
Rocky Reach Meeting Minutes

To: Distribution List
From: Michelle Smith
Date: June 5, 2000
Subject: Rocky Reach Social Sciences issues
Attendees: Refer to Sign-Up Sheet
Location: Chelan PUD Materials Management Conference Room, Wenatchee

Meeting Purpose

To provide working group members with an update of the socioeconomic study.

Socioeconomic Study Update

Reed Hansen (McHugh and Associates) stated there are three components of the study. The first is evaluation of Project economics; the second is the impacts of Project operation on the economy and communities in the region and the third the evaluation of Project impacts on the city of Entiat and the school district. The primary areas being studied are agriculture, recreation, Alcoa, and Chelan PUD.

The 1998 Rocky Reach project costs are divided into the various components. The cost components consist of:

- 1) existing debt service
- 2) operating and maintenance of fish
- 3) maintenance – general
- 4) A&G (Administration and general)
- 5) Operating - general

The projected cost forecast are somewhat different, with the addition of relicensing debt service. The projections still indicate substantial costs associated with fish issues.

The second section of the study is the impacts of Project operation on local communities. To this point the emphasis has been on establishing a regional baseline on developing dollars and estimating any changes that may occur in Project operations as it influences industries and communities. The baseline is an extensive analysis of Chelan and Douglas counties, including population trends, employment income, characteristics of population, distribution of work force, evaluation of industries (export oriented producers vs. non export producers).

Another component of the second section deals with socioeconomic impacts. The regional analysis of the two counties will figure in the industries and communities most likely to be impacted directly or indirectly by the operation of Rocky Reach dam. Malaga is included in the study because Alcoa is directly influenced by the operation of the dam and it's contract with Chelan PUD. Reed (McHugh and Associates) pointed out there is a very distinct difference in personal income between the state and the two counties, mainly because the agriculture sector does not generate large incomes. Another major element of the regional baseline includes the energy and water dependent sectors. The amount of employment generated from Alcoa is very substantial, as well as the average income which provides a significant portion of Chelan counties economy.

Recreation/tourism provided by the reservoir is another major component of the study. Seven facilities were evaluated individually in terms of when they were established, the capacity and what they consist of. Those facilities are:

- 1) Rocky Reach Visitor Center/Fish viewing
- 2) Beebe Bridge Park
- 3) Entiat Park
- 4) Daroga State Park
- 5) Chelan Falls Park
- 6) Lincoln Rock State Park
- 7) Orondo Park

Recreation facility use was also evaluated using the historical records for each of the sites from 1978 – 1999. In 1999, the total number of visitors (all facilities combined) was just over \$1 million, with the Rocky Reach Visitor Center the largest. Overnight facilities and capacities were evaluated to determine total visitor counts. For purposes of evaluating regional and local impacts Reed looked at new money (money brought into the two counties associated with recreation/tourism). John Huselton (Entiat Focus Group) asked if any of Reed's study investigation mentioned the community park proposal at the mouth of the Entiat. Michelle (PUD) explained that preliminary Exhibit R plans included this area, but due to environmental considerations was left as a natural wildlife area. She continued by saying that this area will be looked at again through relicensing. Reed quoted a 1993 FERC approval stating that the area would remain within the Project boundary and available for wildlife habitat management. John (Entiat Focus Group) added that his main concern is that the use of the park was changed without any notification from FERC. Michelle (PUD) stated she would gather any information she can on this issue and provide it to the group at the next meeting.

Reed presented preliminary earnings from the various sectors (agriculture, industrial, and recreation). Final figures will be made available in the study report. Chelan PUD earnings were not presented because he is still waiting for the data. Reed mentioned the PUD earnings table would be a little different than the other areas because of the way it is owned & operated. Power is distributed under contractual arrangements and is basically valued on the basis of cost and the total output earnings will not work very well with the model that is being used for the other areas. He explained he will use an estimate of direct employment and earnings related to the Rocky Reach Project and then he can create total employment.

Changes in Project operations relating to industrial and socioeconomic impacts are another component of the study. It appears that irrigation would not be effected by a minor change in reservoir elevation. Aluminum would only be an issue through the contract arrangement with the PUD after relicensing. Recreation may have some minor requirements for improvements, however, it will continue to exist and grow as it has. The expectation for employment and earnings is that they will follow the patterns exhibited in the agricultural sector. The changes in Entiat appear to be poised for expansion and improved conditions.

The final section of the report addresses the impacts on the city of Entiat. This section will include a detailed evaluation of population/demographics, general economic conditions, projected related revenue sources, potential for developing and expanding new markets, analysis of historical impacts and fiscal impacts.

Reed mentioned the school district did lose a portion of its property tax base, however, the data suggests the losses relative to their total was not that great. He added the city lost a portion of its property base, but PUD payments into the city coffers was quite substantial and in 1959 a settlement reached \$412,000. John (Entiat Focus Group) commented that money was used in replacing broken water lines and other things due to dam construction and was an offset and not a gift to the city. Reed's preliminary conclusions indicate the school district had a struggle rebuilding the property base, but has had a high rate of growth in its property evaluation since 1970.

In conclusion, Reed mentioned he would begin phone interviews and if needed, conduct them in person. He anticipates a draft report will be ready at the beginning of August.

Entiat Park Survey and Recreation Use Assessment Update

Michelle distributed a summary of the Recreation use monitoring that occurred from June 1999 to September 2000. She mentioned that Debby Howe (Howe Consulting) is working on the data from the spring 2000 monitoring and will have a draft report out in August.

The Entiat Park surveys for Memorial Day weekend have been received. Bob (city of Entiat) indicated he has additional surveys and he will mail those to Michelle. Karen Whitehall (USFS) will also provide Michelle with the Forest Service surveys.

Next Meeting

August 14, 2000

Action Items

- Michelle Smith will investigate the south end of the Entiat Park issue.
- Bob Whitehall will mail Michelle Entiat Park surveys.
- Karen Whitehall will mail Michelle Forest Service surveys.

Reference materials are posted on the web site, www.chelanpud.org/relicence. Please contact Rosana Sokolowski, (888) 663-8121, Extension 4290, if hard copies are required.

- Recreation Use Assessment 1999 Monitoring Summary
- Sign-up Sheet
- Distribution List