

Commercial Uses



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Greenways can provide business opportunities, locations, and resources for commercial activities. These activities may include on-site concessions, permittees, partnerships between the managing agency and other groups, special events, and commercial filming activities. Compatible business ventures can provide a wide range of visitor services and facility improvements.

Documenting and estimating the economic impacts of the commercial uses associated with rivers, trails, and greenways can be useful in promoting your corridor project. Demonstrating these impacts might also help to expand a project or provide information to assist greenway promotion in other communities.

Concessions, Permittees, and Partnerships

Concessionaires, permittees, and partnerships are recruited and usually bid for the right to provide a range of on-site visitor services which a public agency chooses not to operate. Typical examples include food services, recreation equipment rentals and sales, lessons, lodging, and convenience items. These services directly serve and enhance the recreational experience of greenway users.

Concessions, permittees, and licensees are usually privately operated entities, mostly for-profit though sometimes non-profit, that operate on public land by authorization of the managing agency or group. A partnership is similar, but most often involves non-profit entities. These activities can have a significant effect on a local economy.

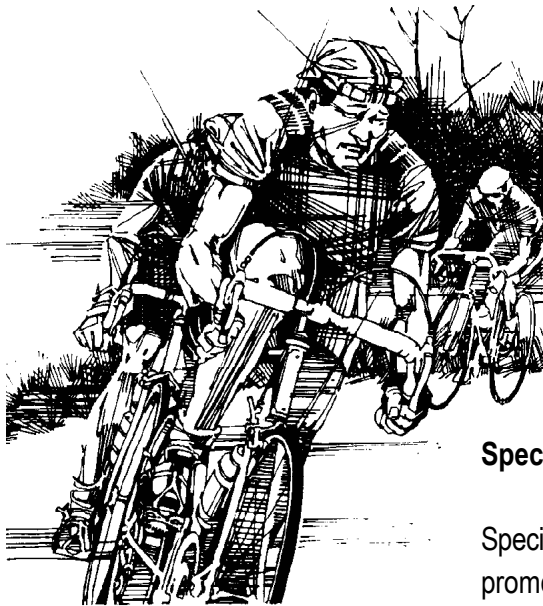
- Along the lower Colorado River (Arizona), thirteen concessionaires under permit to the Bureau of Land Management generate more than \$7.5 million annually in gross receipts, with a major spinoff effect in the local economy (Bureau of Land Management, 1987).

- Golden Gate National Recreation Area (GGNRA), a National Park Service unit in San Francisco, California, has contracts with ten primary concessionaires. Total 1988 gross revenues for these concessionaires were over \$16 million, over 25 percent of which was spent on payroll. GGNRA also has cooperative agreements with non-profit park partners who operate within park boundaries.

The seven primary partners generated over \$6 million in total revenue in 1988, almost half of which went for payroll, which provided local jobs (National Park Service, 1989).

Revenues may also be generated through agricultural leases within a greenway. For example, grazing leases on lands owned by the California State Department of Fish and Game in Northern California generated net revenues averaging more than \$10,000 per year from 1981 through 1989. Cattle grazing on a portion of these lands, located at Earl and Talawa Lakes, was used as a resource management tool to restore and improve habitat for the endangered Aleutian Canada Goose. The revenues generated from grazing were then utilized to improve recreation on the site.

Another type of partnership has been appearing across the country between private utility companies and trail managing entities. Telecommunications companies, for example, have made agreements to route fiber-optics within the trail corridor in return for compensation, which can often help in building and maintaining the trail. Other potentially compatible utilities that might generate income include: cable television wires, gas pipelines, electric transmission and distribution lines (Ryan, 1993).



■ The Northern Virginia Regional Park Authority has a twenty year license agreement with AT&T for thirty miles of fiber-optics routing along the Washington and Old Dominion Rail Trail. The annual fee from AT&T is used to cover capital improvements for the trail (McCray, 1994).

■ The trail managing entity of Wisconsin's Glacial Drumlin Trail issued a ten-foot wide perpetual easement to U.S. Telecom, which paved the 48-mile trail (\$375,000 value) in exchange for use of the corridor (Ryan, 1993).

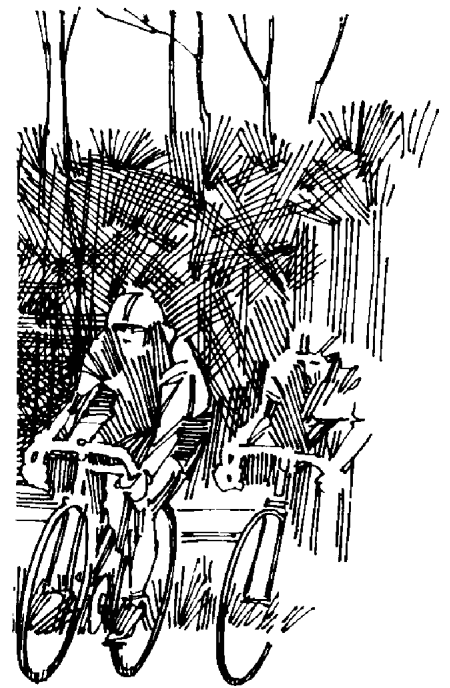
Special Events

Special events not only generate revenues to sponsors and the community, but promote the greenway itself to residents and visitors.

■ Eppie's Great Race consists of a 6 mile run, 12.5 mile bike ride, and 6.35 mile paddle down the American River in California. The Sacramento County Department of Parks, Recreation and Open Space sponsors this annual event, held along the American River Parkway. All proceeds are donated to Adaptive Leisure Services (ALS). The 1989 Great Race raised \$40,000 and race donations to date total over \$260,000. These proceeds have allowed ALS to expand programs to meet the leisure interests and needs of persons with disabilities (County of Sacramento, 1989).

■ The 12th annual "Great Race" in Pittsburgh attracted 12,807 runners to the city. Those runners living outside Pittsburgh, but within Allegheny County, spent an average of \$14.40 on race-related items, with 54 percent spent within city limits. Pennsylvania runners travelling to the race from beyond Allegheny County spent an average of \$28.29 within Allegheny County, 75 percent of which was spent within Pittsburgh. Not only did the event attract runners to the city of Pittsburgh, but it is estimated that over 40 percent of all travelling parties brought at least one non-runner to the event. In fact, one estimate showed that those runners living outside city limits brought over 4,000 spectators to the event.

■ Overall, the 1987 Great Race generated an estimated direct economic impact of \$220,000 within Allegheny County. Adding registration fees paid by race participants, this total exceeds \$330,000. This total does not include spectator expenditures except for those spectators brought by runners. Thus the overall total expenditures associated with the event would likely be much higher (Gitelson, et al., 1987).



Special events can also be used to raise money and promote the greenway or trail itself. Such events can serve as a catalyst to gain support, strengthen volunteer organizations, and raise public awareness of your project. You should report this economic activity as testimony of support for your greenway.

■ “Take a Walk on the Wild Side Ice Age Trail Hike-A-Thon”, in Wisconsin, drew over 1,200 hikers and raised \$30,000, against \$15,000 in expenses. The Ice Age Trail Council and Ice Age Park and Trail Foundation sponsored the event to raise money to support the development and maintenance of the trail, raise public awareness, and strengthen organizations by providing a rallying point. Marketing techniques included distribution of several thousand posters featuring a “hiking mammoth,” advertisements and a feature article in Wisconsin Silent Sports, and a steady stream of articles in state and local newspapers (Pathways Across America, Fall 1988).

■ The San Joaquin River Parkway and Conservation Trust in Fresno, California, organizes a variety of annual events to raise money for the Trust. One of the most successful events was “Evening on the River,” which featured dinner and entertainment at \$100 per person. This event raised approximately \$10,000. Another popular event is a bike rally, featuring a variety of distance rides, which raises public awareness of the Parkway in addition to money. The Executive Director of the Trust, Donn Furman, stresses the key to successful events is to get as many sponsors as possible. Sponsors can donate t-shirts, food, printing, and other services. Sponsors help to defray event costs, thereby increasing the amount you raise for the greenway (Donn Furman, 1990).

■ The Greenway and Nature Center of Pueblo, one of the most active trail-related organizations in Colorado, sponsors several events annually, as well as renting bicycles and rafts. One special event is the Bluegrass Festival and Crafts Fair. This event not only raises public awareness and money for the Greenway and Nature Center, it also provides opportunities for local artisans and food establishments (Tim Merriman, Executive Director, Greenway and Nature Center of Pueblo, 1990).

Filming and Advertising

Unique and scenic areas are desirable as location backdrops for movies, television, and photo sessions for magazine and newspaper advertising. Fees paid to use these areas, in addition to the money spent locally by film production crews during filming sessions, are beneficial to the managing local agency and the local economy. Media exposure of a river, trail, or greenway can also help to promote the area and attract visitors.

- Movies and television shows, commercials and advertisements filmed on land under the jurisdiction of the Bureau of Land Management in Utah have added income to Moab, Kanab and other Utah communities (Bureau of Land Management, 1987). Over 100 movies and television shows have been filmed in and around Kanab. Moab even has a Movie Locations Auto Tour guide (Jarvik, 1994).

How to Use These Rationales in Your Community

Show how concessions and events have affected other communities.

Use some of the examples given to show how concessions and events have benefited other communities.

Estimate concession expenditures. If you have concessions at your greenway, determine the following:

1. How much do they pay in contractual fees to the managing agency? This amount could be considered a revenue offset that the agency would otherwise have to collect in taxes or other means.
2. What is their gross revenue? This is the amount the concessions collect from greenway visitors which is likely to cycle through the local economy.

3. What percentage of revenues are likely from non-residents?

When you have defined your “economy,” ask concessionaires to estimate what percentage (annual average) of gross revenues is likely from visitors from beyond the boundaries of the economy.

These non-resident concession expenditures are considered “new dollars,” and a stimulus to the local economy.

4. How much of the concessionaires’ gross revenue goes toward payroll? How many jobs are provided?

Estimate impacts of partnerships. If you have cooperative agreements with businesses or non-profit groups who operate in your greenway area, follow the same procedure outlined for concessions to determine their economic impacts.

Estimate the impacts of special events. If an upcoming event involves ticket sales, the total number of visitors and their expenditures can be calculated. Get data on gross receipts as a measure of economic activity. If you have the opportunity to determine whether ticket buyers live within the economy, you will be able to determine resident versus visitor expenditures.

If an upcoming event involves a promotion and operating budget, estimate the percentage of the total budget that is spent in the local economy. Include expenditures from event sponsors, promoters, and contributors. Add this amount to the gross revenues realized by concessionaires or non-profit entities involved.

If the event does not have ticket sales, you may wish to conduct a survey of visitors. The purpose of the survey is to estimate how much visitors spent while attending the event and how much was spent within the local community. You might also compare resident and visitor expenditures. Suggested questions for questionnaires are listed in Appendix C. A survey will be easier to conduct if there are only a few exit points. If there are many exit points, interviews can be conducted within the event area. You should devise a systematic sampling method to avoid biasing results.

Once you have conducted a survey and analyzed the findings, you can multiply the average amount spent by the total number of people attending the event. This will give you an estimate of the total direct economic impact within your community. This assumes that the dollars spent are on local businesses. If event concessions, their employees, and suppliers are from beyond the local economy, the local economic effects may be negligible.

If it is not feasible to conduct a survey, you might interview the event sponsors or promoters about the general characteristics of event participants. They may be able to give you information you can use as the assumptions necessary for your estimates.

Determine impacts of filming and advertising. If you have filming activities on your greenway, estimate permits paid, or donations, and the average expenditure per employee, per day, in the local economy. Many of these businesses operate on well defined budgets. Interview firms about their range of average location shoot costs and the variables involved. Multiply by total number of employees and total filming and production days in the local economy for total film and advertising-related expenditures in the local economy.

Promote greenway events. If you are not already doing so, use and promote special events in newsletters, brochures, fliers, and magazines. Remember, events bring people who will discuss their experience at your greenway with their family and friends when they return home. Word-of-mouth can be a powerful and cost-effective means of promoting your greenway.

Sources of Information

Activity and Club Magazines. Magazines such as *Walking Magazine*, *River Runner*, etc., usually have listings and/or advertisements for events related to these activities and may be interested in covering your event, or publishing a news release that you provide. Regular review of these magazines may also give you ideas for events you could plan for your greenway. These magazines may also identify clubs and organizations which regularly sponsor special events. Such groups could be encouraged to promote your river, trail, or greenway by using it as an event site or staging area.

Operations. Fees paid to public agencies to operate businesses within greenways are a matter of public record. Contact the appropriate agency. Annual financial reports of concessionaires, permittees, and licensees to public agencies will provide information on how funds are spent. You might also contact them directly for more information.

Considerations in Using These Rationales

Develop guidelines for commercial uses. Some areas of your river, trail, or greenway project may be incompatible with commercial uses. Protection of the resource should be your first priority. You should carefully determine which areas are less sensitive and would allow commercial use. Determine appropriate levels of use. Issue permits based on preferred levels of visitor use and type of experiences you want to provide. Attach restrictions to the permit to ensure adequate protection of the resource.

Use good survey methods. The better the survey method, the more useful the results will be. Plan your information gathering to best utilize the resources available. A local community college or university may be interested in helping with surveys as a class project. (See also “Sources of Information” in Expenditures by Residents, Section 2).

Be careful. Document your assumptions and calculations, and back them with sound logic. Peer review of your calculations is a must. If you have staff members with some background in economics or finance, their review and support would be especially important.

Be sensitive. Private businesses may not wish to have their records a matter of public record as it may be perceived as potentially harmful to their competitive business position. While gross receipts and franchise, contract and permit fees are usually a matter of public record, levels of profit may not.

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