

# THE ECONOMIC IMPACT OF THE PROPOSED BOULDER WHITE CLOUDS NATIONAL MONUMENT

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## Executive Summary

This study projects the economic impacts that would likely occur in a four-county area of rural Idaho should the proposed Boulder White Clouds National Monument be created. It comes with the caveat that the Monument's specific regulations, which affect its economic impact, have yet to be set, and ongoing negotiations among stakeholders could lead to boundary changes.

The proposed Monument is unique in that it would be one of the largest in the country, and the only one of its size to contain a substantial amount of land already under federal protection. These factors make it difficult to use other National Monuments as benchmarks, since the lands within the proposed BWCNM already have a significant visitor base.

This analysis looks at four factors that influence the economy around a National Monument: changes in visitors and visitor spending; growth brought about by the influx of amenity-driven businesses and residents, known to economists as the 'second paycheck' effect; spending for new infrastructure; and spending for on-going maintenance and management. Of these factors, only potential changes to visitation and visitor spending and the 'second paycheck' effect are examined here, since we cannot assume that new infrastructure will result from Monument status.

Our report draws on several studies of the economic impact of protected lands, both in visitor expenditures and 'second paycheck' growth. Studies of visitors and visitor spending have generally used the input-output model, while 'second paycheck' studies have looked at the before-and-after picture at existing National Monuments. We have used both methodologies.

Other studies have predicted significant increases in visitor spending – as much as a doubling in one case. Our results are more modest, in large part because of the size of the existing visitor base. We project an increase of between 10% and 33% over existing spending, which would in

turn produce between 47 and 155 new jobs in a four-county area and increase the region's total economic output by \$3.7 - \$12.3 million a year.

The 'second paycheck' effect is harder to pin down, although one study did find that Western non-metro counties average \$436 more in per capita income for every 10,000 acres of protected lands within their borders. The study attributed much of that to amenity-driven in-migration. We believe that number to be reasonable, and we believe as well that the necessary infrastructure is in place for the BWC area to benefit from a modest level of amenity-driven growth.

In short, we project that the creation of the proposed Boulder White Clouds National Monument would have a modest but positive economic impact in the four-county region surrounding it.

## 1. Introduction

During the summer of 2013, Ben Johnson Associates, Inc.<sup>®</sup> analyzed the economic and demographic effects of creating a Boulder White Clouds National Monument (BWCNM) in Central Idaho. This report is the result of that analysis.

The specific terms and conditions that would apply within the BWCNM have yet to be set. It was therefore necessary to make a number of reasonable assumptions in order to project the impacts of the proposed BWCNM. These assumptions are detailed in Section 6 below.

The currently proposed BWCNM boundaries used in this study encompass some 570,000 acres of Forest Service (USFS) and Bureau of Land Management (BLM) land, and take in approximately forty percent of the existing Sawtooth National Recreation Area (SNRA).<sup>1</sup>

The major impact of the BWCNM will be felt in four counties that either contain or are adjacent to the proposed Monument. These counties are Blaine, Butte, Custer and Camas. In the analysis that follows we used current population, employment and income data in these counties as the base from which to measure the projected economic impacts of the BWCNM.

There are four dominant factors that influence the economy in and around a National Monument:

- i. Changes in direct one-time expenditures for infrastructure such as roads and buildings;
- ii. Changes in direct on-going expenditures for managing and maintaining the Monument;
- iii. Changes in the number and expenditures of visitors as a result of the Monument's creation, which create jobs and income in surrounding communities through the multiplier effect; and
- iv. The 'second paycheck' effect, in which entrepreneurs, workers and retirees choose to live in places that offer outdoor amenities as part of their total compensation package.<sup>2</sup>

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<sup>1</sup> See map, Attachment A.

The analysis that follows examines each of these factors, concludes that the first two cannot be assumed to have any economic impact, and projects the economic impacts of the latter two on the four-county area surrounding and encompassing the proposed BWCNM.

## 2. The Four-County Economy

The majority of the land in the proposed BWCNM is in Custer County; the rest is in Blaine County. Butte and Camas counties are included as gateways to the proposed Monument. The area encompassed by the four counties includes the Sawtooth National Recreation Area and Craters of the Moon, one of Idaho's two National Monuments.<sup>3</sup>

None of the four are populous counties. The total population of the four-county region in 2011 was 29,750,<sup>4</sup> with Blaine County comprising 72% of that total. The next most populous was Custer County at 14%. Butte County had 10% of the population and Camas County just 4%.

Both per capita and median household income vary significantly among the four counties. Blaine County, home of world-famous Sun Valley, is by far the wealthiest, with a per capita income of \$33,408 and a median household income of \$62,906. Butte County is the poorest, with per capita and median household incomes of \$19,395 and \$37,821 respectively.

Blaine County had the most educated residents, with 45.1% of its population holding at least a bachelor's degree – double the rate in the rest of the four-county area. Reflecting Sun Valley's resort status, nearly a third of Blaine County's housing units were classified as seasonal, recreational, or for occasional use.

These distinctive demographics must be taken into account in analyzing the impact of the BWCNM. In projecting visitor changes, for example, we have netted out downhill skiers, since the ups and downs of the ski resort industry are distinct from the impact of a National Monument.

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<sup>2</sup> Whitelaw, W.E., and Niemi, E., 1989, "The Greening of the Economy," Old Oregon 68, pp. 26-27.

<sup>3</sup> The other Idaho National Monument is the Hagerman Fossil Beds in the Magic Valley near Twin Falls.

<sup>4</sup> U.S. Census Bureau, American Community Survey, 5-Year Estimates, [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_11\\_5YR\\_B01003&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_11_5YR_B01003&prodType=table)

Nearly three-quarters of the employees in the four-county region work in occupations that economists define as “services,” which range from waiters and chambermaids to doctors and lawyers. Within this broad category, more than a third are in management, the professions and related fields, often commanding high salaries. There is, therefore, a service economy already in place that can support an increase in both visitors and ‘second paycheck’ amenity-migrants.

As discussed below, numerous studies have shown that protected areas are attractive to amenity-migrants. It should be noted, however, that many such migrants will only be attracted to the extent that certain services are available, most significantly broadband internet and an airport.

Finally, while past literature has shown that natural amenities serve to attract people and their businesses to rural areas, the expectation that amenity-migration will result in a fast-growing, diverse economy has to be moderated to include a discussion on the availability of transportation infrastructure, including access to airports.<sup>5</sup>

Both Stanley, near the west edge of the BWCNM, and the Sun Valley area are home to several companies offering high-speed broadband Internet. Hailey, close to the south end of the proposed Monument, has an airport. Driving times to Stanley are an hour and a half from the Hailey Airport and three hours from larger airports in Twin Falls and Boise. Mackay, on the east side of the proposed Monument, is less than two hours from the Idaho Falls airport. These airports meet the criterion of reasonable access.

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<sup>5</sup> “The Economic Importance of Air Travel In High-Amenity Rural Areas,” Ray Rasker, et al., *Headwaters Economics, Journal of Rural Studies*, July 2009, p. 19.

	County				Four County Region
	Blaine	Butte	Camas	Custer	
<u>Population</u>					
Population - 2011	21,354	2,848	1,235	4,313	29,750
<u>Employment</u>					
Civilian Employed Population > 16 years - 2011*	11,775	1,196	614	2,159	15,744
<u>Income</u>					
Per Capita Income - 2011 \$s	\$33,408	\$19,395	\$19,726	\$23,579	N/A
Median Household Income - 2011 \$s	\$62,906	\$37,821	\$41,184	\$43,445	N/A
<u>Education</u>					
Bachelor's degree or higher	45.1%	18.7%	23.7%	22.0%	38.3%
<u>Housing</u>					
Seasonal, recreational, occasional use housing units	4,786	34	218	816	5,854
Seasonal, recreational, occasional use percent of housing units	32.0%	2.5%	26.6%	26.9%	29.0%
<u>Employment</u>					
Management, professional, & related	34.6%	33.8%	29.6%	26.3%	33.2%
Service	20.2%	22.3%	13.2%	14.7%	19.3%
Sales and office	21.3%	16.0%	16.6%	22.2%	20.9%
Farming, fishing, and forestry	1.5%	3.8%	7.5%	3.4%	2.2%
Construction, extraction, maint., & repair	13.9%	10.7%	15.3%	21.0%	14.7%
Production, transportation, & material moving	8.4%	13.5%	17.8%	12.4%	9.7%

Source: U.S. Census Bureau, American Community Survey, multi year averages 2007-2011; Headwater Economics, <http://headwaterseconomics.org/tools/eps-hdt>

### 3. Current Forest Service and BLM Visitor and Expenditure Data

The proposed BWCNM contains 437,676 acres of Forest Service land and 133,600 acres of Bureau of Land Management land.<sup>6</sup> Both the BLM and the Forest Service conduct regular visitor surveys to determine, among other things, how many visitors use their lands annually and how much those visitors spend in connection with their visits. These surveys were very useful as a benchmark from which to predict changes in visitation and expenditure consequent to the proposed BWCNM.

The Forest Service data used in this analysis are from surveyed visitors to the Sawtooth National Forest, the Sawtooth National Recreation Area (SNRA), and the Salmon-Challis National

<sup>6</sup> Also within the boundaries of the proposed National Monument are 11,087 acres of Idaho State lands and 8,671 acres of private land that are not part of this study.

Forest.<sup>7</sup> To arrive at our base number we needed to determine what portion of the Forest Service visitors surveyed visited areas relevant to the BWCNM. Ideally, we would have captured the number of visitors to those portions of the SNRA, Salmon-Challis National Forest and Sawtooth National Forest that fall within the proposed BWCNM boundaries. Such specific data are not available, however, so it was necessary to begin by allocating visitors based on the percentage by number of acres in each of these protected areas that fall within the BWCNM. To avoid double counting, only the area of the Sawtooth NF outside the SNRA was counted. Table 2 below displays acres within the proposed BWCNM for the SNRA, Salmon-Challis National Forest and Sawtooth National Forest outside of the SNRA.

Table 2 Acres Within Proposed Boulder White Clouds National Monument	
Forest	<u>Within Proposed BWCNM</u>
Salmon-Challis NF	136,275
Sawtooth NF Outside SNRA	20,200
SNRA (Sawtooth NF)	281,401

Using these percentages without adjustment, however, would significantly undercount visitors to the BWCNM, since many potential Monument visitors stay, spend and are surveyed in places like the Stanley/Redfish area, outside the boundaries of the BWCNM. It was therefore decided that we would use a modest round up to account for these people. The allocations used are 5% for both the Salmon Challis NF and the Sawtooth NF outside the SNRA, rather than the actual percentages of 3% and 1% respectively. The SNRA value used is 40% rather than the exact percentage of 37.2%. The results are displayed in Table 3 below.

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<sup>7</sup> National Visitor Use Monitoring Results, USDA Forest Service, <http://apps.fs.fed.us/nrm/nvum/results/U0401402.aspx/Round3>

<u>Forest</u>	<u>Total</u>
Salmon-Challis NF	12
Sawtooth NF Outside SNRA	26
SNRA (Sawtooth NF)	97
<b>TOTAL</b>	<b>134</b>

There are six Bureau of Land Management developed recreation sites within the proposed boundaries of the BWCNM. The BLM’s Recreation Management Information System (RMIS) survey reports a total of 35,635 visitors to these six sites annually.<sup>8</sup> This is a relatively low number due to the fact that the BLM’s surveys are taken only at developed sites within the proposed BWCNM, and there are numerous undeveloped sites used by hunters and campers in the area. Because we have no way of ascertaining a reasonable number for these undeveloped sites, however, it was necessary to exclude them from the study.

<u>Recreation Site</u>	<u>Participants</u>
Herd Lake Overlook	4,280
Herd Lake	408
Jimmy Smith	4,548
Upper Lake Creek	1,326
East Fork	14,070
Little Boulder	11,003
<b>TOTAL</b>	<b>35,635</b>

From these Forest Service and BLM data, we determined that the base annual visitor number for the proposed BWCNM is 170,125. This consists of the Forest Service number of 134,490, plus 35,635 visitors to the six BLM sites.

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<sup>8</sup> BLM RMIS Report, Oct. 2011-Sept. 2012, Report #44, Sites: Garden Creek, Herd Lake Overlook, Herd Lake, Jimmy Smith, Upper Lake Creek, East Fork, and Little Boulder.

#### 4. Visitor Expenditures

The visitor expenditure data used as a base in this analysis are taken from the Forest Service's National Visitor Use Monitoring (NVUM) surveys for the Sawtooth National Forest.<sup>9</sup> These data provide both total per person per trip expenditures and a breakdown of those expenditures by category.

Expenditure Category	Average Expenditure
Lodging	\$61.05
Food/drink at restaurants and bars	\$49.98
Other food and beverages	\$27.21
Gasoline and oil	\$46.52
Local transportation	\$2.23
Activities (including guide fees and equipment rental)	\$13.48
Entry, parking, or recreation use fees	\$27.74
Souvenirs/clothing/other	\$19.87
TOTAL	\$248.08

The Forest Service's expenditures by category data from the NVUM were then matched to the equivalent BLM RMIS data. Both the Forest Service and the BLM data are based on average expenditures per person. As a check, we then looked at a Forest Service study of the Sawtooth National Recreation Area that examined expenditures based on an average group size of 2.5 persons. Using our number of \$248 per person, the average group expenditure would be approximately \$620. This correlates well with the Forest Service study for the SNRA<sup>10</sup> and with per party spending found in studies of various National Forests.<sup>11</sup>

The next step was to take the per person average expenditure in each category and multiply it by the base visitor number of 170,125 for the proposed BWCNM. The results are shown in Table 6.

<sup>9</sup> National Visitor Use Monitoring Results, USDA Forest Service, Region 4, Table 16, Average Spending per person Sawtooth National Forest, [http://www.fs.fed.us/recreation/programs/nvum/reports/year1/R4\\_Sawtooth\\_final.htm](http://www.fs.fed.us/recreation/programs/nvum/reports/year1/R4_Sawtooth_final.htm)

<sup>10</sup> Visitor Use Report, Sawtooth NRA, Region 4, NVUM, 2010, Table 11, p. 17.

<sup>11</sup> Updated Spending Profiles for National Forest Recreation Visitors by Activity, Eric M. White and Daniel J. Stynes, Department of Forest Engineering, Resource and Management, Oregon State University, 2010. [http://www.fsl.orst.edu/lulcd/Publicationsalpha\\_files/White\\_Stynes\\_NVUM2010b.pdf](http://www.fsl.orst.edu/lulcd/Publicationsalpha_files/White_Stynes_NVUM2010b.pdf)

Expenditure Category	Visitor Spending
Lodging	\$10,386,131
Food/drink at restaurants and bars	\$8,502,848
Other food and beverages	\$4,629,101
Gasoline and oil	\$7,914,215
Local transportation	\$379,379
Activities (including guide fees and equipment rental)	\$2,293,285
Entry, parking, or recreation use fees	\$4,719,268
Souvenirs/clothing/other	\$3,380,384
<b>TOTAL</b>	<b>\$42,204,610</b>

##### 5. Review of National Monument Economic Impact Studies

There have been a number of studies published on the economic impact to local communities from the establishment of National Monuments. Most fall into one of two categories.

The first category relies on input-output analysis, projecting increases in visitors and visitor spending created by the establishment of a National Monument. The majority of the studies in this category employ a well-known IMPLAN Regional Input-Output Modeling System, which uses multipliers to project direct, indirect and secondary economic impacts for both output and employment. Direct impacts include the expected change in visitor expenditures due to the creation of the protected area. Indirect impacts include the change in their revenues that businesses and services experience due to the change in visitor expenditures. Induced impacts are the changes in demand for goods and services brought about by changes in household income and business profits. These multipliers taken together produce a forecast of changed economic activity in surrounding communities as a result of the creation of a National Monument.

The other major approach does not project changes in visitors and expenditures or assume direct causation, but rather looks at established National Monuments and analyzes the economic vitality of surrounding communities before and after the Monuments were established. These studies have generally found significantly increased economic activity in regions where National

Monuments were established. The major cause of this new economic vitality has been found to be the ‘second paycheck’ amenity-based in-migration phenomenon described above.

We believe both of these approaches are valid and use both in the analysis that follows. The creation of a National Monument can affect the surrounding economy by increasing visitation and visitor spending, and by attracting new businesses and new residents. A clear picture is seen only when both types of impacts are considered.

The first step is to review existing studies in each category. These results provide a base from which to project the impacts of the proposed BWCNM.

### Input-Output Studies

Several studies have been published using the input-output method to predict the economic impact of National Monuments, National Seashores, National Parks, and other protected areas. The National Park Service and Michigan State University have been especially active in producing input-output impact studies.<sup>12,13</sup> We reviewed many of these studies and chose two of the most recent to serve as examples.

Input-output models estimate the economic impact of a change in protected status by summing the direct, indirect, and induced impacts brought about by the change. Two 2012 studies used the IMPLAN model to estimate the economic impact of the creation of Rio Grande del Norte and Chimney Rock National Monuments.<sup>14,15</sup> Both of these studies were published while creation of the Monuments was in the discussion stage, before President Obama issued proclamations under the Antiquities Act creating them. The same conditions apply to this study of the proposed Boulder White Clouds National Monument.

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<sup>12</sup> <http://www.nps.gov/search/index.htm?page=1&query=Input%20output%20model%20site%3Anps.gov> , National Park Service, U.S. Department of the Interior.

<sup>13</sup> <http://mgm2impact.com/> Money Generation Model - Version 2, Department of Community, Agriculture, Recreation and Resource Studies, Michigan State University.

<sup>14</sup> BBC Research & Consulting, Economic Impacts of National Monument Designation, Rio Grande del Norte, New Mexico, August 22, 2012.

<sup>15</sup> BBC Research & Consulting, Economic Impacts of National Monument Designation, Chimney Rock, Colorado, June 15, 2012.

For their Rio Grande del Norte study, BBC Research & Consulting (BBCRC) used four National Monuments created in 2000 and 2001 as benchmarks, and compared post-designation visitation with pre-designation visitation.<sup>16</sup>

Based on the growth observed at the four existing Monuments, the researchers projected a 50% increase in annual visitors for Rio Grande del Norte National Monument, from 325,100 to 488,300. Feeding that projected increase together with its associated expenditure increase into the IMPLAN model, they projected an 87% increase in economic output and an 89% increase in area jobs in and around Rio Grande del Norte. That translated into 279 new jobs for the local economy. Therefore, the researchers concluded,

Changing the designation of public land is expected to have a significant effect on the local or regional economy. A public land designation, such as a national monument, may signal enhanced quality of a potential visitor experience, substantially increasing visitation. Changes in visitation and tourism expenditures are especially important in rural areas where people may be particularly reliant on income derived from tourism.<sup>17</sup>

BBCRC employed the same general approach in their impact study for the proposed Chimney Rock National Monument, using nine existing National Monuments for comparison. They projected that over a five-year period after Chimney Rock was established, economic output would double, from \$1,213,950 to \$2,433,762.<sup>18</sup> Over that same period, jobs were forecast to nearly double, from 17 to 32, and visitorship was projected to double, from 12,000 to 24,000.<sup>19</sup>

### ‘Second Paycheck’ Studies

Dr. Tom Power, University of Montana professor emeritus economist, was an early proponent of the ‘second paycheck’ effect, in which revenue flows to local economies near protected lands from second-home owners, retirees, and entrepreneurs who can locate their firms in areas with

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<sup>16</sup> The four were Sonoran Desert, Kasha-Katuwe Tent Rocks, Carrizo Plain, and Upper Missouri Breaks, p. 16.

<sup>17</sup> Ibid. p. 1.

<sup>18</sup> Chimney Rock Study, p. 2

<sup>19</sup> The nine are, Agua Fria, Canyon of the Ancients, Ironwood Forest, Sonoran Desert, Kasha-Katuwe Tent Rocks, Cascade Siskiyou, Carrizo Plain, Upper Missouri Breaks, and Prehistoric Trackways, p 17.

high quality of life. Technology and telecommuting has given even more entrepreneurs and workers the option of becoming amenity-driven migrants to areas with protected lands.

In one of many publications analyzing the impact of protected areas, Dr. Power argues that amenity-driven economic growth is a net-positive.

We conclude this study with an analysis of whether amenity-supported economic vitality actually improves the local economy and local economic well being. Much casual economic commentary criticizes amenity-supported economic forces for creating low paid, part-time jobs while driving up the cost of housing and squeezing out long-time residents. A review of the empirical economic literature finds little support for these assertions. Our conclusion is that for the level of amenity-supported local economic vitality found in the study areas around Apostle Islands and Pictured Rocks NL, there need be little concern that these changes in the economy and demography will threaten economic well being, social stability, or cultural continuity.<sup>20</sup>

Economist John Loomis of Colorado State University, who has conducted numerous studies throughout the western United States on the impact of protected land, is also a proponent of the importance of the ‘second paycheck’ economy. He concludes that “the long term effects of diminishing wild lands are not just environmentally unfriendly, but it is economically unsound.”<sup>21</sup>

A new county-specific analysis by Ray Rasker, an economist with Headwaters Economics, builds on earlier work (“West Is Best”) by looking at per capita income in the West’s 286 non-metro counties. The study found a meaningful relationship between the amount of protected public land in a county and per capita income. Specifically, in 2010, Western non-metro counties

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<sup>20</sup> Amenity-Supported Local Economic Vitality and the Apostle Islands and Pictured Rocks National Lakeshores on Lake Superior, Thomas Power, Professor Emeritus, 2009, p. v. [http://www.nps.gov/apis/parkmgmt/upload/Power-APIS-PIRO-NL-Econ-Report-Final\\_12\\_08\\_09.pdf](http://www.nps.gov/apis/parkmgmt/upload/Power-APIS-PIRO-NL-Econ-Report-Final_12_08_09.pdf)

<sup>21</sup> Wilderness Economics: A Model for the Future, Jonathan Carter, [http://www.forestecologynetwork.org/save%20moosehead/wilderness\\_economics.html](http://www.forestecologynetwork.org/save%20moosehead/wilderness_economics.html)

had a per capita income that averaged \$436 more for every 10,000 acres of protected public lands within their boundaries.<sup>22</sup>

Headwaters Economics also examined 17 National Monuments and found a significant correlation between Monument status and the economic strength of nearby communities.<sup>23</sup> The universe was defined as National Monuments in the eleven Western continental states that are larger than 10,000 acres and were created in or after 1982. This definition excluded smaller monuments with little potential to have an impact on local economies, and allowed analysis of economic indicators before and after designation using reliable measures of economic performance.

The analysis found that the local economies surrounding all 17 of the National Monuments grew following the creation of the Monument. Moreover, trends in important economic indicators – such as population, employment, personal income and per-capita income growth – either continued or improved in each of the regions surrounding the 17 Monuments. There was no evidence that designating these national monuments stifled or prevented economic growth.

While this analysis stops short of demonstrating a direct cause-and-effect relationship between Monument status and economic growth, it does provide strong evidence that National Monuments are consistent with economic vitality in adjacent communities.

Other studies over the past 20 years have echoed the positive correlation between protected areas and the economic health of local communities. While these studies also stop short of claiming a direct cause-and-effect relationship, they provide additional evidence that protected areas are consistent with economic health.

Based on the totality of this evidence, we believe that creation of the BWCNM can be expected to have a positive economic effect on the four surrounding counties, both by increasing visitorship and spending, and by attracting in-migration through the ‘second paycheck’ effect.

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<sup>22</sup> <http://headwaterseconomics.org/land/protected-public-lands-increase-per-capita-income>

<sup>23</sup> Summary: The Economic Importance of National Monuments to Local Communities, [http://headwaterseconomics.org/wphw/wp-content/uploads/NatlMon\\_Summary.pdf](http://headwaterseconomics.org/wphw/wp-content/uploads/NatlMon_Summary.pdf)

## 6. Study Assumptions

As noted in the Introduction, as of the time of this study no proclamation had been signed by the President outlining the specific terms and conditions applicable within the defined boundaries of the proposed BWCNM. Therefore, a number of reasonable assumptions had to be made in order to project the economic impacts of a Boulder-White Clouds monument.

### a. Infrastructure and Staffing

Two of the significant factors that influence the economy in and around a National Monument are direct one-time expenditures for building additional infrastructure, and direct ongoing expenditures for maintaining that infrastructure and managing the Monument itself. Given the configuration of the BWCNM, the small town of Mackay would seem a logical place to establish a Monument office, with its associated one-time and on-going expenditures. Because this is speculative, however, and because the Monument could theoretically be managed using existing infrastructure and Forest Service and BLM personnel, the study assumes no economic impacts from a headquarters, infrastructure construction, additional office construction, or increased staffing.

### b. Compatibility with Legislative Protection Efforts

Over the past several years, Idaho Congressman Mike Simpson has promoted a collaborative approach toward protection of the Boulder White Clouds. To this end, the Idaho delegation has introduced legislation in both the House and the Senate to create the Central Idaho Economic Development and Recreation Act (CIEDRA).<sup>24</sup> This study assumes that some of the essential elements of CIEDRA will form the basis for the proclamation creating the BWCNM; however, no wilderness areas would be created through a presidential designation of a BWCNM and the area protected differs from CIEDRA boundaries as well. Should the proclamation vary from these elements, the economic impacts of the BWCNM estimated here might change as well. On the ground management strategies are set largely after a National Monument is designated, so further assumptions about allowed uses are beyond the scope of this study.

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<sup>24</sup> House Bill H.R. 5205, Senate Bill S. 3294.

The essential elements of the CIEDRA legislation that impact the projections made in this study are as follows:

- i. The BWCNM will not affect the jurisdiction of the State of Idaho over the management of fish and wildlife on public land, including the regulation of hunting, fishing and trapping within the proposed boundaries;
- ii. There will be no change affecting water rights or existing agreements;
- iii. Native American treaty rights will not be diminished;
- iv. There will be no restrictions or preclusion of low-level overflights of military aircraft over the proposed BWCNM, including overflights that can be seen or heard within the proposed boundaries;
- v. There will be snowmobile access to high elevation snowmobile areas in the Fourth of July, Washington Basin, Champion Lakes and Warm Springs areas;
- vi. The Frog Lake Loop will remain open under its current use for motorized and mechanized travel;
- vii. Commercial services (including outfitting and guide activities) within the proposed BWCNM will be authorized to the extent necessary for activities which are proper for realizing the recreational or other wilderness purposes of the wilderness areas;
- viii. The grazing of livestock will be allowed to continue, subject to reasonable regulations, policies, and practices; and
- ix. Adequate access will be provided to the owners of State or private property within the boundaries of the BWCNM.

While there may be additional restrictions or closure of some existing trails or areas currently open to motorized or mechanized travel other than those described above, the general assumption

is that most will remain open. Moreover, the closure of a given trail or area does not necessarily equate to reduced motorized or mechanized use; indeed, an increase in protection might well provide an enhanced experience where those opportunities remain available, which would in turn increase visitorship to the BWCNM.

A National Monument, as opposed to a wilderness designation, does not necessarily preclude mountain biking. The region – and the Sun Valley area in particular, with its excellent accommodations, restaurants, bars and shops – may see an increase in visitors who want to take advantage of mountain biking in the protected Monument. To the extent that an enhanced mountain biking experience comes with the creation of the Monument, the estimates of increased visitorship discussed below may be low. Moreover, mountain biking opportunities may draw additional ‘second paycheck’ residents.

#### b. Visitor Numbers

The two BBCRC studies summarized previously projected up to a doubling of visitor numbers due to the creation of the Rio Grande del Norte and Chimney Rock National Monuments. Indeed, the four benchmark Monuments used for comparison in the Rio Grande del Norte study averaged a tripling of annual visitors in the six years following creation of the Monument. It must be noted, however, that the proposed BWCNM is much larger than either Rio Grande or Chimney Rock, and has far more protection and thus a much larger existing visitor base. For these reasons, it is likely that the percentage increase in visitorship will be smaller.

Because no National Monument can reasonably be used as a benchmark of pre- and post-designation visitorship, and because a proclamation has not been issued establishing the boundaries and setting out the rules, this study will err on the conservative side. We will model three potential increases in visitor numbers in IMPLAN – 10%, 20% and 33%. These numbers represent modest increases in visitors along with their accompanying spending.

#### d. Timeline

The economic impacts estimated by the IMPLAN model are to be viewed as structural changes to the local economy that will occur over time as support businesses adjust to the change in

demand for their goods and services. Should a BWCNM be proclaimed, it is expected that the majority of the increase in visitors and visitor expenditures will occur in the five- to ten-year period after its creation. The economic infrastructure to support these increases may well develop over a longer period.

## 7. Results

Beginning with the base level of visitor spending shown above in Table 6, and using the most conservative growth projection of a 10% increase in expenditures, the total economic impact on the four-county region – including direct, indirect and induced effects – is shown in Table 7.

Impact Type	Output	Employment	Labor Income
Direct Effect	\$2,812,890	40	\$1,333,982
Indirect Effect	\$541,770	4	\$145,205
Induced Effect	\$377,972	3	\$104,368
Total Effect	\$3,732,631	47	\$1,583,555

A 10% increase in visitor expenditures, then, can be expected to increase employment in the four-county region by 47 new jobs and to increase the region’s output by \$3.7 million. Labor income, using the multiplier effect, is expected to increase by \$1.6 million.

Using the middle projection of a 20% increase in visitor expenditures, the proposed BWCNM would yield, over time, 94 new jobs and a \$3.2 million increase in labor income.

Impact Type	Output	Employment	Labor Income
Direct Effect	\$5,625,780	79	\$2,667,964
Indirect Effect	\$1,083,539	9	\$290,411
Induced Effect	\$755,943	6	\$208,736
Total Effect	\$7,465,262	94	\$3,167,110

Finally, a 33% increase in visitor spending would yield 155 jobs and \$5.2 million in labor income for the four-county region. Total economic output over time would increase by \$12.3 million.

Impact Type	Output	Employment	Labor Income
Direct Effect	\$9,282,537	130	\$4,402,140
Indirect Effect	\$1,787,840	14	\$479,177
Induced Effect	\$1,247,306	11	\$344,414
Total Effect	\$12,317,682	155	\$5,225,731

These numbers reflect only the economic impact of an increase in visitor spending. They do not include the economic impact created by ‘second paycheck’ amenity-driven in-migrants, including new businesses, individual telecommuters, second-home owners and retirees, who might well be attracted to the BWCNM area. This indirect impact is discussed in detail above and summarized in the Conclusions section below.

#### 8. Other Economic Impact Variables

In the Introduction to this study, we identified four factors that influence the economy in and around a National Monument: changes in direct one-time expenditures for infrastructure such as roads and buildings; changes in direct on-going expenditures for managing and maintaining the Monument; changes in the number and expenditures of visitors as a result of the Monument’s creation; and the “second paycheck” effect, in which entrepreneurs, workers and retirees choose to live in places that offer outdoor amenities as part of their total compensation.

While our study focuses on the latter two factors – visitor spending and the second paycheck effect – spending for infrastructure, management and maintenance could add to the BWCNM’s economic impact.

It is quite possible, for instance, that there would be some one-time infrastructure spending. Because a large portion of the BWCNM is within the already-protected SNRA, however, with its existing infrastructure and amenities, it is also possible that the Monument could operate without new infrastructure. We have therefore not projected any economic impact from such spending.

Similar reasoning applies to on-going expenditures for managing and maintaining the Monument. Because the SNRA, the Forest Service and BLM already have maintenance and management personnel on the ground in the area, and because it is assumed the BWCNM would be managed jointly by those agencies and not the National Park Service, the new Monument could conceivably operate without a separate headquarters or additional personnel. We have therefore projected no economic impact for this category.

## 9. Conclusion

We have projected the increase in visitor expenditures associated with creation of the Monument to be between 10% and 33% of the area's current visitor spending, which would create between 47 and 155 new jobs, increase annual labor income between \$1.6 million and \$5.2 million, and increase the four-county region's total annual economic output between \$3.7 million and \$12.3 million. These projected increases are modest compared with increases projected in similar studies as described above. Given the proposed BWCNM's size, and especially its relatively large existing visitor base, we believe these estimates to be reasonable.

In addition to increased visitor spending, numerous studies have identified what has come to be called the 'second paycheck' effect, in which the outdoor recreation amenities provided by protected land drew new businesses, second-home owners, telecommuters and retirees. These studies have uniformly found a consistency between the amount of protected land in a county and the county's economic health. One study, for instance, found that Western non-metro counties averaged \$436 more in per capita income for every 10,000 acres of protected public lands within their boundaries.

We see no reason to think that the four-county area including and adjacent to the proposed BWCNM would depart much from this model, since adequate broadband facilities are in place

and there are airports within a reasonable distance. We therefore expect the four-county area to see a rise in per capita income and employment should the Monument be created.

## 10. Summary

We project a net positive effect on the local economy from the creation of a Boulder White Clouds National Monument. While it is not likely to have major impact, in part because the area already has a relatively large visitor base and has no doubt already experienced part of the ‘second paycheck’ effect, the economic impact will nonetheless be meaningful to local communities given their sparse population and relatively low per capita income.

Creation of the BWCNM will contribute to an already-growing economy (personal income grew at an annual rate of 4% in the four-county region from 2001 through 2011<sup>25</sup>), and will provide new jobs and income both from an increase in visitors and visitor spending and from new amenity-driven residents seeking that elusive ‘second paycheck.’

There is a well-established economic infrastructure already in place in the region, especially in the Sun Valley area but in smaller communities as well. With high-speed broadband and airports in Hailey, Stanley, Twin Falls, Idaho Falls, and Boise, all the pieces are in place to attract these new visitors and draw new residents seeking a higher quality of life.

Because a significant portion of the proposed Monument already has a degree of protection and an accompanying visitor base within the SNRA, our projections are modest. For that reason we believe the change to National Monument status would be a positive economic step and could enhance the existing recreational experience and pristine quality of the area.

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<sup>25</sup> Idaho Department of Labor, Labor Market Information, <http://lmi.idaho.gov/WagesIncome/Income.aspx>