

A Report of the Annual Economic Impact of Amtrak's Southwest Chief in New Mexico

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Disclaimer: These calculations use estimates and assumptions; actuals may be different. Neither this document nor the information contained herein, prepared for the Economic Development Department by a contract service provider, binds the State of New Mexico.

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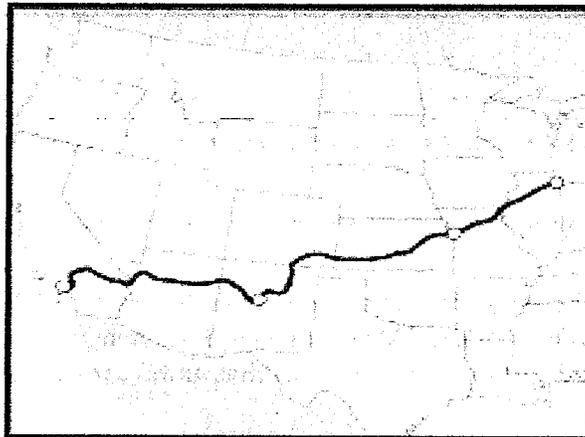
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INTRODUCTION

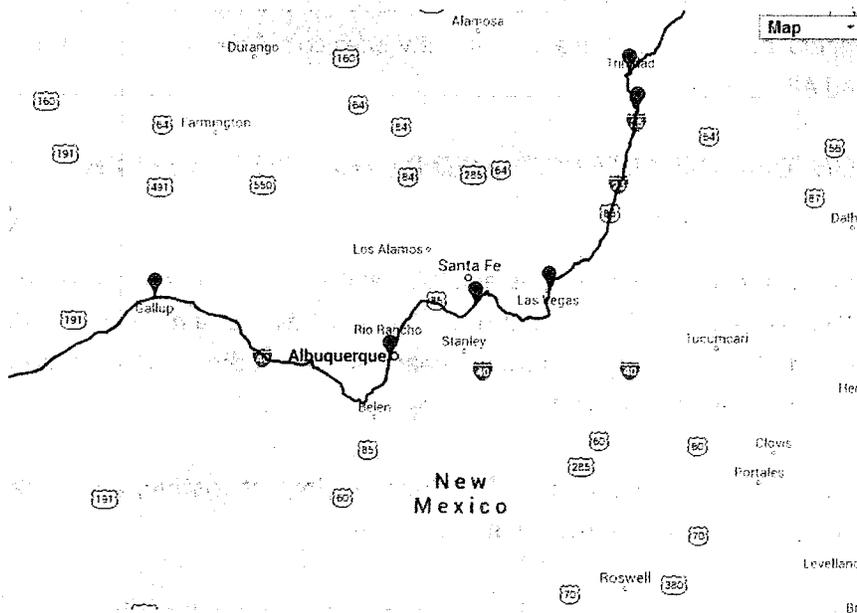
The purpose of this analysis is to estimate the annual impact of Amtrak's Southwest Chief in New Mexico on the state's economy.

ABOUT THE SOUTHWEST CHIEF

Amtrak's Southwest Chief runs daily between Chicago and Los Angeles along the route shown below.



In New Mexico, the Southwest Chief includes stations and stops in Albuquerque, Gallup, Lamy, Las Vegas, and Raton. The Lamy Shuttle Service provides service to Santa Fe.



Passenger boarding and detrainment for these Southwest Chief stations are shown below along with

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Passengers on Amtrak's Southwest Chief in New Mexico on Boarding and Detraining

<i>Station</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
Albuquerque	69,855	73,780	76,538
Gallup	13,260	14,155	16,197
Lamy	13,056	12,579	12,589
Las Vegas	4,491	4,952	5,653
Raton	18,025	16,794	16,292
Total	118,687	122,260	127,269

Ridership has increased by 3.0% from 2010 to 2011 and 4.1% from 2011 to 2012 with most stations showing an increase in boarding and detraining during this period.

Some other information on the Southwest Chief includes the following:

- Ten year capital rail need construction from Raton to Lamy is \$3.8 million with non-capital maintenance identified is \$6.727 Million beyond BNSF minimum requirements. In 2008 US Department of Transportation records show that Amtrak spent \$2.8 million for its share of maintenance.
- Colfax County alone collects \$260,000 in property taxes from Amtrak/BNSF.
- Southwest Chief ridership has risen from 2008 to 2012.

Ridership statistics for 2012 show a total passenger load for the year of 349,092, 32% of which or 111,072 passengers boarded or detrained at New Mexico's four northern stations Raton, Las Vegas, Lamy, and Albuquerque.

TYPES OF ECONOMIC IMPACTS PROVIDED BY THE SOUTHWEST CHIEF TO NEW MEXICO

The main economic impact studied in this analysis relates to the tourism impacts of Southwest Chief riders in New Mexico. Tourists visiting New Mexico cities spend money for lodging, food and beverage, retail and other items. The tourism impact of the Southwest Chief can be measured in business output, employment, and workers' earnings.

According to the Transportation Economic Development Impact System, additional impacts, not studied in this analysis, may include the following:

- Some bus riders and commuters who use the rail service may benefit from the convenient service.

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- Rail travelers who switch from car travel may save time and they can also save money, as the transit option costs them less than what they may currently spend on car operating costs (tires, fuel, oil and parking), and they can use that additional money to purchase other consumer products and services.
- Travelers who continue to drive or ride in cars may also benefit from reduced peak period traffic congestion, which leads to direct savings in vehicle operating costs. Households can use the savings to purchase other consumer services as desired (and have more leisure time).
- Insofar as traffic congestion gets reduced along the route, some businesses can gain productivity from fewer late arrivals due to traffic delay, and reduced need to pay higher wages or accept shorter work hours to attract workers in those congested areas. The net effect is a reduction in the cost of doing business.
- Businesses can also gain productivity as a result having access to larger labor markets with more diverse and specialized skills. That can allow businesses to draw on a better match between available workers and required skill needs, and it can also allow some industries to achieve greater economies of scale.
- Direct effects on business growth occur as the greater productivity and changes in consumer spending lead to more business sales and attraction of new business activity. There are further impacts as the directly-affected businesses that grow also buy more from suppliers within the region ("indirect economic effects"), and the additional worker income is re-spent on more consumer purchases within the region ("induced effects").

THE ANNUAL ECONOMIC IMPACT OF SOUTHWEST CHIEF ON NEW MEXICO'S ECONOMY

The economic impact studied in this analysis focuses on the tourism impacts of Southwest Chief passengers. Visitor spending by train travelers supports \$29.3 million in total economic output, \$8.9 million in total workers' earnings and 368 total jobs. These annual economic impacts result in fiscal impacts totaling more than \$2.2 million in revenues to state and local taxing districts each year.

Annual Economic Impact of Southwest Chief Passenger Visitor Spending			
	<i>Direct</i>	<i>Indirect & Induced</i>	<i>Total</i>
Economic Output	\$17.4 million	\$11.9 million	\$29.3 million
Employment	283.1	102.4	368.1
Workers' Earnings	\$5.5 million	\$3.4 million	\$8.9 million

Source: Impact DataSource calculations using estimated visitor spending and RIMS II multipliers for New Mexico.

Annual Economic Impact of Amtrak's Southwest Chief in New Mexico

Annual Fiscal Impact of Southwest Chief Passenger Visitor Spending

	<i>Local</i>	<i>State</i>	<i>Total</i>
Gross Receipt Taxes	995,985	914,442	1,910,427
Hotel Taxes	343,626		343,626
Total	1,339,611	914,442	2,254,053

Source: Impact DataSource calculations using estimated visitor spending and economic impacts.

Below is more detail on the derivation of these estimates.

Passenger Information

As shown earlier, there were 127,269 passengers boarding or detraining in New Mexico. A rough estimate of actual total travelers in New Mexico is estimated to be 63,634, determined by dividing the total boardings and detrainings by 21. The vast majority of rail travelers are likely out-of-state tourists however a small portion of travelers may be local New Mexico travelers commuting in state. Impact DataSource assumes 10% of the travelers may be local New Mexico residents traveling between cities in the state. Therefore, Southwest Chief is responsible for transporting 57,271 visitors to the state each year.

<i>Description</i>	<i>Calculation</i>	<i>Estimate</i>
(A) Boarding and Detraining Passengers		127,269
(B) Travelers	(A) / 2	63,634.5
(C) Local travelers	(B) x 10%	6,363
(D) Out-of-State Tourist Travelers	(B) – (C)	57,271

Out-of-State Visitor Spending

For illustrative purposes, Impact DataSource applies a standard visitor spending budget for these 57,000 visitors. The per visitor spending is summarized below in the Visitor Spending Budget and the resulting Total Estimated Visitor Spending for all 57,271 visitors

Visitor Spending Budget

<i>Description</i>	<i>Assumption</i>
Length of Visit	3 days, 2 nights
Spending on Lodging per visitor, double occupancy likely	\$60 per night
Spending on Food and Beverage per visitor	\$50 per day
Spending on Miscellaneous Retail per visitor	\$30 per day

¹ This does not account for individuals using a one way ticket originating or ending in New Mexico but this study disregards the small portion of boardings and detrainings that may fall into this category.

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Total Estimated Visitor Spending

<i>Description</i>	<i>Estimate</i>
Total Visitor Spending on Lodging	\$6,872,520
Total Visitor Spending on Food and Beverage	\$8,590,650
Total Visitor Spending on Miscellaneous Retail	\$5,154,390
Total Visitor Spending	\$20,617,560

Economic Impact of Visitor Spending

The visitor spending supports 283 direct jobs in the state as well as more than \$5.5 million in workers' earnings in New Mexico as shown below.

Direct Impacts Supported by Visitor Spending

<i>Industry</i>	<i>Employment</i>	<i>Workers' Earnings</i>
Hotels and motels	91.9	\$2,101,602
Food services and drinking places	147.1	\$2,747,465
Retail Trade	26.6	\$682,665
Total Direct Impacts Supported	283.1	\$5,531,731

Source: Impact DataSource calculations using estimated visitor spending and RIMS II multipliers for New Mexico.

The visitor spending impact will ripple through the economy generating spin-off impacts called indirect and induced impacts. Indirect sales, jobs and workers' earnings are created or supported in other businesses and organizations that supply goods and services to the direct tourism-related businesses. In addition, induced sales, jobs and workers' earnings are created or supported in area businesses, such as restaurants, gas stations, banks, book stores, grocery stores, apartment complexes, convenience stores, and service companies that supply goods and services to the direct and indirect workers and their families.

In total, the visitor spending impacts of Southwest Chief travelers support 368 workers and nearly \$9.0 million in workers' earnings in New Mexico.

Total Employment Supported by Visitor Spending

<i>Industry</i>	<i>Direct</i>	<i>Indirect & Induced</i>	<i>Total</i>
Hotels and motels	91.9	39.4	131.3
Food services and drinking places	147.1	51.7	198.9
Retail Trade	26.6	11.3	37.9
Total Direct Impacts Supported	283.1	102.4	368.1

Source: Impact DataSource calculations using estimated visitor spending and RIMS II multipliers for New Mexico.

Total Workers' Earnings Supported by Visitor Spending			
<i>Industry</i>	<i>Direct</i>	<i>Indirect & Induced</i>	<i>Total</i>
Hotels and motels	\$2,101,602	\$1,320,226	\$3,421,828
Food services and drinking places	\$2,747,465	\$1,718,814	\$4,466,279
Retail Trade	\$682,665	\$363,656	\$1,046,321
Total Direct Impacts Supported	\$5,531,731	\$3,402,696	\$8,934,427

Source: Impact DataSource calculations using estimated visitor spending and RIMS II multipliers for New Mexico.

Fiscal Impact of Visitor Spending

Visitor spending and tourism industry worker spending supports state and local gross receipts tax revenue as well as local hotel tax revenue in the state. Total taxable gross receipts include the visitor spending as well as a portion of workers' earnings that are re-spent on taxable items in the state. A net effective state gross receipts tax rate of 3.925% is used to estimate state collections and an average effective local gross receipts tax rate of 4.275% is used to estimate local collections. Total hotel tax collections are based on visitor spending on lodging and a typical local hotel tax rate of 5.0%. In total, train visitor spending impacts generate \$1.9 million in gross receipt taxes and \$344,000 in hotel taxes.

Annual Fiscal Impact of Southwest Chief Passenger Visitor Spending			
	<i>Local</i>	<i>State</i>	<i>Total</i>
Gross Receipt Taxes	995,985	914,442	1,910,427
Hotel Taxes	343,626		343,626
Total	1,339,611	914,442	2,254,053

Source: Impact DataSource calculations using estimated visitor spending and economic impacts.

CONDUCT OF THIS ANALYSIS

This analysis was conducted by Impact DataSource. Impact DataSource is a 20-year-old Austin, Texas economic consulting, research and analysis firm. The company has conducted over 2,500 economic impact analyses of firms, projects and activities in most industry groups and in Texas and 30 other states. In addition, Impact DataSource has prepared and customized over 50 economic impact models for its clients to perform their own analyses of economic development projects. These clients include the New Mexico Economic Development and the Metro Orlando (Florida) Economic Development Commission.

The New Mexico Department of Economic Development uses Impact DataSource's computer model to project the economic impact of new or expanding firms in the state and costs and benefits for the State of New Mexico and each local taxing district. The model also calculates the amount of eligible state and local incentives and calculates a rate of return and payback period for these incentives.

The People of Impact DataSource:

Impact DataSource's team includes the following members:

- Jerry Walker, principal/economist,
- Paul Scheuren, principal/economist, and
- Michael Kester, economist

Jerry Walker is an economist and Impact DataSource Principal. Over the past 19 years, he has conducted economic and fiscal impact analyses and cost-benefit studies of a variety of firms, facilities, projects and activities. He has also developed several economic impact analysis computer programs for clients to do their own economic impact analyses of firms, projects, activities and organizations.

He also has a background in government accounting and auditing.

Prior to his economic consulting career, he had a 15-year career as a supervisory auditor with two federal departments – the U.S. Department of Education and the U.S. Department of Health and Human Services. He reviewed federal programs operated by states, local governments, colleges and universities, local education agencies, and nonprofit organizations in a six state area from Austin, Texas. He performed financial audits and operational reviews. During the operational reviews, the operations of the federal programs were reviewed for economy, efficiency and effectiveness. The financial audits included analyzing costs incurred for federal programs and components of indirect cost rates.

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He has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Paul Scheuren is an economist and Impact DataSource Principal.

His advanced research and analytical skills as well as expertise in Excel and other software programs make him uniquely qualified to provide the most insightful and useful economic analysis and research. He has been the lead on several large projects at Impact DataSource and coordinates work on all large projects.

He honed his research skills at Clemson University where he completed several in-depth statistical research projects including a research paper concerning internal U.S. migration presented by his co-author at the North American Regional Science Council annual conference.

Prior to joining Impact DataSource, Paul worked as a compensation analyst at the Texas Association of School Boards where he supported compensation consulting projects and helped streamline data analysis for a statewide salary survey.

Paul has a Master of Arts in Economics from Clemson University as well as a Bachelor of Business Administration in actuarial science from Temple University.

Michael Kester is an Impact DataSource economist.

His diverse consulting background in healthcare and compensation combined with his advanced analytical skills make him a great addition to the Impact DataSource team.

Michael previously worked in New York as an actuarial healthcare consultant for Deloitte where he provided in-depth financial and claims projections to his clients. Michael has also worked as a compensation analyst at the Texas Association of School Boards where he supported compensation consulting projects and analyzed key trends in survey data.

Michael has a Bachelor of Science in Mathematics from Kansas State University.