



# *Appendix D*

Economic Impacts

# D1 ECONOMIC IMPACTS

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In addition to the jobs and investment from the construction and ongoing operation of an Amtrak station in the New River Valley, passenger rail service would contribute to an array of other economic benefits for the region. These potential benefits include increased tourism and visitor spending, increased business activity in sectors that support tourism and transportation, and reliable alternatives to highway travel for visitors, regional commuters and university students.

**Station construction:**

The construction of the station facilities and related infrastructure improvements creates a one-time economic impact during the construction period. The economic impact includes direct impacts from workers’ wages and the purchases of goods and services in the region, as well as indirect and induced effects, as businesses and workers spend this new money at other businesses in the regional economy.

The cost of construction for the station will vary based on the final selection of the site, as additional bridges or other infrastructure elements may be necessary. The basic station design anticipates a simple platform and sheltered waiting area, as well as parking and transit drop-off lanes. The economic impact model uses an estimate of \$5 million for the construction of these basic features, which will be needed regardless of which site is selected. Assuming that project spending is spread equally over two years, the station construction will support 37 jobs per year.

Spending on station construction per year	Total change in jobs	Total change in earnings
\$2,500,000	37	\$1,224,627

**Station maintenance:**

The ongoing maintenance of the station would create several jobs, in addition to the likely need to base a train cleaning crew at this station if it becomes the end of the line for service north. These new jobs create an ongoing economic impact in the region, as these workers spend these wages on other goods and services in the local economy. For example, the additional wages in the regional economy that results from adding four jobs to the region for the train’s crew, and four jobs for station maintenance, will support an additional 3 jobs at other businesses where these workers spend their earnings.

Number of new jobs at NRV Amtrak station	Total change in jobs	Total change in earnings
8	11	\$511,963

**Increased visitor spending:**

The Virginia Tourism Corporation estimates that visitors spent approximately \$254,413,462 during trips to the New River Valley in 2014, generating \$5,699,909 in tax receipts and supporting 2,523 jobs in hospitality related industries. VTC visitor surveys estimate that visitors spend an average of \$462 during their stay in the region (median spending was lower at \$230), at businesses such as restaurants, retail stores, hotels, gas stations, etc. Passenger rail service holds the promise of drawing more visitors to the region, helping to grow these sectors of the regional economy.

Approximately two-thirds of university students and regional residents who took the NRV Passenger Rail survey reported that their friends and family would be more likely to visit them in the New River Valley if passenger rail service was available. If this survey finding holds true for all regional residents, Amtrak service could bring an additional 113,000 visitors to the New River Valley, although not all visitors will come every year, or may decide to use another means of transportation to visit their friends in the region.

Similarly, travelers who do not have New River Valley connections may be more likely to visit the region if the option for train travel was available. Other regions analyzing the effects of passenger rail have estimated increases of 0.5% to 3% in visitors to their regional attractions as a result of passenger rail service, which would represent 2,500 to 15,000 additional tourists to the New River Valley each year. Given the preliminary estimate of 40,000 boardings and alightings at the station each year, the initial impact of additional visitors from a passenger rail station may be smaller, as potential visitors learn about the service and make plans to visit the region.

If Amtrak service results in 50,000 total additional visitors (i.e., both guests of residents and students, as well as tourists), who spend an average of \$193 during their trip, the result is an additional \$9,610,090 in visitor spending in the New River Valley, a 3.8% increase over current annual levels. The impacts will vary depending on the number of visitors who visit the region only because of Amtrak service, but for every 10,000 visitors that the new service brings to the region, the economic impact model estimates that these visitors will spend approximately \$1.92 million in the regional economy, creating 45 additional jobs in hospitality-related sectors.

Spending per 10,000 visitors to the NRV	Change in jobs	Change in earnings
\$1,922,018	45	\$892,634

**Station-related business development:**

The NRV Amtrak station will create opportunities for businesses that provide services to travelers, such as hotels, restaurants, car rental agencies, etc. Existing businesses can expand to provide these services, but the benefit from a location near the station may result in the development of new businesses. The economic impacts of job creation in these sectors are largely included in those predicted in the visitor spending model, shown above. The table below lists average employment and earnings of businesses in select hospitality sectors that may locate near the station.

Type of business	Number of establishments in NRV	Average jobs per establishment	Average earnings per job
Hotels and Motels	35	18	\$21,757
Full-Service Restaurants	120	24	\$16,693
Limited-Service Restaurants	127	20	\$13,985
Gas Stations/ Convenience Stores	73	8	\$19,860

**Increased property values:**

Another potential impact of a passenger rail station in the New River Valley is an increase in property values for areas near the station in particular, and in the region more generally as a result of this added amenity. As noted above, station traffic may be sufficient to generate businesses that would need a location near the station. If the areas near the station are zoned appropriately, any unused parcels may become more desirable for hospitality-related businesses.

## D2 TRAVEL IMPACTS

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Other communities have estimated potential economic benefits from the introduction of passenger rail service through the reduction in the use of personal vehicles, as travelers take the train instead of driving. These benefits include reduced pollution and health-related costs, reduced congestion resulting in time and fuel savings for commuters, and reduced accidents and related property damage and injury costs.

### **Increased options for university-related travel:**

The New River Valley is home to Virginia Tech and Radford University, which enroll nearly 40,000 students, and employ over 9,000 faculty and staff. University professors and students travel frequently to other areas of the state for business or visiting home, especially the Washington DC area. More than 13,000 university students' families live in the Northern Virginia/DC metro area, and another 2,800+ students hail from the northeastern states along the popular Amtrak route between Washington DC and Boston<sup>1</sup>. Survey results indicate a high likelihood that students would use the service to visit home, and their friends and families would use it to visit the New River Valley.

In addition, the universities host thousands of visitors each year, including the families of current and prospective students, visiting faculty and professionals working with the universities, and attendees at conferences, sports and other events. All of these groups can benefit from another means of transportation to and from these centers of activity. An alternative to interstate travel is especially urgent for holidays, football games, and other high-volume travel events, when overcrowding often results in accidents and traffic jams on Interstate 81.

A variety of sources indicate the scale of potential demand for trips from the New River Valley that Amtrak service may help to serve.

### **Student and faculty travel**

- The Zimride ride-sharing service organized by Virginia Tech records over 1,800 request for rides to Northern Virginia in 2013-14<sup>2</sup>.
- Radford University and Virginia Tech students bought 5,769 tickets for weekend bus service to Northern Virginia during the 2014-15 school year<sup>3</sup>.
- Over 90% of surveyed faculty indicated they would use AMTRAK service to visit Washington DC at least once per year. Nearly 17% of university faculty surveyed said they travel out of the region on business more than once per month, many visiting Virginia Tech campuses or federal agencies in the Washington area.

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<sup>1</sup> Analysis of Virginia Tech and Radford University student 'home' zip code data for AY 2014

<sup>2</sup> Zimride ridesharing service trip data, 2013-14

<sup>3</sup> Home Ride bus ticket sales data, 2014-15 school year

## University events

- Virginia Tech and Radford University graduate nearly 11,000 students annually, bringing thousands of visitors to graduation ceremonies each year.
- Virginia Tech hosts 6+ home football games each year, with each game attracting an average of 30,000+ fans from outside the region to Blacksburg<sup>4</sup>.
- Radford University estimates that sports and special events (summer camps, cultural events, etc.) bring approximately 30,000 visitors to the region each year<sup>5</sup>.

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<sup>4</sup> 'Economic Impact of Virginia Tech Football,' Virginia Tech Office of Economic Development, 2015.

<sup>5</sup> 'Radford University Economic Impact,' New River Valley Planning District Commission, 2015.