

COMMITTEE ON NATURAL RESOURCES

Subcommittee on Public Lands and Environmental Regulation

Oversight hearing on "Outdoor Recreation Opportunities on State, Local and Federal Lands"

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Background and Purpose

My name is Lynn Jackson. I am a County Councilman in Grand County, Utah. I worked as a geologist and manager for the Bureau of Land Management in Moab and southeastern Utah for 32 years, before retiring in July of 2010. I have been a county councilman for 6 months, elected to the position in November 2012. My experience in public land management and 31 years living in Moab gives me a detailed understanding of the issues facing Grand County, and in particular, those involving public lands.

The following testimony will discuss:

- 1) Demographics and economics focused around the recreation industry and Grand County in particular. My discussion will demonstrate that while there are many positive aspects to a recreation only economy, there are also negative issues and challenges,
- 2) Grand County's cooperative management program with the Bureau of Land Management (BLM) at the Sand Flats Recreation Area (SFRA) located adjacent to the town of Moab. The discussion will show the ability of local governments to manage public lands, and
- 3) Challenges in Grand County, and other western rural counties associated with negative impacts of significant land ownership by the federal government, the negative results of 1906 Antiquities national monument designations, and an endorsement for the proposed public lands legislation proposed by Congressman Bishop.

1. Current demographics and economics focused around the recreation industry in Grand County

Grand County is rural, with 2.4 million acres (approximately 3300 square miles), and a population of 9,300. The county seat is located in the town of Moab, Utah, with roughly 90 % of the county's population residing within the incorporated and unincorporated sections of Moab. 73% of the county is owned by the federal government, 17% is owned by the state of Utah, 4% are American Indian tribal lands, and 6% is privately held. The Bureau of Land Management manages 66% of the federal land in Grand County. The National Park Service and the National Forest Service manage approximately 5% collectively.

From the early 1950's through the mid-1980's, the economy of Moab and Grand County was primarily based on one industry, uranium mining and milling. When the worldwide collapse of the uranium market occurred in the mid-1980's, after the accident at Three Mile Island, Moab struggled with a significant loss of jobs, businesses and population. With a focused agenda, hard work, and collective efforts of community leaders in

the late 1980's, Moab focused on building a recreation economy. Taking advantage of our outstanding scenery, our adjacent national parks (Arches and Canyonlands), and our backcountry roads (built from mining and mineral development), that allow our visitors to see our back country, we have now built ourselves into a leader in the outdoor recreation industry. Moab and Grand County are known far and wide for our array of outstanding motorized, non-motorized and river recreation opportunities.

Recently there have been multiple articles and publications heralding the value of the recreation industry throughout our country and, indeed, the world. In the April 2013 edition of Smithsonian magazine, the editor indicates that "Tourism has become one of the most powerful, most influential and least-examined forces in the world. It produces \$6.5 trillion of the global economy and employs one out of every 12 people on earth." In 2012, the Outdoor Industry Association (OIA) published a booklet entitled "The Outdoor Recreation Economy." In that publication OIA indicates outdoor recreation generates \$646 billion dollars a year in the U.S. economy and generates 6.1 million American jobs.

This is all very positive for local, regional and national economies. However, the messages in these articles touting the economic benefits of the new recreation economy typically focus only on the number of new businesses and jobs created. They seldom discuss the nature of a significant portion of the jobs that are created, the service sector jobs. Many of the new recreation industry jobs result in personal prosperity, for the owners and shareholders in equipment manufacturing businesses, lodging and restaurant owners, tour company owners, retail business owners, etc. However jobs created in the service sector to support the recreation industry, the waiters, cooks, guides, maids, etc., do not share in this prosperity. Service sector jobs typically pay minimal wages, seldom have any benefits such as health or life insurance, and are most often seasonal. Perhaps information presented in the table below, regarding Grand County's economy would help illustrate the recreation/tourism industry in a more broad assessment.

Grand County Utah Job Assessment (data from the Bureau of Labor Statistics 2010)

	Job Sector	% Total Employment	Average Monthly Wage
Service Related	Trade, transportation and utilities	19.0	\$2,270
	Information	0.7	\$2,515
	Financial activities	3.6	\$2,303
	Professional and business services	4.9	\$2,600
	Education and health services	6.4	\$2,760
	Leisure and hospitality	35.3	\$1,445
	Other	1.3	\$2,510
	Total Service Related		71.2
Non-Service Related	Natural resources and mining	2.5	\$4,995
	Construction	5.4	\$2,985
	Manufacturing	0.6	\$2,220
Non-Service Related Total		8.5	\$3,520
Government	Federal	5.5	\$4,195
	State	1.7	\$3,825
	Local (county/city)	13.0	\$2,460
Government Total		20.3	\$3,025

I believe the recreation industry, at least in Grand County, is aware of this disparity of economic benefits and are doing everything they can to address this issue. But when 35% of Grand County's jobs pay \$1445 per month, there is clearly a long way to go. So does the recreation industry create jobs and businesses? Yes, but not all are created equally.

Another often misleading data set referred to in touting the economic benefits of the new recreation economy is gain in personal income. Data over time for Grand County clearly indicate an increase in personal income, ostensibly derived from our recreation/tourism focus. This data, I believe, is most notably presented by recreation economy advocates pushing the new "amenities" economy of the American southwest. An amenities economy where people of affluence and means move to rural settings with their accumulated assets, often able to conduct their business from the internet, or to retire or build vacation homes. A need is often cited that to build or sustain an amenities economy requires areas of limited congestion, clear skies and access to recreational amenities that are to be protected above all other uses of the land.

Data from Grand County show a relatively high level of personal income gain over the past four decades. But again, a deeper look indicates personal income is high because of the residents that move in for the amenities economy or to create tourism related businesses. A significant portion of the income these residents have is tracked by economists as non-labor income, consisting of dividends, pensions, interest payments, etc. Data from the Bureau of Economic Analysis shows that in 1970 labor earnings in Grand County were 85% of total personal income and non-labor income was 15%. By 2009 these numbers shifted dramatically to 53% labor income and 47% non-labor income. So the assertion is that building a recreation economy will result in a higher personal income for residents. A recreation/amenities economy certainly provides wealth to a community, but not necessarily for the local non-skilled labor workforce who work in the service sector. Their personal income has typically not risen.

The message I would emphasize from the above discussion is that if a community or county has the resources to diversify their economic portfolio, they should do so. They should be allowed to do so. Not all facets of a recreation economy area as positive as proponents would have one believe. While Grand County and its residents are happy to have the assets to support a strong recreation economy, a more diverse economy would likely result in more opportunity for non-skilled labor to work in other industries. To work in jobs that pay more than an average of \$1445 per month, and provide for year round employment and benefits. In a landscape as large as Grand County's there is room to accommodate multiple forms of resource development in addition to recreation, without unduly impacting our recreation asset base.

Additional Considerations of a Recreation Economy

Increased infrastructural requirements

There are additional concerns with recreation only economies in providing infrastructure not only for residents, but also the tourists coming to enjoy the recreational assets. Grand County has 9300 residents and 2 million visitors per year. Recreational visitors have many of the same types of needs for infrastructure as residents. Increased infrastructural needs due to tourism include:

- Enhanced water distribution systems
- Enhanced solid waste handling and disposal systems

- Enhanced sewage and human waste treatment systems
- Enhanced search and rescue and law enforcement teams
- Enhanced emergency medical services

Property tax issues

Most rural communities and counties pay for resident infrastructure primarily with property taxes. These taxes pay for schools, hospitals, libraries, public buildings, police, fire, sewage, water distribution, roads, etc.

Recreation-only economies do not necessarily bring in large numbers of permanent residents buying property and building homes. Grand County has 9300 residents, but hosts 2 million visitors a year. People come to visit and recreate, not to move here. While Grand County's population has grown 16% in the past 30 years, this growth has been marginal when compared to other areas with more economic diversity. New business owners typically buy or build homes, but people relying on seasonal, service industry jobs often cannot afford to buy homes. So in Grand County, our ability to utilize property tax to pay for infrastructure is limited without raising property taxes substantially and perhaps unduly.

As such, we have to rely on sales tax from lodging, food, transportation, and retail sales to meet these extraneous needs for infrastructure and services. We hope the price of worldwide mineral commodity, gasoline, stays low, because any increase in the price of a gallon of gasoline concerns us. At what price does gasoline have to rise before tourists start traveling less? And if a recreation economy occurs in an area like Moab, which isn't near any urban areas, and requires substantial travel to get to, the price of gasoline is even more concern.

Moab learned a lesson from our first one industry economy, which was dependent on a mineral commodity price beyond our control – uranium. That lesson was, don't rely on one industry. If something happens to dramatically impact worldwide oil prices, our area and its economy and residents are in for a rough time. Our goal in Grand County, the goal of the majority of our residents, our elected officials, and the majority of our business owners, is to diversify our economy before we may have to face another economic crisis.

PILT funding (Payments In Lieu of Taxes)

The outdoor recreation industry has developed data indicating a nationwide \$646 billion dollar a year industry. There is no question of the importance of the recreation industry to our national and local economies. It seems plausible to assume much of this economic activity is derived from the desire of recreationists to utilize public lands for experiences associated with camping, rafting, biking, hiking, jeeping and four wheeling, sightseeing, wildlife viewing, etc.

In contrast, the amount the federal government reimburses local counties for the public lands in a county, lands that cannot be used by the County to increase property tax base, are pennies on the acre. In Grand County, our recent PILT payments are \$.75 per acre on the 1.7 million acres of federal land in our country. On lands that ostensibly play such an important role in generating billions of dollars in economy; the federal government pays us 75 cents per acre. There seems to be a significant disconnect in the value of these lands.

If Congress, the President, or special interest groups want to designate public lands in ways that preclude other forms of natural resource development, then perhaps rural counties need to be more fairly compensated for

the lands set aside for such recreational purposes. These values need to be more in line with the values generated in the recreation industry as a direct result of use of these lands. This would deliver the needed revenue to local governments to provide for the infrastructural needs of its residents and recreational visitors.

2. Grand County's cooperative management program with the Bureau of Land Management (BLM) at the Sand Flats Recreation Area (SFRA) adjacent to the town of Moab

As a result of this successful cooperative management partnership, Sand Flats is recognized as a local, national, and international, recreation destination due to its combination of recreation opportunities, scenic values and exemplary management. It provides a successful working model for collaborative land management partnerships between federal and local governments. It clearly demonstrates that a county can manage federal lands when the revenue producing financial resources are allowed to be collected and utilized by the local management entity.

The Sand Flats Recreation Area (SFRA) is a county-federal partnership created to manage a high-use recreation area just outside of Moab. The partnership was created in 1995 between the Bureau of Land Management and Grand County, to allow enhanced on-the-ground daily management of the recreation use. This use had been increasing at an alarming rate and was resulting in overcrowding, user conflict, vandalism and resource degradation. Section 307 of the Federal Land Policy and Management Act of 1976 provides the BLM with the authority to enter into these types of cooperative agreements with local governments.

Even though the land is owned by the BLM and State of Utah, the recreation area is managed by Grand County. Fees charged for use of the recreation area pay for that management. The agreement provides for a Sand Flats Cooperative Management Team, composed of representatives of BLM and the Grand County Council, which is advised by a five member Sand Flats Stewardship Committee consisting of community members and representatives of the user groups in the area.

The recreation area focus is on non-motorized and motorized recreation and camping. The area was made famous by the Slickrock mountain bike trail in the early 1990's. The SFRA completed its seventeenth year of operation and fifteenth year of self-sustained operation in 2012.

- Total fees collected and grants: \$329,152
- Total expenditures: \$305,521
- Carry over fund for operation in the 2013 season approximately \$102,000
- Estimated total visitation: 97,720 persons

Services provided by the SFRA include:

- Staffing entrance booth spring through fall
- Perform daily patrols of the recreation area
- Maintain trails and trailheads
- Schedule and complete general maintenance of all campsites
- Pump, clean and stock toilets and provide trash removal
- Maintain information kiosks and replace vandalized, worn or deteriorated facilities
- Provide brochures and maps to visitors and up-to-date web site information on Sand Flats area

- Present accurate interpretive information to visitors and community members
- Provide volunteer opportunities to our visitors and members of the community
- Provide employment for high school apprentices, seasonal workers and year round staff

The Sand Flats partnership provides a successful model that could be used throughout the western states on public lands, and could be expanded to management of other types of natural resources beyond recreation. The primary key in the model is that revenues generated from the resource managed must be collected and managed by the local entity. Without that stipulation it would not work.

3. Challenges in Grand County, and other western rural counties, associated with the impact of significant land ownership by the federal government.

If a community is surrounded by federal lands, as many rural, western communities are, there are an array of challenges presented and a necessity to work with federal officials and organizations from distant areas. Often federal management is at odds with solutions that would work best for a local population. And often, national special-interest groups have completely different ideas about how these federal lands should be managed. These external ideas often directly affect a local economy, and often these effects are adverse.

In southeastern Utah, the recent proposal by the Outdoor Industry Association (OIA) and a consortium of wilderness organizations for creation of the greater Canyonlands National Monument (utilizing Presidential authority of the 1906 Antiquities Act), will have significant impact on our economy. 150,000 acres of the proposed 1.4 million acre monument are located in Grand County. There were no conversations with any elected officials in any of the counties involved in this proposal prior to the submission to the President. None whatsoever.

The monument proposal literally came out of nowhere, replete with an array of easily refutable misinformation about the need for protection from mineral development. Although OIA and the environmental organizations tout signatures by an array of business supporting this proposal, a review of those businesses indicate they do not represent a very broad array of local business. The signatories consisting primarily of national outdoor equipment manufacturers and retailers (about half of the 100 signatures), non-motorized recreation tour operators (about 25 to 30 signatures) and a smattering of other businesses.

This certainly does not represent a cross section of businesses in Moab that benefit from the recreation industry such as motorized sport rental and tour groups, restaurants and lodging establishments, and retail stores, or even the Chamber of Commerce. In Grand County, many businesses thrive not only from the recreation industry, but from all other types of industry we have been able to bring to the area. So those considering this proposal need to be aware that all the businesses in Grand County are not clamoring for this monument. Many see it as potentially harmful to their businesses in the long-term by limiting our areas ability to diversify our economy, and by limiting motorized recreation in an area that forms the primary area for use of this type of recreation.

Also, contrary to assertions by the proponents of this monument, that this will be a panacea for the region's economy, it will likely have negative impacts to the motorized recreation business and devastating effects on other forms of natural resource development in Grand County. A significant portion of our recreation economy

is driven by motorized recreation. Although proponents of the monument refute this, the inevitable evolution of management in a national monument leads to more and more restrictions on the use of motorized vehicles. Additionally, Moab, unlike other rural southern Utah towns, is not likely to see any marked increase in tourism as a result of a monument. Moab already has a recreation “brand”. Designation of a new national monument is very unlikely to play any role in advancing this “brand”.

The monument would occur in an area of Grand County that has a relatively modest, but locally important, potential for development of several dozen productive oil and gas wells and the potential development of additional potash resources. With an annual county budget of approximately \$20-25 million dollars in Grand County, mineral revenues from a few dozen of oil wells and a new potash mine would be significant. Right now the single largest tax payer in Grand County is an existing potash mine on private and state lands that generates over \$1 million dollars per year in property taxes. The mine has been in operation for over 60 years, and the increase in tourism on lands surrounding this mine has exploded. The 1000 acre mine site has not destroyed the recreation experience for people coming to our area. Oil and gas wells have been drilled in this area since the early 1990’s. Again, this does not seem to have affected our tourism industry. Recreationists keep coming.

Our county, and our surrounding counties, are fully on board and endorse Congressman Bishop’s proposal for collaborative legislation to address the long-term allocation of federal lands and resources in southeast Utah. This is absolutely how a process with such serious long-term consequences should be undertaken, with all stakeholders at the table, in the spirit of cooperation and a willingness to negotiate. Our counties have a vested interest in the lands within our borders. Our citizens have a vested interest also. This area of southeastern Utah has been settled and developed for 150 years and the land has not been destroyed. It certainly is not on the verge of some fictitious development frenzy that will result in its destruction and the loss of our recreation/tourism industry. Our landscape is large and there is ample room to accommodate the use and development of all our natural resources when intelligent, caring, common sense people work together in the spirit of cooperation and negotiation.

The proposed national monument would result in our economy becoming completely reliant on a single resource, the way it was up until the uranium industry disappeared in the early 1980’s. Is tourism and recreation more sustainable than the mineral/commodity industry? Can it avoid boom and bust cycles? Perhaps. For Grand County, designation of this national monument and foreclosure of other revenue generating natural resource bases would once again put us at the mercy of a worldwide commodity we have absolutely no control over, the price of a barrel of oil.

Summary

A recreation economy is a great thing, but it is not a perfect solution if it is the only economic engine available to provide jobs and infrastructure revenue. Any rural community or county should look to diversify its economic base with whatever array of resources it has available. The farther away from urban population centers and the more difficult the area is to access, the more tenuous a recreation economy becomes when gasoline prices start to rise. In addition to all the personal wealth a recreation economy increases, and all the new businesses and jobs it generates, we cannot lose sight of the fact that a significant portion of the jobs, the service sector jobs, are substandard by most measures of economic prosperity. A rapidly increasing tourism

economy also puts strains on the ability of local governments to provide the necessary infrastructure for visitors.

Collaborative management partnerships with the federal government can be highly successful, and give local governments a direct decision-making and revenue generating capacity, if done correctly. The Grand County experience at the Sand Flats Recreation Area could serve as a model for many additional opportunities across the west, in areas with a high percentage of federally owned lands. There is no reason to believe this model should only apply to recreation management. It could conceivably be applied to an array of natural resource management scenarios. Counties and states can sustainably, rationally and intelligently manage federal lands within their boundaries.

Proposed restrictive designations of federal lands by special interest groups, who represent the minority of citizens, utilizing Presidential powers of the oft-misused provisions of the 1906 Antiquities Act is a poor way of decision making. It does nothing but create distrust, anger and resentment for all other stakeholders with vested interest in those lands. The best decision making scenarios for public lands involve collaborative partnerships and participation, involving all stakeholders, and particularly that of local citizens and their elected leaders. Local populations have much invested in their communities and the lands that surround them. Contrary to popular belief by some, they are not likely to destroy their backyards, or the resources that provide for sustainable and diverse economies in their towns and cities.

Congressman Bishop's proposed southeastern Utah public lands bill legislation is the correct way to proceed with matters and decisions of such far reaching consequences for southeastern Utah residents.