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# **NEW YORK STATE CANAL CORPORATION**

## **ECONOMIC IMPACT STUDY OF NEW YORK STATE CANAL TOURISM**

### **REPORT**

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## **Introduction**

In 2002, the New York State Canal Corporation commissioned Eric Mower and Associates to execute an economic impact study following an aggressive marketing campaign to celebrate the 175<sup>th</sup> anniversary of the canal. The study looked at the economic effects of tourism, including leads generated from inquiries and NYS thruway usage, with the objective to measure overall effectiveness in generating business for attractions, merchants, and services along the Canal.

The 2002 study focused on measuring day visitors and direct sales from festivals, tour operators, and tourism leads. The results reflected an overall economic impact of \$380 million which included per person spend of \$600 and a 31% conversion of inquiries to visitors. Overall, the study showed a notable economic impact and return on investment for the anniversary year marketing spend. However since the anniversary year, the marketing budget has been drastically reduced.

Five years later, the New York State Canal Corporation would like to review the lasting effects of the marketing campaign as well as benchmark the economic impact of the canal. The objectives include:

- Measure the impact of annual vacationers, festival and event related visitors, Tours and Charters along the Canal and Day-use visitors.
- Provide data and insight necessary to measure growth or reduction in tourism for any of the above sectors.
- Benchmark (where possible) growth by business segments and activities based on the 2002 results.
- Use the findings to develop understanding of direct and indirect sales by segment and how best to further leverage and maximize the existing messaging.

From 2002 to 2007 the conversion of inquirers to canal visitors increased by 7%. Although conversion increased, the average amount spent per visitor decreased.

In order to estimate the economic impact of canal tourism we will again analyze data gathered from those who inquired about and visited the canal (the conversion study) as well as visitors to other canal attractions (i.e., boat charters, boat rental firms, tour companies). The data used in this study comes from various sources. In each section we will detail the sources as well as the logic behind each of our assumptions.

## Executive Summary

Estimating the economic impact of any kind of tourism activity is difficult, and often tourism officials are suspected of inflating estimates by either counting revenue that is questionably related to tourism activities or using multipliers that can seem inflated. Similar to the study from 2002, we took great care to use only reliable, documented data from reliable research and/or verifiable data sources. Comparison to the 2002 benchmark study is a not always a meaningful analysis of performance or change in revenue; in some cases newer and better data was available in 2007 so a different source was used where appropriate. Therefore revenue figures have changed in some cases, including a revision of 2002 estimates, based on better and more recent information. Methodology changes from the benchmark have been documented throughout the report.

In 2007 the total direct sales revenue driven by over 4 million visitors is just over \$250 million. Since 2002 the visitor volume has dropped over 40%, however total sales revenue has increased more than 60%, driven mainly by greater reported festival and event-related visitors.

In the summary table below, 2002 and 2007 total revenue is shown for each of the four visitor segments including vacationers, festival goers, boaters and Canal day-use visitors.

Visitor Segment	2002 Direct Sales Revenue	2007 Direct Sales Revenue
Vacationers, converted from NY Canal inquiries	\$15,660,000	\$2,807,929
Festival and event-related visitors (one-day trips)	\$81,189,000	\$209,684,516
Tour operators, boat charters/rentals	\$25,404,500	\$9,994,617
Day Visitors	\$31,500,000	\$27,705,731
TOTAL	\$153,753,500	\$250,192,793

The biggest changes in revenue occurred among vacationers, festival attendance and boaters. A few of the segments also show changes in average visitor spending; the major movers are vacationers, tour/boat operators and day-use visitors.

The positive revenue swing was attributed to festival and event attendance with a considerably larger number of events included in the survey of festival organizers. The number reported for attending festivals/events more than doubled from 2002 to 2007.

Vacationer revenue declined as a result of fewer inquiries (and subsequently fewer visitors) and lower visitor spend. The number of vacationers dropped from 24,000 in 2002 to just over 5,000 in 2007. As previously mentioned overall visitor inquiries dropped substantially from an estimated 77,419 in 2002 to 13,188 in 2007, likely due to the reduced canal marketing budget. Fewer inquiries in the "pipeline" translated to fewer canal vacationers. Note that in order to show a comparative analysis to 2002, vacationer data only reflects inquiries coming directly to the NY Canal. There may be many people who still visit the canal without requesting information from this source, so this is only one indicator of Canal vacationers. It is likely however that fewer inquiries were made to the Canal as a result of the reduced marketing efforts.

Boater numbers also fluctuated a bit – with fewer tours and boat rentals in 2007 compared to 2002. The average spend per party/individual is lower in 2007; however the sources utilized were also different in 2002 compared to 2007. In 2002 the best estimates were assumed based on the conversion study and tourism data available and in 2007 the boat rental/charter and tour operators were asked to estimate the average individual rate; therefore it is difficult to compare the numbers. The 2007 numbers are based on actual estimates provided by the boat rental/charter/tour companies and therefore a more realistic estimate.

Day-use revenue dropped somewhat, however visitor estimates in 2007 were obtained from recent Canalway trail counts, which were a much better source than data available in 2002 (projections from a 1990 U.S Army Corps Study on the Champlain Canal). In 2007 we estimated Canalway trail visits rather than focusing on park visitors for any type of activity. Although the visitor count is lower based on the user type, the trail users spend more on average than a typical park visitor.

In the table shown on the next page, details including number of visitors and average party spend is shown for 2007 with overall comparisons for 2002.

We will cover each of these visitor segments in greater detail later in the report.

Visitor Segment	Number of Visitors	Avg. Party \$	Direct Sales Revenue
Vacationers, converted from NY Canal inquiries			
In area NY visitors <sup>1</sup>	1507	\$213	\$320,901
Out of area NY visitors <sup>1</sup>	688	\$520	\$357,648
Out of area/Out of state visitors <sup>1</sup>	2817	\$756	\$2,129,380
Total Vacationers	5011		\$2,807,929
Festival and event-related visitors (one-day trips) <sup>2,3</sup>	2,035,772	\$103	\$209,684,516
Tour operators <sup>4</sup>	94,431	\$47	\$4,438,257
Boat charters <sup>4</sup>	5,112	\$285	\$1,456,920
Boat rentals <sup>4</sup>	14,384	\$285	\$4,099,440
Day Visitors <sup>5-7</sup>	2,409,194	\$11.50	\$27,705,731
2007 TOTAL	4,563,904		\$250,192,793
2002 TOTAL	8,016,500		\$153,753,500

Footnote	Source
1	NYS Canal Corporation Conversion Study, EMA Research, 2007
2	EMA Staff Survey of Festival Organizers, 2006
3	D.K. Shifflet & Associates, Ltd., 2005 New York State Visitor Profile, 2006
4	NYS Canal Corporation, Tour/Boat Charter/Rentals Data, 2006
5	Parks & Trails New York, Canalway Trail User Count 2007
6	Champlain Canal Trail Concept Plan
7	Greenways: The Staunton Frontier Trail Plan/W&OD Trail Study, 2004

### Estimated Economic Impact of Canal Tourism Spending

The 2007 overall economic impact of New York Canal's tourism is estimated at over \$378 million. This estimate was derived by looking at various sources of tourism revenue from visitor spending, and then applying commonly accepted multipliers to assess overall economic impact.

There are many approaches when it comes to applying multipliers to estimate economic impact. In this case, we are working with direct data sources (inquirers, visitors, boaters, festival organizers); however in some cases we have limitations. Ideally we would want to break out spending of those who are local to the area from those from outside the area to determine the economic impact of the Canal. The logic is that those from outside the area bring in dollars that would not have normally been spent here.

If we want to look at the impact if the Canal were to go away, we would assess the loss by looking at the difference between all visitors spending and only those from outside the area. The local spending would likely stay in the area and be

spent elsewhere; whereas those traveling from outside the area might not visit and therefore would be unlikely to spend those dollars in the area. However in all likelihood the Canal will never go away therefore it is more realistic to look at an economic influence or significance of the Canal.

From the vacationer surveys in 2007 we were able to determine residency based on zip code. However, not all of the data sources have this level of detail. Where possible, we have segregated between local and out of the area spending.

Overall the total estimated economic impact is similar to results from 2002, dropping slightly from \$384 million to \$378 million. Although there were changes between visitor segments in both volume and spend, the greatest difference from 2002 to 2007 estimates is the way that multipliers were selected and applied. We investigated many other economic impact studies which occurred after 2002– including those from a similar geographic region as well as industry segment and determined that 1.5 is a more realistic multiplier.

Below is a table which shows estimated economic impact from 2002 as well as new projections from 2007.

Revenue Sources	2002 Estimate					2007 Estimate			
	# of Visitors	# Days	Avg. \$	Multiplier	Revenue	# of Visitors	Avg. \$ per Party	Multiplier	Revenue
<i>In Area Visitors</i>						1,507	\$213	1	\$320,901
<i>Out of Area (NY)</i>						688	\$520	1.5	\$536,472
<i>Out of Area (Out of NY)</i>						2,817	\$756	1.5	<u>\$3,194,070</u>
<b>Total Vacationers</b>	<b>24,000</b>	<b>4.5</b>	<b>\$145</b>	<b>2.5</b>	<b>\$39,150,000</b>	<b>5,011</b>			<b>\$4,051,443</b>
<b>Festivals/Events</b>	<b>873,000</b>	<b>1</b>	<b>\$93</b>	<b>2.5</b>	<b>\$202,972,500</b>	<b>2,035,772</b>	<b>\$103</b>	<b>1.5</b>	<b>\$314,526,774</b>
<b>Tour Operators</b>	<b>104,000</b>	<b>1</b>	<b>\$93</b>	<b>2.5</b>	<b>\$24,180,000</b>	<b>94,431</b>	<b>\$47</b>	<b>1.5</b>	<b>\$6,657,386</b>
<b>Boat Charters</b>	<b>1,500</b>	<b>7</b>	<b>\$145</b>	<b>2.5</b>	<b>\$3,806,250</b>	<b>5,112</b>	<b>\$285</b>	<b>1.5</b>	<b>\$2,185,380</b>
<b>Boat Rentals</b>	<b>14,000</b>	<b>7</b>	<b>\$145</b>	<b>2.5</b>	<b>\$35,525,000</b>	<b>14,384</b>	<b>\$285</b>	<b>1.5</b>	<b>\$6,149,160</b>
<b>Day-Use Visitors</b>	<b>7,000,000</b>	<b>1</b>	<b>\$4.50</b>	<b>2.5</b>	<b>\$78,750,000</b>	<b>2,409,194</b>	<b>\$11.5</b>	<b>1.5</b>	<b>\$41,558,597</b>
<b>Total Visitors</b>	<b>8,016,500</b>					<b>4,563,904</b>			
<b>Economic Impact</b>					<b>\$384,383,750</b>				<b>\$378,322,809</b>

The table below shows the 4 different sources used to select this multiplier.

Multiplier	Source
1.5	2006 National Park Visitor Spending and Payroll Impacts, 2007
1.3-1.6	Economic Impacts of National Heritage Areas Visitor Spending; Summary Results from Seven National Heritage Area Visitor Surveys, 2004
1.5	The State Comptroller's Economic Impact Statement: The Buffalo Sabres and Western New York, 2003
1-1.5	MSU, Course PRR 840, Economic Impact, Multipliers <a href="http://www.msu.edu/course/prr/840/econimpact/multipliers.htm">http://www.msu.edu/course/prr/840/econimpact/multipliers.htm</a> , 2008

A 2007 study prepared by Michigan State University for the National Park Service assessed visitor spending based on recreation visits across 355 park units (surveyed 14,000+ National Park Service visitors since 2000). The study used the MGM2 model and included park visits, averages from visitor surveys and payroll data to look at direct and indirect or secondary effects. The average sales multiplier across all park regions was 1.5.

Another study which focused on the visitor economic impact for seven National Heritage parks including the Ohio and Erie Canal National Heritage Corridor surveyed nearly 1,300 visitors. This 2004 study also used the MGM2 model and chose regional multipliers based on population size and economic characteristics. Similar to the NY Canal, the heritage area includes a wide geographic area including both rural and metropolitan areas. The lowest multiplier used was 1.3 for the mostly rural area and the greatest was 1.6 for the MotorCities area which includes the Ohio and Erie Canal Corridor. The 110 mile Canalway includes a national byway, towpath and railway trails and stretches from metropolitan areas to farmland.

The third example is from Western New York and represents a blend of industries – including entertainment. The State Comptroller reviewed the economic benefits of the Buffalo Sabres hockey team in 2003. A multiplier of 1.85 was produced by the U.S. Department of Commerce, Bureau of Economic analysis, and lowered for a more conservative impact. The impact statement utilized a 1.5 multiplier to include direct spending as well as complementary spending in local restaurants, hotels, shops and spending by employees.

And finally in a discussion of inflated tourism sales multipliers by Michigan State University (currently available on the website) a more realistic range of 1.0 to 1.5 is provided when assessing impact on local regions (rather than state and national multipliers which are typically higher and readily available).

## 2002 Multiplier Revision

By applying the more conservative multiplier from 2007 to the 2002 revenue, we can show a better comparison of the Canal economic impact. Total revenue increased over 60% driven primarily by the increase in festivals and events reported along the Canal. Several segments including Canal vacationers, boat tours and rentals, and day-use visitors show a decrease in revenue from 2007 to 2002. Vacationer and revenue dropped mainly due to fewer visitors. Again it should also be noted that day-use and boater data were gathered from different sources in 2007 which makes it difficult to compare the visitor and spend estimates to those used in 2002.

2002 Adjusted Estimate						2007 Estimate				
Revenue Sources	# of Visitors	# Days	Avg. \$	Multiplier	Revenue	# of Visitors	Avg. \$	Multiplier	Revenue	Revenue Difference
Vacationers	24,000	4.5	\$145	1.5	\$23,490,000	5,011	\$176		\$4,051,443	-\$19,438,557
Festivals	873,000	1	\$93	1.5	\$121,783,500	2,035,772	\$103	1.5	\$314,526,774	\$192,743,274
Tour Operators	104,000	1	\$93	1.5	\$14,508,000	94,431	\$47	1.5	\$6,657,386	-\$7,850,615
Boat Charters	1,500	7	\$145	1.5	\$2,283,750	5,112	\$285	1.5	\$2,185,380	-\$98,370
Boat Rentals	14,000	7	\$145	1.5	\$21,315,000	14,384	\$285	1.5	\$6,149,160	-\$15,165,840
Day-Use Visitors	7,000,000	1	\$4.5	1.5	\$47,250,000	2,409,194	\$11.5	1.5	\$41,558,597	-\$5,691,404
Total Visitors	8,016,500					4,563,904				
Economic Impact					\$230,630,250				\$375,128,739	\$144,498,489

## **Data Sources and Methods**

The data used to arrive at the estimate of economic impact was compiled from several sources:

Visitor Segment	Data Source
Vacationers, converted from tourism inquiries and leads	New York Canal Corporation Inquiry Conversion Study, 2007
Festival and event-related visitors (one-day trips)	EMA Staff Survey of Community Festivals, 2006. D.K. Shifflet & Associates, Ltd., 2005 Visitor Profile, 200
Tour operators, Boat charters, Boat Rental operators	Canal Corporation Staff Survey of Canal-Related Businesses, 2007.
Day-Use visitors	Parks & Trails New York, Canalway Trail User Count 2007 NYCC ( <a href="http://www.nyscanals.gov">http://www.nyscanals.gov</a> ) Champlain Canal Trail Concept Plan Thinking Green, Florida Dept. of Environmental Conservation, 1998 Greenways, W&OD Trail Study, 2004

Here were the results of these data collection methods:

<b>Visitor Segment</b>	<b>Data Source</b>
1. Vacationers, converted from NY Canal Inquiries	New York Canal Corporation Inquiry Conversion Study, 2007

Using data from the 2007 season, EMA Research conducted a study of people who had inquired about Canal tourism and related activities. This is known as a conversion study. These inquiries came in by phone, mail, e-mail, New York Canal website and the I Love NY website. Those who inquired had been sent information about the Canal and related attractions. The study found that 38% of those who inquired actually visited the canal within a year or so of their inquiry. Projecting this percentage to the population of inquiries in 2006 (estimated at 13,188 per the New York Canal Corporation) the study estimated that about 5,011 people vacationed on the canal in 2007. This estimate is very conservative however considering that there are many vacationers who likely visited the Canal without inquiring about it through these sources.

In addition, respondents in the study were asked to tell us what they did during their visit to the canal, how long they stayed, and how much they spent.

The study found that on average visitors stayed for just over three days (3.2), and they spent about \$176 per visitor per day.

We have divided visitors into three distinct categories based on their home zip code compared to the Canal area visited; those who travel within the state and same area of where they live, those traveling from within the state but outside the area and those traveling from outside the state and the area.

For the purposes of this study the areas have been defined by the most popular canal destinations and split into 6 main areas including:

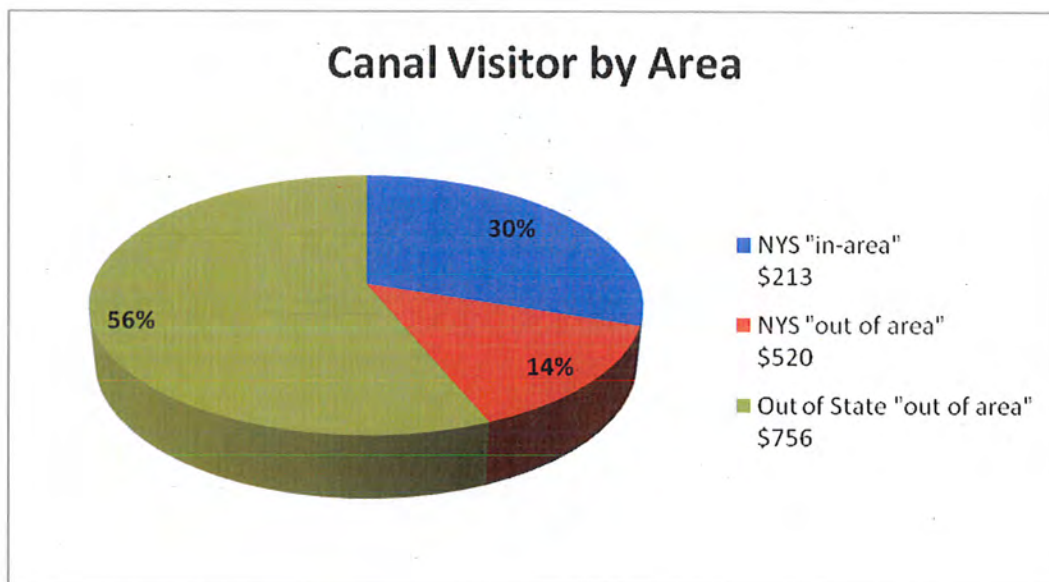
- Zone 1: Niagara/Buffalo/Lockport
- Zone 2: Rochester/Fairport/Pittsford
- Zone 3: Seneca/Finger Lakes
- Zone 4: Syracuse/Watertown/Utica
- Zone 5: Ithaca/Corning/Watkins Glen
- Zone 6: Albany/Hudson/Saratoga

We assumed that those from out of the area, including New York state residents from another Canal area and all of those from outside New York, will impact the economy differently since they are bringing in revenue from outside the area by visiting the Canal. The impact of those from within the same Canal area is not as

significant because we can assume those visitors would have spent the money somewhere within the area regardless of the Canal visit.

The average spend of these three groups is different due to the length of stay and distance traveled. The average spent by New Yorkers within the area (\$213) is less than half of New Yorkers from outside the area (\$520). Those from outside the state spent more than three times (\$756) the amount compared to those traveling within their area (\$213).

The breakout of Canal visitors by their area type is shown below.



Applying the proportion of visitor segments to the total visitors (5,011), we estimated the number of each Canal visitor type by area.

Visitor Type	Revenue
NYS "in-area"	\$ 320,901
NYS "out of area"	\$ 357,648
Out of State "out of area"	\$ 2,129,380
Total Vacationer Visitor Revenue	\$ 2,807,929

This translates to direct sales revenue of \$2,807,929.

Visitor Segment	Data Source
2. Festival and event-related visitors (one-day trips)	EMA Staff Survey of Community Festivals, performed in summer of 2006 based on 2005 events.

Each year there are many festivals and events along the Canal which provide additional revenue for the area. The majority of these events are one-day trips for visitors.

Eric Mower and Associates surveyed the festival organizers in these communities, who provided data on the number of visitors to their events. The results of this survey show that festivals in 2005 generated over 2 million day-visitors for 48 events. This estimate is using the most conservative numbers provided by the festival organizers. There were an additional 33 events mentioned but organizers were unable to estimate the attendance. According to the Canal Corporation website, the 2007 annual calendar held more than 150 events; therefore the estimate of 2,035,722 one-day trip visitors for 48 events is very conservative. We feel very comfortable using the estimated 2005 attendance to represent numbers for 2007. The table showing the events is displayed on the next page.

Comparing the estimated attendance from 2005 to 2001, we show a significant increase in the number of events reported (from 10 to 48) and therefore more than double the attendance (from 873,000 to 2,035,722). Estimated spending for one-day trips is more difficult because the focus tends to be on overnight visitors who bring in more revenue. The average spend in 2007 is estimated at \$103 per person. This is provided by D.K. Shifflet & Associates from a NY visitor profile study— similar to data from the 2002 study.

Total direct sales are estimated at \$209,684,516, assuming 2,035,722 visitors spending \$103 per trip.

Month	Canal Festival	Estimated Attendance	Canal Location
April	March for Parks	300	Champlain
April	12th Fresh Herb and Wine	3,000	Cayuga-Seneca
April-Dec	Train Excursions - Erie Canal	6,000	Erie
May-Sept	Northern NY Paddlers Series	572	Erie
May	Waterford Canal Fest	7,000	Erie
May	Jazz Festival	500	Erie
May	Trout Derby	2,100	Seneca Lake
June-Aug	Concerts on the Canal	125,000	Erie
June-Aug	Cruise Nite & Music by the Canal	10,000	Erie
June	Annual Feeder Canal Canoe Race	60	Champlain
June	Erie Canalway Trail Celebration	200,000	Erie/Champlain/Cayuga-Seneca/Oswego
June	Fairport Canal Days	200,000	Erie
June	Strawberry Festival	1,000	Erie
June	Positively Pittsford	6,000	Erie
June	Towpath Canoe Regatta	125	Erie
June	Seneca Falls Canal Fest	15,000	Cayuga-Seneca
June	11th Annual Frankfort Days	4,000	Erie
June	Seneca County Chamber of Commerce Bass Derby	220	Cayuga-Seneca
June-Aug	Baldwinsville Summer Concert Series	2,000	Erie
June	Wine Cards Wild Weekend	3,000	Cayuga-Seneca
June-Aug	Water Ski Shows	1,500	Erie
July	3rd Annual Steamboat Rally	25,000	Erie
July	Erie Canal Fishing Derby	1,000	Erie
July	11th Annual Seneca River Day	4,000	Erie
July	Corn Hill Arts Festival	250,000	Erie
July	Schoharie Crossing Canal Days	2,000	Erie
July	Lock 7 -12 Canal Fest	25,000	Erie
July	Cycle the Erie Canal Bicycle Tour	262	Erie
July	Convention Days	4,000	Cayuga-Seneca
July	10K Road Race - Convention Days	223	Cayuga-Seneca
July	Electric City Canoe Races	200	Erie
July	Canal Fest of the Tonawandas '05	350,000	Erie
July	Harborfest '05	295,000	Oswego
July	Spencerport Canal Days	40,000	Erie
July	Honor America Days Celebration	50,000	Erie
August	Rome Canalfest '05 Rome Canal Terminal	10,000	Erie
August	Little Falls Canal Celebration	10,000	Erie
August	Brockport Arts Festival	300,000	Erie
September	Civil War Reenactment	60	Erie
September	7th Annual Tug Boat Round-Up	25,000	Erie
September	Golden Harvest Festival	16,000	Erie
September	Celebrate Baldwinsville	15,000	Erie
September	Rome Taste of the Arts Festival	22,000	Erie
September	9th Rochester River Challenge	1,000	Erie
September	228th Anniversary of the Battles of Ft. Edward	600	Champlain
September	5th Annual Encampment of the Fn	1,000	Champlain
September	Head of the Erie	600	Erie
October	Candlelight Tour of General Schuyler's House	400	Champlain
<b>TOTAL</b>		<b>2,035,722</b>	

<b>Visitor Segment</b>	<b>Data Source</b>
3. Tour operators, Boat charters, Boat Rental operators	Canal Corporation Staff Survey of Canal-Related Businesses, 2007.

A number of businesses benefit directly from canal tourism. The Canal Corporation staff surveyed the operators of boat tours, rental companies, and charter companies to obtain their estimates of the number of people they served. In 2007 the survey was modified to also inquire about the average rates charged by these businesses.

This survey showed that 94,431 people took one-day tours from the operators, and we estimate they spent about \$47 each based on the survey data. About 19,500 people chartered or rented a boat, which run anywhere from a ½ day to 12 nights. We estimated \$285 per person per charter/rental, based on the data from the boating surveys. The direct sales revenue for all operators and charters surveyed results in \$9,994,617. We are assuming that these tourists were generated independently of those who came from Canal-sponsored tourism marketing efforts. Of course, this assumption could be called into question, but there is no way to determine what degree of overlap, if any, may exist between the visitors generated by Canal-sponsored efforts and those generated by tour companies' efforts.

Charter Companies:

Cruise USA	512
American Canadian Caribbean Line	600
Seneca Cruise Co.	4,000
<b>CHARTER TOTAL:</b>	<b>5,112</b>

Boat Rental Companies:

Lock 12 Marina	144
Canal Princess Charters	228
Genesee Waterways Center	400
Big Bay Marina	900
Mid Lakes Navigation	712
Erie Canal Boat Company	4,000
Erie Canal Cruises	8,000
<b>BOAT RENTAL TOTAL:</b>	<b>14,384</b>

Tour Operators:

Canalside Experiences	60
Mid Lakes Navigation	2,871
State Council on Waterways	4,000
Champlain Canal Tour Boats	6,500
Captain Bills	10,000
Corn Hill Navigation	10,000
Colonial Belle	21,000
Lockport Locks & Erie Canal Cruises	40,000
<b>TOUR OPERATOR TOTAL:</b>	<b>94,431</b>

**TOTAL BOAT, CHARTER & TOUR:**

**113,927**

**Visitor Segment****Data Source****4. Day-Use Visitors**

Parks & Trails New York  
Canalway Trail User Count 2007

The last visitor segment includes the number of casual day visitors to Canalway trails. There are many canal visitors who use the trails to walk, run, bike and skate.

Per the New York Canal website there are 204 miles of the Canalway trail deemed to be "major segments" which consist of Erie Canal Trail, Old Erie, Mohawk-Hudson, and Glens falls. The main source of data is the 2007 Trail User Count released by Parks & Trails New York and the NYS Canal Corporation and developed by Dr. Greg Lindsey of Indiana University. Annual visits were estimated at 366,103 for 5 locations along the Erie Canal Trail which accounts for about 31 miles of the major Canalway trail. Assuming the count represents about 15% of the total trail usage (which includes areas that are rural, urban, and suburban) – we project total Canalway trail usage to be over 2.4 million.

Trail Locations	Average Estimated Annual Traffic	Average Annual Visits
Genesee Valley Park	98,240	49,120
Winton Road	139,709	69,855
Lock 33 JCC	190,591	95,296
Schoen Place	145,520	72,760
Perinton Park	158,144	79,072
<b>Total</b>	<b>732,204</b>	<b>366,103</b>

Source: 2007 Trail User Count - Parks&Trails New York, New York State Canal

Erie Canalway Location Segments	Miles
Fairport to Macedon	5
Bushnells's Basin to Fairport	4
Pittsford to Bushnells Basin	3
Rochester to Pittsford	7
Spencerport to Rochester	12
Spencerport to Macedon total	31 Miles

Major Canalway Segments	Miles
Erie Canal Heritage Trail	100
Old Erie Canal State Park Trail	36
Mohawk-Hudson Bikeway	60
Glens Falls Canal Trail	8
<b>Total</b>	<b>204 Miles</b>

The trail counts were conducted between July and August of 2007 at five different Canalway locations. This study was based on recommendations from "Estimating Urban Trail Traffic: Methods of Existing and Proposed Trails." The locations represented urban and suburban neighborhoods. Cyclists accounted for about half of the trail traffic, followed by walkers, joggers, baby carriages and in-line skaters. The study took weather conditions and temperature into account to project annual trail traffic. In order to get to annual visits, they reduced the annual traffic by half to factor in 95% of users with return trips. This assumption is very conservative and therefore we feel comfortable with these estimates for Canalway trail use.

Using another example of previously reported Canalway traffic from the Mohawk-Hudson Bike Hike Trail, "Analysis of Trail Use, Regional Benefits, and Economic Impact". The study concluded there were approximately 458,000 trail visits per year in 1998.

Applying the same factors in our estimate from the Erie Canal, we are able to show the Canalway trail traffic was about 2.7 million based on the traffic from 1998. This is likely due to the conservative nature of our 2007 estimate. In any case, we feel confident that Canalway Trail visits were over 2.4 million in 2007.

Supporting Example	#s
<b>Mohawk Hudson Trail Miles</b>	35
<b>Portion of the Canalway Trail</b>	17%
<b>1998 Annual Trail Visitors</b>	458,000
<b>1998 Annual Traffic</b>	916,000
<b>1998 Total Canalway Trail Traffic</b>	<b>2,669,486</b>

The cost per trail user can vary greatly depending on how far they travel to get to the canal and what kind of purchases they make along the way (equipment, food, drinks, etc). After looking at several sources to determine typical expenditures per trail user, we estimate \$11.50 per visitor is a reasonable estimate.

Trail Name	Location	Length (Miles)	Spend per Visitor	Year
Washington & Old Dominion Trail	VA		\$9-\$14	2004
Heritage Trail	PA	21	\$8.33	2002
Northern Central Rail Trail	MD	20	\$8.95	2002
Heritage Trail	IA	26	\$11.64	2002
Little Miami	OH	27	\$14.00	2002
Katy Trail	MS	225	\$14.30	2002
Source: Schenectady Urban Bike Route Master Plan, Edwards & Kelcy/Trailblazer 2002				
Source: W&OD, Benefits of Greenways, 2004				
Source: Heritage Rail Trail County Park, Economic Impact 2002				

Total revenue generated by 2,409,194 Canalway trail visitors spending \$11.50 on average is \$27,705,731.

## Validation Analysis

Because it is important for the New York State Canal Corporation to have assurances about the accuracy of this economic impact estimate, we again conducted further research using other data to validate the \$378 million projection.

Conceptually, the economic impact estimate shown in the study could be considered the result of a "bottom-up" analysis – that is, we took information collected about spending by the consumers and end-users that use the Canal, and created an estimate of the impact of their spending on the economy at large. The validation, on the other hand, can be viewed as a "top-down" analysis, in which we take the tourism industries serving the Canal markets and then estimate the Canal's economic impact by examining the direct and secondary effects of their revenues on the regional economy.

Here is a summary of the procedures followed for the Validation Analysis:

*(a) Total Tourism Spending in New York State, 2005  
(Leisure Travel only).*

This estimate came from the D.K. Shifflet & Associates, Ltd. study of visitors to New York State, June 2006. This estimate pertains to leisure travel only, business travel is excluded. The study was commissioned by the New York State Department of Economic Development.

\$23.45 billion

*(b) Percent of New York State economy represented  
by 32 Canal counties.*

The \$23.45 billion estimate in (a) pertains to the entire state, while the focus of this study is the Canal. There are 32 Canal counties within the Canal Corridor (shown in the appendix), and they represent nearly 20% of the total sales within the state. This estimate was derived from the U.S. Census of Trade, which provides a detailed portrait of the Nation's economy once every five years, from the national to the local level. The 2002 Economic Census covers nearly all of the U.S. economy in its basic collection of establishment statistics. The data is provided at the state and county levels. The county level and total state data is provided in the appendix.

19.80%

<i>(c) Projected Tourism spending in Canal communities.</i>		
<i>(a) x (b)</i>	\$	4,643,566,211
<i>(d) 5% of county-wide spending in tourism industry sectors is generated by Canal tourism.</i>		
The 1999 Cornell University study for the Canal Corridor Initiative <sup>1</sup> estimated that five percent of revenues earned by businesses serving the tourist industry in a county come from outside tourist spending.		5%
<i>(e) 5% of county-wide spending generated by Canal tourism.</i>		
<i>(c) x (d)</i>	\$	232,178,311
<i>(f) Indirect and Induced Effects Multiplier:</i>		
		1.5
<b>TOTAL:</b>	<b>\$</b>	<b>348,267,466</b>

The Validation analysis yielded a result that is within 8% of the Bottom-Up analysis presented in the study.

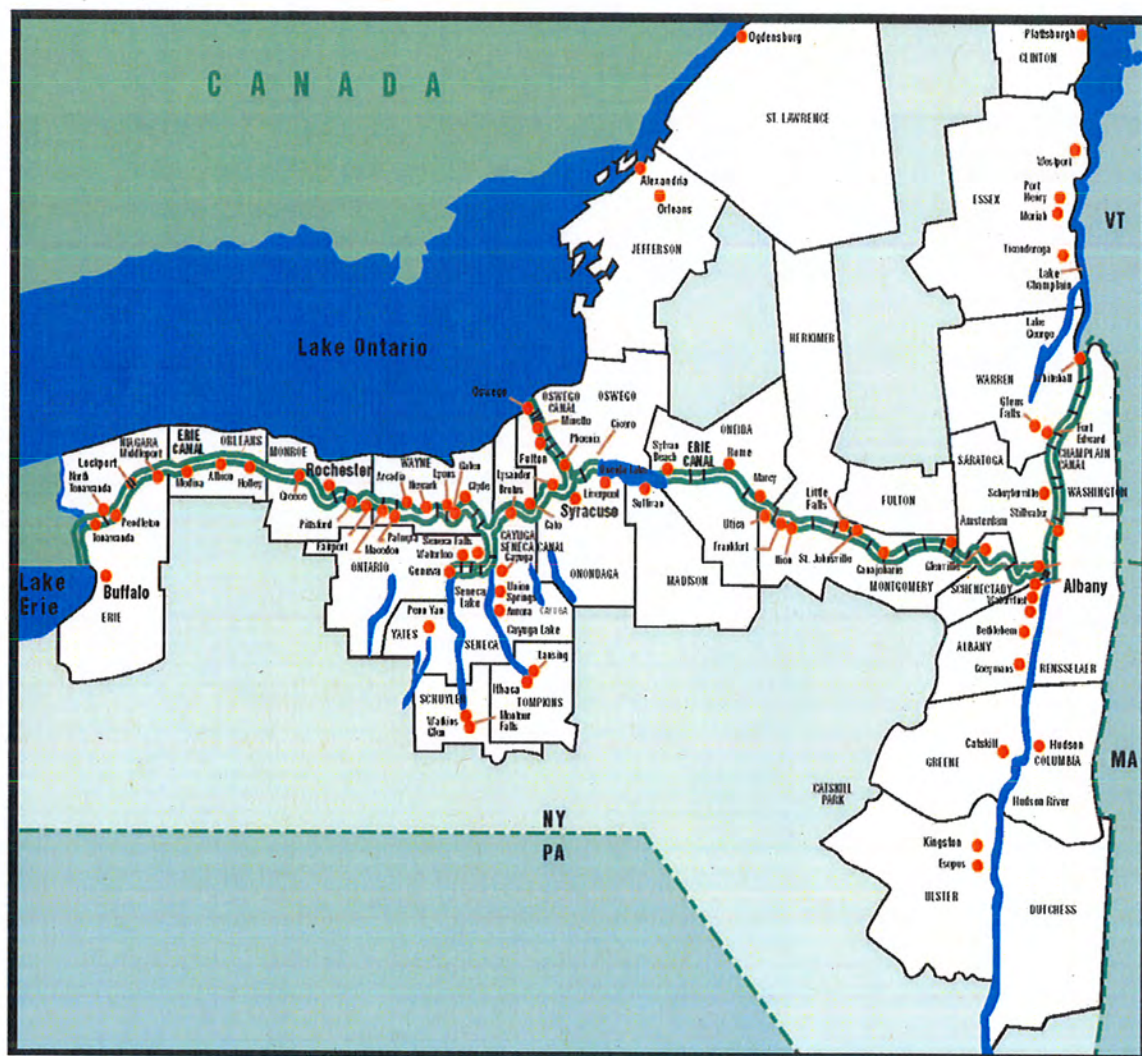
<sup>1</sup> Source: *Reclaiming a Regional Resource: A Progress Report on The Department of Housing and Urban Development's Canal Corridor Initiative*, September 22, 1999. Department of City and Regional Planning, Cornell University.

## Appendix

## **CANAL CORRIDOR COUNTIES**

ALBANY	ONONDAGA
CAYUGA	ONTARIO
CLINTON	ORLEANS
COLUMBIA	OSWEGO
DUTCHESS	RENSSELAER
ERIE	SARATOGA
ESSEX	SCHENECTADY
FULTON	SCHUYLER
GREENE	SENECA
HERKIMER	ST. LAWRENCE
JEFFERSON	TOMPKINS
MADISON	ULSTER
MONROE	WARREN
MONTGOMERY	WASHINGTON
NIAGARA	WAYNE
ONEIDA	YATES

## CANAL CORRIDOR MAP<sup>2</sup>



<sup>2</sup> Source: *Reclaiming a Regional Resource: A Progress Report on The Department of Housing and Urban Development's Canal Corridor Initiative*, September 22, 1999. Department of City and Regional Planning, Cornell University.

# 2002 Survey of Business Owners - Census Data

Geographic Area Name	Rcpts (\$1,000)
Albany County, NY	34,361,027
Cayuga County, NY	2,719,122
Clinton County, NY	3,910,412
Columbia County, NY	2,137,033
Dutchess County, NY	15,310,450
Erie County, NY	70,922,525
Essex County, NY	1,258,781
Fulton County, NY	2,134,620
Greene County, NY	1,445,371
Herkimer County, NY	1,866,478
Jefferson County, NY	3,723,267
Madison County, NY	2,478,172
Monroe County, NY	62,523,483
Montgomery County, NY	1,992,517
Niagara County, NY	8,946,580
Oneida County, NY	12,122,266
Onondaga County, NY	46,706,508
Ontario County, NY	5,749,788
Orleans County, NY	1,040,568
Oswego County, NY	5,727,943
Rensselaer County, NY	6,038,947
St. Lawrence County, NY	4,231,998
Saratoga County, NY	11,416,228
Schenectady County, NY	9,653,165
Schuyler County, NY	381,302
Seneca County, NY	1,205,498
Tompkins County, NY	4,659,676
Ulster County, NY	6,685,512
Warren County, NY	4,613,786
Washington County, NY	1,649,533
Wayne County, NY	3,731,233
Yates County, NY	610,528
<b>All Canal Corridor Counties - Total Revenue 2002</b>	<b>341,954,317</b>
<u>Total New York State Revenue</u>	<u>1,726,868,611</u>
Canal Corridor Counties as percentage of Total NY	19.80%
Release Date: 9/14/2006	
<u>Sector 00: Survey of Business Owners (SBO): Geographic Area</u> <u>Series: Economy-Wide Estimates of Business Ownership by</u> <u>Gender, Hispanic or Latino Origin, and Race: 2002</u>	