Assessing the Investment: The Economic Impact of the Great Lakes Restoration Initiative

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Background/Context

- Great Lakes supported the development of the regional economy
- Great Lakes ecosystem has been compromised in the process
- Regional employment and population growth have lagged US for decades

*Figure 1: Economic and Demographic Trends in the Great Lakes Region*

GLRI was created to protect, enhance and restore the Great Lakes and the nation’s natural infrastructure.

- Accelerated AOC cleanups
- Controlled invasive species on 115,000 acres
- Kept 402,000 pounds of phosphorus out of the lakes
- Protected 642 miles of shoreline, 17,500 acres of coastal wetlands, and 180,000 acres of habitat

Preliminary Analysis

From 2010 to 2016, GLRI

- Created 1000s of jobs
- Increased personal income ($250 million per year)
- Attracted or retained residents (including millennials)

Stakeholder interviews:

- GLRI is a “catalyst”
- Communities have greater appreciation of water resources
- “Rust belt” communities have deeper perceptions of “community” and more optimism
- GLRI helped tackle problems previously believed insurmountable
- GLRI generated growth in the tourism sector (esp. water-based tourism)
Methodology

INTEGRATED STUDY APPROACH

- Evaluate historic impacts 2010-16
- Project future impacts through 2036
- Illustrate regionwide impacts in specific Great Lakes communities
Case study locations
Economics Research Team

Regional Economic Modeling

Gabe Ehrlich  Mike McWilliams  Don Grimes

Research Seminar in Quantitative Economics (RSQE)
Expert Panel of Economists

Patrick Barkey, University of Montana
Nicholas Burger, Rand Corporation
Colby Lancelin, Atlanta Regional Commission
Robert Litan, Georgetown University
Bryce Ward, University of Montana
Case Study Team

Nina Ignaczak  
Issue Media Group

Patrick Dunn  
Model D Media
Advisory Panel

John Austin, Director, Michigan Economic Center
Jade Davis, Vice President, External Affairs, Port of Cleveland
John Dickert, President and CEO, Great Lakes and St. Lawrence Cities Initiative
Steve Fisher, Executive Director, American Great Lakes Ports Association
Kim Foreman, Executive Director, Environmental Health Watch
George Heartwell, former Mayor of Grand Rapids, MI
Mic Isham, Executive Administrator Designate, Great Lakes Indian and Fish Wildlife Commission
Kim Marotta, Director of Sustainability, MolsonCoors
Cara Matteliano, VP, Community Impact, Community Foundation of Greater Buffalo
Matt McKenna, Northeast-Midwest Institute
Stefan Schaffer, Office of Mayor Rahm Emanuel, City of Chicago
Bill Steers, General Manager, Communications & Corporate Responsibility, ArcelorMittal
Study Results
Economic Impacts

- Every dollar spent on GLRI projects between 2010 and 2016 will generate a total of $3.35 of additional economic activity through 2036.
  - Erie, PA: New Harbor Place development ($150M)
  - Muskegon, MI: $47 million in waterfront development; new corporate HQ for kayak company ($9 million, 150 jobs)
  - Ashtabula, OH: 27 new businesses in Harbor business district
Economic Impacts

- In certain case study communities, the longer-term impact will be even greater: every dollar of federal GLRI spending from 2010-2016 will produce more than $4 of additional economic activity through 2036.
  - Buffalo, NY: Canalside ($$ multimillion)
  - Detroit, MI: Developers have invested nearly $400 million in new waterfront developments and improvements to existing ones
Economic Impacts

- For every dollar spent on GLRI projects from 2010 to 2016, additional tourism activity generated by the GLRI will increase regional economic output by $1.62 from 2010–2036. This is nearly half of the total increase in economic output documented by the study.
  - Ashtabula, OH: Pleasure boat registrations up 42% 2008 to 2017
  - Sheboygan, WI: Visitor spending up 32% 2010 to 2016
  - Muskegon, MI: Pearl Mist cruise ship now stopping, $50,000 in direct spend in one cruise season
Economic Impacts

◦ Every dollar of GLRI spending from 2010–2016 increased local house values by $1.08, suggesting that GLRI projects provided amenities that were valuable to local residents and improved the region’s quality of life.

◦ Detroit, MI: >$100M in new residential on the river since 2013
◦ Duluth, MN: $38M new mixed use residential opened in 2017
◦ Buffalo, NY: Former shipping facility redeveloped into apartments that opened in 2017 ($18M)
Case Studies

- New real estate and commercial development
- More traditional recreation and a “new tourism”
- More tourist visits and more tourism revenues
- Improved quality of life -- new residential housing, more millennials, lake access used as a recruiting tool
Project Team

CGLI
Council of Great Lakes Industries

Great Lakes Commission
des Grands Lacs

National Wildlife Federation

WATER CENTER
UNIVERSITY OF MICHIGAN

ALLIANCE for the GREAT LAKES

MICHIGAN OFFICE OF THE GREAT LAKES

GREAT LAKES METRO CHAMBERS COALITION
Funding Organizations
Thank you!