

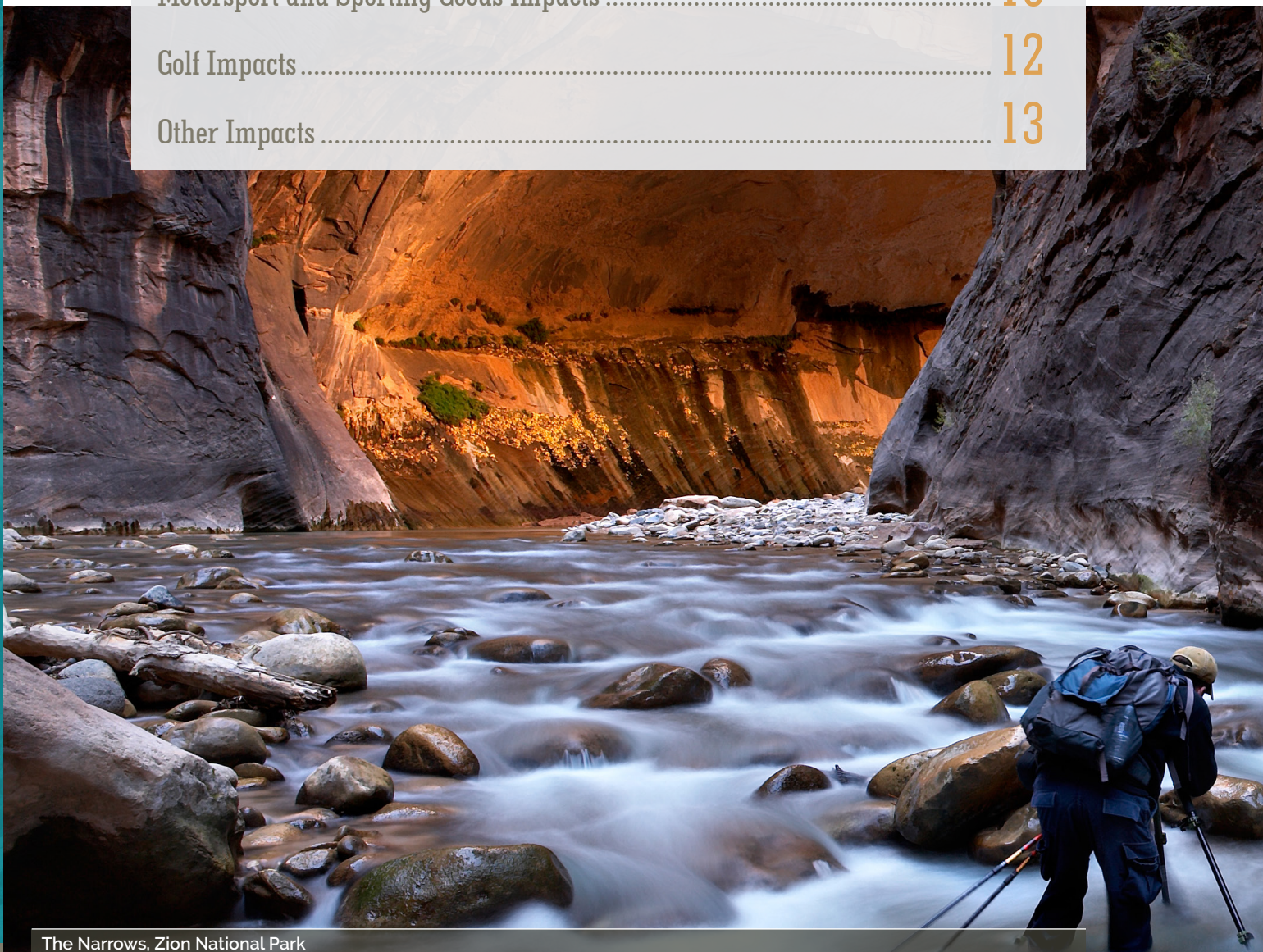


2019

ECONOMIC BENEFITS OF TOURISM & OUTDOOR RECREATION

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The Narrows, Zion National Park

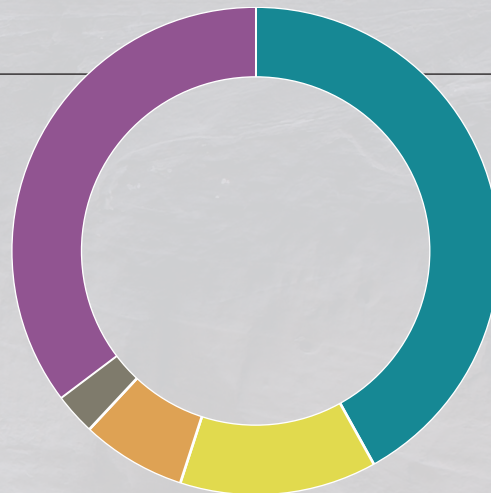
Introduction

Nestled in the southwest corner of Utah, Washington County is home to a natural beauty that provides a spectacular backdrop for outdoor recreation. The area's stunning rock formations, along with the Virgin River and wide-open spaces attract visitors and residents to the county. Outdoor activities have meaningful economic and social impact on the local community. The Washington County Water Conservancy District ("the District") has tasked Applied Analysis with quantifying the economic impacts of outdoor recreation over time to better understand the impact and performance of District-owned assets as well as outdoor tourism's effect on the regional economy. The emphasis of the following report is on employment, output and other quantitative measures, but outdoor recreation certainly has other impacts that were not readily quantifiable in this study. These include improving property values, the health of residents, conservation of natural resources and other factors. Though these impacts are not quantified in this report, they undoubtedly contribute to a better quality of life and produce economic impacts throughout the region. These impacts come from a broad spectrum of amenities, the relative allocation of each is provided in the table below and discussed in balance of this summary.

Total Visitor Impact Share by Subset

2018 Total Economic Output

Zion National Park	42.1%
Golf	13.0%
Motorsport and Sporting Goods	7.1%
State Parks/Reservoirs	2.6%
Other Visitor-Related Impacts	35.3%



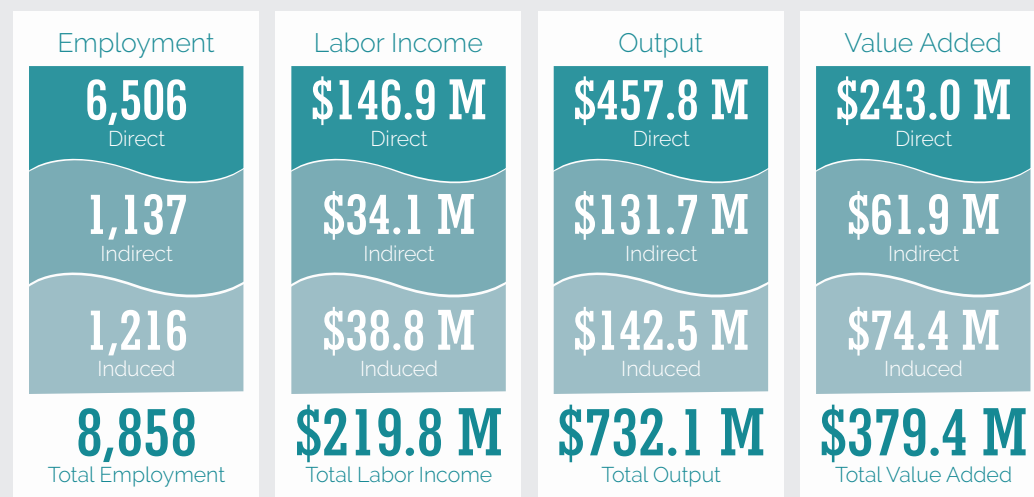
Summary of Visitor Impacts

Visitors play a vital role in the county's economy, bringing their money from other places and leaving it in Washington County, but residents of Washington County also contribute to the outdoor recreation economy. Nearly six million visits from residents and visitors were made to the county's outdoor recreation sites in 2018. The impact of Zion National Park, golf courses, local reservoirs and other local outdoor recreational amenities, which are a majority of the larger overall Washington County visitor impacts described here and the impact of their resident use, are discussed in detail in the following pages.

The natural beauty and significant recreational amenities of Washington County attracted over five million visitors in 2018. These visitors accounted for an estimated \$607 million of spending in area hotels, restaurants, shopping, gas stations, golf courses, tours and other businesses throughout the county. This supported nearly 8,900 jobs and \$220 million of labor income for Washington County residents. It also generated \$11 million in state income tax, that would not have occurred without the draw of outdoor recreation in the local economy. In total, the tourism economy accounted for \$732 million of output for Washington County businesses and contributed nearly \$380 million in value added. Visitor spending in Washington County generated approximately \$25 million in sales tax in 2018.

Zion National Park

Total Economic Impacts



Totals may not sum due to rounding

Total Fiscal Impacts

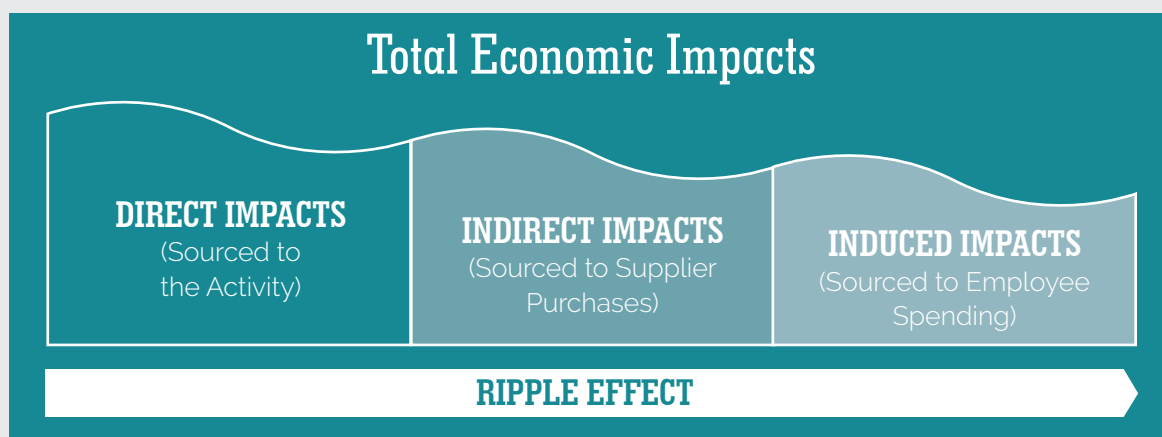


Measuring Economic Impacts

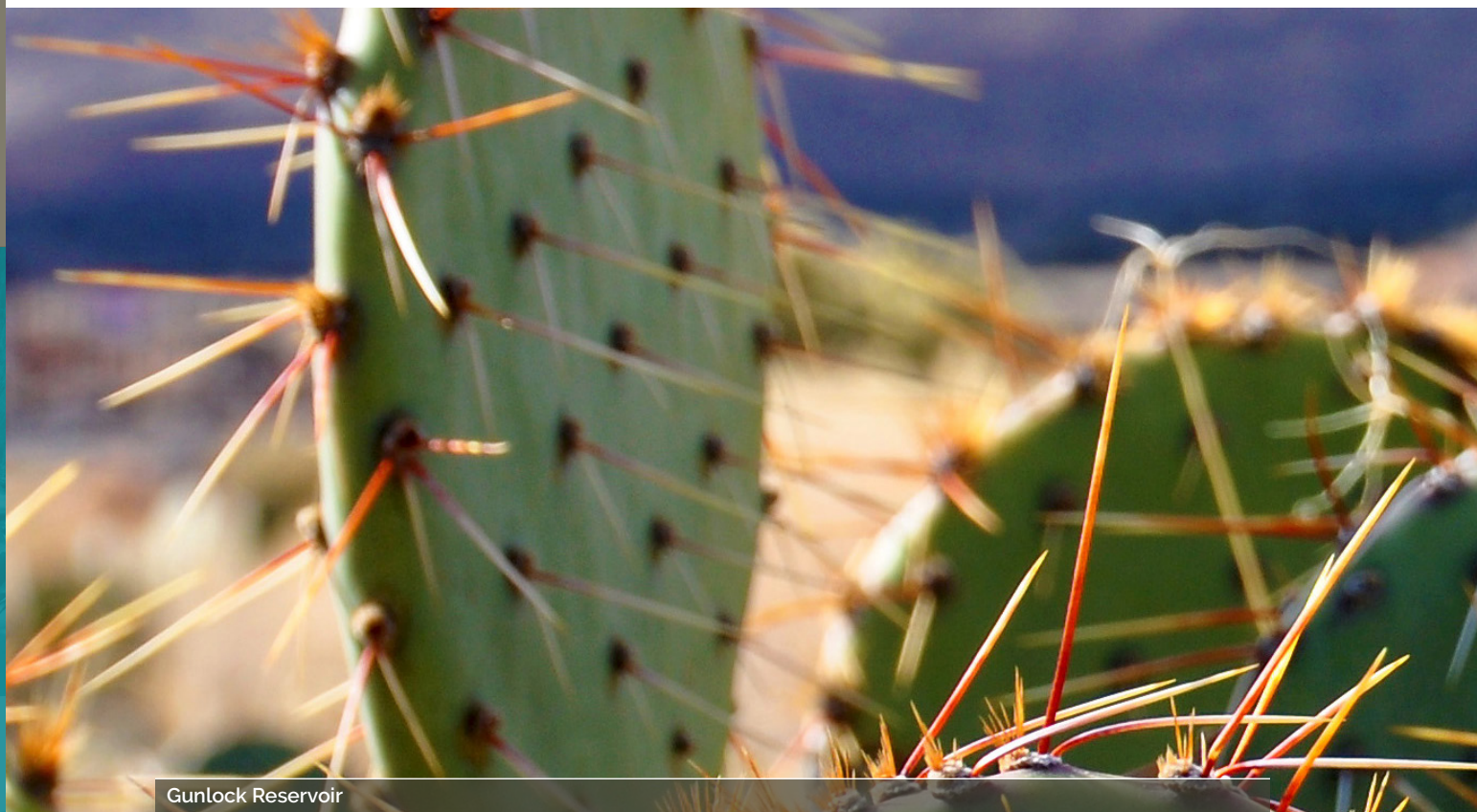
In economic impact modeling, the outputs of one industry become the inputs of others and vice versa. This relationship is sometimes referred to as the multiplier effect and illustrates how changes in one sector of the economy can affect other sectors. The sum of these impacts is the total economic impact.

The notion of multipliers rests upon the difference between an initial effect and the total effects of that change or stimulus. Generally speaking, these effects are segmented into direct impacts, indirect impacts and induced impacts. Each is described below.

- » **DIRECT IMPACTS** measure the effects of the specific impacting force being considered. In this case, for example, jobs generated to directly serve outdoor recreation visitors are considered direct jobs, and the wages and salaries they are paid are considered direct personal income.
- » **INDIRECT IMPACTS** consider how other businesses respond to the impacting condition. Employees of a company that provide supplies to a hotel, for example, are considered indirect employees to the extent their jobs are dependent, in full or in part, on the income provided by tourism spending that generates demand for their services.
- » **INDUCED IMPACTS** measure the effects of increased (or decreased) consumer expenditures resulting from wage and salary payments sourced to an impacting condition. In the present case, for example, if a person were employed by a local golf course, he might be expected to spend a portion of his monthly salary at a supermarket, a local movie theater or at a restaurant. Induced effects capture the impacts of this spending as it “ripples” through the local economy.
- » **TOTAL ECONOMIC IMPACTS** are the sum of direct, indirect and induced effects.



Historical Economic Growth



Gunlock Reservoir

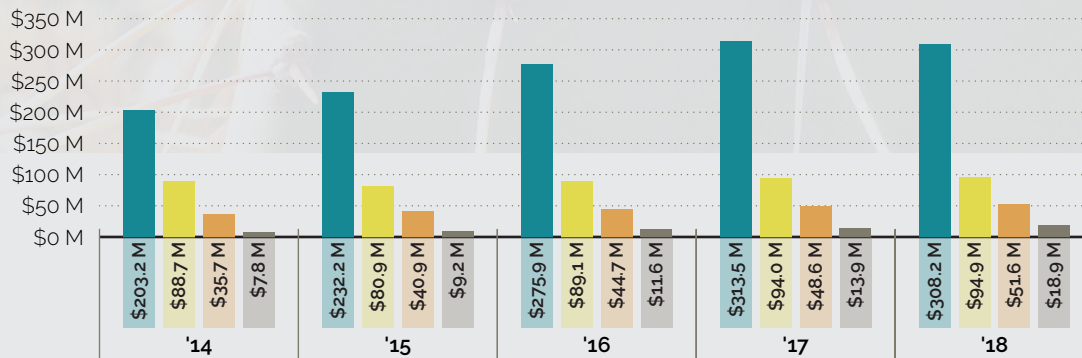
Outdoor recreation and tourism in Washington County has grown substantially in the past five years. Visitation to state and national parks has been the major reason for this increase. Zion National Park, the largest source of outdoor tourism in the county, saw a 51.7 percent economic output increase since 2014, but dipped slightly from 2017 as visitation to the park reported a 3.6 percent decrease in 2018. Zion National Park was responsible for generating over \$308 million for the local economy in 2018.

State park and reservoirs saw the largest annual economic growth from 2017 to 2018, increasing by 36.5 percent. A notable increase in visitation caused economic output sourced to state parks and reservoirs to increase by a notable 137.4 percent since 2014. Total economic output sourced to state parks and reservoirs reached nearly \$19 million in 2018.

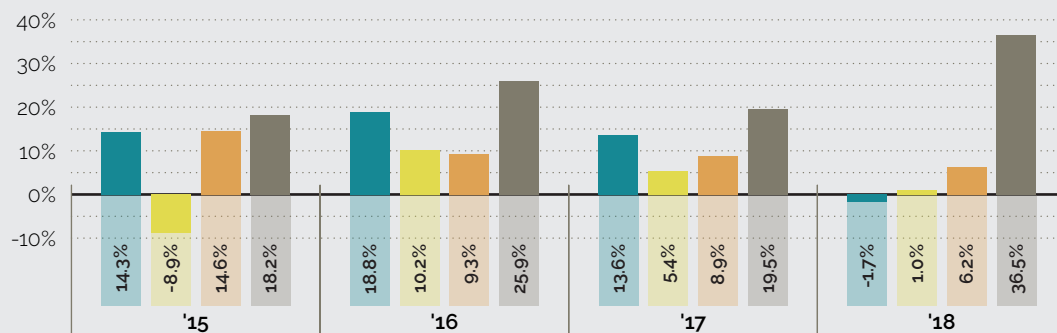
Motorsports, sporting goods and golf also reported increases over the past five years. Combined, these outdoor amenities yielded \$146.5 million in total economic output in 2018, an increase of 2.7 percent from the prior year. Since 2014, they have grown by 17.8 percent.

In total, major outdoor recreational activities in Washington County generated an estimated \$474 million for the local economy in 2018. Compared to the prior year, economic output sourced to outdoor recreational activities grew by 0.8 percent. However, when looking at the last five years, economic output sourced outdoor recreational activities increased by an impressive 41.2 percent from 2014 when total economic output was reported at \$335 million. Details about each source of economic activity related to notable outdoor recreation follow.

Annual Economic Output



Annual Economic Output Growth



■ Zion National Park
 ■ Golf
 ■ Motorsports and Sporting Goods
 ■ State Parks/Reservoirs

Zion National Park Impacts



Zion National Park

Zion National Park covers nearly 147,000 acres of eastern Washington County. Situated at the edge of the Colorado Plateau, the Great Basin and the Mojave Desert, Zion's unique geological features attract visitors from around the world.

According to a National Park Service survey, is estimated that between 75 and 90 percent of park visitors live outside the state of Utah.

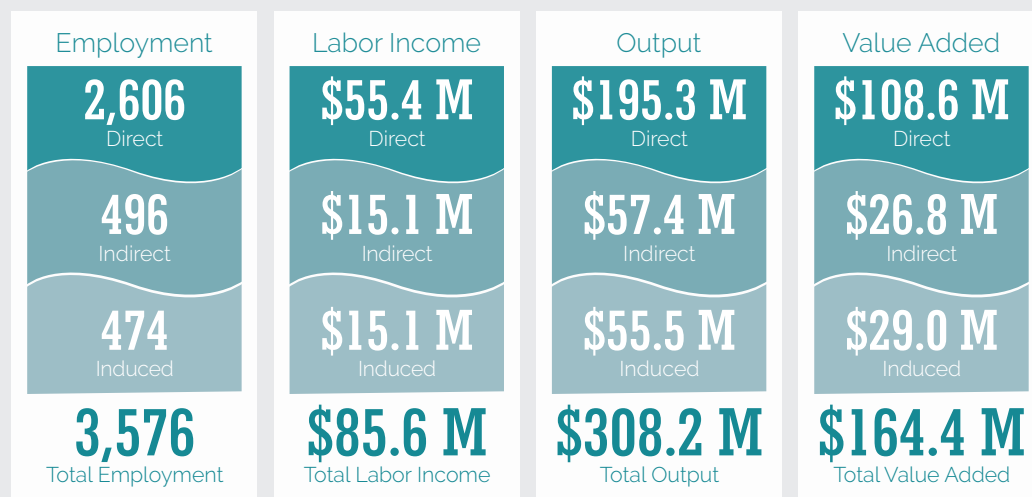
Visitors to the park commonly stay in Washington County and provided a large influx of economic activity through lodging, food, transportation and other retail purchases. Activity in and around the park directly supported about 2,600 jobs during 2018. An additional 970 jobs generated through indirect and induced employment brought the total number of jobs attributable to spending in Southern Utah by Zion visitors to nearly 3,600. These jobs paid a total of \$85.6 million in salaries and wages and generated total economic output of over \$308.2 million. After considering retail spending margins, Zion visitors contributed over \$164.4 million in economic impact, or roughly three percent of the gross regional product ("GRP") of Washington County.



Zion Fiscal Impacts



Zion Economic Impacts



Totals may not sum due to rounding

State Park/Reservoir Impacts

Washington County is home to four state parks, three of which are centered around water reservoirs that store the majority of Washington County's water reserves. Gunlock, Quail Creek and Sand Hollow state parks provide scenic backdrops for boating, fishing, hiking and camping. In 2018, these four state parks welcomed over 1.3 million visitors, more than double the 627,000 visitors in 2014. Spending associated with visitation increased by a similar magnitude, rising from \$17 million in 2014 to over \$41 million in 2018.

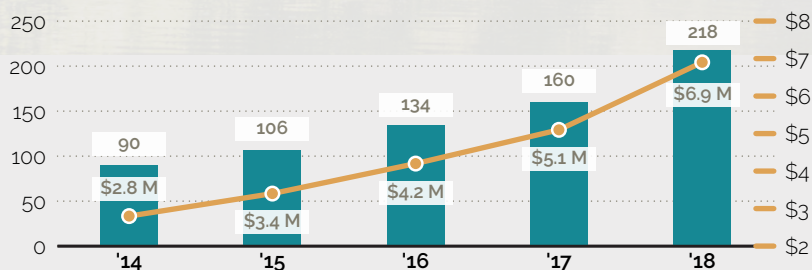
Additionally, after retail margins and multiplier effects were considered, spending by visitors to the state parks supported 218 jobs paying \$6.9 million in wages and generating \$18.9 million in economic output. This translated into \$8.8 million Washington County GRP.

Sales tax generated from retail sales and income tax generated from employment attributable to spending totaled \$2.8 million in 2018, nearly two and a half times the \$1.0 million generated in 2014.

Historical State Park/Reservoir Economic Impacts

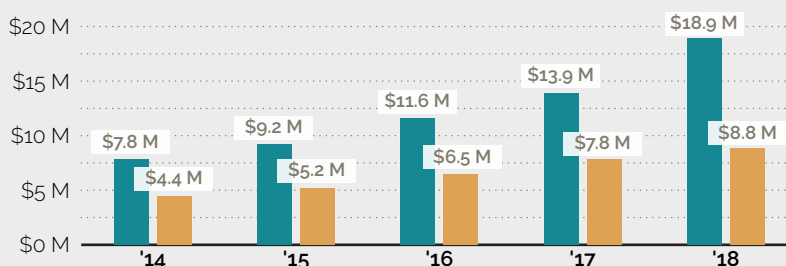
Employment & Labor

- Employment
- Labor Wages



Output & Value Added

- Output
- Value Added



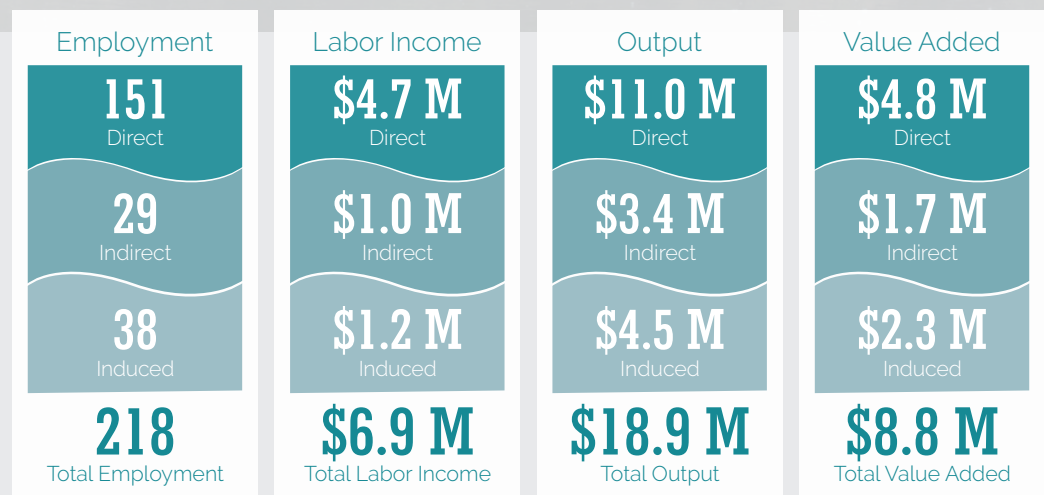


Quail Creek State Park

State Park/Reservoir Fiscal Impacts



State Park/Reservoir Economic Impacts



Totals may not sum due to rounding

Motorsport and Sporting Goods Impacts



Sand Hollow State Park

The vast open terrain and numerous reservoirs across Washington County provide many places for residents and visitors to explore. It is no surprise that motorsports are popular in the county during all seasons.



Sales of outdoor recreational vehicles such as watercraft, all-terrain vehicles and snowmobiles topped \$46.5 million in 2018. These sales directly supported 67 employees who earned \$3.5 million in salaries and wages. After considering profit margins for retailers, a total of nearly \$14.4 million of economic output was generated by motorsport-related sales.

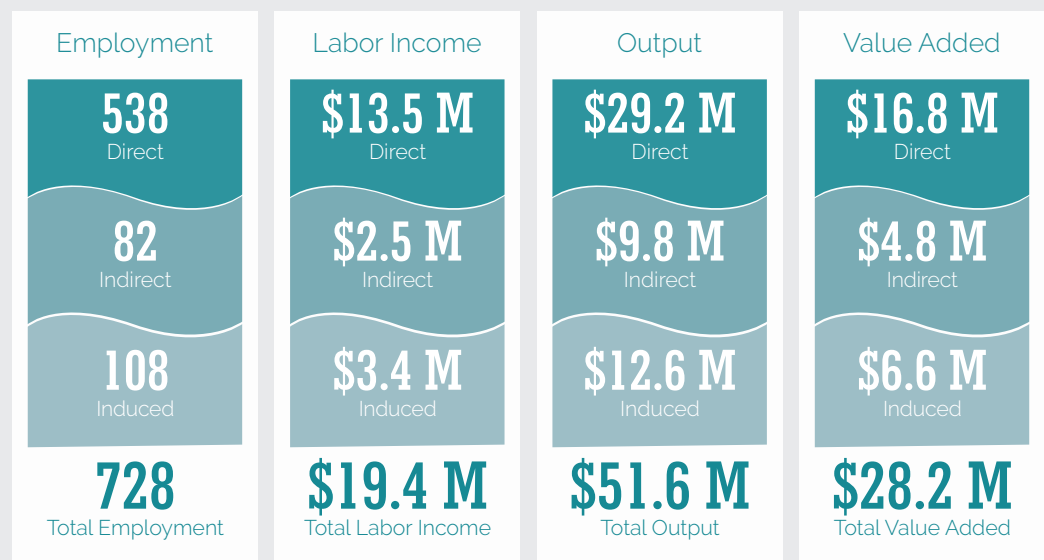
The relatively warm weather in Washington County also provides ample opportunity for outdoor sports. This is reflected by roughly \$49.3 million in taxable sales of sporting goods during 2018. Taxable sales of \$285 per county resident are over 16 percent higher than statewide spending on a per capita basis. After considering the retail margin, sporting goods sales generated over \$37.2 million of total economic output, which contributed \$20.6 million to the county's GRP. The combined impact of motorsports and sporting goods sales are summarized on the next page.



Motorsport and Sporting Goods Fiscal Impacts



Motorsport and Sporting Goods Economic Impacts



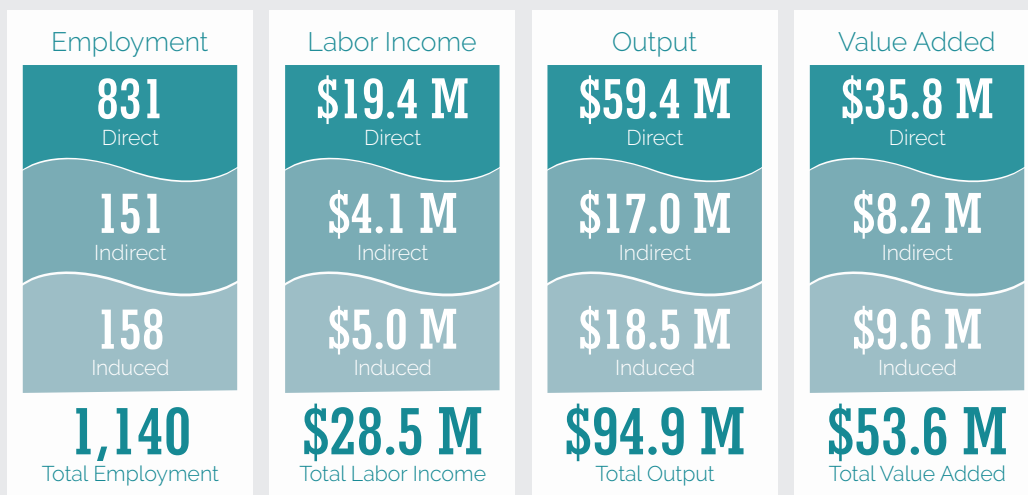
Totals may not sum due to rounding

Golf Impacts

Washington County's relatively warm weather affords outdoor recreation opportunities throughout most of the year and golf is no exception. Boasting 12 golf courses, Washington County is home to over 10 percent of the courses in Utah. Golf courses in the county generated over \$59 million in visitor spending during 2018, a seven percent increase over 2014. This spending supported a total of 1,140 jobs paying \$28.5 million in salaries and wages and generating approximately \$1.4 million in income tax revenue. In addition to direct spending for equipment and greens fees, capital expenditures to maintain facilities and residential construction provided for additional economic activity.

The golf courses in Washington County generated an estimated \$95 million in total economic output during 2018 and contributed nearly \$54 million to the county's GRP.

Golf Economic Impacts



Totals may not sum due to rounding

Golf Fiscal Impacts



Other Impacts



Outdoor recreation certainly has other impacts that were not readily quantifiable in this study. These include improving property values, the health of residents, conservation of natural resources and other factors. Though these impacts are not quantified in this report, they contribute significantly to quality of life and produce economic impacts throughout the region.

ANALYSIS APPROACH AND LIMITATIONS

This report was designed by Applied Analysis at the request of the District to estimate the economic impacts associated with outdoor recreation in the Washington County economy. However, we make no representations as to the adequacy of these procedures for all purposes. Our findings and estimates are as of the last day of our fieldwork (July 3, 2019). We have no responsibility to update this report for the events and circumstances that may occur after this date.

Our report contains demographic, employment, economic, gaming and fiscal market data. This information was collected from third parties and is presented in this summary report; it was assembled by Applied Analysis. Economic impact estimates were produced by using IMPLAN economic impact modeling software, the latest version for Washington County being 2017. Economic multipliers published by IMPLAN may change between versions. While we have no reason to doubt the accuracy of the data reported herein or utilized in the formation of our findings, the information collected was not subjected to any auditing or review procedures by Applied Analysis; and therefore, we make no representations or assurances as to its completeness.



533 E. Waterworks Drive
St. George, UT 84770

Phone: 435.673.3617

Web: wcwcd.org



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