population growth between 1980 and 2018 was 3.75 percent. Based on this information, the report calculated population projections based on 2.75 percent, 3.75 percent, and 4.75 percent growth.[65] The analysis in the following section uses expectations for population growth and employment growth based on this and other recent analyses. For Teton County, ID, these analyses put annual population growth between 3 percent and 5 percent and job growth at 4.8 percent. Although the state's economic projections forecast 1.5 percent job growth for eastern Idaho region, the report notes the average job growth was 5.3 percent between 2012 and 2019 in Teton County, ID. A 4.8 percent annual job growth rate is assumed to align closer with recently experienced growth.

All of these assumptions form the basis of the analyses of local government revenue collection, demand for public services, and housing in the following section.

[65] Teton County Comprehensive Plan: Annual Report to the Community. Teton County Planning Department. June 2020. https://www.tetoncountyidaho.gov/use_images/pdf/codePolicy/annualreporttothecommunity-2020-june2020-final.pdf.

3. Implications of Grand Targhee Resort's expansion for Revenue, Cost of Public Services, and Housing in Teton County, ID

How will future growth, supported by GTR's expansion, affect the cost and availability of public services?

This section evaluates the impact of GTR growth on public service providers by assessing the following questions:

- How will new resort development impact traffic patterns?
- What are direct and indirect needs placed on public services provided by Teton County, ID, from direct and indirect ski-related growth?
- What types of new public infrastructure will be needed to support future growth?

Public Service Cost Implications

Road Improvements

Teton County, ID, Public Works predicts impacts to the network of County roads that provide a route up the mountain and/or allow traffic to bypass the City of Driggs. In particular, the County noted at least $6.4 million of road improvements that need to occur to improve traffic flows. Notably, sections of 2500 North (locally referred to by its former name, Hastings Lane), 2000 S, and State Line Road need to be paved, and LeGrande Pierre Avenue will likely need to be extended and paved to connect Highway 33 from the county line to Ski Hill Road to accommodate traffic increases. Additionally, the County will need to add turn lanes at 2500 N and 2000 S on State Highway 33, at a cost of approximately $1 million for each location.[66] See Exhibit 19 for a table listing needed County projects and estimated costs. There is no funding currently allocated for these improvements.

The City of Driggs will also need to make road improvements to accommodate additional traffic. Creating a shortcut from Highway 33/Main Street along Johnson Avenue, where GTR employee housing has been built, and South 5th Street to Ski Hill Rd would cost $2.6 million ($1.4 million for Johnson Avenue and $1.2 million for 5th Street). Le Grande Pierre Ave, which connects Hwy 33 to Ski Hill Road within the city limits, is currently partially paved and partially unimproved. Paving the rest of the portion within the city and adding ribbon curb

[66] City of Driggs and Teton County, ID, staff. All costs are rough estimates and likely to increase with inflation.

would cost $1.3 million. Total Driggs road improvement costs are $5.6 million as shown in Exhibit 20.

Exhibit 19. Teton County, ID, Road Improvements and Estimated Costs
Source: Teton County, ID, Public Works Staff. Costs will increase with inflation

Street Name	Description	Approx. Distance (miles)	Approx. Cost
2500 N	Pave SH 33 to State line Rd	3.2	$1,120,000
2000 S	Pave SH 33 to State line Rd	3.2	$1,120,000
State Line Rd	Pave 2000 S to Ski Hill	4.0	$1,400,000
LeGrande Pierre Ave	Build and pave from county line to Ski Hill	0.5	$750,000
Subtotal Paving			$4,390,000
2500 N	Turn lane at State Highway 33		$1,000,000
2000 S	Turn lane at State Highway 33		$1,000,000
Subtotal Turn Lanes			$2,000,000
Total County Road Improvements			**$6,390,000**

Exhibit 20. City of Driggs, ID , Road Improvements and Estimated Costs
Source: Teton County, ID, Public Works Staff

Description	Approx. Cost
City Paving Costs (Johnson Avenue, 5th Street, and Le Grande Pierre Avenue)	$3,600,000
City Highway 33 turn lanes	$2,000,000
Total City Road Improvements	**$5,600,000**

Road Reconstruction

In addition to the new capital improvements, Teton County, ID, staff also identified the need to accelerate the current road replacement schedule to keep up with heavier road usage. Staff identified that the County is on a seven- to ten-year road reconstruction schedule, including and up to Ski Hill Road on the Idaho side of the border. Staff believes that the Teton County, WY, side of Ski Hill Road is resurfaced on a much more frequent schedule (perhaps every two years). ECONorthwest confirmed that the County is on a ten-year replacement cycle based on budgeted amounts in the County's FY 2020 Road and Street Report and calculated the cost to accelerate road replacement to a seven year cycle.[67] The annual costs under a ten-year and seven-year reconstruction schedule for 100 miles of county road are shown in Exhibit 21.

Exhibit 21. Estimated Costs to Reconstruct 100 Miles of County Road Under 10-year and 7-year Cycles
Source: ECONorthwest; data from FY 2020 Road and Street Report, Teton County, ID. Interviews with County staff

	1-Year Cost	5-Year Cost
10-year cycle (current)	$436,000	$2,180,000
7-year cycle (due to accelerated needs)	$623,000	$3,115,000
Additional cost due to accelerated cycle	**$187,000**	**$935,000**

Note: Calculations are shown in 2020 dollars for consistency with the source.

The City of Driggs may face similar impacts to the 25 miles of road maintained by the City. The cost to chip seal 3.75 miles of road per year was identified as $120,000, or $32,000 per mile. Based on this estimate, the cost to reseal all 25 miles of roads would be $800,000. Assuming that the City is on a 7-year cycle, the cost to accelerate to a 5-year cycle is shown below.

Exhibit 22. Estimated Costs to Reseal 25 miles of City Road under 7-year and 5-year Cycles
Source: ECONorthwest; data from FY 2022 Budget, Driggs, ID

	1-Year Cost	5-Year Cost
7-Year cycle (current)	$120,000	$600,000
5-Year cycle	$160,000	$800,000
Additional cost due to accelerated cycle	**$40,000**	**$200,000**

Road improvements are just one strategy essential to reducing congestion and improving safety. Recognizing the challenges of managing peak traffic volumes on Ski Hill Road, GTR has provided transit options, and would be required to increase the capacity of these options under expansion scenarios. A functional transit system with the capacity to serve an increase in visitors and employees requires infrastructure, including parking. The City of Driggs is planning for some park and ride spaces in downtown, with GTR providing financial assistance for that project in the form of a cash match. A larger park and ride would likely be needed. GTR and the City/County are discussing but have not yet developed specific plans for where this additional parking would go and how it would be funded. Traffic impact studies would likely need to be done to understand and potentially mitigate local impacts. Some of the parking needs created by GTR expansion could be located at the PUDR, but a comprehensive

[67] The County Road and Street Report identified $1.5 million in costs for road reconstruction per year beginning in FY 2021 The report also included a seven-mile reconstruction project at a cost of $340,371, which would indicate a per-mile cost of about $49,000. Applying this per-mile cost to 344 miles of County road would indicate a total cost of $16.7 million. For the purposes of this analysis, it is assumed that $1.5 million a year for 10 years would fund reconstruction of all 344 miles of road, without assuming inflation.

assessment is needed to define potential direct and external costs of the transit mitigation options.

Finally, the estimated costs above are to address congestion related to daily vehicle trips to amenities in Wyoming. **These maintenance and capital upgrades do not address additional increased construction traffic through Teton County, ID. Depending on the phasing of the PUDR and timing of its development compared on GTR improvements on the mountain, construction traffic could worsen congestion and lead to additional costs not accounted for here.** For both Driggs and Teton County, ID, resort expansion and additional through-traffic to the resort will lead to further maintenance, reconstruction, and improvement costs that are currently unfunded.

Solid Waste

GTR generates solid waste throughout the year, with a pause in late spring and early fall when GTR is largely closed to visitors. RAD collects the waste and transports it to the transfer station in Teton County, ID. GTR expansion plans, both on the mountain and at the PUDR, would generate construction waste. Potential impacts of GTR expansion on solid waste management in Teton County, ID fall into several categories:

- Waste generated through normal operations, collected by RAD, and processed at the county's transfer station. The amount of waste would increase with visitation and residential household growth. This waste generates two streams of revenue for the county: 1) the tipping fee collected as part of the waste management fee GTR pays to RAD Curbside, and 2) the $11,000 negotiated between GTR and the county in lieu of the Solid Waste Fee.
- Waste directly generated during construction of GTR and the PUDR, and indirectly through growth in housing construction the expansion might induce. This waste generates one stream of revenue for the county: the tipping fee collected as part of the waste management fee RAD Curbside charges for dumpsters, or the tipping fee at the transfer station if it is transported directly.

Waste Generated Through Normal Operations

If GTR expands its operations and increases the amount of waste to the transfer station, the tipping fee the county collects would increase proportionally by weight of waste received. **This weight-fee relationship GTR pays is the same as any other waste-generating customer in the county, so this cost is assumed to be equitably addressed.** According to RAD, GTR has historically diverted a high proportion of its waste through recycling programs, which reduces the cost it pays for waste collection.

The $11,000 GTR pays to Teton County, ID each year covers a portion of capital costs the county incurs to maintain infrastructure at the transfer station. This is a negotiated "in lieu" fee because GTR is located in Teton County, WY so is not assessed the Solid Waste Fee through Teton County, ID. This negotiated amount is not tied to a specific volume or weight of waste.

If GTR's expansion plans increase the amount of waste passing through the transfer station to a level that requires additional investment in capital, the $11,000 may not be sufficient to fully cover the incremental cost that GTR's waste growth generates. The 2020 audit found that the current growth rate of 10 percent per year is "not sustainable," and it identified $2.9 million in recommended capital improvements that are needed to meet increased demands. It is likely that GTR expansion would at a minimum accelerate the need for these improvements. **Teton County should evaluate whether the current arrangement is equitable. To do this, it could transparently quantify the relationship between the negotiated *in lieu* fee and the incremental burden on capital that GTR's waste stream generates, perhaps using a similar methodology that the Alta Solid Waste District uses to identify the *in lieu* fee and spread it to the Alta community. To the extent that GTR consumes a greater share of capacity in relation to its *in lieu* fee, compared to other transfer station customers who pay the Solid Waste Fee, the County should consider renegotiating the *in lieu* fee with GTR or closing the gap in other ways.**

Waste Generated Through Construction Activities

Construction waste management and cost recovery in the Teton Valley poses a problem that is not unique or specific to GTR. But GTR's potential expansion could generate construction waste at a rate that has the potential to quickly exacerbate the County's already-existing challenges related to handling construction waste at the transfer station. The challenge is two-fold:

- First, while the county charges a tipping fee to accept construction waste, that fee only covers the variable costs of operating the facility, with Solid Waste Fees levied to account for capital costs. The County only assesses the Solid Waste Fee on properties in Teton County, ID that are occupied, so new construction does not defray capital costs. GTR's *fee in lieu* arrangement is not structured to capture construction waste.
- Second, compared to regular household and business waste, construction waste is high-volume but lower weight.[68] The County's payment to transport waste to the landfill is based on the truckload (in addition to the tipping fee at the landfill). According to RAD, trucks loaded with construction waste generally reach volume limits before weight limits, so it takes more trucks to transport the same weight of waste. At the same time, the County charges a lower rate for construction waste ($15 / ton) than for household waste ($80 / ton).[69] In other words, the County pays more per ton to transport construction waste than normal household and business waste, while charging less.

GTR's potential construction waste disposal demand is not insignificant. In the Resort Center Plan Area, 645,510 sf of development (residential or commercial) is allowed; about 150,000

[68] Personal communication with David Hudacsko, RAD Curbside. Interview with ECONorthwest staff.

[69] Teton County Solid Waste and Recycling. https://www.tetoncountyidaho.gov/department.php?deptID=24&menuID=1

square feet of commercial space and 360 residential units.[70] In the Resort Accommodation Plan Area, there are 90 residential units planned, but the size is not specified. It is assumed that these units are similar to those in the RCPA and would thus be 1,388 square feet. Based on an assumed 4.8 pounds of solid waste produced per square foot of residential construction, and 3.9 pounds of solid waste per square foot of commercial construction, there would be a total of 1,697 tons of solid waste generated through resort construction.[71] This amount of waste is about 13.7 percent of the annual tonnage that the Trash Transfer Station currently handles.[72]

Exhibit 23. Estimated One-time Solid Waste Impacts Due to Resort Construction
SOURCE: Grand Targhee Master Plan Update; ECONorthwest

	Square Feet	Pounds per Square Foot	Pounds of Solid Waste	Tons of Solid Waste
RCPA				
Residential Construction	495,510	4.38	2,170,334	1,085
Commercial Construction	150,000	3.9	585,000	293
Total RCPA Construction	645,510	4.38	2,755,334	1,378
RAPA				
RAPA Residential Construction	124,920	4.38	547,150	274
Total Construction	**770,430**		**3,374,483**	**1,687**

To address these disproportionate costs of construction waste generally—which could apply to the construction waste GTR generates during any expansion activity, as well as any construction waste from resort-induced growth—the county could assess a fee analogous to the Solid Waste Fee on building permits. Since this would only cover construction activities that occur in Teton County, ID, the County would need to consider other avenues to recover capital costs associated with GTR-related construction waste. The county could also provide incentives for GTR and other builders to divert construction waste from the waste stream, which would reduce the volume of waste and associated truck trips—and thus would potentially reduce the County's cost to send waste to the landfill.

[70] This would yield an average of 1,388 square feet per residential unit in the RCPA. Grand Targhee Master Plan update

[71] These estimates are from a paper from 1998 but align with general parameters that ECONorthwest has used based on input from developers. Characterization of Building-Related Construction and Demolition Debris in the United States. Franklin Associates, prepared for the Environmental Protection Agency, Report No. EPA530-R-98-010. June 1998. https://www.epa.gov/sites/default/files/2016-03/documents/charact_bulding_related_cd.pdf

[72] According to the audit, the Transfer Station processed about 12,345 tons in 2020. Teton County, Idaho, Solid Waste Transfer Station System Operations Audit. Prepared for Teton County Public Works by Great West Engineering. March 24, 2021.

Fire / Ambulance Service Impacts

Teton County Fire and Rescue (TCFR) expects to see some impacts if the resort expands, and call volume increases at a similar pace. TCFR is the closest fire department to GTR, so fire and ambulance service is usually routed through them. Teton County, WY, paid TCFR $480,000 in FY 2021, with a $20,000 escalation each year. Teton County, ID, property taxes cover the rest of costs - $3.4 million in FY 2021. The $20,000 escalation increase represents a larger annual percentage increase than an inflationary adjustment of 3.5 percent, which means that the Wyoming payment may grow proportionately faster than Idaho revenues (which are limited to three percent growth, plus 90 percent of new construction). This means that for the next five years, Teton County, WY, should be paying a greater share of the overall budget than it is currently, assuming that the TCFR budget grows with inflation.

Exhibit 24. Shares of Budget and 3-Year Call Volume, TCFR
Source: ECONorthwest; data from Teton County Fire and Rescue

	2021 Budget	Budget Share	3-Year Total Calls	Call Share
Teton County, ID	$3,415,029	88%	1,971	88%
Teton County, WY	$480,000	12%	56	2%
GTR			225	10%
Total	**$3,895,029**		**2,252**	

However, based on an estimated cost per call, and assumed annual call volume from Wyoming in 2021, it is likely that the $480,000 in FY 2021 did not fully cover the cost of calls to the Wyoming side of the mountain. If we assume that historical growth in GTR call volume matched historical growth in visitors of 6.4 percent annually from 2016 to 2019, historical growth in other Wyoming call volume was 2.5 percent, and the historical growth in Idaho calls was 3.8 percent consistent with recent population growth, then share of calls originating on the Wyoming side of the mountain was likely 13 percent compared to 12 percent in the most recent year. Based on this assumption, the cost of covering 13 percent of calls, or 80 out of 781 calls would have been $496,500 based on a cost per call of around $5,000. It is important to note that the cost per call is likely higher on the Wyoming side of the border, due to the increased time it takes for staff to respond to calls due to geography and traffic on Ski Hill Road up the mountain.

Exhibit 25. Estimated Annual TCFR Call Volume under Growth Assumptions
Source: ECONorthwest; data from Teton County, ID Comprehensive Plan, SE Group Technical Memo, and Teton County Fire and Rescue

	2019	2020	2021	2021 Call Share
Teton, ID	633	657	681	87%
Teton, WY	18	19	20	3%
GTR	70	75	80	10%
All Calls	**721**	**750**	**781**	

We analyze whether TCFR is receiving fair compensation from Teton County, WY, by comparing the share of the TCFR budget covered by Wyoming with the share of estimated call volume based on various growth rates. A summary table appears below in Exhibit 26, showing that under the 1 percent growth scenario, there is no excess cost absorbed by Teton County, ID. Under the 3.5 percent growth scenario, there is a $111,000 cost over five years. Under the 6.4 percent growth scenario, or if visitors grow at 6.4 percent per year, there would be a cost of $242,000 to the County. Excess costs from calls to GTR would be borne by Idaho property taxpayers either through their tax bills or in a diminished level of service if costs exceed budget growth limitations.

Exhibit 26. Five-year Costs to TCFR for GTR Call Volume Under Growth Scenarios, 2021 – 2026

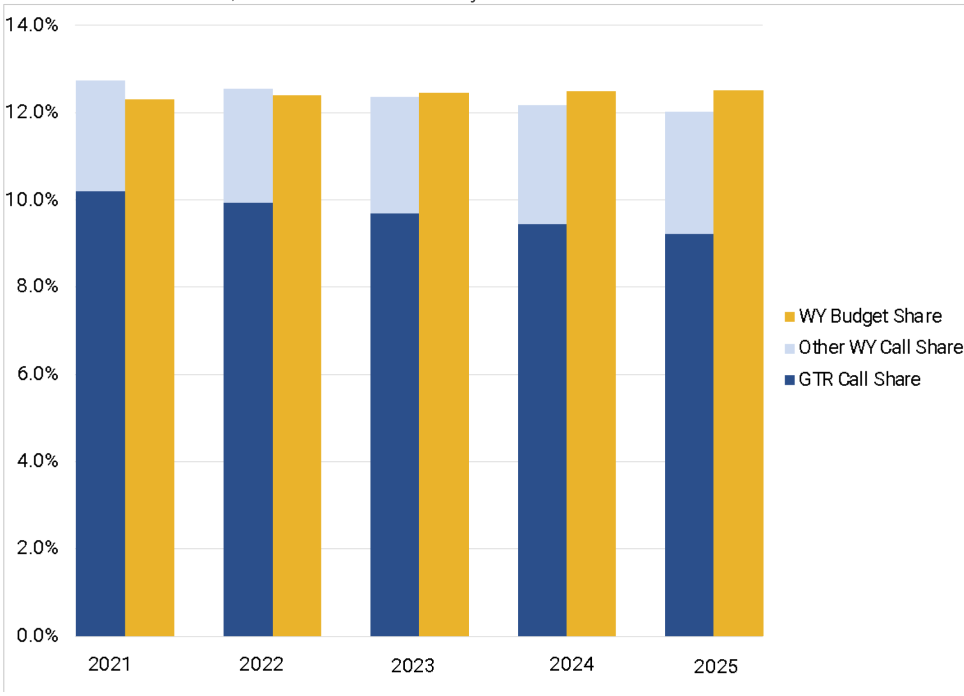
Source: ECONorthwest, data from Teton County Fire and Rescue

Assumption	Cost (5-year total)
1% additional growth in visitation	$3,000
3.5% additional growth in visitation	$111,000
Baseline (historic growth in visitation)	$242,000

If TCFR budget is assumed to grow at 3.5 percent year (the rate of inflation – which for the purposes of this analysis it is assumed will be attainable with new construction occurring in the Teton County Idaho Fire Protection District tax rolls), then there is only a minor cost adjustment needed under the 1 percent growth assumption. Under the 1 percent growth assumption, the cost for the annual increases in calls originating at GTR would be absorbed by the $20,000 escalator in the contract terms. Under this scenario, the Wyoming share of budget eventually exceeds the estimated share of call volume during the 5-year contract. In Exhibit 27, the blue column shows the share of total calls originating on the Wyoming side of the border (dark blue is GTR, and light blue is elsewhere in Teton County, WY). The yellow column is the share of total funding that is paid by Teton County, WY. If the blue column exceeds the yellow column, then Teton County, WY, is paying less than its share of calls. Under the 1 percent growth scenario, calls originating in GTR are growing more slowly than assumed population growth in Teton County, ID.

Exhibit 27. Wyoming Cost Burden versus Wyoming Shares of Calls, TCFR, 1 Percent Growth Scenario

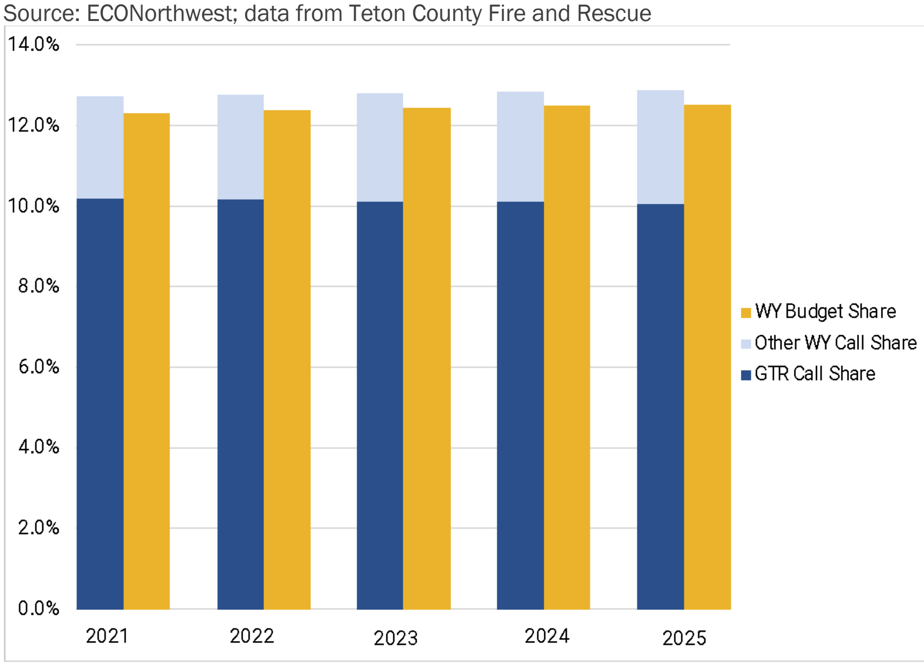
Source: ECONorthwest; data from Teton County Fire and Rescue



Under 3.5 percent growth scenario in Exhibit 28, the share of funding grows more slowly than the share of call volume, leading to a $111,000 cost to Teton County, ID, to absorb.

Exhibit 28. Wyoming Cost Burden versus Wyoming Shares of Calls, TCFR, 3.5 Percent Growth Scenario

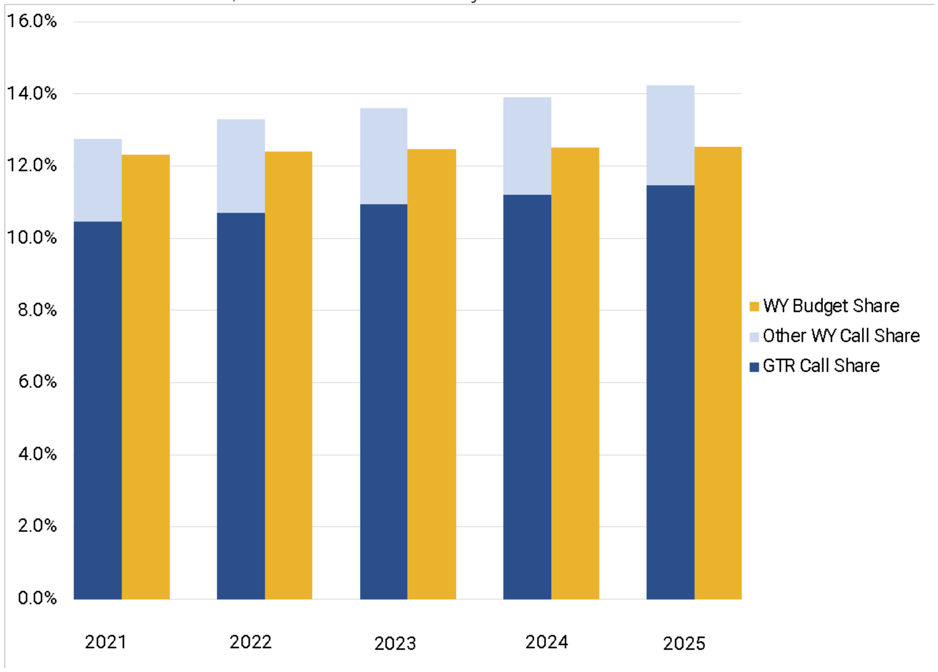
Source: ECONorthwest; data from Teton County Fire and Rescue



Under the 6.4 percent growth scenario, the cost and call shares diverge even further. See Exhibit 29.

Exhibit 29. Wyoming Cost Burden versus Wyoming Shares of Calls, TCFR, 6.4 Percent Growth Scenario

Source: ECONorthwest; data from Teton County Fire and Rescue



How will future growth, supported by GTR expansion, impact tax revenues?

Under current tax and revenue structures, Teton County, WY, will have greater opportunity to generate revenue from increased retail activity at GTR, and may also have a greater ability to capture revenue from growth in property values. Teton County, ID, will not benefit directly from resort expansion due to its inability to levy excise or sales taxes and the constraints on growth in property values from a taxing perspective (additionally, lease payments to the Forest Service flow to the State of Wyoming and not Idaho). The Cities of Driggs and Victor may experience some benefit through increased retail and rental activity through their local option sales taxes ("lodging" or "resort" taxes).

Property taxes

Projection of the distribution of property tax revenues related to proposed expansion of GTR are beyond the scope of this analysis. The relationship between expansion on the resort and growth in construction value is not known, nor is an assumed geographic distribution of new growth. It is helpful to consider how hypothetical growth in market value for existing properties or growth due to new construction will affect property tax revenues in Wyoming versus in Idaho. The point of this illustration is to show how tax policy differences between the states directly impacts revenue potential.

Growth in value for existing properties will not be captured under Idaho's tax structure if growth exceeds three percent. In Exhibit 30, scenarios of hypothetical three and five percent growth in assessed value for existing properties are considered. Teton County, ID, would be able to capture additional property tax revenue of $142,786 up to the three percent growth; any growth on top of that is not captured due to Idaho code limiting growth in budgeted property taxes, so even under the five percent growth scenario the general revenue remains the same at $142,786.

Teton County, WY, would be able to capture $516,184 annually in additional revenue under the three percent growth scenario and up to $860,307 under the five percent growth scenario, assuming growth is factored into appraisals which are done annually. See Exhibit 31 for an illustration of hypothetical growth in existing property value or new construction, with revenue captured by Teton County, ID, and Teton County, WY.

Revenue growth due to new construction is slightly less limited in Idaho than in Wyoming; it is assumed that most new construction due to resort expansion would be realized in Idaho due to geographic constraints on the Wyoming side of the study area. In Exhibit 31, $10 million of new construction in Teton County, ID, would be added to the tax rolls at 90 percent of fair market value, or $9 million, and would yield $19,498 in property tax revenues based on the 2021 county current expense levy rate of 0.002166480. In contrast, $10 million of new construction in Teton County, WY, would be absorbed into the property tax rolls at 9.5 percent based on the assessment rate for commercial and residential properties, yielding $16,410 in county general revenue based on an estimated $17.27 mill rage for 2021. As mentioned in the public service impacts section, public service cost impacts due to increased traffic and population growth are significant at the county and city level in Idaho and would likely substantially exceed the $19,500 in additional revenue.

Exhibit 30. County Property Tax Revenue Generated by Hypothetical 3 percent and 5 percent Growth in Property Values.

Source: ECONorthwest; data from Idaho State Tax Commission. Teton County, WY assessor

	Teton County, ID	Teton County, WY
Total assessed value for county general levy	$2,196,893,579	$996,104,455
Total county general levy	$4,759,526	$17,206,139
2021 general levy rate (ID) or mill (WY)	0.002166480	17.27
Hypothetical 3% growth in market value (ID) or assessed value (WY)	$65,906,807	$29,883,134
County general revenue from 3% growth	$142,786	$516,184
Hypothetical 5% growth in market value (ID) or assessed value (WY)	$109,844,679	$49,805,223
County general revenue from 5% growth	$142,786	$860,307

Exhibit 31. County Property Tax Revenue Generated by Hypothetical $10M in New Construction
Source: ECONorthwest; data from 2021 general levy rate (ID) or mill (WY)

	Teton County, ID	Teton County, WY
Hypothetical new construction growth	$10,000,000	$10,000,000
Assessed value (90% limit in ID; 9.5% assessment rate in WY)	$9,000,000	$950,000
Hypothetical county general revenue	$19,498	$16,410

Sales and Excise Taxes: Teton County, ID, is limited in their ability to raise revenue

As mentioned above, jurisdictions in Idaho are more limited in ability to levy sales taxes. This analysis compares sales and excise tax generated by similar transactions occurring in Teton County, WY (assumed to occur at GTR); unincorporated Teton County, ID; Driggs, ID; and Victor, ID. The hypothetical transactions are shown below in Exhibit 32, and are based on estimated or assumed daily costs for a ski trip. The only differences between the two hypothetical daily expenses are the purchase of a lift ticket, which is assumed only to occur on the Wyoming side of the border, and the purchase of gas or other transportation costs, which are assumed to occur only on the Idaho side of the border. Accommodation costs likely understate the cost of a standard hotel room at GTR which range from $215 to $314 per night depending on the visit.[73] These transactions are noted as hypothetical and not meant to inform economic impact analysis, but rather to make a comparative point regarding tax revenue generation.

Exhibit 32. Hypothetical Transactions Related to Ski Trip
Source: ECONorthwest research and assumptions[74]

Activity	Cost (Overnight, in resort)	Cost (Overnight, out of resort)
Accommodation	$190	$190
Food	$40	$40
Drinks	$15	$15
Retail	$25	$25
Ski Rental	$50	$50
Lift Ticket	$100	$0

[73] GTR nightly prices for a standard hotel room are $175 for summer weekday; $195 for summer weekend; $215 for winter pre-December 2017; $273 for a weekday and $293 for a weekend between December 17 and President's Day weekend 2023; and $314 for winter holidays. Phone call to GTR customer service.

[74] ECONorthwest used internet research to estimate average hotel and lodging costs in Driggs and Victor area. GTR lift ticket costs from the 2021-22 season were $105 (this information was found through non-resort website as the resort had pulled the price down since the season is over). Numbers were rounded for this hypothetical example. Lodging costs for GTR are likely higher than the examples shown here, as explained in footnote 24.

Transportation	$0	$25
Trip Total	**$420**	**$345**

The jurisdictions in this study would have different ability to capture revenue from the economic activities in Exhibit 32 above, due to the rates that are imposed. Teton County, WY, can capture $12.18 in revenues and the GTR District can capture $8.39 from the spending above, as shown below in Exhibit 33, and based on rates cited in this report. Teton County, ID, does not have any excise taxes and will not see direct fiscal impact from activities occurring within its borders. Driggs would receive $6.89 in revenues and Victor would receive $12.92 if spending were to occur in their boundaries, based on the differences in sales and lodging tax rates between the two jurisdictions.

To calculate overall revenue impacts under current conditions and from resort expansion, we would need to know the distribution of spending. The analysis assumes there were 231,000 total visitors to GTR in 2021, and that 61 percent of overnight guests, and 18 percent of the overnight guests stay at GTR. This would translate to 140,910 overnight GTR visitors in 2021, with around 25,000 staying at GTR.[75]

Exhibit 33. Hypothetical Local Tax Revenue Generated through Ski Trip Spending
Source: ECONorthwest; data from SE Group Technical Memo, Teton County, ID, City of Driggs, City of Victor, and Teton County, WY

Spending Category	Idaho			Wyoming	
	Teton Co., ID	Driggs	Victor	Teton Co., WY	GTR District
Accommodation	n/a	$ 11.37	$ 11.37	$ 7.58	$ 3.79
Food	n/a	$ 0.40	$ 0.40	$ 0.80	$ 0.80
Drinks	n/a	$ 0.30	$ 0.15	$ 0.30	$ 0.30
Retail	n/a	$ 0.13	$ 0.25	$ 0.50	$ 0.50
Ski Rental	n/a	$ 0.25	$ 0.50	$ 1.00	$ 1.00
Lift Ticket	n/a	$ -	$ -	$ 2.00	$ 2.00
Transportation	n/a	$ 0.13	$ 0.25	$ -	$ -
Trip Total Revenue	**n/a**	**$ 12.57**	**$ 12.92**	**$ 12.18**	**$ 8.39**

Baseline fiscal data for Driggs and Victor reveal additional insights that can help inform an overall projection. Exhibit 34 shows the City of Driggs lodging tax information; actual lodging revenue for January through September 2021 yielded $148,300 or 27 percent of all lodging tax revenues (at the 3 percent rate). An estimated full year of revenue would be $198,000, which

[75] GTR District's revenues in FY 2021 were around $180,000, which at a 2 percent rate would translate to $9 million. Assuming 25,000 visitors spending two nights, two visitors to a hotel room, at an average rate of $250 per night based on GTR hotel costs, this would amount to $4.8 million in spending, or just under half of all taxable spending generated in the GTR District.

would be generated through $6.6 million in base spending on short-term rentals.[76] (See Exhibit 34 for the full year estimated base spending on various categories in the City of Driggs).

Exhibit 34. City of Driggs Lodging Tax Revenue Detail, 2021
Source: ECONorthwest; data from Rates and January through September revenues from City of Driggs. Full-year revenue and base spending estimated by ECONorthwest

	Rate	Jan - Sept Revenue	Estimated Full Year Revenue	Estimated Base Spending
Auto	0.50%	$21,149	$28,000	$5,600,000
Building Supplies	0.50%	$40,749	$54,000	$10,800,000
Prepared Food	1.00%	$44,199	$59,000	$5,900,000
Other Grocery & Convenience Retail	0.50%	$132,597	$177,000	$35,400,000
Lodging	3%	$148,300	$198,000	$6,600,000
Miscellaneous	0.50%	$2,367	$3,000	$600,000
Restaurant Food	1%	$87,449	$117,000	$11,700,000
Restaurant Liquor	2%	$29,150	$39,000	$1,950,000
Retail	0.50%	$37,287	$50,000	$10,000,000
Total			**$725,000**	**$88,550,000**

Based on an average room cost of $190 per night, the $6.6 million in spending would translate to roughly 33,000 room nights (i.e., one night purchased in a hotel). Assuming each room was purchased for two nights by two visitors, and that 90 percent of overnight visitors to Driggs were visiting GTR, this would translate to 24,750 visitors to GTR who stayed in Driggs.

By roughly the same calculation applied to the City of Victor, lodging tax revenue of $740,678 would result from an estimated $6.7 million in spending on short-term rentals, which translates to around 35,600 room nights or 26,700 visitors assuming two nights per stay, two visitors per room, and that 75 percent of visitors are visiting GTR.[77] If the remaining overnight GTR visitors primarily stay in Jackson, WY, and a small amount (5 percent each) in Alta, WY or in

[76] January through September is ¾ of the year; the full-year amount is estimated by dividing the Jan – Sept revenue by ¾. Base spending is estimated by dividing revenue by the tax rate of 3 percent. These calculations are carried through other areas of spending for illustrative purposes only in Exhibit 34.

[77] Victor's total resort tax revenue was $740,678 based on the City's unaudited 2021 financial statement. Assuming 27 percent of revenues were generated from accommodations (similar to Driggs), an estimated $203,000 in resort tax was generated from the 3 percent tax on short-term rentals and hotel stays. This would approximate to $6.74 million in base spending on lodging, or 36,000 room nights at $189.50 per night. Assuming two nights and two visitors per hotel room, and assuming that 75 percent of overnight visitors are visiting GTR which may be a generous assumption given Victor's proximity to Jackson Hole and Wyoming amenities, this would yield 27,000 overnight visitors to GTR staying in Victor. Revenue and other info from https://files4.revize.com/victorid/City%20Council%20Meetings/2021/01272021/FY21Q1.pdf

unincorporated Idaho, the distribution of overnight visitors would appear as shown in Exhibit 35 below.

Tax revenues from accommodations alone based on the estimated GTR overnight visitor distribution and the local tax revenue from overnight visitors in each jurisdiction (Exhibit 34) are shown in Exhibit 35. Jurisdictions in Wyoming are assumed to have 51 percent of overnight visitors to GTR, and jurisdictions in Idaho are assumed to have 49 percent of overnight GTR visitors. Idaho and Wyoming jurisdictions have similar ability to generate revenue from overnight visitors now that the lodging tax rate was increased in Driggs. Another way to illustrate this difference is in Exhibit 35 below which shows local tax revenue generated on a per visitor basis on accommodations alone. While these revenues are shown on a per person basis, the distribution of overnight visitors in the future following resort expansion is not known; it is possible that a greater share of GTR visitors will choose to stay on the resort due to the convenience and the large increase in number of residential units. If more visitors stay at GTR, then Idaho jurisdictions lodging tax revenues will not increase as quickly with increased visits.

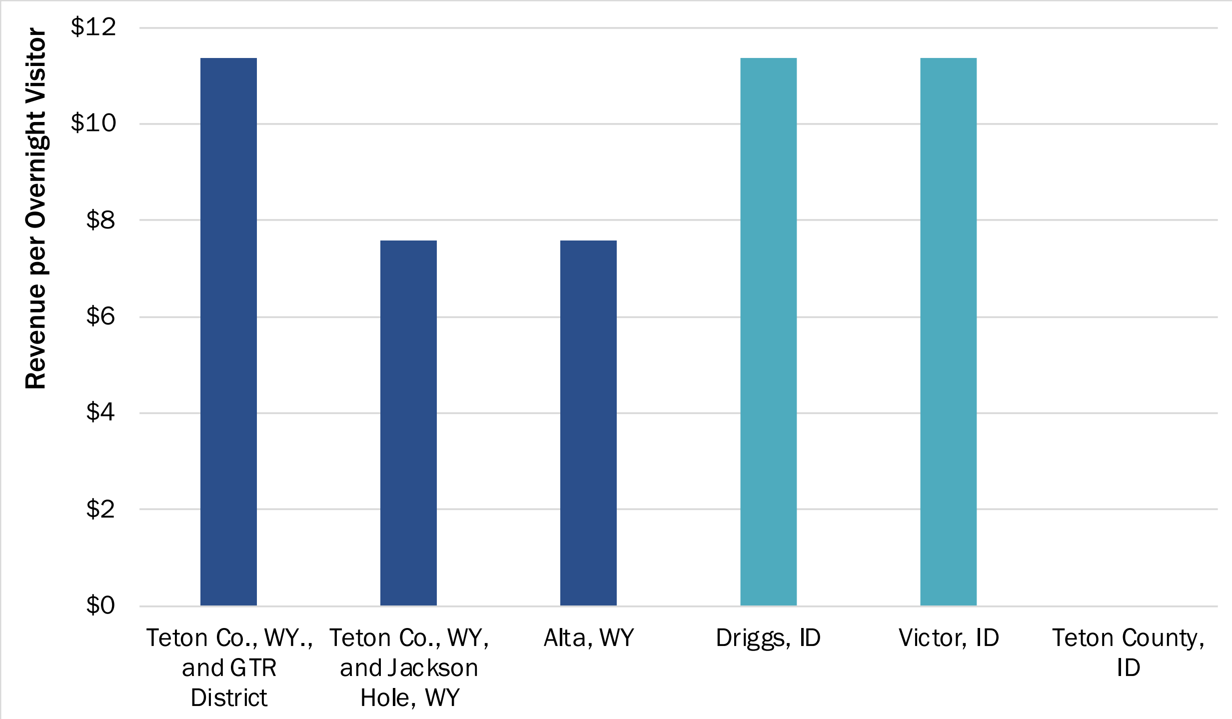
Exhibit 35. Estimated GTR Overnight Visitor Distribution and Local Tax Revenue from Accommodations, 2021

Source: ECONorthwest; data from Cities of Driggs and Victor lodging tax information and ECONorthwest assumptions regarding remainder of visitors

	Overnight Visitors	Share of Overnight Visitors	Local Tax Revenue from Accommodations	Local Tax Revenue Per Visitor
Total Visitors	**231,000**			
Overnight Visitors (61 Percent)	140,910			
Total Wyoming	72,399	51%	$644,915	
Teton Co., WY., and GTR District	25,364	18%	$288,386	$11
Teton Co., WY, and Jackson Hole, WY	39,990	28%	$303,123	$8
Alta, WY	7,046	5%	$53,405	$8
Total Idaho	68,511	49%	$698,861	
Driggs, ID	33,000	23%	$375,210	$11
Victor, ID	28,465	20%	$323,651	$11
Teton County, ID	7,046	5%	$0	$0

Exhibit 36 demonstrates the greater ability of jurisdictions in Wyoming to generate revenue from existing overnight visitors. It is not known what future spending patterns will emerge under a GTR expansion, but it is certain that Teton County, ID, will not be able to generate direct local tax benefits from any increase in economic activity.

Exhibit 36. Per Overnight Visitor Tax Revenue From Accommodations, Various Jurisdictions
Source: ECONorthwest



Summary of Fiscal Impacts

Jurisdictions on the Idaho side of the study area will have two kinds of fiscal impacts: public service costs and revenue impacts. Expansion at GTR will bring more visitors to as well as more through-traffic through Teton County, ID. Through traffic produces public service costs in the form of road wear and tear, solid waste generation (even if it occurs at GTR), traffic collisions or other emergency needs, without contributing economic activity to the Idaho jurisdictions in the study area. All economic activity that could generate revenue takes place on the Wyoming side of the border, at GTR.

Visitors who stay (and spend money) on the Idaho side of the border may impact revenues in Driggs and Victor but will not impact county revenues. These visitors also add to public services costs for the services mentioned above.

Without an understanding of the distribution across jurisdictions of visitors due to growth at GTR, it is not known whether the impacts will be a net revenue positive or a net cost. Following are this study's conclusions regarding fiscal impacts for each jurisdiction in the study area:

- Teton County, ID, will likely experience only costs because of inability to capture revenue from economic transactions and the limits to growth in property taxes.
- Driggs, ID, will experience costs in the form of accelerated road maintenance needs and road capital improvements. While Driggs does have the ability to generate revenue from

economic activity, the road needs far outweigh annual road and bridge levy and the lodging tax revenues.

- Teton County, WY, will experience an increase in revenues due to increased economic activity and development.

Exhibit 37 summarizes direct fiscal impacts.

Exhibit 37. Direct Fiscal Impact Summary, Select Jurisdictions
Source; ECONorthwest

Consider-ation	Idaho			Wyoming	
	Teton Co., ID	Driggs	Victor	Alta	Teton Co., WY
Public Service Costs	Direct: Road maintenance and replacement; TC Fire & Rescue "subsidy" of resort calls; Solid Waste Transfer Station usage and improvements; staffing difficulties.	Direct: road maintenance; staffing difficulties, parking and traffic congestion improvements.	Likely similar to Driggs; may have additional congestion due to proximity to other Wyoming ski areas.	Direct public service cost impacts not identified.	Direct public service cost impacts not identified.
Revenues	No direct revenues from economic activity. Limited ability to generate revenues from property taxes.	Limited increase in revenues from property tax revenues. Limited increase in revenues from economic activity compared to WY jurisdictions. Distribution of spending due to resort expansion are unknown.	Limited increase in revenues from property taxes. Direct revenue growth from growth in economic activity but spending impacts from resort expansion are unknown.	Only has solid waste rate-setting authority.	Direct revenue growth from property value growth; direct revenue capture from increased economic activity.

How might GTR's expansion impact housing?

There is a regional housing shortage independent of the GTR expansion plans

Population and employment in Teton County, ID, is expected to grow at an annual rate between 3 percent and 5 percent. This growth will only add pressure to the shortage of housing supply if new housing does not catch up to current needs and then keep up with future growth. However, new housing is difficult to create due to its costs. The average cost to build a house was $550,000 in 2021 and the costs have increased since then due to shortages in building construction materials.

At its current population and employment level, the Teton Valley is already experiencing a housing shortage. The Teton Regional Housing Needs Assessment estimates 170 "catch-up" units are needed to meet existing housing needs in Teton County, ID. The assessment recommends 60 percent of the needed units be priced below-market and affordable to households earning no more than 90 percent of MFI for rentals and 150 percent of MFI for ownership units. Our interview with the Community Resource Center of Teton Valley revealed that the housing shortage is exacerbated by homeowners being priced out of Wyoming and moving across the border into Idaho.

Teton County, ID's economy is fueled by amenity-driven tourism and in migration. This growth—which materializes out of the Teton Valley's beauty, high environmental quality, and lower density relative to other destination resorts—comes with tradeoffs. As the population and visitation expand, congestion threatens to diminish some of the amenity value people find attractive. A tourism-based economy might not be an optimal path to broad-based economic growth and worker prosperity for this reason. But the Teton Valley would not likely be better off without this same tourism since the industry is the largest "export" industry in the region. (Export in this case refers to income earned in another location spent in the local economy). This generates business revenue, local GDP, wages, personal income, and taxes that most of the population depends on to remain. Thoughtful growth strategies can minimize these costs and maximize quality of life for everyone.

Continued economic growth (resort expansion included) would continue to exacerbate regional housing scarcity problem

With respect to housing, tourism exacerbates an underlying challenge for the region in that supply has lagged behind the strong demand in the region. Unfortunately, when housing supply is constrained, any economic growth that expands the demand for housing will accentuate housing prices – while those with higher incomes have more purchasing power to weather these increases, those with lower incomes and less purchasing power find themselves more exposed to housing scarcity and affordability problems.

The resort expansion will drive new economic activity, and new visitors and employees will require housing in Teton County, ID. To put these effects into numbers, we calculated new visitation and FTEs due to the resort expansion to determine additional housing demand related to new economic activity at the resort.

We estimated housing need using the three growth scenarios (high, medium, and low described in the section above), and for all scenarios assumed 141 ski days per year, an average of 2 daily visitors per housing unit, and an average of 2 new FTEs per new household. Exhibit 38 shows forecasted visitation to the resort by 2032. We calculated new FTEs based on a ratio of new visitors and new FTEs in the 2009 economic analysis of base development (391 new visitors per new FTE).[78] Our estimates assume new FTEs will have the same level of productivity as existing

[78] Although deployment of an IMPLAN analysis for future growth would be more accurate, estimating proportional growth relative to the 2009 analysis results in a close approximation.

FTEs do, meaning there will not be significantly different skills, economies of scale, process improvements, or technologies that allow each FTE to service more visitors.

Exhibit 38. Regional Visitation Forecast
Source: ECONorthwest; data from SE Group Technical Memo

Scenario	Annual Growth Rate	2021/2022 Visitation	2031/2032 Visitation	New Visitors	New FTEs
Low	1.0%	231,000	255,168	24,168	62
Medium	3.5%	231,000	325,848	94,848	242
High	6.4%	231,000	429,564	198,564	508

We applied these visitation numbers to the assumptions described above to estimate housing needed for new visitors and new resort employees. Exhibit 39 shows the range of total additional housing units needed is 117 to 958 depending on the growth scenario applied.

Exhibit 39. Visitor Housing Needs Forecast
Source: ECONorthwest

Scenario	Housing for Visitors	Housing for FTEs	Total
Low	86	31	117
Medium	336	121	457
High	704	254	958

In the low growth scenario, visitation would increase at a 1 percent annual rate. By 2032, the resort would see about 24,000 new visitors and 62 new FTEs. The Teton Valley region would need to produce 117 units, or about 12 units per year, to house the new visitors and FTEs. In the medium growth scenario, visitation would increase at a 3.5 percent annual rate. By 2032, the resort would see about 94,800 new visitors and 242 new FTEs. The Teton Valley region would need to produce 457 units, or about 46 units per year, to house the new visitors and FTEs. In the high growth scenario, visitation would increase at a 6.4 percent annual rate. By 2032, the resort would see about 198,600 new visitors and 508 new FTEs. The Teton Valley region would need to produce 958 units, or about 96 units per year, to house the new visitors and FTEs.

To put the demand in context, the scenario results can be compared to the Teton Regional Housing Needs Assessment, which estimates 955 "keep-up" units based on a projected job growth of 4.8 percent in Idaho (in addition to the 170 "catch-up" units also needed). This estimate is comparable to the housing need in the high growth scenario.

If the estimated 4.8 percent job growth rate in the region does not account for any of the growth related to visitation in the high growth scenario, then the total housing need in the region is potentially double the size estimated in the housing needs assessment. If the estimated job growth in the region is entirely driven by the resort, then the additional housing need related to the resort expansion is approximately equivalent to the estimates in the housing needs assessment. **The more likely scenario, however, is the 955 keep-up units in the housing needs**

assessment captures a portion, but not all, of the additional housing need related to the resort.

For all scenarios, the new units for resort FTEs will need to be workforce housing that are affordable to median income households. Most of these units are assumed to be in Teton County, ID, since the commute from outside the county to the resort could be outside a typical commuting distance. However, it is possible for the housing need to spill over to other counties in Idaho due to chain commuting. If the new jobs are filled by current residents in Teton County, ID, who leave their current employment in Teton County, ID, some of the newly vacant position could be filled by residents outside the county.

As for the new units for resort guests, they will likely be hotel rooms, vacation rentals and second homes, all of which are types of housing that a typical resident in Teton County, ID, would not live in or could afford. The location of these units could be at or near the resort in Wyoming, or it could be in Teton County, ID, but it is unlikely to be farther outside. GTR is proposing to capture some of the demand that they have already or will create as part of the resort expansion. 354 new units are planned for the base area, though some units could be reserved for employees or for affordable housing.[79] Although these units would be sufficient to meet the new demand for housing by resort visitors in the medium growth scenario, they represent about half of the need in the high growth scenario. Realistically, housing is expected to develop across the Teton Valley Region to meet the need for housing the new FTEs as well as resort guests who would prefer to find lodging outside the resort.

In conclusion, the future of Teton County's existing challenges with housing production and affordability will depend on how quickly the GTR and the county grow. Growth in resort visitors will generate economic activity and require new workers, most of whom are expected to live in Teton County, ID. The new visitors and FTEs could require 117 to 958 new units over the next 10 years, depending on the growth scenario. A portion of this new need is likely captured in the 955 keep-up units estimated in the Teton Regional Housing Needs Assessment. And new housing units in the base area would relieve some of the housing need, particularly the demand from visitors. However, if GTR's visitation growth outpaces the historic average, it is very likely to worsen the existing housing scarcity problem.

[79] GTR is required to provide employee housing and affordable housing as mitigation measures. The units can be in Victor, WY, or Driggs, ID. The required number of units is calculated based on formulas defined in the Grand Targhee Resort First Amended Master Plan (2019) - https://www.tetoncountywy.gov/DocumentCenter/View/4666/Grand-Targhee-Resort-Master-Plan-PDF

4. Strategies to Support Public Services and Housing in Teton County, ID and Maintain Regional Quality of Life

Amenity-driven growth, supported in large part by current operations and proposed expansion at GTR in Teton County, WY, threatens to diminish quality of life in the Teton Valley region. Demand for public services, including roads, has outpaced local government's capacity to keep up. This is largely due to a misalignment of visitor spending, tax revenue generation options, and jurisdictional responsibility for key public infrastructure. Upward pressure on the regional housing market (including both Teton County, WY and ID) has exacerbated the challenge by increasing the cost of living, with a cost-of-living differential pushing even more people into Teton County, ID and beyond. The GTR expansion proposals—both on the mountain and at the base area—provide an opportunity to pause, understand these underlying challenges, and consider strategies to address them and ensure that future growth does not compromise regional quality of life. This section offers several strategies regional jurisdictions may explore.

Public Service Mitigation

In most jurisdictions, economic, household, and population growth typically has a strong nexus between the responsibility to deliver public services and the tax revenues that are derived to fund those services. With respect to the unique geography aspect of the resort, this balance between public service costs and tax revenues gets stretched and is most pronounced in the following areas.

Road Improvements and Reconstruction

For both Driggs and Teton County, ID, past resort traffic, future resort expansion, and additional through-traffic to the resort will lead to further maintenance, reconstruction, and improvement costs that are currently unfunded as part of their transportation improvement programs. Teton County, ID, lacks the taxing authority to capture revenue from the direct economic activity that takes place on the Wyoming side where the resort is located. Payments that include forest service lease payments, property taxes, sales taxes, and other tourism related exactions largely flow to jurisdictions on the Wyoming side of the border.

While these jurisdictions may indeed incur some responsibility for road services on the Wyoming side, the largest provider of these services is Teton County, ID. **It is not unreasonable to prescribe a solution to this issue where affected jurisdictions in Wyoming engage in some form of cost-sharing on road services on the Idaho side.** Besides the obvious fiscal balance issue on roads for Teton County, ID, preservation of the transportation system there is interest to the Wyoming economy that benefits from the economic activity and taxes generated by the resort.

- As a first measure, both counties should examine the nature of the road service needs under agreed upon level of services and devise what share of respective local funding sources of roads should be dedicated to supporting those needs. Subsequent to this understanding, both cost and funding responsibilities can be allocated to the respective jurisdictions and reveal where any net revenue transfers should occur.
- Similarly with off-site resort parking needs, Teton County, ID and Teton County, WY should share equitably along with GTR in the needed improvements.
- To address any potential regional or local traffic impacts that may arise, traffic impacts studies should precede parking investments.

Fire / Ambulance Service

Teton County Fire and Rescue is supported by a property tax. TCFR serves all of Teton County including jurisdictions within the county, Alta, unincorporated Wyoming communities, and GTR on the Wyoming side. Teton County, WY, supports services on its side via a contract with the district. Due to the structure of the contract, the Wyoming payment may grow proportionately slower than Idaho revenues (which are limited to three percent growth, plus 90 percent of new construction in Teton County, ID). This is particularly true because the cost of providing service to GTR is likely higher given the distance and congestion on the access road, thereby causing an opportunity cost to Teton County, ID, residents who might need TCFR service at the same time. The result may be a disproportionate fiscal burden and service level cost to the Idaho taxpayers for service originating on the Wyoming side.

- As part of their contract arrangement, TCFR should negotiate with Teton County, WY, a more equitable share of service costs as part of the contract.
- Additionally, The County may wish to consider negotiating the location of emergency vehicles, equipment, or even staff—funded by Teton County, WY—in Alta to make it easier for TCFR to get up the mountain quickly and without utilizing Teton County, ID, resources.

Solid Waste

Teton County should evaluate whether the current arrangement with GTR to handle its regular household/business and construction waste is equitable. Specifically, the $11,000 fee GTR pays *in lieu* of the County's Solid Waste Fee covers the capital costs proportional to its share of the waste stream. The basis of the current negotiated fee is unknown. With better (more transparent) analytics, the County could either demonstrate the existing fee is appropriate or provide a basis for future negotiations. To the extent that GTR consumes a greater share of capacity in relation to its *in lieu* fee, compared to other transfer station customers who pay the Solid Waste Fee, the County should consider renegotiating the *in lieu* fee with GTR or closing the gap in other ways.

Construction waste consumes a disproportionate amount of transfer station capacity without contributing directly to the capital improvements needed to handle the growing amount of waste. Future growth at GTR and the PUDR would exacerbate this problem. The County can address this both through providing incentives to divert construction waste from the waste stream and by ensuring construction waste that is handled is producing a revenue stream that the County can use to make identified capital investments to keep pace with growth.

Housing Mitigation

The proposed expansion of the resort takes place against a backdrop of economic growth that has seen housing become scarcer (and pricier) and local governments strained to provide services given the revenues they have available to them. The unique geographic location of the resort (located in Wyoming on the border but only accessible via the Idaho side) confounds these issues, albeit differently with respect to housing or public service issues described in this report.

On housing, this report finds that housing markets are regional. Continued economic growth in the region will likely exacerbate the regional housing scarcity problem until housing units can be built to meet the demand. These housing units will need some direction to meet the needs of the entire community, not just those meeting the highest end of the marketplace. Strong economic growth in Jackson, WY, has fed demand for housing on the Idaho side for decades. The resort's past contribution to this demand have likely played a role as well as their planned expansion.

However, it may be short-sighted to direct housing strategies that aim solely to suppress demand immediately and indefinitely. Since demand for housing (short-term rentals, long-term rentals, vacation homes, and local owner occupied) is directly and indirectly related to the main "export" industry in the region: tourism and quality-of-life amenities. These economic drivers provide the basis for firms, employment, wages, and taxes.

Supply expansion strategies allow for regions to deliver units at needed levels without sacrificing the downsides of suppressing economic growth. However, this is easier said than done since these approaches require both legislative and administrative cooperation. This is on its face challenging due to the intra-state nature of laws and jurisdictional responsibility on housing between Wyoming and Idaho. Regardless, the region has coordinated in the past on housing planning and seeks to implement local strategies and mitigations. It is beyond the scope of this analysis to "recommend" specific policies of housing reforms for the affected jurisdictions; however, they could contemplate some of the following strategies:

- Continued regional planning for housing growth (both market based and income-restricted) and application of jurisdictional specific housing reforms.
- Broad based regulatory reforms to allow more housing options and densities within established areas for housing growth meeting the demands for all socio-economic levels).

- Incentives, subsidies, or requirements to build or set-aside units for workforce or other lower income households as part of larger housing or commercial developments.

Each jurisdiction should stepwise and holistically evaluate their housing situation and commit to the solutions that are most appropriate and can be realistically implemented. A general template for creating such a plan might build off of the Regional Housing Needs Assessment completed earlier this year:

1. Translate key takeaways of the Regional Housing Needs Assessment for each community. This step involves understanding how the findings apply specifically to each community or jurisdiction.
2. Engaging the community. This step could include broad community engagement on the current housing conditions and potential housing solutions.
3. Creating a housing policy framework. This step could include the review development regulations such as zoning and permitting and document any barriers to housing development. It could also include developing metrics and targets to track progress.
4. Creating foundational housing policies. This step would select policies that help increase supply of housing affordable to all income levels and/or increase variety of housing types while considering housing location in relation to employment locations.
5. Developing an implementation plan. This step would evaluate the efficacy of proposed strategies while laying out a set actions and timing to implement housing policies.

With respect to the GTR development, the resort has provided commitments for on-site worker housing. This may be an area for future exploration between the resort and other public sector or housing providers to support partnership investments in this space, including both on-site and off-site housing. For example, public sector land dedication could be combined with private and philanthropic investments to support income-qualified housing for resort or tourism related workers.

GTR contemplates adding substantial housing and commercial capacity at the ski resort and PUDR. **Given the nature of the land development and public service implications cited in this report, it would be reasonable for GTR to work with affected public service providers on the timing or land development with the need to make sure adequate public services are in place. This could encompass committing to a phasing plan meant to spread the impacts along a gradual period (allowing services to ramp up to meet new demand) or exploring conditioning their development permits to cost-sharing arrangements between Wyoming and Idaho public service providers.**