

APPENDIX 6

CONTINGENT VALUATION METHODOLOGY STUDY

BACKGROUND

BLM commissioned a report, authored by Dr. John Loomis, to use a Contingent Valuation Methodology approach to determine the public's willingness to pay for public resources under four different management strategies. The report is entitled BLM UPPER SNAKE RIVER, CONTINGENT VALUATION METHODOLOGY, published in April of 2001. A copy is located at the Pinedale Field Office, BLM. The study was conducted to determine non-market values for resources and uses of the public land parcels in the Snake River planning area.

To gather the necessary data to be used in the report, a 12-page survey was developed and given to a random sample of visitors at four locations along the Snake River corridor in Jackson Hole. The fieldwork for the report was conducted during the summer of 2000, over a 21-day period between August and the Labor Day weekend. A total of 655 surveys were handed out to river visitors during this time period.

Most visitors who received the surveys took them home to give their answers some careful thought and then return the surveys. They were also asked for their name and address so a follow up contact could be made in the event they did not return the survey. Of the 655 surveys handed out, 418 were returned, constituting a 65.2% response rate (Table 1).

TABLE 1
BLM SURVEY RESPONSE RATE

	Teton County	Rest of WY	Rest of U.S	Visitors	Total
Surveys Mailed	800	800	800	657	3,057
Undeliverable	165	50	44	16	275
Deceased	4	10	6	0	20
Net Sample	631	740	750	641	2,762
Returned	372	386	254	418	1,430
Response Rate	59.0%	52.2%	33.9%	65.2%	51.8%

In addition to the visitor survey, there were three random surveys mailed to households in Teton County, Rest of Wyoming, and throughout the rest of the United States. There were 800 surveys mailed to each of these geographic areas for a total of 2,400 surveys. Table 1 indicates the specifics of each mailing and depicts the response rates for all three.

As expected, the response rate was highest for the visitors who were personally handed a survey, and the lowest for the random sample sent out to the rest of the United States. But overall, the response rate amounted to nearly 52%, which provided a good representation of those surveyed and could be used to draw meaningful conclusions regarding the management strategies being examined.

WILLINGNESS TO PAY

The survey was based on four Management Strategies:

- Management Strategy A: Sale of Lands to Private Landowners
- Management Strategy B: Increased Recreation Use
- Management Strategy C: Retention of Public Lands and Increased Wildlife Habitat Management to Maintain Habitat
- Management Strategy D: Sand and Gravel Mining and Expanded Livestock Grazing

Respondents were asked to vote on Management Strategy comparisons where Strategy A was compared to Strategies B, C, and D. All Management Strategies, other than A, required payment of higher annual taxes. Depending on the survey respondents received, the annual tax increase in their survey ranged from a low of \$2 to a high of \$295.

The results of the voting are illustrated in Table 2. Notice the Willingness to Pay (WTP) is the highest for Management Strategy C vs. A across all samples. For example, the WTP for C vs. A ranges from a high of \$288 for Visitors to a low of \$52 for the Rest of WY. It is important to note that while the WTP for Rest of WY and Rest of U.S. is relatively low compared to the WTP for Visitors and Teton County Residents, the number of households in the U.S. is much greater. When the WTP is extrapolated over approximately 100 million households nationwide, the value for Management Strategy C vs. A becomes substantial.

TABLE 2
ESTIMATES OF WILLINGNESS TO PAY (WTP)

	Strategy	Median WTP
Visitors	B vs. A	\$202
	C vs. A	\$288
	D vs. A	\$39
Teton County Residents	B vs. A	\$177
	C vs. A	\$245
	D vs. A	\$37
Rest of Wyoming	B vs. A	\$49
	C vs. A	\$52
	D vs. A	(\$47)
Rest of United States	B vs. A	\$5
	C vs. A	\$68
	D vs. A	(\$108)

Numbers in parentheses are negative

MANAGEMENT STRATEGY PREFERENCE

In addition to the WTP questions in the survey, respondents were asked which of the four Management Strategies they preferred if there were no cost associated with any of the choices. The results of the voting are illustrated in Table 3.

Strategy A, involving the sale of the BLM-administered land, was the least popular choice across all samples. The most popular choice was Management Strategy C, which emphasized retention of public lands, wildlife protection at the expense of slightly lower recreation use, elimination of livestock grazing,

and the prohibition of sand and gravel mining. The second most popular choice was Management Strategy B, emphasizing increased recreation use in conjunction with more recreation facilities. The third most popular choice was Management Strategy D, which favored sand and gravel mining and expanded livestock grazing.

TABLE 3
MANAGEMENT STRATEGY PREFERENCE

Strategy	Visitors	Teton County Residents	Rest of Wyoming	Rest of US
A	2.4%	2.4%	4.0%	5.7%
B	29.0%	25.4%	29.1%	26.0%
C	59.5%	54.9%	45.1%	55.1%
D	9.1%	17.4%	21.7%	13.2%
Total	100%	100%	100%	100%

SUMMARY

The study entitled BLM UPPER SNAKE RIVER, CONTINGENT VALUATION METHODOLOGY points out one common theme. That theme is that the public lands being considered in this RMP represent a valuable resource that has a non-market component that greatly exceeds the private market value of the lands. The resource is not only valuable to the visitors and residents of Teton County, but to the nation as a whole. Moreover, it is clear from the study that the preference of the public is to keep the parcels in public ownership.

Another interesting observation pointed out in the BLM UPPER SNAKE RIVER study is derived from the random selection of respondents living in the Rest of WY and Rest of U.S. Many of the respondents from this sample set have never visited the Jackson Hole area, but are still willing to pay to have it maintained in public ownership. The public's willingness to pay to maintain these lands in public ownership emphasizes the importance of this area from a national preservation standpoint. Also, it further illustrates the importance of the non-market component of value for these lands.

Given the scope of the study, it is not possible to accurately quantify the WTP of each of the alternatives being evaluated in the SRRMP. With that said, a subjective analysis will be used to examine the salient features of each alternative and determine whether the WTP is expected to go up or down based on the responses in the BLM UPPER SNAKE RIVER study. Following that discussion, a subjective comparative analysis will be used to rank the WTP associated with each alternative.

The BLM UPPER SNAKE RIVER study is available for review. By reviewing that document, the reader will have access to the details of the study that have been summarized in this appendix. For a more thorough understanding of this study, please refer to the report entitled BLM UPPER SNAKE RIVER, CONTINGENT VALUATION METHODOLOGY published in April of 2001.