

MVRT TRAIL ECONOMIC IMPACT ANALYSIS

Building off the 2019 Missisquoi Valley Rail Trail (MVRT) trail counting effort, an economic impact analysis was conducted for annual use on the trail. As part of the trail counting effort, an automatic trail counter was placed at three locations along the MVRT in 2019 and one location in 2018:

1. St. Albans, just north of the intersection of Seymour Road and the MVRT
2. Sheldon Junction, east of the Missisquoi River Bridge
3. Richford, at the entrance to the MVRT
4. Enosburg Falls, west of the intersection of the MVRT and Pearl Street (2018)

Count data has been analyzed and estimates for Daily Totals, Average Daily Traffic (ADT), Annual Trail Traffic Volume, Trail Traffic Volume by Day of the Week, and Trail Traffic Volume by Hour of the Day have been calculated for each location.

ANALYSIS METHODOLOGY

Economic impacts of the MVRT was projected using a computer-based model—the Money Generation Model (MGM2). The MGM2 model was developed by the National Park Service and is used to model the economic impact of national parks and other recreational assets across the country. The model demonstrates the immense value of trails and recreational assets as an economic engine, by estimating the economic impact of spending associated with trail use at the trail systems in terms of changes in jobs, tax impacts, and total sales (gross regional product).

MGM2 economic modeling requires the estimation of trail traffic volume and user spending in order to simulate the effect of these activities on the economy. While MGM2 modeling utilizes observed industry interdependencies calibrated to the local and regional economy, the results of any economic model are only as accurate as the data used to describe the modeled activity (i.e., trail use). Therefore, certain estimations and assumptions related to the trail systems had to be made.

First, an estimate of the trail traffic volume for the data collection period was needed. This data was collected by *TRAFX* automated trail counters placed on the trail. See the Missisquoi Valley Rail Trail Counting Memorandum for further information on that analysis.

Second, an assumption of trail traffic volume by user type (local day user vs. regional day visitor vs. overnight visitor) is necessary for this analysis because, on average, these user types spend significantly different amounts in connection with their trail visits (see discussion of spending profiles below). The trail is relatively local-serving, especially given its current character and promotion. This assumption is derived from the high variability in trail count data, high weekday use, and anecdotal information. While it is likely the trail will see more tourism/visitor use in the future, it is primarily a

locally-serving community asset at this time. However, all of Vermont experiences tourism influences, and St. Albans and Franklin County are no exception. Thus, a small percentage of trail users are estimated to be non-local day and overnight visitors to the region—80% local, 15% day visitor, 5% overnight visitor—which is commensurate with other such “convenience trail systems” in the state.

Finally, Visitor Spending Profiles must be estimated for the three primary categories of trail users: Local Day Users, Non-Local Day Users, and Non-Local Overnight Users. The estimate of Local Day User spending was calculated by taking the average of 16 recent trail studies that included a trail user spending survey. On average, this group is estimated to spend approximately \$11.32 per person per day. The estimate of Non-Local Day User spending was taken from the 2011 Benchmark Study of the Economic Impact of Visitor Spending on the Vermont Economy conducted on behalf of the Agency for Commerce and Community Development (ACCD). This estimate reflects the average spending of all Non-Local Day Visitors to the State of Vermont and is calculated at approximately \$70.14 per person per trip. The estimate of Non-Local Overnight User spending is also taken from this 2011 benchmarking study, calculated at \$176.98 per person per trip.

The spending profile of these user groups is presented below. Most of the spending associated with locals is on shopping/retail items, restaurants and bars, and snacks, as the most common purchases for locals are meals and other food. Visitors’ largest spending category is lodging, followed by restaurants and bars, and then gas and other transportation.

Spending Category	Local Day Users	Non-Local Day Users	Non-Local Overnight Users
Restaurants and Bars	\$3.17	\$17.29	\$40.27
Grocery and Snacks	\$1.47	\$3.11	\$14.27
Shopping and Retail	\$4.86	\$19.30	\$25.89
Gas and Other Transportation	\$0.57	\$25.96	\$36.16
Lodging	\$0.00	\$0.00	\$51.47
Entertainment and Recreation	\$1.24	\$4.49	\$8.91
Total	\$11.32	\$70.14	\$176.98

With reasonable estimates of annual trail traffic volume, trail use by trail user type, and spending profiles for each visitor type, the MGM2 model can be completed and run. The model utilizes input-output modeling and industry relationship data from the US Census to estimate total economic impacts. Purchases for final use (i.e. trail user spending) drive the model. Industries that produce goods and services for trail user consumption must purchase products, raw materials, and services from other companies to create their product. These vendors must also procure goods and services. This cycle continues until all the money is leaked from the region’s economy.

There are three types of effects measured within a MGM2 Model: the direct, the indirect, and the induced effects. The direct effect is the known or predicted change in the local economy that is to be studied (i.e. the trail user spending). The indirect effect is the business-to-business transactions required to satisfy

the direct effect. Finally, the induced effect is derived from local spending on goods and services by people working to satisfy the direct and indirect effects. Total impacts reflect the total changes to the economy as the result of trail user spending (i.e., Direct effects + Indirect effects + Induced effects = Total Impacts).

In this analysis, jobs are discussed as “Full-Time-Equivalents” (FTEs). An employment position may be a year-round or seasonal job and either full-time or part-time, whereas one FTE provides sufficient work to keep one person employed full-time for one year. In seasonal industries, one FTE is likely to represent several employment positions.

CURRENT ECONOMIC IMPACT ANALYSIS SUMMARY

Overall Missisquoi Valley Rail Trail Visitation

Based on projections from the MGM2 Economic Model, trail users generated approximately \$533,000 in sales, 8 jobs and \$61,000 in federal, state and local taxes in the local economy, including direct, indirect and induced effects.

- 79,813 annual visits estimated across all trail counters
- \$1,991,000 in total sales activities
- 31.9 full-time-equivalent job positions supported
- \$208,000 in tax revenues (federal, state, local)

ECONOMIC IMPACTS BY TRAIL USER TYPE

While non-local trail use is only estimated at 20% of current trail traffic volume, this visitation accounts for 67% of the total economic impacts of the trail. This highlights the critical importance of bringing additional non-local visitation to the trail to help spur economic development, and suggests that even slight shifts in the percent of non-local visitation to the trail could create a relatively large impact. Projected economic impacts by each user type are reported below.

Local Trail User Spending

- 63,850 annual visits estimated across all trail counters
- \$658,000 in total sales activities
- 11.3 full-time-equivalent job positions supported
- \$48,000 in tax revenues (federal, state, local)

Non-Local Trail User Spending

Non-Local Day User Spending

- 11,972 annual visits estimated across all trail counters
- \$640,000 in total sales activities
- 10.4 full-time-equivalent job positions supported
- \$86,000 in tax revenues (federal, state, local)

Non-Local Overnight User Spending

- 3,991 annual visits estimated across all trail counters
- \$693,000 in total sales activities
- 10.2 full-time-equivalent job positions supported
- \$74,000 in tax revenues (federal, state, local)

PROJECTED ECONOMIC IMPACT ANALYSIS SUMMARY

As a goal of the MVRT Wayfinding, Branding and Marketing Plan is to increase non-local awareness and use of the trail, we have projected the economic impacts of a 20% growth in non-local trail traffic volumes. For this thought exercise, we have assumed current levels of local use would remain stable at approximately 63,850 annual visits. We assumed non-local day visits would grow from 11,972 to 14,111, now comprising 17% of total trail traffic volume. We have also assumed non-local overnight visits would grow from 3,991 to 4,980, which would comprise 6% of total trail volume.

Based on projections from the MGM2 Economic Model, trail users under this scenario would generate approximately \$2,278,000 in sales, 36 jobs and \$241,000 in federal, state and local taxes in the local economy, including direct, indirect and induced effects.

- 82,941 annual visits projected
- \$2,278,000 in total sales activities
- 36.3 full-time-equivalent job positions supported
- \$241,000 in tax revenues (federal, state, local)

Local Trail User Spending

- 63,850 annual visits projected
- \$658,000 in total sales activities
- 11.3 full-time-equivalent job positions supported
- \$48,000 in tax revenues (federal, state, local)

Non-Local Trail User Spending

Non-Local Day User Spending

- 14,111 annual visits projected
- \$755,000 in total sales activities
- 12.3 full-time-equivalent job positions supported
- \$101,000 in tax revenues (federal, state, local)

Non-Local Overnight User Spending

- 4,980 annual visits projected
- \$865,000 in total sales activities
- 12.7 full-time-equivalent job positions supported
- \$92,000 in tax revenues (federal, state, local)