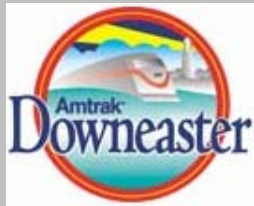


Presentation to



# Economic Benefits of *Downeaster* Service



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## Study's Core Objectives

- ❖ Document economic benefits of *Downeaster* service to Maine & New Hampshire
  - ✓ Benefits to date
  - ✓ Forecast to 2015 for existing & planned stations





## Calculation of Economic Benefits

1. Visitor spending
2. Local economic development
3. Consumer savings by using *Downeaster*
4. Construction impact



## Methodology

- Passenger survey
- Tables of boardings and alightings
- Site visits and interviews
- Econometric modeling (IMPLAN)



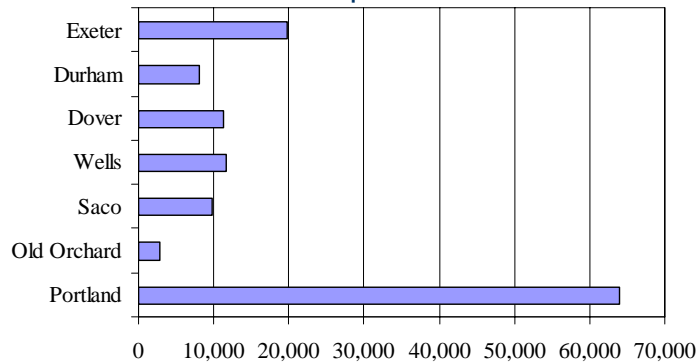
## Overview of *Downeaster* Service

- 4 daily round trips between Portland & Boston (114 miles / 2 hrs 40 min each way)
- Service began Dec. 2001
- 10 passenger stations including:
  - Portland
  - Old Orchard Beach
  - Saco
  - Wells
  - Durham (NH)
  - Dover (NH)
  - Exeter (NH)
  - Haverhill (MA)
  - Woburn (MA)
  - Boston -Station



## Overview of *Downeaster* Service

2003 Northbound Alightings at Maine & New Hampshire Stations





## 2004 Impacts of Downeaster – ME and NH

	Business Sales	Jobs	Personal Income
<b>Annual Benefits</b>			
<b>Direct Activities</b>			
Visitor Spending	\$3,500,000	66	\$905,000
Economic Development Impact	\$4,390,000	83	\$1,545,000
Savings by using <i>Downeaster</i>	\$737,000	6	\$135,000
<b>Total Direct Activities</b>	<b>\$8,627,000</b>	<b>155</b>	<b>\$2,585,000</b>
Spin-off Activities	\$6,495,000	86	\$2,177,000
<b>Total Direct &amp; Spin-off Activities</b>	<b>\$15,122,000</b>	<b>240</b>	<b>\$4,762,000</b>
<b>One Time Construction Benefits</b>			
Direct Benefits from Construction	\$649,000	9	\$222,000
Spin-off Activities	\$635,000	9	\$220,000
<b>Total Direct &amp; Spin-off Activities</b>	<b>\$1,284,000</b>	<b>18</b>	<b>\$442,000</b>

*the annual contribution of the Downeaster to ME & NH Exceeds \$15 million*



## 2004 Visitor Impacts

Visitor Spending	Benefits from Initial Visitor Spending	Spin-off Benefits	Total Benefits
<b>Totals for Maine and New Hampshire</b>			
Business Sales	\$3,500,000	\$2,745,000	<b>\$6,244,000</b>
Employment	66	38	103
Personal Income	\$905,000	\$924,000	\$1,829,000

*Downeaster visitor spending generates economic activity of approx. \$6.2 million/yr*





## 2004 Economic Development Impacts

*The Downeaster generated economic development activities in ME & NH of ~ \$8 Million/yr*

	Direct Benefits	Spin-off Benefits	Total Benefits
<b>Totals for Maine and New Hampshire</b>			
Business Sales	\$4,390,000	\$3,348,000	\$7,738,000
Employment	83	42	125
Personal Income	\$1,545,000	\$1,113,000	\$2,658,000
<b>Maine</b>			
Business Sales	\$537,000	\$381,000	\$918,000
Employment	11	5	16



## 2004 Statewide Passenger Savings

	Direct	Spin-Off	Total
Business Sales	\$737,000	\$402,000	\$1,140,000
Employment	6	\$6	12
Personal Income	\$135,000	\$140,000	\$275,000
<b>Maine</b>			
Business Sales	\$470,000	\$257,000	\$ 727,000
Employment	4	4	8
Personal Income	\$84,000	\$89,000	\$174,000
<b>New Hampshire</b>			
Business Sales	\$268,000	\$146,000	\$414,000
Employment	2	2	4
Personal Income	\$50,000	\$50,000	\$101,000





## Statewide Construction Activity to Date

Location	Description	Attributed to Downeaster	Construction Value From Downeaster
Saco	Downtown investments	\$1.3 million total. 37.5% per interviews	\$489,000
Old Orchard Beach	Downtown commercial building & chamber building	\$640,000 total. 25% per interviews	\$160,000
<b>TOTALS</b>		\$1.94 million .33% attributed to the Downeaster	\$649,000

**Construction due to Downeaster drives nearly \$1.3 million in economic activity**

	Direct Benefits	Spin-off Benefits	Total Benefits
Business Sales	\$649,000	\$635,000	\$1,284,000
Employment	9	9	18
Personal Income	\$222,000	\$220,000	\$442,000



## Other Impacts – Economic Benefits

- ~120 direct employees in Maine & New Hampshire
- These jobs generate more than \$3 million in disposable income for Maine & New Hampshire
- Spin-off effects of these expenditures include:
  - 15 to 44 jobs
  - \$434,000 to \$1.3 million in wages
  - \$1.5 - \$4.3 million in total business sales





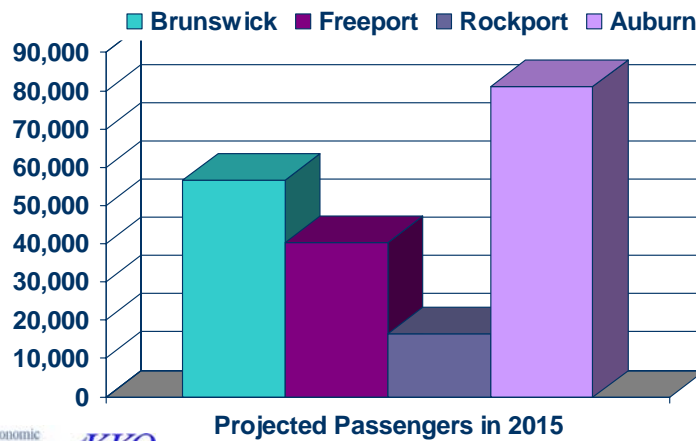
## Forecasts of Future Passengers

### Assumptions:

- Increase service frequency & speed
- Extend *Downeaster* service to Brunswick for direct connection to shopping destinations at Freeport & services in Brunswick;
- Foster a privately operated regional service along the 57 mi. between Brunswick & Rockland;
- Develop an independent local service that will run 35 mi. between Portland & Auburn



## Future Passengers by Station



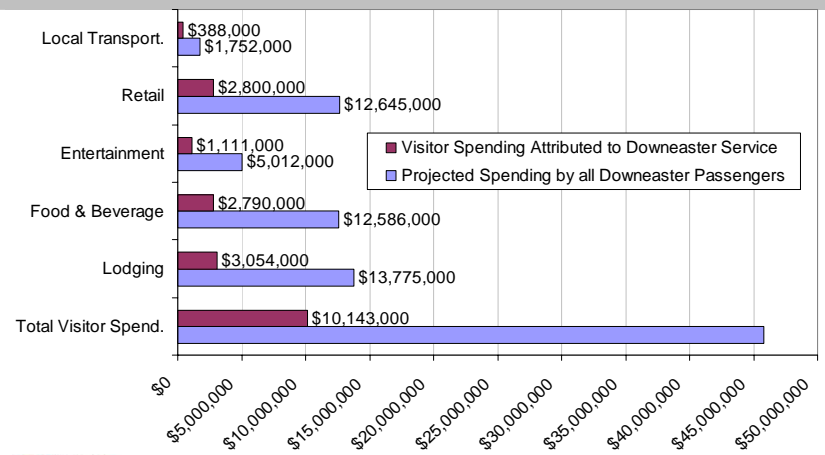


## 2015 Impacts of Downeaster – ME and NH

	Business Sales	Jobs	Personal Income
<b>Annual Benefits</b>			
<b>Direct Benefits</b>			
(1) ME - From operations at Current Stations	\$12,477,000	251	\$4,172,000
(2) ME - From operations at Planned Stations	\$15,898,000	271	\$8,611,000
(3) NH - From operations at Current Stations	\$5,192,000	91	\$1,715,000
<b>Total Direct</b>	<b>\$33,567,000</b>	<b>613</b>	<b>\$14,498,000</b>
<i>Spin-off Activities</i>	<i>\$21,566,000</i>	<i>345</i>	<i>\$8,558,000</i>
<b>Total Direct &amp; Spin-off Activities</b>	<b>\$55,136,000</b>	<b>958</b>	<b>\$23,056,000</b>
<b>One Time Construction Benefits</b>			
<b>Direct Benefits from Construction</b>			
	\$29,395,000	400	\$9,915,000
<i>Spin-off Activities</i>	<i>\$28,391,000</i>	<i>399</i>	<i>\$9,906,000</i>
<b>Total Direct &amp; Spin-off Activities</b>	<b>\$112,922,000</b>	<b>1,765</b>	<b>\$42,877,000</b>



## 2015 Visitor Spending – ME & NH



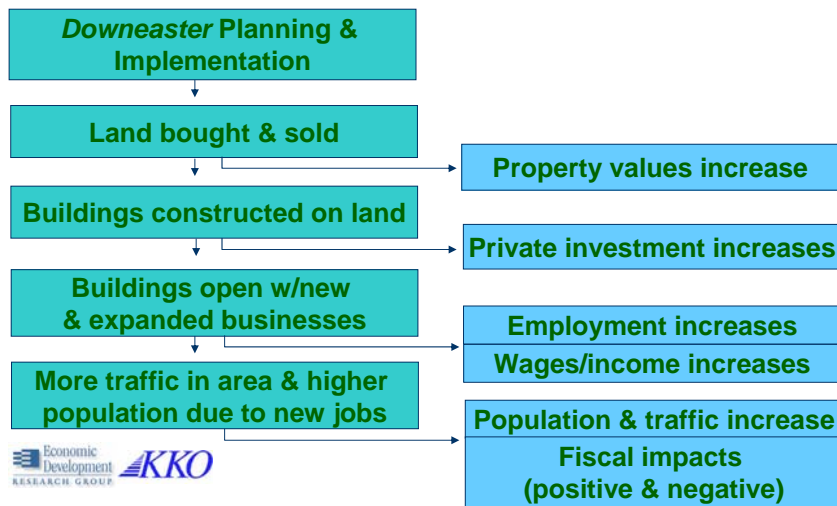


## Long-term Economic Development

- **Stage 1 – Property Demand**
  - Short term, begins within first year
- **Stage 2 – Building Construction**
  - Medium term, occurs within the first 5 years
- **Stage 3 – Business Growth**
  - Longer term, starting within the first 5 years, but often extending 10 years or more
- **Stage 4 – Other Regional Change**
  - Long-term



## Long-term Economic Development





## 2015 Economic Development Impacts

	Direct Benefit	Spin-off Benefits	Total Benefits
<b>Totals for Maine and New Hampshire</b>			
Business Sales	\$20,211,000	\$12,182,000	\$32,393,000
Employment	405	220	625
Personal Income	\$11,462,000	\$5,403,000	\$16,865,000

*The Downeaster could generate over \$20 million of direct business activities, an additional \$11.5 million in spin-off activities, supporting 625 jobs*



## 2015 Statewide Passenger Savings

	Direct Benefit	Spin-off Benefits	Total Benefits
<b>Totals for Maine and New Hampshire</b>			
Business Sales	\$1,913,000	\$1,049,000	\$2,962,000
Employment	24	8	32
Wages	\$345,000	\$362,000	\$707,000

*Projected annual economic benefits generated by Downeaster passengers includes nearly \$3 million of business sales, 32 Jobs, & 707,000 in wages*





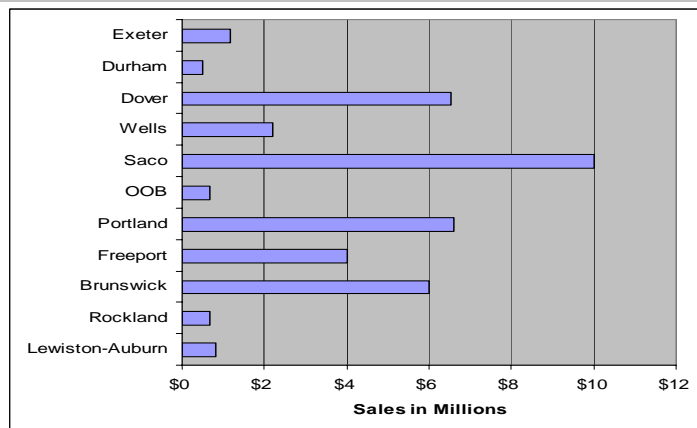
## 2015 Statewide Construction Activity

*Almost \$20 million of construction investment attributable to the Downeaster is anticipated in Maine*

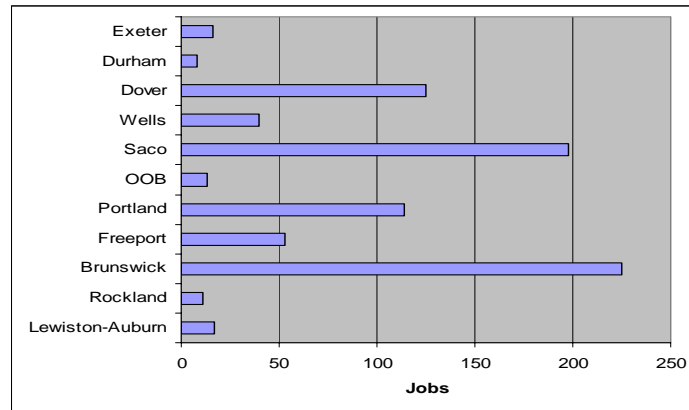
	Direct Benefits	Spin-off Benefits	Total Benefits
<b>Totals for Maine</b>			
Business Sales	\$29,395,000	\$28,391,000	\$57,786,000
Employment	400	399	799
Personal Income	\$9,915,000	\$11,705,000	\$19,821,000



## Future Economic Benefits - Sales



## Future Economic Benefits - Jobs



933

## Future Community Impacts

### Current

- **Saco**—Partial attribution of seven downtown establishments
- **Old Orchard Beach**—Partial credit for development of Chamber of Commerce building
- **Dover**—12 establishments in mill building

### Future

- **Saco**
  - Mill renovation into biotech building
  - Mill renovation for mixed use (including some residential)
  - Development of vacant parcel for mixed use
- **Wells**—Hotel in Transit District
- **Freeport**—Hotel
- **Brunswick**—160,000 sq.ft. of retail/office space next to station



## Future Community Economic Dev. Impacts

### *Future Annual Economic Development Benefits Generated by the Downeaster in Maine & New Hampshire Station Communities*

	Old Orchard Beach	Saco	Wells	Brunswick	Freeport	Dover
Direct Business Sales	\$176,000	\$6,213,000	\$676,000	\$14,012,000	\$538,000	\$3,742,000
Spin-off Business sales	\$103,000	\$3,590,000	\$427,000	\$9,654,000	\$441,000	\$2,625,000
<b>Total Business Sales</b>	<b>\$279,000</b>	<b>\$9,803,000</b>	<b>\$1,103,000</b>	<b>\$13,666,000</b>	<b>\$979,000</b>	<b>\$6,367,000</b>
<b>Total Employment</b>	<b>6</b>	<b>194</b>	<b>21</b>	<b>246</b>	<b>18</b>	<b>122</b>
<b>Total Wages</b>	<b>\$109,000</b>	<b>\$3,815,000</b>	<b>\$406,000</b>	<b>\$7,634,000</b>	<b>\$351,000</b>	<b>\$2,255,000</b>



## Future Local Construction Impacts

	Saco	Wells	OOB	Portland	Brunswick
Construction investment	\$13,283,000	\$6,763,000	\$160,000	\$22,720,000	\$2,500,000
Spin-off business sales	\$9,591,000	\$4,893,000	\$116,700	\$17,991,000	\$8,589,000
Total Business Investment & Spin-off Sales	\$22,874,000	\$11,656,000	\$276,000	\$40,711,000	\$4,692,000
Total Employment	326	167	4	507	60
Total Wages	\$7,940,000	\$4,055,000	\$96,000	\$14,491,000	\$1,701,000

*Construction investments attributable to Downeaster service are anticipated to range from \$160,000 to \$22.7 million in Maine communities*

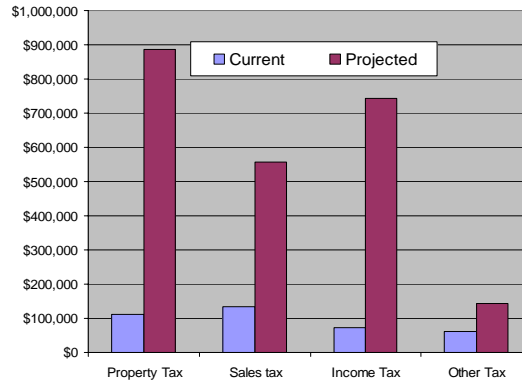




## State & Local Tax Implications

### Maine

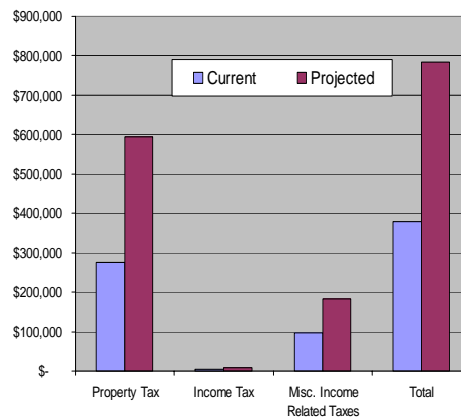
*Current annual tax revenues due to the Downeaster in Maine are approx. \$380,000 & expected to increase to \$2.3 million by 2015*



## State & Local Tax Implications

### New Hampshire

*Current annual tax revenues due to the Downeaster in NH are approx. \$380,000 & expected to double by 2015*





## Other Impacts

- Economic Benefits of *Downeaster* Operations
- Public Investment for Station Development
- Contribution to Housing Values
- Transportation Synergies



## Other Impacts – Public Investment for Station Development

Public investments in stations include:

- Approx. \$2.4 million invested in the Wells station & adjoining parking facilities
- A \$150,000 brownfields grant for the train station site in the town, expected to increase to \$1.5 million
- \$160,000 for station development in Exeter



## Other Impacts –Transportation Synergies

- Intercity bus services operate at Portland, Wells & Dover train stations.
- Ferries & cruise ships operate out of Portland.
- The *Downeaster* benefit cruise boat operations in Rockland, & support ferry to Canada.
- *Downeaster* could reduce Rockland traffic that negatively affects tourist travel.



## Conclusions

- Positive, measurable economic impacts occurred within first two years of service.
- The *Downeaster* has:
  - brought new visitors to the state.
  - stimulated business investment.
  - increased the desirability of areas near the stations for business opportunities & construction investments.
- Riders save money by using the train as opposed to other modes