

# Steamboat Springs Chamber 2019 Economic Impact of Summer Tourism

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STEAMBOAT SPRINGS  
**CHAMBER**

VITALITY IN THE VALLEY

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## STEAMBOAT SPRINGS CHAMBER

VITALITY IN THE VALLEY

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# 2019 ECONOMIC IMPACT OF SUMMER TOURISM

## INTRODUCTION

This report summarizes the estimated economic impact of summer tourism in the Steamboat Springs area for the summer of 2019. The results are primarily based on a Summer Visitor Study conducted by RRC Associates, which gathered information from visitors, including visitor spending, travel party size, number of nights in the area, accommodations type, and other key information that serve as inputs for this study.

It is important to note that this report and its conclusions represent a realistic estimation, using the best data available, to determine the economic impact of summer tourism in Steamboat Springs.

## Methodology

The information used to calculate the economic impact is primarily derived from the Chamber's 2019 Summer Visitor Study. Additionally, the analysis has been informed by a variety of other tourism research sources and governmental revenue sources, as discussed later in this section.

The summer 2019 period is defined as the six month period from May 1, 2019 to October 31, 2019, a total of 183 days (however, the peak summer tourism season runs from about Memorial Day weekend to mid-October; as a result, the model made certain assumptions about early May and late October as having lower occupancy and fewer visitors, and subsequent smaller contribution to the total economic impact).

The study estimates the following types of economic impacts resulting from tourism in Steamboat Springs:

- Volume of visitation (as measured in visitor-days)
- Direct visitor expenditures
- Direct and secondary (indirect and induced; aka “multiplier”) economic output
- Direct and secondary employment
- Direct and secondary labor income

### **Visitor Study**

The 2019 Summer Visitor Study provided a detailed analysis of visitors to Steamboat Springs, including their demographics, geographic origin, length of stay, reason for visit, activities and events participated in during the trip, and expenditure amounts. This last piece of information – direct visitor expenditures – is one of the critical primary inputs to this Economic Impact study.

The visitor research program for the Steamboat Springs Chamber utilized a hybrid approach to data collection, which included two different methodologies:

- 1) Short interviewer intercept surveys administered in selected places around Steamboat Springs, with an online follow-up survey.
  - Intercept surveys were completed in and around Downtown Steamboat, the Botanic Gardens, Core Trail, Farmer’s Market, Fish Creek Falls, and various other locations where visitors were likely to be encountered. Respondents to the short intercept survey were also sent a text or email link to a follow-up online survey to be completed at a later time.
- 2) Stationary survey kiosks placed at various locations.
  - Survey kiosks were placed at three locations during the summer of 2019: the Steamboat Springs Chamber Visitor Center, the Resort Group condo check-in lobby, and the departure area of the Yampa Valley Regional Airport.

The total sample size for the 2019 Summer Visitor Study included 794 intercept and follow-up surveys. The sample size, from a purely statistical calculation, provides a 95 percent confidence level of +/- 3.5 percent about any given percentage expressed in the overall results.

The primary inputs from the 2019 Steamboat Springs Chamber Visitor Study used in this Economic Impact Study were the visitor mix, lodging type, and average level of expenditures per person per day in Steamboat Springs. It is important to note that the visitor expenditure results are from a primary survey research effort, and not from a secondary source. Therefore, the visitor expenditure figures are largely accurate, representative, and specific to Steamboat Springs (as opposed to a generalized spending figure from a larger geography, such as the state of Colorado).

### **Other Sources**

As noted previously, a variety of other data sources have been used to inform the analysis, as outlined below:

- “Colorado Travel Impacts 1996 – 2018” by Dean Runyan Associates was utilized to validate estimates of visitor expenditures by industry sector and visitor group, particularly in reference to that study’s estimates of the economic impacts of overnight travelers to Routt County in 2018.
- “Colorado Travel Year 2018” by Longwoods International was utilized to validate estimates of visitor volumes, visitor types (day or overnight) and visitor expenditures by visitor group.
- A variety of other data was referenced as well, including:
  - City of Steamboat Springs accommodations and sales tax collections by month, as reported by the City of Steamboat Springs.
  - A variety of hotel/condo lodging metrics, as reported by Destimetrics for Steamboat Springs, primarily the number of available rooms and the occupancy rate.
- Sources for tourism economic impact multipliers include generalized multipliers from [IMPLAN](#), “[Economic Impacts of Tourism](#),” by Daniel J. Stynes, and “[US Travel and Tourism Overview, 2018](#)” by US Travel.

## EXECUTIVE SUMMARY

Using information from the 2019 Steamboat Springs Visitor Study, hotel/condo lodging statistics from Destimetrics, and other information sources, this report estimates that the **total economic impact of summer tourism for Steamboat Springs in 2019 to be \$166.07 million**, including direct economic output in the Steamboat Springs area of \$98.85 million and secondary impacts (indirect and induced) of \$67.22 million.

- A significant component of the total economic impact is spending directly attributable to visitors in Steamboat Springs. It is estimated that in the summer of 2019, **visitors spent \$123.56 million in Steamboat Springs.**
- The estimated **number of jobs in the City of Steamboat Springs either directly or indirectly attributable to tourism is 2,337**, including 1,897 jobs directly tied to the tourism industry.
- The **total labor income attributable to tourism in the City of Steamboat Springs is \$60.24 million.**
- The estimated amount of tax revenue (sales and accommodations taxes) that **visitors contribute to the City of Steamboat Springs tax collections is \$5.35 million**, or approximately \$1,107 per household in the City.

**Table 1**  
**Summary of Selected Key Findings of Economic Impact**

<b>Tourism Economic Measure</b>	<b>Amount</b>
Direct visitor expenditures*	\$123,563,591
Direct economic output <sup>a</sup>	\$98,850,873
Secondary economic output ( <i>indirect and induced effects</i> ) <sup>b</sup>	<u>\$67,218,594</u>
<b>Total economic impact</b> <sup>(a+b)</sup> ( <i>Direct economic output plus secondary output</i> )	<b>\$166,069,467</b>
<b>Total Jobs</b>	<b>2,337</b>
<b>Total Labor Income</b>	<b>\$60,238,467</b>
<b>City of Steamboat Springs taxes generated by tourism</b>	<b>\$5,346,860</b>

\* Excluding airfare and expenditures outside of the Steamboat Springs area

## REPORT FINDINGS

### Visitor Study Findings

This section presents the information from the 2019 Summer Visitor Study that is most relevant to the Economic Impact study.

- Visitor Type.** Information from the 2019 Summer Visitor Study was used to create a customized visitor type distribution, as presented in Table 2 below. As shown, overnight visitors staying in commercial lodging (hotel, motel, B&B, etc.) were the largest segment, at 40 percent of visitor-days in summer 2019, while overnight visitors in other accommodations (including timeshares, RV and tent camping, etc.) accounted for approximately 26 percent of total visitor-days. Those staying overnight with family or friends were the third major segment of visitors (16 percent of visitor days). The remainder was made up of day visitors (9 percent) and second homeowners (also 9 percent).

**Table 2**  
**Summer 2019 Visitor Type**

Visitor Type	Percent of Visitor-Days
Overnight visitor in commercial lodging (hotel, condo, house, Airbnb, VRBO, etc.)	39.8%
Overnight visitor in other accommodations (timeshare, RV, tent camping, etc.)	26.1%
Overnight visitor staying with family/friends	15.9%
Day visitor, not spending the night in SS	9.4%
Second homeowner	8.8%
<b>Total</b>	<b>100.0%</b>

Source: Steamboat Springs Chamber 2019 Summer Visitor Study

- Per Person Daily Expenditures.** Information from the 2019 Summer Visitor Study also provided information on per person daily expenditures while in Steamboat Springs, as shown on the following page in Table 3. Overnight visitors staying in commercial lodging (\$145.49) spend more than second homeowners (\$82.57), overnight visitors staying in other lodging (\$79.29), overnight visitors staying with family/friends (\$75.15), or day visitors (\$73.38).

**Table 3**  
**Average Daily Expenditures per Person, by Visitor Type**

Visitor Type	Average Daily Expenditures per Person
Overnight visitor in commercial lodging	\$145.49
Second homeowner	\$82.57
Overnight visitor in other accommodations	\$79.29
Overnight visitor staying with family/friends	\$75.15
Day visitor, not spending the night in SS	<u>\$73.38</u>
<b>Overall Average (weighted by segment size)</b>	<b>\$109.28</b>

Source: Steamboat Springs Chamber 2019 Summer Visitor Study

### Hotel/Condo Statistics

Hotel/condo statistics are provided by Destimetrics and the Steamboat Springs Chamber. In 2019, the supply of available hotel rooms/condo units in Steamboat Springs was 3,119 available units per day. The average occupancy rate in Steamboat Springs in summer 2019 was 34.4 percent, meaning that 153,430 hotel rooms/condo units were occupied in Steamboat Springs in the summer of 2019 (over the 143 days of the summer study period).

Given an average of 3.35 persons per occupied room/unit (an estimate based on historic data for people per unit from Steamboat Springs and other mountain town research), the total number of visitor-nights in hotels and condos in Steamboat Springs in summer 2019 was 513,990.

## Number of Visitor-Days in Steamboat Springs in 2019

Combining the information from the Summer Visitor Study with hotel operating statistics results in estimates of the visitor-days in Steamboat Springs in 2019. (A visitor-day is one person staying one day in Steamboat Springs for day visitors, and one visitor staying one night in Steamboat Springs for overnight visitors. A party of three people staying two nights would be six visitor-days. Day visitors are counted once per person in the visitor-day calculation.)

Overnight visitors accounted for the vast majority of Steamboat Springs's total visitor-days in summer 2019, for a total of 1,106,307 visitor-days. Day visitors are a much smaller 24,426 visitor-days.

Total visitor-days in Steamboat Springs in 2019 amounted to 1.13 million.

## Direct Visitor Expenditures

At a rate of \$109.28 in per person per day spending, the ***total direct spending by visitors in Steamboat Springs in summer 2019 was \$123.56 million***, as seen in Table 4 below.

**Table 4**  
***Total Direct Visitors Spending in Steamboat Springs, 2019***

Visitor Type	Number of visitor-days	Per person daily spend	Total Visitor Expenditures
Overnight Visitor	1,106,307	\$110.07	\$121,771,211
<u>Day Visitor</u>	<u>24,426</u>	<u>\$73.38</u>	<u>\$1,792,380</u>
<b>Overall</b>	<b>1,130,733</b>	<b>\$109.28</b>	<b>\$123,563,591</b>

Source: Steamboat Springs Chamber 2019 Summer Visitor Study

The \$123.56 in total visitor spending figure can be broken down further into several types of expenditures, which were asked on the Summer Visitor Survey. As seen in Table 5 below, direct spending on lodging was \$40.9 million, followed closely by food & drink (\$38.3 million). Other visitor spending includes recreation and entertainment (\$19.4 million), shopping, gifts, souvenirs (\$16.8 million), and other spending (\$8.2 million).

**Table 5**  
**Total Direct Visitor Spending in Steamboat Springs, Summer 2019**

	<b>Direct Visitor Expenditure</b>
Lodging	\$40,898,233
Food & Drinks	\$38,261,383
Recreation and entertainment	\$19,420,495
Shopping, gifts, souvenirs	\$16,788,848
Other	<u>\$8,194,631</u>
<b>Total Direct Expenditures</b>	<b>\$123,563,591</b>

Source: Steamboat Springs Chamber 2019 Summer Visitor Study

It is important to note that the \$40.9 million in spending by overnight visitors in commercial lodging in 2019 is nearly identical to the gross summer 2019 lodging sales in the City of Steamboat Springs (\$404,316 in accommodations tax collected Mat to October 2019, divided by the 1.0% tax rate, results in \$40.4 million in actual lodging sales). The projection is slightly higher for some potential lodging sales that are not taxed and/or reported. The relative agreement of these two numbers is an important check on the accuracy of the overall direct spending and total economic impact figures.

## **Expenditures, Direct Economic Impact and Total Economic Impact**

### **IMPLAN and Tourism Multipliers**

This report incorporates a model to estimate total economic impact, which includes direct effects and secondary (indirect and induced) effects, per IMPLAN and other economic modeling software. These effects are a standard component of documenting and measuring economic impact of a variety of industries, including tourism.

To calculate secondary effect from direct effect, multipliers are used. For this project, tourism multipliers from a variety of sources, including IMPLAN, were applied for the Steamboat Springs area. A multiplier varies in magnitude depending on the breadth of the industry, the geographic area, and the timeframe, among other factors. Different multipliers were used for economic output, jobs, and labor income in this study.

To estimate the multiplier appropriate for summer tourism in Steamboat Springs, the following sources were used:

- IMPLAN tourism multipliers
- Academic research on tourism multipliers, including Daniel J. Stynes from Michigan State University, among others
- Multipliers from other Colorado tourism studies, including Montrose, Boulder, Fort Collins, and Denver

Adjustments were made to the tourism multipliers for Steamboat Springs summer tourism effect, such that this report uses customized tourism multipliers. Adjustments took into account the timeframe (summer season); the scope of the industry (tourism, which touches on several different sectors, including accommodation and food service, retail trade, arts, entertainment, and recreation, and other sectors; and the geographic area (the greater Steamboat Springs economic area).

Additionally, the total effect was cross-checked against other sources and data studies, including Dean Runyan Colorado Travel Impacts 2018, Longwoods Colorado Travel Year 2018, and Colorado State Demographer.

### **Terminology**

In order to evaluate the economic scope and impacts of summer tourism in Steamboat Springs, several economic measures have been calculated: “Direct Visitor Expenditures,” “Direct Economic Impact,” “Secondary Economic Impact,” and “Total Economic Impact.”

- “Direct Visitor Expenditures” shows the estimated dollar amounts spent by all visitors to Steamboat Springs, as collected on visitor surveys and discussed above. As noted in Table 5, the amount of direct visitor expenditures in Steamboat Springs in the summer of 2019 was \$123.56 million.
- “Direct Economic Impact” is a measure of economic activity associated with summer visitors to Steamboat Springs. Economic activities associated with tourism from those who reside within Steamboat Springs are excluded, since it is assumed that they would have spent their discretionary/entertainment dollars on other goods/services/ activities in the local area anyway. “Economic impact” is thus a slightly narrower measure than “economic significance,” and it tabulates the incremental “new money” brought into the Steamboat Springs area by outside visitors attracted to the area as a result of tourism.

Again, the term “direct” further specifies that the economic impact evaluation has been limited to first-order economic effects. Secondary/multiplier impacts are included later in this analysis and are in addition to the direct effects.

Note as well that the direct economic significance/impact measures differ from raw direct visitor expenditures, insofar as the economic significance/impact measures both incorporate an adjustment to retail purchases to include retailer margins only (i.e., excluding Cost of Goods Sold), and thus more accurately reflect local economic activity.

- “Secondary Economic Impact” represents the additional economic activity stimulated in the local economy as a result of the direct impacts and is sometimes referred to as the “multiplier effect.” This figure includes indirect effects associated with the supply chain (e.g. the linen provider which services a hotel) and induced effects associated with employees directly or indirectly affected industries spending their wages in the local economy, plus related follow-on rounds of economic activity from these indirect and induced effects. This analysis uses a general tourism estimate of output multipliers to estimate secondary economic impacts.
- “Total Economic Impact” represents the sum of direct and secondary economic impacts.

## Total Economic Impact of Tourism

The **total economic impact of tourism in the City of Steamboat Springs in 2019 is estimated to have been \$166.07 million**, as presented in Table 6 below. This number accounts for the direct and secondary impacts associated with non-resident visitors and their immediate travel parties.

**Table 6**  
**Total Economic Impact of Tourism in Steamboat Springs, Summer 2019**

	Economic Impact
Direct economic output	\$98,850,873
Secondary economic output (indirect and induced effects)	<u>\$67,218,594</u>
<b>Total economic impact</b> (Direct economic output plus secondary output)	<b>\$166,069,467</b>

Sources: 2019 Summer Visitors Study, Tourism Jobs Multiplier estimates

## Employment Impact

RRC Associates used estimates of multipliers of the number of jobs created as a result of tourism. The jobs calculation includes people directly employed by tourism-related businesses (such as the desk clerk and housekeeper in a hotel) as well as people working in businesses that have an indirect connection to tourism (retail stores, restaurants, food stores, gas stations, attractions, and many other jobs). The proportion of the job that is indirectly related to tourism is estimated by the employment multipliers.

The estimated **number of jobs in Steamboat Springs attributable to tourism is 2,337**, including 1,897 jobs directly tied to the tourism industry, as presented in Table 7 below.

**Table 7**  
**Jobs Impact of Tourism, Steamboat Springs**

Jobs Impact	Direct	Indirect	Induced	Total
Lodging	444	80	50	575
Food & Drinks	714	53	61	828
Shopping, gifts, souvenirs	327	29	30	386
Recreation, entertainment	411	109	28	547
<b>Total Jobs</b>	<b>1,897</b>	<b>271</b>	<b>169</b>	<b>2,337</b>

Sources: 2019 Summer Visitors Study, Tourism Jobs Multiplier estimates

The Colorado Department of Local Affairs (DOLA) estimated a total of 20,338 jobs in Routt County in 2018, including 493 jobs in “Accommodations” and 1,976 in “Food Services and Drinking Places”. These numbers for employment related to tourism in Steamboat Springs (which is obviously a smaller geography than Routt County) seem reasonable given the DOLA numbers.

### Labor Income Impact

Another estimate of tourism’s impact on the Steamboat Springs economy is labor income impact, or the payroll and wages paid to employees as a result of tourism in Steamboat Springs. These labor income dollars include estimates of wages paid to individuals employed in tourism related business, and indirect and induced businesses as well.

The **total labor income attributable to tourism in Steamboat Springs is \$60.2 million**, shown below in Table 8.

**Table 8**  
**Labor Income Impact of Tourism, Steamboat Springs**

Labor income impact	Direct	Indirect	Induced	Total
Lodging	\$12,556,786	\$3,648,209	\$2,123,769	\$18,328,764
Food & Drinks	\$17,134,678	\$2,468,548	\$2,573,714	\$22,176,941
Shopping, gifts, souvenirs	\$7,867,451	\$1,245,178	\$1,250,739	\$10,363,368
Recreation, entertainment	\$5,448,029	\$2,749,894	\$1,171,471	\$9,369,394
<b>Total labor income</b>	<b>\$43,006,944</b>	<b>\$10,111,829</b>	<b>\$7,119,694</b>	<b>\$60,238,467</b>

Source: 2019 Summer Visitors Study, Labor Income Multiplier estimates

### SALES TAX COLLECTIONS ATTRIBUTABLE TO VISITORS

Summer tourism in Steamboat Springs generates sales tax – from retail purchases, lodging, restaurants, and admissions taxes. The estimated amount of tax revenue (sales, lodging, food service, and admissions) that summer visitors contribute to the City of Steamboat Springs is \$5.3 million, as presented in Table 9 below; \$4.9 million is from City of Steamboat Springs sales tax (4.0% tax rate times \$123.56 million in direct visitor expenditures), and \$404,000 is from Accommodations Tax (May to October 2019, per City sales tax reports). (see Table 9)

Of note, taxes collected by the Local Marketing District (LMD) were not included in the calculation of total taxes generated by summer tourism, because the LMD tax is specifically earmarked for air service, and not used in the General Fund.

City of Steamboat Springs tax revenue attributable to tourism averaged approximately \$1,107 per household in the City (4,830 households in Steamboat Springs per the US Census). In other words, the average household pays over \$1,100 less in local taxes as a result of summer tourism in Steamboat Springs.

**Table 9**  
**City of Steamboat Springs Sales Tax Generated by Summer Tourism**

	Sales/ Accommodations Tax
Sales Tax (4% of Tourism Direct Expenditures)	\$4,942,544
Accommodations Tax	\$404,316
<b>Total</b>	<b>\$5,346,860</b>

Source: 2019 Summer Visitors Study, City of Steamboat Springs Monthly Tax Reports

## CONCLUSION

Summer tourism is an important industry in Steamboat Springs, with a significant economic impact in terms of direct visitor spending, secondary impacts, and employment impacts. As noted earlier in this report, some highlights include:

- The total economic impact of summer tourism for Steamboat Springs in 2019 is estimated at **\$166.07 million**.
- It is estimated that in the summer of 2019, **visitors spent \$123.56 million in Steamboat Springs**.
- The estimated **number of jobs in the City of Steamboat Springs either directly or indirectly attributable to tourism is 2,337**, including 1,897 jobs directly tied to the tourism industry.
- The **total labor income attributable to tourism in the City of Steamboat Springs is \$60.24 million**.
- The estimated amount of tax revenue (sales and accommodations taxes) that **visitors contribute to the City of Steamboat Springs tax collections is \$5.35 million**, or approximately \$1,107 per household in the City.

The overall health of the industry should be a priority of those involved in decisions and policies related to summer tourism in the Steamboat Springs area.