IMPLEMENTING TRAIL-BASED ECONOMIC DEVELOPMENT PROGRAMS

A Handbook For Iowa Communities

Iowa Department of Transportation
Planning for trails can be a confusing process. A tremendous level of coordination is needed simply to plan and construct trails. Once trails are in place, they present communities with a variety of economic development opportunities.

This handbook outlines a variety of ways in which governments, businesses, chambers of commerce, tourism promoters, and individual citizens can help their communities develop and implement trail-based economic development programs.
INTRODUCTION

As new recreational trails are developed throughout Iowa, many more people will benefit from additional outdoor recreation opportunities. The benefits of trails extend well beyond fitness and leisure pastimes. Trails hold tremendous potential for economic and community development. To make sure that Iowa’s communities truly benefit from new trails, this handbook outlines ways to capitalize on the economic development potential associated with both new and existing trails. Its intended audiences are communities and agencies throughout the State of Iowa.

This handbook draws upon the histories of many trails and towns from all over the United States. In recent years, communities have come up with a variety of innovative and effective approaches to trail-based economic development. The case studies in this handbook (see pages 6-9 for a summary) describe programs from throughout the Midwest and examine these approaches in detail.

Purposes of Handbook

- To set forth guiding principles for implementing trail based community development approaches
- To provide a mix of case studies identifying lessons learned and best practices from other places (both successes and failures) and documenting the relevant physical, cultural, and economic conditions and changes
- To enumerate techniques for determining how to measure and convey the potential benefits stemming from a trail system based on the national experience, and how to develop a logical, though hypothetical, estimate of the benefits
- To reflect current “best thinking” from a variety of experts in the field

Recreational Trail Use by Category

From 1994 to 1995 the United States Forest Service conducted a survey of participation in outdoor recreation activities across the country. The following table illustrates participation rates for several types of trail-related recreation.

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<th>Percent of U.S. Population Participating in Trail Recreation Activities, 1995</th>
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Clearly, bicycling, running, and hiking are the most popular outdoor recreation activities. In general, warmer weather activities are far more popular, with fewer than 5.0 percent of all Americans participating in either snowmobiling or cross-country skiing.
Existing Trail Programs
in the Waterloo-Cedar Falls Area

As mentioned in the introduction, the State of Iowa already boasts several high-quality recreational trail programs. The Waterloo-Cedar Falls area has been particularly proactive in making trails a major part of both local and regional economic development strategies. A short summary follows of existing trail programs in this metropolitan area:

• The Cedar Valley Nature Trail is a 52-mile rail-trail that connects Cedar Rapids and Waterloo. It serves as the “backbone” that connects more than 70 miles of local trails in the Waterloo-Cedar Falls area, and draws riders from a multi-state area.

• Since 1996 the four-day Cedar Trails Festival has been held to celebrate the local trail system. Events include many types of trail use, including road and mountain biking, in-line skating, walking, running, and a “Dog Jog.” Local businesses have noted increases in summertime sales since 1996.

• Acknowledging the popularity of recreational trails, the Black Hawk Metropolitan Area Transportation Policy Board has adopted bicycle-friendly policies, and plans to install bicycle racks on buses in the near future.

• To describe implementation strategies applicable to different types of communities and trail users that address:
  - tourism development;
  - economic development;
  - downtown revitalization; and
  - citizen participation

• To address the logical roles and responsibilities of various state agencies, local governments, private sector entities, and concerned non-profits, and how they can work together for mutual benefit

GUIDING PRINCIPLES

No two communities will approach trail-based economic development in the same way, as illustrated by the case studies found throughout this handbook. Communities that succeed at promoting community and economic development through trail recreation may approach the process from many angles, but all began with clear visions of how they wanted the trail system to help their communities. The national experience suggests keeping these principles in mind to guide the planning process:

1. Understand Community Capacity and Desires-- Communities lacking quality lodging, entertainment, or dining services are ill-equipped to accommodate large numbers of visiting trail users and should not market themselves as recreation destinations until adequate services are developed. Even some communities that are able to handle trail tourism may refrain from it for other reasons. For example, if a community is established as an antiquing destination, business owners may not want to compromise the current experience by courting trail recreation.

2. Identify Target Markets Based on Trail Characteristics-- In most cases, the surface of the trail that runs near or through your town will be the primary determinant of the types of users it will draw. For example, an asphalt trail will be attractive to in-line skaters and cross-country skiers, but unattractive to mountain bikers and off-limits to studded-tread snowmobiles.

3. Determine Community’s Relationship to the Trail System-- In addition to the trail’s surface, a community’s position in the regional trail hierarchy also influences its role in the system and the nature of its economic development.
opportunities. There are two facets to a community’s positioning: the hierarchy of the trail (backbone, loop, spur); and its location along the trail. For example, a town located at the junction of a backbone and a spur trail naturally attracts overnight visitors who will start out from that point, while a town located in the middle of a loop trail is more inclined to draw midday visitation.

4. Choose Trailhead Sites Based on Desired User Markets and Impacts-- The needs and impacts of motorized and non-motorized trail users differ widely. For example, non-motorized users (e.g., bicyclists, cross-country skiers) can pass through residential areas into historic downtowns with minimal impact, but motorized users such as snowmobilers or all-terrain vehicle (ATV) riders cannot. As a result, a community must decide where to locate trailheads based on the types of users they will serve. The diagram below illustrates three different approaches to locating trailheads.

5. Locate Trailheads Within Town Boundaries to Concentrate Economic Impacts-- Most recreational trail users own their equipment and provide their own transportation to trailheads. As a result, offering equipment rental and shuttle service in town has some economic benefit, but much of the potential impact will be lost if trailheads are located in isolated places. Situating trailheads within the boundaries of a town not only enables service businesses (gas stations, convenience stores, outfitters) to cluster around them, but it also increases the chances that tired trail users will stay for dinner or even overnight.

6. Build Off Existing Markets-- Existing visitors to your community provide the logical starting point for promoting trail recreation. Those who already visit provide a reliable
CASE STUDY

Marthasville, Missouri
Cities and Towns, Main Street Revitalization

When the MKT (Katy) Railroad discontinued its route in 1986, the Katy Trail was created in its right-of-way. The trail was made possible by the National Rails to Trails Conservancy’s railbanking program, which earmarks rights-of-way for future transportation uses. The use of railbanking quieted objections from local landowners that the right-of-way should remain in private ownership. As the popularity of the Katy Trail has grown among hikers and bicyclists, trail towns like Marthasville have responded to the new demand for visitor services. Following the opening of the Katy Trail, the first bed and breakfast opened, and was quickly booked for much of the year. Knowing that unmet demand could drive away visitors, its owner decided to help a competitor get established. This cooperative spirit is common in Marthasville, as many new businesses give new life to its Main Street.

The Katy Trail features many historic railroad bridges.

base of tourists, and it is important to educate this group about the recreational opportunities in your community. The two goals of targeting this market are to extend lengths of stay and to encourage repeat visitation to use the trails.

7. Cultivate Partnerships—Partnerships among public agencies, and businesses are essential for success. Within local and county government alone, trail planning involves many departments, including parks and recreation, planning, and transportation. If a local government seeks an economic return on its investment in trails, it must build partnerships with businesses because businesses provide the return. On the private side, businesses need to work together in order to build and maintain a critical mass of trail-related commercial activity.

CASE STUDIES

In planning for trail-based economic development, it helps to be aware of the experiences of other communities. For this purpose, a number of “case studies” are included throughout this handbook and can be found as light blue-colored sidebars. These case studies document how different public and private entities use trail recreation as a tool for economic development.

Types of Case Studies

Three types of case studies are included: cities and towns; businesses; and festivals. The various perspectives provided by these different cases provide valuable insights for a wide range of community leaders.

Cities and Towns

How a city or town capitalizes on a nearby recreational trail depends on several factors. These factors include:

- type of trail (motorized, non-motorized);
- size of community;
- existing physical character of community;
- existing visitor attractions in community;
- level of public support for trails;
- commitment from elected officials and business leaders;
- proximity to potential recreational users.
Since so many variables exist, cities and towns have taken a wide variety of approaches. Case studies for cities and towns examine three different ways in which towns have used recreational trails to promote development:

1. **Regional Economic Development** - packaging trails as a quality of life enhancement to retain or recruit businesses and residents.

2. **Tourism Development** - using trails as a way to attract hotels, restaurants and other tourism-related businesses.

3. **Main Street Revitalization** - linking trails with historic business districts in order to channel demand retail shops, restaurants, and services.

   The opening of the Ohio and Erie Canal Trail was cause for celebration in Cleveland, as more than 25,000 people attended its opening. Making trail-related activities into special events is an excellent way to publicize your community as a trail destination.

**Businesses**

Businesses profiled as case studies include outfitters, lodging places, restaurants, and other merchants. Although these businesses fill different needs, they share a common thread: they could not exist without the boost provided by being located on or near trails. Thus, the business case studies focus on enterprises that either opened as a direct response to demand created by trail recreation or that transformed themselves in response to new markets presented by trail users.

**Festivals**

Many cities and towns stage annual festivals in order to build and promote unique identities. In many cases, the festival itself becomes synonymous with the place, as with Sturgis, South Dakota, home of the Sturgis Motorcycle Rally and Races. The festivals profiled in this handbook do more than provide an annual boost to their local economies; they also help promote year-round activities in their surrounding areas.

Prior to opening its first ski trails in the 1950s, the popular summer resort town of Traverse City had to cope with slow winter seasons. Today, Traverse City anchors a diverse area with hundreds of miles of trails used year-round for both motorized and non-motorized recreation. The local visitor experience goes well beyond recreation, and local tourism promoters are careful not to just promote to niche groups like cross-country skiers or mountain bikers. Marketing strategies instead target families, packaging recreation with attractions like cherry orchards, festivals, arts and crafts, historic hotels and resorts, and natural scenery. Traverse City’s success has been aided by extensive media relations efforts, as travel writers from warmer climates are invited on familiarization (or “fam”) tours each year. As a result of these efforts, large numbers of visitors who cannot go skiing or snowmobiling back home now come to Traverse City for these purposes.
CASE STUDY

Rochester, Minnesota
Cities and Towns, Economic Development

Home to the world-famous Mayo Clinic, Rochester repeatedly ranks as one of America’s best places to live. As its economy expands, Rochester has come to understand that companies can now locate just about anywhere, and frequently choose locations based on quality of life. Rochester has therefore dedicated itself to providing the best recreation amenities, an effort aided by successful coordination among several government agencies, sports associations and sponsor corporations. The starting point for Rochester’s strategy has been its land use policy, which dictates a citywide network of parks and trails, and mandates that new homes have easy access to these facilities. Rochester’s trail system also connects with several nearby towns, an indication of regional cooperation. This sort of coordination has been an integral part of the success of Rochester’s economic development programs.

Top 10 Lessons from Case Studies

Reviewing the case studies in this handbook provides many insights to communities. The following list summarizes the top 10 considerations from the case studies, in no particular order:

1. **Trails are just one element of a larger visitor experience**, and providing other opportunities (both recreational and non-recreational) draws a more diverse group of visitors. In turn, this allows for a greater variety of businesses.

2. Establishing a community as a viable trail destination mandates that **individual businesses must take individual risks as entrepreneurs** while simultaneously working together with other businesses to build critical mass.

3. **Trail users pass along knowledge to others by word of mouth**, as well as learning about destinations from travel articles, on the Internet, etc. To ensure outstanding peer recommendations, towns and businesses must provide a quality visitor experience to each individual trail user.

4. **Year-round activity is crucial** to the survival of many trail-related businesses. Even if recreational trail use is seasonal, communities can provide off-season attractions that provide different experiences.

5. **Trail planning in urban areas requires cooperation and coordination** not only from different political jurisdictions, but also among various public and private entities within each jurisdiction.

6. Slogans and marketing themes are meaningless unless the entire community buys into them. **Building a true community identity requires the support of political leaders, businesspeople, and the public.**

7. **Recreation alone will not induce visitors to stay overnight.** Communities must provide quality lodging, and dining activities to supplement the draw of recreation.

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Business combines with bicycles to create a pleasant environment outside Wilson’s Restaurant in Door County, Wisconsin.
8. Different types of trail users behave differently. For example, snowmobilers are more likely to travel in larger parties, stay longer, and spend more money than bicyclists. As a result, the types of users on a given trail will go a long way toward determining the character of a trail community.

9. A festival only creates economic impacts for a few days each year. To be effective economic development tools, festivals must become points-of-entry for year-round experiences.

10. In the global economy, companies can locate just about anywhere and many will make locational decisions based on quality of life. A community with ample opportunities for trail recreation can leverage this advantage for economic development purposes.

The remainder of this handbook builds on these 10 lessons to provide suggestions and guidance for communities in the process of trail-based economic development planning.

**CAPITALIZING ON TRAIL RECREATION: A HOW-TO GUIDE**

Although creating or expanding a trail system can deliver significant economic benefits by itself, communities can do more to capitalize on the economic potential of trails. Trails generate economic impacts by delivering additional spending to businesses. As businesses become more productive, new jobs and tax revenues follow. The additional spending may result from increased visitation or by changing the behavior of an existing pool of resident shoppers.

The trail system represents a vehicle for influencing how both residents and outsiders view a community. More importantly, the trail system can become a way to persuade recreational visitors to think about the community from a business perspective. Conversely, if business visitors already travel to your community, the trail system can be used to influence business visitors to consider returning for leisure purposes.

Clearly, organizing economic development programs around trail recreation is not an easy undertaking. If your community chooses to pursue such programs, many steps must be taken along the way. This section describes the five major steps that comprise the process. As with any other public process, it is extremely important to keep citizens involved and informed from the outset. For this reason, the best place to start is with the community at large.
Case Study

Sparta, Wisconsin

Cities and Towns, Tourism Development

Sparta’s famous bicycle rider greets visitors to the town.

One of the nation’s first rail-trails was the Elroy-Sparta State Trail in southwestern Wisconsin. Built in the 1960s, this multi-use trail has proven very popular due to three long tunnels that punctuate its 32 miles. Since this trail opened, several others have opened in the area, making the region a popular destination for bicyclists, cross-country skiers, snowmobilers, and hikers. The Elroy-Sparta Trail draws 100,000 to 120,000 users each year, many of whom travel from other states. The trail’s northern anchor, Sparta, decided in 1991 to make its trails synonymous with its identity by declaring itself the “Bicycling Capital of America.” This theme is evident from the 30-foot tall fiberglass statue of a bicycle rider that welcomes visitors to the town.

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Step 1: Enlist Citizen Involvement

Any initiative intended to enact change in a community, from creating a trails system to revitalizing Main Street, must include some degree of citizen participation. Obtaining input from the public simply makes sense, regardless of whether local regulation requires it. Avoiding a system for letting local residents and other stakeholders express their concerns and contribute their ideas makes for a weaker approach and opens the process up to criticism that can derail the best laid plans.

The classic public hearing scenario—a gathering in the town hall or school auditorium—where the assembled hear presentations on the anticipated improvements and implementation approach, can be adapted to almost any situation. Including people with a variety of points of view, issues and desires should be a principal goal. Obtaining this level of participation means going beyond the standard hearing notice printed in the local paper. Contacting people through their social and service clubs, churches, sports leagues, children’s schools and other non-traditional means will help attract participants.

Other communities ask that plan representatives be allowed to speak briefly at other meetings to gain input and solicit attendance for larger events. A special effort should be made to include potential plan opponents to ensure a valid process invulnerable to charges that these views were somehow ignored. In the course of trail planning, local property rights activists should be expected, and thus should be welcomed.

Citizen involvement also benefits from community participation in leading meetings. Training local residents to facilitate community sessions helps keep people engaged. Fairness in the process, perhaps by establishing rules of behavior and techniques for organizing the public conversation, is easiest to enforce neighbor-to-neighbor.

Once you have organized public meetings, the next issue is to formulate an agenda. In developing any economic development program, the starting point is to clearly define a
direction. When assembling a marketing strategy based on a tourism-related entity like trail recreation, the starting point is to create a community identity.

**Step 2: Build a Community Identity**

Building and maintaining an identity as a tourist destination is an ongoing process. To promote tourism in your community, the first step is to conduct an honest and thorough process of identifying the benefits a visitor will derive from visiting. This assessment of community character and visitor experience should tap into insights provided by both residents and people from other places. Residents may know their hometowns inside out, but tourists often notice unusual or charming attributes that residents tend to take for granted.

Findings from this assessment will guide the process of creating marketing materials and messages, which in turn shape visitors’ expectations of the experience in your community. Creating a reasonable level of expectation is important, as many destinations oversell themselves and send visitors home disappointed. Through the assessment process, a community-wide vision of a desirable future can be developed, as well as a sense of what steps are required to achieve it.

Once your community has established a clearer idea of its tourist identity, some initial investments must be made prior to mounting a marketing campaign, including:

- printing basic collateral materials, such as a combination map and guidebook, brochures suitable for distribution at State and other visitor centers, and materials suitable for inclusion in cooperative advertising vehicles such as the state visitor guide. Sponsorships by businesses can reduce public costs.

- opening a storefront visitor center.

- establishing an 800 number, which may either ring locally or at a contract call center.

- hiring staff and/or recruiting volunteers to implement publicity programs, organize special events and coordinate with area businesses and organizations concerned with tourism development.

Now you should be ready to take on a marketing and public relations campaign.

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**Sparta, Wisconsin (continued)**

The crushed stone surface of the trail limits traffic on the trail, mainly from inline skaters. The surface also allows the trail to accommodate studded-tread snowmobiles, thus enabling Sparta and its neighboring towns to enjoy the benefits of tourism year-round. Cross-country skiers in the area generally ski at local parks and golf courses to avoid competing with snowmobilers.

A view of the entrance to one of the Elroy-Sparta Trail’s landmark train tunnels.

Sparta’s commitment to its identity is also expressed by its businesses: hotels and campgrounds provide free trail passes; restaurants serve healthier food desired by bicyclists; arts and crafts and novelty shops serve visiting trail users; tour operators package bus tours that include lodging, bike rental, and shuttle service to different points along trails. By capitalizing on trail-related tourism, Sparta has not only established a new identity, but an economic future as well.
The Effects of Trails on Property Values

Opponents to recreational trails often cite the negative impacts of trail users on nearby properties as a reason for their objections. However, these fears can be addressed by showing the positive effects of trails on property values.

A 1995 study by the National Park Service cites many examples of how trails have increased values of nearby properties. These examples are noteworthy because they come from all over the country. They include:

- In Boulder, Colorado, housing prices declined by $4.20 per additional foot that a property was located from a trail.
- 61 percent of homeowners along the Luce Line Trail in Minnesota believed that the trail increased their property values.
- Homes located near the Burke-Gilman Trail in Seattle were found to sell for six percent more than comparable homes not located near the trail.
- Homes in Worcester, Massachusetts, next to parks sold for $2,700 more than similar homes 2,000 feet away from parks.

Step 3: Develop a Marketing Plan

Increasing awareness about your community means you will need to develop, implement, evaluate, and refine a marketing and public relations plan. Key points to keep in mind are listed below.

- Marketing programs should reflect consumer needs and convey the benefits of your community to visitors. Unless tourists’ needs are satisfied, they will not visit again and may advise others not to visit. What distinguishes your town from other places? What aspects of your trail system differentiate it from the alternatives? What else is there to see and do that persuades people to stay overnight?

- Marketing is more than advertising and printing brochures. It includes all communication efforts such as personal outreach, assistance, and public relations (e.g., visitor information provision, signage, hospitality, etc.). For this reason, marketing must involve people who interact with visitors before, during and after they spend time in your community. Service employees like cashiers and hotel housekeepers may need hospitality training to understand their important role in marketing the community.

- Marketing claims must be honest, accurate and consistent with your community’s ability to deliver. Travelers often decide to “buy” tourism experiences sight-unseen, so the marketing campaign has to provide clues about what to expect. Today’s tourist is generally well-informed and is often suspicious of overblown advertising claims.

- Publicity is more effective than placing paid advertisements because an independent third party vouches for the experience your community and trail system offers. Organizing events and festivals, especially when a charity benefits, helps attract publicity. Travel writers specializing in non-traditional tourist experiences are always on the lookout for interesting “undiscovered” destinations to profile for their readers. Communities can also work with the Iowa Division of Tourism to be included on familiarization (or “fam”) trips that they organize for industry insiders.

- If you do choose to pay for advertising, know what you hope to achieve. If you concentrate on niche markets you can reach better prospects in a cost-efficient manner. By contrast, mass marketing is expensive, but increases
awareness over time. Resist the temptation to pursue the best available target markets until your town is ready to host knowledgeable visitors and not just meet, but exceed their expectations. Web sites or newsgroups aimed at trail users and newsletters distributed by clubs or equipment sellers are inexpensive and efficient means of reaching niche markets. Avoid alienating readers with a “hard-sell” approach.

The easiest approach is simply to make sure that existing brochures and other marketing communications feature the trail experience. Many towns work together to promote a trail system: if there’s more to see and do along the way, a trail becomes more attractive as a destination. Others encourage the state’s Division of Tourism to highlight trail experiences. Also, other attractions in your region will benefit from promoting the trail system as part of a whole array of things to see and do that entices visitors to come and stay.

Existing tourism promotion mechanisms, particularly at the state and regional levels, represent important resources to communities seeking to expand visitation. Too many smaller communities duplicate services available from tourism promotion counterparts at regional or state levels, often because local businesses insist on separate advertising and promotion campaigns. The most cost-effective advertising, especially for smaller communities, usually entails “piggybacking” onto existing efforts like the statewide visitor guide or joint advertising opportunities. These mechanisms can also issue press releases to promote your community’s trail activities.

State and regional tourism offices serve the function of maintaining relationships with tour developers and group tour operators. They also create itineraries for “fam” tours designed for travel writers and others influential within the industry. It is much more efficient to work with local hotels, attractions, restaurants, museums and others catering to tourists to create a compelling reason for the state to include your community on fam tours. Otherwise your community would need to develop contacts from scratch.

A final facet of marketing could be creating new special events or expanding existing events, as they provide a great reason to mount a publicity blitz. However, festivals, competitive events and other community-wide activities require an immense amount of work to organize. Athletic events can incorporate the trail system, with activities ranging from extremely serious professional races to non-competitive events geared towards benefiting charities.
As was discussed in the Guiding Principles section, each community will have different needs and preferences for economic development programs. You can see from the case studies profiled throughout this handbook that towns and businesses can and have used trail recreation to promote economic development in a variety of ways. The three broad categories of these programs are community development, tourism development, and downtown revitalization.

**Community Development Approaches**

Community development includes neighborhood revitalization and business attraction efforts. The contributions of trails to quality of life and sense of place represent an important economic development asset. Trails:

- help current residents and business-owners feel connected to the community;
- enable prospective employers and employees to envision themselves enjoying “the good life” in town; and
- convey a sense that the public sector—whether local government, service organizations or partnerships—cares about providing a quality amenity and conserving natural and scenic experiences.

Trails can be used to address all three facets of typical economic development strategies: expansion, retention and attraction of businesses. Trails are particularly useful because they provide a free or low-cost recreational amenity while creating many opportunities to expose the advantages your community offers as a business location to people. Furthermore, trails reinforce your community’s desirability as a place to live and work to current residents and employees.

While some trail users will absorb these messages without overt prompting, communities can take steps to speed the desired results. Techniques range from subliminal to direct, but must center on making quality of life apparent to existing trail users and on using the trail system to attract new, economically desirable users. As an example, community event bulletin boards can be installed at trailheads where people can post notices about church suppers, lost dogs, day care providers, etc. This provides a service for residents while sending a message to visitors that the town is friendly and active.
At the more aggressive end of the spectrum, communities can use the trail system as the centerpiece of a package geared toward the corporate events and outings market. These packages might entail cooperative partnerships with local restaurants (e.g., to cater a picnic) or hotels to extend lengths of stay and increase the associated economic impact.

Existing corporations can become partners in community programs. Helping companies root themselves in the community lessens the likelihood of eventual relocation, as connected companies tend to expand in place rather than move to greener pastures. Securing the involvement of corporations may entail offering incentives, like promoting trail-based fitness programs for employees in exchange for health insurance savings. Incentive programs may also be designed to encourage employees to shop within the community. Particularly in larger cities, encouraging shopping at work instead of where they live can translate into significant business volume.

Another source of potential economic development linked to trails concerns “free agents” who operate small businesses, often from home. These people view communities principally as residents rather than as business owners. Their enterprises reflect lifestyle decisions as much as business decisions, and these lifestyle decisions can be strongly influenced by trails. Some of these businesses will grow into significant employers, outgrowing the home office and needing to rent commercial space. Others will remain small enterprises that still generate economic activity for the community. Making communities attractive to free agents means ensuring that zoning and other land use regulations are reasonable concerning home-based businesses, and that information regarding sources of assistance to small businesses is easily obtainable.

**CASE STUDY**

**Lanesboro, Minnesota**

Cities and Towns, Main Street Revitalization

The Root River State Trail is located in southeastern Minnesota, anchored by the Town of Lanesboro. For the trail’s first 12 years it was unpaved and only drew limited use. Its paving induced tremendous levels of usage, particularly among bicyclists and in-line skaters. As Lanesboro’s reputation grew, other types of users have also been attracted, including cross-country skiers, canoeists, and tubers.

The Root River Trail itself is part of a larger system that includes bicycle and snowmobile trails and scenic drives. This larger system has drawn year-round visitation and diverse visitor types to the area. In response, an equally diverse range of new businesses has emerged in Lanesboro, including Amish craft stores, a natural history bookstore, restaurants, and a summer stock theater. Businesses in Lanesboro work together to co-market their services to visitors.
Scenic Cycles opened in 1991, the same year the Katy Trail came to Marthasville, Missouri. Starting with 10 bikes and 12 water bottles, it now maintains a 4,000 square-foot building and $100,000 in inventory. The shop shuttles customers to and from different parts of the trail, and even to and from the St. Louis airport. Scenic Cycles sponsors and participates in several small local races and events, and sells tickets for larger events in the area.

Though Scenic Cycles uses the Internet, yellow pages, billboards, and the newspaper for advertising, management contends that word of mouth is its best source of business, as trail users often refer the shop to others. The trail is of great importance to the business’ success. Management feels that the presence of the trail has attracted and sustained businesses in the community that, without the trail’s presence, would not make it. Several B&Bs, numerous restaurants, bars, and antique stores are located in Marthasville near the trail.

Tourism Development Approaches

The most reliable source of tourism development is to tap into existing markets in order to encourage longer stays and repeat visits. This strategy means educating business visitors about local leisure and recreation opportunities, and pitching business opportunities to leisure visitors. Ensuring that current visitors have access to information about a community’s charms as a business location and vice versa is relatively simple. Overkill—three ring binders crammed with demographic and labor force data on every hotel room nightstand—should be avoided, as it smacks of desperation and alienates some visitors. Instead:

- link existing web sites devoted to visitor information and economic development;
- stock local visitor centers with information about economic development programs and opportunities; and
- purchase ads in visitor brochures on behalf of the economic development agency.

Downtown Revitalization Approaches

Although trails can help attract visitors to a community either temporarily (as tourists) or permanently (as residents or business owners), the quality and character of the central business district (CBD) truly distinguishes a community. An attractive downtown with an array of merchants offering an enticing variety of goods and services makes the community more attractive as a destination. In other words, the better the downtown, the more money spent by visitors and residents.

Part of capitalizing on the trail system entails reinvesting in the CBD, in keeping with the community’s market-based trail development decisions discussed on page 5. While visitor markets alone may fail to generate enough business volume to support many merchants, when combined with resident spending, they often make the difference between profitability and failure.

Trail users represent a new market niche for existing businesses and entrepreneurs to consider. Communities that provide access to technical assistance can help merchants determine how best to take advantage of new markets while enhancing the core business. Ways in which merchants can achieve this include changing merchandise selection, display and window design, and marketing. For example, a deli might create a snack pack for hikers that includes a Power Bar and bottled water along
with more traditional sandwich fare. A shoe store might display snowshoes in the front window. Businesses serving a broader clientele (i.e., a bike shop) might find locations near the trail to be especially attractive.

Downtowns often feature large and under-utilized spaces, perhaps former department stores or hotels. Downtown revitalization efforts can include grouping small tenants together in these areas. This model, akin to establishing a retail incubator or creating a flea market or multi-tenant antiques “mall,” assumes that one entity takes management responsibility for shared services such as utilities and cleaning. In the flea market version, each enterprise handles its own transactions, while in the antiques mall approach, a central checkout counter serves all tenants. While some of these enterprises will remain small, others may outgrow the shared space and take over nearby storefronts.

Main Street-style programs can also go a long way towards creating a vibrant, attractive downtown. Small seed funds can be leveraged to develop façade programs and other property improvements. Business associations or the public sector often fund improvements such as historic lampposts, banners and a uniform sign style. Adjusting parking and other regulations may be necessary to ensure easy availability for casual shoppers, for example, enforcing a two-hour time limit to motivate employees to park off Main Street.

**Step 5: Organize for Implementation**

Implementing a trail-based economic development plan requires ensuring that the organizational, technical and financial resources are in place to do the job. Each entity in the process has to help define its most suitable role and understand its place in the bigger picture.

**CASE STUDY**

**Mrs. B’s Historic Lanesboro Inn Business, Bed & Breakfast**

When Mrs. B’s opened in 1983 in Lanesboro, Minnesota, it was the first B&B in the area. Soon after, the Root River State Trail opened and there are now 10. The trail is a critical resource for Mrs. B’s, as an estimated 50 to 60 percent of its guests are trail users. Mrs. B’s advertises in newspapers and magazines and is a member of the local chamber/visitor center. Management insists that a critical mass of lodging, restaurants, and activities must be available in order to entice tourists to the area and encourage them to stay, as a trail alone will not sustain a tourism economy.

Overnight visitors were the key to making tourism the focus of the local economy. Mrs. B’s credits Lanesboro’s success to business owners, who welcomed competition in order to build critical mass. Despite not having the funds to encourage development, the town government did play a part, as it passed a law prohibiting hotel franchises in Lanesboro.

Users of motorized trails are excellent sources of revenue and economic impact. Motorized users like snowmobilers and ATV riders are willing to travel greater distances and to spend more money than are non-motorized trail users. In addition, motorized trails are frequently constructed and maintained with funding from user fees, thus easing the burden on public agencies to raise money for trails.
Out Spokin’ Adventures is a seasonal operation in Sparta, Wisconsin, that rents bicycles and coordinates tours of nearby trails. The owners operate the business from their home, shuttling bicycles, riders and luggage to points along nearby trails. Though Out Spokin’ Adventures advertises in local interest magazines and newsletters, the Internet and word of mouth are its best promotional tools. When a customer asks for a business card, they give two, and ask the customer to give one away to someone else back home. The store also prints a map of local trails and roads that are accessible by bicycle, and sells advertising space on the map to cover the expense.

Management has noticed that Sparta is shifting towards a more regional promotion strategy, and that businesses and attractions are now adopting the same mentality. Management cites the importance of lodging and restaurants to encourage visitors to spend more time in the area, as well as the availability of non-recreational diversions.

The following points list the various elements required for implementation:

- creating partnerships between public, quasi-public and private sector entities;
- identifying logical roles and responsibilities-state agencies, local government units, private sector entities, and concerned non-profits; and
- determining the structure of the primary implementing entity—does implementing the plan require a new organization or does it fall within the mission and capabilities of an existing organization(s)?

Regarding the final point, it is rare that a single entity implements such a plan alone. More commonly, a coalition of existing entities (i.e., Chamber of Commerce, tourism promotion organization, downtown revitalization group) will band together to implement the plan. In such coalitions, an internal decision-making process must be clearly defined at the outset in order to avoid later conflicts.

Coalitions also need to establish how the new group will interact with other interests. Who will speak for it when the local newspaper reporter calls? How will it respond to the concerns of elected officials, particularly when they are inconsistent with the plan? Finally, how can coalition members assure their respective memberships that other projects won’t receive short shrift? Anticipating these issues and brainstomring answers will prevent problems in the future.

The final step in the organization process is to identify suitable funding mechanisms. This step will vary from community to community, based upon individual situations. A few suggestions for funding are:

1. public appropriations, perhaps directly from sales tax revenue;
2. private donations;
3. corporate sponsorships of trails;
4. membership programs; and
5. user fees on trails or other earned revenues.
MEASURING POTENTIAL BENEFITS

Defining Economic Impact Analysis

In the course of developing and implementing a trail-based economic development program, you may find it necessary to prove the economic benefits of trail recreation to local citizens and elected officials. As with any major public sector investment, your community will want quantifiable evidence that investing in recreational trails will create economic value for the community. For this purpose, many communities make use of an economic impact analysis as a tool to estimate the magnitude of new economic activity that results from public spending. An economic impact analysis measures the extent to which a given one-time economic event or ongoing economic activity contributes to the economy of a region of interest. Economic impacts from trails will include:

- building new trails (construction activity only), representing a number of one-time economic events;
- spending directly associated with trail users (both motorized and non-motorized), representing ongoing economic activity; and
- additional spending induced by spending from trail users, also known as indirect economic impact.

The paragraphs below explain the theory behind economic impact analysis and highlight key terms in red, boldface type.

Economic impact analysis determines how long a dollar circulates within an economy before being exported elsewhere to purchase a good or service which is unavailable locally. For example, if a tourist pays $50 for a room in a hotel, some of those dollars will be used to pay the salaries of hotel workers, who in turn will spend their wages to buy groceries. The grocery store, in turn, will buy a share of its produce from local farmers, and will pay the salary of a cashier who will buy a sofa from a local furniture store. All of these rounds of spending are retained in the local economy.

This economic cycle continues indefinitely, but the more integrated the economy, the longer it takes before the original expenditure is leaked from the economy when dollars are spent elsewhere. Some leakage occurs during each round of

CASE STUDY

Silver Country ATV Festival

Festival, Motorized Vehicles

The Silver Country region contains more than 1,000 miles of mostly motorized trails in Montana, Idaho, and Washington. In order to market the area to tourists and adventure travelers with recreational interests, Silver Country, Inc., a tourism development corporation, founded the Silver Country ATV Festival. The festival, held in Wallace, Idaho, and marketed as “the Sturgis of ATV Festivals,” features an “Old West” ATV rodeo with an obstacle course through a huge mud bog, trail rides, and drag races. Other events include an ATV parade, a chili and BBQ cook-off, archery, musket shooting and black powder exhibitions, live music, and a crafts fair. Building on the notoriety of the festival, year-round lodging and recreation packages like guided ATV tours are now offered in the area. In 2000, the festival was altered to encompass five smaller festivals held between May and August.
CASE STUDY

Chequamegon Fat Tire Festival

Festival, Non-Motorized Vehicles

This mountain biking event held in Cable and Hayward, Wisconsin, began in 1983 as a race with just 27 riders. Today the Fat Tire Festival includes several races with a management-established maximum of 2,500 riders, as well as a number of other family-oriented events during a three-day period. Registration for racers is in such demand that management has allotted the space to participants by a lottery of entries. The Fat Tire Festival attributes much of its early promotional success to the mailing of a pre- and post-race tabloid newspaper, “Fat Tracks.” The race itself uses portions of the Birkebeiner (or “Birkie”) Trail, as well as other logging and fire roads, and is a linear race rather than a circuit, taking participants from Cable to Hayward.

(Continued on next page)

A local economy’s ability to avoid leakage is described by economic multipliers. A multiplier calculates the additional economic activity induced by a new economic event in terms of wages, jobs, or output. For example, if the employment multiplier for the hotel sector in a given county is 1.75, the opening of a new hotel with 100 net new employees will result in the creation of 75 additional jobs elsewhere in the county. Similarly, if the total annual payroll of the hotel is $1.0 million and the county’s wages multiplier is 1.5, the new jobs induced by the hotel will total $1.5 million in annual wages.

To help explain how economic impact works, the following diagram outlines the various “rounds” of spending that will result from trail-related activity. Imagine tourism as a pitcher of water and your local economy as a pyramid of glasses. As tourist dollars pour into local businesses in your economy, these businesses must, in turn, buy more supplies and hire more employees. These suppliers and employees then spend money at other local businesses, thus inducing further impacts. Some dollars will be leaked from the economy during each step in the process. The challenge of economic development is to minimize the leakage.
Methodological Issues to Consider

Economic impact analysis is a simple tool and its results can provide potent arguments for or against a project. However, it is also easily misused. Assumptions underlying an economic impact analysis must be made carefully, to withstand public scrutiny. Key methodological issues include the following:

- **Identify a reasonable area of interest.** The U.S. Bureau of Economic Analysis (BEA) only determines multipliers for counties, and not for cities or towns. Communities that adapt county figures for local use often misstate the benefits.

- **Establish reasonable cause and effect relationships.** Economic impact from a new trail results when one of two things occurs: 1) when no comparable recreation experience previously existed in the study area; and 2) when users spend money where there were previously no opportunities to spend. New users and new businesses would not have arrived but for the construction of a new trail.

- **Distinguish total spending from net new spending.** For example, if snowmobile sales increase in the winter following the construction of a trail, how much is due to the trail and how much is simply due to a vibrant economy or above-average snowfalls?

- **Account for one-time expenditures.** One-time expenditures, such as the money spent building the trail, also generate economic benefits.

Modeling the Costs and Benefits of Trail Programs

The final step in measuring the potential impacts associated with trail systems is to create an economic model. Small communities should seek help from economic development specialists (i.e., the Institute for Decision Making—see page 23 for contact information), as many technical issues must be considered. The analysis entails identifying and describing all costs and benefits associated with the trails program, using both quantitative and qualitative gauges. Considerations include:

- Projecting the number and origin of trail users. How many are visitors? How many are local residents?

- Inventorizing public support services and their capacity to accommodate the expected trail users, such as safety, sewer, water, rest rooms, streets, parking, etc.

Chequamegon Fat Tire Festival (Continued)

Events at the festival include a warm-up event, a Pasta Feast, product displays, awards presentations, and free family activities such as the Klunker Bike Toss and a Children’s Bicycle Rodeo. The festival fills the area’s hotel rooms and keeps people enjoying the trails and scenery of the Chequamegon National Forest all weekend. The race was modeled after the 7,500-participant American Birkebeiner, North America’s largest cross-country skiing race, and uses part of this course as its path. TREK, Telemark Resort, and several other local businesses sponsor the Fat Tire Festival. Members of the community, many of whom are with volunteer organizations (churches, schools, and clubs), staff the race. Participants and spectators mainly come from large cities in the region like Minneapolis/St. Paul, Madison, Milwaukee, and Chicago.
Determining whether private support services can be expanded too, such as guide service, hotel and motel rooms, restaurants, transportation, etc.

Estimating tourist spending for different types of visitors (daytripper vs. overnight) to calculate sales volume and estimating spending by resident trail users that but for the trail would accrue elsewhere

Benefits most commonly associated with trail-related spending are increased local incomes and employment. Tax revenues may also increase, providing tax relief to local residents if additional revenues exceed the costs of providing additional public services. Any increase in the demand for public services (for example, extra police or improved public rest rooms), is a cost of trail development, as are the costs of promoting the trail.

Beyond such quantifiable impacts, other impacts cannot be expressed in dollars and cents. The impacts of these non-quantifiable factors can be described qualitatively by using plus and minus signs, perhaps using the public participation process to explore relative significance. People may disagree about whether a consequence is positive or negative (one person’s thriving business district is another’s traffic jam), but the point is to think through consequences thoroughly in an open forum. Since community support is key to the trail program’s success, consensus about expected impacts is crucial to determine whether to proceed or revise the approach.

The final step is to choose and then apply economic multipliers. Small communities that wish to use economic impact techniques to measure trail systems’ impact on local revenues can adapt multipliers from existing national or regional studies to obtain a rough estimate; again, outside help on these complex analyses is desirable. If no multipliers are available, the relationship will probably fall within the range of 0.3 to 0.5.

In plain English, for every new dollar spent by trail users in your community (by tourists, or as avoided leakage) all local government entities will probably realize increased revenues totaling between 30 and 50 cents after the completion of all rounds of economic activity, and including all inter-government transactions. The more integrated the economy, the higher the multiplier will be, which favors urban over rural areas. Rural areas offering products entailing a great deal of local production labor (e.g., crafts) can also experience higher multipliers.
### SOURCES OF ASSISTANCE

**Federal Government**

**National Park Service**  
Rivers, Trails & Conservation Assistance Program  
www.ncrc.nps.gov/rtca  
Midwest Regional Office  
1709 Jackson Street  
Omaha, NE 68102-2571  
(402) 221-3350

**Federal Highway Administration - Iowa Division**  
www.fhwa.dot.gov/iadiv  
105 Sixth Street  
Ames, IA 50010  
(515) 233-7300

**State Government**

**Iowa Department of Transportation**  
Office of Systems Planning  
www.dot.state.ia.us  
800 Lincoln Way  
Ames, IA 50010  
(515) 239-1669

**Iowa Department of Natural Resources**  
Parks, Recreation and Preserves Division  
www.state.ia.us/government/dnr/organiza/ppd/parksdiv.htm  
Wallace State Office Building  
900 E. Grand Avenue  
Des Moines, IA 50319  
(515) 281-5814

**Iowa Department of Economic Development**  
Division of Tourism  
www.traveliowa.com  
200 E. Grand Avenue  
Des Moines, IA 50309  
(515) 242-4727

**Other Resources**

**American Council of Snowmobile Associations**  
www.snowmobileacsa.org  
271 Woodland Pass, Suite 216  
East Lansing, MI 48823  
(517) 351-4362

**American Discovery Trail Society**  
www.discoverytrail.org  
PO Box 20155  
Washington, DC 20041-2155  
(800) 663-2387

**American Hiking Society**  
www.americanhiking.org  
1422 Fenwick Lane  
Silver Spring, MD 20910  
(301) 565-6704

**American Motorcyclist Association**  
www.ama-cycle.org  
13515 Yarmouth Drive  
Pickerington, OH 43147  
(614) 856-1900

**American Trails**  
www.americantrails.org  
P.O. Box 11046  
Prescott, AZ 86304  
(520) 632-1140

**American Hiking Society**  
www.americanhiking.org  
1422 Fenwick Lane  
Silver Spring, MD 20910  
(301) 565-6704

**Institute for Decision Making**  
www.esd.uni.edu/idm  
University of Northern Iowa  
College of Business Administration  
The Curris Business Building, Suite 5  
Cedar Falls, IA 50614-0120  
(800) 782-9520

**League of American Bicyclists**  
www.bikeleague.org  
1612 K Street, N.W., Suite 401  
Washington, DC 20006  
(202) 822-1333

**National Off-Highway Vehicle Conservation Council**  
www.nohvcc.org  
4718 S. Taylor Drive  
Sheboygan, WI 53081  
(800) 348-6487

**Rails-to-Trails Conservancy**  
www.railtrails.org  
1100 17th Street, N.W., 10th Floor  
Washington, DC 20036  
(202) 331-9696

**The Trust for Public Land**  
Midwest Regional Office  
www.tpl.org/tpl/nearu/mwro/index.html  
420 N. Fifth Street, Suite 865  
Minneapolis, MN 55401  
(612) 338-8494

continued on next page
Case Study Contacts

Cities and Towns

Black Hawk County Conservation Board
www.co.black-hawk.ia.us/depts/conservation
2410 W. Lone Tree Road
Cedar Falls, IA 50613
(319) 266-0328

Lanesboro Area Visitor Center
www.lanesboro.com
P.O. Box 348
Lanesboro, MN 55949
(800) 944-2670

Marthasville Chamber of Commerce
www.marthasville.org
P.O. Box 95
Marthasville, MO 63357
(636) 433-5242

Mid-America Regional Council (Kansas City)
www.marc.org
600 Broadway, 300 Rivergate Center
Kansas City, MO 64105-1554
(816) 474-4240

Rochester Area Economic Development, Inc.
www.rochestermn.com
220 S. Broadway, Suite 100
Rochester, MN 55904
(507) 288-0208

Sparta Area Chamber of Commerce
www.spartan.org
123 N. Water Street
Sparta, WI 54656
(800) 354-BIKE

Traverse City Convention & Visitor’s Bureau
www.tcvisitor.com
101 W. Grandview Parkway
Traverse City, MI 49684
(800) 940-1120

Businesses

Mrs. B’s Historic Lanesboro Inn
101 Parkway Avenue North
Lanesboro, MN 55949
(800) 657-4710

Out Spokin’ Adventures
www.outspokinadventures.com
409 N. Court Street
Sparta, WI 54656
(800) 4WE-BIKE

Scenic Cycles
www.scenic-cycles.com
P.O. Box 41, 203 Depot Street
Marthasville, MO 63357
(636) 433-2909

Festivals

Chequamegon Fat Tire Festival
www.cheqfattire.com
P.O. Box 267
Cable, WI 54821
(715) 798-3594

Silver Country ATV Festival
www.silver-country.com
P.O. Box 889
Wallace, ID 83873
(208) 753-1043

CREDITS AND NOTES

This handbook was prepared by Economics Research Associates (ERA) of Washington, DC, under a sub-contract to SRF Consulting Group, Inc. SRF is the lead consultant to the Iowa Department of Transportation’s Iowa Trails 2000 resource document. This handbook was designed to serve two purposes: 1) a companion piece to Iowa Trails 2000; and 2) a stand-alone guide to be used by communities throughout Iowa.

For further information about Iowa Trails 2000 or for additional copies of this handbook please contact:

Iowa Department of Transportation
Office of Systems Planning
www.dot.state.ia.us
800 Lincoln Way
Ames, IA 50010
(515) 239-1669

For any technical questions regarding issues discussed in this handbook, please contact:

Economics Research Associates
www.econres.com
1101 Connecticut Avenue, N.W., Suite 750
Washington, DC 20036
(202) 496-9870