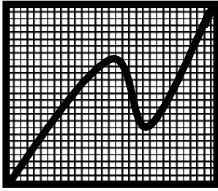


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The Economic and Fiscal Impact of Tourism on the Estes Park, Colorado Economy

Prepared for
Visit Estes Park
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THE ECONOMICS AND FISCAL IMPACT OF TOURISM ON THE ESTES PARK ECONOMY

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I. INTRODUCTION

Tourism is extremely important to the Colorado economy. Based on a survey of over two million households, Longwoods International found that the number of overnight visitors coming to Colorado in 2011 reached a record 29 million. Marketable leisure trips and business trips both rose by 4%, setting a new record of 14.3 million leisure visitors, while trips to visit friends and relatives fell by 6%.

Total spending by domestic visitors to Colorado amounted to \$10.76 billion in 2011, up 6% from the previous year.

Table 1: Tourism in Colorado - 2011

Visitors	Total	Overnight	Day
Total	57.9 million	29 million	28.9 million
Coloradans	35.9 million	11.9 million	24 million
	62%	41%	83%
Out-of-State	22 million	17.1 million	4.9 million
	38%	59%	17%
Spending			
Total	\$10.76 billion	\$9.4 billion	\$1.4 billion
		87.3%	13%
Coloradans	\$5.1 billion	\$3.9 billion	\$1.2 billion
	47%	41.5%	85.7%
Out-of-State	\$5.7 billion	\$5.5 billion	\$0.2 billion
	53%	58.5%	14.3%

Source: Longwoods International 2011.

Eliminating spending by Coloradans leaves \$5.7 billion in spending by visitors from out-of-state, making tourism one of the state's largest basic industries. A basic industry is one that sells its goods or services to non-Coloradans, thus bringing new dollars into the state.

Table 2: Colorado Gross Domestic Product – 2011

Total	\$264.3 billion
Manufacturing	\$ 20.6 billion
Mining	\$10.95 billion
Tourism (out-of-state)	\$ 5.7 billion
Agriculture/Forestry/Hunting/Fishing	\$ 2.6 billion

Source: Bureau of Economic Analysis.

A. Study Objective

This study was commissioned by Visit Estes Park, the destination marketing organization for Estes Park, Colorado. Visit Estes Park promotes visitation to Colorado's popular mountain destination located at the entrance to Rocky Mountain National Park.

The objective of this study is to provide information on tourism in the Estes Valley (zip codes 80517, 80511, 80515 and 80532) and to document the economic and fiscal impact of the tourism industry to the local economy.

The study consists of two primary types of analysis: a quantitative analysis of the impacts from tourism, including numbers of tourists, their spending and the resulting job and earnings impacts, and impacts on the Town of Estes Park revenues and expenditures; and

a qualitative analysis that examines the primary drivers of that tourism and its impacts and inter-relationships with specific segments of the Estes Park community.

The ultimate objective of the study is to provide tourism industry professionals, community leaders and interested citizens with detailed information on the complex interrelationship between the tourism industry and employment, retail sales, personal income, construction and taxes. The study will show that spending by tourists and the resulting taxes they pay mitigate the costs of providing services such as police and fire protection, community services, utilities, public works, and community development.

B. Approach

The definition of a tourist is a slippery concept. When does one stop being a local visitor and become a tourist? Is a person in town on business a tourist? What if they have come simply to shop?

The U.S. Travel Association (USTA) defines a tourist as someone who is more than 50 miles from home and/or spends the night away from home. By this definition, a day tripper from Fort Collins (42 miles) is not a tourist, while a day tripper from downtown Denver (68 miles) is. An overnight visitor from any distance is defined as a tourist. Both the leisure traveler, whether staying in a hotel, with friends or camping, and the business traveler, whether in town to see a client or to attend a convention, fit this definition of tourist. One person traveling for one day is defined as a visitor day, so one person traveling for five days is five visitor days.

For this study we have taken a slightly broader approach. The definition of a visitor (also referred to as a tourist) includes visitors that come from outside the Estes Valley for any length of time up to 30 days. The definition excludes summer residents and local residents. Business visitors are included in the definition.

Additionally, seasonal residents who either own a second home in Estes Park or who stay for longer than 30 days might traditionally be considered tourists. This study does not include this cohort in the basic estimations, although their impact is mentioned as a possible additional consideration.

Because this study is intended to assess the economic and fiscal impact of tourism on Estes Park, one more cohort should be recognized. That cohort consists of the local residents who are either directly or indirectly supported by the tourism dollars that come into the community. This impact has been estimated; however, it is reported separately so that it can be considered or left out, as best fits the question being addressed.

The study relies on secondary data available from a wide variety of public and private sources, as well as a number of personal interviews conducted by the principal investigators in Estes Park during June and July 2012. At the request of the client, we used data from visitor studies provided by Guest Research Inc. from 2010 and first quarter 2011, rather than following our usual practice of conducting intercept interviews. We also used survey data provided by Rocky Mountain National Park and RRC Associates.

The study utilizes traditional multiplier analysis, using both the Minnesota Implan Model and RIMS II multipliers developed by the U.S. Department of Commerce. Multiplier analysis was developed to trace the impact of a job or a dollar as it works its way through

a local economy. It recognizes the interdependence of various sectors of a region's economy. Activities in one sector of the economy spill over into other sectors, stimulating business activity there. This study tracks the flow of dollars spent by leisure and business travelers during their time in the Estes Valley. Direct spending by visitors results in jobs, income and tax revenues, to name a few. These dollars are respent, generating additional economic impact as the dollars circulate through the economy.

This flow of dollars is divided into three groupings:

Direct. This is the first round impact generated by leisure and business travelers as they reserve hotel rooms, purchase meals and souvenirs and/or visit attractions in the Estes Valley. Employment and personal income are supported by these direct tourist expenditures. The ten business categories that constitute the bulk of the travel industry include:

- Air Transportation
- Taxi/Limo
- Auto Rental
- Parking and Gas
- Bus/Charters
- Lodging
- Camping
- Arts, Entertainment and Recreation
- Retail Shopping
- Eating and Drinking

The transportation sectors are well paid, while the other sectors are among the lowest paid in the county. However, the abundance of part time jobs leads to understatement of the average weekly wage in the sectors.

Indirect. A second round impact is generated by the purchase of goods and services by the businesses that are the original recipients of tourist expenditures. For example, the wholesale purchase of beer and hot dogs by vendors for the rodeo or cleaning services by an Estes Park conference center represent indirect economic impacts.

Induced. This is the economic activity generated by the purchase of goods and services by the individuals whose incomes are derived directly or indirectly from the tourism industry. The purchases of furniture or a home by a hotel or restaurant employee or clothing or gasoline by an employee of the cleaning service used by the conference center are examples of induced economic impact.

C. Limitations

Economic analysis must always operate within the constraints of data availability. Less data are available at the local level than at the county or state level. In particular, many data series in small areas such as the town of Estes Park (population 5,878) are not statistically significant. In all cases, we use the best available data, relying on a combination of government and proprietary data.

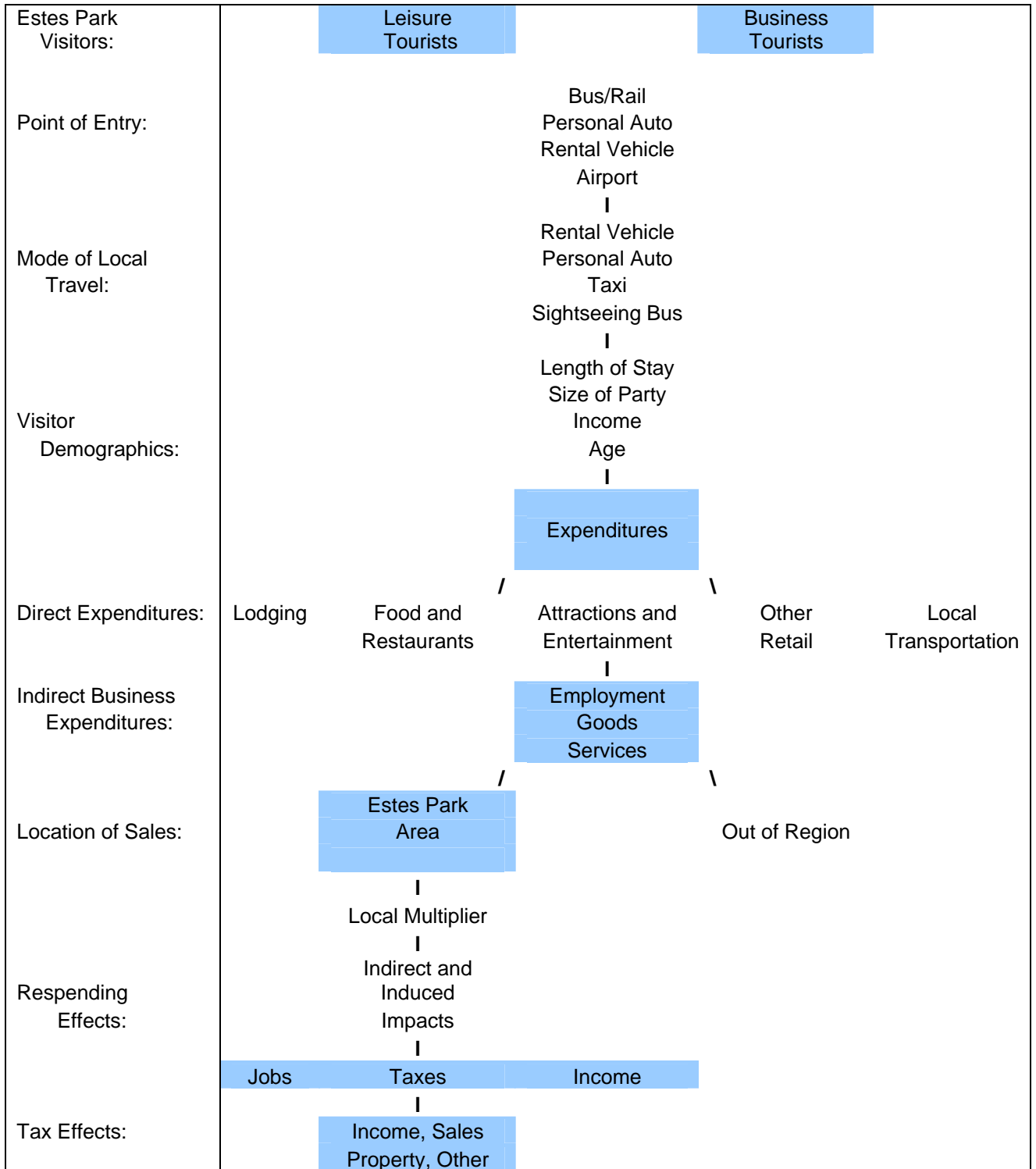
Economic analysis is both a science and an art. In the case of tourism, the analysis is particularly subjective. In all cases where a judgment call is required, we are

conservative in our estimates, preferring to understate rather than overstate the importance of this major sector to the Estes Park economy.

In addition to the impacts of tourism that can be quantified, there are other important effects that don't lend themselves to measurement. These qualitative impacts are enumerated and discussed.

A simple model tracing the impact of tourism on the Estes Park economy is shown in Figure 1.

Figure 1. THE ESTES PARK TOURISM ECONOMIC MODEL



II. OVERVIEW

Tourism is big business. According to the U.S. Travel Association (USTA), direct spending on leisure travel by domestic and international travelers totaled \$564 billion in 2011. Business travelers spent an additional \$249 billion. U.S. residents logged almost 2 billion person trips for leisure (77%) and business (23%) travel.

The travel industry directly and indirectly generated \$2 trillion in economic output. This supported 14.4 million jobs. Direct employment in the industry generated \$194.5 billion in wages.

Travel spending also generated \$124 billion for federal, state and local governments. USTA estimates that each U.S. household would pay \$1,000 more in taxes without the tax revenue generated by travel and tourism.

International travel is growing in importance. In 2011 international visitors to the U.S. spent \$153 billion, exceeding American's travel spending abroad by \$43 billion. An overseas traveler spends an average of \$4,300 (\$253 a day) in the U.S., staying an average of 17 days. Canada is by far the largest source of arrivals, followed by Mexico, the United Kingdom, Japan and Germany. The China, Brazil and Russian markets are the fastest growing.

A. Tourism in Colorado

According to Longwoods International, the 2011 year was one of mixed results for Colorado. At 14.3 million, the number of visitors coming to Colorado on marketable leisure trips and business trips rose by 4%. However, a 6% decline in the number of people coming to the state to visit friends and relatives left the overall picture flat. The state's share of marketable trips rose to 2.7%.

Visitor expenditures rose in all categories, up 5% for marketable trips, 7% for those visiting friends and relatives and 1% for business tourists. Day trippers increase their spending by 4%.

B. Tourism in the Estes Valley

There are almost 3,000 rooms in the Estes Valley in 109 hotels and motels.. There are an additional 81 rooms in 14 bed and breakfasts and 425 rooms in two guest ranches. Other overnight options include condominiums and homes (TripAdvisors lists 176 vacation rentals), 730 RV sites and 255 tent sites in ten RV parks and campgrounds. There are 571 individual camp sites and 13 group sites, each capable of accommodating 9-40 people, for tents and RVs inside Rocky Mountain National Park. The YMCA of the Rockies, about four miles east of Estes Park, has 655 rooms.

There are six facilities - a city-owned conference center, YMCA of the Rockies and four hotels - with 2,500 or more square feet of meeting space. The conference center hosted 47 conferences in 2011 with 5,319 attendees in addition to 19 local group events. Individuals in town for a conference center event spent an average of two nights in Estes Park, spending \$222.61 for each of two days.

Table 3: Estes Park Conference Space

Location	Meeting Space (sq ft)
Estes Park Conference Center	12,000
Stanley Hotel	16,000
Rocky Mountain Park Inn	16,000
YMCA of the Rockies	60,000
Estes Park Resort	2,500
Aspen Lodge	2,500

Source: estesparkcvb.com, YMCA of the Rockies.

In addition, a number of hotels and motels have one or more meeting rooms for small groups.

Vacation activities include special events almost every month of the year. There are holiday and outdoor festivals, a rodeo and ethnic and heritage festivals, as well as a classic car show and art and music events.

The city also maintains a museum and the historic Fall River Hydroplant. There were 22,412 visitors in 2011. There were 67 programs or tours offered in 2011, including tours of major historic sites. The Fairgrounds, Performance Park and Bond Park hosted 231,424 visitors in 2011.

Outdoor recreation is an important component of the Estes Valley tourist market. The Guest Research study found that enjoying a relaxing mountain getaway was the most important reason tourists chose to vacation in Estes Park.

A 2012 study of outdoor recreation spending in western states found that 40% of the national total, \$255.6 billion, occurred in those states. This spending generated 2.3 million jobs in the region and \$15.35 billion in state and local tax receipts. Colorado's share of outdoor trips increased to 3.9% in 2011, ranking it ninth among the states for this type of travel.

Estes Park is only 2.1 miles from the eastern entrance to Rocky Mountain National Park (RMNP). In 2011, 3.1 million recreational visitors entered the park, the vast majority through the eastern entrance. RMNP was the fifth most visited of our 58 national parks. Visiting RMNP was the second most important factor cited in the decision to visit Estes Park and was particularly important in the summer tourist season. Nearly three-fourths of all tourists coming to Estes Park visit RMNP during their visit – 82% of overnight visitors and 67% of day visitors.

Online travel spending totaled \$107.4 billion in 2011 in the U.S., double what it was in 2004. Tourists are increasingly using the Internet rather than 800 numbers and advertising as their primary source of travel information. They are also using the Internet to book travel. eMarketer Digital Intelligence reports that 120 million travelers used the Internet for travel information in 2011, up from 63.8 million in 2004. Of these, 98.3 million completed at least one online booking. Half of Colorado visitors used the Internet to help plan their trip in 2011 and to actually make a booking, according to Longwoods International.

The mobile travel market is growing even more quickly. Just over 12 million Americans used a mobile device to book travel in 2011 and that is expected to grow by 33% in 2012

and to triple by 2016, according to eMarketer Digital Intelligence. Just under half (48%) of leisure travelers to Colorado engaged in some travel-related activity via social media, up four percentage points from 2010.

Visit Estes Park's homepage on the Internet received 1.3 million hits in 2011, up 9.3% from 2010. Through June 2012 web hits were up 2.5%, to over 621,000. Visitor Guides viewed on the web were up 325%, to 586,000. The Internet is providing a cost-effective way for potential visitors to access Visit Estes Park services and information electronically. For example, Visitor Guides mailed to households were essentially flat at 101,000, while guides viewed on the Internet soared six-fold to almost 582,000. Through June Visitor Guide mailings were down 13%.

Table 4: Information Sources for Estes Park Area

	2011	June 2012 ytd
Web Hits	1,261,383	Up 3%
Visitor Guide Downloads	23,450	Up 15%
Visitor Guides Mailed	100,963	Down 13%
E-Newsletter Subscribers	12,353	Up 20%
Facebook Fans	5,009	Up 12%
Visitor Center Visits	401,692	Down 1%
Visitor Center Phone Calls	20,699	Down 23%

Source: Visit Estes Park.

A large Visitor Center on the main highway into Estes Park hosted over 400,000 visitors last year. An 800 number at the Visitor Center received almost 21,000 phone calls in 2011.

One measure of the importance of the tourism industry to the local economy is the proportion of non-farm workers employed by travel related businesses. In Larimer County, 18.8% of private sector non-farm jobs (16,500) were in the Leisure and Hospitality Sector in 2011, relative to 14.6% statewide. Of course, not all of these jobs are directly attributable to tourism, since local residents also purchase goods and services from the Leisure and Hospitality sector. By the same token, there are goods and services purchased by tourists that do not fall under Leisure and Hospitality. Dean Runyon Associates estimated that there were 6,720 jobs in the travel industry (both overnight and day visitors) in Larimer County in 2010.

III. THE DATA

One problem with providing analysis below the county level is that many data (e.g., employment) are only available at the county level and above. This is a particular problem for Estes Park. Larimer County data are dominated by the City of Fort Collins, which comprises almost half of the county.

Table 5: Population of Larimer County – 2010 Census

Town of Estes Park	Estes Valley (includes Town of Estes Park)	Fort Collins	Rest of County	Total
5,858	8,691	143,986	146,953	299,630
2.0%	2.9%	48.1%	49.0%	

Source: U.S. Census Bureau.

As a result, this study often relies on survey data, personal interviews and anecdotal data from local establishments. Reasonable assumptions are made where data do not exist. Budget and tax data from the town, as well as data from Rocky Mountain National Park were also critical and useful.

A. Survey Data

The primary survey data for this report were provided by Guest Research, Inc. A total of 7,622 Estes Park Visitor Study surveys were complete between January 16, 2010 and February 23, 2011. The completion rate was 40%, allowing for detailed seasonal and market segmentation analysis.

The source of the surveys was intercepts using iPod Touch devices, lodging property lists and a URL printed on business cards and distributed at in the Estes Valley. All surveys were conducted online from the e-mail addresses collected from these sources.

Table 6: Survey Methodology

Survey Source	Completed	Completion Rate
iPod	5,227	44%
YMCA	1,435	37%
Other Lodging	550	23%
Survey Cards	410	n/a
All Sources	7,622	40%

Source: Guest Research, Inc.

Survey Results

Visitors to the Estes Valley come from Colorado (43%), nearby Midwestern states (26%) and the rest of the country. Only 1.5% visit from outside the U.S.

Table 7: Place of Residence

Colorado	43.0%
Western U.S.	
Texas	7.0%
Nebraska	4.3%
Kansas	4.2%
Missouri	3.7%
Illinois	3.4%
Iowa	2.9%
California	2.8%
Other U.S.	27.2%
International	1.5%

Source: Guest Research, Inc.

Most Estes Valley visitors come in parties of two people (42%) with an additional 37% in groups of 3-5. The typical visitor is working age, well educated, with above average income. Sixty-one percent are female, 65% are age 38-63, 84% have a college degree or higher and 65% have an annual household income between \$50,000 and \$150,000. People come for vacations, in particular for a relaxing mountain getaway (59%) and to visit Rocky Mountain National Park (54%); only 7% of Estes Valley visitors come on business. Fifty-seven percent have visited the area at least twice in the last five years and between 60% and 85%, depending on the season, plan to return.

B. The Interviews

An important component of any study is to look behind the raw data to the perceptions and opinions of the people working in the field being studied. It is what enables one to flesh out the statistics and to avoid foolish conclusions. This was accomplished, in part, through a series of interviews conducted by the principal investigators in June and July with business and local government leaders in the Estes Park area. In addition to local government officials, these individuals represented the hotel/motel, resort, camping, convention, attractions, restaurant, shopping, hospital and real estate components of the Estes Valley economy.

These people, who were promised anonymity in return for candor, were generous with their time and were forthright in sharing their perceptions of the tourism industry in the Estes Park area. What they told us is not necessarily true for every facility in the region, but is the perception of an important component of the tourist industry.

The interviewees emphasized the importance of Estes Park's location as the eastern gateway to Rocky Mountain National Park. It is within a 1.5 hour drive (76 miles) of Denver International Airport, making it an easy drive for vacationers who fly into Colorado. It has almost 3,000 hotel/motel rooms, a 500-attendee capacity convention center, 64 restaurants and bars, shopping and numerous arts, entertainment and recreation establishments. There are hiking and cycling trails, camping, horseback riding, wildlife viewing, fishing, rock climbing, boating, snowshoeing and cross country skiing for outdoor enthusiasts.

Hotels/Motels. Lodging facilities reported very little international (1.5%) or walk-in business. Business is highly concentrated in the summer months (mid-June through mid-September), with decent occupancy in the shoulder seasons of May/early June and late

September/October. October occupancy is dependent on there being good weather. Winter occupancy is very low. In the winter Coloradans tend to book mid-week for a weekend getaway if the weather is good. The people we interviewed mentioned the need for festivals and events in the non-summer months to attract more people to the area.

One lodging operator commented that room rates are rising in 2012 for the first time in several years. Rather than increasing the posted rate, operators have begun charging for the third and additional guests.

Table 8: Estes Park Lodging

	June Average Daily Rate	June Occupancy Rate	Annual Occupancy Rate
2012	\$160.66	75.3%	
2011	\$163.48	69.2%	50.9%
2010	\$168.26	71.1%	48.1%
2009	\$163.44	67.9%	49.2%
2008	\$158.35	75.4%	53.2%
2007	\$161.97	75.0%	53.0%
2006	\$112.47	79.9%	51.8%
2005	\$140.02	71.2%	44.4%
2004	\$133.16	65.9%	44.2%
2003	\$135.62	63.4%	46.2%

Source: Rocky Mountain Lodging Report.

Condominium managers report that their busy season is June 15-August 15, with weekends busy through mid-October. Some condominiums require a three-day stay during the busy summer season. Others will rent for one or two nights but charge premium rates for stays of less than three days. Some condo owners cut rates in the off season to increase occupancy. Others argue it is more profitable to rent fewer units at higher rates and that it can take five years to restore rates once they have been cut.

Many condo managers close some or all of their units during the quiet winter season. Others stay open and entice guests with free snowshoes or ski equipment. The Eldora ski area is only an hour away. Like other people we interviewed, they would like to see more offseason events to attract more visitors outside of summer.

Business travel accounts for 7% of Estes Park visitors. The area attracts sales meetings, trade shows, association meetings, board meetings and retreats. The primary meeting market is Colorado (one tank of gas), followed by the Midwest. One person mentioned that the very low government per diem rate of \$70 makes it difficult for government groups to meet in Estes Park. Business travel has not recovered since the terrorist attacks on New York City in September 2001.

General tourism is much larger (82%) than people coming for special events (5%), although the latter is growing in importance. There are also numerous family events such as weddings (3%) and reunions (4%). Romantic getaways for couples are popular. Interviewees also commented that the annual two week vacation has been replaced by several shorter (150 miles or less) trips.

Camping. The RV/cabin clientele is now 60-65% Colorado business, one camp ground owner commented. Twenty years ago 60-65% of guests were from out-of-state. Campgrounds emphasize theme weekends and people often plan a year ahead to come.

The atmosphere is neighborly, with camaraderie developing among groups. The great bulk of campers come in towable RVs (78%), with about 18% sleeping in tents and a few in self-contained RVs. The camping season is concentrated over 22 weeks from spring through fall, with the 83-night summer season the strongest. The average camper stays 3.4 nights, a major change from the longer vacations of 20 years ago.

Restaurants. The Estes Park phone book lists 68 bars and restaurants in the area, ranging from fast food and pizza through ethnic restaurants and fine dining. Very few national chains are here. Trip Advisor lists 148 places to eat in the Estes Valley.

Complaints that surfaced in visitor interviews included the lack of fine dining and the lack of national chain restaurants. Overnight visitors were more likely to be dissatisfied than day visitors. The YPartnership survey ranked food and beverage in Estes Park between acceptable and good (2.5 on a five point scale).

Another problem that surfaced in interviews with meeting planners and hotel operators is that many restaurants close on Monday and Tuesday nights in the winter. This makes it difficult to attract overnight guests who have trouble finding places to eat. The interviewees suggested that restaurant owners coordinate the nights they close, so that a few restaurants in each category are always open.

Restaurant owners, along with most other people we interviewed, talked about the difficulty of finding capable staff during the busy summer months. Although some summer employees return year after year, they find American college students less willing to work at near-minimum wage jobs than they were a decade ago. They are forced to rely on international students with little or no experience who often do not understand American culture and customs. Employers tend to forget how busy the summer season is and come up short staffed, forcing visitors to wait in lines for a table.

One restaurant owner estimated that 95% of summer business is out-of-towners, with 25-30% there for the first time and a much higher percentage on return visits. The National Restaurant Association estimates that nationally only 30% of restaurant sales are to tourists.

Shopping. Shopping received the lowest rating in the Guest Research survey. One interviewee explained that shops that are clean and change their inventory frequently stay busy. But too many shops are “dusty old places that never change with owners who are always whining.” Shops making capital expenditures and using the slow winter season to do deep cleaning and preventative maintenance do much better. This perception was confirmed by several other people with whom we talked. They also pointed out the need to change their inventory frequently and not sell the same thing as every other store on the block.

They added that many shops are owned by people who only want to work half of the year and who close in the winter. This creates a problem because it leaves holes in the “shopping loop” that tourists walk. Retail stores catering to tourists that aren’t in this loop face additional challenges attracting customers; Lower Stanley Village was cited as an example. Owners who want year-round business are excited about Visit Estes Park’s campaign to promote year-round tourism. They pointed out the importance of marketing to day visitors as well as overnight visitors.

One interviewee pointed out that businesses that cater to locals rather than tourists also benefit from the busy summer season. Demand for their products, which are used by businesses serving tourists, rises. This is the indirect effect we discussed in the introduction.

Like other industries, finding summer employees is a challenge, particularly experienced retail managers. Many workers drive from Loveland, Allenspark and even Greeley, even though wages are in the \$8-\$12 range. Retirees also work as part time employees. Foreign employees aren't usually used in retail, although interviewees mentioned there are large Nepali and Russian communities who work in other parts of the tourist industry.

Attractions and Events.

Many of the special events in the Estes Park Valley are managed by the Town of Estes Park. A major venue is the Fairgrounds at Stanley Park, which includes Barn W, a 15,386-square foot building that is operated year-round. The town also manages Performance Park, an acoustically correct shell at the west end of downtown.

Table 9: Estes Park Special Events

January	Winter Festival
February	Model Railroad Show
May	Jazz Festival/Art Walk Classic Auto Show Antiques and Collectibles Show Art Market
June	Wool Market Fishing Derby Marathon Scandinavian Festival
July	Rooftop Rodeo July 4 Fireworks Coolest Car Show
August	Heritage Festival
September	Scottish/Irish Highland Festival Fine Arts and Crafts Festival Brats, Bands 'n Beer Elk Fest
November	Holiday Celebration and Parade

Source: 2012 Official Visitor Guide.

Events fall into three categories. One type brings participants from around the country but doesn't attract many spectators. An example is a horse show, which brings in hundreds of horses and riders who pay to participate, stay in local lodging (although some bring their RVs) and eat in local restaurants.

A second type of event attracts thousands of spectators. An example is the Rooftop Rodeo, which runs for six nights with 70% of visitors from out-of-state.

A third type, with perhaps the largest impact, attracts both participants and visitors from outside the region, all of whom pay to be included as well as spending money in the town on lodging, food, shopping, etc. An example is the Wool Market, one of the three top wool markets in the nation along with New Mexico and Oregon. It is held in the shoulder

season of early June. Heating Barn W is part of the town's master plan and that will enable the Fairgrounds to offer more off season events.

Interviewees pointed out another way to look at events. There are events that bring people to the Estes Valley, such as the ones mentioned above. There are other activities and events that provide entertainment for visitors who come for other reasons – the relaxing mountain vacations and Rocky Mountain National Park. Both are important to the local economy.

Rocky Mountain National Park. There are no lodging facilities (other than campgrounds) in the Park and only one privately operated restaurant/gift shop. This is a change from a few generations ago, when a local family still involved in the travel industry operated a lodge within the Park boundaries.

At the entrance to the Park there are RV parks, restaurants, gas stations, gift/apparel shops, a Playhouse that presents musical performances and a tramway. Interviewees reported that they have many repeat visitors who come summer after summer, often the same week each year. In September, when children are back in school, the clientele is older. Mid-week visitors tend to spend more than weekend visitors. Like the restaurants downtown, these businesses rely on a foreign labor force.

Rocky Mountain National Park hosted 3,176,941 recreational visitors in 2011, up 7.1% from 2010. Two separate visitor surveys were done, in summer 2010 and winter 2011. The summer survey found that 64% of visitors stayed overnight within 20 miles of the Park. Of these, 41% stayed four or more nights inside the park and 33% stayed five or more nights outside the Park within a 20 miles radius. The average length of stay within 20 miles of the park was 3.5 days, 1.6 of those days in the Park. In the winter survey 35% stay overnight within 20 miles of the Park with 38% of those staying two nights. The average length of stay in the area was 1.6 days, including 6.2 hours in the Park.

Among Estes Park visitors, 67% of day visitors and 82% of overnight visitors spent time in the Park and 98% rated their experience there as excellent or very good, the highest rating of any activity. The Park was the second most important factor (after relaxing mountain getaway) in tourists' decision to visit Estes Park, cited as extremely important by 59% of overnight visitors and 47% of day visitors. Park information was the third most important source of information in the decision to visit process, cited by 14%.

YMCA of the Rockies. A unique facility near Estes Park is the Estes Park Center of the YMCA of the Rockies. It includes 300 buildings, 200 family cabins, 4,000 pillows, four dining rooms and dozens of activities. In recent years, over 250,000 guests have come to the Center each year. The mission of the Center is to bring families closer together and they market to groups with a similar mission. Families often meet for the first time at the Center, then plan to return the next year at the same time as their new friends. About 80% of the groups using the facility are religious in nature, including Buddhist and interdenominational Christian. There is hiking, horseback, archery, fishing, a craft program, a day camp for 250 kids and evening family activities.

Business is extremely seasonal, with close to 100% occupancy from mid-June through mid-August. The camp employs about 500 summer workers and has done most of its recruiting over the Internet since the early 1990s. This was the one business we

interviewed that reported no problem recruiting workers. Workers return year after year; some came to the Center as children with their families. They also have 3 and 12 month training programs for individuals from YMCAs around the world that empower them to return to their home YMCAs as experienced staff.

Like other attractions, visits declined in 2008 and 2009. Families stayed for shorter periods and churches brought smaller groups. Visits began increasing in 2010. Texas is the largest sources of visitors, followed by Colorado, then Kansas and Nebraska. California is of growing importance. The largest group they have hosted was 2,800 (RCA); they also hosted a group of 1,000 Buddhists.

While guests spend a lot of time on the YMCA grounds, they also go into town for meals and shopping. Although 19% of responses to the Guest Research survey camp from visitors to the YMCA, no questions referred to it specifically and it was not mentioned in the responses.

Cheley Camps. The first Cheley camp opened in 1921 on the shores of Bear Lake in Rocky Mountain National Park. This summer leadership camp for boys became very popular and five years later a camp for “vigorous girls” was opened. The entire operation moved to Land O’ Peaks in 1927 and in 1941 two additional camps were opened. Today there are eight outdoor living summer camp units housed on three properties. Although we were unable to obtain specific data, many of the four generations of campers who have come to the Cheley camps have surely returned as tourists and retirees to the Estes Valley.

Real Estate

Tourism affects the Estes Valley real estate market in two ways. First, many people who come as tourists buy second homes in the area. Second, many tourists – both those with second homes and those who stay in local lodging – retire in Estes Park.

One local real estate professional said that 90-95% of his business is tourist related. Sixty percent of his business is with people who aren’t permanent residents. Most of the rest is former tourists who are retiring here. Houston is his biggest market, with New York growing rapidly.

He divided the Estes Valley real estate market into five categories.

First, there are return visitors, most often from the Midwest, who are in their 50s and 60s. They plan to retire in Estes Park but notice that home prices are rising (although they have been flat in the most recent six years). So they buy a home, use it for vacations and may also rent it out. They plan a major remodel when they move in permanently.

Second are people in their 30s and 40s. They are making good money but don’t have a lot of vacation time. They buy a home to use when they visit and have it professionally managed the rest of the year. They eventually trade up to a larger home, sometimes keeping the first property as an investment. One study showed that the move-up market comprised 23% of local sales.

Third are people selling their second, third or fourth vacation home. They came on vacation, bought and now see the home as an investment. Occasionally it is someone

looking for a large investment project who will purchase multiple professionally managed condominiums and houses.

Fourth are people who buy a cheap fixer-upper, sell it and repeat the process. Finally they make enough on a sale to buy a home for themselves.

Fifth, there are those who have come to Estes Park for years on vacation. When they retire they sell the home they've lived in and buy in Estes Park.

C. The Role of Marketing

The U.S. Travel Association points out that in 2010 travel and tourism generated \$118 billion in tax revenues to government at all levels. Of this, \$53 billion (44.9%) went to state and local governments.

In 1993 Colorado eliminated its tourism promotion budget, cutting it from \$12 million (\$19.1 million in 2012 dollars) to zero almost overnight. The state's share of the domestic tourism market plunged 30% within two years and in the important summer resort segment, Colorado dropped from first place among the states to 17th. Funding was not restored until 2000, when the legislature appropriated \$5 million (\$6.7 million in 2012 dollars). This was upped to \$19 million (\$21.6 million in 2012 dollars) in 2006. The next year travel to the state rebounded to an all-time high, with 28 million visitors spending \$9.8 billion (\$10.1 billion in 2012 dollars). Longwoods International estimates that each dollar spent on tourism marketing in Colorado generates over \$190 in tourist sales.

IV. TOURISM'S CONTRIBUTION TO LOCAL SERVICES AND TAXES

What is the impact of the tax dollars received by Visit Estes Park on the local economy? Once the number of visitor days to the Estes Valley area and expenditures by type of purchase are estimated, expected tourism dependent sales tax revenues for the town can be estimated and summed. Additionally, based on local residents' earnings and typical residential expenditure patterns, sales tax revenues coming from local residents can also be estimated. The summed total expected sales tax revenues of visitors and residents are then compared to actual sales tax revenue collections to determine if the data and assumptions used are yielding reasonable results.

In addition to sales tax revenue, the Town of Estes Park also receives revenues from other sources. Based on an analysis of those revenue sources, the total revenues from both sales taxes and other revenues attributable to tourists are then calculated.

On the cost side, the town's budget is analyzed by department and estimates are made of how much of each line item is due to tourist visits. With those estimates, the total costs due to tourism are tallied and compared with the total revenues due to tourism. That surplus or deficit is then divided by the town's resident population and the entire Estes Valley population to determine the annual subsidy given to or received from tourists so an estimation can be made of the impact of an incremental increase in visitor days.

A. Visitor Estimates

No single source of data exists that counts the total number of tourists who visit the Town of Estes Park annually or their expenditures. The estimates used for this study primarily come from a compilation of three sources: vehicle counts and visitor research by the Rocky Mountain National Park (RMNP); expenditure and length of stay data collected for Visit Estes Park by Guest Research, Inc; and cost and revenue data from the Town of Estes Park. The study also uses data from the U.S. Census and the Bureau of Economic Analysis.

Table 10 presents information gathered on visitor figures to the Estes Valley area and also estimates of the total numbers of visitors to Estes Park in 2010 and 2011. Rocky Mountain National Park publishes monthly visitor counts for the Park. They counted 2,955,821 recreational visitors in 2010 and 3,176,941 in 2011. Additionally, there were about 172,000 non-recreational visits to the Park. These figures are based on an estimate comprised of mechanical counts of vehicles at the main entrances and estimates of visitors at other entrances. These figures are multiplied by an estimate of the number of vehicle occupants, ranging from 2.3 to 3.0 depending on the season and location.

In addition, an unknown number of visitors come to Estes Park and do not go to RMNP. The total visitors to Estes Park are made up of both groups. To estimate the number of visitors to the town requires estimating the percentage of the Park visitors who go into the town and the number of visitors to the town that do not go to the Park.

For this study, the 3.2 million RMNP recreational visitors in 2011 were reduced to account for both local resident visitors to the Park, and for RMNP visitors who did not enter the town, either because they drive directly to the Park and did not stop in town, or they spend one or more entire days in the Park during their multiple day visit.

Additionally, the number of visitors to the town who did not go to RMNP was estimated based on survey data that identified the ratio of town visitors that both did and did not visit RMNP.

Summit Economics estimates that there were almost 1.9 million non-local visitor days (one visitor for one day) to the Town of Estes Park in 2010 and just over 2.0 million in 2011.

Table 10: Estes Park Visitor Estimates, 2010 and 2011

Town of Estes Park Visitor Day Estimates, 2010 and 2011	
Total 2010 RMNP Visits	2,955,821
Percentage of Park Visitors that are local	8%
Total 2010 non-local RMNP Visits	2,719,355
Average Number of Days at RMNP (winter and summer)	3.77
RMNP Visitors	721,625
Percent of Visitors that used support services in Estes Park area	84%
Non local RMNP Visitors that also visited Estes Park	606,165
Assumed Number of Days Spent Visiting and Shopping in Estes Park	2.27
Non local Estes Park Visitor Days of RMNP Visitors	1,375,994
Guest Estimate of % of Estes Park Visitors that also visit RMNP	73%
Estimated Number of Estes Park Visitors who do not visit RMNP	508,929
Total 2010 Estes Park Visitor Days	1,884,924
Increase in RMNP visitors 2010 to 2011	7.5%
Estimated 2011 Estes Park Visitor Days	2,026,293
Sources: National Park Service, Rocky Mountain National Park Visitor Study; Guest Research; and Summit Economics	

A number of technical adjustments and assumptions have been made to the available data in order to arrive at the above estimates. A detailed explanation of those adjustments and assumptions are given in the Technical Appendix.

Recreational visitor figures for RMNP increased significantly in 2011 over 2010 - by 7.5%. Sales tax revenue within Estes Park during this same period increased 5.9%. Based on that, we increased the Town of Estes Park visitor day estimate by 7.5% for 2011 over the estimated 2010 figure.

The next table examines monthly visitor figures for RMNP. During the six months of May-October 2010, there were 2,573,216 visitor days (recreational visits), or 87.1% of the year total. Of that total, 92.2% of those entered through the East (Estes Park) gate. Approximately 57% of the visitors came just during the months of June, July and August.

Table 11: Rocky Mountain National Park Visitor Data 2010

Rocky Mountain National Park Visitor Data							
2010	Rec Visits	Non-Rec Visits	Tent Campers	RV Campers	Back Country Campers	Misc Campers	Total Overnight Stays
January	64,618	9,833	147	69	130	0	346
February	44,576	6,835	66	30	56	0	152
March	70,117	6,778	267	162	246	0	675
April	69,097	6,737	354	273	134	0	761
May	180,710	11,780	3,576	1,932	922	296	6,726
June	441,738	22,443	19,710	9,006	4,599	1,356	34,671
July	668,418	30,683	27,129	11,130	12,452	2,477	53,188
August	574,638	29,990	22,176	9,702	9,687	1,154	42,719
September	461,942	22,514	14,526	11,277	4,135	631	30,569
October	245,770	10,845	1,314	1,512	833	15	3,674
November	67,862	7,714	207	189	138	0	534
December	66,335	6,474	42	72	73	0	187
2010 Total	2,955,821	172,626	89,514	45,354	33,405	5,929	174,202
Source: National Park Service							

Based on Guest Research surveys of all visits to Estes Park, almost 74% of those visitors spend at least part of their visit in the Estes Park area. Over the course of the year, approximately 63% were overnight visitors and 37% were day visitors. No monthly estimate of day visitors is available, so it is not known how many come for summer activities and how many come for winter activities, nor is it known how many come primarily for shopping and how many come primarily for outdoor or recreational purposes.

B. Average Daily Expenditures

Data on average daily expenditures of visitors have been developed by Guest Research. Because one of the primary purposes of this study is to estimate the fiscal and economic impact of tourism on the citizens in the Estes Valley, Summit Economics has made several adjustments to the expenditure figures to better reflect the fiscal impacts, as opposed to just calculating total expenditures. These adjustments are intended to reflect more accurately the fiscal impact on the town's budget by eliminating expenditures that are not subject to the town's sales tax collections.

Among visitors who reported that they spent money, the average daily expenditures per person of all visitors to Estes Park, both overnight and day visitors, across all seasons, was \$138 in 2010. For overnight visitors, the per person per day figure was \$165, while day visitors spent about \$88 per person. Including responses of those who did not spend money, the per person per day average fell to \$117, or about 85% of the \$138.

Additionally, some of the visitor expenditures were for RMNP entrance fees and camping fees. While RMNP reported that the average expenditure per person visiting the park was \$26, Summit adjusted the average per person expenditure down by half that amount. The resulting average expenditure per person per day used in the study was \$103.48. This figure is still significantly higher than the average daily expenditure figure reported by RMNP of \$56 in the summer and \$96 in the winter, but also includes many who may

not come into the Park. Another survey, conducted by RRC Associates in 2010, reported an average daily expenditure figure of \$83. We did not use these data, as they were based on a survey of a different and limited subset of visitors.

Table 12: Estes Park Visitor Expenditure Estimates, 2011

Expenditures by Category						
	Average for all day visitors	Average for all overnight visitors	Weighted average for all day visitors	Weighted average for all overnight visitors	Total expenditures, all visitors	
Retail	\$ 28.50	\$ 16.74	\$ 10.16	\$ 10.77	\$ 20.93	
Restr/Meals	\$ 18.56	\$ 18.66	\$ 6.62	\$ 12.01	\$ 18.62	
Entert.	\$ 7.31	\$ 7.59	\$ 2.61	\$ 4.89	\$ 7.49	
Snacks	\$ 6.75	\$ 4.44	\$ 2.41	\$ 2.86	\$ 5.26	
Other	\$ 3.75	\$ 8.92	\$ 1.34	\$ 5.74	\$ 7.08	
Grocery	\$ 1.50	\$ 8.37	\$ 0.53	\$ 5.39	\$ 5.92	
Lodging	\$ -	\$ 59.31	\$ -	\$ 38.18	\$ 38.18	
Total	\$ 66.38	\$ 124.02	\$ 23.65	\$ 79.83	\$ 103.48	
		Adjustment factor	75%			
Sources: Guest Research, with adjustments by Summit Economics						

Longwoods International, which examines tourism in the state of Colorado, found that the average expenditures of visitors during their time in the state ranged from \$48 per person for day visitors to \$370 for “marketable trips”.

Table 13: Colorado Vacation Spending

	Per Person
Marketable Trips	\$370
Visiting Friends/Relatives	\$271
Business Travelers	\$299
Day Visitors	\$ 48
Special Events	\$322
Outdoor Trips	\$286

Source: Longwoods International.

Total expenditures that occurred within the Town of Estes Park were estimated next. The expenditures by category estimates shown in Table 12 were adjusted downward in Table 14 to exclude non-taxable amounts that were included in the survey responses reported by Guest Research. By making these adjustments, the daily average expenditure fell to approximately \$92. These adjusted estimates by category were then again modified by estimating the percentage of each category that would be sales taxable. Based on general expenditure patterns found in other communities and on general municipal sales tax rules, the percentage of taxable sales varied depending on category. The resulting total average taxable expenditure came out to about \$76 per visitor per day.

Table 14: Estes Park Visitor Taxable Expenditures, 2011

Estimation of Daily Taxable Expenditures per Visitor excluding taxes and tips						
<u>Category</u>	Avg Daily Expenditure	Percent on Taxes and Tips	Less Taxes and Tips	% Taxable	Taxable Amount	
Retail	\$ 20.93	7.7%	\$19.32	95%	\$18.35	
Restr/Meals	\$ 18.62	22.7%	\$14.40	100%	\$14.40	
Entertainment	\$ 7.49	7.7%	\$6.92	0%	\$0.00	
Snacks	\$ 5.26	7.7%	\$4.86	100%	\$4.86	
Other	\$ 7.08	7.7%	\$6.53	50%	\$3.27	
Grocery	\$ 5.92	7.7%	\$5.92	10%	\$0.59	
Lodging	\$ 38.18	9.7%	\$34.47	100%	\$34.47	
Total	\$103.48		\$92.41		\$75.94	
Percent Taxable			82.2%			
Percent Subject to Lodging Tax			37.3%			
Source: Summit Economics, based on Guest Research data						

C. Tax Revenue Impacts

Multiplying the expenditures per visitor day times the number of visitors results in an estimate of the total and taxable sales that occur within Estes Park. Table 15 shows that the 2,026,000 estimated visitor days in Estes Park in 2011 generated \$187 million in total sales and \$154 million in taxable sales within the town. With a 4% retail sales tax, the estimated sales tax revenue to the town would be \$5.2 million - \$3.4 million in sales tax on retail and \$1.8 million on lodging. [Note: the 2% lodging tax, which is also collected, goes directly to Visit Estes Park and does not show up in the town's tax collections.]

Table 15: Estes Park Visitor Sales Tax Revenue Estimates, 2011

Estes Park Sales and Sales Tax Revenue Estimates			
	2011	2010	
Total Number of Visitor Days in Estes Park	2,026,293	1,884,924	
Seasonally Weighted Daily Expenditure, All Visitors			
Guest Research, adjusted	\$92.41	\$92.41	
	2011	2010	
Total Estimated Visitor Expenditures	\$187,251,394	\$174,187,343	
Taxable % Expenditures per Visitor Day	82.17%	82.17%	
Lodging Taxable % Expenditures/Day	37.30%	37.30%	
	2011	2010	
Total Taxable Expenditures	\$153,866,964	\$143,132,060	
Total Non Lodging Expenditures	\$84,013,892	\$78,152,458	
Total Lodging Expenditures, incl above	\$69,853,072	\$64,979,601	
Adjusted Lodging Expenditures	\$46,122,165	\$42,904,340	
Total 2010 City Retail Sales Tax Rate	4.0%	4.0%	
Total 2010 City Sales Tax Rate on Lodging	4.0%	4.0%	
<u>Total Imputed 4% City Retail Sales Tax Revenue</u>	\$3,360,556	\$3,126,098	
<u>Total Imputed 4% Sales Tax Revenue on Lodging</u>	\$1,844,887	\$1,716,174	
<u>Total Imputed Retail and Lodging Sales Tax Revenue From Visitors</u>	\$5,205,442	\$4,842,272	
Source: Summit Economics			

The lodging expenditure data required making a significant separate adjustment. The actual lodging revenues as reported by the town were only 41% of what was initially estimated based on per capita lodging expenditure reports. The discrepancy is likely due to a large number of hotel/motel/lodge units being located outside town limits (19% of all units and 32% excluding the YMCA), plus additional lodging being in rentals by owners that do not report lodging revenue.

In an effort to gauge the reasonableness of the estimates above, Summit Economics also examined the detailed monthly retail sales report of Estes Park and estimated the proportion of the total revenues that come from local and seasonal residents and the proportion of the revenues that come from visitors. Table 16 shows the analysis for the

selected months of the year. The complete analysis for the year shows that local resident sales taxes accounted for about \$2,608,000 of the total \$7.4 million sales tax revenue collected by the town. In all, local residents account for 35% of all sales tax revenues, with visitors accounting for the rest. Note that the monthly population estimates vary from a winter low of about 5,000 to a summer high of 10,000, according to city officials with whom we spoke. The average population was 7,728. A detailed explanation of this calculation is given in the Technical Appendix.

Table 16: Estes Park Sales Tax Revenue Distribution Estimates, 2011

Estimation of Resident and Visitor Sales and Lodging Tax Revenue							
	Jan	Apr	Jun	Aug	Oct	Dec	Total
Total Resident Population of Estes Park Valley	5,000	8,691	9,564	10,000	8,333	5,000	
Annual Resident Days in Month	155,000	260,730	286,910	310,000	258,333	155,000	2,824,651
Monthly Visitor Days in RMNP	50,402	53,896	344,556	448,218	191,701	51,741	2,305,540
RMNP Visitors That Don't Visit Estes Park	(4,383)	(4,687)	(29,961)	(38,975)	(16,670)	(4,499)	(200,482)
Visitors to Estes Park That Don't Visit RMNP	25,201	26,948	172,278	224,109	95,850	25,871	1,152,770
Total Resident & Visitor Days	226,220	336,887	773,782	943,351	529,215	228,113	6,082,479
% of Visitor Days to Total Days	31.48%	22.61%	62.92%	67.14%	51.19%	32.05%	53.56%
Resident Sales Tax (1-% of visitor days * tot month non lodging sales tax)	\$161,371	\$207,042	\$238,704	\$293,248	\$199,534	\$220,722	\$2,607,927
Daily Per Capita Sales Tax Revenue	\$1.04	\$0.79	\$0.83	\$0.95	\$0.77	\$1.42	
Visitor Sales Tax: Retail and Lodging	\$108,446	\$116,414	\$667,425	\$920,403	\$390,506	\$201,360	\$4,814,610
Resident Share of Sales Tax	68.5%	77.4%	37.1%	32.9%	48.8%	67.9%	35.1%
Source: Summit Economics							

One further check on the reasonableness of the findings was done by estimating how much retail sales tax should be collected using a household income approach. Using data from the U.S. Census and BLS household expenditure profiles, we estimate that of the \$270 million in annual household income in Estes Park in 2010, about \$99 million will be spent on taxable goods. That figure is then reduced for two reasons: Data on commuting patterns show that 18%-24% of all Estes Park workers do not work in Estes Park. Anecdotal data indicate that residents who live and work in Estes Park find many items they need aren't available locally. This means that retail sales leakage to Loveland and other areas is significant. We therefore made the conservative assumption that 1/3 of all local resident retail sales are lost from Estes Park. We then multiplied the remaining retail sales by the 4% town sales tax rate. The resulting estimate of \$2,649,000 is very close to the \$2,607,000 found by using the share of population methodology used in Table 16.

Table 17: Estes Park Residential Sales Tax Revenue Potential, 2010

Residential Retail Sales Tax Potential, Based on HH Income	
Total HH's	3,752
Mean HH Income	71,892
Total HH Income	\$269,710,361
% Spent on Taxable G&S	0.3665
Total Spent on G&S	\$98,848,847
% spent non-locally	0.33
Amount Spent Locally	\$66,228,728
Local Sales tax rate	0.04
Expected Retail Sales Tax	\$2,649,149
Source: US Census, BLS and Summit Economics	

D. Municipal Budget Impacts

Once the sales tax contribution to town revenues that are due to visitors is known, all other town revenues need to be estimated.

The following tables present the findings of an analysis of the town budget for 2012, in order to represent the most current fiscal impacts as possible. In this portion of the analysis, all revenue sources to the town were analyzed and a portion of each revenue source was allocated to residents and to visitors. The purpose of this portion of the analysis was to determine, in total, how much visitors contribute to the municipal budget in terms of sales tax, property sales, utility transfer fees, licenses and fees and other departmental revenues. This estimation of municipal revenues and fees due to visitors was prepared by analyzing the town budget and through interviews with key municipal staff to test the appropriateness of assumptions made. Table 18 shows the total revenues to Estes Park by major category and shows the split between contributions of visitors and residents.

**Table 18: Estes Park 2012 Budget
Estimated Revenues, Allocated by Visitors and Resident**

2012 Estes Park City Budget				
Revenue Sources - Direct Impact Only				
General Fund	Total	% From Tourism	Amount From Tourism	Amount From Residents
Property and Specific Ownership Tax	\$371,965	53.56%	\$199,228	\$172,737
Sales and Use Tax	\$7,496,035	64.86%	\$4,862,285	\$2,633,750
Franchise Fees	\$488,212	53.56%	\$261,491	\$226,721
Intergovernmental	\$38,238	53.56%	\$20,481	\$17,757
Rentals	\$12,113	100.00%	\$12,113	\$0
Miscellaneous (In-Lieu of taxes)	\$233,093	50.00%	\$116,547	\$116,547
Interest	\$30,000	59.83%	\$17,949	\$12,051
Departmental Revenues				
Legislative	\$125	0.00%	\$0	\$125
Judicial	\$300	53.56%	\$176	\$124
Executive	\$318,499	56.48%	\$179,896	\$138,603
Elections	\$0	0.00%	\$0	\$0
Finance	\$24,231	0.00%	\$0	\$24,231
Community Devel./Protective Inspections	\$221,150	50.00%	\$110,575	\$110,575
Building Maintenance	\$172,442	37.75%	\$65,101	\$107,342
Employee Benefits	\$6,500	49.45%	\$3,214	\$3,286
Subsidies	\$0	0.00%	\$0	\$0
Police	\$404,375	7.50%	\$30,334	\$374,041
Engineering	\$100	0.00%	\$0	\$100
Streets	\$358,999	58.67%	\$210,639	\$148,360
Parks	\$2,500	0.00%	\$0	\$2,500
Transportation	\$0	0.00%	\$0	\$0
Sub-total	\$10,178,877	59.83%	\$6,090,028	\$4,088,849
TOTAL GENERAL FUND REVENUE	\$10,178,877	59.83%	\$6,090,028	\$4,088,849
Special Revenue Funds	Total	% From Tourism	Amount From Tourism	Amount From Residents
Community Reinvestment	\$815,000	59.83%	\$487,615	\$327,385
Conservation Trust	\$32,500	53.56%	\$19,068	\$13,432
Open Space	\$241,000	64.86%	\$156,324	\$84,676
Community Services	\$2,124,278	70.65%	\$1,500,807	\$623,471
Medical	\$1,902,000	39.96%	\$760,035	\$1,141,965
Fleet	\$366,200	49.45%	\$181,095	\$185,105
Information Techn	\$495,399	49.45%	\$244,988	\$250,411
Vehicle Replacement	\$265,470	51.99%	\$138,029	\$127,441
Theater	\$600	0.00%	\$0	\$600
Utilities	\$16,784,718	50.00%	\$8,392,359	\$8,392,359
TOTAL SPECIAL FUND REVENUE	\$23,027,165	51.59%	\$11,880,319	\$11,146,846
TOTAL CITY OF ESTES PARK REVENUE	\$33,206,042	54.12%	\$17,970,347	\$15,235,695
Source: Summit Economics				

The next step in the municipal fiscal impact analysis is to estimate the portion of all town expenditures that are due to the presence of visitors. The town budget was again reviewed in detail, a set of assumptions were made as to the impact of visitors on the budget, interviews were conducted with key town managers to assure the assumptions were reasonable and, as a last step, a total cost of service due to visitors was prepared.

Table 19 shows the total expenditures by Estes Park by major category and shows the split between contributions of visitors and residents.

**Table 19: Estes Park 2012 Budget
Estimated Expenditures Attributable to Visitors and Residents**

2012 Estes Park City Budget				
Expenditure Uses - Direct Impact Only				
General Fund	Total	% For Tourism	Amount For Tourism	Amount For Residents
Legislative	\$221,855	0.00%	\$0	\$221,855
Judicial	\$45,988	58.67%	\$26,981	\$19,007
Executive	\$587,756	0.00%	\$0	\$587,756
Elections	\$11,400	0.00%	\$0	\$11,400
Finance	\$294,720	49.45%	\$145,747	\$148,973
Community Development/Protective Inspections	\$702,176	75.00%	\$526,632	\$175,544
Building Maintenance	\$586,183	75.00%	\$439,637	\$146,546
Employee Benefits	\$94,775	39.17%	\$37,119	\$57,656
Subsidies	\$867,800	39.67%	\$344,250	\$523,550
Police	\$3,042,872	1.97%	\$60,000	\$2,982,872
Engineering	\$140,036	58.67%	\$82,165	\$57,871
Streets	\$1,936,584	58.67%	\$1,136,273	\$800,311
Parks	\$942,363	80.00%	\$753,890	\$188,473
Transportation	\$259,772	100.00%	\$259,772	\$0
TOTAL GENERAL FUND EXPENDITURES	\$9,734,280	39.17%	\$3,812,466	\$5,921,814
Special Revenue Fund Operating Expenditures	Total	% For Tourism	Amount For Tourism	Amount For Residents
Community Reinvestment	\$790,000	92.70%	\$732,336	\$57,664
Conservation Trust	\$41,716	80.00%	\$33,373	\$8,343
Open Space	\$260,283	58.67%	\$152,708	\$107,575
Community Services	\$2,229,127	69.47%	\$1,548,571	\$680,556
Medical	\$1,700,000	53.56%	\$910,535	\$789,465
Fleet	\$349,324	53.00%	\$185,142	\$164,182
Information Techn	\$473,700	49.45%	\$234,257	\$239,443
Vehicle Replacement	\$476,500	53.00%	\$246,776	\$229,724
Theater	\$1,000	0.00%	\$0	\$1,000
Utilities	\$15,327,578	50.00%	\$7,663,789	\$7,663,789
TOT SPECIAL FUND OPERATING EXPENDITURES	\$21,649,228	54.08%	\$11,707,486	\$9,941,742
TOTAL CITY OF ESTES PARK EXPENDITURES	\$31,383,508	49.45%	\$15,519,952	\$15,863,556
Source: Summit Economics				

The last step in this analysis was to determine the net cost or benefit of the presence of visitors on the town's budget and then to divide the cost or benefit by the population of Estes Park to determine an annual subsidy or cost of visitors.

**Table 20: Estes Park 2012 Budget
Net Revenues Less Expenditures Attributable to Visitors**

TOTAL 2012 REVENUES AND EXPENDITURES OF ESTES PARK, ATTRIBUTION TO TOURISTS AND RESIDENTS				
	Total	% For Tourism	Amount For Tourism	Amount For Residents
Total City of Estes Park Revenues	\$33,206,042	54.12%	\$17,970,347	\$15,235,695
Total City of Estes Park Expenditures	\$31,383,508	49.45%	\$15,519,952	\$15,863,556
Net Subsidy/(Cost) of Tourism			\$2,450,395	
Source: Summit Economics				

Table 20 shows that in 2012, the revenues attributable to visitors exceeded the costs attributable to visitors by \$2,450,000. This surplus represents a subsidy to the residents of Estes Park in terms of having some of the expenditures related to current residents paid for through visitor generated funds.

E. Visitor Subsidy to Residents

In order to estimate the direct fiscal impact of visitors on residents, the surplus found in Table 20 is divided by the current population in order to derive the per capita subsidy received. The subsidy, based on the sales tax received, other revenues received and estimated municipal costs attributable to visitors, comes to approximately \$418 per town resident per year. This is an amount over and above the municipal costs that visitors create and pay for through revenues received by the town. This is in line with other estimates that show tourism reduces taxes to local residents by approximately \$1,000, with half of that going to the city government. Additionally, since some town services are delivered to Estes Valley residents and since much of the resident revenue comes from local residents who live outside the Town limits, an additional subsidy figure was calculated that divided the visitor surplus by the Valley population.

Given that this subsidy of \$2,450,000 comes from approximately 2 million visitor days, the per visitor day subsidy equates to approximately \$1.21. Thus, if there were an increase in the total number of visitor days of 100,000, or about a 5% increase, the subsidy to the local residents would be about \$121,000, or about \$21 per town resident.

Table 21: Estes Park 2011 Per Resident Municipal Subsidy (or Cost) of Tourism

Annual Resident Tax Subsidy from Tourism		
Direct Impact Only		
Subsidy from Tourists to Residents		\$2,450,395
Estes Park Town Resident Population (US Census - 2010)		5,858
Per capita Annual Town Resident Subsidy		\$418
Estes Valley Resident Population (US Census - 2010)		8,691
Per capita Annual EP Valley Resident Subsidy		\$282
Source: Summit Economics		

Annual Resident Tax Subsidy from Tourism		
Direct Impact Only		
Number of Visitor Days in Estes Park - 2011		2,026,293
Subsidy from Tourists to Residents		\$ 2,450,395
Subsidy per Visitor Day - 2012		\$ 1.21
Source: Summit Economics		

F. Employment Impacts of Visitors

In addition to municipal tax impacts, the other most obvious impact is on employment opportunity. As a tourist dependent community, it is not surprising that the majority of jobs in Estes Park are either directly or indirectly related to tourism.

Tourist related employment is not an official employment classification. In order to calculate the number of jobs in a community that are tourist (or visitor) related, one must make an estimate based on either the employment series or occupation data series for a community.

The following two tables represent an estimation of tourist related jobs by Summit Economics. The estimation based on industry classification suggests that 43% of all jobs in Estes Park are employed in tourism, while the estimation based on occupations suggests that the figure is around 55%. Using an average of the two estimates, about 1,292 jobs, or 49% of all employment in Estes Park is directly due to visitors.

Table 22: Estes Park Employment by Industry and Estimation of Tourism Employment

Employment by Industry, Estes Park		
INDUSTRY		Estimate
Civilian employed population 16 years and over		2,630
Agriculture, forestry, fishing and hunting, and mining		0
Construction		233
Manufacturing		120
Wholesale trade		57
Retail trade		258
Transportation and warehousing, and utilities		47
Information		11
Finance and insurance, and real estate and rental and leasing		259
Professional, scientific, and management, and administrative and waste management services		244
Educational services, and health care and social assistance		521
Arts, entertainment, and recreation, and accommodation and food services		590
Other services, except public administration		201
Public administration		89
Total Tourism related *		1,136
* All arts, all other svcs, 75% of retail, 25% pub adm, and 50% of FIRE		
% Tourism related		43%
Source: Summit Economics using data from the American Community Survey (ACS) 2005-2010, US Census Bureau		

Table 23: Estes Park Employment by Occupation and Estimation of Tourism Employment

Employment by Occupation, Estes Park	
OCCUPATION (ACS)	
Civilian employed population 16 years and over	2,630
Management, business, science, and arts occupations	884
Service occupations	611
Sales and office occupations	729
Natural resources, construction, and maintenance occupations	241
Production, transportation, and material moving occupations	165
Total Tourism related *	1,447
* 50% of Bus Mngnt, Science and Arts; 75% of Service and Sales Occupations	
% Tourism related	55%
Source: Summit Economics using data from the American Community Survey (ACS) 2005-2010, US Census Bureau	

In summary, the direct impact of tourism is an annual municipal surplus of approximately \$2,450,000 and approximately 1,300 (49%) jobs. However, in addition to the direct impacts of visitors, there are indirect and induced impacts. The indirect impacts derive from the expenditures of the firms that serve tourists and the induced impacts come from the expenditures of residents that derive their income from tourism.

A fairly accurate estimate can be made using an economic model commonly used to estimate such impacts. The model, IMPLAN, uses relationships and data modified for each county to estimate impacts upon sales and employment from basic sectors such as tourism. A special IMPLAN run was developed for this study and the results are given in the following table.

The Implan model uses estimated sales by category as inputs, and then it calculates the aggregate increase in demand and output in terms of jobs and earnings. Table 24 shows that, based on estimated sales by category, one would expect a total of 1,338 direct jobs and \$31.6 million in direct income, plus 409 indirect and induced jobs with \$15.1 million more in earnings.

Table 24: Estes Park Implan Analysis

Implan Analysis of Tourism Related Expenditures				
Category	Expenditures			
Retail	\$ 29,091,102			
Construction	\$ 4,460,323			
Amusement	\$ 1,305,435			
Lodging	\$ 32,186,915			
Food Services and Drinking Est.	\$ 45,701,696			
Personal Care	\$ 278,012			
Total Expenditures	\$ 113,023,483			
				Avg Income
	Employment	Labor Income		/Job
Direct Employment	1,338	\$ 31,644,000		\$ 23,650
Indirect and Induced Employment	409	\$ 15,124,000		\$ 36,978
Total Direct, Indirect and Induced Employment	1,747	\$ 46,768,000		
Top Ten Industries Affected				
Food and Drinking Establishments	850	\$ 17,120,000		\$ 20,141
Hotels and Motels	334	\$ 9,012,000		\$ 26,982
Retail Stores, General Merchandise	163	\$ 4,598,000		\$ 28,209
Real Estate Establishments	45	\$ 646,000		\$ 14,356
Construction	34	\$ 1,711,000		\$ 50,324
Services to Buildings and Dwellings	23	\$ 537,000		\$ 23,348
Amusement Parks, Arcades	20	\$ 494,000		\$ 24,700
Offices of Physicans, Dentists	16	\$ 1,120,000		\$ 70,000
Nursing & Residential Care	10	\$ 336,000		\$ 33,600
Retail Stores, General Merchandise	9	\$ 313,000		\$ 34,778
Total Top Ten Industries	1504	\$ 35,887,000		
Source: Summit Economics, Minnesota Implan Group Model				

The indirect and induced jobs and their earnings can be counted as due to tourism. If the additional earnings are spent similarly to all other earnings in Estes Park, Table 25 shows that the total sales taxes due to those earnings are about \$150,000 and all revenues are about \$200,000. Moving these revenues from the residential credit column to the tourism credit column increased the per visitor subsidy to \$1.31 per visitor, a small increase from the \$1.21 direct effect subsidy.

A final consideration should be made as to how to address both retirement income and summer resident income. This analysis does not include either category in the visitor impacts. If retirees' or summer residents' income are considered visitors, the proportion of the community dependent upon tourism rises. If it is not considered tourism related, the proportion stays the same. Much depends upon definitions. No accurate count of the summer population in the Estes Valley is available, nor is a count of the winter low population, but by some accounts winter population may drop below 5,000, while summer population may reach 10,000. The official April 2010 Census population figure was 8,691 in the Estes Valley. Clearly, summer residents make up a significant portion

of the costs and revenues of Estes Park and their inclusion in the analysis would significantly increase the conclusions about the contribution of visitors.

Table 25: Estimation of Indirect and Induced Tax Impacts of Tourism

Residential Tax Potential, Based on Additional Induced and Indirect HH Income	
Total HH Income of Indirect/Induced Jobs	\$15,124,000
% Spent on Taxable G&S	0.3665
Total Spent on G&S	\$5,542,946
% spent non-locally	0.33
Amount Spent Locally	\$3,713,774
Local Sales tax rate	0.04
Expected Additional Retail Sales Tax	\$148,551
Expected Additional Total Municipal Revenues	\$198,068
Source: US Census, BLS and Summit Economics	

V. QUALITATIVE IMPACTS

Tourism impacts the Estes Valley economy in ways that go beyond what is captured by the traditional multiplier analysis used in Section IV. These impacts are both positive and negative. They are more easily identified in small, tourist-dependent resort communities like Estes Park than in larger cities with a more diverse economic base.

A. Retirement Community.

Because many – perhaps the majority – of retirees live in Estes Park because they were introduced to the area as tourists, one could argue they are at least indirectly part of the tourist economy. There is important synergy between the tourist industry and the retirement community. The two groups together form most of the basic industry that supports the Estes Valley economy. If Estes Park had no retirement community, its seasonally concentrated tourist base would not be able to support the large number of shops and restaurants and the entertainment that tourists enjoy. If it did not have the entertainment, shops and restaurants that cater to the tourist industry, it would lack many of the amenities that attract retirees. The result would be a far smaller, less prosperous town.

One way to look at this is to compare Estes Park with similar Colorado communities with little or no tourist economy. Demographers (population data experts) suggested apt comparisons are Wellington in Larimer County and Brush in Morgan County.

Table 26: Demographic Comparison
(5-Year Estimate – 2006-2010)

	Population	65+	Employment (16 and over)	Unemployment Rate	Average Income	College Degree (25 and over)
Brush	5,463	19.3%	55.4%	8.6%	\$52,964	13.8%
Wellington	6,289	4.8%	75.7%	4.5%	\$70,595	29.8%
Estes Park	5,858	13.8%	53.0%	5.8%	\$71,892	47.4%

U.S. Census Bureau.

Estes Park has a higher average income despite having a lower percentage of residents in the labor force. Residents are much better educated and the unemployment rate is low. The comparison with Brush, an agricultural community in northeastern Colorado, is particularly striking.

B. Quality of Life.

A second example is quality of life. The availability of the amenities that attract tourists and retirees also enhances the quality of life of other Estes Park residents. Residents would not have the level of medical care, police force, roads plowed, streets swept, gardens, daily trash removal and public restrooms that the tourist industry enables the town to provide. At the same time, the congestion and crowding caused by tourists reduces the quality of life. On balance, the impact is clearly positive.

C. Jobs.

Michael Porter, a respected Harvard business professor, argues that a healthy tourist economy helps a city function. The availability of low skilled part time jobs allows unskilled workers with poor work habits to enter the labor force and learn the skills that

will enable them to hold better jobs in the futures. Even though general merchandise store jobs pay only 56% of the Larimer County average wage, hotel and lodging jobs pay 44% and food services jobs pay 35% (understated because not all tips are included), they provide valuable training to workers who would otherwise be unable to enter the labor market. In a community like Estes Park with a high proportion of retirees, they offer part time jobs for retirees, as well as the students and other residents who need to supplement their income but prefer not to enter the full time workforce.

VII. SUMMARY

The tourist industry is the basis of the Estes Park economy. The 2.03 million visitors in 2011 spent \$187 million on lodging, meals, shopping, entertainment, etc. This generated \$154 million in taxable sales. The town's 4% sales tax produced \$5.2 million in revenues for the town. The 2% lodging tax provided another \$1.3 million to support Visit Estes Park, the town's destination marketing organization.

We estimate that visitors cost the town \$15.5 million, 49.5% of the total budget. They provided the town with 54.1% of its revenues, almost \$18 million. The net subsidy to local residents by tourists was \$2.45 million. This means municipal costs to each resident were reduced by \$418. A 5% increase in visitor days would provide an additional annual subsidy of \$21 per resident.

Between 43% and 55% of the jobs in Estes Park are directly related to tourism. This averages out to 1,292 of the town's 2,630 jobs. There are also indirect and induced jobs, bringing the total tourism industry related jobs to 1,338, with \$46.7 million in earnings.

The other basic industry in Estes Park is retirees, who bring their pensions, interest, dividends and Social Security into the region, creating jobs, income and tax revenues as that money is spent and re-spent. A local real estate agent reported that between 90% and 95% of his business comes from people who first came to Estes Park as tourists. These include second home owners, investors and former tourists who chose to retire in the Estes Valley. While calculating the economic and fiscal impact of this sector was beyond the scope of this study, it is clear that it is another major tourism-related component of the city.

The amenities provided for tourists benefit retirees and other local residents. The use of these amenities – restaurants, shops, etc. – enable the businesses that serve tourists in the important summer season to remain viable the rest of the year. The healthy tourist economy provides jobs for unskilled workers with poor work habits to enter the labor force and learn the skills that will enable them to hold better jobs in the future. It also provides part-time jobs for retirees and others who wish to supplement their income but choose not to enter the full time workforce.

This study demonstrates clearly that without the tourist industry, Estes Park would be a much smaller, much poorer, much less attractive town. Tourism is a basic industry, bringing new dollars into the Estes Valley. This creates jobs and earnings. Investment in tourism promotion is a critical investment for the economic health and continued growth of the Estes Valley.

APPENDICES

APPENDIX A

Data Sources

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APPENDIX C

Technical Appendix

Table 10: Estes Park Visitor Estimates, 2010 and 2011

The number of recreational visitors that visit Rocky Mountain National Park (RMNP) were estimated by the National Park Service and published on their website at <http://ww.nature.nps.gov/stats/park.cfm>. The figures represent the outcome of an algorithm that is intended to estimate the number of visitors to the Park.

The visitor figure was then reduced by 8% to reflect survey research by RMNP that indicated that 8% of the visitors to the park were local residents, resulting in an estimate of non-local visitors.

The next step was to estimate the number of unique visitors to the Park, since one visitor staying three days results in a count of three visitors. RMNP conducted two surveys during the year, one in the summer for one week, and another in the winter for one week. Summit Economics calculated a weighted average of the number of visitor days per visitor and estimates that the average visitor stayed 3.77 days in 2010. Dividing the non-local visitor days by 3.77 resulted in an estimate of 721,625 visitors.

Not all visitors to RMNP actually visit Estes Park each day that they are in the Park. Some may simply drive through on their way in or on their way out of the Park and others may stay within the confines of the Park during one or more days. Since the objective of the study is to estimate the fiscal impact on visitors to the Town of Estes Park, those “non-visits” needed to be deducted. Again, RMNP surveys suggested that 16% of visitors do not use local services at all, which Summit Economics interpreted to mean that they do not go into Estes Park at all to shop or buy food, gas, lodging or supplies; thus the visitor number was reduced by 16%. This yielded an estimate of approximately 606,000 visitors that do go into the town.

The next step was to estimate how many visitor days to the Town of Estes Park the 606,000 visitors made. Not all visitors go into the town for each day that they are in RMNP. Some may go into town on arrival day, some on departure day, some each day they are in the Park or some other combination. No data exist to determine that figure, so Summit Economics made an assumption that of the 3.77 days in RMNP, one day would entail just staying within the Park, and then returning directly to their lodging without any significant interaction with Estes Park merchants (or Guest researchers) and another half day (the arrival or departure day) would entail simply driving through Estes Park. Thus, Summit Economics assumed that the 606,000 visitors would have 2.27 visits to Estes Park each. The total number of visitor days to Estes Park was then estimated to be 1,376,000.

Additionally, there are an unknown number of visitors who come directly to Estes Park and do not visit RMNP at all. To estimate that figure, Summit relied on Guest Research data that showed that 73% of those surveyed did go into RMNP. If there were 1,376,000 visitor days in Estes Park of Park visitors, then there must be 509,000 other visitors who do not go into the Park. The sum of the two figures is 1,885,000, and 73% of that figure is 1,376,000. The total 2010 estimate of visitors days to Estes Park is then 1,885,000.

As a final step, because visitor figures to RMNP increased by 7.5% in 2011 over 2010, the result is a total 2011 visitor figure of 2,026,000.

Table 11: Rocky Mountain National Park Visitor Data 2010

The data for this table come directly from the national park Service at <http://ww.nature.nps.gov/stats/park.cfm>.

Table 12: Estes Park Visitor Expenditure Estimates, 2011

Data collected by Guest Research over four quarters, covering the 11 months from April 1, 2010 through February 23, 2011 served as the foundation for the estimates presented in Table 9. Using a combination of expenditure patterns by category, for each quarter, for both day visitors and overnight visitors, plus visitor days by month estimated by RMNP, a weighted total expenditure per visitor was calculated by Summit Economics. The expenditure figure was also modified by Summit Economics in several instances to yield a taxable expenditure made within the Town of Estes Park, as opposed to the Guest Research data that reported all expenditures made by the visitors for all purposes both within and outside the town.

The first adjustment made was to reduce the detailed expenditure figures prepared by Guest Research by 75%. This was done for the following reasons. First, the detailed expenditure data excluded responses from people who said that they did not spend money while in Estes Park. It is believed that this cohort must be included in the overall average expenditure per visitor figure. Comparing the total expenditures of all respondents to the total expenditures of respondents who said they did spend money shows that the average for all those surveyed is about 85% of the detailed averages. Additionally, expenditures included expenses at RMNP for entrance fees and camping fees. RMNP estimated that the average visitor spends \$26 per visitor day at RMNP. This may include those who responded for their entire group or for their entire stay, and therefore the figure was reduced by 50% to \$13. This equated to another 10% reduction in the average figure reported by Guest, thus a 75% factor was used (a 25% reduction).

After these reductions, the weighted average expenditures per visitor day was estimated to be \$103.48.

Table 13: Colorado Vacation Spending.

Data are from Longwoods International Colorado Travel Year 2001 report.

Table 14: Estes Park Visitor Taxable Expenditures, 2011

The next adjustment was needed to estimate the taxable expenditures of visitors. Taxable expenditures are what drives the revenues to the town and thus needed to be reduced in order not to overestimate the benefits of visitors. Table 14 subtracts an assumed amount for taxes and tips, on the basis that those expenditures are not taxed (sales tax is an add on after the bill is summed), but would be included in a respondents estimation of expenditures.

After the taxes and tips are subtracted, another estimate is made of what percent of those expenditures are actually subject to sales tax. Generally goods are taxable and services are not. Based on previous experience with sales tax codes, an estimate of the taxable

percent was made and the expenditure figure again reduced. Ultimately, after the above adjustments, it was estimated that only \$76 was actually spent on taxable goods.

Table 15: Estes Park Visitor Sales Tax Revenue Estimates, 2011

Table 15 combines findings of previous tables into one table that summarizes total visitors, total sales, taxable sales for lodging and non-lodging expenditures, the town's sales tax rate and the expected sales tax revenue that should be received by the town. This table makes one additional adjustment to the figures in the area of sales tax on lodging.

By multiplying the reported expenditures on lodging times the number of visitors to Estes Park, a figure is derived that is significantly higher than the sales tax actually collected by the town. The actual lodging revenues as reported by the town were only 41% of what was estimated based on per capita lodging expenditure reports. Because 19% of all lodging units excluding the YMCA and 32% including the YMCA are located outside of town and because additional rentals are likely to occur in owner occupied homes and condos, a large amount of lodging is not subject to the 4% sales tax. To reduce the estimated sales tax on lodging to equal the actual sales tax on lodging, the total lodging expenditures were reduced 34%. This yields an expected tax revenue that is equal to what actually occurred.

The sum of the non-lodging and lodging sales tax resulted in a total expected tax revenue of \$5.2 million.

Table 16: Estes Park Sales Tax Revenue Distribution Estimates, 2011

At this point, an examination of the Estes Park budget was conducted to determine how much revenue can reasonably be allocated to residents and how much can be reasonably allocated to visitors. In consideration of printable space, the report only presents selected months of analysis. Essentially this table estimates the number of resident days in the Estes Valley each month and the number of visitor days each month and, using this ratio, estimates how much of each month's sales tax revenue is due to each group.

Because both the resident population rises and falls with the seasons and the visitor figures rise and fall with the seasons, a month by month approach was used. The actual population each month is not known, nor is the minimum and maximum population; however, based on educated assumptions, a range of 5,000 residents for the winter months and 10,000 for the summer months was assumed, with a stepped increase and decrease in the shoulder seasons.

The number of visitors again used a formula that adjusted for visitors to the Park that don't visit Estes Park, and visitors to Estes Park that don't visit RMNP.

Over the course of the year, approximately 35% of all taxable retail sales are attributable to residents. That percentage varies significantly as the ratio of tourists to residents fluctuates, with residents accounting for the lowest percentage in the summer when most visitors arrive.

Using this methodology, it is estimated that \$2.6 million of the total \$7.4 million in sales tax revenue is due to residents and \$4.8 million is due to visitors. This compares with the expected sales tax revenue from visitors of \$5.2 million derived in Table 15 (\$1.8

million for lodging and \$3.4 million for other retail. Given the uncertainties in the source data, this suggests the final expenditures per visitor by category are within reason.

Table 17: Estes Park Residential Sales Tax Revenue Potential, 2010

Table 17 simply uses an estimate of the total number of households and the household income as reported by the American Community Survey prepared by the U.S. Census to derive a total income figure. That income figure is then reduced by an amount that is spent for taxable goods and services (as determined by BLS Consumer Expenditure patterns and by an estimate of the retail sales leakage from Estes Park to Loveland, Fort Collins and other areas. The leakage rate was set to equal the percentage of workers that work outside the Estes Valley area. The sales taxable amount then spent locally was multiplied by the town sales tax rate. The resulting figure was very close to the estimate made in Table 16, verifying the reasonableness of the algorithms.

Tables 18 and 19: Estes Park 2012 Budget Estimated Revenues and Expenditures, Allocated by Visitors and Resident

This phase of the study entailed examining the town budget in detail, making assumptions as to the proper allocation methodologies for both revenues and expenditures and then meeting with selected department heads to test those assumptions. The two tables present the findings of those efforts by showing budgeted revenues and expenditures in the 2012 budget by major category and presenting the allocations between tourists and residents.

To determine the allocations, previous experiences of one Summit partner as the budget director for a large municipality and experience of another partner as the financial economist for a large utility were used to begin the allocation process.

After initial allocation assumptions were made, a round of phone calls followed by in person meetings were made with key Estes Park staff to test and revise the assumptions. While any specific assumption is the work of Summit Economics and does not represent official opinions of Estes Park staff, it is believed that in general all assumptions made are reasonable and acceptable to the Estes Park operating department representatives. Some of the most commonly used allocation methods include:

- Based on share of resident days to total days
- Based on percent of total General Fund revenue
- Based on allocation by department head
- For utilities, based on a 50/50 split between residents and visitors
- For sales tax revenues, the allocation was based on Table 13.

Table 20: Estes Park 2012 Budget Net Revenues Less Expenditures Attributable to Visitors

Table 20 simply subtracted expenditures from revenues from visitors to determine if a surplus or shortage existed. Since a surplus did exist, it shows that visitors do pay for themselves, and create a surplus that offsets the costs of serving residents to some degree.

Table 21: Estes Park 2011 Per Resident Municipal Subsidy (or Cost) of Tourism

Table 21 uses the estimated surplus and divides it by both the estimated Estes Park resident population and the Estes Valley population in order to determine the annual subsidy from tourism on a per capita basis. A household subsidy could also be derived by multiplying the per person subsidy by the average household size. Table 21 also

shows how much each visitor day contributes to the surplus. While the per visitor day figure is low (\$1.21), the large number of visitors creates the \$2.4 million total surplus.

Tables 22 and 23: Estes Park Employment by Industry and by Occupation, and Estimation of Tourism Employment

These two tables present employment estimates from the American Community Survey by category. Summit Economics then made assumptions as to what percentage of each category should be considered as tourism dependent. Each series yields a slightly different estimate of tourism based jobs in Estes Park, with an average of 49% of all jobs (1,300 out of 2,630) directly dependent upon tourism.

Table 24: Estes Park Implan Analysis

As a final step in the analysis, an economic impact analysis was performed using an econometric model developed by the Minnesota Implan Group. One of the features of the model allows for an estimation of employment and earnings impacts of economic activity in specific sectors. Using the retail sales determined by multiplying the expenditures by category in Table 11 times the number of visitors yielded inputs to the model to estimate how many jobs would actually be supported by those expenditures. The result in terms of jobs and earnings is shown in Table 24. The number of direct jobs (1,338) is quite close to the estimates made in Tables 22 and 23 (1,300).

The Implan model also estimated the number of indirect and induced jobs due to the tourism based jobs. These are jobs in the community needed to serve the employees of tourist based employers and include jobs such as municipal government, schools, other retail, and professional services. In all, there are an additional 409 jobs that are dependent upon tourism through the multiplier effect.

Table 25: Estimation of Indirect and Induced Tax Impacts of Tourism

The last step in the economic and fiscal analysis is to estimate the economic contribution to the subsidy created by the indirect and induced jobs. Table 25 shows that the impact is relatively small, and only increases the subsidy from \$2.45 million to \$2.65 million. The per capita subsidy increases from \$418 per Town resident to \$452, and the Valley resident from \$282 to \$305.

Two other analyses could also be conducted. The first that could be considered is how to account for seasonal residents. If they were to be considered visitors, the annual visitor subsidy would be higher. Also, no estimates were made of the impact of residents who retired to Estes Park who were introduced to the community as tourists. This would also increase the visitor subsidy.