

Economic Assessment of Lake Pend Oreille Water Management by U.S. Army Corps of Engineers on the Regional Economy

December 19, 2024

Overview

Lake Pend Oreille water levels are controlled by the Army Corps of Engineers (Corps), primarily employing Albeni Falls dam to regulate levels to produce electricity. Flood control, recreation, and other objectives are secondary. The functions of the dam are co-equal multiple purposes as per Senate Document #9 Section 59. The Albeni Falls project serves multiple purposes of power generation, navigation, flood control, fish and wildlife conservation, and recreation.

This year (2024) the Corps held water levels below normal operating levels until late June, and water levels never reached the 2062.5-foot summer pool level. Lake levels were held back due to problems with the dam's spillway gates. The dam is aging, and the spillways are 70 years old, 20 years beyond their useful life.

When lake levels are low, the options for getting recreational boat on the lake are limited, marinas are mostly dry. Hotels, lakefront housing and service businesses are all affected by reductions in recreation opportunities from reduced water levels. In addition, public safety is at risk from limited emergency response since fire and police vessels cannot launch. The uncertainty in the lake water levels reduces both current recreational activities and reduces future economic growth. The Lake Pend Oreille recreational season is already shorter than competitor recreational regions (i.e., Lake Coeur d'Alene), and low pool levels shorten the season even further. This causes economic harm for all local recreational vendors and the subsequent regional economy.

Purpose of Study

The purpose of this research is to conduct an economic analysis associated with variable elevations of the lake, both in the short-term and long-term, with a forecast of the limits in future growth. Specifically, the study will measure the opportunity cost of lost recreation and the wildlife aesthetics to the economy. The research will assess economic outcomes under recreation vs. energy production management strategies. The metrics measured will include changes in output (sales), gross regional product (GRP), wages and benefits, jobs, and local and state taxes.

Historical Context to the Study

This study will evaluate the functions of the lake within the historical framework of the authorization and construction of the Albeni Dam. For example, in 1928, Idaho obtained a license and certificate of water right "...for all of the unappropriated water of Priest, Pend Oreille, and Coeur d'Alene Lakes in

their present condition for scenic beauty, health, recreation, transportation and commercial purposes necessary for and desirable for all inhabitants of the state to be a beneficial use of such water.” There was also a permit issued at that time to the State of Idaho for a dam at Albeni Falls. Lake Pend Oreille is a natural lake, not a reservoir.

The original functions of the dam were multi-use:

1. power generation,
2. navigation,
3. flood control,
4. fish and wildlife conservation and
5. recreation.”

The basis of this analysis is the assumption that the Corps has managing the dam primarily for power production with limited concerns for the other stated functions.

Research Approach and Components

The research will include:

- Review of literature
- Complete regional economic and social profile
- Survey and interviews with key stakeholders
- Economic Model of the regional economy
- Economic impact assessment of alternative management strategies
- Forecast of future economic growth under the different management strategies
- Alternatives and recommendations
- Conclusions

Advisory Board

A broad-based regional advisory board will be created to both inform and support the study.

Timeline

The project launch date is on or about January 1, 2025, and is expected to run through June 30th, 2025.

This will give the consultants time to conduct:

- Surveys of various people and organizations affected by the water levels at Lake Pend Oreille,
- Build economic models surrounding north Idaho’s Economy, predominantly centered on Sandpoint,
- Analyze the economic consequences of alterations in the status quo water levels maintained in the lake
- Disseminate the results via a detailed report and presentation to stakeholders.

Deliverables

The deliverables of this research include three documents: an Executive Summary, a Technical Report, and a PowerPoint presentation that can be used when working with local, regional, and state constituents. In conjunction with the written deliverables the economists will present their findings:

- After the completion of the draft reports are submitted
- After the results are submitted. The final analysis will address the reviewer's comments from the funding agent and the advisory board.
- Public presentations

Budget and Payment Schedule

Estimated project costs are not to exceed \$65,000 including data expenses and travel. The following table outlines the expenses.

Survey design and data collection	\$25,000
Economic modeling and data analysis	\$30,000
External economic review and recommended revisions	\$5,000
Travel and presentations	\$5,000
<i>Total</i>	<i>\$65,000</i>

* Overhead rates are assumed to be zero. Their inclusion will alter the expenses outlined above