

## Park Use and Economic Impact

### Park Use

Wetzel State Recreation Area (SRA) is primarily used for hiking by typically local visitors, educational purposes through programs sponsored by the Clinton River Watershed Council, and flyers of the Radio Control Club of Detroit. Between April 15 and October 15, 2005, the recreation area saw approximately 2,875 total visitors during the week and an estimated 1,485 total visitors on the weekends. On average, the park hosts twenty persons a day during the twenty-six weeks that it is open. The SRA has yet to be developed to its potential, and as such, the number of users is lower than that expected once the General Management Plan and Action Program are implemented.

### Economic Impacts

Economic impact is the benefit to the local economy that results from expenditures generated by Wetzel State Recreation Area (Wetzel SRA) visitors. The tool used for measuring economic impact is the Money Generation Model - Version 2 (MGM2) Short Form, developed by Dr. Daniel Stynes of Michigan State University. The MGM2 is an update of the MGM model developed by Dr. Ken Hornback for the National Park System in 1995. The MGM2 estimates the impact of park visitor spending on the local region in terms of sales, income, employment and value added. The model provides a very basic review of impacts and is an excellent tool for establishing a baseline assessment of the economic impact of Wetzel SRA.

The MGM2 Short Form uses three factors for determining economic impact of tourism spending: number of visitors multiplied by the average spending per visitor multiplied by a *multiplier*, which estimates the extended effects of direct spending. The formula produces a very basic analysis that is ideal for the non-economist and an excellent tool for obtaining a base-line assessment of the economic impacts of Wetzel State Recreation Area.

For this analysis, data used for the MGM2 Short Form was obtained from 2005 events that occurred at Wetzel SRA and Consumer Price Index adjusted numbers based on a 1997 MDNR Park User Study applied to all DNR Management Plans. The model was also run on three other state parks that are strictly day-use parks, to illustrate increases in economic impact that occurs with increased park use. The results are summarized on Table A-6.

### Direct Economic Effects to the Community

The results indicate that Wetzel SRA is contributing to the local economy:

- ◆ Direct spending attributable to Wetzel SRA visitors totaled \$64,750.
- ◆ Personal Income totaled \$22,020.
- ◆ Jobs totaled 2.38 (note: jobs are not full-time positions but include part-time and seasonal employment).
- ◆ Value Added (total income plus business taxes) totaled \$33,250.

### Total Economic Effects to the Community

Total effects reflects 'Direct Effects' in addition to the 'Secondary Effects' of visitor spending on the local economy. Secondary Effects (sometimes called 'Multiplier Effects') capture economic activity that results from the re-circulation of money spent by the park visitors in the community.

- ◆ Total Spending: \$85,600 (32% over direct spending).
- ◆ Personal Income: \$28,970 (32% over direct spending).
- ◆ Jobs: 2.38 (19% over direct job impacts).
- ◆ Value Added: \$46,090 (39% over direct value added).

Table A-7, below, provides an idea of what may be in store for Wetzel SRA. As the Recreation Area is developed, and becomes more widely recognized as an excellent source for recreational activities, the direct and total economic effects should approach those for other day-use parks, like Negwegon, Duck Lake and Maybury.

**Table A-6: MGM2 Economic Impact Analysis Summary Table**

	State Park			
	Wetzel	Negwegon	Duck Lake	Maybury
<b>Day-Use Visits</b>	6,995	18,571	190,992	300,801
<b>Conversion to Party Nights</b>	1,891	5,019	51,619	81,298
<b>Spending Average Based on Party Nights</b>	\$87,000	\$231,000	\$2,374,000	\$3,740,000
<b>Spending Captured</b>	\$65	\$172	\$1,768	\$2,784
<b>Direct Economic Effects</b>				
<b>Sales (\$000's)</b>	\$64.75	\$171.91	\$1,767.96	\$2,784.44
<b>Personal Income (\$000's)</b>	\$22.02	\$58.46	\$601.26	\$946.94
<b>Jobs</b>	2	5	56	88
<b>Value Added (\$000's)</b>	\$33.25	\$88.26	\$907.74	\$1,429.64
<b>Total Economic Effects</b>				
<b>Sales (\$000's)</b>	\$85.60	\$227.26	\$2,337.27	\$3,681.05
<b>Personal Income (\$000's)</b>	\$28.97	\$76.90	\$790.90	\$1,245.62
<b>Jobs</b>	2.38	6.32	64.98	102.35
<b>Value Added (\$000's)</b>	\$46.09	\$122.38	\$1,258.58	\$1,982.18

Source: Michigan Department of Natural Resources.

**What is a Party Night?**

The NPS measure of recreation visits counts the number of people entering the park. Economic impacts depend on how long a person stays in the local region more so than how many times they enter the park. NPS recreation visit data will generally count a visit each time someone enters the park. So a camper who leaves the park and re-enters six times during their stay will count as six visits. For economic analysis, the best measure is the length of stay in the area, expressed in days or nights. We generally favor estimating spending on a per party rather than per person basis.

The "party" is a group of people in a single vehicle or in some cases staying in the same room or campsite. When spending is estimated on a per person basis, there is a tendency to double count shared expenses (lodging, gasoline) and not handle children correctly.

With spending estimated on a party-night basis, the lodging expense is easily interpreted as the average cost for a room or campsite. MGM2 can handle other units of analysis as long as spending and visits are entered in the same units.

*Source: MSU Website, MGM2, FAQs.*