

# **Economic Impacts of Community-Amenity and Tourism-Related Investments in the Coon Rapids-Whiterock Area West-Central Iowa**

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## **Introduction**

Residents of rural communities in Iowa value their natural resource–based amenities and the quality of life it offers. Increasingly the recreational and tourism opportunities offered by these amenities are viewed as an economic development opportunity, as well as a quality of life enhancement.

Starting on 2005, when the City of Coon Rapids (located mostly in Carroll County), together with the Whiterock Conservancy land trust (located largely in Guthrie County), were awarded the highly-coveted Iowa Great Place award, the CR-WRC Great Place Committee began to fundraise for an implement an ambitious series of community-amenity and tourism related investments.

Their Great Place plan made maximum use of already existing tourism-related investments and assets, including Carroll County Riverside Park and walking trail, Coon Rapids' excellent city park facilities, and the 5,000-acre Garst Family private land donation to the non-profit Whiterock Conservancy to support low-impact public-recreation, natural resource restoration, and sustainable-agriculture research (especially in the prairie pasture arena).

The overall Great Place plan includes numerous aspects including diversity promotion, arts, dark sky protection, water quality, elder care, and outdoor recreation opportunities.

This report, however, focuses on evaluating the economic impacts of already-realized or potential major infrastructure investments in a series of community improvements and tourism–related facilities for the Coon Rapids-Whiterock area. The impacts are separated into construction and operation phases.

Estimates of the eventual impact of these investments are summarized below. However, it must be emphasized here that their real impact will depend heavily on marketing and on event creation to draw in visitors. The potential generated by initial infrastructure investments will only be realized if visitors are drawn to use them, and to spend in the community, and/or if companies or new residents are attracted to or retained in the community.

### **Construction period impacts**

While the range of community development and tourism amenity projects are being constructed and developed, there is a one time stimulus to the local economy as people are employed, supplies are purchased and employees are paid. The series of rural-tourism-related projects undertaken, and the associated cash costs, are detailed in Table 1.

Table 1. Coon Rapids Community-Amenity and Tourism-Related Infrastructure investments: Cash Costs, Construction Phase.

<b>Construction Project</b>	<b>Amount</b>
City Park community center (built)	\$140,000
County RV park bathroom & septic dump (built)	\$60,000
City owned Assisted Living facility (built)	\$1,800,000
City trail link to Swimming Pool (built)	\$109,000
Trail linking WRC with Coon Rapids (starting construction)	\$1,700,000
Entry way streetscaping and public art (under construction)	\$1,300,000
Whiterock signage, fishing doc, and visitor center (2009)	\$672,700
County canoe launch and paddlers Trail (2009)	\$48,000
<b>Total</b>	<b>\$5,829,700</b>

In addition to the impact from the direct dollars for these facilities, the spending creates a secondary effect from workers spending their paycheck in the community and supplies being purchased from local vendors. An Input-Output model for the 4-county region (Carroll, Guthrie, Greene and Audubon Counties) is used to estimate these secondary impacts (Appendix 1). Table 2 presents the results of the total direct and secondary

impacts of the \$5.83 million of spending on these 7 projects for total sales, personal income and job indicators. While the spending impacts originate in the construction sector, through the multiplier effect where the spending supports other businesses in the regional economy, a total impact of \$8.4 million of spending, \$2.66 million of personal income and 85 jobs have been supported in the local economy.

**Table 2. Economic Impact of \$5.83 Tourism Infrastructure Construction, Coon Rapids, Iowa.**

Sectors	Total Sales	Labor Income	Jobs
Agriculture	\$23,210	\$2,272	0.1
Construction & Utilities	\$5,861,589	\$1,934,421	60.7
Manufacturing	\$566,191	\$77,637	1.0
Wholesale and Retail Trade	\$525,446	\$211,758	7.1
Transportation and Utilities	\$222,674	\$53,219	1.5
Finance, Insurance and Real Estate	\$355,836	\$61,456	1.4
Professional Services	\$467,033	\$208,917	5.7
Other Services	\$317,129	\$97,460	6.7
Government	\$43,274	\$18,420	0.3
<b>Total</b>	<b>\$8,382,383</b>	<b>\$2,665,560</b>	<b>84.6</b>

Source: IMPLAN Model for West Central Iowa

### **Outdoor amenities generate revenues and support local economies**

Participating in outdoor recreation typically involves expenditures such as travel, food supplies and recreational equipment such as bikes, fishing gear, hunting supplies and special clothing. Investing in facilities to attract tourists and take advantage of natural resources is a strategy to capture this spending and the economic benefits for the local economy. This section of the report focuses on identifying the expenditure impacts that are generated from residents and visitors spending money on outdoor recreation activities in the Coon Rapids area.

Since the recreational facilities of Coon Rapids and WRC are not yet fully developed and receiving the visitors anticipated in the future, other sources and methods are needed to project the likely visitation rates and economic impacts when resources are developed. A recent study of Iowa’s outdoor recreational resources provide information of visitation

rates to Iowa’s state parks and county parks along with spending rates associated with visits provides an Iowa-based set of information for this purpose (Otto, et al.).

The recreational and tourism amenities of WRC and the Coon Rapids area are comparable to many of the state and county parks in Iowa and thus their visitor counts can be used as the basis for our projections. The state park system collects data on the number of visitors to 56 of the larger state parks. In addition to the state park system, 1,722 parks are maintained by counties and county conservation boards throughout Iowa. Although visitation rates at county parks are not collected as systematically as for state parks, visitation appears to be related to proximity to population centers and to size and amenities of the parks.

In the Coon Rapids-Whiterock case, this destination area is located 70 miles NW of Des Moines, 100 miles east of Omaha, 80 miles SW of Ames. Locally, Coon Rapids is located at the intersection of four counties, approximately 25-30 miles distant from a ring of county seats and larger population areas (Carroll, Jefferson, Perry, Guthrie Center, Audubon, and Manning). (Map 1)

Given these distances, we assumed that visitation rates for Coon Rapids-WRC would be comparable to other rural parks outside the commuting range of a metro area. The average visitor and camping rates for our comparison parks are presented in Table 3. Annual visitors to these three parks averaged 151,861 and over night campers averaged 16,907.

**Table 3. Visitation Rates for Selected Iowa State Parks.**

<b>Park</b>	<b>County</b>	<b>Visitors</b>	<b>Camping</b>
Spring brook	Guthrie	154,184	16,575
Prairie Rose	Sac	96,658	15,277
Green Valley	Union	204,741	18,369
Total		955,583	50,721
<b>Average</b>		<b>151,861</b>	<b>16,907</b>

To arrive at economic impact levels, visitation rates need to be combined with information on visitor spending at Iowa parks. Data on spending by park visitors are available from a variety of sources. The Michigan State tourism center has conducted numerous surveys of recreation users including a set for campers and visitors at Saylorville Lake campgrounds in 1994. An ISU study of visitors to Iowa lakes in 2003 provides a more recent estimate of spending by park visitors and campers (Azevedo et al. 2003). Adjusting for inflation, the estimates of values range from \$52 per visitor party in the ISU survey to \$42 per party in the MSU work. .

Since County Parks tend to be smaller and more localized, our 2008 study of parks assumed county parks would have spending by visitor party occurring at half the rate of the state parks. We plan to use the county park rate for the Coon Rapids facilities in order to have conservative estimates.

Applying the average spending rate per party for county parks to our estimate of 151,861 visitors generates an estimated \$3.83 million of annual spending. Using a similar procedure for the overnight visitors yields an estimate of \$465,787 for the 16,907 visitors. The combined visitor spending is an estimated \$4.297 million, annually.

Our work with visitors to Iowa lakes gives us an indication of how visitor spending is allocated. Table 4 illustrates the distribution of spending across 5 categories of spending.

**Table 4. Tourism-related spending by projected visitors to Coon Rapids**

<b>Category</b>	<b>Weight</b>	<b>Spending</b>
Supplies	.331	\$1,422,386
Eating and Drinking	.257	\$1,104,391
Lodging	.109	\$468,399
Shopping	.19	\$816,476
Gas and Car	.113	\$485,588
<b>Total</b>	<b>1.0</b>	<b>\$4,297,241</b>

Similar to the construction spending, the visitor and tourism spending are subject to generating secondary effects in the local economy. Using the \$4.3 million off spending as the direct effects, our I-O model is used to estimate the overall economic impacts. These results are presented in Table 5. The dollars of spending are translated into jobs and income.

**Table 5. Economic Impact of \$4.3 Tourism of Tourism Spending, Coon Rapids, Iowa**

Sectors	Total Sales	Labor Income	Jobs
Agriculture	\$27,127	\$1,516	0.1
Construction & Utilities	\$21,129	\$7,298	0.2
Manufacturing	\$128,998	\$19,815	0.4
Wholesale and Retail Trade	\$2,079,096	\$384,640	17.9
Transportation and Utilities	\$127,347	\$28,930	0.8
Finance, Insurance and Real Estate	\$172,300	\$30,082	0.8
Professional Services	\$142,059	\$64,686	2.0
Other Services	\$2,487,347	\$458,629	38.7
Government	\$51,990	\$28,882	0.5
<b>Total</b>	<b>\$5,237,393</b>	<b>\$1,024,478</b>	<b>61.4</b>

Source: IMPLAN Model for West Central Iowa

These spending results and secondary impacts represent the potential benefits from the recreation –tourism opportunities for the region. To more fully benefit Coon Rapids, more of the facilities and amenities shopping opportunities to support tourism traffic will need to develop, as well as aggressive promotion and marketing, as well as organization of specific events (music, marathons, festivals, etc.) to attract outside visitors.

### **Implications of new Herndon-Coon Rapids Bike Trail Development**

In addition to the tourism resources already in place or under construction in Coon Rapids, the community is seeking to develop a 17.5 mile bike trail from Coon Rapids to Herndon that will link into the Raccoon River Valley Trail that runs from Waukee to Jefferson. This link will provide access to the nearly 100,000 riders using the trail as well as attract additional riders because of the complex of trails. The construction and

development costs for this 17.5 mile trail section are estimated to be \$7.5 million and will have economic benefits to the region during this phase. The direct and secondary impacts of this \$7.5 million project are estimated using I-O methods and are presented in Table 6.

Table 6. Economic Impact of \$7.5 million of Bike Trail Construction, Coon Rapids Iowa

Sectors	Total Sales	Labor Income	Jobs
Agriculture	\$29,902	\$2,927	0.1
Construction&Utilities	\$7,551,661	\$2,492,173	78.2
Manufacturing	\$729,441	\$100,022	1.3
Wholesale and Retail Trade	\$676,948	\$272,814	9.1
Transportation and Utilities	\$286,878	\$68,564	1.9
Finance, Insurance and Real Estate	\$458,434	\$79,176	1.8
Professional Services	\$601,693	\$269,154	7.3
Other Services	\$408,567	\$125,561	8.6
Government	\$55,751	\$23,731	0.4
Total	\$10,799,275	\$3,434,121	109.0

Source: IMPLAN Model for West Central Iowa

Current estimates of bikers on the RRVT range from 80,000 to 100,000 including the 86,000 in the assessment by Otto et al in their 2008 report. While not all these users are likely to do the Herndon to Coon Rapids link, the additional miles of trails added to a bike trail complex should attract additional riders to the system. In addition, having destination-caliber facilities and attractions at the Coon Rapids end should help draw these numbers through the Guthrie County trail link into the community. The distance from Des Moines to Coon Rapids (70 miles) is a good day's ride for a serious cyclist. With overnight accommodations and sufficient amenities, many bikers would start their ride in Coon Rapids. Therefore, we project a range estimate of 50-70,000 annual bikers on the Coon Rapids-Herndon link when the trail and facilities are developed, a large number of which could be expected to overnight in Coon Rapids. Using the same ratio of overnight to day visitors found for the parks in Table 3, we estimate 6,600 riders will be staying over night.

Based on information on spending by bikers in the 2008 report, we estimate an average of \$8 spending per rider and \$55 per overnight person. Using the midpoint on visitor

numbers, we estimate \$843,000 of new spending in the region when facilities are fully developed. This direct spending has secondary impacts which are estimate with I-O methods and presented in Table 7. Overall at full development, over \$1million of spending, \$200,000 of new income and 12 jobs would be supported by the additional tourism-related spending in the community. The distribution of impacts indicates that the major share of spending, and jobs, occur in the retail and service sectors.

Table 7. Economic Impact of \$843,000 of Bike Trail Spending, Coon Rapids, Iowa

Sectors	Total Sales	Labor Income	Jobs
Agriculture	\$5,322	\$297	0.0
Construction&Utilities	\$4,145	\$1,432	0.0
Manufacturing	\$25,307	\$3,887	0.1
Wholesale and Retail Trade	\$407,883	\$75,460	3.5
Transportation and Utilities	\$24,983	\$5,676	0.2
Finance, Insurance and Real Estate	\$33,802	\$5,902	0.2
Professional Services	\$27,870	\$12,690	0.4
Other Services	\$487,975	\$89,975	7.6
Government	\$10,200	\$5,666	0.1
Total	\$1,027,487	\$200,985	12.0

Source: IMPLAN Model for West Central Iowa

Attracting riders off the RRVT into Coon Rapids requires offering attractions such as restaurants, special retail or art opportunities, or events that are appealing to bikers. The more that Coon Rapids-Whiterock could market its overnight destination potential, the most successful it will be.

In addition, developing facilities and resources along the existing route (in the Guthrie County communities of Panora, Yale, Bagley or Bayard) would attract more riders and encourage spending or overnights to be done in these communities.

Encouraging the nation-wide marketing and use of the cross-country American Discovery Trail route would be another way of generating increased user numbers and economic impacts for Iowa from this trail link.

The projected costs for the 17.5 mile Coon Rapids-Herndon trail link to the larger RRVT system are \$7.5 million. The spending effects for this trail are projected to be \$1.0 million per year of sales and \$200,000 per year of income will continue each year into the future .

These calculations do not include other non-immediate monetary values such as health benefits for trail users, including local residents and school-children (a Coon Rapids and Bayard 6-mile link would be especially attractive since these two communities share a school district). Other difficult to quantify social benefits include enhancements to the quality of life in Coon Rapids and Central Iowa and the willingness to pay for the access.

## CONCLUSION

Rural tourism is emerging as a viable economic development model for rural communities with amenities and assets to build upon. The direct and indirect economic impact of investments already made in Coon Rapids-Whiterock Great Places are estimated as \$5.2 million of sales, \$1 million of income, and 61 jobs.. Adding a trail link from Coon Rapids to Herndon would add \$1 million of sales, \$200,000 of income, and 12 jobs. These investments add economic vitality to the community and region. Not calculated here, but of interest to explore in future studies, would be the attraction potential of Coon Rapids to new business, residents, and retirees.

## References

Christopher D. Azevedo, Kevin J. Egan, Joseph A. Herriges, and Catherine L. Kling, Iowa Lakes Valuation Project: Summary and Findings from Year One, CARD Report, Aug. 2003. <http://www.card.iastate.edu/environment/items/IowaLakesReport.pdf>

Daniel Otto, Dan Monchuk, Kanlaya Jintanakul, Catherine L. Kling, **The Economic Value of Iowa's Natural Resources**, ECON Staff Report, December 1, 2007, <http://www.card.iastate.edu/environment/items/DNR-Amenity.pdf>

## APPENDIX I

A convenient and commonly used method of summarizing the overall effects and secondary or multiplier effects on a local economy is through an Input-Output model. An I-O model is essentially a generalized accounting system of a regional economy that tracks the purchases and sales of commodities between industries, businesses, and final consumers. Successive rounds of transactions stemming from the initial economic stimulus (such as a new plant or community business) are summed to provide an estimate of direct, indirect, induced (or consumer-related) and total effects of the event. The impacts are calculated using the IMPLAN Input Output modeling system, originally developed by the US Forest system and currently maintained by the Minnesota IMPLAN Group. This modeling system is widely used by regional scientists to estimate economic impacts.

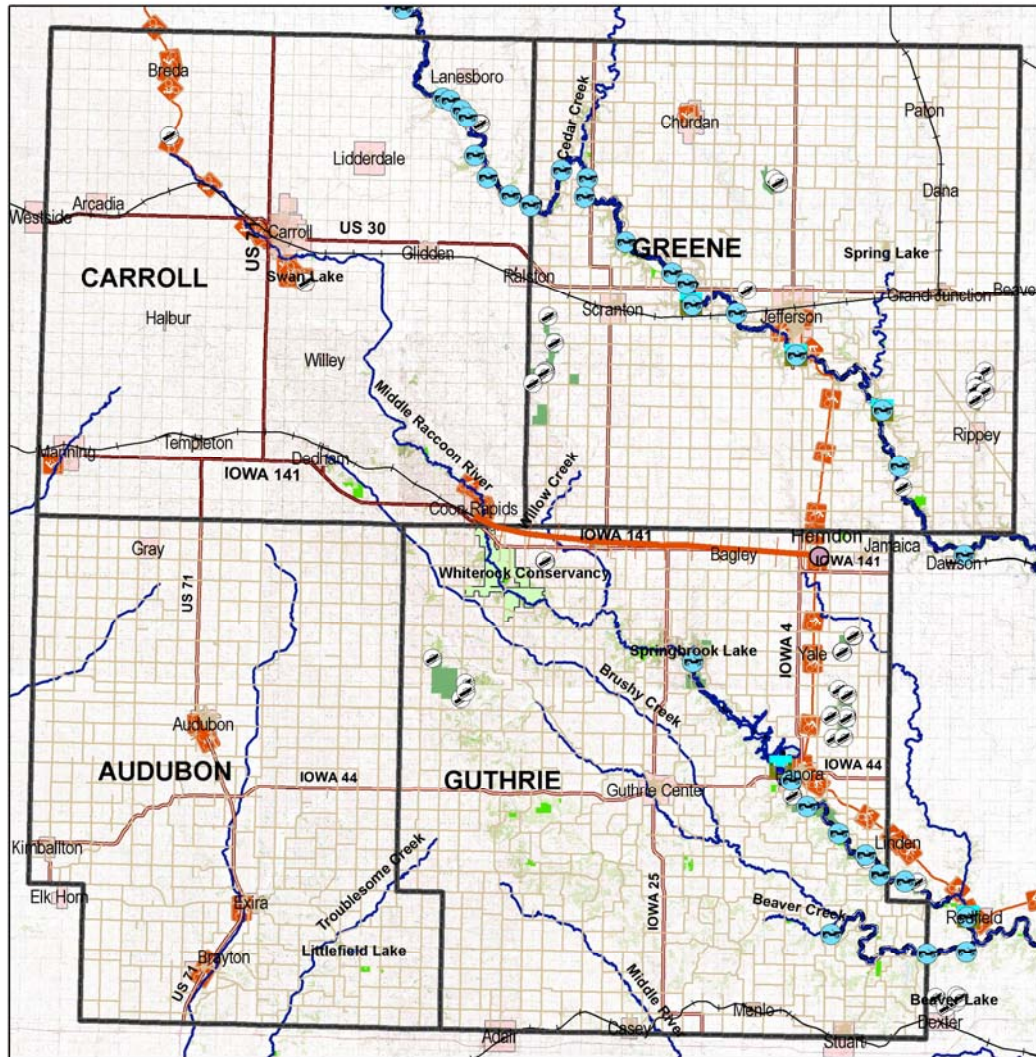
I-O models are capable of providing many types of reports on regional data and interactions among sectors. For economic studies, several of the more important indicators are: 1) total output, 2) personal income, 3) value added, and 4) jobs. Total output for most industries is simply gross sales. For public institutions we normally include all public and private spending, all direct sales and subsidies received in order to isolate the economic value of their output. Personal income includes the wages and salaries of employees, along with normal proprietor profits. Value added is another appropriate measure of economic effects. Value added is analogous to gross regional product. It includes all personal income, plus estimates of returns to investors, and indirect business taxes paid to state and local governments. In short, value added gives us a measure of the income or wealth that accrues to individuals and governments as a result of industrial activity in an area. Jobs, the fourth measure, represent the number of positions in the economy, not the number of employed persons.

We also get detailed breakdown of this data into direct, indirect, induced, and total economic effects. Direct effects refer to the operational characteristics of the firm that we are studying. Indirect effects measure the value of supplies and services that are provided to the direct firm (the dairy operation) by industries in the region. Induced effects accrue when workers in the direct and indirect industries spend their earnings on

goods and services in the region. Induced effects are also often called household effects. Total effects are the sum of direct, indirect, and induced effects. They are the total of transactions attributable to the direct activity that we are measuring.

The term multiplier is also often used when referring to economic effects or economic impacts. A multiplier is simply the total effects divided by the direct effects. It tells how much the overall economy changes per unit change in the direct effects (a dollar of output, a dollar of personal income, a dollar of value added, or a job). Multipliers help us to anticipate the potential change in the regional economy attributable to a change in direct activity in a particular industry. Firms with strong linkages to area supplying businesses or that pay relatively high earnings may yield high multipliers. Firms that are otherwise not connected strongly locally or that pay lower than average wages will have lower multipliers. Urban areas with their more developed economies have, on the average, much higher multipliers than rural areas.

Map 1 Resource Map of Audubon, Carroll, Greene and Guthrie Counties Iowa.



**Legend**

- County Borders
- Incorporated cities
- Roads
- Trails
- Potential Rail-to-Trail
- Major streams
- Canoe routes
- Water access
- Canoe dams
- Public lakes
- Boat Ramps
- Historic Forest Boundaries
- DNR Hunting Areas
- Whiterock Conservancy

Sources:  
 Iowa Department of Natural Resources ([www.igsb.uiowa.edu/nrgislib/](http://www.igsb.uiowa.edu/nrgislib/))  
 Iowa Department of Transportation ([www.iowadot.gov/gis/](http://www.iowadot.gov/gis/))  
 Whiterock Conservancy ([www.whiterockconservancy.org/](http://www.whiterockconservancy.org/))

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