

Executive Summary

This economic impact analysis of the MVSTA trail system and land resources of the Methow Valley has been prepared for the Methow Valley Sport Trails Association (MVSTA). The intent of the 2005 study is to update a 1998 study and extend the analysis to comprehensively reflect the range of economic impacts of the trail network and land resources on local economies.

The report summarizes the findings of surveys conducted in March, 2005 with three groups: Methow Valley residents, trail users (local and non-local), and area businesses, with a total of X respondents. The purpose of the study is to define the range of economic impacts, direct and indirect, related to MVSTA trail lands and activities they offer. In addition, local economic impacts related to the unique regional landscape, in particular protected lands are examined.

The Big Picture

Resident / Trail User Views & Values

- ✓ According to **nearly 96% of all survey respondents**, access to, and provision of public and private recreational facilities in the Methow Valley is very important (86%) or important (9.7%).
- ✓ 71.6% of resident and 74% of trail user respondents say the network of MVSTA trails is the **most important** factor to their average visit, with another 14.6% and 21.6% indicating it was an important factor. This compares to the 1998 survey estimate of some 306-trail users where 73% stated the network was a very important factor and (21%) important.
- ✓ Both residents (65.9%) and trail users (62%) report peak trail months, in order of use/visits, as **February, January, and December**, with an average of 64% all respondents reporting trail use in these months. Similarly, the 1998 trail user study reported these as the primary months for trail use, with approximately 65% of all visits reported in the 3-month period. One notable difference between the two survey periods is the trend towards increases in trail visits/use occurring throughout the year. For example, April saw more than a tripling in the percentage of reported trail visits, May and November doubled, while June and July also had significant growth (Figures 9 and 10).
- ✓ Resident and trail user respondents feel strongly about the protection of natural resources and open space in the Methow Valley. A combined average of 92.2% of all respondents stated that they felt it was either **very important** or **important** to preserve the areas natural beauty and open space.
- ✓ Resident and trail user participants indicated their top three reasons or characteristics influencing decisions to move to or visit the Methow Valley are, in order of magnitude, 1) **proximity to recreational opportunities**, 2) **natural beauty**, and 3) **rural character**.
- ✓ Non-local trail user visitors to the Methow Valley stay about 4 days and spend \$361 locally per day on average, while local trail users/residents average 11.5 days per visit, with daily expenditures of \$127.¹

¹ To properly address expenditures related to trail use/visits all trail users (local, non-local, resident) are included within the analysis; thus, all are “visitors.” Attribution of “visits” or terms as “per trip” to discussion of resident respondents takes into account the spectrum of the resident population, which consists of a substantial number of second home owners, rental property owners, landowners who camp on their lands, and other’s with residential arrangements in the Valley. This serves the purpose of simplifying discussion, and adheres to convention for studies related to recreation resources.

Trail User Expenditures

- ✓ Nearly **\$4.5 million dollars in direct expenditures are made annually** (in 2005 dollars) to the Methow Valley economy by local and non-local trail users.
- ✓ Trail user (local, resident, non-local) expenditures average \$1,469 per trip.
- ✓ As reported in the 1998 study, 2005 business survey respondents indicate that **winter continues to be the season in which the greatest average percentage of revenues for area businesses** (44.1%) are generated by trail users to the region, followed by summer with an average of 41.5% – up by approximately 8.5% over the 1998 study.
- ✓ Trail user **spending is heavily concentrated in the service sector**. Lodging remains in the lead, at about 45.9% of all expenditures followed by restaurant/food/grocery with a combined average share of about 28.2%, and purchase/rental of sporting goods and recreational equipment with a pooled average expenditure share of about 11.5%.
- ✓ Nearly 75% of all Methow Valley respondent businesses indicated their peak business season(s) were either “dependent on tourists” (41%) or “some what dependent on tourists” (34%).
- ✓ Nearly 88% of all of all business survey respondents indicated that **trail visitors and resource-based tourism has increased** significantly (50.4%) or somewhat (37.2%) over the course of time they have been in business in the Methow Valley. This compares to the estimate of approximately 84% of 1998 business survey respondents reporting moderate (61%) to large (23%) increases in trail-using visitors.

Indirect Economic Impacts

- ✓ Over **\$4.1 million dollars of induced or secondary expenditures** within the Valley’s economy annually can be attributed to MVSTA trails network, related natural resource-based recreation and various landscape attributes unique to the Methow Valley.
- ✓ Over 86% of all 2005 business survey respondents state that the areas natural beauty, wildlife, and open space are either “very important” or “important” to the success of their business.
- ✓ **The MVSTA trail network plays strongly into respondent’s real estate purchasing decisions**. Of the 337 respondents addressing this question, 81.3% had considered buying real estate in the Methow Valley. Of this total an astounding 92.6% indicated that the trails network was either “most important” (65%) or “important” (27.6%) in their purchasing deliberations.
- ✓ Revenue generation for area businesses, by group, was **highest** for recreational visitors, mountain bikers, nature enthusiasts, and hikers, at 86.1%, 83.2%, and 81.8% respectively.
- ✓ The combined active and passive use benefit for lands supporting the network of MVSTA trails and related open space is estimated to be about **\$18.2 million** per year for the region.²

² Non-market benefits have value as indicated by measures of consumer surplus applied through travel-cost models and other methods; however, their accounting is applied here only in terms of estimates of active and passive recreation use values. Active and passive use non-market valuation studies require significant time and resources, and are outside the scope of this project.

Employment Impacts

- ✓ Approximately **49 full-time jobs and 159 seasonal full-time and/or part-time jobs** can be directly accredited to the network of trails and related lands. Purchases of goods and services made by direct sector businesses create an estimated 188 additional jobs for the employees of suppliers of primary sector industries.
- ✓ Against the 1998 MVSTA business survey, there is a general pattern of employment growth for both part-time and full-time workers across seasons. The 2005 survey results indicate greater growth within the part-time employment sector, with summer being the most labor intensive period, as indicated by increases to both FTE and PTE workers. 2005 business survey respondents report an annualized average total of 1027 jobs, equating to 675 FTE and 375 PTE jobs, for an estimated minimum payroll of \$15.4 million annually.

Tax Impacts:

- ✓ In the period between 2003 and 2005, visitors to the Methow Valley have spent an estimated average of \$30.4 million annually in direct travel spending in the region. Of this total approximately \$11.32 million annually can be attributed to trail users and other visitors attracted to the areas natural resources and outdoor recreation opportunities.
- ✓ Annual expenditures by all trail users (resident, local, and non-local) for the period between 2003-2005 generated an estimated annual average of \$173,340 in local (city and county) tax revenues, \$47,000 in state-shared transient lodging taxes, \$72,400 in additional hotel/motel taxes, and \$159,321 in state taxes.
- ✓ Tax receipt distributions attributable to all trail users and other visitors attracted to the Methow Valley's open space and outdoor recreation opportunities over the 2003-2005 period represent about 29% of Okanogan county's regular state-shared lodging tax, and about 45% of the county's additional special lodging taxes collected, on average.

Stated Willingness-to-Pay

Determining "willingness-to-pay" is a method for placing monetary values on assets and impacts that do not have market prices. It achieves this by constructing a hypothetical market and asking individuals, for example, what they are willing-to-pay (WTP) towards protection of a particular environmental good. Given the foundation of this economic impact analysis, questions asked sought answers to respondents expressed preferences for the provision of outdoor recreation facilities and trails in the Methow Valley. Using two proxies (trust fund and taxes), we determined a similar WTP measure under each scenario, although the trust fund vehicle was more than twice as likely to be supported by respondents. Briefly, we found:

- ✓ 73.9% of all respondents indicated a willingness to contribute to a trust fund specifically established for the maintenance and development of future outdoor recreation facilities and trails for the Methow Valley. The stated **average WTP contribution was \$29.74 per person annually**. At the local level, this would generate about \$64,500 annually. Extended to the population at large (resident, local, non-local trail users/visitors) at the household level, an estimated \$473,818 would be generated annually.
- ✓ An average of 36.6% of all respondents stated a willingness to support a tax specifically for the provision of recreation facilities and trails in the Methow Valley. For those indicating support for such a tax the **average WTP measure is \$29.61 per person annually**. This produces an

estimated local annual contribution of \$64,224. Extrapolating to the larger population set (resident, local, non-local trail users/visitors) at the household level, an estimated \$471,476 would be generated annually.

The Analysis

The above-summarized findings are based on a combination of comparative, statistical, and economic analyses. Each section of the study focuses on a different set of economic rationales, broadly defined as: resident and non-local trail user (tourist-visitor) views, values and expenditures, area business and employment impacts, and related local and regional economic impacts. Each of these broad categories hosts a diverse and interrelated set of variables that include expenditures both inside and outside the region, as well as major environmental and social impacts.

Resource Dimensions, was commissioned in January 2005 to evaluate the above mentioned economic impacts, which are grounded in the complex question: *“What are the costs, benefits and contributions of MVSTA trail lands and other protected land resources to the Methow Valley region?”* The complexity of the regional, social, and institutional setting required an approach that could address both this question and those embedded in related issues as:

- Assessment of benefits generated beyond direct expenditures and revenues;
- Assessment of costs accrued beyond direct management costs;
- Assessment of local and regional impacts which takes into account sector specific information; and
- Potential to realize present income, while enhancing and protecting the resource base for perpetual benefits generation.

Sections 4, 5 and 6 of the report detail particular economic impacts at the regional and community level. The principal goal is to evaluate the importance of the trail network and particular aspects of the Methow Valley landscape to more clearly understand the nature and extent of economic contributions they bring to area communities and the larger region. These contributions, measured in terms of benefits and costs, go well beyond changes in individual incomes.

Understanding that the implications of the study’s findings for decision-making purposes are paramount for MVSTA, the communities of the Methow Valley, and Okanogan County, the analysis and findings uses dollar terms to express values to the extent possible. However, given the breadth of monetary and non-monetary effects evaluated, not all costs and benefits can be readily quantified using monetary attributes given the scope of this study. Therefore, the study takes a multi-methods approach to its investigation and analysis, and incorporates more than monetary measures of benefits and costs into the process. In such cases, data are presented statistically and qualitatively.