

Perceptions of Destination Resort Impacts in Deschutes County

**Prepared By:
University of Oregon
Community Planning Workshop**

Community Service Center
University of Oregon
1209 University of Oregon
Eugene, Oregon 97403-1209

October 2010



Table of Contents

Section I: Introduction and Methods	1
Methods	1
Organization of this report	2
Section II: Summary of Focus Group Meetings	3
Destination Resort Impacts Identified by Focus Group Participants	3
Tax Revenues	4
Water Issues	4
Jobs	4
Community separation.....	5
Economic multiplier effect.....	5
Impacts on fish and wildlife habitats:	5
Costs for mitigation of habitat impacts	5
Information Needs Identified by Focus Group Participants	6
Recommendations from Focus Group Participants	7
Recommendations from environmental group representatives	7
Recommendation from resort industry representatives	7
Section IV: Summary of Expert Interviews	9
Ed Whitelaw and Bryce Ward	9
Joe Bessman	10
Roger Lee	11
Mark Smuland	12
Richard Shaw	13
Section IV: Conclusions and Recommendations	15
Conclusions	15
Stakeholder perceptions.....	15
Lack of credible information.....	16
Lack of baseline data	16
More research won't necessarily settle the debate	17
Recommendations	18
Appendix A: Focus Group Summary Reports	20
Environmental Groups and Agencies Focus Groups	20
Background	20
Pros & Cons	20
Key Impacts of Destination Resorts.....	21
Economic Impacts	22
Environmental Impacts.....	22
Social Impacts.....	22
Summary of Key Impacts.....	24
Next Steps Discussion	25
Conclusions	26
Tourism, Resort Industry, and Agency Focus Groups	27
Background	27
Pros & Cons	27
Key Impacts of Destination Resorts.....	28
Economic Impacts	29
Environmental Impacts.....	29

Social Impacts	29
Summary of Key Impacts	31
Next Steps Discussion	31
Conclusion.....	33
Appendix B: Group Interview Summary	35
Background	35
Pros & Cons	35
Key Impacts of Destination Resorts	35
Summary of Key Impacts	36
Next Steps Discussion	36
Other Comments	37
Conclusions	37

SECTION I: INTRODUCTION AND METHODS

Deschutes County is home to several of Oregon’s “destination resorts.” Goal 8 of the Oregon Statewide Planning system defines destination resorts as “a self-contained development providing visitor-oriented accommodations and developed recreational facilities in a setting with high natural amenities.”

Heightened by bills in the 2009 and 2010 State legislative sessions, considerable community dialog surrounds Deschutes County’s current effort to amend the County’s destination resort map and potentially allow for the siting of new resorts. The public’s dichotomous reaction to this project stems from, among other things, the impacts of “legacy” resorts (resorts that were developed prior to the state siting criteria), several approved and partially constructed resorts, resort litigation, the economic downturn, and both positive and negative perceptions of the impacts of destination resorts.

Several studies examining the impacts of destination resorts in Deschutes County exist—as well as a lot of anecdotal evidence.¹ Our review of these studies is that each served a specific purpose and looked at a relatively narrow aspect of destination resorts. What is lacking is a study that provides a comprehensive overview of the fiscal, economic, societal, and environmental impacts (both positive and negative) and implications of destination resorts.

In March 2010, Deschutes County staff contacted the University of Oregon’s Community Planning Workshop (CPW) to inquire about our capacity and interest in conducting research on the impacts of destination resorts in Deschutes County. CPW staff presented a project concept to the Deschutes County Board of Commissioners on May 5, 2010. This report examines what is needed to move these policy issues forward.

Methods

Information was gathered by CPW through four focus group meetings and five expert interviews. The focus group meetings covered three topics: (1) pros and cons of having destination resorts in Deschutes County, (2) a prioritized list of environmental, and societal impacts, and (3) suggestions aimed at the County Board of Commissioners for how to proceed.

Interviewees were asked about the past, present, and future of destination resorts as well as for their examples of work that could serve as relevant case studies. Experts were asked to share their opinions on the benefits, concerns, and key impacts of an impact analysis of destination resorts in Deschutes County, Oregon.

¹ These include an analysis of the fiscal and economic impacts by Fodor and Associates, ELESCO’s study for Sunriver, a 2007 analysis of employment and payroll generated by destination resorts by the Oregon Employment Department, and considerable work on the issue by County staff as a part of the Destination Resort Remapping project, and several studies by private development interests and non-profit organizations such as the Urban Land Institute.

Organization of this report

The remainder of this report is organized in four sections:

Section II: Summary of Focus Group Meetings, discusses information gathered from stakeholders during the focus group meetings.

Section III: Summary of Expert Interviews, discusses made by the five experts during their interviews.

Section IV: Conclusions and Recommendations, is a summary of the research and suggested next steps.

This report also includes two appendices with detailed information about CPW's research.

Appendix A: Focus Group Summary

Appendix B: Group Interview Summary

SECTION II: SUMMARY OF FOCUS GROUP MEETINGS

CPW facilitated four focus group meetings on August 19th, 2010 at the Deschutes Services Center in Bend to determine stakeholder opinions on key impacts of destination resorts, areas for further study, the priority each takes, and how an analysis of those impacts should be conducted. Two of the focus groups were attended by representatives of the tourism industry, the resort industry, or government agencies (17 participants). The other two focus groups were attended by environmental groups and government agencies (18 participants).

Participants identified key environmental, economic, and social impacts of destination resorts. Then, they prioritized these impacts by order of importance. This prioritization process identified the impacts that would be most important to examine if further analysis were to occur. Table 2-1 summarizes the prioritized list by group.

Table 2-1. Prioritized list of issues, by stakeholder group

Tourism/Resort Industry	Environmental Groups
<ul style="list-style-type: none">• Tax revenues• Jobs• Water issues• Community separation• Economic multiplier effect	<ul style="list-style-type: none">• Water issues• Negative effects on fish and wildlife habitats• Costs for mitigation of degraded habitats• Tax revenues

The results shown in Table 2-1 articulate one of our key findings: different groups prioritize issues differently. This is an obvious point, but it is the foundation of the debate over destination resorts. Moreover, it underscores the complexity of issues that accompany the development and operation of destination resorts.

Finally, Table 2-1 presents a subset of the issues identified by stakeholders in the focus group meetings; many other issues were identified and discussed. Appendix A presents a transcript of the focus group meetings, including the list of issues identified by participants.

Destination Resort Impacts Identified by Focus Group Participants

As an initial exercise, participants identified key issues they feel are important to understanding the impacts of destination resorts in Deschutes County. All of the groups identified tax revenues and water issues as key issues. The participants from the environmental groups also prioritized negative effects on fish and wildlife habitats and costs for mitigation of degraded habitats. Participants from the tourism and resort industry prioritized jobs, community separation, and the economic multiplier effect as key issues, in addition to water issues and tax

revenues. Details about each of the issues that were prioritized by both focus groups are discussed in more detail below.

Tax Revenues

All of the groups discussed the impact of destination resorts on property taxes and identified tax revenues as an important impact to monitor. Participants mentioned the increased property tax base that could come from destination resorts.

Potential Metrics:

- Annual property tax revenues from land within destination resorts

Water Issues

All of the groups identified water issues as important impacts to investigate. Participants discussed both issues of water quality and water resources. Participants in the environmental focus group discussed concerns for groundwater reuse mitigation and the cost of that mitigation, which might be placed on urban communities. In addition, they discussed concerns about changes in surface water temperatures.

Potential Metrics:

- Amount of water used by destination resorts
- Cost of water – both for delivery and supply
- Water quality metrics
- Economic valuation of changes in surface water temperature
- Changes in water use from irrigated agriculture to destination resorts

Jobs

The tourism, resort, and agency focus group discussed the impacts of destination resorts on jobs. They emphasized that simple job numbers do not provide enough information to truly understand impacts, but more complex measures are needed. Participants from the environmental and agency focus groups also acknowledged jobs as a potential benefit.

Potential metrics:

- Employment opportunities on site (direct employment)
- Employment opportunities off site (indirect employment)
- Further breakdowns of on- and off- site jobs by type (construction, permanent, seasonal, family wage, etc.)
- Annual average wage for resort employees (compared with annual average wage in the retail/service sector within the region)

Community separation

Participants from the tourism, resort, and agency focus group discussed whether destination resorts create a separate community within another larger community as well as issues related to the distance of destination resorts to cities. They discussed issues of community integration and potential impacts on community cohesion (rural vs. residential, part time vs. full time residence, etc.)

Potential metrics:

- Number of part time residents and number of full time residents of destination resorts
- Distance of resorts to key services (e.g., groceries, medical/dental, etc.)
- Percent of destination resort employees who live within destination resorts or within a certain distance (possibly less than the average commute length in Deschutes County)

Economic multiplier effect

Participants from the tourism, resort, and agency focus groups discussed the role that destination resorts have in bringing new money into the county's economy. Understanding the multiplier effect created by this money is important to these participants.

Potential metrics:

- Input/output modeling of economic multipliers
- Business creation or closure related to destination resorts
- Number of jobs created by those businesses

Impacts on fish and wildlife habitats:

Participants from environmental groups discussed the indirect and direct effects of destination resorts on fish and wildlife habitats. The majority of comments focused on negative impacts of resorts due to fragmentation of habitat or overuse of resources. They discussed whether wildlife would be pushed out of areas with destination resorts and whether remaining habitat would be degraded by overuse.

Potential metrics:

- Habitat loss caused by destination resorts
- Remaining habitat in the area
- Changes in quality of remaining habitat (onsite and offsite)
- Economic valuation of habitat

Costs for mitigation of habitat impacts

Participants from environmental groups discussed the costs that would be associated with mitigating the negative effects on wildlife habitats.

Potential metrics:

- Habitat loss caused by destination resorts
- Cost of habitat mitigation

Information Needs Identified by Focus Group Participants

Focus group participants discussed the information that they believe would be helpful in evaluating the impacts of destination resorts. This information included:

- **Information on existing legacy resorts.** This data could provide indicators for decision-making about future resorts' needs, requirements and expectations. The environmental group participants wanted more and better information about the performance of existing resorts—as well as the possibility of comparing the performance of legacy resorts with Goal 8 resorts.
- **Better evaluation tools.** Participants in the environmental focus group felt that the county's review process missed key criteria that would help in the review and decision-making process. One idea was to create a template that simplifies the process of evaluation and analysis of destination resorts, which could be used to understand net benefits.
- **Case study analysis.** A set of case studies that examine other destination resort areas would provide a basis for comparison of the impacts (positive and negative) of resorts in Deschutes County.
- **Better accounting.** While recognizing the challenges of accounting for certain impacts, environmental participants suggested examining methods to value environmental services such as water or native fish habitat.
- **Documentation of public purpose.** Concerns were expressed that more recent resorts were high-end, large lot rural subdivisions. Participants suggested information from homeowners associations be provided that quantifies resorts' private improvements that provide or contribute to public uses.
- **Impacts to public facilities and services.** Concerns were expressed that little is known about the demand for public services created by destination resorts. Information from social service agencies such as the police, fire department, and public library that identifies the impacts destination resorts have on these agencies would help address this concern.
- **Consumer expenditures.** Information on where and how residents of destination resorts spend their money in the county.
- **Comparative employment analysis.** Data concerning the types of jobs that destination resort land would provide if it were agricultural resource land.

Recommendations from Focus Group Participants

The final part of the focus group process asked participants to share their recommendations with the County Board of Commissioners with respect to next steps.

Recommendations from environmental group representatives

Participants from the environmental focus group identified the following recommendations:

- **Require resort impact studies.** Independent third-party professionals should perform impact studies. Participants pointed out that there were at times conflicting facts presented from opposing interests. These independent professionals would need a variety of applicable backgrounds to perform these impact studies.
- **Create a classification scheme for resorts.** Research should classify resorts into different types to perform analysis of economic impacts. Legacy resorts operate differently than newer resorts. Possible classification system could separate Sagebrush, Adjacent, and Urban Destination Resorts.²
- **Evaluate potential for smaller resorts.** The Goal 8 rule applies to large destination resorts. Analysis should examine whether small resorts would be feasible if large resorts no longer are needed or feasible.
- **Evaluate whether existing resorts are meeting the intent of Goal 8.** Analysis should compare the stated goals for destination resorts with how residents and visitors are using them.
- **Require plans for potential failure of resorts.** A plan should be developed that determines what happens to failed resorts and who pays for that outcome.
- **Document impacts.** Analysis should examine economic, social, and environmental impacts.

Recommendation from resort industry representatives

Participants from the tourism and resort industry focus groups suggested the following recommendations:

- **Involve a broad range of community interests.** Deschutes County, social service agencies (police, fire, library, schools, others), realtors, homeowners associations, public policy makers, and residents who do not live in destination resorts should all be involved in discussions of the impacts of these resorts.

² Participants identified sagebrush resorts as resorts that are distant from population centers (e.g., those that meet the Goal 8 criteria), adjacent resorts such as resorts that are near or adjacent to UGBs, and urban resorts such as those that are either within or functionally part of a city.

- **Classify resorts.** Research should classify resorts into different types to perform analysis of economic impacts. One way to classify resorts would be into existing, entitled, and potential new resorts.
- **Allow resorts closer to cities.** The state should require resorts to be closer to local cities.
- **Continue planning for additional resorts.** Although the county does not currently need more destination resorts, the county may need more resorts in the future.
- **Consider best practices.** While too much regulation of destination resorts would be problematic, regulation based on previous best practices related to traffic, water, and other impacts may be important to the success of the community as well as the destination resorts.

SECTION IV: SUMMARY OF EXPERT INTERVIEWS

To further understand destination resorts, CPW interviewed five experts that represent various areas related to destinations resorts. These interviews addressed the history of destination resorts, opportunities and needs for the future, and any recommendations that these experts suggest going forward. The interviews are summarized below.

Ed Whitelaw and Bryce Ward

Ed Whitelaw is president of ECONorthwest and Bryce Ward is a senior economist with ECONorthwest.

Measuring economic impacts requires measuring gross local product (changes in jobs, incomes, tax revenues, and local products), changes in values from a costs and benefits analysis, and distribution of the changes in jobs on tax revenues or across different demographics (equity). It looks at impacts of having a destination resort in an area, subtracts various social costs, and compares it with the area as it stands without disturbance or destination resort intervention. This method demonstrates that the jobs and tax revenue benefits of destination resorts are not lost to the rest of the county in absence of the destination resort. The impact of a destination resort should be compared to “no build” not another land use choice (such as agriculture). **Each destination resort application should have a rigorous unbiased professional feasibility analysis using this three-part methodology and with/ without test.**

Key issues:

- Water rights are oversubscribed. It is unknown the volume of existing water that is available for use. **Adding destination resort amenities that use high volumes of water adds to the scarcity.**
- Developers often present feasibility studies that assume they are going to build the destination resort out with 100% occupancy. **This is unreasonable because a good occupancy rate would be maximally in the 85% range and it does not take into account what happens during the down period.**
- Destination resorts are located in sensitive areas. If the destination resort goes bankrupt, the habitat has been altered. The developer has not agreed to return the habitat to baseline conditions and so that habitat is lost. **Destination resorts in the future should provide a bonded exit strategy to minimize county risk.**
- **Destination resorts should not be the only alternative explored.** There could be ‘substitutes’ that yield benefits (such as attracting a younger, entrepreneurial cohort than destination resorts currently do) without yielding the negative impacts of destination resorts. There are likely to be options that provide the same good effects and less bad effects.

- Based on professional cases, there is precedent to assume that **people would buy a house in the area anyway** -not that they would have bought a house in another area within a destination resort, or that the destination resort brought them to the area.
- Legislation should not limit the total number of destination resorts in the county, however constructing **new destination resorts should not be allowed until there is excess demand** in the area.

Joe Bessman

Joe Bessman, PE, PTOE is a licensed professional transportation engineer with the Bend office of Kittleson & Associates, Inc. (KAI).

Destination resorts have additional system impacts related to the fact that they are outside of long-range planning models. A transportation planner needs to know what the impacts are and assess them appropriately. The strategies used for assessing destination resort traffic impacts have been a learning process for the transportation planning industry. Standard data to estimate the impact of the vehicle trips from destination resorts has been limited, requiring reliance on data that was collected in the 1970's. **The best data would be what they can learn from current resorts and localized data instead of national data.** Surveys have been collected by KAI at Eagle Crest and Black Butte Ranch in 2007, though these reflected peak summertime conditions that coincided with peak resort occupancy, resort events, and while significant construction activity was underway.

A critical data need is additional driver surveys that would help understand where the drivers are going, why, for what purposes behind the trips, and how many trips, as well as seasonal changes in destination resort driver behavior. This would be useful in discerning between the long distance arrival and departure trips and the "local outing" trips to retail, recreation, and entertainment. Driver surveys were obtained at Black Butte Ranch as part of the visitor center addition (2008?), but the intent of the surveys was not specifically for transportation analysis and the study methods and documentation could have been improved had this been the intent. Knowing the purpose of trips also helps determine the confidence and variation in typical trip generation because transportation impact studies need to be based on an assessment of typical conditions as accurately as possible. This assessment of trip purpose could better allow the forecasting for trip generation to be crafted based on the specific amenities provided.

Another data need is information outside of the peaks. While it is helpful to know what the peak impacts will be, it is equally important to understand "typical" conditions and to be able to quantify the seasonal variation.

Traffic impacts for destination resorts provide a unique complexity of analysis and there are different dynamics from one destination resort to the next. Factors and conditions are not the same with each resort in terms of the unit types, resort amenities, or proximity to recreational, housing, and retail opportunities. **There is not a one size fits all strategy for analyzing resorts' traffic impacts.**

Roger Lee

Roger Lee is the Executive Director of Economic Development for Central Oregon (EDCO).

Resorts comprise several of the tri-county region's top employers. Among the top 20 private employers in Central Oregon region, four are resorts: Sunriver, the third largest; Mt. Bachelor, the fifth largest; Eagle Crest and Black Butte, the thirteenth and fourteenth largest respectively. EDCO, like the architects of the visitor industry plan three decades ago, sees the destination resort industry as a means to an end – namely that tourism cannot be our sole diversification strategy. **Destination resorts expose travelers (many of which are business owners) to Central Oregon with a high quality, high amenity experience. A percentage of those visitors buy second homes here and a percentage of those move their companies here or found new ones.** For these reasons, EDCO sees the resorts as an important part of the region's overall economic development strategy – a sophisticated marketing plan to bring people to the area to see its scenic beauty, recreational activities and (ideally) thriving communities.

Some people do not like destination resorts because they present a form of urban development in rural areas, which runs counter to Oregon's land use laws. Other opponents argue social or environmental impacts, but objections for either have lacked factual substance. One potentially legitimate criticism is the fact that many employees must commute from some distance to work at destination resorts, which create transportation impacts. One possible answer may be to have a development requirement for construction of some on-site housing for workers to reduce trips to and from resorts.

From a public services financial perspective, the reality is that destination resorts pay property taxes that support public services far exceeding impacts to school districts, fire districts, law enforcement and other county services. Resorts dominate the list of top ten property tax payers in Deschutes County, and consequently play an important part of the local base of revenue for public services.

Because the resorts have a long history of second home ownership among the residential developments, they consequently have very few full time residents – even the larger, more established developments like Sunriver, Black Butte Ranch and Eaglecrest. 10 to 15% full time residents is the range for Central Oregon resorts. The challenge comes when there are enough of those residents that want local amenities most residents expect nearby - grocery stores, schools, and convenience/commercial businesses. Some resorts have no intention of going this route, while others are now grappling more with issues of becoming more like communities. A segment of the resort development industry is also heading in this direction with more “community-like” developments like Whistler, Aspen/Vail, and Lake Tahoe.

In the long run, destination resort development and build-out of permitted projects will return to the tri-county area, but activity **will be slow for the next five years**. Destination resorts will eventually need new (or differentiated) amenities to attract and compete for customers and investment.

Without destination resorts, it is probably much less likely that Central Oregon would have grown or diversified as much as it has in the past three decades. Many examples of former natural resource (wood products) based communities exist that have much less successfully make this significant economic transformation. **Central Oregon is still not “there” yet in terms of its economy and diversification, but it has incrementally made significant progress with the help of bringing in new residents, investors and business owners via destination resorts.**

Mark Smuland

Mark Smuland managing director at Development Strategy and Management and is a resort development expert.

Destination resorts are bringing in jobs and raising the tax base in the county. **Resorts pay their own way –money does not come out of taxpayers’ funds.** There are also environmental benefits from mitigation, because investor money pays to fund on and off-site environmental programs and infrastructure improvements such as the City of Bend’s sewage treatment plant. Other benefits include the fact that more people are brought to the county and spend money in a variety of other goods and services.

Some of the jobs are short term or temporary. **Destination resorts provide economic improvements, but there is seasonality to the improvements** that challenges spring, fall, and winter. Water usage can pose a problem, but only if not done right. Developers can use treated effluent and mitigate for their needs. Traffic is mitigated and paid for by the developer.

The approval process has become politicized. Interested parties get reports to support their positions. **What is needed is a non-partisan, objective analysis of the impacts of destination resorts, instead of special interests.**

The current destination resort zoning ordinance is a “one size fits all” legislation that makes it so that there are not many options for destination resorts besides building a golf course and selling real estate. Currently, destination resorts get scrubland that developers are forced to change to make more beautiful. At the same time, they are not allowed to build attractions or lodging at Mt. Bachelor, where the attraction is. **The goal of the legislation is good, but it does not allow for enough variation in resort types and amenities.**

Demographics are not a problem. Economics are the problem for the future. There will probably not be any new resorts for quite some time. **Central Oregon likely has enough destination resorts to last for a while.** There will be limited demand to purchase resort real estate and a lack of access to capital to develop resort assets because of oversupply in destination resort housing across the country. World-class attractions can mitigate the barriers. The destination resort business model should not depend on the sale of real estate. Instead, destination resorts need to create opportunities for memorable experiences for visitors that can compete with other venues from around the country.

Because of the limitations of the current legislation, opportunities for smaller resorts that offer particular activities should be examined. There could be

opportunities for niche resorts that focus on culinary, adventure sports, and eco activities that could improve the local economy by appealing to a broader group of tourists during a greater portion of the calendar year.

Analysis is needed that compares tax base improvements with the actual costs to the county that support the destination resorts. The impact analysis should show the secondary economic effects of resorts. The social impacts of destination resorts are not that big of an issue. Environmental impacts are covered through the right process of mitigation. **What is needed is information on how destination resorts can better round out the economy and provide positive economic impacts.**

Richard Shaw

Richard Shaw is a principal with the Design Workshop, a consulting firm that specializes in resort design.

There is no single way to succeed with a one-formula style of destination resorts. They don't have the same uses, focuses, or emphases. **Destination resorts are classified and lumped together with a wide range of resort types that have been developed, but they all have different consequences.** Legislation makes them all the same.

Destination resorts have the ability to bring in and develop an economic strategy to attract people to enjoy the beauty, weather, and special culture of Central Oregon. **They bring new economic activity, job growth, and a multiplier effect.** Overnight guests spend more when at the place of recreation as opposed to being a commuter.

Consumers are going to want more of a wide range of ownership styles like time shares, condos, single-family houses, private residential clubs, fractional ownerships, etc. **The biggest trend is to have even a wider variety of ownership types that way the consumer is able to purchase just exactly what they want.** At the same time, there is a general downsizing in what people expect in a destination resort property. They will want less acreage and have smaller living spaces than before.

Communities should share the destination resort development risk with the developer, as Whistler in British Columbia did. They used a deliberate public-private partnership to make the resort worthwhile to invest in. Another example is in Driggs, Idaho, where most of the community was agriculturally employed so in the winter there were no jobs. They created a community-based ski area to develop a tourism economy in winter. **It diversified and balanced out the economy, using recreation.**

There should be very specific land use and decision methods for resort areas, with allowances that are different than regular zoning. This presents a tailored land use and development approach.

Many specific impact analyses are needed, such as land use, air quality, transportation impacts, community impact, sociological impact, employment, housing price and affordability, all environmental issues from water rights to soil

erosion, utilities and infrastructure systems, water quality and quantity, visual and scenic impacts, and wildlife. However, **impact analyses need to be defined, specific to a particular project, and be determined in advance of any proposals.**

SECTION IV: CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study was to better understand the perceptions of key stakeholders involved in the debate about destination resorts in Deschutes County. When county staff initially approached CPW, the focus was on developing a comprehensive study of the impacts—both positive and negative—of destination resorts in Deschutes County. In short, the intent of the Phase I analysis (this report) is to develop a framework for a comprehensive analysis by understanding the issues that stakeholders are concerned about.

Having now completed the Phase I work, it is not clear to us that such a study would serve the purpose of moving towards a consensus about how to regulate and review future destination resort proposals in the County. We describe why in the following section and then provide some suggestions about things that we think will provide a foundation for the difficult policy decisions that face the County Board of Commissioners.

Conclusions

Stakeholder perceptions

Input we received during the focus group meetings and interviews articulate one of our key findings: different groups prioritize issues differently. It should come as no surprise that differing views on destination resorts exist among Deschutes County residents. The debate is typical of public policy debates and broadly revolves around the question whether the benefits outweigh the impacts.

Based on what we heard in the focus group meetings, **the tourism and resort industry believe the impacts of destination resorts are largely positive, while others in the community believe the negative impacts mostly outweigh the positive impacts.** While this level of detail masks many nuances of community perceptions, it distills the perceptions down to their core essence.

Despite these differences, some areas of common ground exist. **All of the groups acknowledged that resorts have important economic impacts**—job creation and property tax revenues were most frequently mentioned.

Differences of opinion among the stakeholders existed around the importance and significant of other destination resort impacts. Participants broadly classified these as environmental, social, and economic impacts. Specifically, participants ranked the issues as follows:

- Water quality and resources. Includes concerns for groundwater mitigation reuse and cost for mitigation (placed on urban communities) plus surface water flow temperatures
- Negative effects on fish and wildlife habitats: push out, over use, reduction, and other direct and indirect effects
- Mitigation (includes cost of mitigation and restoration of habitats)

- Inadequate protection for water and wildlife habitats
- Increased property tax base

An important point that was made repeatedly in the focus group meetings was that not enough is known about the impacts of destination resorts. These comments most frequently focused on natural resources, but infrastructure and social impacts were also frequently discussed.

Lack of credible information

Many studies exist of destination resorts in Deschutes County. These range from an economic activity analysis by the State regional economist, to a fiscal impact study sponsored by Land Watch Deschutes County, to several reports and analysis conducted by the resort industry.

The general perception among stakeholders is that these studies are biased in the direction of the group that sponsored them. Moreover, our review of them suggests that they all focus on a subset of the impacts that stakeholders expressed concern about. In other words, **none of the studies could be considered comprehensive in the sense that they address the broad range of impacts.**

To compound the problem of studies being perceived as biased, and the lack of a comprehensive study, debates exist around the methods used in the studies. We appreciate the methodological challenges that exist in evaluating even the simpler impacts related to destination resorts, much less the challenge of developing a comprehensive methodological framework that would address all of the potential impacts.

If debates are emerging around the credibility of the methods and data on smaller studies, there is no reason to believe such debates would also likely emerge around a larger study—regardless of who conducts the study.

The bottom line is that all sides have legitimate interests and concerns, and a lack of trust exists among the various interests as well as with the county. The impacts are complicated and many of them do not lend themselves to easy analysis. Even if they did, we anticipate that debates would emerge around threshold levels for acceptable impacts.

As a result of these and other factors, it appears there is no universal support for any impact study conducted to date. It is our opinion that conducting another study—no matter how comprehensive or robust the methodology—would not solve this problem.

Lack of baseline data

Some focus group participants expressed frustration around the lack of basic information about destination resorts. Following is a list of baseline data (some of which may exist) that participants would like generated:

- **Build out capacity of existing resorts.** This would include information about existing and proposed development capacity at all of the resorts in

Deschutes County. It would broadly answer the question of “how many more dwellings and rental units could be built at full build out of approved resorts.”

- **Characteristics of resort residents.** Develop a profile of year round resort residents including various socioeconomic characteristics, place of work, commute patterns, etc.
- **Characteristics of resort users.** This would be a similar profile as above, but would focus on characteristics of visits—how long, what activities, visitor expenditures, etc.
- **Impacts on social services.** This would look at the impact of destination resort visitors, residents and employees on social services in Deschutes County. This should include evaluation of impacts on schools.
- **Traffic impacts.** All of the groups acknowledged that destination resorts create traffic impacts. Less is known about the overall traffic impacts of resort residents and visitors.
- **Long-term market trends in the visitor/resort industry.** Some participants expressed concern about the long-term viability of destination resorts in the face of current economic conditions and socioeconomic trends (including the aging of the baby boom population).

More research won’t necessarily settle the debate

The input we received suggests that stakeholders perceive destination resorts create both positive and negative impacts. The degree to which the perception is positive or negative is somewhat contingent on who one speaks with.

The fact is that no clear standards or guidance exists with respect to how much impact is acceptable. Thus, this is a stereotypical public policy issue in the sense that (1) no obvious correct answer exists, (2) the impact of County policy is difficult to weight against the “public good,” (3) no single course of action can be proven to be absolutely correct, (4) the fairness of the solution is difficult to measure objectively, (5) considerable uncertainty exists around measuring the long-term impacts of the policy, and (6) getting good, credible information about the issue will not necessarily sway people’s values.

In short, this is a policy matter that demands both technical analysis and consideration of public values, or what the literature calls a “mixed policy decision.” The county can sponsor more research on both of these matters—scientific studies on the impacts of destination resorts, and community values around destination resorts.

Based on stakeholder input and our understanding of the issues, more research on existing resorts may, in fact, be useful. More research, however, is unlikely to make the policy choices facing the Deschutes County Board of Commissioners any easier. The Board will still be faced with the difficult task of weighing the impacts (presumably based on sound technical data) against community values

(which appear far from consensus at this point) to determine a policy course that balances the positive and negative impacts of destination resorts.

Of course, the Board did not need to hire a group of academics to make this point; it seems painfully obvious given the history of the debate to date. What we think the Board did hire us for was to gather information about stakeholder perspectives with the intent of shedding some light on through this debate and get to policy choices that are acceptable for the community.

Recommendations

Following are a set of recommendations about potential next steps the County might take to move the debate over destination resorts forward. It is not intended to be a comprehensive framework about how to proceed, or provide a detailed methodology for a comprehensive impact study.

- **Do not conduct a comprehensive impact study.** It is our evaluation that this would not serve to further the policy debate, but would attract attention to the details of the methods and results of the study.
- **Direct staff to gather baseline information on approved resorts.** This should include documenting buildout capacity and documenting the characteristics of resort residents, users and employees. We recognize that much of this data does not exist, and do not advocate expensive surveys of resort residents, users and employees. We do advocate use of existing data sources including the upcoming Census, the longitudinal employee-household dynamics database, continued reports from the Oregon employment department, and other readily available secondary data sources.
- **Conduct an evaluation of how well Goal 8 resorts are meeting the stated intent of Goal 8.** This effort would attempt to answer the question of whether destination resorts are achieving stated outcomes.
- **Conduct a study/literature review to better understand future market demand for destination resorts in Central Oregon.** Many individuals we spoke with expressed concern that the market was “saturated” or “overbuilt” and that the potential exists for some resorts to fail. While such a study will be of limited use in managing existing resorts, it is important in the overall policy context of whether to permit additional resorts. Such a study should include an evaluation of the relative market for large (in the Oregon context, Goal 8) versus small resorts.
- **Work with local stakeholders to strategically revise the current entitlement review process for destination resorts.** Stakeholders identified many concerns about the impacts of destination resorts. This process could work to address specific issues identified by stakeholders. The County could also consider approaches to activity monitor/enforce approved resort land use decisions as a part of this process. While we do not advocate for an overly onerous or expensive process, the current

system appears to overlook key impacts that stakeholders are concerned about.

It is our opinion that answering these questions, rather than questions of economic impact, would go a long way towards clarifying the conversation and moving the policy discussion forward.

APPENDIX A: FOCUS GROUP SUMMARY REPORTS

Environmental Groups and Agencies Focus Groups

Background

Deschutes County is currently amending the County's destination resort eligibility map, which will potentially allow for the siting of new resorts. As part of this process, it is looking for stakeholder input on what elements should be examined regarding local impacts of destination resorts (DR). CPW held four focus groups for Deschutes County to help determine opinions on key impacts of destination resorts for further study, the priority each takes, and how an analysis of those impacts should be conducted.

Four focus groups were held on August 19th, 2010 at the Deschutes Services Center in Bend, Oregon. Two of the focus groups were attended by representatives of tourism, the resort industry, or state/ federal agencies. The other two focus groups were attended by environmental groups and agencies alone. *This summary pertains to the environmental groups and agencies focus groups totaling eighteen participants.*

Focus groups provided three sets of useful information. Each group presented pros and cons of having destination resorts in Deschutes County, a list of their prioritized key economic, environmental, and societal impacts, and suggestions for how to conduct an analysis of the key impacts.

Pros & Cons

Participants were asked to share key pros and cons of having destination resorts in Deschutes County. Most respondents voiced that destination resorts provide positive economic impacts to the county, including job creation and increased tourism. They also noted that destination resorts could create environmental issues such as negative effects on plant, fish and wildlife habitats, and natural water and forest resources. Furthermore these environmental issues can be costly to mitigate and restore. Additionally, most respondents also had concerns these resorts are only accessible to a limited demographic of people and taking advantage of locations outside of urban growth boundaries (UGB), which are intended to protect agricultural and forest practices.

Table A-1 contains participant responses.

Table A-2. Pros and Cons of Destination Resorts identified by Focus Group Participants

Pros of Having Destination Resorts in Deschutes County	Cons of Having Destination Resorts in Deschutes County
Invites tourism	Not a good assessment of economic and environment impacts as of yet
Positive economic impact	Impacts of developments
Economic benefits, property taxes, attracts companies and businesses	Concerns about impact studies
Improves quality of life	Potential for resorts to undermine urban areas (Bend and other cities)
No net loss and no net degradation of resources is positive	Lower paid service workers housing: they may want to live in urban area or could not afford to live in resort they are employed in
Attracts tourist and 'outside' money	Urban development in non-urban area and the need for additional services
Provided substantial development in area	Impact on agricultural and forest practices
Opportunity for proponents of clean water and sky	Creating a surplus of destination resorts. Over building and further degradation of natural resources
Good community partners who contribute to community causes and activities	Impact on fish and wildlife
Opportunity to improve quality of life	Loosing sight of purpose of destination resorts: support recreation. Now nothing but subdivisions
Supportive of economic impact	Becoming gated and gentrified developments for the elite outside of UGB, so don't have to follow rules of development within UGB
---	Market not calling for additional destination resorts. Over-saturation
---	Delusion of statistics: hard to compare all of these resorts; vary greatly
---	Lack of policy and laws on water traffic and mitigation for wildlife
---	Development outside UGB doesn't support community because so far away
---	Supports sprawl and longer commutes
---	Temporary private interest, not in long-term public interests
---	Transportation impacts are great

Key Impacts of Destination Resorts

After mentioning initial pros and cons, participants were asked to discuss impacts of destination resorts. Each participant was given three sets of colored cards: three blue cards, three green cards, and three pink cards. They were asked to write three impacts –one on each card- for three different categories of impacts: blue cards for economic impacts, green cards for environmental impacts, and pink cards for social impacts.

Results from each impact category were shared with the group and separated into similar sub-topic categories. All participants were then given three dots to

place on any topic or topics they thought were the most important regarding the destination resort issue. They were able to place them all on one key issue, or separate them among two or three key issues as desired.

The following table shows key issue topics as they were presented by focus group participants. The number of dots placed on key topics by group participants for issue prioritization is indicated by a number inside of parenthesis following the description or statement, i.e. "(4)". Issues that were brought up by multiple stakeholder participants are indicated by an asterisk following the topic description/ statement, i.e. "*".

The following table contains participant responses in prioritization order:

	Economic Impacts	Environmental Impacts	Social Impacts
1	Mitigation (including cost of mitigation and restoration of habitats) * (6)	Water quality and resources. Includes concerns for groundwater mitigation reuse and cost (placed on urban communities) for mitigation plus surface water flow temperatures * (9)	Sprawl * (2)
2	Increased property tax base * (3)	Negative effect on fish and wildlife habitats: Push out, over use, reduction, and other direct and indirect effects * (7)	More competition for natural and outdoor resources * (2)
3	Lack of fair economic contribution by developers to costs of resorts (2)	Inadequate protection for water and wildlife habitats (3)	Social justice inequality: 'Sagebrush' subdivisions not allowed, but golf course subdivisions/gated community is okay *(2)
4	Job creation. Low-wage jobs. South County needs jobs too. Could small DR be an answer? * (2)	Increases Vehicle Miles Traveled (VMT), which is contrary to state and federal polices to reduce VMT (2)	Promoter of low-wage and seasonal jobs * (1)
5	Infrastructure: Impacts from and infrastructure costs not paid to cities (2)	Lack of concrete values placed on natural resources (1)	Lack of county follow-through to enforce conditions against DR * (1)
6	Brings new and tourist dollars to the region (2)	Concern for water wells: USGS Hydrology model should be run for each well to show location of impacts on waterways and sensitive fish species (1)	Inadequate services, school policies, and transportation * (1)

	Economic Impacts	Environmental Impacts	Social Impacts
7	Positive employment economic development impacts *	Wildlife displacement and fragmentation in rural landscapes *	Housing for low-income families and workforce. Burden on cities to provide such housing * (1)
8	Resorts near cities 'rob' cities of high-end development opportunities	Recreation and open space availability aimed at small audience	Broadly divisive issue = Bad public policy (1)
9	Impact on cities in UGB: property taxes for high end development don't fund city infrastructures (eg. roads) that are used by visiting resort dwellers (2)	Loss of productive resource lands	Service-based economy can be fragile
10	Property and Transient Room tax can occur inside UGB	Lack of mechanism for assessing cumulative impacts on environment	Loss of ability for residents to determine what happens to their communities
11	Transportation SDC's not collected for any DR	Adjacent agencies such as BLM, USFS, and State have different management goals of lands, which DR are adjacent to and using	Not-compatible with rural & agricultural living: Zero-lot line and commercial building heights and densities
12	Property taxes revenues *	Lack of follow-up or enforcement on mitigation plans	Water policy rules for best environmental health are not followed
13	Cost of drilling wells	Failure to include current wildlife data into Comprehensive plan and resort map	Dismissal of existing economic benefits of existing recreational areas
14	Opportunity cost: to agriculture communities plus loss of revenue to existing hospitality businesses *	Failure to recognize 'tipping-point' of water quality/needed for fish and wildlife populations and # of people being served by water sources	Resorts cater to the wealthy
15	The public and public agencies bear costs of analysis	Water rights and Irrigation prioritization between resorts and other users	People driven to seek action at the state level
16	Future costs of failed resorts and mitigation plans *	Rural trip generation = urban congestion	Lack of consistent and enforced policies and rules for DRs

	Economic Impacts	Environmental Impacts	Social Impacts
17	Cost of services RFPD to outlying areas and subsidies by city taxpayers	Increased fishing	Lack of acknowledgement of cumulative impacts on current residents
18	Loss of economic opportunities for fish and/or wildlife related industries *	Increased use of forest resources	Loss of quality of life for larger community due to rampant and spread-out development *
19	Change in values to wildlife: hunting → viewing	“Mitigation concept not valid when \$ goes for one time BLM thinning vs. permanent loss of habitat”	More traffic congestion
20	Public reallocation of resources to protect DR assets	Increased amount of waste production (sewer, garbage, car pollution, runoff) and required associated services	Temporary residents may be less supportive of local needs
21	Subst. investment by taxpayers in “dying” model (golf courses/second home development)	Increase non-native fish species	Increased visitors to limited outdoor opportunities
22	---	Damage to view sheds	Brings in diverse population and cultures and associated opportunities and activists *
23	---	---	Local workforce vs. workforce brought in (Tahoe model)

Summary of Key Impacts

Each category had eighteen individually identified issues with 54 total prioritization dots used. Overall, stakeholders prioritized a majority of issues under the environmental impacts category with a total of 23 prioritization indication dots. Economic development impacts had 17 prioritization dot indications, while social were given nine. Three of the top five issues identified are from the environmental impacts category. *The top five issues can be summarized as concerns for water quality and resources, negative effects on fish and wildlife habitats, costs for mitigation of degraded habitats, and an increased property tax base.*

The following table shows the top five issues as acknowledged through the issue identification and prioritization process:

Category	Issue as Described by Group Stakeholders	Number of Dots
Environmental Impacts	Water quality and resources. Includes concerns for groundwater mitigation reuse and cost for mitigation (placed on urban communities) plus surface water flow temperatures	9
Environmental Impacts	Negative effect on fish and wildlife habitats: push out, over use, reduction, and other direct and indirect effects	7
Economic Impacts	Mitigation (includes cost of mitigation and restoration of habitats)	6
Environmental Impacts	Inadequate protection for water and wildlife habitats	3
Economic Impacts	Increased property tax base	3

Next Steps Discussion

The last activity of each focus group session was a discussion regarding how to conduct an analysis of the prioritized impacts of destination resorts in Deschutes County. Participants expressed how to analyze high priority items, who should be involved, what kind of data would be effective, and whether new/future and existing resorts should be treated the same for purposes of an analysis of priority issues. The following is a summary of what was discussed, wherever possible, using actual language of participants to protect the integrity of the comments.

HOW TO ANALYZE HIGH PRIORITY ITEMS

Group members voiced the whole range and spectrum within each category of the high priority items should be looked at. Members stated they feel it is important to capture what are the true costs for the development of these resorts. One suggestion was to create an impact fee that mitigates for these issues/impacts and incorporate those funds into the development costs.

WHO SHOULD BE INVOLVED

The biggest concern for the focus group is finding unbiased experts to perform analyses on impacts of existing and future destination resorts. Independent third-party professionals with a variety of applicable backgrounds would be necessary to perform these impact studies.

WHAT KIND OF DATA WOULD BE EFFECTIVE

Participants felt information on existing legacy resorts could provide indicators for decision-making for future resort's needs, requirements and expectations. The creation of a template was suggested to simplify the process of evaluation and analysis. An outcome for the study then could be a tool for understanding if there is truly a net benefit from these destination resorts or if a net benefit could be possible. A literature review on case studies of similar situations was agreed upon as a useful method for gleaning lessons and data. Lastly, concerns were voiced about the challenges for placing a dollar amount on issues that are extremely difficult to apply a monetary value on (i.e. the dollar value of a cubic foot of water or a native fish population).

EXISTING VS. NEW RESORTS

Respondents commented that the question of whether existing destination resorts should be treated differently as future resorts could only be answered after a study looks at the impacts of existing resorts. Currently there is a lack of data, which makes it difficult to distinguish between different types and goals of these resorts. For example: Sunriver currently dominates the statistics, but should all resorts be compared to this legacy destination resort? Participants suggested new classifications for these resorts be made, possibly Sagebrush, Adjacent, and Urban Destination Resorts, rather than lumping them together into one category.

OTHER COMMENTS

A recurring concern from members of the focus group stated the importance of an analysis on whether this region is currently over saturated with destination resorts and if not now, how many more can be supported with the current and future economy? Do future markets predict it feasible for these resorts to continue to be built? Could a different type of resort be supported in this market such as smaller resorts?

Furthermore, a preliminary analysis comparing the stated goals for destination resorts verses what in actuality is happening within them and how residents and visitors are using them is necessary. Members voiced concerns that these resorts are meant to provide recreational opportunities to locals and tourist, but instead are becoming gated, second-home residences for a limited, upper-class demographic of people. Also, concerns were raised on whether these outlying communities should follow rules implemented on cities and residents within urban growth boundaries. If they do not, should they receive services provided from taxes raised from within the cities?

Another suggested study could research what would happen if destination resorts continue to be built but the market does not support them in the long-term? What happens to failed resorts? How are the remains mitigated and who pays for the mitigation?

Participants ended this discussion by suggesting improved collaboration between the city, county and state must be improved and unbiased, credible studies need to be preformed on the impacts of these resorts economically, socially and environmentally in order for the resorts and greater communities to have a successful and healthy future.

Conclusions

Participants in the environmental focus groups shared pros and cons of having destination resorts in the county, economic, environmental, and social impacts of destination resorts, and opinions on how to conduct an analysis of the impacts.

Most respondents voiced that destination resorts provide positive economic impacts to the county, including job creation and increased tourism. They also noted that destination resorts could create environmental issues such as negative effects on plant, fish and wildlife habitats, and natural water and forest resources. Furthermore these environmental issues can be costly to mitigate and restore. Additionally, most respondents also expressed concerns these resorts are only

accessible to a limited demographic of people and taking advantage of locations outside of urban growth boundaries (UGB), which are intended to protect agricultural and forest practices.

Stakeholders identified 67 impacts – 21 economic impact issues, 22 environmental issues, and 23 societal issues. Their prioritization process resulted in the environmental impacts category having three of the top five issues. The top five issues can be summarized as concerns for water quality and resources, negative effects on fish and wildlife habitats, costs for mitigation of degraded habitats, and an increased property tax base.

Group members voiced that an analysis of the prioritized impacts should get an idea of the real costs and consequences of existing and future destination resorts. They felt that the current classification of resorts (lumping them all together) is ineffective and a new classification was suggested. Plus, associated definitions and goals for each classification would be helpful in understanding the roles and future of these resorts. It was also suggested that future analysis be conducted by unbiased, qualified third-parties and collaboration between the city, county and state needs to be improved for a successful continued integration of destination resorts into Deschutes County.

Tourism, Resort Industry, and Agency Focus Groups

Background

Deschutes County is currently amending the County's destination resort eligibility map, which will potentially allow for the siting of new resorts. As part of this process, it is looking for stakeholder input on what elements should be examined regarding local impacts of destination resorts (DR). CPW held four focus groups for Deschutes County to help determine opinions on key impacts of destination resorts for further study, the priority each takes, and how an analysis of those impacts should be conducted.

CPW held four focus groups on August 19th, 2010 at the Deschutes Services Center in Bend to help determine opinions on key impacts of destination resorts for further study, the priority each takes, and how an analysis of those impacts should be conducted. Two of the focus groups were attended by representatives of tourism, the resort industry, or state/ federal agencies. The other two focus groups were attended by environmental groups and agencies alone. *This summary pertains to the tourism, resort industry, and agency focus groups totaling seventeen participants.*

Focus groups provided three sets of useful information. Each group presented pros and cons of having destination resorts in Deschutes County, a list of their prioritized key economic, environmental, and societal impacts, and suggestions for how to conduct an analysis of the key impacts. This memo is organized by those topics.

Pros & Cons

As a warm-up to get participants thinking about both sides of the issues, participants each spoke for 60 seconds or less, sharing key pros and cons of

having destination resorts in Deschutes County. Most respondents voiced that destination resorts provide positive economic impacts to the county, including property tax revenues, job creation, and public service support. They also noted that destination resorts can be a burden to both traffic and the environment and that there can be a separation between resort and non-resort community interests. The following table contains participant responses:

Pros of Having Destination Resorts in Deschutes County	Cons of Having Destination Resorts in Deschutes County
They build property tax revenues	Traffic impacts
Positive economic impact	They can struggle with competing interests from the non-resort community
Economic development that also supports surrounding areas	Localized traffic issues
They boost funding for schools, the fire dept, and other public services	Trouble working within existing rural communities
They provide jobs	Development competes against the environment
They attract businesses to open or relocate in the county	Building on the edge of forests puts a lot of buildings and people at risk of forest fires, which become a federal expense –everyone else’s collective financial burden to bear
Opportunity for businesses run by families in resorts	Strain on governmental resources
Increases property sales	“Visitor attitudes” – not protecting the natural amenities and treating the environment as more of a playground
Brings in affluent money to the community	-
They provide a long-term investment in the community	-

Key Impacts of Destination Resorts

After mentioning initial pros and cons, participants were asked to discuss impacts of destination resorts. Each participant was given three sets of three colored cards. They were asked to write three impacts –one on each card- for three different categories of impacts: economic impacts, environmental impacts, and social impacts.

Participants were first asked to write three economic impacts (one on each card) then share them with the group. Impacts were separated into similar sub-topic

categories on the wall for the group to look at. The same process was repeated for environmental and social impacts. Participants were then given three dots to place on any topic or topics they thought were the most important to the destination resort issue. They were able to place them all on one key issue, or separate them among two or three key issues as desired. Dot placements indicate issue prioritization.

The following table shows key issue topics as they were presented by focus group participants. The number of dots placed on key topics by group participants for issue prioritization is indicated by a number inside of parenthesis following the description or statement. Issues that were brought up by multiple stakeholder participants are indicated by an asterisk (*) following the topic description/ statement.

The following table contains participant responses in prioritized order:

	Economic Impacts	Environmental Impacts	Social Impacts
1	Tax support for city, county, state government & schools, lodging tax revenues; tax base support for agencies like DEQ, BLM, Forest Service; increased property tax base; improved services to entire district (14)*	Water demand, planning, management, availability; reduced water usage when converted from other irrigated uses; reduction in irrigated agriculture; watershed impacts, flow/volume, water quality; water resources & effective management* (6)	Separate community within another larger community; separate classes vs. integrated community; potential impacts on community cohesion i.e. rural vs. residential, distance, part time and full time residence, haves vs. have-nots* (4)
2	Jobs; construction service jobs; employment; employment opportunities on and off site; permanent jobs; family wage jobs; seasonal jobs (10)*	Environmental mitigation; protection of sensitive areas; environmental standards; management of resources* (2)	Improved social services (3)
3	Brings new money into county economy; helps bring new business to Central Oregon and creates a multiplier effect; economic multiplier: business relocation x jobs = bonus; investment* (4)	Habitat restoration & preservation; enhanced wildlife habitat; fish & wildlife; loss of habitat for key species * (1)	Resorts enhance image of Central Oregon to visitors; promote awareness of region life style (2)
4	Increased infrastructure needs such as for traffic; offsite infrastructure needs borne by others* (1)	Wildfire buffers; fire suppression & prevention; creation of safer wildfire conditions*	Reconciling resort use with agricultural use i.e. adjacent or nearby different uses (1)

	Economic Impacts	Environmental Impacts	Social Impacts
5	Increased costs for public services & infrastructure (fire suppression, roads, police, etc)*	Enhances environmental awareness; educational programs for users; promoting awareness of Central Oregon environment*	Support for non-profits; charitable commitments to community; philanthropic investment in the community; charitable foundation creation* (1)
6	Reduced insurance rates (fire district ISO)*	Lack/ loss of open space; conversion of farm/ forest land to development; forest/farm management issues*	Increased population; attracts new people*
7	Further marketing of region to potential residents and new business*	Carbon implications i.e. sequestration, vehicle miles traveled; carbon emissions from traffic*	Enhanced cultural amenities; enhanced transportation & shopping options; cultural centers for community action*
8	Tourist draw*	New LEED certified structures; using greener energy development*	Hubs for community events; improved co-op educational opportunities*
9	Home base for entrepreneurs	Impact on natural resources (i.e. water)*	Community recreation & cultural events; expanded recreation; improved culture with restaurants, art, music etc.*
10	Destination tourism promotion benefits (marketing)	Population density; concentration of development in a well defined area*	Built-in community functions for residents
11	Charitable contributions	Impacts of roads, highway development & maintenance*	Promote healthy living, recreation & relaxation
12	Events that attract visitors and dollars	Promotes community involvement in things like "Tree City USA" program	Prolific grassroots efforts & proactive communities
13	Self-supporting: small impact on government	Impact on migratory species, location specific & collective migratory patterns	Move from natural resource extraction economy to tourism economy
14	Attraction to area of new resources	Additional use of natural resources	Higher density
15	Brings money to local businesses	Recreational opportunities from trail maintenance etc.	Support of education
16	Real estate sales	Reduction of fallow land	Reduce public enjoyment of natural amenities

Summary of Key Impacts

Each category had sixteen individually identified issues with 49 total prioritization dots used. Eleven total issues were identified as a priority as defined by having received at least one prioritization dot from a stakeholder in the focus group. Overall, stakeholders prioritized a majority of issues under the economic development category with a total of 29 prioritization indication dots. Social impacts had 11 prioritization dot indications, while environmental were given nine. Three of the top five issues identified are from the economic impacts category, however each category is represented. *The top five issues can be summarized as tax support, jobs, water issues, community separation, and economic multiplier effect.*

The following table shows the top five issues as acknowledged through the issue identification and prioritization process:

Category	Issue as Described by Group Stakeholders	Number of Dots
Economic Impacts	Tax support for city, county, state government & schools, lodging tax revenues; tax base support for agencies like DEQ, BLM, Forest Service; increased property tax base; improved services to entire district	14
Economic Impacts	Jobs; construction service jobs; employment; employment opportunities on and off site; permanent jobs; family wage jobs; seasonal jobs	10
Environmental Impacts	Water demand, planning, management, availability; reduced water usage when converted from other irrigated uses; reduction in irrigated agriculture; watershed impacts, flow/volume, water quality; water resources & effective management	6
Social Impacts	Separate community within another larger community; separate classes vs. integrated community; potential impacts on community cohesion (i.e., rural vs. residential, distance, part time and full time residence, haves vs. have-nots)	4
Economic Impacts	Brings new money into county economy; helps bring new business to Central Oregon and creates a multiplier effect; economic multiplier: business relocation x jobs = bonus; investment	4

Next Steps Discussion

The last activity of each focus group session was a discussion regarding how to conduct an analysis of the prioritized impacts of destination resorts in Deschutes County. Participants expressed how to analyze high priority items, who should be involved, what kind of data would be effective, and whether new/future and existing resorts should be treated the same for purposes of an analysis of priority issues. The following is a summary of what was discussed, wherever possible, using actual language of participants to protect the integrity of the comments.

HOW TO ANALYZE HIGH PRIORITY ITEMS

Group members voiced that an analysis of the prioritized impacts should get an idea of the real use of public services pertaining to destination resorts. That information would allow comparison of destination resort burden vs. dollars spent on mitigations and improvements to the community. They would like to know how much home owners association services affect public impacts and believe that the benefits resorts provide should be included in analysis.

Contributors to the conversation want the experts and researchers to be unbiased and to not get wrapped up in the controversy regarding this issue. The researchers should recognize and distinguish among the different markets and classes within the resort communities. A suggestion was given for conducting a survey in and out of the resort communities to better understand and improve the “haves vs. have-nots” issue.

WHO SHOULD BE INVOLVED

The following is a bulleted list of groups, organizations, and agencies that came up in the discussions:

- Deschutes County
- Fire department
- Police department
- Public library
- Social services
- Realtors
- School district
- Home owners associations
- Public policy makers (regarding the water issue big picture)
- The “have-nots”

WHAT KIND OF DATA WOULD BE EFFECTIVE

Participants mentioned that information from home owners associations would be useful to factor in resort private improvements that go toward public use. They want more information from social services such as the police, fire department, and public library to better understand the impacts destination resorts have on these areas. The data would be able to show if destination resorts have high or low use on these services compared to the non-resort community.

Focus group members would like to know where/ how people spend their money in the county so that there could be a thorough review of indirect economic impacts and tiers of job creation that result from destination resorts. Interest was expressed in finding data regarding the types of jobs that destination resort land would be providing if it were agricultural resource land. That way a comparison of best economic use of the land could be factored in.

EXISTING VS. NEW RESORTS

The focus groups reasoned about if new and existing resorts should be treated the same or differently for purposes of analyzing some of the key identified issues. Respondents commented they should be treated differently because their economics are different regarding the stages of development and maturity. Broadly, they face different obstacles and have different opportunities available as well.

Participants noted that there are really three types of resorts: existing, titled, and potential new resorts. Changing times mean that each resort type is faced with different concerns including environmental concerns. An issue was brought up regarding an existing development that evolved into a resort and the question was raised about how that could affect the analysis of priority issues if existing and new resorts are treated differently.

OTHER COMMENTS

Additional statements and issues brought up by members of the focus groups ranged from state regulations to historic process. Some participants brought up that the state should require resorts to be closer to local cities. Less gas could be used from shorter commuting and it could help the resorts connect better with the community.

There was also discussion about changing markets and demographics creating a need for resorts to evolve and reinvent themselves so that residential units do not stay empty. Discussion led to whether or not more destination resorts would be needed in the county or not. Although it was asserted that the county does not need any more destination resorts because of all the empty residential units, it was also mentioned that the population will increase and there will, at some point, be a need for more resorts. It was brought up that too many rules on destination resorts would restrict their creativity; however, lessons learned regarding traffic, water, and other impacts mean that some additional regulations may be important to the success of the community as well as the destination resorts.

Conclusion

Participants in the tourism, resort industry, and agency focus groups regarding Deschutes County destination resorts, shared pros and cons of having destination resorts in the county, economic, environmental, and social impacts of destination resorts, and opinions on how to conduct an analysis of the impacts.

Respondents voiced that destination resorts provide positive economic impacts to the county, including property tax revenues, job creation, and public service support; however, they can create traffic and environmental issues and separation between resort and non-resort community interests. Stakeholders identified 48 impacts -16 from each category of economic, environmental, and societal issues. Their prioritization process resulted in the economic impacts category having three of the top five issues. The top five impacts were regarding tax support, jobs, water rights/ quality, community separation, and economic multiplier effect.

Participants voiced that an analysis of the prioritized impacts should get an idea of the real use of public services pertaining to destination resorts. They want more information from social services such as the police, fire department, and public library to better understand the impacts destination resorts have on these services. The data would be able to show if destination resorts have high or low use of these services compared to the non-resort community. Focus group participants would also like to know where/ how people spend their money in the county so that there could be a thorough review of indirect economic impacts and tiers of job creation that result from destination resorts.

Additional statements and issues brought up ranged from state regulations to historic process. Participants asked for information on how state regulations will affect the Deschutes County legislative process regarding destination resort mapping. Participants also discussed how the Metolius Basin was made into an area of critical concern and how some of the impacts of destination resorts were presented in that case. Participants pointed out that there were at times, conflicting facts presented from opposing interests and that they believe that should be avoided as best as possible by using a third party, unbiased, intermediary agency.

This information will be combined with information gained from two additional sources: two other focus groups made up of environmental groups and agency representatives, and stakeholder interviews of additional knowledgeable parties and field experts. The result will be a summary of the process, information gathered, and a recommendation to the County Board of Commissioners on how to proceed regarding a potential impact analysis on destination resorts in the County. The report will go before the County Board of Commissioners on September 30.

APPENDIX B: GROUP INTERVIEW SUMMARY

Background

Deschutes County is currently amending the County's destination resort eligibility map, which will potentially allow for the siting of new resorts. As part of this process, it is looking for stakeholder input on what elements should be examined regarding local impacts of destination resorts (DR). The County hired Community Planning Workshop (CPW) to gain input from stakeholder groups on this process. CPW is an experiential program within the Planning, Public Policy, and Management Department at the University of Oregon that provides professional planning assistance to communities, agencies, and organizations across the state.

CPW held four focus groups on August 19th, 2010 at the Deschutes Services Center in Bend to help determine opinions on key impacts of destination resorts for further study, the priority each takes, and how an analysis of those impacts should be conducted. Two of the focus groups were attended by representatives of tourism, the resort industry, or state/ federal agencies. The other two focus groups were attended by environmental groups and agencies alone. Stakeholder interviews took place for individuals who would otherwise have been a participant in either of the groups but were unable to attend at the time. There were two stakeholders interviewed –one participant from each focus group category.

Stakeholder interviews provided the same information as the focus groups. Participants presented pros and cons of having destination resorts in Deschutes County, a list of their prioritized key economic, environmental, and societal impacts, and suggestions for how to conduct an analysis of the key impacts. This summary is organized by those topics.

Pros & Cons

As a warm-up to get participants thinking about both sides of the issues, participants each spoke for 60 seconds or less, sharing key pros and cons of having destination resorts in Deschutes County. Participants agreed that the biggest pros are the attraction of tourism dollars and the jobs that destination resorts provide. The cons listed between the participants were that the destination resorts have environmental and land use impacts as well as an opinion that destination resort siting should be up to the developer and not the government.

Key Impacts of Destination Resorts

After mentioning initial pros and cons, participants were asked to discuss impacts of destination resorts. Each participant was asked to first take turns sharing three economic impacts, then three environmental impacts, and finally three social impacts. To prioritize which impacts are most important, each impact they listed was read out loud by the interview administrator and participants took turns voicing their rating. They scores each impact on a scale of 1 to 5 where '1' is

lowest priority, '3' is medium priority, and '5' is high priority. They were able to use each number as many times as they felt necessary.

The following table shows key issue topics as they were presented by stakeholder interview participants. The sum of their prioritization for key impact topics is indicated by a number inside of parenthesis following the impact statement. Given that there were two stakeholders interviewed, the highest prioritization score possible is a '10,' while the lowest is a '2'.

The following table contains participant responses in prioritized order:

	Economic Impacts	Environmental Impacts	Social Impacts
1	Recreational impacts	Water quality/ water use & consumption	Quality of life
2	Jobs	Erosion, sediment	Division between economic spectrums – especially housing
3	Impacts on businesses	Habitat, migration routes	Recreational impacts
4	Fires/ Wildfires/ Development protection	Endangered species	Responsibilities to contribute to community, governance
5	Housing	Impacts from roads	Temporary jobs/ employment
6	Public improvements	Air quality	

Summary of Key Impacts

Eight total impacts received the highest ranking of '10' although the lowest ranked impact was a '6', of which there were four. Although there was a ranking of '10' in each category, all the environmental impacts were given the highest rank by both parties. The lowest ranked impacts were equally distributed in the social and economic impacts.

The top issues can be summarized as recreational impacts, environmental impacts, and general quality of life.

Next Steps Discussion

The last activity was a discussion regarding how to conduct an analysis of the prioritized impacts of destination resorts in Deschutes County. Participants expressed how to analyze high priority items, who should be involved, what kind of data would be effective, and whether new/future and existing resorts should be treated the same for purposes of an analysis of priority issues. The following is a summary of what was discussed, wherever possible, using actual language of participants to protect the integrity of the comments.

HOW TO ANALYZE HIGH PRIORITY ITEMS, WHO SHOULD BE INVOLVED, WHAT KIND OF DATA WOULD BE EFFECTIVE, AND EXISTING VS. NEW RESORTS

Stakeholders would like purely unbiased, third-party professionals involved to break "quality of life" down into multiple factors for further study. They should draw upon existing studies and related work or information. One example is a

case study of the San Juan River in New Mexico. The case explores the comparison in benefits of adding a destination resort and of allowing the land use to remain the same without development.

Other Comments

Additional statements and issues brought up by stakeholders were that the government should get any development or land use rules out early so that developers know how to mitigate properly. These rules need to be worked out first so that developers can do what is right and then not be further attacked later or down the line when new concerns are thought of. There should be clear codes, restrictions, or lists showing the range of what is acceptable and what isn't in destination resort development.

It was mentioned that if destination resorts were only allowed inside UGB instead of outside, that it will make them prosper. Another comment was that destination resorts should be planned to help stimulate the economy in a sustainable way. They should be carefully planned, not 'willy nilly' because the pie is only so big –or land resources are scarce resources.

Conclusions

Participants in the stakeholder interview regarding Deschutes County destination resorts, shared pros and cons of having destination resorts in the county, economic, environmental, and social impacts of destination resorts, and opinions on how to conduct an analysis of the impacts.

Respondents voiced that destination resorts attract tourism dollars and provide jobs while they have some negative environmental and land use impacts. Stakeholders agreed that environmental impacts take the highest priority, but they also put recreational and quality of life impacts at the top.

Stakeholders would like purely unbiased, third-party professionals involved to break "quality of life" down into multiple factors for further study. They should draw upon existing studies and related work or information such as a case study of the San Juan River in New Mexico.

Additional statements and issues brought up by stakeholders were that the government should get any development or land use rules out early so that developers know how to mitigate properly. It was mentioned that if destination resorts were only allowed inside UGB instead of outside, that it will make them prosper. Another comment was that destination resorts should be planned to help stimulate the economy in a sustainable way. They should be carefully planned, not 'willy nilly' because the pie is only so big –or land resources are scarce resources.

This information will be combined with information gained from two additional sources: two other focus groups made up of environmental groups and agency representatives, and stakeholder interviews of additional knowledgeable parties and field experts. The result will be a summary of the process, information gathered, and a recommendation to the County Board of Commissioners on how to proceed regarding a potential impact analysis on destination resorts in the

County. The report will go before the County Board of Commissioners on September 30.