



Economic Contribution of the Long Lake Conservation Center

Authored by Brigid Tuck, January 2021

The Long Lake Conservation Center (LLCC) is located in the heart of Aitkin County. Its mission is to encourage the exploration, conservation, education, and appreciation of nature. An Aitkin County park, the LLCC offers a variety of nature-related educational activities. A cornerstone is Long Lake Field Study, an overnight, immersion experience for school students. Other offerings include week long summer programs, adult programs, facility rentals, and community workshops.



Visitors and program participants learn about the unique nature and geography of Aitkin County - helping youth and adults understand the role of nature in the county.

COVID-19, which challenged many components of our educational, social, and economic structures, also challenged the Long Lake Conservation Center, essentially shuttering it since the beginning of the pandemic. As LLCC and Aitkin County leaders envision the future of the center, understanding the economic impact of the center can help in discussions.

Communities often face a sudden and unanticipated change in their local economy. In these situations, community leaders often need to make quick but important decisions about how to react. University of Minnesota Extension's economic emergency program provides community leaders with information to assist in making decisions regarding the community's future.

Summary of Findings

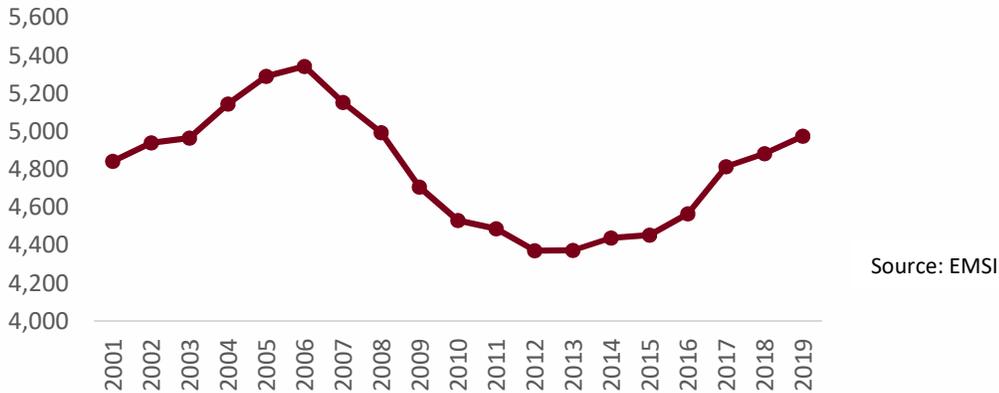
In 2019, the Long Lake Conservation Center contributed an estimated \$1.1 million in economic activity to Aitkin County's economy. Directly, the LLCC spent \$759,734 to operate. These operations led to \$389,000 of economic activity at other businesses in the county. Businesses that benefited most directly from the LLCC include real estate, hospitals, and restaurants and bars. As part of the impact, the LLCC provided an estimated \$605,548 in labor income to residents of Aitkin County. The facility supported 25 jobs.

Most of the operational budget of the Long Lake Conservation Center comes from programming revenues - fees from school groups, private rentals, and income from community programming. In 2019, the revenues of the LLCC fell short of expenditures by slightly more than \$21,000. Aitkin County covered the shortfall. For every dollar invested by Aitkin County, there was \$54.50 of economic activity generated in the county.

The Role of Recreation and Entertainment in Aitkin County's Economy

In 2019, Aitkin County had nearly 5,000 jobs. Aitkin County's economy appears to have largely followed the state and national economy during the 2000s (Chart 1). The county saw steady growth in jobs between 2001 and 2006. The county lost jobs during the Great Recession. However, by 2013, the county was adding jobs. Up until COVID-19, job growth was headed in a positive direction.

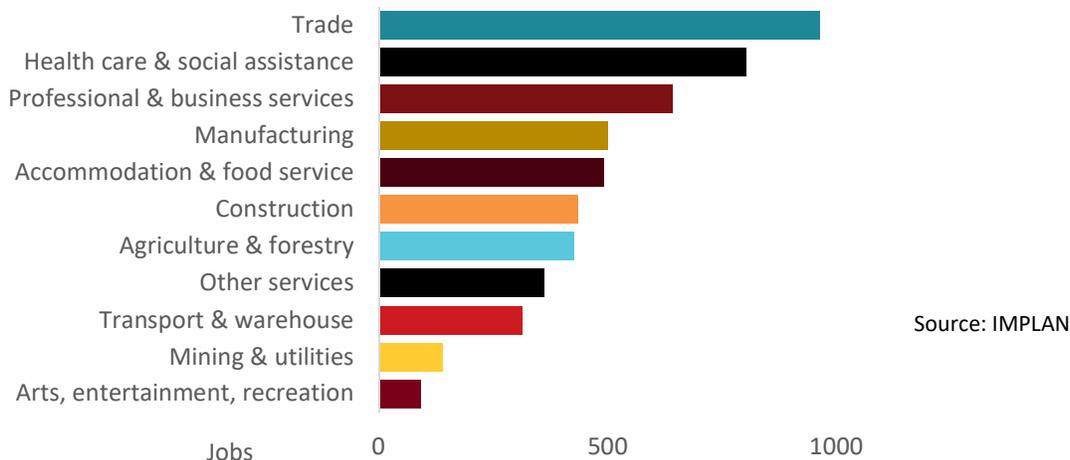
Chart 1: Total Number of Jobs, Aitkin County, 2001-2019



The mix of jobs in Aitkin County may help explain the growth pattern. Health care and social assistance was one of the largest employers in the county, with 804 jobs (Chart 2). This industry was the fastest growing industry in Minnesota following the Great Recession and jobs grew by 20 percent in the county in the period. Other major industries include trade and professional and business services.

Given Aitkin County's location on Lake Mille Lacs and with its forest land and smaller lakes, it is not surprising the county is an outdoor destination for Minnesotans. The jobs in the accommodation and food services industry reflects the economic activity driven by tourism.

Chart 2: Employment by Industry, Aitkin County



Aitkin County, however, has relatively few jobs in the recreation, arts, and entertainment industry. This may be a function of the data set – the data commonly used to measure jobs in Minnesota only includes businesses that must provide unemployment insurance. Small businesses, such as a single person offering fishing guide services, may not be reflected in the data.

Either way, it appears Aitkin County has room to provide more recreation and entertainment opportunities for visitors and residents. Long Lake Conservation Center appears to be one clear opportunity. In addition, the types of visitors attracted to Aitkin County are likely outdoor enthusiasts, matching the same demographic market as the LLCC.

Economic Impact of the Long Lake Conservation Center

Economic impact is comprised of direct, indirect, and induced effects. Direct effects are the initial activity generated in an economy. In this analysis, the direct effect is spending by the Long Lake Conservation Center to operate. To quantify the direct effect, LLCC provided Extension with its 2019 operational expenses.

Indirect and induced effects are the multiplier or ripple effects generated by the direct spending. Indirect effects are those tied to the supply chain. When Long Lake Conservation Center purchases supplies such as electricity, advertising, and insurance, this spurs the suppliers of those items to produce more, triggering activity on those supply chains. Induced effects are those tied to spending by households derived from income earned by workers. When LLCC pays its employees, they use their paychecks to purchase groceries and pay rent, for example.

Extension used the input-output model IMPLAN to calculate the indirect and induced effects in this analysis. Input-output models quantify the flow of goods and services within an economy. Once the flows are established, the model can estimate how a change in one area of the economy will affect other areas.

In 2019, the Long Lake Conservation Center contributed an estimated \$1.1 million in economic activity to Aitkin County’s economy. Directly, the LLCC spent \$759,734 to operate –income from school groups and private rentals matched the vast majority (75 percent) of this expense. From an economics perspective, the income from schools and private rentals is valuable because, by and large, it represents new money in the economy. In other words, much of the economic impact of the LLCC is driven by outside spending that likely would not occur, if not for the LLCC.

Table 1: Economic Impact of Long Lake Conservation Center, Aitkin County

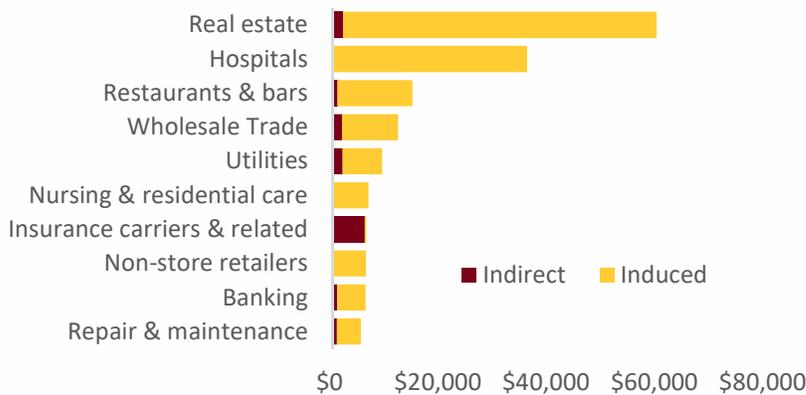
	Direct At LLCC	Indirect Business- Business	Induced Consumer- Business	Total
Output	\$759,734	\$196,030	\$192,970	\$1,148,734
Employment	21	2	2	25
Labor Income	\$504,308	\$51,334	\$49,906	\$605,548

Estimates by the Extension Center for Community Vitality

As part of its \$1.1 million impact, the LLCC provided an estimated \$605,548 in labor income to residents of Aitkin County. Many economists argue this labor income – or money into the pocket of Aitkin County residents – is the most important metric for local stakeholders to factor into decisions.

While Long Lake Conservation Center spent \$759,734 to operate, that spending spurred an estimated \$389,000 in economic activity at other businesses in the county. The industries most affected by LLCC include real estate, hospitals, and restaurants and bars (Chart 3). Induced effects are high in real estate as this industry includes mortgage payments and rents, which is a primary expenditure for households.

Chart 3: Top Ten Industries Affected by Long Lake Conservation Center, Aitkin County



Aitkin County contributes to the operations of the LLCC and the park itself. In 2019, the revenues of the LLCC fell short of expenditures by slightly more than \$21,000. Aitkin County covered the shortfall. For every dollar invested by Aitkin County, there was \$54.50 of economic activity generated in the county. The county also invests \$75,000 in the maintenance budget. This is money that would likely be invested even if the LLCC did not operate on the property, since it would remain a county park that requires annual maintenance. If you include the maintenance cost figure, then for every dollar invested by Aitkin County, there is \$12 of economic activity created in the economy.

Notes on the Analysis

This analysis focuses on the economic impact of LLCC operational expenditures. By default, this means it does not account for tourism dollars that might be drawn into Aitkin County by visitors. In particular, private rentals draw people to the center who then spend additional money in the county. These dollars are not accounted for here.

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About University Centers

University of Minnesota Extension prepared this report in partnership with the Economic Development Administration (EDA) Center at the University of Minnesota. The EDA Center at University of Minnesota is part of the University Center network. University Centers have the mission of connecting University resources with the economic development community. The U.S. Economic Development Administration, a bureau of the U.S. Department of Commerce, funds the centers.