

# **McKenzie River Valley Rural Tourism Studio**

## **Baseline Assessment**

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RURAL TOURISM STUDIO

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## **I. Introduction**

This report includes qualitative and quantitative baseline information for the McKenzie River Valley at the start of its work with Travel Oregon on the Rural Tourism Studio (RTS) Project in February 2010.

The Rural Tourism Studio program aims to stimulate new tourism development activities that generate business revenue, jobs, entrepreneurial opportunities, and revenue for public services over time. The RTS workshops are designed to help the community learn about and organize around key sustainable tourism products, services and markets; connect with new partners and resources for implementation; and generate local momentum for action.

The data will be combined with business surveys, workshop participant surveys, and ongoing key stakeholder interviews data to assess the value of the RTS program approach for increasing beneficial tourism in Oregon's rural communities.

## **II. General community profile and context**

The McKenzie River Valley is located in eastern Lane County, in the western foothills of the Cascade Mountains. It includes five unincorporated communities that lie between mileposts 10 and 60 of Oregon Highway 126; Walterville (Cedar Flats area), Leaburg, Vida, Blue River and McKenzie Bridge. This highway is a major east west route between metropolitan Eugene/Springfield and Central Oregon, a major tourism destination. Just east of the Valley is also the seasonal McKenzie Highway (state route 242) which offers wide views, waterfalls, and lava fields over the Cascade Mountains.

The McKenzie River Valley climbs along the river from relatively flat farmed land into old growth Douglas fir forests and snow capped mountains. It leads into the Willamette National Forest and its world-class natural assets and recreational areas. There may also be future constraints on river use given its rising popularity and protected status. While the area is most well known for its river and active outdoor recreation, there are active efforts to develop and coordinate additional tourism around cultural and agricultural resources.

Travel Lane County includes the McKenzie River Valley in its role as the official destination marketing organization (DMO) partner for Travel Oregon. It markets Lane County as a whole under the name "Eugene, Cascades and Coast" with the tagline "Real Adventures. Real Close."

As noted in Section III of this report, the area recently reestablished an active Chamber of Commerce. With the assistance of Lane County Community and Economic Development Department and Travel Lane County, local leaders have sponsored several recent studies and implementation initiatives.

### **A. History and Geography**

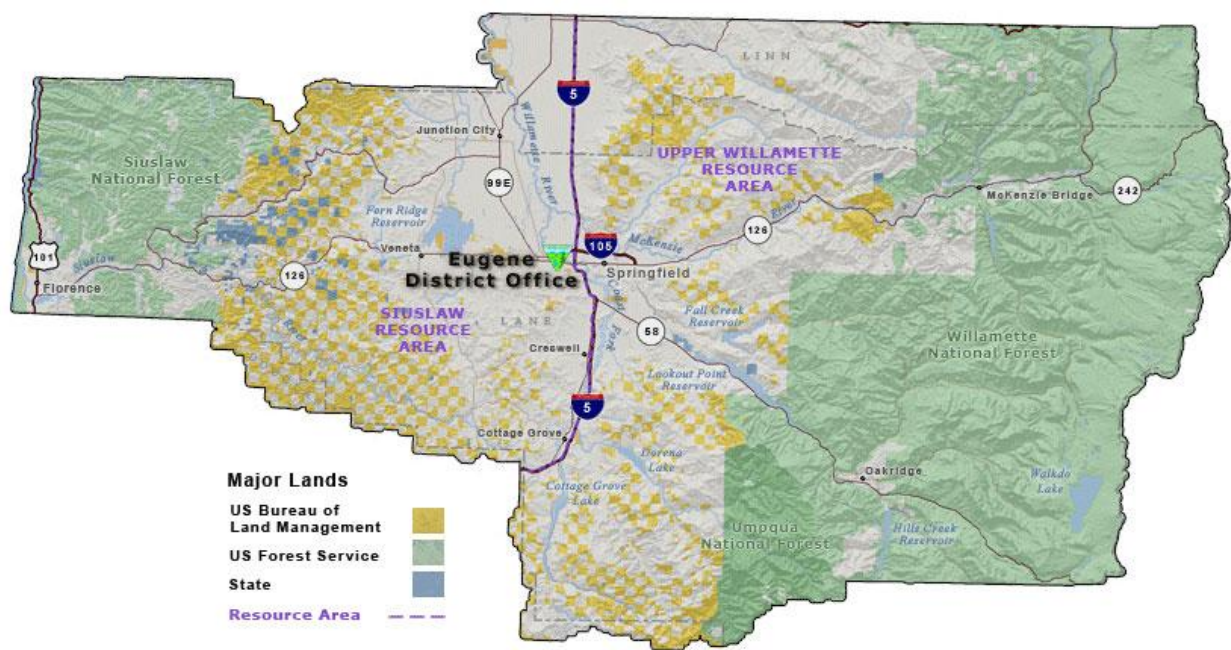
Located in the ancestral territory of the Kalapuya and Molalla Indians, the area was first settled by non-Indian pioneers for mining and transportation services along what was a wagon trail traversing the Cascades. By the early 20<sup>th</sup> century, there was already a significant tourism sector related to fishing and guiding.

Reflecting the presence of this activity, several river guides established the McKenzie River Guides Association in 1931. According to Aaron Helfrich, the grandson of one of the founding guides Price Helfrich, many residents and guiding businesses have been in the region for multiple generations.

According to a 2009 McKenzie River Visitor Assessment Report, “Nature and natural beauty coupled with outdoor recreation and adventure opportunities are the area’s strengths. According to the same report, the McKenzie River is “an internationally recognized fly fishing river, and also offers varied and highly scenic rafting, kayaking, and boating experiences.” While 12.5 miles of the Upper McKenzie River are designated as a National Wild and Scenic River, there are scenic natural areas throughout its course, including the wider lowland sections.

Along the river’s banks, the McKenzie River Trail is a 26.5 mile National Recreational Trail. Two National Scenic Byways, the Aufderheide portion of the West Cascades National Scenic Byway and the McKenzie Pass-Santiam Pass Scenic Byway , traverse the valley.

As one travels from west to east along the valley, a greater proportion of the land is public owned. The map below shows all publicly owned land in the Eugene District office of the federal Bureau of Land Management.



Source: U.S. Department of the Interior, Bureau of Public Lands website

The western boundary of the area is approximately 30 minutes west of the Eugene Airport, which offers direct connections to many western cities. The eastern boundary is approximately 1.25 hours from the Eugene Airport.

## B. Demographics

There are no incorporated communities in the McKenzie River Valley, which makes demographic data scarce. Although it is not an isolated community like some others that have participated in the Rural Tourism Studio, it is sparsely populated. For the three zip codes in the area, the total population of this rural region was 2,855 in the 2000 census. This is less than 1% of Lane County’s total population.

Public domain population estimates calculated by private marketing companies for years since 2000 are not consistent and therefore not reliable. However, updated data from the 2010 census data should soon be available.

#### Population, McKenzie River Valley

Zip Code	Population, 2000
97413 (Blue River, McKenzie Bridge area)	850
97488 (Vida area)	1,146
97489 (Leaburg, Walterville area)	859
Total	2,855

*Source: U.S. Census*

The communities of the McKenzie River Valley are popular with retirees and seasonal homeowners. Like many rural areas, the population is significantly older than the statewide mean. The average age ranges from 46-52 years, depending on zip code. This compares with a statewide average age of 37 years.

#### C. Economy

There is no employment data for these communities due to their small size. However, anecdotally, the most significant employers are the U.S. Forest Service, the schools, and small businesses primarily focused on tourism products and services. With a relatively close location to metropolitan Eugene/Springfield, area residents can feasibly commute for a wider range of employment.

#### D. Why this region has been selected for Rural Tourism Studio

Travel Oregon selected the McKenzie River Valley through a competitive application process. The application parameters reflect lessons learned about community readiness factors during the RTS pilot program phase in 2009. Key readiness factors for this region include:

- Interest and potential for synergy with state tourism niche market development around nature based and agri-tourism
- Unique cultural and natural assets, including the McKenzie River, two National Scenic Byways
- Community capacity and a network of working relationships up and down the valley, enhanced by the recent Ford Institute Leadership Program
- Its location contiguous with a past Rural Tourism Studio community, Oakridge, which shares many tourism market opportunities related to the Willamette National Forest. Both communities desire to work together more closely, particularly for touring along the Aufderheide Scenic Byway.
- Timeliness: A Visitor Readiness Assessment was completed by consultants Total Destination in 2009, and a local committee has been working to implement many of its recommendations over the past year. The Chamber of Commerce has recently been reactivated as part of this work.

At the start of the Rural Tourism Studio initiative, there is a nine person steering committee representing diverse stakeholders in place. It includes the following members:

Chris Lavoie	President, McKenzie River Chamber of Commerce, Owner, McKenzie River Mountain Resort
George Letchworth	Vice President, McKenzie Community Track and Field
Jim Baker	President, Blue River Community Development Corporation
Carol Tannenbaum	Owner, McKenzie River Lavender, McKenzie River Country Trail Boss
Darin and Kail Harbick	Owners, Harbicks Country Store, Harbicks Country Inn, Holiday Farms Restaurant, Takota's Restaurant
Terry Brown	Owner, Terry Brown Glass McKenzie Arts Forum Festival Coordinator
Krista Shafer	Owner, Reservoir Dawgs
Kathy and Steve Keable	McKenzie Area Renewal Committee
Steve Meahey	McKenzie Guides Association
Chuck Shepard	Hoodoo Recreation (Campgrounds, RV Parks)

The first workshop of the RTS program will be held on February 22-23, 2011 and the program is expected to be complete in May 2011.

### III. Qualitative assessment of “starting point” for RTS

There is a new coordinating committee for cooperative tourism marketing and product development in the McKenzie River Valley. This committee was formed in January 2010 to consider and implement recommendations from a commissioned 2009 Visitor Readiness Assessment. This group served as the applicant for the Rural Tourism Studio.

While the area has exceptional tourism attractions, especially but not exclusively for active outdoor recreation, it is lacking coordination in marketing communications and capacity to package visitor experiences. There is room for further development of lodging, dining places, and improved signage to support more, and a wider range of visitor types.

Providing more diverse, accessible visitor experiences is critical for expanding tourism in the area, because seasonal capacity constraints are emerging on the McKenzie River, its most well known attraction.

#### A. Planning

The area’s assets and desired focus on tourism *development* are very consistent with the target market priorities of Travel Oregon’s 2009-2011 Strategic Plan.

- Outdoor Adventure and Recreation (including river based activities, hiking and biking, golf, etc)
- Culinary/Agri-tourism (early stage at this point in the area)
- Cultural/Heritage Tourism (early stage at this point in the area)

The area’s assets and desired focus are also very consistent with Travel Lane County’s marketing plan focus on soft adventures and events with the tagline “Real Adventures. Real Close.”

In terms of general regional economic development planning, Valley communities are represented on the Lane Economic Commission, which in turn is represented on the Cascades West Economic Development District, which covers Lane, Linn, Lincoln and Benton Counties. CWEDD is responsible for regional economic development planning as an affiliate of the U.S. Economic Development Administration, and it coordinates access to some economic development project funding. Tourism is one of many goals identified in the current “Comprehensive Economic Development Strategy.”

In January 2009, the Oregon-based consulting firm Total Destinations Management prepared a Visitor Readiness Report based on community visits/observation, interviews, marketing materials analysis and industry expertise. This report included 92 recommendations on branding and marketing communications, some of which have already been implemented. Key areas of focus include:

- Need for branding to strengthen recognition of the area, focusing on river as the primary identifier
- Packaging of key nature-based experiences around:
  - Land adventures- hiking, biking, birding, wildlife viewing and photography, skiing and sightseeing
  - Nature based lodging retreats
  - Scenic byways
  - Water adventures- fishing, rafting, kayaking and boating on the wild and scenic McKenzie River
- Differentiate between Lower and Upper McKenzie River as distinct destinations.



- Create local shopping venues
- Improve signage especially at gateway into the area and for key attractions such as the McKenzie River National Recreation Trail
- Stronger, more integrated web presence and paper guides
- Clearer identification and coordination of visitor information centers (Chamber office, Ranger District, local businesses, etc)
- Strengthen connections with tour operators
- Recommendation of an annual Tourism Action Plan process for the area

Other current and recent planning efforts focused on the McKenzie River Valley include:

- The McKenzie River Valley participated in the Central Cascades Geotourism Map Guide project and has several attractions featured in this high profile regional marketing tool developed in cooperation with National Geographic.
- Upgrading wastewater and septic infrastructure in Blue River, which will allow for additional development in the community

## **B. State of tourism and implementation activities**

This is a region with underdeveloped potential for tourism as a contributor to regional vitality. As noted in the community's RTS application, tourism attractions are diverse, including fishing, rafting and boating the rivers and lakes, mountain and road biking, hot springs, Nordic and alpine skiing, golf (especially Tokatee Golf Club, one of Golf Digest's Top 25 golf courses), hiking, backpacking, camping, RV facilities, McKenzie Community Track and field venue, USA Basketball Academy, Blue River riverwalk, artist studios, visitor friendly agriculture such as lavender, filberts, and blueberries.

Tourism is currently a highly seasonal activity concentrated between May and October. Lodging and dining facilities, especially the latter, are limited within the region. Dining options may be particularly limited because the area attracts many campers who pack in food, and visitors often rent cabins with kitchen facilities.

The McKenzie River experiences a high amount of use during the high season, including fishing, rafting and general boating. As a national wild and scenic river, the river is actively managed by the federal government, but as yet there have not been limits set on permits. As noted in Section IV, the number of river permits has been increasing, and guider Aaron Helfrich believes that permits will be capped in the near future, similar to what is being planned for the Lower John Day River. Congestion is especially visible on summer weekends when incoming and outgoing boats are backed up at the launches. Whitewater rafting tours are expanding. As the river becomes more utilized, there are potential conflicts between quiet uses, such as fishing, and adventure uses such as whitewater rafting, even though in many cases, the same outfitting companies offer both experiences. This topic may come up during Rural Tourism Studio project development.

Potential capacity constraints on the McKenzie create urgency for diversifying the area's tourism products. Other activities under active development include:

- Marketing the recently upgraded McKenzie Community Track and Field as a unique regional sporting venue
- Organizing a self-guided Oregon Country Trail tour highlighting agri-tourism experiences, art studios, and other visitor oriented businesses in the area.



- Willamette National Forest is working to expand “family oriented recreation and exploration, increased map guides and web presence for trails within the Willamette National Forest, highlighting the high level of accessibility for children and less mobile travelers.
- Expanding visitor access to two historic sites in the Willamette National Forest: Fish Lake Interpretive Area and the Santiam Wagon Trail
- Coordination with the Oakridge RTS community to develop mountain biking tours and events, particularly focusing on promoting “Over the Top” biking along the Aufderheide Scenic Byway.
- Seasonal festivals, including the annual Lavender Festival and McKenzie River Wooden Boat festival

The Tourism Coordinating Committee established during the Visitor Readiness Assessment Planning process has taken on implementation of many tourism related activities. Key decisions and actions to date:

- Re-activation of the Chamber of Commerce
- Selection of “McKenzie River” as the area’s brand name. This unites both the Upper and Lower McKenzie River communities as a single destination. The decision reflects a strong desire on the part of community leaders to work together as one region with many common interests. It also reflects a desire to develop more diverse visitor offerings drawing upon the diversity of communities along the river.
- Working on signage improvements, although some concern about increasing signage for what is perceived to already be high use areas (e.g. the McKenzie River National Recreational Trail).
- Integrating web presence through a new Chamber website, VisitMcKenzieRiver.com

### **C. Organizations and partnerships**

According to the community’s RTS application, “Historically, local businesses have not collaborated on promoting the entire community. Recently, there has been increased collaboration”.

As noted in the various project descriptions, there are many willing partners in the area. The business community is well represented on the RTS Steering Committee (the tourism planning group that made application to the RTS process), more so than in any RTS community to date. Travel Lane County continues to be an active partner. The Ford Community Leadership Program has provided a forum for leaders up and down the valley to meet and collaborate on projects. An active Blue River Community Development Corporation has been planning and implementing complex infrastructure projects to prepare the area for increased visitation, as well as improve resident quality of life. A group of artists and agro-tourism business ventures have banded together to build a self-guided tour route in concert with the Oregon Country Trail Association. The Willamette Valley National Forest staff are actively involved in tourism product development, especially now around interpretation of historic sites. The McKenzie River Guide Association is active in river cleanup, and bicycling oriented businesses are working together between Oakridge and the valley.

However, the Chamber of Commerce is still in a rebuilding phase, and its fragile base is still coalescing. Not all segments of the business community are represented. Mechanisms for ongoing communication and decision-making among its members are still rough, and its overall strategy is still under development. It is expected that one outcome of the Rural Tourism Studio will be the creation of a more formal coordinating structure to sponsor future tourism development and marketing for the McKenzie River Valley.

#### IV. Quantitative assessment of “starting point” for RTS

There are many types of data that can measure progress in developing a more robust, sustainable tourism sector. The types of information most of interest include:

- A. Volume of visitors
- B. Seasonality of visitors
- C. Visitor profile
  - Average spending/duration of visit
  - Key draws
  - Quality of experience
  - Where they have travelled from, and how they learned about the community
- D. Businesses related to tourism markets
  - Number of business establishments, and those within that relate to tourism
  - Mix of products and services offered to tourists
  - Diversity of business customer base
  - Growth/profitability of businesses
  - Jobs growth related to tourism markets
- E. New investments by public or private sector in tourism products
- F. Other improvements in community well-being due to sustainable tourism development

In an area as small and unincorporated as the McKenzie River Valley, data is especially limited. There is virtually no data beyond anecdotal information about where visitors come from, how long they stay, and how they learn of the area.

Furthermore, because the Rural Tourism Studio here is launching during a recession, and the region has a small existing infrastructure of tourism business, *short term* trend data may be unreliable as indicators of project impact. In the longer term, however, this baseline data should prove useful as a benchmark for progress.

##### A. Visitor volume

There are several sources of potential visitor volume data:

- Local transient lodging taxes can be used as a proxy for comparing visitor volume from year to year. This is especially useful for areas are smaller than a single county
- Visitor expenditures by county as captured by Travel Oregon research
- Local visitor counts by key organizations and destinations

Because there are no taxing jurisdictions within the McKenzie River Valley, its room tax is administered through Lane County. In the fiscal year ending June 30, 2010, the McKenzie River Valley lodging tax accounted for 3.3% of transient room taxes collected in Lane County. The area accounted for 22.31% of all transient room taxes collected in the rural parts of Lane County.

##### Lodging Tax for McKenzie River Valley July 2005-November 2010

Year	Total transient tax revenue, McKenzie River Valley	McKenzie Valley % change from prior year	Lane County % change from prior year
July 2005-June 2006	\$170,392	+24.5%	+11.3%

July 2006-June 2007	\$173,226	+17.0%	+9.3%
July 2007-June 2008	\$240,747	+39.0%	+6.3%
July 2008-June 2009	\$387,169	+60.8%	+1.8%
July 2009-June 2010	\$204,913	-47.1%	-12.5%
July 2010-Nov 2010	\$111,268		

Sources: Travel Lane County, Lane County Economic Development Dept

\* Note that the data for fiscal year 2011 (July 2010-June 2011) only covers 5 months of the year. It is not comparable to the prior years.

Visitor expenditures by category are only available at the county level. Since the McKenzie River Valley accounts for so little of the county's total visitor expenditures, the local expenditure data may be quite different than county level data. The county data is, however, included in the Appendix as a reference.

The Local Ranger District for the Willamette National Forest collects information about its users, who represent a cross-section of outdoor recreation enthusiasts at the heart of this area's visitor appeal. This is apparently the only entity that collects visitor counts.

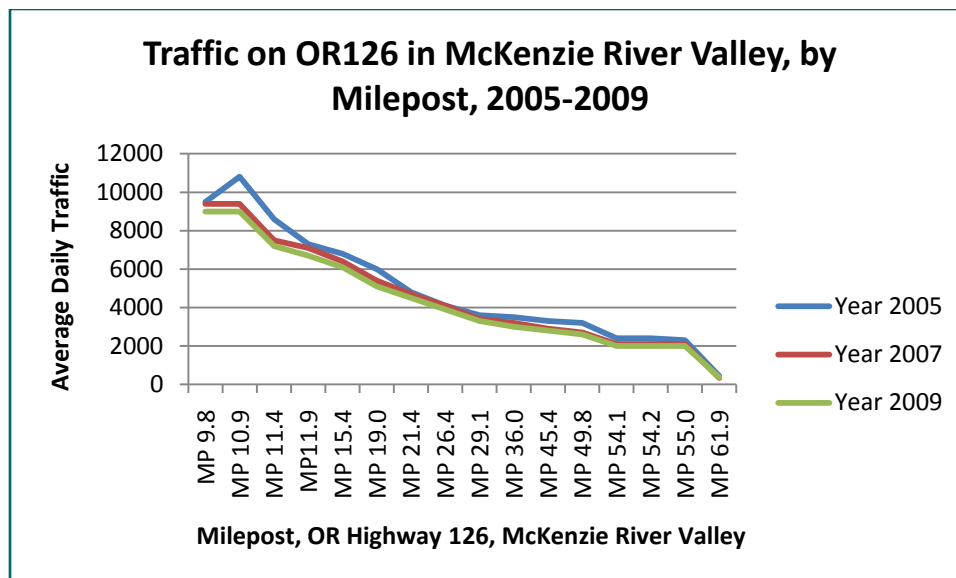
### McKenzie River Ranger District Visitor Use Data, 2008-2010

	Visitors	Visitors	Visitors	Change	Change
	2008	2009	2010	2008-09	2009-2010
NRRS Sites - Indian Ridge Lookout, Horse Creek Group Site, Roaring River Group Site, Fish Lake Cabins, Box Canyon Guard Station	1395	2193	1845	57.2%	-15.9%
Proxy Falls (requires pass)	3132	2681	5208	-14.4%	94.3%
Echo Boat Launch (requires pass)	637	861	843	35.2%	-2.1%
Trail Bridge Campground	3870	5462	5058	41.1%	-7.4%
Lost Lake Campground	925	982	969	6.2%	-1.3%
Concessionaire Campgrounds	28981	34955	35227	20.6%	0.8%
<b>Total</b>	<b>38940</b>	<b>47134</b>	<b>49150</b>	<b>21.0%</b>	<b>4.3%</b>
	<b>Passes</b>	<b>Passes</b>	<b>Passes</b>		
Recreation (Northwest Forest) Passes	n/a	509	593	n/a	16.5%
Recreation (Northwest Forest) Day Passes	n/a	325	481	n/a	48.0%

Source: Willamette National Forest

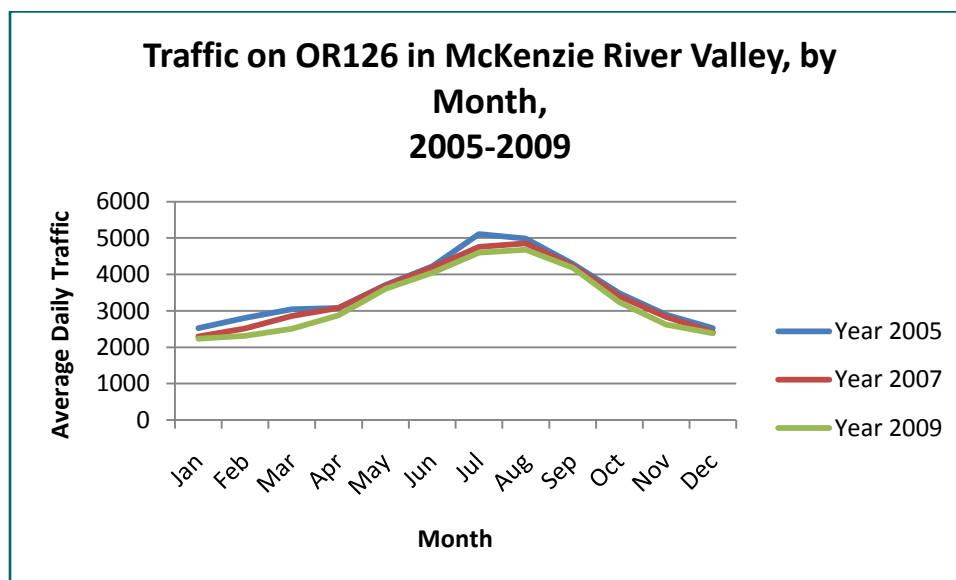
\*Information based on pass sales, concessionaire reports, fee envelopes, NRRS reports, and special use permits. Some use counts are missing.

Traffic counts along Highway 126 provide an indicator of *potential* visitor volume, given that the valley lies en route to many popular visitor destinations. Average daily traffic counts have actually declined slightly since 2005, as shown on the chart below.



### B. Seasonality

Currently, the only formal data to serve as proxy for the seasonal distribution of visitors are traffic counts by month on the region's main highway, Oregon State Highway 126. This data is consistent with the seasonal peaks described by local leaders involved with the project.



### C. Visitor profile

According to local industry sources, the visitor profile for the McKenzie River Valley is similar to that of Lane County as a whole. Some of the recreation opportunities in the valley are more strenuous than the "soft adventure and events" marketing focus for Lane County, and therefore may attract a somewhat younger visitor.

Although the valley has renown as a fishing and outdoor recreation destination, area businesses believe that many of its current visitors are day trippers from the nearby Eugene/Springfield metropolitan area. Overnight visitors typically come with lodging reservations in hand and at least one specific activity in mind, and learn through their place of lodging about other area attractions.

According to Travel Lane County, for the county as a whole, Oregon tops the list of visitors' home states, followed by California, Washington, Arizona and Colorado. International visitors come from the following countries, in order of magnitude: Canada, Germany, United Kingdom, Japan, Australia, Netherlands, Switzerland, France, Denmark, Italy and Korea.

Home zip code data is available at the regional level for the multi-county Willamette Valley Region, which includes all but the coastal portion of Lane County. This data was last updated in 2006, and is included in the appendix of this report.

Finally, average daily expenditures by visitors are an important measure of economic impact. However, data is only available at the statewide level. For 2008, the average expenditure for overnight visitors was \$124 per day and \$331 per trip (source: Dean Runyan Associates for Travel Oregon). While average expenditure data gathered locally as part of future visitor surveys may not be scientifically rigorous, it will provide important insights regarding trends.

For this and other RTS communities, collecting visitor volume and basic visitor profile information is key to being able to monitor the effectiveness of tourism development efforts. Travel Oregon will be providing a visitor profile tracking template to participating communities as part of the RTS program services.

#### **D. Businesses**

Information about the number of tourism related businesses in the region is not formally available. Chamber of Commerce President Chris Lavoie estimates that 90% of the Chambers current 19 members derive primary or secondary income from tourism. As noted above, the Chamber is in a rebuilding phase, so many businesses are not represented at this time. At its peak, The McKenzie Valley Chamber has close to 50 members.

The remaining business information noted in the introduction to Section IV will be gathered through periodic surveys of a sample set of local businesses. The survey will track market, product, employment and revenue trends. The first such survey will be conducted in fall of 2011.

#### **E. Other Data**

This will be gathered from open-ended survey questions with key stakeholders, businesses and partners over time.

## V. Appendix: Additional Regional and County Level Data

### Home Zip Codes of Visitors, Willamette Valley Region 2004-2006

Top five urban zip codes for Willamette Valley visitors, 2004-2006

City	% of W.V. visitors from urban areas
Seattle	27%
Portland	26%
Eugene	8%
San Francisco- Oakland- San Jose	4%
Spokane	4%

Source: Longwoods International for Travel Oregon

Top 5 home states for Willamette Valley visitors, 2006

State	% of W.V. Visitors from state
Oregon	35%
Washington	35%
California	11%
Texas	4%
Maryland	3%

Source: Longwoods International for Travel Oregon

### Tourism Sector Jobs (Direct Employment), Lane County 2007-2009

2007 jobs	2008 jobs	2009 jobs (prelim est)	% change 2007-09
7,900	8,190	7,300	-7.6%

Source: Dean Runyan Associates for Travel Oregon

### Business Revenue for Tourism Related Businesses, Lane County 2007-2009

Category	2007	2008	2009 (prelim)	% change 2007-09
Accommodations	\$86 million	\$93.4 million	\$78.7 million	-8.5%
Food and beverage	\$133.2 million	\$135.8 million	\$127.2 million	-4.5%
Food stores	\$46.8 million	\$48.3 million	\$44.5 million	-4.9%
Ground transport/motor fuel	\$123.7 million	\$139.1 million	\$105.1 million	-15.0%
Arts/entertainment/recreation	\$70.1 million	\$69.0 million	\$62.5 million	-10.8%
Retail sales	\$72.9 million	\$70.1 million	\$65.2 million	-10.6%
Air transportation	\$6.6 million	\$6.9million	\$7.3 million	+10.6%

Source: Dean Runyan Associates for Travel Oregon