



ANALYSIS AND ASSESSMENT
Nature Tourism Business Incubator

SINNEMAHONING STATE PARK - DECEMBER 2004



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EXECUTIVE SUMMARY

Background

In its *Plan for Elk Watching and Nature Tourism in North Central Pennsylvania* FERMATA, Inc. recommended a business incubator facility as a pilot project for nature tourism-related entrepreneurial development consistent with the mission of Sinnemahoning State Park and nearby State Forests. The incubator would offer skills training in nature tourism-related activities such as hospitality and backcountry safety and provide a revolving loan fund for development. FERMATA suggested that this effort would be a partnership between Department of Conservation and Natural Resources (DCNR) and other agencies, with North Central Regional Planning and Development Commission (NCPRPDC) providing the entrepreneurial assistance, business plan development, and revolving loan fund support for the project. NCPRPDC indicated its interest in assessing and developing the feasibility of such an endeavor. The nature-based business incubator would serve what is now known as the Pennsylvania WILDS, a 13-county region of North Central Pennsylvania.

TL Wilson and Associates conducted a preliminary feasibility study in January 2003, based on FERMATA's recommendation. The preliminary assessment focused on interpretation and education; guided elk, fishing, and canoe trips; and a retail outlet.

In early Spring 2004, NCPRPDC contracted FERMATA to evaluate the work of TL Wilson and to commence a detailed feasibility study of a nature-based business incubator facility at Sinnemahoning State Park. FERMATA conducted the following tasks:

- Task 1: Prepare projection of suitable business types most likely to succeed**
- Task 2: Prepare program of incentives to stimulate growth of nature tourism businesses (new business start-up or existing business expansion)**
- Tasks 3 & 4: Design nature tourism business incubator concept and develop structure and procedures for administration**
- Task 5: Analyze project feasibility**

This report is the culmination of Tasks 1-5 and is based upon review of existing and acquired information gathered through online research, in-person or phone interviews, and meetings with planning committee members and other interested parties.

Projection of Successful Businesses

FERMATA identified businesses most likely to succeed based upon an assessment of the successes of other similar businesses in the region and information reported by Tourism Promotion Agency (TPA) directors regarding the requests of nature-based visitors to the region. FERMATA recommends the development of the following nature-based businesses:

- Guide services
- Outfitter/livery
- Educational facility and/or Artisan Guild
- Retail sales (stand-alone or in conjunction with any of the above)

Business Needs and Supports

FERMATA sought to identify the obstacles to starting or expanding nature-based businesses in the region and the supports that would be required in order to help ensure success. The needs identified through interviews with existing businesses, research, and case studies are categorized as financial, management, marketing, and facility-based. Specifically, they include:

- Access to low-cost loans and grants through local, state, or federal sources
- Technical assistance in business planning
- Strategies to meet human resource needs
- Help to secure insurance at a reasonable rate
- Nature tourism vacation website
- Availability of maps and guides for specific activities
- Increased access to public and private lands
- Additional lodging accommodations (which is outside the scope of this study)

In response to the identified needs, FERMATA developed recommendations aimed at providing the needed supports to help businesses succeed. FERMATA recommends that the following actions be undertaken in the Pennsylvania WILDS region:

- Establish a Pennsylvania WILDS Outdoor Guide Association.
- Establish a North Central Pennsylvania Interpretive Association.
- Designate NCPRPDC and The Progress Fund as the agents for low-cost loans and grants; and conduct outreach with possible entrepreneurs.
- Utilize the services of the Small Business Development Center (SBDC) program at Clarion State University for business development and administration training and technical assistance, including business plan preparation, to nature-based tourism businesses.
- Work with local community organizations, vocational programs, chambers, and state employment services to develop comprehensive hiring strategies.
- Work with the New York State Guide Association and Outdoor Recreation Insurance Company.
- Increase both awareness and participation of nature-based businesses in the existing Pennsylvania website at www.visitpa.com.
- Work toward developing a comprehensive public land-use strategy and special use permit system that both protects and serves land and resource conservation, the needs of business people, and recreationists.
- Continue efforts of Pennsylvania Tourism and 8 TPAs in region to form non-profit Pennsylvania WILDS Tourism Association.

Incubator Concept and Structure

FERMATA approached the incubator concept by looking at various components that make up an incubator: the physical facility, administration, operations and maintenance, programming, and support for business, marketing, financing, and office needs. FERMATA's recommendations are based on extensive case study research and interviews with key informants conducted in Pennsylvania and other parts of the country.

FERMATA considered several models for the nature-based business incubator, including developing an onsite incubator facility at Sinnemahoning State Park and creating a Pennsylvania WILDS Business Development Network (WBDN) to support small nature-based businesses

distributed in rural communities, such as the Incubator Without Walls (IWW) in rural Maine. The two models are not mutually exclusive as many of the services required to support tenants in an incubator facility would also be required for a non facility-based model.

Facility-based Incubator

A new Visitor Center building is being planned for development at Sinnemahoning State Park. If the incubator facility is developed simultaneously, the synergies of a joint venture may prove beneficial. Several alternatives exist for construction and ownership of the facility that must be decided by the various agencies involved. Among the alternatives are construction and ownership by NCPRPDC, by DCNR, by other interested agencies, or by any combination of involved parties. The land at Sinnemahoning State Park, where a facility-based incubator would be built, is DCNR property.

FERMATA recommends that if the incubator facility is built it be attached to the new Visitor Center as a wing with movable walls to partition the necessary rooms, that include:

- Reception area
- Business space
- Storage space
- Training facility/classroom
- Demonstration/exhibit space

Based upon current tenant projections, FERMATA estimates that this incubator wing would be about 2500 square feet.

Pennsylvania WILDS Business Development Network

The WBDN would function much like the IWW program, which does not provide a facility but rather the entrepreneur training, marketing assistance, and networking opportunities for businesses operating within the community. The WBDN would help independent businesses (both new and existing) in small communities throughout the region. Partners in this venture could include NCPRPDC, Clarion University SBDC, The Progress Fund, DCNR, colleges and universities, local business owners, and others.

Staffing Needs

FERMATA developed staffing scenarios for the incubator facility that address all aspects of administration, programming and marketing, custodial and maintenance service, business training, and business support. FERMATA's staffing recommendations include the following full-time and part-time paid and volunteer positions:

- Incubator Administrator
- Program and Marketing Manager
- WBDN Administrator
- Incubator Support Service Personnel
- Custodial Services
- Visitor Services Specialist
- Interpretative Specialist
- Arts Programming Coordinator
- Trainers and Demonstrators

Depending upon skills needed, the various staff positions could be filled and/or supervised by NCPRPDC, DCNR, Pennsylvania WILDS Tourism Association (a consortium of 8 TPAs), the proposed North Central Pennsylvania State Parks Interpretive Association, Northern Tier Cultural Alliance (NTCA), other non-profits, or by incubator tenants.

Facility Oversight

Regardless of the agencies or organizations that are ultimately responsible for the various aspects, FERMATA recommends that a Board of Directors be established to oversee the incubator facility (physical and/or non-facility-based). This Board may be comprised of representatives of local agencies, banks, attorneys, State Park employees, representatives from the nature-based and/or culture-based business community throughout the region, and community leaders.

Throughout this report, FERMATA has recommended NCPRPDC for various roles in the design, building, operations, and maintenance of the Sinnemahoning State Park nature-based incubator. It is possible, however, that there are other agencies and organizations within the public and private sector interested in participating in this project. FERMATA does not wish to infer that these roles are limited to NCPRPDC. However, NCPRPDC has played a pivotal role in the concept development of the incubator project and has expressed serious interest in continuing to play a major role in the ongoing aspects of development.

Visitation and potential economic benefit to the Pennsylvania WILDS

Based on FERMATA's research, there is tremendous potential to see increased visitation to the Pennsylvania WILDS region. The area's resources are world-class and appeal to a wide cross-section of tourists. The urban and suburban population within a 6-hour drive market was estimated at 46 million Americans in 2000, which represents 16 percent of the nation's 281 million people.

The 3.6 million non-resident visitors to the Pennsylvania WILDS are, by and large, attracted by the area's natural resources. The Allegheny National Forest, Army Corps of Engineers facilities, and State Parks dominated the visitation. Overall, the region's tourist trade is an excellent complement to its other industries, and further serves in contributing to the overall economic health of this region. The types of activities that will be available in the Pennsylvania WILDS are precisely the ones that appeal to the nature-based travel market.

Pennsylvania travel statistics (Shifflet 1999) document that outdoor recreation-based travelers spent about 35 percent more than regular leisure travelers who spent on average \$48.70/person/day in the Allegheny National Forest. Of the total spending by outdoor recreation travelers, 34.6 percent is by tourists who participated in activities on state or public forests, parks, or gamelands. With improvements to infrastructure, amenities, and services the average visitor expenditure by 2010 could be equal to that of the typical nature tourist surveyed by FERMATA (\$138.45/person/day in 2000 dollars). Even short-term improvements such as addressing safety concerns and promoting the Elk Scenic Drive will encourage an overnight visitor to spend in excess of the current regional average and could reach \$75.95/person/day in 2005.

Incubator Feasibility Analysis

FERMATA concludes that a nature-based business incubator facility at Sinnemahoning State Park is feasible, considering the region's world-class resources and the growing demand for these types of resources and related experiences. Given the limited number of amenities for nature tourists in the region presently, the developments proposed at Sinnemahoning State Park could increase the region's market share of visitors. The proposed developments combined with the considerable interest among business people, TPAs, State Parks personnel, and others in the tourism industry indicate that an incubator facility could be successful in fostering tourism development in the region.

FERMATA envisions the facility-based incubator at Sinnemahoning State Park could function as a prototype for development of other facility-based incubators distributed throughout the region, possibly housed in commercial properties that are now vacant or housed at other DCNR facilities.

It should be assumed that incubator revenue will come primarily from tenant rents, and to some degree, from tenant profit sharing. Based on 2500 square feet and a rental fee of \$5/square foot, tenant rent will generate \$12,500 to the incubator operators in the first year. Further assuming that once established, incubator-based businesses will generate revenues of \$1.2 million and profits of 20 percent, revenue sharing of 10 percent could generate \$24,000 for incubator operators in subsequent years.

Cost of staffing for the Incubator Administrator, Program and Marketing Manager, Support Services, Custodial Services, and Interpretive Specialist is projected to be \$112,341. FERMATA expects that all positions other than the Program and Marketing Manager could be cost-shared with the proposed Sinnemahoning State Park Visitor Center, with other State Parks, or funded through grants and volunteer associations. The Programming and Marketing Manager, a position crucial to the success of the incubator, should also be supported by a 10 percent contribution (\$4,227) from tenant rents.

Based on the timetable for construction of the new Visitor Center at Sinnemahoning State Park, FERMATA recommends that the WBDN begin now to identify and assist independent businesses in small communities throughout the region. In the short-term, creating the WBDN will help to identify potential nature-based business entrepreneurs, maintain communication with entrepreneurs, and build networking opportunities among entrepreneurs. NCPRPDC is already involved in assisting business development in the region, is a lending entity, and has access to grant funding. As such, NCPRPDC is in the strongest position to coordinate the creation of the WBDN for the Pennsylvania WILDS.

Regardless of the agencies or organizations that are ultimately responsible for the various aspects of the incubator project, FERMATA recommends that a Board of Directors be established now to oversee both facility-based development and the WBDN.

TASK 1: Prepare projection of suitable business types most likely to succeed

A. INTRODUCTION

Background

FERMATA conducted a study to determine the feasibility of a nature-based business incubator facility at Sinnemahoning State Park. Task 1 conclusions and recommendations are based on review of existing and acquired information gathered from the following sources:

- Interviews with seven Tourist Promotion Agency (TPA) Directors in the 15-county region
- Search of Pennsylvania Dept. of Labor and Industry Website
- Interviews (in person and by phone) with approximately twenty independent nature-based business owners and community leaders
- Discussion with DCNR staff, economic development representatives, elected officials and businesses
- Review of survey data on nature-based visitors to the area

A nature tourism incubator is a specialized hybrid instrument for economic development supporting small and medium-sized tourism businesses in the establishment or growth of nature tourism in a region where the private sector is underdeveloped and a high potential exists for nature based tourism. (Definition adapted from *Sinnemahoning Ecotourism Incubator Concept Development and Independent Description and Assessment* by TL Wilson and Associates for SBDC at Clarion University, June 2003 and *Ecotourism Enterprise Incubator Concept Paper* by Conservation International and George Washington University for USAID/RAISE.)

Purpose of Task

Task 1 activities sought to answer several questions:

- What types of nature-based businesses presently exist in the Pennsylvania WILDS region?
- Who is the current nature tourist to the region and what do they want in the way of nature-based services (other than lodging)?
- What nature-based businesses are currently succeeding or would be likely to succeed in the Pennsylvania WILDS region (and why); and based upon this, what types of businesses would be most likely to succeed in the future and as such should be the focus of this project?

Summary Findings

Not coincidentally, the TPA directors and nature-based business owners identified very similar businesses needed to support nature tourists in the region. The region's natural resources are world class; however, there are limited amenities for nature tourists and therefore, limited opportunities to increase the region's market share of visitors. Of particular note were gaps in guide services, horseback riding stables, and snowmobile rentals.

FERMATA identified businesses most likely to succeed based on the success of both other similar businesses and information reported by TPA directors regarding the requests of nature-based visitors to the region. It is important to note that the success of any of the below-cited business ventures is not only dependent on product development but on proprietor commitment and willingness to adapt with market demand and fluctuation. TPA directors reported that the most successful businesses are those that know their clients and target them, consistently

reinvent themselves based on need, and provide personalized service with quality product offerings. The following table presents the types of businesses and the product offerings that FERMATA recommends for development in the region.

Business type	Product/services to be provided by business	Business characteristics
Guide services/Tour company	<ul style="list-style-type: none"> ▪ Hunting ▪ Fishing ▪ Wildlife viewing ▪ Wildflower walks ▪ Wildlife photography ▪ Horseback riding ▪ Stargazing ▪ Interpretive walks ▪ Packages and itineraries ▪ Activity-specific maps/guides 	<ul style="list-style-type: none"> ▪ Promotes the use of certified professional guides ▪ Connects diverse tourism-related business enterprises
Outfitter/livery	<ul style="list-style-type: none"> ▪ Canoe, kayak, bicycle rental ▪ cross country ski, ice skate rental 	Promotes 4-season recreational opportunities
Educational facility	<ul style="list-style-type: none"> ▪ Workshops ▪ Classes ▪ Demonstrations ▪ Make-it-yourself ▪ Sales of local arts/crafts 	May be private or non-profit organization
Retail	<ul style="list-style-type: none"> ▪ General retail ▪ Specialty retail 	<ul style="list-style-type: none"> ▪ Fills the gap in “general store” items for average park visitors ▪ Provides activity-specific items for nature-based recreation

B. ASSESSMENTS

Inventory of Nature-based Businesses

The eight TPAs in the region were contacted via fax with follow-up by telephone to schedule interviews. Seven TPAs were subsequently interviewed and provided information on the resources, businesses, and needs within their regions. An examination of this information indicates that particular areas have a generous number of nature tourism businesses while others have very few. However, in regions where many businesses are found, they may be clustered in towns along Interstate 80 and not serve the entire region. Clinton County Economic Partnership is an excellent example. While there are more than two dozen nature tourism businesses, only one is found in the town of Renovo located about forty miles west of the population center in Lock Haven.

Interviews with Nature-based Businesses

Interviews were completed, in person and/or by phone, with business people recommended by the project Steering Committee, TPAs, County Commissioners, and others. The businesses represented a cross-section of business types that cater to nature tourists in the region such as canoe livery, outfitters, educational facilities, lodging facilities, State Parks, Sportsmen Clubs, and outdoor adventure centers. People interviewed included business owners, naturalists, artisans, craftspeople, authors, and community leaders. Information gained in these interviews helped to inform the conclusions drawn in this report.

Review of Research

A review of the available research on visitor demographics and visitor activities helped to inform FERMATA's conclusions about the types of businesses most likely to succeed. According to the Travel Industry Association of America (TIA), the most rapidly growing soft adventure markets include camping, hiking, biking, wildlife watching, horseback riding, and canoeing. The 2002 TIA report indicates that one-half of all Americans are adventure travelers and about 44 million U.S. adults report that the adventure activity itself prompted their trip. In a study conducted for the DCNR (Shifflet 1999), 58 percent of all outdoor recreation vacations were nature-based, with nature sightseeing, wildlife watching, and camping accounting for more than 40 percent of the total.

The business offerings included in FERMATA's recommendations rank among the fastest growing activities according to the National Survey on Recreation and the Environment. Over the last decade, participation in canoeing, backpacking, hiking, and wildlife viewing has increased by approximately fifty percent; fishing by almost one hundred percent; and kayaking by almost two hundred percent. According to a facility assessment from Pennsylvania's Recreation Needs study, more than fifty percent of respondents felt that facilities for the above mentioned activities needed to be increased or improved.

According to the 2003 Pennsylvania Statewide Comprehensive Outdoor Recreation Plan (SCORP), the most popular (more than five million) activities are primarily land-based, non-consumptive, and low-cost. They include walking, sightseeing, nature watching, and visiting natural areas. Activities with participation above two million include hiking, bicycling, wildlife watching, bird watching, and camping.

According to reports from TPA directors, the current nature tourists are from Pennsylvania urban areas and contiguous states within a day's drive. They are interested in wildlife viewing, hiking, biking, canoeing, fishing, and hunting.

Visitor Characteristics and Economic Impacts

The 3.6 million non-resident visitors to North Central Pennsylvania were, by and large, attracted by the area's natural resource. The Allegheny National Forest, Army Corps of Engineer facilities, and State Parks dominated the visitation. While male visitors were somewhat more numerous than females, there was a pattern of family-type groups with middle-aged adults, accompanied by one or more children. Trips ranged from one-day excursions to multi-week events.

Overall, the region's tourist trade is an excellent complement to its other industries, and further serves in contributing to the overall economic health of this region. Most of the activities and areas visited were tied to natural resources. Campground stays and dining in local restaurants rounded out this profile (Strauss, et al).

C. RECOMMENDATIONS

Based on interviews and research, FERMATA recommends the development of the following nature-based businesses:

- Guide services
- Outfitter/livery
- Educational facility and/or Artisan Guild
- Retail sales (stand-alone or in conjunction with any of the above)

Guide Services

The Pennsylvania WILDS possesses world-class natural resources in such abundance that the average tourist is easily intimidated. Canoeing, fishing, bird watching, wildlife viewing, and hunting are all recreation activities that could be enhanced if knowledgeable guides were available. Even those visitors just wishing to engage in nature photography look for guides who can lead them to the right place.

Guided recreational activities will help visitors navigate the thousands of acres of natural resources. A guide for any activity will provide knowledge about the rules, regulations, and license or permit requirements for specific activities. In addition, birding, fishing, elk viewing, and other guides will enhance visitor experience by showing them the “hot spots” that they seek and serving as interpreters of the resources. More people would come to the region from outside Pennsylvania to enjoy the natural resources if there were guide services to facilitate their trips.

While FERMATA initially looked at the extent of the need for guides to satisfy perceived visitor demand for the same, a need also exists for the state or other organization to develop and furnish guide training and certification standards, and potentially train and certify guides. In New York State, the Outdoor Guide Association (NYSOGA) and the Department of Environmental Conservation work together to ensure that guides are both licensed and ethical in their practices. Other states guide associations, such as Vermont and Maine, do not offer any certification but do require that guides have certification from a nationally recognized program and provide a full schedule of on-going workshops in specific recreational guiding activities. A Pennsylvania WILDS Guide Association could rely on established training programs such as Leave No Trace and the West Virginia Mountain Institute to train and certify guides working in the region or these existing programs could serve as a model for development of a guide-training program. (See Appendix B for guide training contacts.)

FERMATA did find that business people and community leaders have an interest in establishing a state guide association. A Bed and Breakfast owner in Ridgway is anticipating the launch of a guided fishing venture on the Clarion River by Spring 2005 and believes that Pennsylvania could benefit from a Guide Association similar to that which exists in Maine. This entrepreneur is willing to help establish a Pennsylvania Guide Association. A community leader in Renovo reports that a local resident is also interested in exploring the potential for establishing a guide training and certification center.

A committee should be formed of current and prospective guides and outfitters, DCNR representatives, and other interested parties. In addition, guides who currently live in Pennsylvania and are licensed in other states (ex: New York) should be invited to serve. Their names can be acquired through the Freedom of Information Act. This committee will make decisions regarding the organizational structure, training and certification requirements, membership requirements, member benefits, standards of behavior, etc. Other states' associations should be considered as models for development. (See Appendix B for case studies.)

An established guide association will set standards of behavior and help to ensure the quality and integrity of guiding in the region. FERMATA further recommends that a central booking facility established at the business incubator can serve as the vehicle for connecting guides to the visitors they serve. It is unclear how visitors to the area currently access guide services. FERMATA's efforts to contact elk viewing, eagle watching, and nature photography guides proved futile, underscoring the need for a centralized facility. The Clarion University SBDC study also suggests developing a central booking facility for guide services at a business incubator.

A central booking facility that works in concert with a guide association, lodging and restaurant associations, State Parks, educational facilities, and other tourist attractions has the potential to fill the demand for packaging and itineraries. Both tourists and business people want packaging and/or trip itineraries. Tourists want to make one phone call or access one web site to plan a vacation. Business people want to inform the public of their offerings. A central clearinghouse of available resources throughout the Pennsylvania WILDS region (both natural and human) would serve this function with up-to-date and accurate information about services, programs, or special events.

A business venture based in Wellsboro began in 1995 as an ecotourism packaging company to assist visitors in planning diverse experiences. According to its owner, limited human resources (both expert and administrative) have hindered company expansion. This is a business type that has the potential for success, if supported by state, local, and private associations and agencies that have access to expert resources.

Outdoor Outfitters/Livery

Tourists looking for water-based adventure may wish to rent boats, canoes, kayaks, or rafts. Tourists looking for land-based adventure need mountain or trail bikes and horses. Tourists looking for winter adventure need cross-country skis or ice skates.

According to the SBDC incubator study, Sinnemahoning already supports boating use of Stevenson Dam with a 45-slot mooring area; however, it does not rent boats. Based on the success of other canoe liveries, particularly those located on the waterway, boat rentals could be profitable. A boat rental at a nearby State Park is operated by a concessionaire who works with the Park Naturalist to accommodate needs for boats outside the regular business hours. The park itself, as suggested by SBDC incubator study, could operate the livery. However it is structured, Sinnemahoning State Park, with its breathtaking beauty and abundant wildlife, is an ideal location for a livery.

Interviews and observations at three canoe liveries in the region point out the need to locate rental operations for recreation equipment close to resources. Canoe liveries that are the most

successful are those on the waterways where launch of boats can occur just outside the door. This allows the proprietor to make just one shuttle run at the end of the business day to collect the canoes and kayaks from their final destinations. In the absence of easy access, a business must offer shuttle service in both directions that adds to the cost of overhead, or must rent carrying equipment (i.e. cartop canoe carrier or trailer).

In addition to the increased demands on the business, today's consumer seeks convenience and is generally willing to pay for it. Regardless of the equipment offered (bicycles, snowmobiles, ATVs, or skis) ease of access to resources is key. Consumers are more apt to patronize a business that offers service and convenience, even at a higher price. Visitors may also make the decision to experience a new adventure or participate in an activity simply because the opportunity exists.

Educational Facility/Artisan Guild

Research indicates that today's experiential tourist is looking for opportunities to learn and explore new activities. According to the Travel Industry of America (TIA) 44 percent of experiential tourists would like to learn a new skill or engage in a new activity during a trip. These are the people who want to "throw" a pot, tie a fly, or paint a picture. At the very least, they want to see local artists and craftspeople at work and be able to purchase local goods. Local artisans support this claim. For example, a pottery studio in Wellsboro reports that tourists often ask to make their own pots, leave them to be glazed and fired, and shipped to them when finished. A watercolor artist who teaches at the Sawmill Center for the Arts in Cook State Forest finds that students today are more interested in the "make-it-and-take-it" variety of classes. In other words, they want to learn it; do it; and bring home the finished product.

These findings are supported by the popularity of Sawmill Center's summer schedule of classes. The most popular of their offerings are the wood carving classes where students learn about the art but also take home a wildlife carving upon class completion. Sawmill Center's director reports that these courses are always full and attract participants from across the country who come each year, generally stay at the park, and avail themselves of a range of accommodations from primitive to developed. The center also attracts a local customer base in the 1-2 hour drive market. Residents from as far away as Sinnemahoning have gone to Sawmill to take classes and/or workshops. In order to attract both a local and tourist market, classes need to be the one-day (or less) intensive type. Other offerings include watercolor and oil painting, basketry, blacksmithing, woodburning, and clay sculpting as well as summer drama and forest dance camps.

While the "Disneyesque" offerings at Cook State Forest do not appeal to the experiential tourist market, the Sawmill Center is an excellent example of a successful business geared toward education, interpretation, and local arts and crafts. It has been in operation for about 25 years and only recently became a non-profit 501(c)3. Its current support is from subscriptions, memberships, grants, Pennsylvania Council on the Arts, National Endowment on the Arts, and two local legislators who use allocated funds from the Pennsylvania Conservancy. The land is leased from DCNR, and Center maintenance is a joint venture.

The Sawmill Center consists of a theater, exhibit hall, and craft gallery that sells on consignment. It is opened from Mother's Day weekend through Autumn Leaf Festival (mid-September).

However, there is an “annex” store that is opened year-round. The craft markets are for-profit operations that sell the works of about 200+ vendors (about 2/3 Pennsylvania residents). In addition to local crafts, the Center purchases local products such as maple syrup and postcards) for resale at the store.

The Arts Center offers special events including festival weekends, demonstrations, lectures, and vendor shows. A sampling of 2004 events included herb and fiber arts, woodcarving, forest festival and quilt show, dulcimer festival, and wildflower show — many of which are offerings that would appeal to a nature tourist. For vendor shows, the Center collects a \$50/event fee but takes no percentage of gross sales. There are approximately 40 vendor spaces available and a vendor database of 200+ interested parties. Vendor applications to exhibit are chosen by jury with approximately 30 chosen per event.

In addition to the types of classes offered at Sawmill Center, an educational center could offer opportunities for tourists to gain expertise in outdoor activities. There is the possibility to work with specific manufacturers who may offer courses in using their equipment. There are manufacturers making products geared toward women who have not typically been included in the “adventure” market. For example, the Vermont Guide Association holds an annual “Doe Weekend” strictly for women interested in outdoor recreational activities and education.

An educational facility may also serve as a craft guild. Existing tourist businesses that have gift shops seldom offer local arts and crafts for sale but rely primarily on the souvenir trade. The local products and educational offerings at Sawmill Center appeal to the tourist targeted for Sinnemahoning (experiential, Cultural Creatives). Research indicates that there are few (if any) cottage industries in the area that produce local arts and crafts. Some of the finest black cherry in the world is grown in Pennsylvania but there are few craftspeople who sell woodenware. This may be due to the fact that there is a limited local outlet for these products. A relatively new business in Karthaus offers an array of locally made arts and crafts including wildlife and nature paintings; plus knitted, sewn, thrown, and carved art from the local home-crafters who live in the area. Most of the work in the shop is taken on consignment.

During interviews, a local resident of Renovo expressed interest in developing a trading post and arts center that sells local arts and crafts but also offers visitors an opportunity to turn a bowl or throw a pot. A pottery wheel and kiln, a wood lathe, and the resources of the region would facilitate this type of business. It is reported that Renovo has the highest-grade clay in the United States and quality hardwoods are in abundance throughout the region.

Retail Sales (general and specialty)

Both general and specialty retail can be offered as stand-alone or in conjunction with the above business types. There is little competition for retail dollars along the Route 872 corridor. General retail can be geared toward day trip and extended park visitors while specialty retail can address the needs of recreational tourists. While a tightly focused specialty shop may not be successful within the park, a shop that offers a variety of products for fishing, hiking, camping, canoeing, etc. may be more successful. Specialty retail could also be a component of the educational/artisan guild center. The Clarion University SBDC study proposes that specialty retail might be maintained as a branch operation of an existing business in a nearby community, a recommendation that has merit.

Seasonal Considerations

Regardless of the type of nature-based business, the winter months (post-hunting and pre-spring) have been identified as the slow season in the Pennsylvania WILDS region. Strategies should focus on creating 4-season business opportunities for tourists as there is not a large enough local population base in the area to keep most tourism businesses open without visitors from outside the region. Winter sports (such as cross-country skiing, ice-skating, snowmobiling, winter camping) and winter attractions or events should be explored.

As a community, Ridgway has developed an innovative winter event that draws thousands to the town at the end of February. The International Chain Saw Carvers Competition is in its fifth year and has grown from a handful of carvers to the current almost 200 participants who come from around the world. Winter season was chosen for this event because the carvers are more available, travel to the area is less expensive, and the town benefits from an economic mid-winter boost. The event coordinator facilitates travel and accommodation plans, placing carvers with local residents and utilizing all resources available. The overwhelming success of this event and the popularity of chain saw carving has influenced a local chain saw artist to open a new arts venue in Ridgway.

A canoe livery in Ridgway makes an inventory adjustment from warm-weather equipment (canoes, bikes) to winter gear for cross-country skiing and ice fishing. Parker Dam State Park, which offers four-season activities (snowmobiling, cross-country skiing, skating, camping), sends folks to Ridgway for equipment.

Most existing nature tourist businesses are seasonal. The winters and unpredictable weather usually dictate this. In areas where there is a local market, businesses may stay open through the winter but local support is minimal. For a business to survive, it must be highly profitable during its peak season. Not all business owners succeed in the off-season and rely on bank loans or outside employment to earn a living. An expanded season could help business owners as well as the local economy by keeping a staff of full-time year-round employees rather than seasonal help.

In Conclusion

Based on FERMATA's interviews, research, and assessments, the suggested business types and services are most likely to succeed as incubator businesses. They address the types of supports that nature tourists require and are apt to utilize while in the area. There is interest among existing business people and prospective entrepreneurs to develop incubator businesses for nature tourism.

TASK 2: Prepare program of incentives to stimulate growth of nature tourism businesses (new and start-up or existing business expansion)

A. INTRODUCTION

Background

A nature-based business survey conducted as part of a nature-based tourism project was previously sent to tourism promotion agency (TPA) directors to solicit information about the Pennsylvania WILDS region. Obstacles to starting or expanding nature-based businesses identified by the respondents included a lack of information on government programs, the high cost of liability insurance, expansion funding and other financing problems, advertising costs, and government rules and regulations. These findings helped to inform the questions used in the business interviews conducted as part of this task.

Purpose

The purpose of this task was to determine the supports nature-based businesses need to succeed; and to consult with organizations and agencies to understand the supports they offer to these types of businesses presently, or could offer in the future. In its review of existing programs and through consultation and interviews with businesses, agencies, and other organizations, FERMATA identified resources that will be useful in implementing the recommendations. (See Appendix B for resource information.)

B. BUSINESS NEEDS ASSESSMENT AND RECOMMENDATIONS

Findings

FERMATA conducted interviews with business owners, TPA directors, county commissioners, prospective entrepreneurs, and others involved in nature tourism to identify the needs of potential businesses in the Sinnemahoning incubator. The needs are pertinent to either business start-up or business expansion and can be categorized as financial, management, marketing, or facility needs. Specifically, they include:

- Access to low-cost loans and grants through local, state, or federal sources
- Technical assistance in business planning
- Strategies to meet human resource needs
- Help to secure insurance at a reasonable rate
- Nature tourism vacation website
- Availability of maps and guides for specific activities
- Additional lodging accommodations

Financial Needs

Low cost loans and grants

FERMATA identified that prospective entrepreneurs for the Sinnemahoning incubator need access to low-cost loans and grants through local, state, or federal sources. This includes existing businesses wishing to expand and people identified by community leaders who have expressed an interest in a start-up nature tourism business. Potential sources of federal, state, and local funding have been researched (see Section D).

Two existing businesses considering expansion indicated that they would be interested in low-cost loans. One business owner from Ridgway who is in the process of developing a new tourism venture on the Clarion River is interested in exploring financing options once the business plan is in place. The business owner has enough start-up capital but not enough to take the project to completion. The other business owner was not aware of any financial incentives available but would be interested in growing the business. He expressed concerns about the difficulty for small, self-employed owners to manage the paperwork involved in incentive programs.

FERMATA recommends that NCPRPDC act as the lead agency and liaison for securing grants and loans for businesses. NCPRPDC has existing relationships with several funding sources (i.e., Appalachian Regional Commission and USDA Rural Development) and is interested in working with other sources. The Progress Fund also has an excellent history of lending to nature-based and tourism businesses and is now an Area Loan Organization.

Business Management

Technical assistance

Prospective nature tourism business entrepreneurs need technical assistance and training to write grants, complete loan applications, develop business plans, hire and train employees, develop marketing plans, etc. Ongoing technical assistance will aid new business owners in developing facilities, products, and services that meet the demands of nature tourists.

FERMATA recommends using the Clarion University SBDC program that offers many of the services needed by businesses, free of charge. Other resources for technical assistance include the Allegheny College, Department of Environmental Science that developed the Nature Tourism project in Western Pennsylvania and Clemson University Recreation, Travel, and Tourism Institute.

Human resources

Limited population base will be a challenge for recruiting help at Sinnemahoning State Park. The nearest population centers (at least 30 miles distant) that serve this area are Coudersport, Emporium, and Renovo. Businesses in other remote areas already face this difficult task. As “mom & pop” enterprises, the commitment is generally all-day, everyday, as many aspects of a new business need to be handled by owners (i.e. marketing, accounting, sales). Several business owners have developed their own approaches to solving this problem. For example, at least one company creates a “family-like” atmosphere by serving meals on weekends in addition to paying a higher than average wage and keeping seasonal staff longer than business requires.

FERMATA recommends working with local community organizations, vocational programs, chambers, and state employment services to develop comprehensive hiring strategies.

Insurance

TPA directors reported that several small enterprises had gone out of business due to the rising cost of liability insurance. This was especially true for guide services, horseback riding stables, and snowmobile rentals. FERMATA surmised that insurance would be the greatest obstacle for small business owners, either existing or prospective. However, discussion with successful businesses indicated that, while insurance costs had risen dramatically, it was considered the “cost of doing business.” The key for these businesses was finding a reputable local agent and appropriate underwriter.

A start-up guided canoe livery and guided-fishing business in Ridgway reports that through some searching, their company has been able to find liability insurance with an approximate premium of \$2000/year, which they consider reasonable. They had also had another insurer quote them a \$10,000/year premium, which was unacceptable to a start-up.

Marginal businesses that have little or nothing to lose tend to take the calculated risk of carrying no insurance. Some businesses have experienced claims that resulted in cancellation of insurance and subsequent difficulty in finding new coverage. Inability to secure insurance is a greater problem than the high cost of premiums, particularly for new businesses or those that have a loss history.

FERMATA recommends working with the New York State Guide Association and an insurance company that provides coverage for outdoor recreation or high-risk ventures to help address the insurance needs of nature tourism businesses. NYSOGA has worked with the insurance industry for several years to establish group insurance and anticipates that a national insurance group will soon be available for guides to join in order to gain access to insurance at discounted rates. NCPRPDC staff indicated that once a list of insurers and insurance options was assembled, they

would be willing to serve as a point of contact for that information with nature-based businesses in the region.

Marketing and Promotion

Many business people indicated a desire for a Pennsylvania nature tourism vacation website and a willingness to participate on a “pay to play” basis. There is an official tourism Web site of the Commonwealth of Pennsylvania at www.visitpa.com, which features a nature and outdoor section and includes several businesses and attractions from the Pennsylvania WILDS region presently. Businesses may simply be unaware of the existing site or may not know how to get their business included.

Businesses currently employ a variety of other marketing approaches, such as newspapers, brochures, and postcards. Many have databases in the thousands for annual mailings; few use email as a source of disseminating information. Every business indicated that word-of-mouth is still their best advertising and every business would benefit from creative marketing strategies that build upon their existing programs.

FERMATA recommends increasing both awareness and participation of nature-based businesses in the existing www.visitpa.com website. The Internet presents an excellent opportunity to serve businesses as well as the public with a “members only” feature. Several other states’ nature tourism and/or vacation websites offer member sections for businesses to update information, announce events, partner with other businesses and organizations, promote special products, etc.

Maps and guides

A lack of consistency in maps and guides was noted as a problem for TPAs and businesses. DCNR produces a recreational guide for individual Pennsylvania State Parks, individual State Forest maps, and the comprehensive outdoor recreation map for the North Central region. However, tourists often seek an “activity specific” map or guide. For instance, the Allegheny National Forest office in Ridgway has little to offer fishermen other than a large wall map that is for sale.

TPAs also noted that maps produced by DCNR are good but not generously distributed. When supplies run low, they are not always available to restock. Good maps are critical for travelers to help them navigate the highways, byways, waterways, and trails for hiking, biking, cross-country skiing, or snowmobiling, particularly those who bring their own equipment and need to find designated trails. Some states have produced activity-specific guides that are popular with tourists. These may be dedicated solely to birdwatching, fishing, or any other recreational activity offered in the area.

The Naturalist at Parker Dam State Park has produced a GPS-mapped walking tour called, “Big Trees.” GPS-mapped walking tours for Sinnemahoning State Park would also be beneficial to visitors, park staff, and any potential outfitter or packaging service at the incubator.

Facilities

Lodging

An overarching complaint among many TPAs and businesses is a serious lack of lodging of the type that tourists seek. These are primarily developed cabins and motels with recognizable names. Recognition does not necessarily mean a “Holiday Inn” but rather a name or property that has a familiar ring. Lodges built at State Parks may not have name recognition but do offer a level of confidence to the traveler due to their location and welcoming appearance.

In the Sinnemahoning State Park area in particular, a lack of lodging within a 30-minute drive of the Park has been identified as one of the single greatest barriers to establishing successful nature-tourism offerings in the Park.

FERMATA recommends that the issue be addressed in the near term.

C. COMMUNITY NEEDS ASSESSMENT

The idea of a business incubator at Sinnemahoning State Park was not heartily supported by all TPAs, county commissioners, and business people. FERMATA believes that the success of the incubator project will be further enhanced if surrounding communities and businesses support the idea, based on the notion that a rising tide floats all boats.

A cursory look at the small towns of Renovo, Sinnemahoning, and Benezette reveals town centers generally lacking tourism-related businesses. In fact, it is unclear whether these towns even consider tourism as a serious option for rebuilding their communities. Nonetheless, they are towns that see an influx of tourists. Each community has its own unique set of problems, from lack of infrastructure to lack of working capital, but each has its own core group of leaders with the vision and heart to see the benefit and embrace the incubator project.

Local communities and business owners need help for their own businesses to survive or expand. For example, in Benezette, there is a distinct lack of lodging, restaurants, shops, and other recreational services to support the tourists who come to see elk. Many residents are interested in developing businesses but lack the means to do so. The town itself lacks the infrastructure to support expansion and sees the incubator as a plan that will draw tourists from the town. In fact, Benezette has many of the same needs identified for the nature tourism business incubator. These include:

- Help to better understand what consumers look for and how to entice visitors to their locations by improving appearances, products, or services
- Financial resources and incentives to open restaurants or lodges
- Technical assistance to write business plans and grants
- Business training
- An association of business people
- Help to market the town and its businesses
- Information about the opportunities that are available for entrepreneurs

An entrepreneur who owns cabin lodging has been trying to establish a community group of business people. Such an association would help to organize and bring together business leaders in the community to help foster business development. Members of the economic development community and town leaders would like to see the Sinnemahoning State Park incubator facility provide service to the surrounding communities as well as house new nature tourism businesses. Suggested services that would meet the needs of local businesses and communities are:

- Educate business owners on how to increase business and provide service to tourists
- Serve as point of contact for guides
- Train entrepreneurs and guides
- Educate tourists
- Package products

Locally owned businesses yield significant economic, social, and environmental benefits for small communities. A “homegrown economy” makes a difference because it:

- preserves a distinctive character and strong sense of local identity
- supports entrepreneurship
- strengthens personal interactions essential to a healthy community
- keeps revenue in the local community
- creates jobs in the local community
- sustains town centers
- helps to ensure diversity
- leads to regional cooperation
- fosters community-based economic development

In order for small communities to develop or restore a homegrown economy, they need:

- Support for locally owned business
- Tax incentives
- Prohibition on fast-food and cookie-cutter outlets
- Regional guidelines
- Partnerships with neighboring towns
- Proven and effective strategies
- An attractive mixture of product offerings
- Training and technical assistance for local business
- Small business revolving loan fund
- Local promotion
- Help to fill new niches and meet local needs
- Affordable retail space
- Connections to national and regional purchasing cooperatives
- Local purchasing cooperatives
- Networking of locally owned businesses to solve common challenges
- Public education to encourage support of locally owned businesses
- Joint advertising opportunities
- Local business organization
- Voice for independent business in public affairs

TASK 3-4: Design nature tourism business incubator concept and develop structure and procedures for administration

A. APPROACH

FERMATA considered several models for the nature-based business incubator, including developing an onsite incubator facility at Sinnemahoning State Park and creating a Pennsylvania WILDS Business Development Network (WBDN) to support small nature-based businesses distributed in rural communities, such as the Incubator Without Walls in Maine. The WBDN would not provide a facility but rather the entrepreneur training, technical, financial and marketing assistance, and networking opportunities for businesses (both new and existing) operating within the region. The WBDN could involve all relevant economic development and planning entities that provide these services in the 13-county Pennsylvania WILDS region. The two models are not mutually exclusive as many of the services required to support tenants in an incubator facility would also be required for a non facility-based model.

FERMATA approached the incubator concept by looking at various components that make up an incubator: the physical facility, administration, operations and maintenance, programming, and support for business, marketing, financing, and office needs. FERMATA's recommendations are based on extensive case study research and interviews with key informants conducted in Pennsylvania and other parts of the country.

B. RECOMMENDATIONS

General Information

Several scenarios for ownership, operations, administration, and programming at the incubator facility are presented in the Alternative Recommendations for Facility-based Incubator (see Table 1) based on existing models in Pennsylvania and elsewhere.

Regardless of the agencies or organizations that are ultimately responsible for the various aspects, a Board of Directors should provide general oversight. Therefore, FERMATA recommends that a Board of Directors be established to oversee the incubator facility (physical facility and/or WBDN). This Board may be comprised of representatives of local agencies, banks, attorneys, State Park employees, representatives from the nature-based and/or culture-based business community throughout the region, and community leaders. Regardless of who owns or manages the facility, this will ensure input and insight from a wide cross-section in all aspects of administration, operations, programming, and support. A Board of Directors with representation from surrounding communities will also help to further the concept of the WBDN to assist entrepreneurs in opening businesses within their communities.

To clearly present the recommended staffing, FERMATA has developed the Possible Staffing for Sinnemahoning State Park Nature Incubator (see Table 2) that follows. This table includes possible positions, responsibilities, hours, and oversight suggestions for each position

FERMATA recommends that a Program and Marketing Manager be hired, potentially by the Pennsylvania WILDS Tourism Association (a consortium of the eight TPAs that represent the region) or other interested organization. This group is currently considering creating a new 501(c) 6 regional marketing organization for the Pennsylvania WILDS and is already heavily involved in the region's tourism. A Program and Marketing Manager would be physically located at the incubator. The primary function of this person would be to connect businesses offering goods and services (either housed in the incubator or in the local communities) with the people who seek them. This may be on a face-to-face basis, via telephone, or via Internet.

The Program and Marketing Manager would be the person familiar with the entire region and could create packages and itineraries for visitors. Earlier conversations with TPA directors indicated that this service was often requested and very time consuming and costly to provide. From this perspective, businesses across the region could benefit from the connections made at the incubator even if they are not physically present at the facility. Secondly, the Program and Marketing Manager could be the person who serves as liaison between businesses and the incubator facility to troubleshoot any problems that arise with tenants on site issues.

FERMATA has recommended NCPRPDC for various roles in the design, building, operations, and maintenance of the Sinnemahoning State Park nature-based incubator. It is possible, however, that there are other agencies and organizations within the public and private sector interested in participating in this project. FERMATA does not wish to infer that these roles are limited to NCPRPDC.

Table 1. Alternative Recommendations for Facility-based Incubator

		On-site Facility at Sinnemahoning State Park				WILDS Business Development Network
	Description	Alt. I (PennDOT facility in Ridgway model)	Alt. IIA (Collaborative model)	Alt. IIB (Presque Isle model)	Alt. III (Sawmill Center model)	Alt. IV (Incubator Without Walls (model))
Owner/Builder	<ul style="list-style-type: none"> Design Construction 	NCPRPDC w/lease to tenants and Bureau of State Parks	DCNR	DCNR owns the land and leases it to others. Others build and operate the facility (like golf courses)	Built by private funds on land leased from DCNR. Now a 501(c) 3 non-profit.	Each tenant in their own facility in downtown or rural location
Administration	<ul style="list-style-type: none"> Tenant recruitment and contracts Tenant application Interviews and selection Performance reviews Stewardship training 	NCPRPDC			Non-profit Interpretive Association	<ul style="list-style-type: none"> Clarion University SBDC NCPRPDC
Operations and maintenance	<ul style="list-style-type: none"> Snack bar Boat rentals Other tourist services Janitorial Building maintenance 	<ul style="list-style-type: none"> NCPRPDC Contractor 	<ul style="list-style-type: none"> DCNR Concessionaire 		Non-profit Interpretive Association	N/A
	<ul style="list-style-type: none"> Gift shop that supports interpretive messaging and outdoor recreation activities 	<ul style="list-style-type: none"> North Central Pennsylvania State Parks Interpretive Association Pennsylvania WILDS Tourism Association State Parks An entrepreneur 				
Programming	<ul style="list-style-type: none"> Classes Demonstrations Workshops Naturalist activities Wildlife activities 	<ul style="list-style-type: none"> State Parks (coordinate or offer through 3rd party vendor relationship) Non-profits (such as, Northern Tier Cultural Alliance) 				N/A

Support: Business	<ul style="list-style-type: none"> • Business planning • Business counsel/coach • Business management training (FastTrac, NxLevel, or other) • Insurance procurement 	<ul style="list-style-type: none"> • Clarion University SBDC or other SBDC branch • Penn State Extension • NCPRPDC • Elk County Career Center • Others 	
Support: Marketing	<ul style="list-style-type: none"> • Marketing/brand building • Networking 	<ul style="list-style-type: none"> • Tenant Association • Northern Tier Cultural Alliance • PA Great Outdoors • Pennsylvania WILDS TPA Association 	N/A
Support: Office	<ul style="list-style-type: none"> • Office support • Office equipment • Purchasing • High-speed Internet 	<ul style="list-style-type: none"> • Tenant Association • NCPRPDC • Elk County Career Center 	N/A
Support: Financing	<ul style="list-style-type: none"> • Financing • Low interest loans & grants • Tax incentives 	<ul style="list-style-type: none"> • NCPRPDC • Progress Fund • DCED 	

Table 2. Possible Staffing for the Proposed Sinnemahoning State Park Nature-business Incubator

Staff	Responsibilities	Hours	Employer	Duty station
Incubator Administrator/ WBDN Administrator	Tenant recruitment, application review, interviews, performance reviews	10-20	Oversight board NCPRPDC or DCNR	Co-locate with NCPRPDC
Program and Marketing Manager	Connect businesses offering goods and services (either housed in the incubator or in the local communities) with the people who seek them. This may be on a face-to-face basis, via telephone, or via Internet. This person needs to be familiar with the entire region and able to create packages and itineraries for visitors. Also provide liaison with Park Mgr. and other tenants on site issues (i.e. maintenance).	30-40	NCPRPDC or DCNR Proposed Pennsylvania WILDS Tourism Association – a consortium of the eight TPAs that represent the region	On-site
Incubator support services	Phones, copying, reception, bookkeeping, database mgmt, mailings, Post Office, banking	20-25	Incubator mgmt org. Payroll costs treated like recurring maintenance or equipment expenses. Could be contracted to one of the tenants	On-site
Custodial services	Repairs, maintenance, cleaning, snow clearing, etc. under contract (DCNR would be responsible for landscaping)	As needed	Incubator mgmt org. Contract costs treated like recurring maintenance or equipment expenses	Where ever contractors' companies are based.
Visitor Services Specialists	Visitor reception area staffing and gift shop management and sales	60 hours	Volunteers coordinated by Program and Marketing Manager Proposed Pennsylvania WILDS Tourism Association or proposed NC PA State Parks Interp. Assoc.	On-site
Interpretative Specialist	Naturalist and interpretative programming, and to advise on appropriate exhibit development and gift shop merchandising	Afternoons and weekends	DCNR or private non-profit such as proposed NC PA State Parks Interp. Assoc.	On-site
Arts Programming Coordinator	Liaison with crafters, demonstrators, and others to schedule performances and classes and to provide products for gift shop	Part time	Northern Tier Cultural Alliance	On-site or at agency headquarters
Trainers and demonstrators	Specialized programming for tenants and other nature-business entrepreneurs Workshops and demonstrations for visitors	As scheduled	Private non-profits, for profit businesses, colleges and other educational institutions, DCNR – depending on subject and audience	Services delivered on site, but actual base of operations for staff is with their sending organization.

Owner/Builder

A new Visitor Center building is being planned for development at Sinnemahoning State Park. If the incubator facility is developed simultaneously, the synergies of a joint venture may prove beneficial. There are three alternatives for the facility development: it may be built and owned by NCPRPDC, built and owned by DCNR, or built and owned by a combination of both (see Table 1).

Several models for ownership currently exist. For example, NCPRPDC built the St. Mary's 67-tenant facility on land that it owned. Tenants may enter into long-term lease agreements, lease/purchase agreements, or outright purchase agreements. If the tenants wish to purchase the building, NCPRPDC obtains a separate deed survey that includes the building, the tract of land, and parking area. The Ridgway PennDOT facility was built on a 3.3-acre tract owned by NCPRPDC. It is leased to PennDOT with an option to buy every fifth year. As the owner of the land and building, NCPRPDC is responsible for the maintenance (although it is factored into the rent figure). NCPRPDC maintains sinking accounts to accommodate specific milestones in the lease such as painting, lighting, cleaning, etc.

If NCPRPDC is the owner/builder, a long-term lease will be required to construct the facility on State Park property. Such leases are not uncommon, according to legal counsel for the Commonwealth. The non-profit Sawmill Center for the Arts in Cook Forest is built on land leased from DCNR (see sidebar).

Since the replacement of the current administration park building at Sinnemahoning State Park is a capital budget expense, it is possible that the Commonwealth will design and build the facility and that DCNR and NCPRPDC could negotiate a joint management agreement.

An issue is tenant access to the incubator facility outside of normal hours when the State Park building is closed for business. It may be necessary for business people to work non-traditional hours so they will need access to the incubator area of the facility. This can be accommodated with the addition of a gated separation between the two facilities and an outside back entrance to the incubator space.

FERMATA is not discussing the site location of a facility at Sinnemahoning State Park but rather the elements that the facility should include. Facility siting is the responsibility of DCNR staff. FERMATA suggests that the design be determined based on recommended use of the incubator; and that the design include, at a minimum, the following:

- Reception area

Sawmill Center for the Arts

Originally built with private funding on DCNR land, the Center is now a non-profit supported by subscriptions, memberships, grants, Pennsylvania Council on the Arts, National Endowment on the Arts, and allocated funds from the Pennsylvania Conservancy. The land is leased from DCNR, with buildings and grounds maintained under a joint agreement.

The facility houses a 180-seat theater, exhibit hall, and craft galleries. The craft markets are for-profit operations that sell the works of about 200 vendors and local products. The theater runs a full season of plays from June to mid-September.

The Center offers special events throughout the summer, including festival weekends, demonstrations, lectures, and vendor shows. There is also a full summer schedule of classes and workshops, such as carving, painting, blacksmithing, woodturning, basketry, and forest dance. The Center works closely with Clarion University continuing education and local artisans to secure workshop instructors.

- Business space
- Storage space
- Training facility/classroom
- Demonstration/exhibit space

All of the above components of the facility could be housed in a single, large **multipurpose room**. The multipurpose room could be used, shared, reserved and partitioned by a variety of relevant nature tourism business and educational partners including State Park and Bureau of Forestry staff. A multipurpose room concept would inherently limit the risks associated with allocating space for an incubator facility in the design and construction of the Center because space would be utilized one way or another regardless of whether businesses are physically located on site.

Reception area:

An incubator site reception area would serve as the “portal” to tourists needing services and to businesses in the incubator facility. It may be attached or associated with the Sinnemahoning State Park Interpretive Center and may include display space for business people, information on how to start a nature tourism business, business assistance programs, and even regional business opportunities or needs. (See Sinnemahoning State Park Portal report previously prepared by FERMATA for additional details.)

Local products, services and destinations relevant to the themes of the portal and Pennsylvania WILDS could be included in the display section of the reception area in order to expose visitors to local businesses, wares, and services. The idea is to generate increased business activity in the region. In this sense, businesses would be economically nurtured through exposure and associated direct spending.

The incubator reception area could serve not only as a place where businesses physically located at the incubator service the needs of visitors to Sinnemahoning State Park, but it can also serve as a point of purchase for products and services from across the Pennsylvania WILDS.

Staff of the new Pennsylvania WILDS Tourism Association (now forming) or volunteers from a variety of organizations could operate the area. Staffing of the reception area could also be required of the small nature tourism businesses that agree to be part of the incubator. However, this may distract business owners from their primary goal of achieving profitability. At Presque Isle State Park, the reception desk at the new Tom Ridge Center will be managed by Adventures in Northwest Pennsylvania, a regional marketing group representing six counties, and a host of other volunteers (see sidebar).

Business Office/Storage Space:

Business incubators in the traditional sense are places where start-up businesses come to work, have office and storage space, and enjoy low cost Internet and telecommunications usage. A large multipurpose room with the potential to be partitioned with temporary cubicles and dividers can be designed and constructed to fulfill those traditional functions.

Two storage spaces, perhaps large shed or barn-like areas attached or adjacent to the multipurpose room could also be designed with liveries, outfitters, and other nature type businesses in mind. This area could be partitioned in a manner that provides businesses with individual yet shared storage spaces and access from the outside of the facility.

Training space/classroom:

In this classroom type setting, existing and prospective tenants can avail themselves of training opportunities. The room may also be used to offer nature tourism workshops to local residents and the traveling public. Because of the public location of the facility, training can also be used to supplement current State Park staffing needs particularly in the areas of public safety, park information, environmental education, and interpretation. Business training can come from a variety of sources including industry insurers, business financiers, and government officials.

Demonstrations/Events:

A large room to accommodate local guides, artisans, naturalists, hunting and fishing experts, writers, and businesses can help to meet the programming needs identified for the incubator facility. This area would offer “hands on” opportunities for visitors to the Center or those attending scheduled events, or serve as a place for local artists to demonstrate their talents.

“Theme” events (such as Bald Eagle Day at Sinnemahoning State Park) that are based on specific wildlife species, craft making, and other natural/historical assets of the region can be planned and promoted to bring visitors, businesses, tourism promotion marketers, local craftsmen and environmental educators together for the benefit of all parties.

Administration

Tenant recruitment:

FERMATA recommends that NCPRPDC be the lead agency in outreach and recruitment of tenants for the incubator facility and/or WILDS Business Development Network. The agency has extensive experience with its existing tenant facilities and is willing to serve in this capacity. An Incubator Administrator could work part-time (10-20 hours/week) from the NCPRPDC office with oversight by the Board, NCPRPDC, and/or DCNR. This may be a person currently employed by NCPRPDC or someone newly hired to fill the part-time position. In the short term,

Presque Isle State Park

This busy, urban State Park is home to the new Tom Ridge Center currently under construction. It benefits from three federal 501(c) 3 non-profits that raise money for Park activities and equipment, operate its gift shop, and help with programming.

The Tom Ridge Center will include a 6,000 sf gift shop, an I-Max Theater, food court, tourist information center, and up to eight research labs run by a regional science consortium and Pennsylvania Sea Grant.

Presque Isle Partnership will operate the new gift shop that will sell high-end nature-related items and local artwork.

Adventures in Northwest Pennsylvania, a regional marketing group of six counties, will manage the welcome desk in the tourist information center. This area will include display for brochures, exhibits of tourist attractions, events, etc.

DCNR is the lead agency for Park programming, assisted by Friends of Tom Ridge Center, Presque Isle Audubon, Purple Martin, Pennsylvania Sea Grant, and others.

Concessionaires currently operate kayak, bicycle, and boat rentals; snack bar; and tour boats.

the Incubator Administrator can serve as the WBDN Administrator to help launch this program now.

FERMATA further recommends that a Nature Tourism Expo be held to inform and gauge interest of area citizens and entrepreneurs about the opportunities that may be available at Sinnemahoning State Park. The Nature Tourism Expo can be a one-day event hosted in partnership between NCPRPDC, DCNR, Clarion University SBDC, and others. The location for the Expo should be a centrally located, mutually agreed upon place, preferably with indoor and outdoor facilities. The Expo would be structured much like a career fair, with representatives from assisting agencies (such as Clarion University SBDC, NCPRPDC, DCNR), and established nature-tourism businesses. The Expo would need to be marketed throughout the region in local newspapers, on radio, and through civic organizations, including area entrepreneur clubs.

Research and interviews have revealed that there are entrepreneurs in the surrounding regions who would like to start a new tourism-related business or expand an existing business. FERMATA recommends using direct mail to county commissioners, community leaders, existing nature-based businesses, college and university business programs, career centers, sportsmen's clubs, etc. to solicit names of individuals known to have an interest in nature-tourism business development. NCPRPDC and the Incubator Administrator/WBDN Administrator can then follow up with phone calls to prospective incubator tenants.

Tenant application:

Based on research and case studies of other incubator facilities (such as the Innovation Center at Wilkes-Barre, the Incubator Without Walls program, and the Shoals Community Kitchen), FERMATA recommends that prospective tenants receive an application to fill out and return to the administrative agency. The application will provide critical information about the entrepreneur, the intended venture, and applicant's financial position. It may include:

- Name and contact information
- Business information about the proposed venture (name, product/service, description, structure, stage of development)
- Business background

Incubator Without Walls (IWW)

The Eastern Maine Incubator Without Walls project is a collaboration of six community action programs and the Eastern Maine Development Corporation.

The intent of IWW is to provide participating businesses with many of the same advantages of a traditional Incubator, but without being in the same building. This allows a business to keep operating in its present location, but still receive the benefits associated with a Business Incubator.

IWW offers standard business training for entrepreneurs interested in start-up businesses using the national NxLevel Curriculum. This 9-week course is offered for free but participants must complete an application for review by the governing board, which will consider the, the applicant's experience, type of business, and the potential for success.

Trainers use facilities within local communities and tap into expert resources to deliver relevant business, marketing, and financing knowledge to entrepreneurs. The trainer provides one-on-one assistance as needed and a follow-up every six months.

The program may server as a model for development of the WILDS Business Development Network. It serves a wide region of rural Maine, helping to promote greater economic stability in the community. IWW members' businesses vary from cottage industry crafts to technology-related business.

- Target market
- Space requirements (square footage, equipment, telecommunications, computers, etc.)
- Financial resources (source of funding, capital on hand)
- Financial references (bank, accountant, attorney)
- Type of assistance required
- References

NCPRPDC does not currently have an application but Dunn and Bradstreet credit checks are required for all prospective tenants in its facilities.

Considering that this is a nature tourism incubator housed at a State Park, it is also advisable to determine the prospective tenants' commitment to DCNR's stewardship mission and principles that govern the types of activities permitted in State Parks, trash disposal, use of chemicals, respect for wildlife and plant life, etc. DCNR and others should be consulted about the guidelines that will be used to determine a candidate's level of commitment to stewardship principles.

Tenant interviews:

Once a potential entrepreneur has been pre-qualified, the Incubator Administrator will conduct a preliminary interview. The application and information gathered in the interview will be brought before the Board of Directors for ratification.

If a prospective incubator tenant is ratified by consensus of the Board, he or she will be asked to submit a business plan and personal financial statement. Assistance in business plan writing will be available from Clarion University SBDC and NCPRPDC who has an entrepreneurial training program currently in place. Tenants will also be required to complete an entrepreneurial training program offered by NCPRPDC, Clarion University, or others.

Lease signing and performance reviews:

Once a tenant has been accepted for the facility they can be offered a lease for a trial period of one year at a rate established by the owner of the facility. Research of other incubator facilities shows that rents vary considerably, depending on revenues, square footage, and services utilized. NCPRPDC's experience with other incubators will help to inform this decision.

After the first year of operation, the Incubator Administrator will conduct a performance review to make sure that the business is offering satisfactory products and services, meeting the goals and objectives of the business plan, and abiding by DCNR's stewardship principles. At that time, both the managing agency and the tenant will determine the success of the venture and its likelihood for continued success. The subsequent lease offered to the tenant will be for a period of ten years (in keeping with DCNR's concessionaire agreements).

Operations

Tourist services:

Tourist services such as food and boat rentals are administered by DCNR through concessionaire agreements. State Parks that provided information report that they see little revenue from the concessions that operate in their facilities but recognize that they are an important component in serving the needs of visitors. Many concessionaires also report that they make little money on

their ventures as they are seasonal and business is subject to many outside influences. Like other tourism-related businesses in the region, owners generally need a secondary source of income. Some concessionaires are retired and others have temporary jobs they work in the off-season.

In Task 1, FERMATA identified a need for an outfitter and/or canoe livery at Sinnemahoning State Park. Optimally, this will be an independent business that operates within the structure of the incubator facility rather than a concessionaire. The opportunity for success and the potential to extend the season is more likely with an independent owner, particularly if the business offers four-season equipment rentals such as cross-country skis, winter camping gear, etc.

Food service, if it is offered at Sinnemahoning State Park, may best be managed through a standard concessionaire agreement with DCNR. FERMATA does not see this as a suitable incubator business but does recognize that a snack bar may be necessary to serve visitors. This could be a freestanding mobile unit that is located closer to recreation areas or water. State Park managers report that food concessions located in close proximity to the water are more profitable.

Gift shop:

FERMATA recommends the establishment of a North Central Pennsylvania State Parks Interpretive Association. Visitor Services Specialists working for this non-profit group would be responsible for management and sales in the gift shop of the incubator facility, including soliciting local products to sell. To adequately staff the gift shop's 60+ hours/week, more than one specialist or a group of dependable volunteer workers will be required. The Presque Isle Partnership is a model for this type of operation. At the new Presque Isle facility, the Partnership will operate a gift shop where they will sell only high-end nature items in a proposed 6,000 square foot space. In addition to nature-related items, the gift shop may also offer works of local artists and craftspeople.

I.M.P.S. Lakeside operates the boat rental and marina concession at Bald Eagle State Park. The lake has no limit on horsepower for boating; therefore, the concession offers various types of boats, from pontoons to motorboats for water skiing. Rental costs depend on the type of boat, beginning at \$50/hour for a pontoon. There are approximately 18 boats for rent and about 400 marina tenants. A gasoline dock, tank, and pump are maintained by DCNR. The concessionaire purchases gasoline supplies for use in their own boats and for sale to other boaters.

The concessionaire agreement requires a business to be open from Memorial Day to Labor Day, seven days/week. The boat rental and marina remain open much longer since they also do boat repairs and winterization.

The operators of the rental and marina are a husband and wife team who just completed their third summer of a ten-year agreement. They pay a flat fee of about \$500 plus a 5% commission to the park.

The type of high-end nature-related items that FERMATA recommends are now offered by several associations, including Eastern National, which works with the National Park Service to provide quality educational products and services for visitors at America's National Parks and other public trusts; and Eastern National Forest Interpretive Association (ENFIA), which serves the Allegheny National Forest and other National Forests. ENFIA's mission is to partner with National Forests to improve customer service by providing educational items such as books, maps, etc. Proceeds from the sale of ENFIA items are used to support educational and interpretive programs. The new North Central Pennsylvania State Parks Interpretive Association

could have a mission and structure that is similar to the associations that serve National Parks and National Forests.

Maintenance

Janitorial:

FERMATA recommends that janitorial services be provided to all incubator tenants as a benefit of their lease. This would include daily cleaning, dusting, and trash removal. Other services, such as window washing, carpet cleaning, etc. should be provided semi-annually and exterior ice/snow removal on an as-needed basis. A private contractor can be hired to perform routine custodial services, with oversight by the incubator management organization. These contract costs will be treated like recurring maintenance or equipment expense. Landscaping, including lawn and garden routine park maintenance could be provided by DCNR.

Building maintenance:

FERMATA suggests that building maintenance can be a function of either NCPRPDC or DCNR, depending upon ownership of the building. In facilities that NCPRPDC owns, they are responsible for maintenance as stipulated in lease agreements. Tenants' leases are structured to mitigate general maintenance costs. In other locations, such as Sawmill Center, where the building is owned by a non-profit, DCNR performs maintenance but the Center purchases any necessary materials. FERMATA recommends that maintenance responsibilities be assigned based on eventual ownership of the building.

Programming

Natural resources:

DCNR, State Parks staff, and partners should offer naturalist and wildlife activities, environmental education, and other natural resources related programming. In other State Parks, DCNR takes the lead in managing programming and works well with groups such as Pennsylvania Audubon and other environmental partners. A function of the newly formed North Central Pennsylvania State Parks Interpretive Association could be to raise funds to support DCNR's programming efforts. The non-profit Presque Isle Partnership raises money for Park activities and upgrades that DCNR cannot afford.

FERMATA recommends that DCNR and the Sinnemahoning State Park staff retain oversight and control of natural resource related interpretive and educational activities. This may include educational offerings such as classes and workshops, guided tours, nature hikes, etc. and should be extended to include local school groups in addition to tourists. DCNR should partner with local clubs, associations, and non-profit entities to develop an enhanced program at the State Park and in return for their support, may consider providing office space at the incubator. An Interpretive Specialist working afternoons and weekends on site could manage the naturalist and interpretative programming, and advise on appropriate exhibit development and gift shop merchandising.

Floyd Community Center for the Arts, Floyd, Virginia

Floyd is a unique community. There are many artists and craftspeople that have moved into town, giving it a very rich base of arts and crafts. In 1995 a number of townspeople got together to convert an empty 1940s-era barn into a focal point for rural arts and crafts. Today the center responds to a broader economic development goal with the addition of a Cultural Business Incubator (CBI) providing space and services to promote the arts and culture.

The Center, destined to become the cultural gateway to the region, now offers cultural exploration, education, and entertainment venues in a mix of retail and display space, learning center, and performing arts area. Its location is far enough off the “mainstream” path that it will never attract technology but is a perfect fit for tourism-related products.

CBI has been filling its incubator space by person-to-person contact with artists. Wayne Bradburn, Incubator Manager, looks to artists and craftspeople that have shown success in other arts and crafts venues such as shows and tours. Since many are established business people, little formal process is involved. However, during the coming year Wayne and the incubator tenants will work toward developing a plan by a participatory process.

Tenants sign a one-year lease with rent based on square footage and usage intended (production v. display space). All tenants are required to have \$1 million blanket liability and \$50 thousand property damage. The Center has computers and Internet access, centralized phone system, copiers, etc. that tenants may choose to use on a cost-share basis. However, most seem to prefer their own. Each artist may sell out of incubator space or exhibit in the Center’s gallery where themed displays are set up for 6-8 week periods. Artists pay commission to the Center on sales made from the gallery. The Center also has a residential crafts school with on-going classes and workshops done by tenants and Center members.

Arts activities (classes, demonstrations, workshops):

The Northern Tier Cultural Alliance (NTCA) has indicated a willingness and desire to be involved in the incubator project. This non-profit group will consider opening a satellite office at the incubator. This could be a beneficial situation for both DCNR and NTCA.

The NTCA is currently working with the National Education Association in providing school programs, has members who offer expertise for classes and workshops, and can supply locally produced arts and crafts for the gift shop. FERMATA recommends that the Alliance, through its Executive Director, be offered office space at the incubator and the opportunity to manage programming in the arts. The Arts Programming Coordinator would work part-time and provide liaison with crafters, demonstrators, and others to schedule performances and classes and to provide products for the gift shop.

A Cultural Business Incubator in Floyd, Virginia is devoted to artists and craftspeople (see sidebar). It has a gift gallery, offers on-going courses and workshops, and hosts special events that help to promote the arts in this rural community.

Support***Training Support:***

FERMATA suggests that NCPRPDC serve as the business entrepreneur trainer for the incubator and, as such, be responsible for offering training on an on-going basis. NCPRPDC currently has a tailored curriculum for entrepreneurial training designed in collaboration with Clarion University SBDC and Industrial Resource Center (IRC). FERMATA reviewed other nationally available curricula, including FastTrac and NxLevel for business training. These are excellent programs and they

have proven success. However, the NCPRPDC curriculum is the result of collaboration among local agencies and it also has proven success. Unlike FERMATA’s recommendation to use nationally available curricula for guide training, we recommend using the local curriculum and making adaptations for nature-based businesses as necessary.

NCPRPDC has expressed a willingness to redesign current training modules to meet the specific needs of nature-tourism businesses. Of particular importance is providing tenants with training in DCNR rules, regulations, stewardship, and ethics. NCPRPDC can work with DCNR to develop the curriculum modules or DCNR can provide the training for these modules.

Since businesses and organizations will benefit from the incubator facility they could, as a condition of participation, have certain defined training requirements that not only contribute to their businesses but also promote the mission of Sinnemahoning State Park. Particular training modules that may be required by tenants could include:

- Business plan writing (if needed)
- Business management
- Growing and expanding a business
- Making nature your business
- Staffing
- DCNR rules and regulations
- Safety in the work environment
- First Aid
- Customer service
- Local natural and cultural heritage
- Stewardship training

Other nature-based and environmental education courses may be of interest to business owners. These would be outside the scope of the business incubator training program but could be offered by DCNR through park programming. Specialized programming can be contracted, as needed, with other private non-profits, for-profit businesses, colleges, and other educational institutions.

Marketing Support:

In addition to required courses, training should assist entrepreneurs in marketing, advertising, brand building, networking with other nature-based ventures, creating packages, Internet marketing, and website development. Small businesses have limited funds available for marketing efforts so it will be critical to their success to provide them with coordinated marketing opportunities, networking opportunities, and shared events. Partnerships among the Northern Tier Cultural Alliance, the region's TPAs, the proposed North Central Pennsylvania State Parks Interpretive Association, and others will help to increase exposure and decrease cost.

Office Support:

Incubator tenants need access to office equipment such as copiers and computers, office supplies, high-speed Internet access, and telephones. The multi-purpose room or the reception area can include space for shared office equipment that all tenants may use. Tenants may also need incubator support services that include bookkeeping, database management, mailings, banking, errands, etc. A part-time clerical position could be treated as recurring maintenance cost as part of the lease agreement or this position could be contracted to one of the incubator tenants. The Elk County Career Center has seven tenants who pay on a cost share basis. The nature incubator

can structure a similar arrangement so that tenants' rents cover the cost of shared equipment, supplies, and services.

Financial and grant writing support:

NCPRPDC serves as the clearinghouse for several loan and grant programs, including US Department of Agriculture Rural Development and Appalachian Regional Commission. The Progress Fund may also serve as a financial support partner. Businesses that require financial assistance may need help in preparing the paperwork for securing financing through current low-interest loan programs, grants, and tax incentives. The Incubator Administrator, NCPRPDC financial specialist, or The Progress Fund can provide this service on a one-to-one basis, depending upon need. The agency is familiar with programs and requirements and also provides financial assistance for other incubator facilities' tenants. When NCPRPDC is making a loan to a tenant, they will check the tenant's financial status, verify funds available, and require participation from a community bank. FERMATA also suggests that a course in grant writing be offered annually for the benefit of non-profits and entrepreneurs involved in the incubator (either through NCPRPDC or contracted with an outside organization).

Insurance:

NCPRPDC does not want to take on the role of insurance broker but may be able to assist businesses in finding affordable insurance. NCPRPDC carries its own Errors and Omissions insurance for directors and officers. Each tenant will be required to have renter's property damage insurance and liability insurance. Concessionaires contracted with DCNR are required to carry \$300,000 minimum liability coverage. Some high-risk business ventures may require up to \$1million minimum coverage. In addition, the owner of the building will also be required to carry liability insurance.

TASK 5: Analyze project feasibility

A. INTRODUCTION

Background

This report is based upon review of existing and acquired information gathered through online research, in-person or phone interviews, and meetings with planning committee members and other interested parties.

FERMATA's recommendation for a modest scale, small business development incubator presumes that the facility will house up to five tenants, with a combination of retail and service offerings and office space. FERMATA envisions that the facility-based incubator at Sinnemahoning State Park could function as a prototype for development of other facility-based incubators distributed throughout the region, possibly housed in commercial properties that are now vacant.

Proposed Portal Facility

As described in the Sinnemahoning State Park Portal Report, the incubator wing may be attached to the new Visitor Center. This wing would be a large room of approximately 2500 square feet with movable walls to partition 4-5 rooms of about 20x20 feet each. Construction estimates furnished by DCNR for the Nature Center are \$200/square foot. Calculated at this rate, the addition of a 2500 square foot wing for the business incubator would add approximately \$500,000 to the facility cost. However, applying economies of scale and considering that utilities, public reception areas, administrative areas, public restrooms, access, and parking must be in place for the Visitor Center, the cost per square foot could be considerably lower. The potential cost savings make the co-location of a new incubator facility at the new Sinnemahoning State Park Visitor Center facility more desirable.

Maintenance

DCNR currently manages outdoor maintenance and grounds keeping at other State Parks (except where specified differently in concessionaire agreements or leases) and it is presumed that this practice will continue at Sinnemahoning State Park. Building maintenance would be the responsibility of the building owner (yet to be decided). These costs can be subsidized, in part, by tenant rents with a portion funding a sinking account established for milestone maintenance. NCPRPDC currently operates two incubator (or multi-tenant) facilities in the region and utilizes sinking accounts for milestone maintenance costs.

Internet Access

High speed Internet access is currently available at Sinnemahoning State Park. It is a T1 line that connects to the Commonwealth network. FERMATA explored the possibility of sharing existing high-speed access in a conversation with management at the Bureau of Information Technology (BIT). Due to concerns about viruses if the network were open to independent businesses, sharing the existing service would be the least desirable option for the Commonwealth. A program available through Telcove (new Adelphia cable owners) is called *Business Partners* but the cost is approximately \$400/month. Since the proposed incubator facility is potentially several years from completion, BIT suggests that other new options may exist by then and that

maintaining communication with them and deciding on this question when the building is actually being contracted would be the best alternative.

Staffing

FERMATA recommends certain staffing levels (on-site and stationed elsewhere) to fulfill the service and program offerings that are envisioned for the incubator. The positions are:

- Incubator Administrator
- Program and Marketing Manager
- WBDN Administrator
- Incubator Support Services
- Custodial Services
- Visitor Services
- Interpretive Specialist
- Arts Programming Coordinator
- Trainers and Demonstrators

Basic costs associated with staffing paid positions are as follows:

Position	Annual salary (+29.07% fringe)
Management	\$ 42,273
Clerical	\$ 29,336
Interpretative Specialist	\$ 29,336

A breakdown of staffing possibilities is detailed in the worksheet that follows. It itemizes the estimated costs for various positions and several alternatives for funding these positions. Salary and fringe estimates were based on the above information received from the DCNR personnel office.

A Program and Marketing Manager is crucial to the success of the incubator. As discussed by the Incubator Steering Committee, a Program and Marketing Manager may provide service at more than one State Park and may also be located at the new I-80 gateway facility once it is built. Cost sharing this position will reduce the cost to the Incubator administrative agency and also spread the benefit in a broader region of the Pennsylvania WILDS.

As an alternative, the Program and Marketing Manager position may be combined with the Incubator Administrator and WBDN Administrator positions for a savings of more than \$40,000. In this case, the selection of the right individual capable of fulfilling all functions would be critical regardless of the supervising entity.

The salary projection for the Interpretative Specialist is at a full-time rate. FERMATA recommends staffing for all weekday afternoons and weekends, which will be the equivalent of one full-time position. FERMATA has also proposed the creation of the North Central Pennsylvania State Parks Interpretative Association, a private non-profit organization, to help deliver these services and thereby reduce the cost. At Presque Isle State Park (admittedly a much larger, urban park), at least three non-profit associations work with Park staff to both deliver and

Staff	Hours/wk	Annual Cost	Employer	Contrib. by tenant	Contrib. by other	Contrib. by DCNR	Revenue Source	Make or Break
Incubator administrator	16	\$ 16,909	Incubator management organization		Incubator mgmt organization		Funded by grants from DED, USDA, or others to Incubator mgmt organization	Duties may be fulfilled by incubator manager/owner using existing staff. The administrative positions for
PA WBDN administrator	24	\$ 25,363						
Program and Marketing Manager	Full-time	\$ 42,273	Incubator mgmt organization	\$ 4,227.00	\$ 16,909	\$ 21,137.00	Rents; PA WILDS Tourism Association; DCNR	Critical to success. Staff person may serve several State Parks and TPAs
Incubator support services	20 @\$10/hr plus fringe	\$ 13,423	Incubator mgmt organization		\$ 13,423		North Central Work Force Investment Board programs: Experience Workers or Greenthumb	
Custodial services	10 @\$20/hr (no fringe)	\$ 10,400	Incubator mgmt organization		\$ 10,400		North Central Work Force Investment Board programs: Experience Workers or Greenthumb	
Visitor services specialists (2 or more people)	60	\$ -	Volunteers coordinated by Program and Marketing Manager		PA WILDS Tourism Association or PA WILDS State Park Interp Assoc			Not critical to success of incubator but critical to success of Visitor Center
Gift shop	60	\$ 72,000	DCNR (if volunteer organization is not established)			\$ 72,000.00	Salary subsidized by profit sharing from gift shop sales	Critical to success of incubator and Nature Center
	N/A	N/A	Independent entrepreneur (as start-up, consignment, or concession)	N/A	N/A	N/A	N/A	
Interpretative specialists	Full-time	\$ 29,336	DCNR and private non-profit		PA WILDS State Park Interp Assoc			Not critical to success of incubator but critical to success of Visitor Center
Arts programming coordinator	Part-time	\$ -	Northern Tier Cultural Alliance					
Trainers and demonstrators	As scheduled	\$ -	Private non-profits, for profit businesses, colleges and other educational institutions, DCNR					
TOTALS				\$ 4,227.00	\$ 40,732	\$ 93,137.00		

subsidize programming. At Cherry Springs State Park, a volunteer group from Jamestown, NY (affiliated with the National Public Observatory in New Mexico) runs the Stars and Parks Program on weekends from May to October.

Other staffing that relies on the establishment and use of non-profit organizations and volunteers are:

1. Visitor services specialists
2. Arts programming coordinator
3. Trainers and demonstrators

1. Visitor services specialists would staff the reception area and gift shop for approximately sixty hours per week. The staff would be volunteers from the proposed North Central Pennsylvania State Parks Interpretative Association or the proposed Pennsylvania WILDS Tourism Association, a consortium of the TPAs in the region. Ideally these associations would provide a broad base of volunteer workers willing to work regular shifts or days.

Should DCNR or other incubator owners need to staff the reception area and gift shop, FERMATA estimates the cost to be approximately \$72,000 per year, based on labor costs at Leonard Harrison State Park where two clerks share a seven-day/week schedule for a 6-month season at an approximate cost of \$36,000. The above estimate assumes that hours during the off-season would be identical to regular season hours. A savings could be realized with limited winter hours.

Alternatively, a gift shop in the incubator facility that offers high-end nature-related items and locally produced goods and crafts could be a retail establishment operated by an independent entrepreneur. In the opinion of NCPRPDC, the gift shop is essential to the success of the facility; and would best be run by an independent entrepreneur either as a consignment operation or a start-up business. The gift shop could also be a branch of an existing store operating elsewhere in the region. FERMATA's staff's interviews with existing businesses in the region indicate that there is an interest in establishing "satellite" businesses (of all types, including gift shops) at the Sinnemahoning facility. By relying on experienced business people, the chances of success are greatly increased.

It would be essential for the gift shop owners (if a private enterprise) to establish a workable arrangement with DCNR that would not be too restrictive to the business but still be within compatible guidelines. If the gift shop were operated as an independent business, it would eliminate the cost to DCNR and also limit the volunteer needs to staffing the reception area only. The reception area staffing could well be considered a function of the Visitor Center rather than a function of the incubator.

2. FERMATA recommends that the Northern Tier Cultural Alliance coordinate the **arts programming**. This association has indicated a desire to locate a satellite office at the incubator and has resources within the community to provide instructors and demonstrators. According to the operators of the Sawmill Center, which offers arts programming at Cook Forest State Park, a course needs to generate 40% above instructor fees to cover overhead. Instructor fees can be established as an hourly rate, a minimum honorarium, or price per student with a minimum

guarantee. Sawmill instructors who are paid an hourly rate generally earn from \$12 to \$15 per hour. Cost for courses are about \$35/day with an ideal enrollment of ten to twelve students. Some courses with very high profile instructors can cost up to \$350 per person per week. Based on Sawmill experience, profitability will be determined by attracting the best instructors at the best rate and an ample number of students. Initially, a limited course schedule should be developed. In fact, Sawmill is cutting back on the number of courses and the number of times a particular course is offered in order to increase enrollment. FERMATA recommends that a detailed business plan for the arts programming be completed prior to its launch.

3. Trainers and demonstrators for specialized business programs are available from the region's business community including colleges and other educational institutions, private non-profits, and DCNR (for natural resource related training). These services are generally provided at no charge to participants. Therefore, the incubator owner should not incur additional cost to bring this training to existing or prospective business owners, nor should the owner anticipate any revenue from this source.

B. TOURISM ASSESSMENT

Visitation to the Pennsylvania WILDS

Based on FERMATA's research, the Pennsylvania WILDS has tremendous potential to increase visitation. The resources are world-class and appeal to a wide cross-section of tourists. On the local level, studies have determined that the Pennsylvania WILDS sits within a 6-hour drive of several major population centers. This represents an opportunity to attract nature tourists who, according to surveys, are willing to spend significantly more money than other tourists.

An in-depth analysis of the potential to increase both tourism and revenue to the region is available in the Plan for Elk Watching and Nature Tourism in North Central Pennsylvania prepared by FERMATA, Inc. for DCNR in 2002.

In 2000, the urban and suburban population within the 6-hour drive market was estimated at 46 million Americans, or 16 percent of the nation's 281 million people. Using the National Survey of Recreation and the Environment (NSRE) figures from 1999 that 71.2 million people (or 25% of all Americans) viewed birds, FERMATA theorizes that the same proportion of people within a six-hour drive would share this interest. That amounts to a potential market size of 11.7 million people who may be unaware of the region's offerings or who have yet to make a decision to try a visit to the area.

The types of activities that will be available in the Pennsylvania WILDS are precisely the ones that appeal to the nature-based travel market. Elk viewing, birding, fall-foliage viewing, walking, and other outdoor recreation should easily be able to sustain an annual growth rate of ten percent given proper marketing and infrastructure. In the short term, growth could be estimated at a more modest five percent, and eight percent in the mid term. In 2005, the number of elk and nature tourism visitors could grow by over twenty percent to around 76,000 visitors per year and could double to 129,000 visitors per year in 2012 in the elk region. FERMATA believes that this is a very conservative estimate, since Pennsylvania travel trends as documented by D.K. Shifflet and Associates indicated a nineteen percent growth rate from 1995-1997.

Nature-based Tourism Activities

The 2000 NSRE data indicate that birding, watching bear and deer, and viewing wildflowers and natural vegetation or scenery continue as popular activities in the United States and that "an estimated 129 million people took the time to stop and observe the natural scenery around them." In addition, "an estimated 96 million people also took the time to view wildlife or wildflowers."

Table 3 shows the most recent NSRE figures for growth activities in outdoor recreation. About half of these activities are now available at Sinnemahoning State Park and several more may be available with the addition of a nature-based business incubator. Of those that are available, several may be enhanced (i.e. birdwatching, hiking, sightseeing) with guide services recommended for the Sinnemahoning facility.

Table 3: NSRE Growth Activities 1982-2002

Activity	Growth (percent)	# Participants (millions)
Walking	85.4	179.0
Bird watching	50.5	71.2
Hiking	48.4	73.1
Swimming (natural)	36.4	92.9
Sightseeing	32.7	114.0
Picnicking	31.8	116.6
Bicycling	27.4	83.9
Camping (developed)	22.8	52.8
Motor Boating	17.8	51.4
Off-Road Driving	17.3	36.7

According to a poll by the Travel Industry Association of America, Generations X and Y and Baby Boomers are more likely to go to a beach/lake/river or go fishing/hunting/boating while visiting a small town or village (TIA, 2001). They are also more inclined to participate in outdoor activities, such as biking, hiking, camping, or attending a sporting event. Outdoor recreation ranked second in the top ten activities for domestic travelers, surpassed only by shopping.

Potential Economic Benefits

According to a study conducted by D.K. Shifflet for DCNR, expenditures for outdoor recreation-based travel statewide accounted for \$4 billion in 1997, or a full one-third of all Pennsylvania leisure spending. The figure includes spending on travel-related goods and services, including transportation, lodging, food and beverage, recreation and entertainment, shopping, and other spending. Pennsylvania travel statistics (Shifflet 1999) document that in general, outdoor recreation-based travelers spent about 35 percent more than regular leisure travelers, due in part to longer average length of stay. Of the total spending by outdoor recreation travelers, 34.6 percent of expenditures were by tourists who participated in activities on state or public forests, parks, or gamelands. In the Allegheny National Forest tourism region (of which Sinnemahoning State Park is a part), average daily expenditures of all overnight leisure travelers was \$48.70 per person per day.

FERMATA projects that if the recommendations in the *Plan for Elk Viewing* to improve infrastructure, amenities, and services for tourists were implemented, that the average visitor expenditure by 2010 could be equal to that of the typical nature tourist surveyed by FERMATA (\$138.45/person/day in 2000 dollars). Even the short-term and mid-term improvements of addressing safety concerns, establishing visitor centers, developing waypoints, and creating the Elk Scenic Drive will encourage an overnight visitor to spend in excess of the current regional average and could reach \$75.95 per person per day in 2005.

Projected Revenues to Incubator-based Businesses

Assuming that just half of the current approximately 65,000 elk tourists visit Sinnemahoning State Park, a part of the Elk Scenic Drive, this would put 32,500 visitors through the Park. Expenditure figures above include food, gas sales, and lodging. However, it is reasonable to deduce that the type and quality of goods and services proposed for the business incubator could be responsible for at least ½ of the projected expenditures. If visitors spent only ½ of the projected 2005 rate with the Park's incubator-based businesses, that would amount to direct expenditures of about \$1.2 million.

One of the expenditures included in FERMATA's projected Elk Scenic Drive visitor spending scenario is for high quality locally produced gifts. A good comparison of the potential magnitude of this spending is the gift shop at Leonard Harrison State Park. Leonard Harrison has a reputation as a destination because of its world-class natural resources ("Grand Canyon of the East") and amenities (such as trails). Its gift shop offers high-ticket items in addition to local goods and products, similar to the gift shop that FERMATA has recommended. The Park pays staff wages and splits profits 50/50 with DCNR. Revenue from the 2004 season resulted in a total profit of \$64,000, with the Park receiving \$32,000 (\$8-10,000 more than 2003).

A concessionaire selling maple syrup in an awning tent at Leonard Harrison State Park in fall 2004 had revenues of about \$25,000 for the season. Typical of most concessionaire agreements, the Park received a flat fee (in this case, \$250) and no profit sharing.

Festivals bring many people to Parks but they do not generate revenue for the Parks. Most festivals are organized by non-profit, educational, or visitor associations and supported by the State Parks as part of their mission. While there is no profit sharing from festivals, some groups will make donations to State Park programs. In addition, it is generally believed that people who attend festivals will spend money in the region including purchase of food, lodging, and local products.

C. RECOMMENDATIONS

Feasibility Analysis – Incubator Operation

It should be assumed that incubator revenue would come primarily from tenant rents and, to some degree, from tenant profit sharing. Tenant rents are assumed at \$5/square foot/year based on the regional average as suggested by NCPRPDC. With five tenants, in the first year of operation, this would amount to a total annual rental revenue to the incubator's operators of \$12,500. NCPRPDC recommends that the lease rate include a GPI-based increase scale – so future years' rental incomes could well be greater. Assuming incubator-based business revenues of \$1.2 million, business profits of 20 percent, and a revenue sharing rate of 10 percent of business profits, an additional \$24,000 of income to the incubator's operators could result after the first year of operation from profit-sharing. Therefore, total annual income could be \$36,500.

As such, FERMATA concludes that a nature-based business incubator facility at Sinnemahoning State Park is feasible. The region's natural resources are world class and FERMATA and others project a growing demand for these type of resources and related experiences. Given the limited number of amenities for nature tourists in the region presently, the developments proposed at Sinnemahoning State Park, including those to be based at the business incubator, could increase the region's market share of visitors. These coupled with the considerable interest that FERMATA found among business people, TPAs, State Parks personnel, and others in the tourism industry indicate that an incubator facility could be successful in fostering tourism development in the region.

Cost of staffing for the Incubator Administrator, Program and Marketing Manager, Support Services, Custodial Services, and Interpretative Specialist is projected to be \$112,341. **The staffing crucial to the success of the incubator is the Program and Marketing Manager, who would serve as the liaison between tenants, the Park, and the broader Pennsylvania WILDS region. It is unreasonable to presume that the incubator facility could function successfully without this position.** FERMATA expects that all of these positions other than the Program and Marketing Manager could be cost-shared with the Sinnemahoning State Park Visitor Center, with other State Parks, or funded through grants and volunteer associations. Tenant rents would need to contribute toward at least 10 percent (~\$4227) of the cost of the Program and Marketing Manager position.

One concern raised by the project steering committee that could affect the success of incubator-based businesses and the on-site administration of the incubator is that the rural location of the proposed incubator might pose staffing challenges. As such, it may be necessary for these businesses and the incubator operator to offer incentives to prospective staff, such as the opportunity to work a more flexible schedule or to co-locate an office in a more accessible area. However, FERMATA expects that the potential labor force in surrounding towns (Coudersport, Emporium, and Renovo) may well be willing to travel forty-five minutes for a job that offers a decent wage, benefits, and the potential for long-term employment.

Other projected costs associated with the incubator, in addition to the staffing described above, include general operating expenses and milestone maintenance, as follows:

Annual operating expense: Phone, electric, heat, etc. (based on \$400/month)	\$ 4,800
Maintenance (sinking fund estimated at 3% of building cost)	\$15,000
Total	\$19,800

These expenses, added with tenants' contribution toward the cost of the Program and Marketing Manager position, total about \$24,027. Using the income projections from above, this would amount to a profit of more than \$12,000/year to the incubator's operators. As such, rather than earn this profit, program managers might want to consider lowering tenants' rental rates or profit-sharing requirements as an incentive to encourage businesses to locate at the Park.

WILDS Business Development Network

As previously stated, both facility and non facility-based incubator models are feasible. In fact, many of the supports and services required for a WILDS Business Development Network are currently in place. The network would help independent businesses in small communities throughout the region. Partners in this venture could include NCPRPDC, Clarion University SBDC, The Progress Fund, DCNR, colleges and universities, local business owners, and others.

DCNR has indicated that the new Visitor Center will not be complete until 2007. Based on this timetable, FERMATA recommends that a WBDN begin now to expand the reach and marketing power of relevant local economic development and planning entities to local communities and potential nature tourism entrepreneurs in the region. A WBDN Administrator could work part-time (2-3 days/week) at an outside location to act as a liaison between economic development entities in the Pennsylvania WILDS region and help them to identify potential nature-based business entrepreneurs, maintain communication with entrepreneurs, and build networking opportunities among entrepreneurs. The Administrator can be employed by NCPRPDC, DCNR, Cameron County, or another agency. However, since NCPRPDC is already involved in assisting business development in the region, is a lending entity, and has access to grant funding, FERMATA suggests that they are the most appropriate agency to hire and employ the WBDN Administrator and manage the operations. The estimated cost for this position is \$25,363, which could potentially be funded by grants from Pennsylvania Department of Commerce and Economic Development or others. The County Coordinators for the Maine Incubator Without Walls are grant-funded positions.

The same person who works as the WBDN Administrator can later fulfill the functions of Incubator Administrator for the Nature Center facility when it is built. It has been suggested by NCPRPDC that the position can also be combined with the Program and Marketing Manager for the facility. While this may be possible, FERMATA recommends evaluating the possibility nearer to completion of the Visitor Center when the duties will be more clearly defined.

Once built, the Sinnemahoning State Park incubator facility could conceivably serve as the training center for the WBDN, offering an on-going slate of entrepreneurial training programs.

APPENDIX A: Citations

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APPENDIX B: Resources

The resources found in Appendix B are case studies of associations, organizations, or businesses that may be helpful in implementing recommendations. The information was gathered through in-person interviews, telephone conversations, and websites.

Guide Associations

Case studies were completed with the Vermont Outdoor Guide Association (VOGA) and the New York State Outdoor Guide Association (NYSOGA). Several options for organizational structure exist, including non-profit membership organizations and for-profit businesses. The services and benefits provided by each organization vary as do the benefits to individual members. The overarching benefit to establishing a guide association is the professionalism it lends to its members and the industry as a whole. Both have comprehensive websites that will be useful in the planning and implementation of the Pennsylvania association.

Vermont Outdoor Guide Association (www.voga.org)

VOGA is a 180-member association that fulfills the function of providing guides and packages for nature tourists seeking adventure-based vacations in Vermont. The association has been in existence for about nine years, having started as a for-profit business venture. It is now a non-profit supported by dues-paying membership. The fee schedule is \$75 for non-profit members, \$150 for guides/outfitters, and \$100 for supporting organizations, retailers, inns, etc. The association is one of the few in the country that has a full time volunteer coordinator with a board of directors, advisory board, and legal counsel.

VOGA does not offer any certification program but requires that all guides have activity-specific certification from a reputable national or state training program. They do offer regular and on-going training for their guides in areas such as risk management and packaging.

Vermont is a relatively high-risk area because the consumer served is considered most likely to sue. The association does research various insurance companies and directs its members to companies that provide the most cost-effective product. The companies they use include K&K and Worldwide Outfitter and Guide Association Insurance Company.

New York State Outdoor Guide Association (www.nysoga.org)

NYSOGA is the only statewide association for guides. It is a membership organization administered by volunteers. There is a six-member executive board, nine elected representatives from the state's nine regions, and up to ten directors at large for a maximum 25-person board. The organization has by-laws, is formally registered, and is currently trying to get non-profit status. As an association, they do no lobbying but do have a legal committee that follows house and senate bills and maintains communication with the membership. The association does advocate for professional status for guides and has a code of ethics that all members must agree to follow. An ethics review board does follow up on any complaints to ensure that members are representing the industry and the association well.

NYSOGA currently has about 200 members who are either active or associate members. Active members pay \$75/year in dues, have full voting rights, and receive association benefits that

include a free listing on the NYSOGA website, website hosting at reduced rates, electronic client referral lists, quarterly newsletter, and an annual publication. However, active members must also have a valid license on file with the association. The association does not endorse any individual member due to the liability it creates. Associate members pay \$50/year but receive no benefits. These are generally people who have guided in the past but are no longer licensed or active.

In New York State, the Department of Environmental Conservation (DEC) issues licenses for guides in hunting, fishing, white-water rafting, ice and rock climbing, camping, and hiking. The license procedure requires prospective guides to obtain certification in first aid, adult CPR, and water safety. DEC does not provide this certification but does administer the exam, both a general exam and an activity-specific exam. Anyone guiding for hire in any of the above activities must be certified, licensed, and in good health (current physical) in order to be an active member of the association. Guides involved in white-water rafting or ice/rock climbing must also pass a DEC field test to demonstrate capability in these specific areas.

The association offers certification courses, outdoor leadership training programs, and business training in risk management, marketing, and trip planning. The training programs are not designed to qualify people as guides but rather to give basic information and encourage other courses. Each year in March, the association hosts a 3-day “rendezvous” when they offer certification courses, special workshops, networking, presentations, and demonstrations. DEC offers the exams in conjunction with the rendezvous. Business training is basically offered in small groups within a region and non-member guides are invited to attend as well as the local ranger from DEC. Instructors are not paid for their services but the association does charge a nominal fee for training that helps with their expenses.

New York State does not require that guides who work in the state also live in the state. Thus, there may be guides currently licensed by New York State who live in Pennsylvania. FERMATA recommends obtaining this list of licensed guides (through the Freedom of Information Act) who may prove to be invaluable resources in establishing a Pennsylvania WILDS Outdoor Guide Association.

Guide Training and Certification Programs

Several good outdoor adventure-training programs currently exist. FERMATA recommends that guides be certified by one of the existing nationally recognized programs. If it is determined that the Pennsylvania WILDS Outdoor Guide Association, when established, will institute its own training and certification standards, any of these programs will serve as a model for development. Three reputable, national programs are:

- National Outdoor Leadership School
- West Virginia Mountain Institute
- Leave No Trace

National Outdoor Leadership School (www.nols.edu)

NOLS, located in Lander, Wyoming, has been training skilled leaders for nearly forty years. The core of the program is an extended expedition of sufficient length (from two to twelve weeks) that a person can learn and practice skills again and again. There are many ways to learn about

leadership but learning to be a leader isn't a concept that can be studied. NOLS gives its students the tools to lead.

Contact information:

284 Lincoln St.
Lander, WY 82520-2848
800-710-NOLS

The Mountain Institute (www.mountain.org/index.cfm)

The Mountain Institute's Learning Program brings adventure, conservation, and education together in a rigorous and challenging environment. Its courses combine skills and leadership development with environmental education and adventure. Personal development, increased knowledge, mastery of skills, and safe adventure within a supportive community are the foundation of all Mountain Learning courses.

Contact information:

1828 L Street NW, Suite 725
Washington, DC 20036
(202) 452-1636
e-mail: summit@mountain.org

Leave No Trace (www.lnt.org/index.php)

The Leave No Trace Center for Outdoor Ethics is a national non-profit organization dedicated to promoting and inspiring responsible outdoor recreation through education, research and partnerships. Participants in Leave No Trace courses must have a strong interest in outdoor recreation, a commitment to training others, a desire to protect wilderness resources, and be in good physical condition. Participants typically choose a course in their primary skill area and in the region they are most familiar. Master courses are offered in various parts of the country and can be developed upon request.

Contact information:

P.O. Box 997
Boulder, CO 80306
800-332-4100

State Nature-based Tourism Associations

South Carolina, Georgia, Texas, Florida, and the country of Australia have comprehensive nature tourism programs and websites that can assist in the planning and future development of nature-based tourism businesses in the Pennsylvania region. These associations serve a variety of functions and are generally designed to:

- promote and market ecologically friendly nature-based tourism
- increase awareness of the value of a region's natural resources
- promote the professionalism of nature-based businesses
- facilitate networking of nature-based tourism businesses
- provide nature-based adventure opportunities to the general traveling public

According to the Nature-based Tourism Project (NBT) report prepared by DCNR, the leading NBT states provide the following functions:

- Leading states have successfully promoted the economic and environmental potential of NBT to policy makers, elected officials and stakeholders. This is why the states have dedicated programs or personnel.
- If a community or citizen is interested in getting an NBT project underway or expand an NBT business, the offices will assist them with information or contacts to all of the elements that this project feels are necessary (including stewardship, marketing and business financing resources existing in state).
- The states have made efforts to utilize public outreach mechanisms to inform citizens and local governments that an NBT program exists to help in efforts to develop potentially lucrative, conservation minded tourism opportunities.

South Carolina Nature Adventures (source: www.scnatureadventures.com)

The South Carolina Nature-based Tourism Association (SCNBTA) educates its members and promotes the nature-based tourism experience by creating opportunities for networking and professional development to build, manage, and market nature-based businesses and tourism. It endorses conservation of natural and cultural resources that make the nature-based tourism experience possible.

The SCNBTA accomplishes this mission by bringing together local nature-based tourism business owners with resource managers and community leaders. In addition, the association provides continuing professional education and encourages the exchange of information among its members, particularly as it relates to the conservation of natural and cultural resources for long-term economic benefit.

South Carolina has a combined Parks and Tourism Department; therefore the nurturing of nature-based tourism and cooperation needed between stewardship and marketing elements inherently existed from the beginning. In addition, the SCNBTA offers many resources on their web site and through membership in the organization itself. Clemson University has worked closely with state government to provide a great deal of research on nature-based tourism creating a “Developing Naturally” guidebook as well as the “NBT Enterprises: Guidelines for Success” which are both tied into state and trade association web sites and resource inventories.

Georgia Nature-based Tourism Association (source: www.georgianature.org/index.html)

The GNTA is an alliance of nature-based tourism businesses, conservation organizations, government agencies of all kinds, and individuals of diverse backgrounds. Its members have a desire to look past the traditional approaches to solving conservation and commercial concerns, which often line groups up on opposite sides. Mindful of different needs and agendas for each, it promotes respect for the earth as the guiding force for its actions, and believes strongly in working together in a cooperative partnership.

Texas Nature-based Tourism Association

Texas, a state with many great and innovative ideas, has taken a different approach. They have utilized the web in creative ways to offer a whole host of NBT specific resources and contacts. Their NBT Information Center is the type of point of contact site that Pennsylvania needs in order to bring together all stakeholders and information on NBT. Texas has a Nature Tourism Coordinator within the Texas Parks & Wildlife Department that can lead anyone interested in NBT to a related resource or contact. The Coordinator is responsible for keeping the NBT site up to date and a viable means of information. The Coordinator also works with stakeholders to identify and nurture ideas. Among the best items on the site is the NBT business guide.

Texas has a Nature Tourism Council (TNTC). It is an official council of the Texas Travel Industry Association. In response to growing interest, in late 1994 the Governor's statewide Task Force on Nature Tourism recommended that a non-profit organization be formed to educate individuals and communities on how to expand their income through nature tourism and how to utilize and preserve their natural resources for more economic benefit and enjoyment. With the help of private & public partners, TNTC was created to provide assistance and to proceed in accomplishing specific tourism goals.

Florida Nature-based Tourism Association

Florida is emerging as an NBT leader through their consideration of NBT as a viable economic and social entity. Florida has no NBT coordinator but a general tourism program (much like DCED) that has seen the potential of NBT and has seriously implemented it into their general program. The New Product Development Office at VISIT FLORIDA has recognized NBT as valuable and is nurturing it through workshops and other direct mechanisms. They offer technical assistance to NBT businesses and special marketing consideration as well. They also have worked with state conservation agencies and citizens to provide a mechanism for inventorying resources, discussing the potential environmental pitfalls of nature tourism and bringing stakeholders together to plan properly.

Allegheny College Nature Tourism Project

The Center for Economic and Environmental Development (CEED) of Allegheny College in collaboration with Crawford County Convention and Visitors Bureau (CVB) developed the Northwest Pennsylvania website for the "Quiet Northwest." The nature tourism website offers information on all aspects of the area's outdoor recreation opportunities. A special section on driving tours introduces visitors to the natural resources of the region. Each tour contains a driving map, description of sites to visit, and background information on environmental issues associated with the site. The idea for the driving tours originated from a request to CEED for a fall driving tour that could be used to promote Crawford County.

This long-term website project was designed and built as collaboration among Allegheny College students, the Allegheny College CEED, the Crawford County CVB, and the Meadville-Western Crawford Chamber of Commerce. Allegheny College, The French Creek Project, The Howard Heinz Endowment, and the Pennsylvania Department of Community and Economic Development provided financial assistance for this project.

The Heinz Foundation has an economic opportunity program that invests in innovative, high-impact organizations working collaboratively to create regional economies. The goals of the

program are to emphasize regional growth, develop a competitive advantage in human capital, and promote jobs and enterprise. The Heinz Endowments concentrate efforts and resources in the Commonwealth of Pennsylvania and fund non-profit organizations.

Insurance

The agent for Outdoor Recreation Insurance confirmed that the insurance issue for small high-risk business is not only an issue of affordable premiums but also of availability. As the insurance market began to tighten, many companies that wrote insurance for the types of businesses being considered for the incubator left the market. This means that it is more difficult to find an underwriter who will actually offer the coverage needed. However, the market is beginning to loosen up so there may be some change in the near future, especially in terms of availability.

There are several types of businesses and tourist services that are more difficult to insure. These include rappelling, rock climbing, white water rafting, kayaking, bicycle rentals, and kayak/canoe rentals. Markets for horseback riding are pricey but available and state statutes govern horse rentals also. Normal hunting and fishing guides are not difficult to insure.

Outdoor Recreation Insurance is the agent for several companies that underwrite policies in this market, including Philadelphia Insurance Company and Markell Insurance Company. K&K writes policies for high-risk ventures but requires that a company be in business for at least three years and has a minimum premium of \$2500. The length of time in business and the safety record may not affect the premium but will affect availability.

However, the market is always changing. Some companies will give credits for no losses or, at the very least, won't raise their rates, which seems like a discount in today's market.

Obtaining insurance needs to be near the top of the list for potential entrepreneurs before moving too far into a business plan.

Outdoor Recreation Insurance Company's agent provided the following premium information as a cost comparison for certain types of services and/or businesses that serve nature tourists.

Venture	Estimated annual premium
Guided hunting, fishing, canoeing, rafting, backpacking, hiking, camping, wildlife viewing, and wildlife photography	\$550-\$750
Mountain and/or trail biking	\$600->\$1,000 (depending on place of travel and availability of standard market insurance)
Horseback riding	>\$1,000 (depending on exposure, i.e. boarding, feeding, training, ownership)

For the past several years, NYSOGA has been working on establishing a nationwide guide association group for the sole purpose of providing liability insurance. In negotiations with insurance carriers, the association has learned that to function as a group and realize any economies of scale it must advertise and offer the program on a nationwide basis. The association will create a new membership category for guides wishing insurance only. In the coming months, guides as well as outfitters will be able to sign up for associate member status. The dues will be \$75 and will give the member the right to participate in group insurance. Updates on progress will be available on the website (nysoga.com).

Snowmobile	>\$600
ATV	Up to \$2,000 and very limited availability

State Incentive Programs

First Industries

Pennsylvania's new economic development initiatives are based on fostering positive business growth in the Commonwealth by targeting new, high-growth industries that show great promise for the future. Agriculture and tourism – two of Pennsylvania's largest industries – are longtime contributors to our economic health and growth. Yet historically they have gotten little financial help from state government.

The First Industries Fund will provide \$50 million in planning grants, loans, and loan guarantees aimed at helping the tourism segment stay healthy and dynamic. First Industries Fund will be available to businesses involved in destination tourism, hospitality and other tourism-oriented services, and nonprofit entities that promote regional and local tourism.

A comprehensive menu of financing selections includes:

- Additional funding to the Small Business First program to provide low interest loans for eligible lodging and restaurant projects.
- A planning and redevelopment grant program for regional tourism initiatives that coordinate local marketing efforts, and promote efficient and cost-effective use of tourism assets.
- A loan guarantee program for large-scale tourism projects that (1) demonstrate significant regional impact, (2) deploy new or innovative technologies, and (3) demonstrate significant direct job creation and/or state and local revenue generation. Tourism projects that are designed to optimize and complement the use of Commonwealth resources, such as state parks, would also be eligible.

Federal Incentive Programs

Appalachian Regional Commission

NCPRPDC, as a Pennsylvania Local Development District, is funded by the Appalachian Regional Commission (ARC) and has a very strong working relationship with the people in Washington. ARC awards grants to state and local agencies and governmental entities and nonprofit organizations. Since most program grants originate at the state level, potential applicants will work through NCPRPDC, the state program manager.

ARC provides funding for several hundred projects throughout the 13 Appalachian states in support of economic and human development. These efforts seek to augment ARC's highway development program and bring more of Appalachia's people into America's economic mainstream.

The Appalachian Regional Commission's programs that may be of interest to this project are:

- Economic and Human Development Activities help create jobs through education, physical infrastructure, civic development, business development, and health care projects.
- The Distressed Counties Program provides special funding for the Region's poorest counties.
- The Entrepreneurship Initiative helps communities assist entrepreneurs in starting and expanding local businesses.
- The Business Development Revolving Loan Fund Program helps create and retain jobs by providing capital for economic development activities.

USDA Rural Development

USDA Rural Development **RBEG and RBOG** grants are available to public bodies and non-profit corporations to finance and facilitate development of small and emerging private business enterprises located in a rural area (<50,000 people). The particular focus of USDA Rural Development is **job creation**. New funding for RBEG and RBOG grants will not be available until early 2005, after Congress has approved expenditures.

RBEG grants are available to public bodies that include incorporated towns and villages, boroughs, townships, counties, States, authorities, districts, Indian Tribes on Federal and State reservations, and other Federally-recognized Indian Tribal groups in rural areas. The small and emerging businesses to be assisted must have less than 50 new employees and less than \$1 million in gross annual revenues.

RBEG funds may be used for technical assistance to small and emerging businesses, machinery and equipment to lease to a small and emerging business, revolving loan fund, or building construction for a business incubator for small and emerging businesses.

RBOG grants are available to public bodies, nonprofit corporations, Indian tribes, or cooperatives with members that are primarily rural residents who can show significant expertise in the proposed activities and financial strength to ensure completion of objectives. In addition, funding must also result in economic development of a rural area and include a basis for determining the success or failure of the project.

RBOG funds are used to promote sustainable economic development in rural communities with exceptional needs, including the cost of providing economic planning for rural communities, technical assistance for rural businesses, or training for rural entrepreneurs or economic development officials. Funds may not be used for real estate or building construction.

The Progress Fund

David Kahley, President & CEO
2nd Floor P.O. Box 400
Dawson, PA 15428-0400
724-529-0384

The Progress Fund is a community development financial institution that creates jobs and improves communities in southwestern and central Pennsylvania and West Virginia. The Fund provides capital and coaching to new or expanding businesses that seek to create jobs and opportunity. The Fund supports businesses that build the rural economy, typically while honoring the environment. Because the tourism industry offers strong potential for sustainable growth and job creation in rural areas, the Fund has helped many tourism-related businesses.

The Progress Fund is now an Area Loan Organization and David Kahley has expressed an interest in his organization working with nature-based businesses in the Pennsylvania WILDS region.

Funding Progress in the Pennsylvania Tourism Industry: Background on The Progress Fund, by David Kahley

Tourism businesses that depend on seasonal revenue or lack conventional collateral have traditionally struggled to obtain loans to cover start-up and expansion costs. Making matters worse, many economic development agencies aren't equipped to advise very small businesses that cater to visitors.

The Progress Fund is the state's only nonprofit development organization dedicated to providing loans and entrepreneurial coaching to tourism businesses. Since its inception in 1997, The Progress Fund has loaned \$8 million to 123 businesses. The Progress Fund has also provided 10,000 hours of technical assistance and helped redevelop sixty historically significant buildings. Businesses launched or expanded with The Progress Fund's help include motels and small inns, brewpubs, canoe rental outfits, coffee shops, craft centers, retailers, liverys, restaurants, and agri-tourism businesses. The results include more than 750 jobs created or preserved, and scores of diverse additions to Pennsylvania's quilt of tourism offerings.

In 2000, The Progress Fund became Pennsylvania's fourth accredited Community Development Financial Institution, and the second CDFI to be approved for a loan from the Pennsylvania Community Development Bank. State support has continued. The Progress Fund now operates throughout rural Pennsylvania and in neighboring West Virginia.

In addition to state and federal allocations, The Progress Fund brings private foundation money into the tourism development arena, where philanthropic resources haven't historically been a factor. The Progress Fund also partners with Small Business Development Centers, local and county development groups, and commercial banks to bring the most appropriate resources and expertise to new and expanding business in Pennsylvania's second-largest industry.

Submitted to:

North Central Pennsylvania
Regional Planning and
Development Commission
(NCPRPDC)

Pennsylvania Department of
Conservation and Natural
Resources (DCNR)

Prepared by:

FERMATA, Inc.
P.O. Box 148
Hampton, NY
12837-0148
802-287-4284
Fax: 802-287-4285

