

MEMORANDUM | 26 October 2006

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 Choctawhatchee, Perdido Key, and St. Andrew Beach Mice

SUMMARY OF FINDINGS

The purpose of this memorandum is to provide information on the economic impacts of potential Choctawhatchee, Perdido Key, and St. Andrew Beach Mice (three Florida beach mice) conservation efforts within or affecting areas included in the final critical habitat designation, as described in the Final Rule.¹

The September 2006 Final Economic Analysis (FEA) of the Proposed Critical Habitat Designation for the Choctawhatchee, Perdido Key, and St. Andrew Beach Mice (economic analysis) forecasts economic impacts that could occur in areas proposed for designation (as described in the Proposed Rule).² The geographic scope of the September 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 two areas initially proposed for exclusion, Stallworth Preserve and WaterColor/WaterSound, which are residential developments located in Walton County. These developments were excluded on the basis of having Habitat Conservation Plans in place to protect the three Florida beach mice. Exhibit 1 summarizes future economic impacts within the final critical habitat designation (i.e., excluding Stallworth Preserve and WaterColor/WaterSound). The present value (assuming a seven percent discount rate) of future costs is estimated between \$85.8 million and \$166.7 million, or between \$8.1 million and \$15.7 million in annualized terms.

¹ U.S. Fish and Wildlife Service, Endangered and Threatened Wildlife and Plants; Designation of Critical Habitat for the Choctawhatchee, Perdido Key, and St. Andrew Beach Mice; Final Rule, published in the *Federal Register* on October 12, 2006, Vol. 71, No. 197.

² U.S. Fish and Wildlife Service, Endangered and Threatened Wildlife and Plants; Designation of Critical Habitat for the Choctawhatchee, Perdido Key, and St. Andrew Beach Mice; Proposed Rule, published in the *Federal Register* on December 15, 2005, Vol. 70, No. 240.

EXHIBIT 1 FUTURE ECONOMIC IMPACTS IN FINAL CRITICAL HABITAT DESIGNATION

TOTAL POST-DESIGNATION IMPACTS, 2005-2024	IMPACTS ASSOCIATED WITH FINAL CHD
Undiscounted	\$93.4 million - \$174.9 million
Present Value (7% discount rate)	\$85.8 million - \$166.7 million
Annualized (7% discount rate)	\$8.1 million - \$15.7 million
Present Value (3% discount rate)	\$89.3 million - \$170.6 million
Annualized (3% discount rate)	\$6.0 million - \$11.5 million
Note: Present value figure annualized over 20 year forecast period.	