

# ECONOMIC IMPACTS OF METHOW TRAILS

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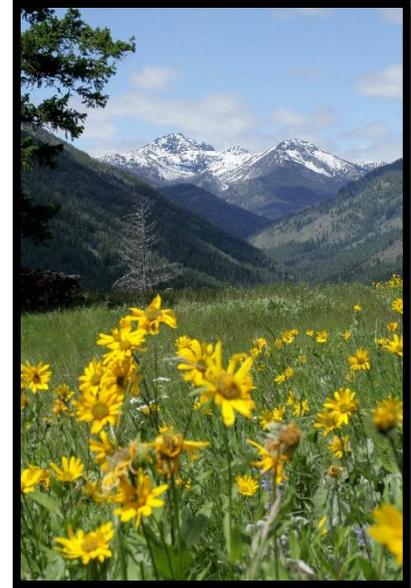
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## EXECUTIVE SUMMARY

This economic impact analysis of the Methow Valley recreational trail network and appurtenant land resources has been prepared for Methow Trails. The intent of the 2015 study is to update a 2005 study and broadly assess the range of economic impacts of the trail network on the local and regional economy.

Key to the report are the findings of two surveys conducted in winter 2015 with three groups: Methow Valley residents, trail users (local and non-local), and area businesses. In sum, 504 respondents participated in the resident/trail user survey, and 93 businesses responded to the business survey. Additional methods were used to define the range of economic impacts, direct and indirect, related to Methow Valley trail lands and activities they offer.



## THE BIG PICTURE

### *Trail User Expenditures*

- Nearly **\$6.7 million** dollars in direct expenditures are made annually (in 2014 dollars) to the Methow Valley economy by local and non-local trail users.
- Trail user (local, resident, non-local) **expenditures average \$1,793 per trip.**
- Trail user **spending is heavily concentrated in the service sector.** Lodging remains the top spending category, at about 28.3% of all expenditures. Restaurant/food/grocery expenditures presents a combined average share of about 38.4%, and purchase/rental of sporting goods and recreational equipment has a pooled average expenditure share of about 12.9%.
- More than 72% of business survey respondents indicated a peak season dependence on visitors, with 48.4% **'highly dependent'** on visitors and 23.7% **'somewhat dependent'**.
- Business survey respondents indicated that the number of visitors who came to the Methow Valley to take advantage of its trail network had **increased significantly** (23.7%) or **increased somewhat** (28.0%) over the course of time they have been in business.
- Business survey respondents indicated that **summer** is the season in which the **greatest average percentage of revenues for area businesses** (39.0%) are generated by visitors using the trail network for non-motorized recreation, followed by winter (35.9%).

## Indirect Economic Impacts

- Over **\$5.7 million dollars of induced or secondary expenditures** within the Methow Valley's economy can be attributed to the Methow trail network, and related natural resource-based recreation opportunities unique to the Methow Valley.



- **The Methow trail network plays strongly into respondents' real estate purchasing decisions.** 89.7% of the 185 respondents who addressed the question had considered buying real estate in the Methow Valley. Of this, 99.4% indicated that the trails network was either '**most important**' (71.8%) or '**important**' (27.6%) in their purchasing deliberations.
- People buying homes and real estate in the Methow Valley are **willing to pay an average of 9.02% (\$19,412) more per acre** for properties near trails and particular environmental/amenity characteristics (0 to ¼ mile) than for properties without these characteristics (e.g. scenic vistas, open space, agricultural lands, parks, forest lands, trails, etc.). For properties between ¼ to ½ mile from amenity lands, buyers are willing to pay 6.12% (\$13,182) more per acre, on average. Overall, property value impact is attenuated for land and homes further away from regional trails and open space. This suggests that greater tax revenues are produced by the sales of real estate with, or proximate to lands with particular environmental amenities.
- Revenue generation for area businesses, by group, was **highest** for 'Nature Enthusiasts, Wildlife Viewers and Birders', 'Hikers and Trail Runners' and 'Cyclists', at 81.3%, 80.0%, and 79.9%, respectively.
- The combined active and passive use benefit for the network of lands supporting Methow trail lands was estimated to be **\$21.8 million** per year for the region.<sup>2</sup>



<sup>2</sup> 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 study.

## ***Employment Impacts***

- While the Methow Valley region comprises about 16.3% of the county's total population, on average across all industries, it provides about **19.2% of all employment**.
- By industry, the Methow Valley provides **nearly 40% of all employment in the county** in the 'arts, entertainment, and recreation, and accommodation and food services' sector. The second largest employment sector is 'professional, scientific, and management, and administrative and waste management services', which provides almost one-third (32.2%) of all sector related employment in Okanogan County. Other sectors contributing a significant proportion of jobs against county total employment include wholesale trade (22.6%), construction (20.2%), finance, insurance, and real estate (20%), and manufacturing (19.2%).
- By occupation, those employed in **service industries** in the Methow Valley region represent 21.6% of Okanogan County's civilian workforce. The second largest segment, as a percent of the county total, is management, business, science, and arts occupations at 20.4%.
- Overall, Okanogan County experienced an annual rate of employment growth of -3.58% from 2005 to 2014. The Methow Valley region fared somewhat better with a -1.46% annual employment growth rate for the period. Of interest for the **10-year period is the 11% increase in full-time jobs for the Methow Valley region**. *Compared against the 2005 business survey, 32% fewer businesses participated in the 2015 study. Extrapolation of current study data reflects an annualized average of 877 jobs for 2014, or about 580 FTE and 297 PTE jobs, which represents **about 30.2% of the total 2,900 jobs estimated for the region** (1,917 FTE and 983 PTE).*

Methow Trails, through its trail system, programs and related recreation-based activities generated the following economic impacts for the local and regional economy in 2013:

- An estimated **183.8 jobs** (121.5 full-time jobs and 62.3 seasonal full-time and/or part-time jobs), or 152.7 FTEs can be directly accredited to the Methow trail system and the network of related recreation and supporting activities. Purchases of goods and services made by these individuals supported an additional 25.8 **induced jobs** in the region.
- **30.2 indirect jobs** were supported by **\$11.4 million** of local purchases made by businesses supplying services to Methow Trails and related recreation-, services-, and tourism-related businesses.
- **\$5.7 million** of direct wages and salaries were received by the 183.8 directly employed by Methow Trails and the Valley's related recreation-, services-, and tourism-related businesses. Re-spending of this income created an additional **\$871,536** of income and consumption expenditures in Washington, principally in Okanogan County. Those holding indirect jobs received **\$982,444** in indirect income.

- Businesses providing services to Methow Trails and the region’s recreation-, services-, and tourism-related businesses received some **\$22 million of revenues**.

### ***Tax Impacts***

- In the period between 2012 and 2014, visitors to the Methow Valley spent an estimated average of **\$49.7 million annually in direct travel spending** in the region. Of this, approximately **\$18.6 million annually** can be attributed to trail users and other visitors attracted to the area’s natural resources and outdoor recreation opportunities.
- Expenditures by all trail users (resident, local, and non-local) for the period between 2012 and 2014 generated an estimated annual average of **\$292,740** in local (city and county) tax revenues, **\$94,391** in state-shared transient lodging taxes, **\$97,269** in additional hotel/motel taxes, and **\$211,896** in state taxes.
- Tax receipt distributions, for Twisp and Winthrop alone, attributable to all trail users and other visitors attracted to the Methow Valley’s open space and outdoor recreation opportunities over the 2012-2014 period represent an average **24.1% of Okanogan County’s regular state-shared lodging tax**, and about **31.3% of the county’s additional special lodging taxes** collected. Similarly, tax receipt distributions for other areas of the Methow Valley region within unincorporated Okanogan County represents an average of 8.5% of the County’s regular state-shared lodging tax, and 7.7% of the County’s additional lodging taxes collected. Combined, for the 2012-2014 period, Methow Valley region’s lodging tax contributions represent an average of 71.6% of those taxes collected by Okanogan County.

### ***Resident / Trail User Views & Values***

- Almost 91.9% of both resident and trail user survey respondents indicate their access to and the provision of public and private recreational facilities in the Methow Valley is **very important** (79.6%) or **important** (12.3%).
- 84.3% of trail user and 76.0% of resident respondents say the Methow trail network was the **most important** factor to their average visit, with another 14.5% and 20.0%, respectively, indicating the trail network was an **important** factor.
- Trail users reported **peak trail months**, in order of use/visits, as **February, January, and December**, with 90.2%, 85.6% and 68.4% of trail users reporting use in these months, respectively. Similarly, the 2005 and 1998 studies reported February, January and December as the primary months for trail use. There were slight increases in visitation in August, September, October and November over 2005, but slight decreases in April and May.
- Resident and trail user respondents feel strongly about the protection of open space and aesthetic beauty in the Methow Valley. A combined average of 83.0% of all respondents stated that they felt it was either **‘extremely important’** or **‘very important’** to preserve the area’s

undeveloped open space. Further, a combined average of 84.1% of all respondents reported that the area's natural beauty was '**extremely important**' or '**very important**'.

- As in 2005, resident and trail user respondents indicated the top three reasons or characteristics influencing their decisions to move to or visit the Methow Valley are, in order of magnitude, 1) **proximity to natural resources**, 2) **natural beauty** and 3) **rural character**.
- The median length of non-local trail user visitor stays in the Methow Valley is about 6 days. These visitors report spending an average of **\$298 locally per day**, while local trail users/residents (largely second homeowners) stay an average of 11.7 days per visit, with average **daily expenditures of \$228**.<sup>3</sup>

## 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 of Gig Harbor, Washington, was commissioned in October 2014 to evaluate the above-mentioned economic impacts, which are grounded in the complex question: *"What are the costs, benefits and contributions of Methow Trails trail lands to the Methow Valley region?"* The study approach addressed 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; and,
- Assessment of local and regional impacts, which takes into account sector specific information.

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<sup>3</sup> Appropriately addressing expenditures related to trail use/visits requires inclusion of all trail users (local, non-local, resident) within the analysis; thus, all are "visitors". Attribution of "visits" or "per trip" terms related to discussion of residents 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 others with residential arrangements in Methow Valley. This framework simplifies the discussion and adheres to convention for recreation resource studies.