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Estimated Benefits of Increased Visitation to Vancouver, BC, via Rail and Float Plane

By David Lebowitz*

RESEARCH NOTE

Introduction

There currently are proposals from two separate carriers to provide increased passenger service in the corridor between Seattle, WA, and Vancouver, BC. Amtrak proposes to add a second daily train along that route, and Kenmore Air proposes to initiate float plane service from Lake Union (Seattle) to Vancouver Harbour. This note provides an estimate of the economic benefit to Vancouver of the associated increase in visitation. The note considers only the benefits derived from tourism.

Estimated Pattern of Visitation

The Washington State Department of Transportation is able to provide data about the visitation pattern associated with the existing Amtrak train. Vancouver will receive an estimated 53,000 inbound Amtrak *Cascades* passengers in 2008. Of the 53,000 riders, an estimated 30 percent will visit Vancouver for a same-day trip (15,900), with the remainder (37,100) spending one or more nights in the greater Vancouver metropolitan area.¹ We assume that a second train will exhibit a similar visitation pattern.

No float plane service exists between Vancouver and Seattle, so we instead derive a visitation pattern for the proposed Kenmore Air service by examining the current ratio of passengers departing from SeaTac airport for destinations in BC. The *2007 Seattle-Tacoma International Airport Activity Report* states that in 2007 there were 5,180 flights to Vancouver, BC, and 2,243 flights to Victoria, BC.² This means that there were ~2.31 times as many flights to Vancouver as to Victoria. Kenmore Air currently flies 13,000 – 14,000 travelers per year from Seattle to Victoria.³ Applying a ratio of 2.31 to a base of 13,500, we estimate that 31,185 passengers per year will travel from Seattle to Vancouver via the proposed service. Based upon the pattern applicable to rail visitors (i.e., 30 percent same-day and 70 percent overnight), we assume that 9,355 air passengers will make same-day visits, and the remainder (21,830) will make overnight visits. Table 1 summarizes the estimated volume of visitation.

Estimated Spending

Tourism Vancouver data from 1999 indicated that day visitors to Vancouver spent approximately \$40 (CAD) per person per visit in that year.⁴ Because no data was collected on same-day travelers after 1999, we use the value of \$40 per person, but inflate this value to \$49.69 (CAD) 2008 dollars.⁵ 2004 data from Tourism Vancouver indicated that the average overnight visitor from the United States spent 2.72 nights in the Vancouver area, spending \$425.05 per person per visit.⁶ Again applying inflation, we derive a value of \$466.71 (CAD) per visitor in 2008 dollars. Estimated spending is also summarized in Table 1.

Table 1. Estimate of Volume of Visitation and of Associated Expenditure

	2 nd Amtrak Train	Kenmore Air Service
Estimated total ridership	53,000	31,185
Same-day visitors (30% of total)	15,900	9,355
Same-day visitor expenditure (@49.69 CAD)	\$790,071	\$464,850
Multi-day visitors (70% of total)	37,100	21,830
Multi-day visitor expenditure (@466.71 CAD)	\$17,314,941	\$10,188,279
Total expenditure	\$18,105,012	\$10,653,129

Table 2. Estimate of Visitor Expenditures by Industry Sector

Industry Sector	2 nd Amtrak Train	Kenmore Air Service	Combined Total
Est. Total expenditure (see Table 1)	\$18,105,012	\$10,653,129	\$28,758,141
31.85% - Accommodation	\$5,766,446	\$3,393,022	\$9,159,468
25.95% - Food and beverage	\$4,698,251	\$2,764,487	\$7,462,738
18.99% - Retail, other	\$3,438,142	\$2,023,029	\$5,461,171
8.84% - Private transportation	\$1,600,483	\$941,737	\$2,542,220
9.22% - Recreation, entertainment	\$1,669,282	\$982,219	\$2,651,501
5.15% - Public transportation	\$932,408	\$548,636	\$1,481,044

Table 3. Estimate of Tax Revenues Associated with Expenditures **

	2 nd Amtrak Train			Kenmore Air Service			Both Services Combined		
	Room tax (3%)	BC (7%)	GST (5%)	Room tax (3%)	BC (7%)	GST (5%)	Room tax (3%)	BC (7%)	GST (5%)
Accommodation	150,429	351,001	250,715	88,514	206,532	147,523	238,943	557,533	398,238
Food and beverage	n/a	293,641	209,743	n/a	172,780	123,415	n/a	466,421	333,158
Retail, other	n/a	214,884	153,488	n/a	126,439	90,314	n/a	341,323	243,802
Private transportation	n/a	n/a	76,213	n/a	n/a	44,845	n/a	n/a	121,058
Recreation, entertainment	n/a	104,330	74,522	n/a	61,389	43,849	n/a	165,719	118,371
Public transportation	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Subtotals	150,429	963,856	764,682	88,514	567,140	449,945	238,943	1,530,996	1,214,627
Grand totals		1,878,967		1,105,599			2,984,565		

** GST values assume no GST rebates. 15% alcohol tax ignored, assuming that tax exempt food purchases provide an equivalent offset. Taxation rates applicable to private taxis used for "Private transportation" sector.

Using sector-share data from Tourism Vancouver,⁷ the total estimated expenditure associated with each of the two services is broken down by industry sector, with the results displayed in Table 2. The values in Table 2 are gross amounts, inclusive of all applicable sales/goods taxes. Based upon current tax rates, Table 3 displays estimated jurisdictional tax revenues, by sector, for each of the two services.

Endnotes

1. Ratio of same-day to overnight visitors is from *An Estimate of the Economic Impacts of Amtrak Cascades in British Columbia* by Kirk Fredrickson of the Washington State Department of Transportation (January 2006). 2008 ridership estimate provided by Fredrickson in August 2008 via personal communication.
2. The airport activity report can be accessed at www.portseattle.org/downloads/seatac/2007activity.pdf. See p. 14.
3. Personal communication from Todd Banks of Kenmore Air, August 2008.
4. 1999 same-day spending is found in the Fredrickson (January 2006) report cited in note (1).
5. Inflation calculations performed using calculator accessed at http://www.bankofcanada.ca/en/rates/inflation_calc.html.
6. Characteristics of U.S. overnight visitors provided by Sandra Louie of Tourism Vancouver in an email dated 5 Aug 2008.
7. Sector shares are from "Tourism Data for Metro Vancouver (2007)" by Tourism Vancouver, which can be accessed at www.tourismvancouver.com/pdf/research/expenditure_by_industry_sector.

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