

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

A Case Study of Erie, Pennsylvania

SEPTEMBER 2018

In Erie, PA, Great Lakes Restoration Initiative-funded improvements have been an influencing factor in numerous economic benefits.

- **Development:** Developers have taken a fresh interest in Erie's waterfront, investing \$250 million in hotels and mixed-use developments.
- **Tourism:** Visitors spent \$1.67 billion in the state's Great Lakes region in 2016, an increase of 11 percent since 2010.
- **Recreation:** Presque Isle State Park's visitors have increased 22 percent between 2006 and 2017, with an average total per-trip expenditure of \$80.95.

Presque Isle Bay is easily the defining geographic feature of Erie, PA. The slender peninsula of Presque Isle juts out from the shore just west of Erie, curving back to the city's shoreline and leaving only a narrow opening for water to flow between the 25-square-mile bay and Lake Erie.

The bay is a natural marvel, but its unique formation has also exacerbated environmental problems. Manufacturing facilities around the bay discharged wastewater into the water for decades, leading to high concentrations of heavy metals in the bay's bottom sediments. Numerous combined sewer overflows that once discharged into the lake created high concentrations of polycyclic aromatic hydrocarbons, oil and grease, pesticides, and other pollutants. That situation was only worsened by the narrowness of the channel connecting the bay to Lake Erie, which creates a two-and-a-half-year flush time for the bay.

However, despite the factors working against it, Presque Isle Bay has become an early success story in efforts to clean up the Great Lakes. The bay was delisted as a federal Area of Concern in 2013, and \$5.3 million of Great Lakes Restoration Initiative (GLRI) funding helped seal the deal.

GLRI-funded projects were crucial for delisting, according to Timothy Bruno, chief of the Pennsylvania Department of Environmental Protection's Office of the Great Lakes, by providing the technical and administrative resources for accomplishing removal of beneficial use impairments (BUIs). Erie's BUIs on fish tumors and deformities and restrictions on dredging have both been removed.

These funds allowed for the implementation of the Presque Isle Bay Area of Concern Remedial Action Plan by identifying the highest priority Remedial Action Plan projects, identifying delisting targets, increasing public education and participation, and carrying out formal delisting procedures and meetings.

For example, the funding allowed staff to develop a process for defining questions, developing and implementing investigations, and completing studies for removal of the fish tumor BUI. Removal of that BUI not only led to delisting but restored public confidence in the local fishery. A series of habitat improvements within Presque Isle State Park has also led to an enhanced experience for visitors.

"Environmental improvements have been a critical component for the investment of millions of dollars for improvements along Erie's bayfront," says former Pennsylvania governor and Erie resident Tom Ridge.

Developers take interest

The cleanup in Presque Isle Bay began in 1991, so even before GLRI accelerated the cleanup and moved the site toward delisting developers had begun to take a fresh interest in the bay as a scenic tourist destination and gathering place. 2008 brought the opening of the Bayfront Convention Center, an \$80-million, 125,000-square-foot waterfront structure including two hotels.

As the convention center has taken off and the reputation of the bay has improved in the wake of cleanups, an even more ambitious development has gotten underway on the site of a former electrical plant. The \$20-million, eight-story Hampton Inn and Suites broke ground on the bayfront in May 2018, and it's just the beginning of a nine-phase, \$150-million development called Harbor Place. The development is set to include two hotels, retail shops, parking garages, an outdoor ice rink, condos, and apartments.

Harbor Place represents a major vote of confidence in the bay from Scott Enterprises, which owned the 12-acre property for 19 years before getting the development started this year. The company has plans to move 50-60 employees from nearby Summit

Township into an office building slated for construction in the project's second phase and has another tenant lined up for that structure as well.

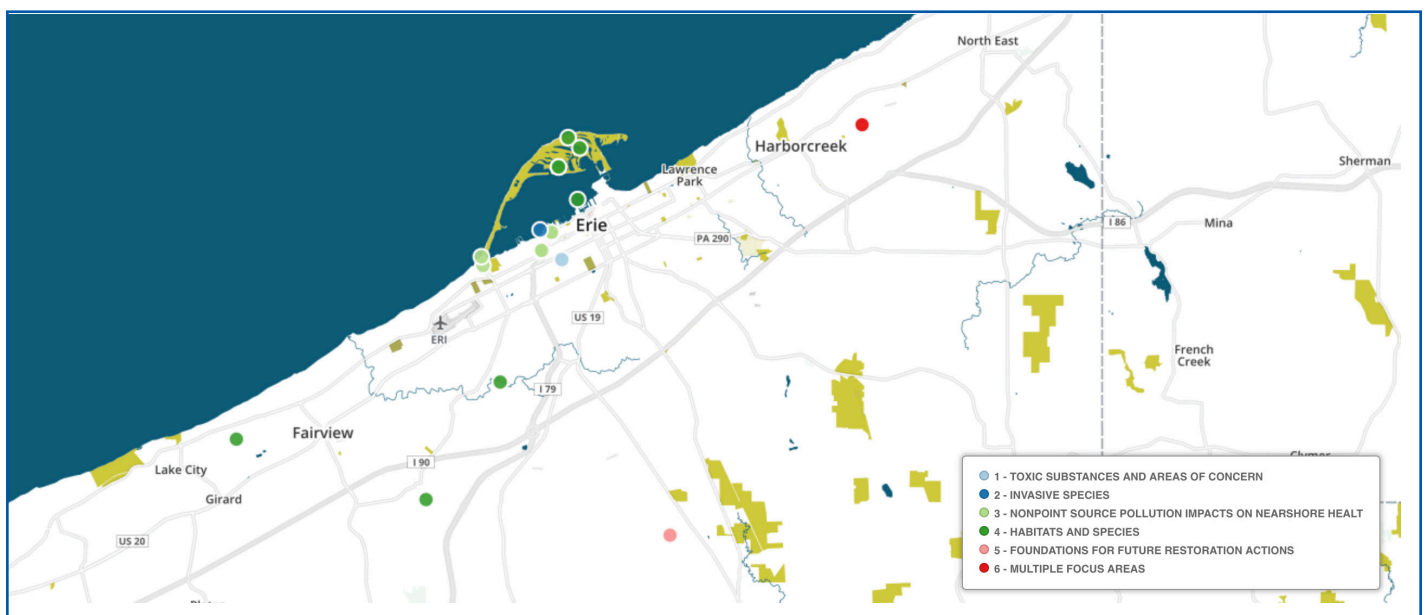
The bay has also seen smaller development projects. Lampe Marina, Bay Harbor Marina, and Perry's Landing Marina have all undergone expansions or renovations since GLRI work began.

Leveraging the bayfront as an economic and cultural resource has become a major strategic priority for multiple Erie organizations.

Erie Refocused, the city of Erie's 2016 strategic planning document, refers to transforming the bayfront into a "mixed-use urban experience that leverages a world-class asset."

Destination Erie, a 2015 strategic planning document for Erie County, identifies the long-term goal of seeking national and international designations, such as UNESCO World Heritage List inclusion, for Erie's natural resources to elevate their international profile. And the Erie-Western Pennsylvania Port Authority's 2018 master development and facilities plan outlines multiple strategies for connecting the bayfront to Erie's downtown.

"The waterfront is perceived by the entire community as really the one primary asset that we have," says Brenda Sandberg, executive director of the port authority. "There is still a lot of potential for development on that."



Great Lakes Restoration Initiative projects around Erie, PA.

Recreation on the bay

Waterway cleanup in Erie has spawned a resurgence in water-based recreation among both locals and tourists.

"There has been more of a focus on just being close to the water and treating it more like a front door than a back door," Bruno says.

The center of that activity is Presque Isle State Park, which occupies the entire Presque Isle peninsula and offers impressive access to both the bay and Lake Erie. Multiple forms of water-based recreation have seen an uptick in the wake of GLRI restoration work – like fishing, once hampered by the tumor BUI. The cleanup funded in part by GLRI resulted in the removal of the BUI in 2012.

As a result, the park has seen its visitors increase by 22 percent between 2006 and 2017, with an aver-

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age total per-trip expenditure of \$80.95. And those visitors aren't just coming from Erie and the nearby area.

According to VisitErie president and CEO John Oliver, steelhead fishermen have since begun to visit Presque Isle from as far away as the United Kingdom.

"Fishing has really expanded a lot and has become almost an industry in and of itself," Oliver says.

The Pennsylvania Tourism Office's annual "Economic Impact of Pennsylvania's Travel and Tourism Industry" report shows that visitors spent \$1.67 billion in the state's Great Lakes region in 2016, an increase of 11 percent since GLRI work began in 2010. The travel industry had also grown to represent 9.8 percent of the region's employment in 2016, an increase of 7 percent since 2010.

"The only constraint for us on tourism-related activities is weather-related," Rouch says. "It's not water condition-related, which is great for us from the standpoint of being, if you will, always open."

Oliver notes that Erie draws many visitors from larger nearby cities such as Pittsburgh, Cleveland, and



Erie, PA's shoreline is experiencing rapid development.

Buffalo, which have varying degrees of water access but none of which can match Erie's beach access.

"Without a doubt, their perception of the quality of the water, the beaches, and other activities designed for visitors far exceeds what they had thought before they arrived," he says. "In many cases, we're now starting to see multiple people coming back as repeat visitors."

"There has been an undercurrent of people trying to reinvest back into this place."

Millennials return to Erie

Changing perceptions of Erie's bayfront and the community as a whole have driven an influx of younger Erie residents with an interest in continuing to re-envision and revitalize the community.

Between 2010 and 2016, the percentage of residents between the ages of 20 and 34 grew by six percent. That age group now makes up 24.4 percent of Erie's population, far higher than the 19.6 percent that now comprises Pennsylvania's population overall. In Erie County, the population aged 25 to 34 with at least a bachelor's degree increased about one third faster than in the U.S. overall (33.7 percent com-

pared to 25.8 percent.

And, as prominently noted in James Fallows' series of stories for The Atlantic on Erie's changing face, millennials come to Erie with a fresh sense of optimism for the community.

"There has been an undercurrent of people trying to reinvest back into this place," Bruno says.

Oliver says his organization and others are working to continue drawing young residents to Erie through entrepreneurship and other opportunities, "but the fact is that having access to the quality of beaches and water access that we have here is one of the selling points that we're making." Rouch echoes that point, noting that Erie's improved waterways have become a talent recruitment tool.

"Some of our large employers who are going after that younger, millennial talent have the ability to use our waterways as a hook to land those employees," he says. "It's definitely given them an asset to land that talent and grow that talent here in the market."

Information included in this case study was provided by the interviewees or obtained from Tourism Economics, "The Economic Impact of Travel and Tourism in Pennsylvania" (2010, 2016); the American Community Survey (2010, 2016); or other data sources.

This case study is part of a project entitled "Assessing the Investment: The Economic Impact of the Great Lakes Restoration Initiative" (September 2018).¹ A summary report and other documents for the project are available at <https://www.glc.org/work/blue-economy/GLRI-economic-impact>.

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