



***Benefit-Cost and Regulatory Flexibility Analyses:
East Shore Trail at Rocky Mountain National Park***

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Introduction

This report presents the benefit-cost and regulatory flexibility analyses of a proposed regulatory action to allow bicycle use on a two mile section of the East Shore Trail in Rocky Mountain National Park pursuant to the East Shore Trail Environmental Assessment (NPS 2014). Quantitative analyses were not conducted due to a lack of available data, and because the additional cost of conducting quantitative analyses was not considered to be reasonably related to the expected increase in the quantity and/or quality of relevant information. Nevertheless, the National Park Service (NPS) believes that these analyses provide an adequate assessment of all relevant costs and benefits associated with the regulatory action.

The results of the benefit-cost analysis indicate that any negligible costs of the proposed regulatory action are justified by the associated benefits. Additionally, this proposed regulatory action will not have an annual economic effect of \$100 million, and will not adversely affect an economic sector, productivity, jobs, the environment, or other units of government. This proposed regulatory action will maximize the opportunity for sustained use of the northern two miles of the East Shore Trail within the park without causing harm to affected resources or conflicts among users.

The results of the regulatory flexibility analysis indicate no adverse impacts for any sector of the economy or unit of government, including small entities. Given those findings, the proposed regulatory action will not impose a significant economic impact on a substantial number of small entities.

Benefit-Cost Analysis

Background

The East Shore Trail is an existing hiking and stock trail that runs roughly north/south along the east shore of Shadow Mountain Lake near the town of Grand Lake, Colorado. The northern terminus of the trail is the East Shore Trailhead, located south of the town of Grand Lake. The entire trail is 6.2 miles long and ends at the south boundary of the park. The East Shore Trailhead and the first 0.7 miles of the trail are on land administered by the U.S. Forest Service as part of the Arapaho National Recreation Area. Bicycle use is currently permitted on the section of the trail administered by the U.S. Forest Service. The remaining 5.5 miles of the East Shore Trail is within Rocky Mountain National Park. Hiking and fishing access to the lake are allowed along the trail. Within the study area, livestock (horses, mules, and llamas) are permitted on the north 0.9 mile.

Wilderness designation for Rocky Mountain National Park occurred in April 2009 under the Omnibus Public Lands Management Act of 2009 (Public Law 111-11). The wilderness legislation excluded the East Shore Trail Area from wilderness to "maximize the opportunity for sustained use of the trail without causing harm to affected resources

or conflicts among users” (Public Law 111-11). Consideration of bicycle use on the East Shore Trail was part of the legislation.

Public Law 111-11 required the National Park Service to identify an alignment for the East Shore Trail within one year of the signing of the act in order to establish the official wilderness boundary. The alignment line was submitted to the Secretary of the Interior in 2010, and for the most part follows the existing trail. To allow for bicycle use, some sections would need to be re-routed for public safety, to avoid sensitive natural and cultural resources, and to provide sustainability.

Grand County and local stakeholder groups have been long-time proponents of improvements to the East Shore Trail to allow bicycle use. The Headwaters Trails Alliance has been the primary proponent for bicycle use on the East Shore Trail.

Statement of Need for the Proposed Plan

Executive Order 12866 (58 FR 51735) directs Federal agencies to demonstrate the need for the regulations they promulgate. In general, regulations should be promulgated only when a “market failure” exists that cannot be resolved effectively through other means. A market failure exists when private markets fail to allocate resources in an economically efficient manner. Other justifications for promulgating regulations include improving governmental functions, removing distributional inequities, and promoting privacy and personal freedom (OMB 2003).

The purpose of this proposed regulatory action is to amend special regulations for Rocky Mountain National Park to allow bicycle use on the northern two miles of the East Shore Trail in the park. The two mile section extends north from the Shadow Mountain Dam to the park boundary. In order to address a legislated mandate (Public Law 111-11), this project would maximize the opportunity for sustained use of the northern two miles of the East Shore Trail within the park without causing harm to affected resources or conflicts among users. Therefore, the result of this action will improve economic efficiency.

Alternatives Considered in the Analysis

The EA examined two alternatives for managing the East Shore Trail. Alternative A (no action) describes the continuation of existing management where pedestrian use would continue to be allowed along the entire two-mile section of the trail and livestock use would continue to be allowed on the north 0.9 mile of the trail. The use of bicycles would not be permitted anywhere on the trail within the park. Alternative B proposes minor improvements to the two-mile portion of the East Shore Trail within the national park to accommodate bicycle use and other existing trail uses. The proposed improvements include construction of a reroute of the trail (approximately 1,200 to 1,500 feet in length) for the purpose of improving public safety, trail sustainability, and to avoid impacts to natural and cultural resources. A number of management strategies are included in this

alternative to avoid conflicts among users. Complete descriptions of both alternatives can be found in the East Shore Trail Environmental Assessment (NPS 2014).

Baseline Conditions

The costs and benefits of a regulatory action are measured with respect to its baseline conditions. Guidance from Office of Management and Budget (OMB) for a regulatory analysis suggests that the baseline should represent the agency's best assessment of the way the world would look absent the proposed action (OMB 2003). Therefore, all costs and benefits that are included in this analysis are incremental to the baseline conditions. That is, any future impacts that would occur without the proposed action, as well as any past impacts that have already occurred, are not included in this analysis.

For this regulatory action, the baseline conditions are described as Alternative A – the No-Action Alternative in the East Shore Trail Environmental Assessment (NPS 2014). Under baseline conditions, the trail currently has several different user groups including hikers and anglers who use the trail to access the shoreline of Shadow Mountain Lake. There is light stock use and the Continental Divide National Scenic Trail also shares the East Shore Trail for 0.9 miles within the study area. Based off data collected by the park on the East Shore Trail, the highest level of daily use recorded under baseline conditions is 60 people and the average use is less than 20 people per day which is a low level of use compared to many other trails in the park (NPS 2014). The number of reported conflicts and infractions identified by park rangers on the trail is low under baseline conditions (NPS 2014).

Benefits and Costs

This section describes the expected benefits and costs associated with the proposed regulation (Alternative B) compared to the current baseline conditions. Quantitative analyses were not conducted due to lack of available data, and because the additional cost of conducting quantitative analyses was not considered to be reasonably related to the expected increase in the quantity and/or quality of relevant information. Nevertheless, NPS believes this approach provides an appropriate means to characterize the relevant benefits and costs associated with this proposed regulatory action.

The proposed rule would authorize bicycle use on a two-mile segment of the East Shore Trail within the park. Benefits would be generated from the continuation of current recreation opportunities provided by the East Shore Trail, similar to baseline conditions with the additional opportunity for mountain biking. While an exact increase in use is not known, park managers predict that bicycle use on the East Shore Trail would be low given the minimal distance where bicycles would be permitted and the fact that the trail would not connect Grand Lake to a significant destination.

The presence of bikes could result in adverse impacts on the experience of other users. However, average trail use under baseline conditions is less than 20 people per day and predicted bicycle use is also low. Additionally, adaptive management measures to reduce

adverse impacts would be implemented if impacts reached thresholds identified in the East Shore Trail Environmental Assessment (NPS 2014). Trail realignment and causeway construction projects would create short-term negative effects from construction activities, and long-term minor benefits to visitor experience from trail improvements for all users. Therefore, actions associated with the proposed rule would make a small beneficial contribution to the cumulative impacts on visitor use and experience at East Shore Trail as compared to baseline conditions.

Costs associated with trail re-alignment would be paid by the Headwaters Trails Alliance and other local groups supporting the use of bicycles on the East Shore Trail. The NPS would provide project oversight. The total cost of trail improvements is estimated at less than \$100,000.

This action will not impose any additional fees, restrictions, or other management measures that would increase costs to local businesses or communities. Since this action will generate slight positive benefits to East Shore Trail users and no anticipated costs for other visitors, the NPS concludes that net benefits of the proposed rule will be positive.

Uncertainty

The number of new visitors to the East Shore Trail and the marginal change in value experienced by current trail visitors resulting from the proposed regulatory action is unknown. Therefore, the total benefits generated by this action cannot be estimated. Nevertheless, positive benefits are anticipated be generated as illustrated in the discussion above. Any uncertainty involved in this analysis is associated only with the magnitude of those benefits. NPS is not aware of any other sources of uncertainty.

Conclusions

The results of this benefit-cost analysis indicate that positive net benefits will likely be generated by implementing the proposed regulatory action. Given that, NPS concludes that the benefits associated with the proposed regulatory action justify any associated costs. Further, this proposed regulatory action is not expected to have an annual economic effect of \$100 million, or to adversely affect an economic sector, productivity, jobs, or other units of government. This proposed regulatory action will improve economic efficiency by maximizing the opportunities for sustained use of the northern two miles of the East Shore Trail within the park without causing harm to affected resources or conflicts among users.

Regulatory Flexibility Analysis

The Regulatory Flexibility Act, as amended, requires agencies to analyze impacts of regulatory actions on small entities (businesses, nonprofit organizations, and

governments), and to consider alternatives that minimize such impacts while achieving regulatory objectives (Small Business Administration 2012). Agencies must first conduct a threshold analysis to determine whether regulatory actions are expected to have a significant economic impact on a substantial number of small entities. If the threshold analysis indicates a significant economic impact on a substantial number of small entities, an initial regulatory flexibility analysis must be produced and made available for public review and comment along with the proposed regulatory action. A final regulatory flexibility analysis that considers public comments must then be produced and made publicly available with the final regulatory action. Agencies must publish a certification of no significant impact on a substantial number of small entities if the threshold analysis does not indicate such impacts.

This threshold analysis relies on the associated benefit-cost analysis, which concludes that this proposed regulatory action to allow bicycle use on a two mile section of the East Shore Trail in Rocky Mountain National Park will generate positive net benefits. In addition, this action will not impose restrictions on small businesses, governments, or non-profit organizations in the form of fees, training, record keeping, or other measures that would increase costs. Rather, this action could increase park visitation and thereby generate benefits for businesses, including small entities, through increased visitor spending. Given those findings, this proposed regulatory action will not impose a significant economic impact on a substantial number of small entities.

References

- National Park Service. 2014. East Shore Trail Environmental Assessment. National Park Service, U.S. Department of the Interior.
- Office of Management and Budget. 2003. Circular A-4: guidance for developing regulatory analyses. September 17, 2003.
- Small Business Administration. 2012. "A Guide for Government Agencies: How to Comply with the Regulatory Flexibility Act." May 2012.