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## Evaluation of Economic Development Strategies: Ontonagon

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Prepared by:

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## Executive Summary

The Michigan SeaGrant has been conducting an interdisciplinary project intended to identify key barriers to the economic, social, and environmental sustainability of small harbor towns. An ultimate goal is to provide a toolkit that would help managers create more stability in their communities. The project is currently being applied to four harbor communities including Ontonagon Michigan. Efforts include team members having discussions with local leadership to identify sustainability barriers and a public visioning (i.e. charrette) process intended to identify mutually agreeable (i.e. socially sustainable) visions of the future built environment for project communities.

This process has identified some implications for the economic sustainability of Ontonagon. The foremost is the local population and employment situation. Ontonagon is the principal city of Ontonagon County with approximately 1,500 of the 6,000 people in Ontonagon County residing there. During 2014, 2,152 people were employed in Ontonagon County and the unemployment rate was 11.1 percent. The area has traditionally relied on the mining and forestry industries for its economic base. Reliance on these cyclical industries has led to fluctuating local economic conditions. Moreover, in recent decades these industries have been on the decline locally.

The decline in local employment opportunities has led to a decreasing population. Since the 1970's Ontonagon and Ontonagon County have lost an average 1% of population annually. Most recently, the county's largest employer, the Smurfit-Stone corrugated packaging production facility closed in 2010, resulting in a loss of 182 jobs. The largest remaining employer in the county is Aspirus Ontonagon Hospital with 155 employees (Upper Peninsula Economic Development Alliance 2015). Given the declining local population, healthcare is unlikely to be a major economic contributor going forward. With the uncertainty associated with natural resources extraction, tourism is one of the few potential growth sectors. Headwaters Economics (2013) estimated that 20.9 percent of employment in Ontonagon County during 2009 was related to travel and tourism, but there is room for city improvements and marketing to increase this number.

The charrette process identified numerous potential changes to Ontonagon. These include new attached homes or condos at the shipyard site and a hotel along the Ontonagon River, a downtown community amphitheater on Rose Island, a destination restaurant on Rose Island and sports fields near the marina. Additional potential improvements on Rose Island

include extending the boardwalk, adding fishing piers, and converting the old train station into Ontonagon Trail Center.

The identified potential changes can be divided into those that are related primarily to quality of life and infrastructure for residents and those that enhance trip-quality and infrastructure for tourism. The quality of life related improvements include improvements to scenery and recreation opportunities. Based on a ZIP code level evaluation of populations and distances these are valuable, but will not by themselves lead to job creation that would enhance economic sustainability.

Considering tourism, Ontonagon has the natural advantage of nearness to the Porcupine Mountains Wilderness State Park which is located 15 miles west of the city. The park's annual visitation is estimated at about 300,000 people (MDNR 2016). Tourism related infrastructure and offerings improvements include a boutique hotel, a destination restaurant, and airplane tours. Characterizing the underlying demand for the hotel, restaurant and flight tours requires understanding the number of meals, overnights, and tours that are available from these visits. This information is not available.

A preliminary tourism evaluation using transferred information was conducted to estimate the available overnights, meals, and tours from trips to the park. We specified an 18 room hotel with seasonal occupancy rates similar to Upper Peninsula averages. Approximately 1.9 percent of 300,000 visitor days would be spent at this new boutique hotel. The hotel has revenues of almost \$450,000 and directly supports 6 jobs. Total revenues of \$956,000 for the destination restaurant are consistent with 23,900 trips spending an average of \$40 per meal. Under this specification 22 percent of overnight trips would eat at this new destination restaurant. The restaurant would directly employ 24 people. Based on an evaluation of market prices, air tours are specified to cost (\$120) per tour. Two percent of 162,162 trips to Porcupine Mountain are specified to take the air tour (DKSA 2011). Adjustments for people in each tour results in 1,081 airplane tours. At a cost of \$120 per tour, visitor expenditures on the proposed Ontonagon airplane tour is \$129,730 per year and directly supports two jobs.

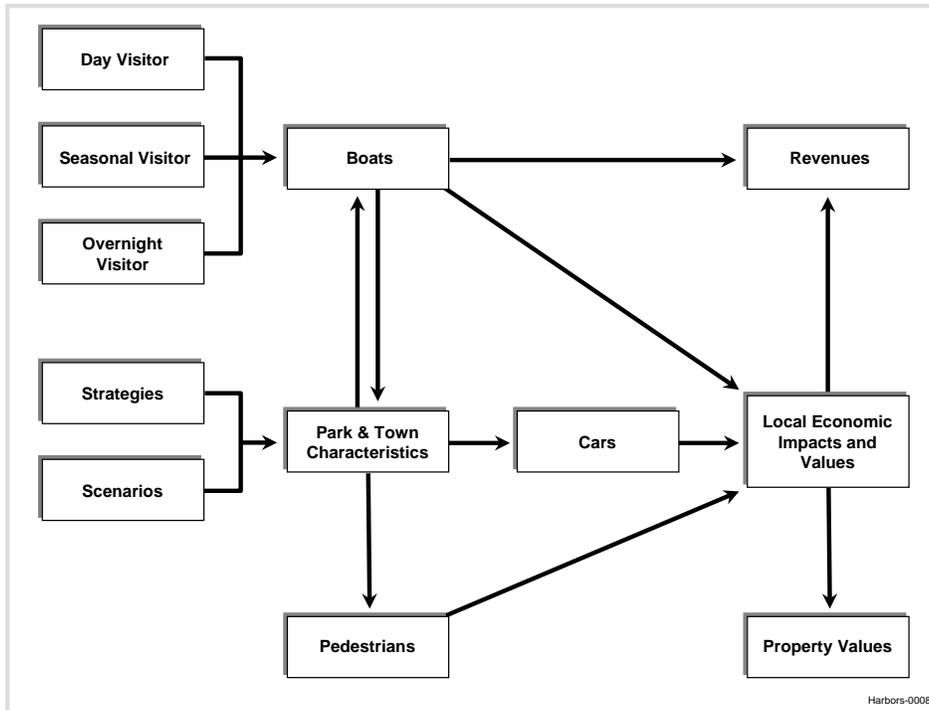
## 1. Introduction

Planners considering approaches for enhancing harbor towns must make important decisions in the face of complicated conditions. To support decision-making in this context, an economics-based decision-support model that can be tailored to individual harbor towns is being developed. The model is based on an assessment of demand for park, town and marina visits and expenditures.<sup>1</sup> Demand is a function of characteristics commonly identified in urban planning including town walkability and propinquity, town marina access, and marina amenities. With this characterization, the models support developing estimates of quantity of trips of various sorts demanded and resulting expenditures under various strategies and scenarios.

The models are intended to support consideration of strategies and scenarios. Strategies are considered by decision-makers and include changes to typical harbor characteristics (e.g., number of slips) as well as urban planning related characteristics, such as walkability and town/harbor access. Scenarios are external factors such as population levels and distribution, incomes, boat ownership levels, gas prices, harbor maintenance costs, and labor costs. Figure 1.1 illustrates the highest level architecture of the model—at the level of the relationship between strategies/scenarios and costs/revenues.

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<sup>1</sup> This is fundamentally different from existing economic models of marinas and launches, which are simple input-output models.



**Figure 1.1: High Level Model Architecture**

As Figure 1.1 depicts, Strategies and Scenarios influence Harbor and Town Characteristics and there are Implementation Costs associated with them. The Harbor and Town Characteristics impact the level of Boat Visits, Pedestrian Visits, and Car Visits. A vibrant marina can draw additional visits. This is indicated by the double arrow between Boat Visits and Park and Town Characteristics. Changes in Boat Visits lead to changes in both Marina Costs and Marina Revenues as (for example) harbor operators purchase and sell more gas and utility services.

Along with these trips come expenditures, which are represented by Local Economic Impacts and Values. With these expenditures, local businesses make profits and pay taxes. This change in value is a potential source of indirect revenue for the marina. Along with improved tourism prospects there is the potential for changes in property values, which is

another improvement in value that could cause taxes to increase and be a potential source of indirect revenue.

## 2. Demand for Ontonagon Visits

The decision support model was applied to evaluate the local demand for waterfront facilities, town and marina visits, and expenditures. The land-based market that could potentially use the town, park, boat ramps, and marina is specified to be the population within 30 miles of downtown Ontonagon. The ZIP Codes within this distance (as identified using PCMIler) and their populations (based on US Census data) are depicted below.

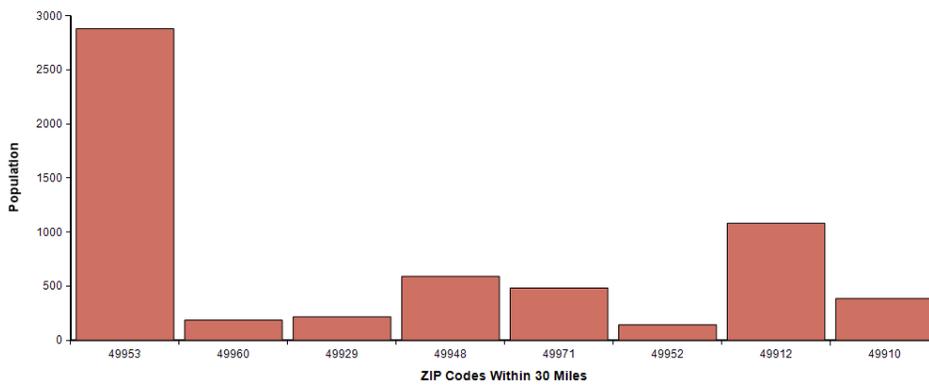


Figure 2.1: ZIP Codes and Populations within 30 Miles of Ontonagon

As this figure indicates, there is a small local concentration of people in 49953 and then substantial drop-off in populations. The total population up to 30 miles from Ontonagon is less than 10,000. This evaluation indicates that due to low population densities in the surrounding areas there is little opportunity for capturing a significant number of land or water based trips.

Although the nearby population is small, Ontonagon could potentially attract tourists. Major considerations include construction of a boutique hotel, destination restaurant, and airplane tours. To understand the viability of this approach we evaluated trip data from the 2010 the Upper Peninsula visitor profiles (D.K. Shifflet & Associates Ltd. [DKSA], 2011). DKSA conducted its Travel Performance/MonitorSM study, which measures the travel behavior of U.S. residents. Since 1991, the study has contacted 50,000 distinct U.S. households monthly and includes data for the Upper Peninsula.

Day trips account for 33 percent of total tourist days in the Upper Peninsula, while overnight trips account for the remaining 67 percent. Overnight trips are categorized as staying with family or friends, staying at a hotel, or staying at other paid accommodations. According to

DKSA (2011), 24 percent of leisure stays are in a private home. This analysis specifies this means they stay with friends and family. Hotel stays accounts for 45 percent of overnight trips, while the remaining 31 percent is specified to stay at other paid and all other accommodations. When combined, day trips account for 33 percent of total annual visitor trips, overnight trips spent with friends and family account for 16 percent of annual trips, overnight trips spent at a hotel are 30 percent of total annual trips, and overnight trips spent at some other accommodation are over 21 percent of total annual trips to Ontonagon County.

According to the Michigan DNR, there are approximately 300,000 annual visitors to the Porcupine Mountains (MDNR 2016). The analysis specifies this is annual user days. To use the percentages above, the 300,000 days needs to be converted to trips. The average number of days per leisure stay to the Upper Peninsula (when including day trips) is 1.85 days (DKSA 2011). This results in 162,162 annual trips to the Porcupine Mountains. Table 2.1 presents the number of days to the Porcupine Mountain by accommodation type using the percentages from overall UP data. .

**Table 2.1**  
**Estimated Annual Trips to Porcupine Mountains by Accommodation Type**

Accommodation Type	Number of Annual Trips
Day Trips	53,513
Overnight – Stay with Friends/Relatives	26,076
Overnight – Hotel	48,892
Overnight – Other	33,681
<b>Total Trips</b>	<b>162,162</b>

DKSA (2011) also indicates the quarter in which trips to the Upper Peninsula occur. In 2010, 5 percent of trips occurred in the first quarter (January 1<sup>st</sup> through March 31<sup>st</sup>), 30 percent occurred in the second quarter (April 1<sup>st</sup> through June 30<sup>th</sup>), 46 percent occurred in the third quarter (July 1<sup>st</sup> through September 30<sup>th</sup>), and 19 percent of trips occurred in the fourth quarter (October 1<sup>st</sup> through December 31<sup>st</sup>). Table 2.2 apportions the trips from Table 3.6 across these quarters.

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**Table 2.2  
Trips to Porcupine Mountains by Accommodation Type and Quarter**

Accommodation Type	Number of Trips Occurring in Each Quarter				Total
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	
Day Trips	2,675	16,054	24,616	10,168	<b>53,513</b>
Overnight – Stay with Friends/Relatives	1,304	7,823	11,995	4,954	<b>26,076</b>
Overnight – Hotel	2,445	14,668	22,490	9,289	<b>48,892</b>
Overnight – Other	1,684	10,104	15,493	6,399	<b>33,681</b>
<b>Total</b>	<b>8,108</b>	<b>48,649</b>	<b>74,595</b>	<b>30,811</b>	<b>162,162</b>

The following sections provide additional detail about the number of trips in Table 2.2 that will stay at the boutique hotel, eat at the new destination restaurant, and go on airplane scenic tours.

### 3. Approach for Evaluating Economic Impacts

The contribution that developing Ontonagon as a gateway to the Porcupine mountains would make to economic activity in Ontonagon and Ontonagon County was evaluated using a predictive modeling approach known as Input/Output Analysis (Leontief 1986). Input-output models incorporate relationships between changes in demand for one industry and changes in demand for other industries within a specific economic area. As one industry is *directly* affected, other industries experience what are known as *indirect* and *induced* effects.

- *Direct effects* occur to the industry being evaluated (e.g., wages paid to employees working at the institute).
- *Indirect effects* result from transactions between the directly affected industries and supplying industries (e.g., maintenance of nonresidential buildings).
- *Induced effects* which reflect the local spending from the directly and indirectly affected industry sectors (e.g., purchases at local restaurants and grocery stores by hotel employees).

The parameters that link demand changes across industries are called multipliers.

- *Output multipliers* relate the changes in sales by one industry to changes in output (gross sales) by all industries within a local area.
- *Income and employment multipliers* relate changes in direct income and employment to changes in total income and total employment within the local economy.
- *Value added multipliers* relate changes in value added in the industry experiencing direct effect to total changes in value added for the local economy.

The evaluation was conducted using IMPLAN, which is a popular software platform for conducting input/output analysis. IMPLAN contains detailed input-output information on more than 500 economic sectors. The module of IMPLAN that was applied for this evaluation contains the input-output relationships for Ontonagon County at the zip code level.

Impacts evaluated include Industry Change and Labor Income Change. Expenditures at the hotel, restaurant, and flight tours are specified as an Industry Change. An Industry Change includes effects of adding new town features to Ontonagon and changes due to related output. The expenditures are direct effects from the industry being evaluated. The indirect and induced effects of these expenditures are calculated within IMPLAN.

The Labor Income Change includes wages or compensation that an employer is paying to an employee. The impacts resulting from labor income are induced effects because the money received by an industry's employees is re-circulated through household spending

patterns, causing additional economic activity. Labor Income Change is used for all hotel, restaurant, and flight tour direct employees.

Three types of economic impacts considered include value added, output, and employment. Value added impacts are similar to gross domestic product (GDP) and are the difference between the industry's total output and the cost of its intermediate inputs. It includes the following four components:

1. *Employee Compensation* – The sum of workers' wages and salaries as well as benefits, including health and life insurance, gratuities, bonuses and retirement payments.
2. *Proprietary Income* – Also referred to as business income, this is the income received by local businesses and the self employed.
3. *Other Income* – These are payments to individuals in the form of rents received on properties, royalties from contracts, dividends paid by corporations, and profits earned by corporations.
4. *Business taxes* – Federal, State and local excise, property, and sales taxes as well as taxes on other business-related activities or equipment, such as taxes related to motor vehicles.

Output represents the value of industry production. Output represents the value of production for *all* of the evaluated economy's industry sectors (by comparison Total Value Added like GDP is just the value of final goods and services). Output is the most aggregate measure of economic activity because it sums the value of all intermediate goods and services, wages, business income, other income, and indirect business taxes.

Output is the broadest measure of economic activity in an area. Since many intermediate goods are produced locally for local businesses, input/output analysis includes the value of these goods in addition to the traditional definition of economic activity (Value Added) to achieve this encompassing picture of activity.

Employment impacts represent the number of jobs that the industry contributes to the local economy. This includes employees of the industry and job impacts in related sectors. Direct employment impacts are the employees at the hotel, restaurant, and flight tour company. The indirect employment impacts result from increases or decreases in the evaluated sector's production, and the induced employment impacts are from the specific industry's employees' spending money in the local economy.

### 4. Inputs

The evaluation employs the baseline and counterfactual framework in which the current (baseline) economic situation is compared to an alternative (counterfactual) outcome. This section summarizes baseline conditions and potential capital, operations and maintenance (O&M), and employee compensation expenditures for hotel, restaurant, and flight-tour company.

#### 4.1 Baseline

The baseline economic conditions are the most recent IMPLAN data (2015) for Ontonagon and Ontonagon County. IMPLAN does not contain information by town; to adjust for this, baseline conditions for Ontonagon are specified as being the IMPLAN data from ZIP Code 49953. Figure 3.1 depicts the geographic area of ZIP Code 49953.

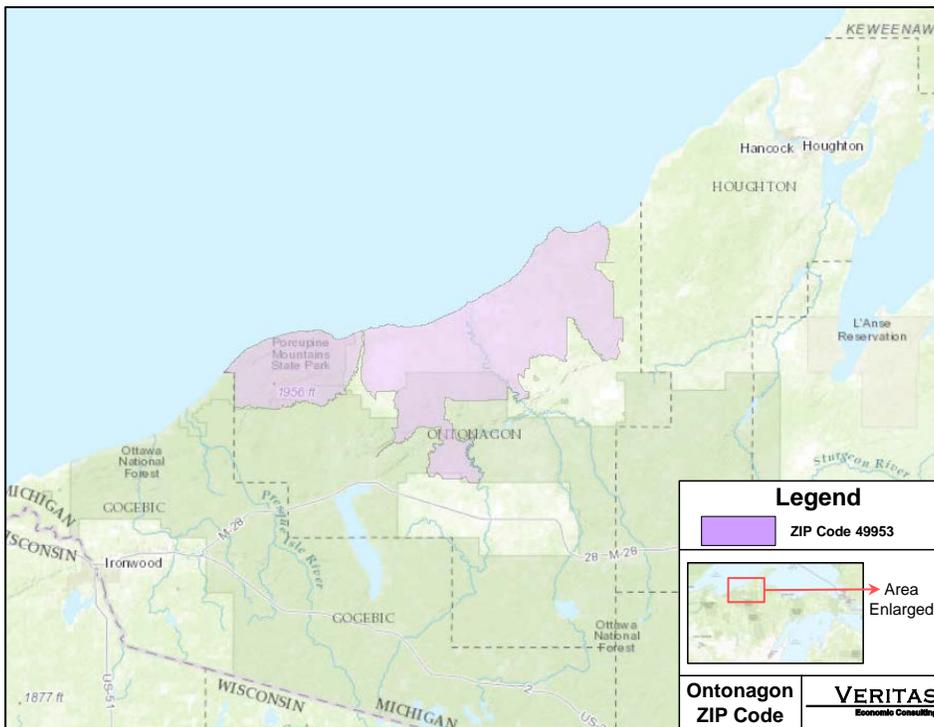


Figure 4.1: Location of ZIP Code 49953

As this figure indicates, the 49953 ZIP Code has substantial geographic overlap with Ontonagon. ZIP Code 49953 has a year round population of about 2,720 people. This is reflected in the Baseline economic conditions for 49953 depicted below.

IMPLAN contains the baseline data on output, employees, and employee compensation. Table 4.1 presents the total output (i.e., gross sales) for the sectors of interest: hotels and motels, full-service restaurants, and scenic transportation (e.g., aerial scenic and sightseeing excursions). The first column presents the sector. The second through fourth columns present the total output, number of employees, and labor income in each sector. Labor income is employee compensation and proprietor income (i.e., income received by unincorporated businesses owners and self-employed individuals). The fifth column presents the Local Purchase Percentage (LPP). The LPP is the percentage of the impact that occurs in the evaluated economy. For example, the hotel may purchase supplies from companies that are located outside of ZIP Code 49953. To accommodate for this fact, IMPLAN includes the LPP. The analysis uses the Social Accounting Matrix (SAM) values for the LPP.

**Table 4.1**  
**ZIP Code 49953 – Output by Sector**

Sector	Total Output	Number of Employees	Labor Income	Local Purchase Percentage
Hotels and motels	\$0.45M	5	\$79,235	57.94
Full-service restaurants	\$1.28M	34	\$430,128	66.64
Scenic transportation	—	—	—	—

Ontonagon is within Ontonagon County. Economic effects would spill-over into Ontonagon County. Baseline economic conditions for Ontonagon County (from IMPLAN) are below.

**Table 4.2**  
**Ontonagon County – Output by Sector**

Sector	Total Output	Number of Employees	Labor Income	Local Purchase Percentage
Hotels and motels	\$2.51M	28	\$443,716	57.94
Full-service restaurants	\$2.66M	70	\$895,730	62.46
Scenic transportation	\$0.42M	2	\$256,229	50.19

## 4.2 With Ontonagon Improvements

The approach applied uses the trips per quarter that stay in hotel rooms (presented in Table 3.7) and an average occupancy rate to determine the number of the trips to the Porcupine Mountains that would stay in the new boutique hotel. According to 2015 IMPLAN data for ZIP Code 49953 (Ontonagon, MI), hotels and motels employed 5 people and have an output (in this case sales) of \$448,051. This hotel output equals \$1,228 in sales per day. At an average cost of \$125 per night, this would be about 10 hotel rooms per day. Consistent with the local average of 18 rooms per hotel, this is a 55 percent annual occupancy rate, which is consistent with the average annual hotel occupancy rate of 56 percent in 2012 for Michigan (Michigan Economic Development Corporation, 2012).

The MEDC (2012) reported the highest monthly hotel occupancy rate was reported in July 2012 at 70.9 percent. This means 13 of the 18 hotel rooms would be occupied. We specify this is the rate that would occur in the third quarter (92 days), which equals 1,174 rooms booked out of 1,656 rooms available. The average traveling party to the Upper Peninsula is 2.19 visitors. At 2.19 visitors per room, this would be 2,751 visitor-days in the occupied rooms. With an average of 1.85 days per trip, this would equal approximately 6 percent of the 41,607 visitor-days spent at a hotel in the 3<sup>rd</sup> quarter. This 6 percent is applied to the number of hotel days in each quarter (trips from Table 3.7 times 1.85). Those nights are divided by 2.19 to reflect the number of people in each room.

Table 4.3 presents statistics for the new boutique hotel. The hotel is specified to have an occupancy rate that ranges from 8 percent to 71 percent by quarter, with an annual average occupancy rate of 39 percent. Approximately 5,590 of the 90,450 hotel visitor days will be spent in this hotel. When compared to all 300,000 visitor days, approximately 1.9 percent will be spent at this new boutique hotel.

**Table 4.3  
New Boutique Hotel Statistics**

Metric	Quarter				Annual
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	
Number of Rooms Occupied	128	766	1,174	485	2,552
Number of Rooms Available at 100% Occupancy	1,620	1,638	1,656	1,656	6,570
Occupation Rate	8%	47%	71%	29%	39%
Number of Visitors in Occupied Rooms (Number of rooms occupied x 2.19 people per room)	279	1,677	2,571	1,062	5,590
Number of Visitor-Trips in Quarter (Table 3.7)	2,445	14,668	22,490	9,289	48,892
Number of Visitor-Days in Quarter (Table 3.7 x 1.85 days per trips)	4,523	27,135	41,607	17,186	90,450
Percent of Total Visitor-Days at Occupied Hotel (Number of People in Occupied Room / 300,000)	0.1%	0.6%	0.9%	0.4%	1.9%

At an average price of \$125 per room, 2,552 rooms occupied would total \$319,000 in expenditures. Because the boutique hotel would be built in downtown Ontonagon, the analysis specifies these expenditures to occur in ZIP Code 49953, using the 57.94 LPP for the hotels and motels sector. This hotel will employ 5 people making an average of \$30,000 a year. These people are specified to spend 75 percent of their income in 49953, and 90 percent of their income in Ontonagon County.

According to DKSA (2011), 22 percent of leisure stays in the Upper Peninsula spend more than \$20 dining. For this analysis, we specify that 22 percent of overnight trips will eat at this new destination restaurant. These 23,900 trips will spend an average of \$40 at the restaurant, for total sales of \$956,000. Proprietor income and employee compensation would be similar to the labor income of the full service restaurants in the baseline data. The destination restaurant would employ 24 people with almost \$300,000 in employee compensation and \$22,500 in proprietor income. These people are specified to spend 75 percent of their income in 49953, and 90 percent of their income in Ontonagon County.

Lauer Aviation, located in Mercer, WI, offers hour long scenic air tours for \$150 if by land plane or \$300 if using a sea plane. Each tour can accommodate 3 passengers. Orchard Beach Aviation in Manistee, MI provides airplane tours of Downtown Manistee and the Lake Michigan shoreline or the M-22/Portage Lake area. Each of these tours is \$30 per person. Using the 3

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passengers from Lauer Aviation, this would equate to \$90 per tour. For this evaluation we specify that the air tours in Ontonagon, MI would use Ontonagon County airport and would cost the average of the Laura Aviation and Orchard Beach Aviation per-tour cost (\$120).

DKSA (2011) indicates the 2 percent of Upper Peninsula visitors participate in group tours. To identify the number of airplane tours that could occur at this new tour location, trips to Porcupine Mountain (162,162) are multiplied by 2 percent. Because airplane tours can accommodate more than one visitor, we divide the number of visitor who go on group tours by the average number of tourists a plane can accommodate (3). This calculation results in 1,081 airplane tours. At a cost of \$120 per tour, visitor expenditures on the potential Ontonagon airplane tour is \$129,730 per year. With consideration of fuel costs, this could support one pilot making \$70,000 a year and one support staff making \$30,000 per year. These people are specified to spend 75 percent of their income in 49953, and 90 percent of their income in Ontonagon County.

## 5. Conclusions

The evaluation of economic sustainability for Ontonagon indicates that the most important consideration is the local employment situation and its implications for the population base. Because the local population is sparse and shrinking, improvements to the local scenic and recreation situation will improve resident welfare, but will not necessarily improve Ontonagon's economic sustainability. Because of Ontonagon's location near Michigan's largest state park, opportunities to capture tourist dollars are available. Positioning Ontonagon as a gateway town to the Porcupines would be accomplished primarily by construction of a boutique hotel, destination restaurant, and operation of a flight tour company. The tourism evaluation provides a preliminary characterization of how trips to Porcupine Mountain State Park might support a boutique hotel, destination restaurant, and flight tour company.

As defined in Subsection 3.2, this characterization specifies that hotel, restaurant, and flight-tour company's annual revenues would be \$319,000, \$954,000, and \$130,000, respectively. Increasing the year-round population of Ontonagon with visitors and staff would add to the community's diversity and robustness and increase the local economic base. Table 5.1 summarizes the results for the three evaluated projects for the two economies. The first column identifies the evaluated economy. The second and third columns describe the impact type. The fourth through seventh columns present the results for each project. Employment and value added impacts represent the operation of the facilities that are expected to continue indefinitely. Employment and value added impacts in ZIP Code 49953 are included in the Ontonagon County employment and value added impacts.

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**Table 5.1**  
**Total Annual Economic Impact of Hotel, Restaurant, and Flight Tour Expenditures by Year and Economy**

Economy	Units	Impact Type	Hotel	Restaurant	Flight Tour	Total
ZIP Code 49953	\$ thousands	Value-added	\$214	\$364	\$98	\$676
		Employee compensation	\$105	\$254	\$31	\$390
		Proprietors' income	\$25	\$22	\$58	\$105
		Other property type income	\$29	\$16	\$6	\$51
		Business taxes	\$55	\$71	\$3	\$130
	Jobs	Employment	6	26	2	34
Ontonagon County	\$ thousands	Value-added	\$241	\$420	\$101	\$762
		Employee compensation	\$125	\$303	\$32	\$460
		Proprietors' income	\$30	\$26	\$59	\$115
		Other property type income	\$30	\$19	\$7	\$57
		Business taxes	\$56	\$71	\$4	\$131
	Jobs	Employment	6	26	2	34

Note: Total may not reflect detail due to rounding.

The top five sectors that will see an increase in employment from the boutique hotel operations are other food and drink establishments (e.g., coffee shops, bagel shops), hospitals, full-service restaurants, general merchandise retail stores, and grocery stores. The top five sectors impacted by the destination restaurant include accounting and tax preparation businesses, real estate, hospitals, full-service restaurants, and wholesale trade. The top five sectors with employment impacts from the flight-tour company are scenic transportation, hospitals, full-service restaurants, grocery stores, and postal services.

The top five sectors that will see an increase in value-added impacts from the boutique hotel operations are owner-occupied dwellings, hospitals, electric power transmission, maintenance and repair construction of nonresidential structures, and other food and drink establishments (e.g., coffee shops, bagel shops). The top five sectors with value added impacts from the destination restaurant include owner-occupied dwellings, real estate, electric power transmission, hospitals, and newspaper publishers. The top five sectors with value added impacts from the flight-tour company are owner occupied dwellings, hospitals, postal service, grocery stores, and motor vehicle and parts dealers.

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Deleted: Table 5.2 places these estimates in the context of selected characteristics of the ZIP Code 49953. The table also shows the characteristics of Ontonagon County relative to the State of Michigan and the United States. The penultimate row in Table 5.2 presents the current market value of final goods and services produced in each geographic region. For ZIP Code 49953 and Ontonagon County, the unit of this metric is referred to as Value Added, which reflects the market value of final goods and services produced in a specific geographic area. ¶ In addition, because Value Added represents the value of all final products and services, it is the metric that is most comparable to Michigan's Gross State Product (\$468.3 billion in 2015). Gross State Product (GSP) is the value of final goods and services at the state level, and Gross Domestic Product (GDP) is the value of final goods and services at the national level. The last row of Table 5.2 places the total market value of new expenditures in the context of the total market value of final goods and services produced in each economy. As the table shows, the boutique hotel expenditures will increase the value of final goods and services by approximately 0.21% (\$241,000) of the total market value of Ontonagon County's final goods and services, and approximately 0.41% (\$214,000) of ZIP Code 49953 final goods and services. The destination restaurant expenditures will increase the value of final goods and services by approximately 0.36% (\$420,000) of the total market value of Ontonagon County's final goods and services, and approximately 0.69% (\$364,000) of ZIP Code 49953 final goods and services. The flight tour expenditures will increase the value of final goods and services by approximately 0.09% (\$101,000) of the total market value of Ontonagon County's final goods and services, and approximately 0.19% (\$98,000) of ZIP Code 49953 final goods and services. In total, these three projects will increase the value of final goods and services by approximately 0.65% (\$762,000) of the total market value of Ontonagon County's final goods and services, and approximately 1.28% (\$676,000) of ZIP Code 49953 final goods and services. ¶

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