

**National Park Service
U.S. Department of the Interior**



***Cost-Benefit and Regulatory Flexibility Threshold Analyses:
Proposed Rule to Designate a New Trail Connection for Bicycle
Use at Saint Croix National Scenic Riverway***

National Park Service

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Introduction

This report presents the cost-benefit analysis and regulatory flexibility threshold analysis of the proposed rule to amend the special regulations for St. Croix National Scenic Riverway (the Riverway) to allow bicycle use on a 0.25-mile connector trail across National Park Service (NPS) land near Cable, Wisconsin. The new trail would provide direct access to the Riverway and new recreational opportunities within the Riverway and on the Chequamegon Area Mountain Bike Association (CAMBA) trail network in Bayfield County, Wisconsin. The NPS believes that these analyses provide an adequate assessment of all relevant costs and benefits associated with the proposed rule.

The results of the cost-benefit analysis indicate that the costs of the proposed rule are justified by the associated benefits. Additionally, this proposed rule would not have an annual economic effect of \$100 million, and would not adversely affect an economic sector, productivity, jobs, the environment, or other units of government. This proposed rule would improve visitor access and safety while protecting the fundamental resources and values of the Riverway.

The results of the regulatory flexibility threshold analysis indicate no adverse impacts for any sector of the economy or unit of government, including small entities. Given those findings, the NPS certifies that the proposed rule would not impose a significant economic impact on a substantial number of small entities. Therefore, an initial regulatory flexibility analysis is not required.

Cost-Benefit Analysis

Background

Administered by the NPS, the Riverway is located in northwest Wisconsin and eastern Minnesota. Relatively free-flowing and unpolluted, the Namekagon and St. Croix Rivers flow through some of the most scenic and least developed country in the Upper Midwest. In 1968, Congress established the St. Croix National Scenic Riverway, a 230-mile long park that includes the Namekagon River, as one of the original eight rivers protected under the national Wild and Scenic Rivers Act. In 1972, the Lower St. Croix National Scenic Riverway was added to the National Wild and Scenic Rivers System. Together, these areas form the Riverway. The Riverway offers exceptional recreational opportunities for visitors to paddle, boat, camp, hike, fish, explore, and find solitude in a natural setting close to the major metropolitan area of Minneapolis-Saint Paul. The NPS and state partners work with local communities to maintain the aquatic, cultural, recreational, riparian, scenic-aesthetic, and geologic values of the rivers for the benefit and enjoyment of more than 600,000 visitors annually.

The NPS proposes to construct a 0.25-mile connector trail through the Riverway near Cable, Wisconsin. The trail would be designed for hiking, trail running, and bicycle and electric bicycle (e-bike) use, and silent sports in the winter such as fat-tire bicycling, snowshoeing, and cross-country skiing. The trail would provide a critical link to adjoining trails and would serve an important role providing connectivity for several local trail running and biking events that start or finish in the Cable area.

On September 22, 2020, the NPS published the Cable Connector Trail Environmental Assessment (EA). The EA describes one action alternative (the preferred alternative) and the no-action alternative. Under the preferred alternative, the NPS would construct the 0.25 mile Cable Connector Trail to accommodate bicycle use. The EA, which contains a full description of the purpose and need for taking action, the alternatives considered, a map of the affected area, and the environmental impacts associated with the project, may be viewed on the Riverway's planning website at <https://parkplanning.nps.gov/sacn> by clicking the link entitled "Cable Connector Trail" and then clicking the link entitled "Document List."

The proposed rule would implement the preferred alternative in the EA and authorize the Superintendent to designate the new Cable Connector Trail for traditional bicycle use. This action would comply with NPS regulations 36 CFR 4.30, which require a special regulation to designate new bicycle trails that require construction activities off park roads and outside of developed areas. The proposed rule would add a new paragraph (g) to 36 CFR 7.9, which contains the special regulations for the Riverway.

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. A significant cause of market failure is an "externality," which occurs when the actions of one individual impose uncompensated impacts on others. Connectivity in and near the Riverway is an important component of the park purpose to provide access and opportunities for the benefit and enjoyment of visitors. Approximately 15 river miles south of the northernmost section of the park (the Namekagon Dam Landing area), there is a local trail system near the Town of Cable where connectivity between the Riverway and other public lands and trails has been disrupted due to private landowner decisions.

The purpose of the proposed regulatory action is to create a new 0.25-mile connector trail and open it for multiple uses, including biking, hiking, trail running, and silent winter sports. This action responds to a specific need identified by the NPS and local partners to create a link across public land to provide direct access to the Riverway and new recreational opportunities within the Riverway and on the CAMBA trail network in Bayfield County. This connection to the local trail system would facilitate use of the trail system in the Riverway and on adjacent lands, and promote the health and well-being of visitors to the Riverway.

Alternatives Considered in the Current Analysis

NPS Preferred Alternative

As summarized in the EA (NPS, 2020), the NPS preferred alternative (alternative 2) proposes to create a new 0.25-mile natural surface, multi-use trail connection from the end of a segment of CAMBA's Wild River Trail on a former railroad grade near the Town of Cable, Wisconsin connecting to Parker Road. A multi-use, natural surface trail would be constructed for hiking,

biking (including road, mountain, and e-bikes), and trail running during the spring, summer and fall; and during winter months, fat-tire bicycling, snowshoeing, and possibly cross country skiing. No equestrian or other motorized uses would be permitted, except for authorized vehicles used for trail maintenance, emergency services and NPS-permitted special events. The trail would provide a critical link to adjoining trails and would serve an important role providing connectivity for several local trail running and biking events that start or finish in the Cable area.

Other Alternatives Considered

A no-action alternative (alternative 1) is required by the National Environmental Policy Act for the purposes of providing comparison to alternatives considered. Under the no-action alternative, the NPS would maintain the current conditions at the park (NPS, 2020). No new trails or facilities would be developed on federal lands in the project area under the no-action alternative. Visitors would continue to access public lands but would not have the opportunity to connect to other trails in this location. Bicycle use would remain prohibited on all park trails under the no-action alternative.

Baseline Conditions

The costs and benefits of a regulatory action are measured with respect to its baseline conditions. Guidance from the 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 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 in alternative 1, the No-Action Alternative, in the EA (NPS, 2020). Under alternative 1, the NPS would maintain the current conditions at the park. No new trails or facilities would be developed on federal lands in the project area and bicycle use would remain prohibited on all park trails under the no-action alternative. Visitors would continue to access public lands but would not have the opportunity to connect to other trails in this location.

Benefits and Costs

Benefits to Visitor Use and Experience

The purpose of the proposed rule is to create a new 0.25-mile connector trail and open it for multiple uses, including biking, hiking, trail running, and silent winter sports. The trail would provide a critical link to adjoining trails and would serve an important role providing connectivity for use of the trail system in the Riverway and on adjacent lands. Currently, bicycle use is prohibited on existing park trails. Under the proposed rule, bicycle use would be allowed on the new connector trail. No additional roads or trails in the park would be designated for bicycle use.

As summarized in the EA (NPS, 2020), the proposed regulation would have beneficial impacts to visitor use and experience by providing connectivity to other trails in the area and providing additional opportunities for recreation. The impact would be small but beneficial in the context of extensive multi-use trails in the vicinity of Cable. Owing to its location and the connection it would provide, the connector trail segment would re-establish a hiking and mountain biking connection in an area that previously had public use and also provide for a new type of visitor opportunity (biking) in the park, albeit on a relatively small segment. The connector trail would be designed as a safe, sustainable route that would be maintained by local community non-profit organizations for the recreational and health benefits of local residents and visitors. The trail would also provide a shorter connection for visitors to cross the Namekagon River and provide opportunities to view the river, wildlife, and scenery along the river. Based on other use in the Riverway and nearby trail networks, it is likely that the trail would be used in all four seasons by pedestrians and bicyclists. The new connector trail would enhance the visitor experience and may slightly increase park visitation.

The appropriate measure of benefits to characterize changes in recreational opportunities (and other goods and services that do not have a market price) is *consumer surplus*,¹ which can be measured through *benefit transfer*. This approach, summarized in OMB (2003), uses existing benefit estimates from previously conducted site-specific studies in new contexts. Based on a review of the existing literature, only one study, Siderelis and Moore (1995), has estimated the consumer surplus value associated with biking in the Midwest region of the U.S. specifically. Siderelis and Moore (1995) estimate the value of leisure biking at \$43 per visitor-day in 2020 dollars. Mountain biking tends to generate higher consumer surplus values than leisure biking. Although no existing studies have valued mountain biking opportunities in the Midwest specifically, studies focused on similar trail networks in the Southeast have estimated consumer surplus values for mountain biking averaging around \$74 per visitor day in 2020 dollars (Bowker et al., 2002; Siderelis et al., 2010). Based on these estimates, for new visitors that come to the Riverway because of the new trail segment and new recreational use, one additional visitor-day of biking is expected to generate between \$43 and \$74 in consumer surplus benefits.

Current visitors, on the other hand, could experience a marginal increase in consumer surplus if they have an enhanced quality of the visitor experience due to the new trail connection. For instance, visitors who currently hike on the existing trails in the park may experience an increase in consumer surplus from being able to access a new entry point into the park and connect to a larger network of trails, both in the park and throughout the CAMBA trail network.

To quantify the benefits generated by the proposed rule, the resulting number of new visitors and the marginal increase in value experienced by current visitors would have to be estimated. However, the information required to estimate those factors is not available, and the NPS was not able to estimate the total consumer surplus generated by this proposed rule. Nevertheless, due to an expected increase in visitation and improved visitor experience, positive benefits would be generated by this proposed rule.

¹ Consumer surplus, also called net economic value, is the amount an individual is willing to pay for a recreation experience above and beyond any costs actually paid.

Costs

For the proposed rule, the estimated construction costs and annual operating and maintenance costs are summarized in the EA (NPS, 2020). Construction would be undertaken by CAMBA, the local mountain biking and cycling advocacy organization, a 501(c)(3) non-profit organization. Construction costs are estimated at \$5,500 with considerable in-kind labor and equipment donations anticipated. The cost estimate, provided by CAMBA based on prior trail construction experience, includes assumptions to account for uncertainties including a 10% contingency cost of \$500. Construction funding would be provided by CAMBA and local donors.

Reported annual NPS operating and maintenance costs total \$550 including a 10% contingency cost (NPS 2020). Funding for maintenance of the trail would be the responsibility of CAMBA with support from community volunteer groups. Therefore, overall costs incurred by the NPS are expected to be negligible.

User conflict between hikers and bicyclists is not expected given the wide (4-foot) width of the proposed trail segment, and the fact that no additional trails in the park would be open to biking. Riverway visitors using the Namekagon River for paddling, fishing, and nature viewing or similar activities are likely to occasionally hear and see visitors who are using the proposed trail if they cross the former railroad bridge (approximately one-tenth of a mile northeast of the west end of the proposed trail). This interaction could be viewed as positive or negative depending on the individual user, but in either case, it is within the range of expectations and ongoing visitor use and experience at the Riverway. Similarly, more visitors may traverse Parker Road (approximately two-tenths of a mile northeast of the east end of the proposed trail) if the proposed trail is built, creating a small increase in visitor interactions. In addition, this proposed rule does not involve fees, or additional measures that would increase costs to visitors, businesses, or local communities.

Summary of Benefits and Costs

The results of this cost-benefit analysis indicate that there would be positive benefits generated by the slight increase in park visitation and enhanced visitor experience expected from the proposed 0.25-mile connector trail. In addition, there would be negligible costs associated with construction and maintenance of the trail segment. As a result, the NPS concludes that the proposed rule would generate positive net benefits.

Uncertainty

The number of new visitors and the marginal increase in value experienced by current visitors resulting from the proposed rule is not known with certainty. The total benefits generated by this proposed rule were estimated with the best available data. Results indicate that positive net benefits would be generated, as illustrated in the cost-benefit analysis 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.

Conclusion

The results of this cost-benefit analysis indicate that positive net benefits would likely be generated by promulgation of the proposed rule. Given that, NPS concludes that the benefits associated with the proposed rule justify the associated costs. Further, this proposed rule is not expected to have an annual economic effect of \$100 million, or to adversely affect an economic sector, productivity, jobs, the environment, or other units of government. This proposed rule would improve economic efficiency.

Regulatory Flexibility Threshold 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 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 cost-benefit analysis, which concludes that this proposed rule would generate positive benefits and no costs to visitors, businesses, or local communities. In addition, this proposed rule would not impose restrictions on local businesses in the form of fees, training, record keeping, or other measures that would increase costs. Rather, this proposed rule could reasonably increase park visitation and thereby generate benefits for businesses, including small entities, through increased visitor spending. Given those findings, the NPS certifies that, if made final, this proposed rule would not impose a significant economic impact on a substantial number of small entities. Therefore, an initial regulatory flexibility analysis is not required.

References

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