

MEMORANDUM | 2 February 2007

TO Peter Grigelis, Division of Economics, USFWS
FROM Industrial Economics, Incorporated (IEc)
SUBJECT Estimated Economic Impacts of Conservation Efforts in Designated Critical Habitat for the Alabama Beach Mouse

SUMMARY OF FINDINGS

The purpose of this memorandum is to provide information on the economic impacts of potential Alabama beach mouse conservation efforts within or affecting areas included in the final critical habitat designation, as described in the Final Rule.¹

The December 2006 Final Economic Analysis (FEA) of the Proposed Critical Habitat Designation for the Alabama Beach Mouse forecasts economic impacts that could occur in areas proposed for designation (as described in the Proposed Rule).² The geographic scope of the December FEA was consistent with the Proposed Rule, but does not reflect changes made to the critical habitat areas in the Final Rule. This memorandum updates the economic impact estimates to reflect the Final Rule.

The Final Rule excludes the eight areas initially proposed for exclusion, including: multi-family developments referred to as The Dunes, Bay to Breakers, Kiva Dunes, Plantation Palms, The Beach Club, and Martinique on the Gulf; 43 single family homes; and the Gulf State Park Hotel and Convention Center Complex. In addition, the Final Rule excludes two areas initially proposed for designation as critical habitat, Beach Club West and Gulf Highlands. These developments were excluded on the basis of having Habitat Conservation Plans in place to protect the Alabama beach mouse. Exhibit 1 summarizes future economic impacts within the final critical habitat designation (i.e., excluding The Dunes, Bay to Breakers, Kiva Dunes, Plantation Palms, The Beach Club, and Martinique on the Gulf, 43 single family homes, Gulf State Park Hotel and Convention Center Complex, Beach Club West, and Gulf Highlands). The present value (assuming a seven percent discount rate) of future costs is estimated between \$1.7 million and \$10.5 million, or between \$0.2 million and \$1.0 million in annualized terms.

¹ U.S. Fish and Wildlife Service, Endangered and Threatened Wildlife and Plants; Designation of Critical Habitat for the Alabama Beach Mouse; Final Rule, published in the *Federal Register* on January 30, 2007, Vol. 72, No. 19.

² U.S. Fish and Wildlife Service, Endangered and Threatened Wildlife and Plants; Designation of Critical Habitat for the Alabama Beach Mouse; Proposed Rule, published in the *Federal Register* on February 1, 2006, Vol. 71, No. 21.

**EXHIBIT 1 FUTURE ECONOMIC IMPACTS IN FINAL CRITICAL HABITAT
DESIGNATION FOR THE ALABAMA BEACH MOUSE**

TOTAL POST-DESIGNATION IMPACTS, 2007-2026	IMPACTS ASSOCIATED WITH FINAL CHD
Undiscounted	\$2.6 million to \$16.2 million
Present Value (7% discount rate)	\$1.7 million to \$10.5 million
Annualized (7% discount rate)	\$0.2 million to \$1.0 million
Present Value (3% discount rate)	\$2.1 million to \$13.4 million
Annualized (3% discount rate)	\$0.1 million to \$0.9 million
Note: Present value figure annualized over 20 year forecast period.	