

THOMAS MICHAEL POWER

**Research Professor
Professor Emeritus
Economics Department
University of Montana
Missoula, Montana 59812
406 721 1391
tom.power@mso.umt.edu**

First Semi-Annual Progress Report

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Project Identification - PMIS 91895

Project Title: Assess Economic Impact of Park Establishment and Wilderness Designation at Two Parks

Park/Unit: Apostle Islands and Pictured Rocks National Lakeshores

Expenditures on this project began on September 1, 2007. This “semi-annual” report, therefore, covers the three-month period September 1 through November 30, 2007.

Progress to Date

i. Data Collection and Organization

The effort during this first three-month period was directed at putting together the economic data base that would support the pursuit of all three tasks specified in the grant proposal:

1. Analysis and documentation of the evolution of the local and regional economies in which the Apostle Islands (APIS) and Pictured Rocks (PIRO) National Lakeshores are embedded.
2. Analysis and modeling of the ways in which these National Lakeshores are connected to the local and regional economy.
3. Regional analysis to detect the presence of amenity-supported economic vitality.

With the assistance of a research assistant, employment and personal income by industry, investment, retirement, transfer payments, population, and commuting pattern data for each county in the regions surrounding the two National Lakeshores were obtained from the Regional Economic Information System of the Bureau of Economic Analysis, U.S. Department of Commerce.

For APISNL this region includes Bayfield and Ashland Counties in Wisconsin as well as the closest trade center, the Duluth-Superior metropolitan area consisting of Douglas

County, WI, and Carlton and St. Louis Counties, MN. Because of the growing population and second home developments in Burnett and Washburn Counties, WI, just to the southwest of Bayfield and Ashland Counties, data was also gathered on these counties to deal with Task 3, the identification of amenity-supported economic vitality in the region surrounding the National Lakeshores.

For PIRONL economic data on Alger County, MI, and its closest trade center, the greater Marquette area (Marquette County, MI, a federal “micropolitan” area) were obtained. In addition, data on the other counties contiguous to Alger County (Delta, Schoolcraft, and Luce Counties, MI) were obtained and organized. Delta County is also a federal “micropolitan” county (Escanaba), part of a cluster of contiguous “micropolitan” areas adjacent to Marquette County (“Iron Mountain” made up of Florence County, WI, and Dickinson County, MI, and “Marinette” made up of Marinette and Menominee Counties, WI). These counties will also be analyzed as part of tasks one through three.

This detailed county data often has information suppressed in order to protect confidential business information. Algorithms will be developed to estimate the missing data from other sources. In addition, the data expressed in dollar terms has inflation built into it. It will have to be “deflated” so that it can indicate trends in “real,” inflation-free terms.

In addition to this national data base, each state government maintains a variety of economic data bases, including Labor Market Information Systems. This data sometimes is more detailed than the federal data. In addition, each state provides analyzes of past economic trends and projections of likely future trends. State agencies also provide economic profiles of counties and communities drawing on a variety of state and federal sources.

All of this detailed economic information has been collected and will be used to carry out the first task, the analysis of trends in the regional economies since the two National Lakeshores were created.

ii. Literature Search on Amenity-Supported Economic Vitality

A literature search has been carried out to gather previous (but recent) analyses of amenity-supported local economic vitality in rural areas, especially in northern Wisconsin, the Upper Peninsula of Michigan, and northeastern Minnesota. Both the academic literature and economic profiles of the region by state government agencies and business associations have been gathered.

The federal Economic Research Service has categorized counties on the basis of a dozen or more economic characteristics including “recreation,” “retirement destination,” and “high natural amenities.” County in-migration data for each decade since 1970 and for the 2000-2005 period is also available.

These county classifications and data will help lay the conceptual and empirical foundation for the third task: local evidence of amenity-supported economic vitality.

iii. Analysis of the Economic Connections between the APISNL and PIRONL and Neighboring Communities

Dr. Daniel J. Stynes of Michigan State University has collected expenditure data from visitors to both APISNL and PIRONL and using the IMPLAN economic model has developed projections of local economic impacts for each National Lakeshore. Recently (November 2007) he used the latest (2006) visitor data to update those projected impacts. Dr. Stynes has also analyzed the economic impact of tourism in Marquette County and the eastern Upper Peninsula as well as the economic role of the Chippewa and Hiawatha National Forests' visitors in the surrounding economy. This information has been collected but not analyzed yet. During December the Principle Investigator will contract with Dr. John Duffield of the University of Montana and Bioeconomic Associates to critically analyze this economic impact modeling. That will lay the basis for Task 2, the analysis of the economic relationship between the National Lakeshores and the surrounding region.

Scheduled Tasks Going Forward

i. Adjust the University of Montana Pay Schedule

The University of Montana based its calculation of the PI's FTE and its pay schedule based on the project end date of December 31, 2009. The draft Final Report, however, is due 13 months earlier, December 1, 2008. Clearly the majority of the work on the project will have been completed by that date. Retaining almost half of the project resources for calendar year 2009 is inappropriate. The PI will work with the University to modify the payout schedule.

ii. Contract with Dr. John Duffield for the MGM2 Review

The basis for Task 2, the analysis of the economic connections between the APISNL and PIRONL and the local economies, will be Daniel J. Stynes existing analysis and Dr. Duffield's critical review of that. Those are the two empirical pieces I will be working with for this particular task. Those contractual arrangements will be in place by early January.

iii. Complete the Review of the Amenity-Supported Economic Vitality Literature

A significant amount of material has been accumulated on the experience of amenity-supported economic vitality around the world, across the nation, and in the Lake Superior region. This will be analyzed to lay the basis for both tasks 1 and 3. It will be completed before the detailed economic data on the regional economy is analyzed. The literature review will guide how the data is aggregated and used to study past trends, the role of the National Lakeshores in the local economies, and the existence of amenity-supported development.

iv. Organize and Analyze the Detailed Economic Data on Local Economies

Once the literature review is complete, the site-specific empirical analysis will be undertaken to both understand the trends in the local economies since these two National Lakeshores were created and to project the role they and other natural landscape features will play in future trends. The MGM2 results will be integrated into this analysis.

Milestones Going Forward

January 15, 2008: Contractual arrangements with Dr. John Duffield will be in place and the contractual arrangements between the PI and the University of Montana will be adjusted.

Spring 2008: Visit the Apostle Islands and Pictured Rocks National Lakeshores to talk to staff and representative of the local business community, local governments, and NGOs.

May 1, 2008: Second progress report due.

May 2008: Submit proposal for the 2009 George Wright Society Conference in Portland, OR.

November 1, 2008: Submit a first draft of my report to Apostle Islands and Pictured Rocks National Lakeshores personnel for their review.

December 1, 2008: Submit draft Final Report for review.

February, 2009: Submit Final Report after approval of NRS ATR

March 2-6, 2009: Presentation at George Wright Society Conference, Portland, OR.

April-December, 2009: Prepare articles for either ***Park Science*** or ***George Wright Forum*** and an article for a refereed academic journal.