Southwest Virginia Regional Recreation Authority

"Spearhead Trails - Adventure Playground of the East"

Spearhead Trails Implementation Plan

Volume II: Economic Impact Assessment

Prepared by:

The Lane Group, Inc.
Sustainable Development Consulting International
WMTH Corporation
Managed Adventure Systems

FINAL DRAFT May 2012

THE LANE GROUP

SOUTHWEST VIRGINIA
REGIONAL RECREATION AUTHORITY

"Spearhead Trails - Adventure Playground of the East"

SPEARHEAD TRAILS IMPLEMENTATION PLAN

VOLUME II: ECONOMIC IMPACT ASSESSMENT

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i. ACKNOWLEDGEMENTS

This report acknowledges the assistance of The Southwest Virginia Regional Recreational Authority (SRRA) and the Spearhead Trails Organizations. Additional assistance was provided by Lee, Scott, Wise, Russell, Tazewell, Dickenson and Buchanan Counties and the City of Norton. North Mountain Outfitters, the Town of St. Paul, the Hatfield and McCoy Trail System and the New River State Park provided information used in the development of case studies and business models. Additional sources of data have been referenced as appropriate. This Report has been prepared by the Project Team which consists of the Lane Group, We Make Things Happen (WMTH), Managed Adventure Systems (MAS) and Sustainable Development Consulting International (SDCI). Robert R. Jones, Ph.D., of SDCI was the principal author of this document.

ii. EXECUTIVE SUMMARY

This Economic Impact Assessment (EIA) has estimated the total potential economic impact to be generated from the development of new and expanded trail systems in far Southwest Virginia as part of the Spearhead Trails initiative. This assessment includes the predicted non-local visitors to the region that will result from the implementation of professionally developed and operated Off-highway Vehicles (OHV), equestrian riders, kayakers and canoeing enthusiasts along blueways, and hikers and bikers (including mountain bikers). It did not include other linear trail projects that also attract visitors to the region such as cultural heritage driving trails (for example the Crooked Road and Coal Heritage Trail), other designated vehicle trips such as motorcycle riders, nor did it include outdoor recreationists who participate in hiking birding trails, wildflower trails, fishing, hunting, or other outdoor sports typical to the region. The proposed trail development assumed in this assessment is identified in the Trail Development Plan (Volume I).

Direct economic impact to the local economy resulting from increased visitation and expenditure at the various trail venues and events described in the Trail Development Plan was estimated from a combination of direct spending surveys at targeted venues and by comparative published reports. It is appropriate to apply a multiplier to the direct impacts in order to determine induced economic impacts as well. Multipliers used by the U.S. Bureau of Economic Analysis (BEA) developed as part of the Regional Input-Output Multiplier II (RIMS II) model were utilized. Induced impacts are based on the tax revenue generated by the sales of product and wages paid in the Commonwealth. Job creation, in full-time equivalent (FTE) jobs was estimated as a result of the Spearhead Trails Initiative.

The development of the Spearhead Trails initiative will result in total estimated direct economic impact of almost **$43 million** over a five year operational period (estimated at 2013 through 2017). The total return to the Commonwealth on wage taxes (at 5 percent) will average over **$750,000** during this period. Sales tax was calculated for direct expenditures yielding **$3.4 million** to the Commonwealth (4.0%) and **$858,176** collectively to the local governments (1.0%). Additionally, the impact of local tax revenue based on accommodation income (also referred to as an Occupancy tax), and food and beverage taxes were not determined as these vary by jurisdiction. Total job creation for this three year period is estimated **390 FTE**.

1.0 BACKGROUND TO PROJECT

1.1 Purpose of Economic Impact Assessment

The economic impact of tourism is an important consideration in state, regional and community planning and economic development. Additionally, economic impacts are also important factors in marketing and management decisions. Communities therefore need to understand the relative importance of tourism to their region, including tourism's contribution to economic activity.[1] One of the primary objectives of this Economic Impact Assessment (EIA) is to provide current and relevant information to the communities of Far Southwest Virginia (FSWVA) as to the potential economic impact of the Spearhead Trails initiative and also to set a bench mark from which future assessments can be compared to following the development of the trail system. The Spearhead Trails mandate area (service region) is defined as the seven counties and one city located in Far Southwest Virginia (see Figure 1.1).

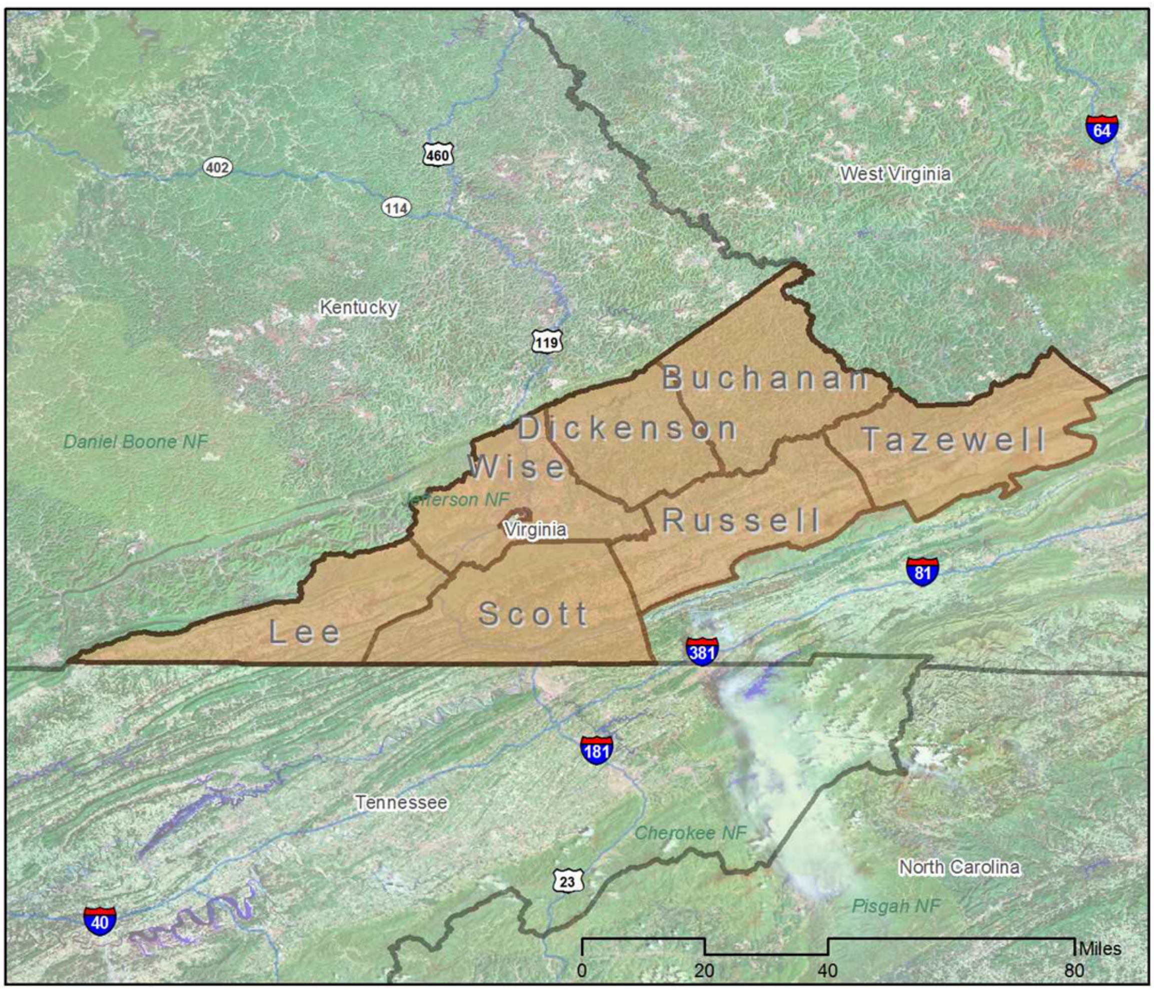

Figure 1.1: SRRA Mandate Area

[1] Stynes, Daniel. Economic Impacts of Tourism Vol. 1 January 1999

Economic impact analysis is an important tool for predicting the effects of a variety of economic stimuli in a local economy. Development projects, tourism initiatives, tax changes, land use decisions, and other economic decisions impact the flow of income in and out of a community. The specific purpose of this Economic Impact Assessment is to determine the direct and induced economic impacts that can be expected from the implementation of the Spearhead Trails initiative within the regional economy. Economic impact analysis is used to determine the predicted total economic impact and to forecast future economic changes as a result of additional investment into the region. It can be used to set a baseline of data from which to make future assessments of the efficacy of further investment. Additionally, data captured through this assessment can also be used to direct marketing efforts in order to increase efficiency, promote greater conversion rates, and increase the positive impact of local economic output.

This Economic Impact Assessment is one component of the Southwest Regional Recreation Authority's Implementation Plan. The Implementation Plan (funded by the Virginia Tobacco Indemnification and Community Revitalization Commission) consists of this report (Volume II); the Trails Development Plan (Volume I), providing conceptual trail mapping, an opinion of probable cost and relative prioritization within the Spearhead Trails multiple venues; and a Business Plan (Volume III). Volumes I and II serve as the basis of the Business Plan and are incorporated by reference to this report. The EIA may be used as an informational resource and baseline assessment for local governments, current and potential funding agencies, and institutions. It is a follow-up to the previously prepared Comprehensive Plan for Spearhead Trails prepared by WMTH Corporation and Summit Engineering (2009) which provided much of the background for regional assessment of trail related tourism potential.

The Economic Impact Assessment includes:

- A list of trail related business development (food, lodging, retail, services and entertainment venues) in the SRRA counties was prepared as part of the Comprehensive Plan and is included by reference and updated where necessary.
- Visitor profiles of select similar venues using on-site questionnaires were administered during peak visitation periods. The questionnaires were developed in cooperation with the team and client to solicit relevant data. Venues such as existing OHV trails, blueway systems, and equestrian events were used as reference sites.
- The results of the business assessment and visitor profiles were used to generate a direct and indirect economic impact assessment for the proposed trail development program assuming that the implementation follows the Business Plan. Deviations from the implementation schedule or plan will alter the estimates provided for in this Assessment. Regional Multiplier Model data sets from U.S. Department of Commerce (Regional Input-Output Modeling System II [RIMS II]) were used to assist in determining the appropriate multipliers by industry type for the region.
- A comparative analysis with the Virginia Tourism Corporation (VATC) data and other recent and similar economic impact assessments was completed.

- The estimated primary and secondary market areas by tourism activity type, using the primary data collected in Task 2 input into a geographic information system (GIS), was used to determine access to markets.

1.2 Abbreviations and Definitions

In order to clearly communicate the results of this EIA, the following terms are defined for consistency between the consultant, client and the public.

GDP	Gross Domestic Product
pCPI	per Capita Personal Income
VATC	Virginia Tourism Corporation (VATC)
CPI	Consumer Price Index
RIMS II	Regional Input-Output Model
EIA	Economic Impact Assessment
OHV	Off Highway Vehicle
SRRA	Southwest Regional Recreational Authority
FSWVA	Far Southwest Virginia

Direct Economic Impact

- This is defined as employment created, payroll and other local expenditures of all non-local visitors to the Spearhead Trails Initiative and other locations within the region during their length of stay.
- Gross receipts received as revenue from permit sales at Spearhead Trails locations, sales of merchandise (including internet sales) and related industries.
- Direct job creation at the Spearhead Trails venues and related industries.
- Wages paid to employees

Indirect Economic Impact

- This is defined as the additional expenditures of the venues and other businesses as a result of the increase in non-local tourism expenditures.

Induced Economic Impact

- This is defined as the additional local business generated by the increase in tourism dollars being spent in the region, including new businesses, new jobs in support businesses, additional wages, taxes and other income, along with multipliers from successive circulation in the local economy “multiplier effect.”
- This includes all other changes to the local economy as a result of the Direct Economic Impact.

Economic Multiplier

- A basic assumption of economic theory is that increases or decreases in expenditures are multiplied as they spread throughout the economy. Thus, for every increase of $1 brought into a local economy from outside the region, an increase in $1 + X will occur as a result of increased downstream use. For example, a new employee that earns $1 will in turn spend a portion of it on food, housing and other essentials in the community. The recipient of these purchases will then spend a portion on similar necessities and luxuries. As the dollar is spent and re-spent, portions of it will be saved, and portions will leave the local economy (these losses are referred to as leakages) and thus the local reinvestment will continually decrease. The extent to which the dollar is re-circulated through the local economy is related to the types of industry present, spending habits, local supply, and other interrelationships. The U.S. Department of Commerce has developed a Regional Multiplier Model (Regional Input-Output Modeling System II (RIMS II), Third Edition, March, 1997) to assist in determining the appropriate multipliers by industry type to use within a given region. These multipliers have been used in this EIA and are more fully described in Section 4.0.

1.3 Deliverables

The Economic Impact Assessment Report for the Southwest Regional Recreation Authority (SRRA) includes the following information:

- Determination and demographics of the market area(s)
- Assessment of market area
- Determination of the predicted total economic impact including:
  - Assessment of direct and induced economic impact
  - Job creation
  - Tax revenue (local, state and federal)
  - New business potential resulting from the Spearhead Trails Initiative economic impact
  - Comparison to other similar economic initiatives
  - Conclusions and recommendations

1.4 Limitations of Liability

To the extent practicable, all data contained in this study reflects accurate and timely information. This study is based on estimates, assumptions and other information developed by SDCI and the Project Team from its independent research efforts, general knowledge of the market and industry and consultations with the client and Team Members. No responsibility is assumed for any inaccuracies in the data obtained or relied upon in the development of this assessment. This report and methodology is based on industry standard practices. No warranty or representation is made by SDCI for any of the projected values or results contained in this study. Achievement of the estimated economic impact may be affected by economic conditions that differ from the assumptions contained in this document. No abstracting, excerpting or summarizing of this document may be made without prior written consent of the principal author (SDCI).

2.0 REGIONAL ECONOMIC BACKGROUND

2.1 National and Regional Economic Data

Since 2007 the United States has experienced significant economic stagnation as represented by rates of Gross Domestic Product (GDP), unemployment and stagnated wages. National unemployment rates have generally risen from 4.6% at the beginning of 2007 to 9.1% as of August of 2011 (BLS; see Figure 1). The most recent report identified national unemployment rates at 8.5% as of December 2011 (BLS). Gross Domestic Product was at $14 Trillion in 2007 but remained stagnant or fell through 2009 (indicating recession) and has slowly climbed to $14.6 Trillion at the end of 2010. Wages have also been depressed during this period. The Real Average Hourly Wage in the U.S. was $10.30 in 2009 and has fallen to $10.20 in late 2011 (BLS) and total compensation of U.S. workers contracted by 3.2% in 2009.[2]

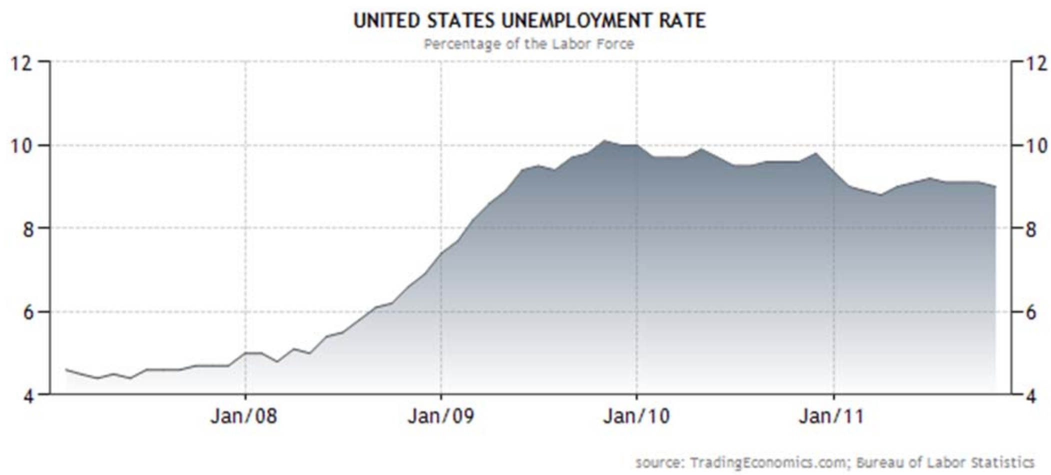

Figure 2.1: National Unemployment Rate Trend

The Commonwealth of Virginia and Far Southwest Virginia have not been immune from these national economic trends. Gross Domestic Product in Virginia increased between 2009 and 2010 but at a much lower rate than its neighbors including Kentucky, Tennessee, North Carolina, Maryland and West Virginia (see Figure 2.2). Also, during this period, the Commonwealth experienced unemployment rates of only 3.0% in 2007 (below the national average) to 6.7% in 2010.

[2] U.S. Bureau of Labor Statistics (www.bls.gov).

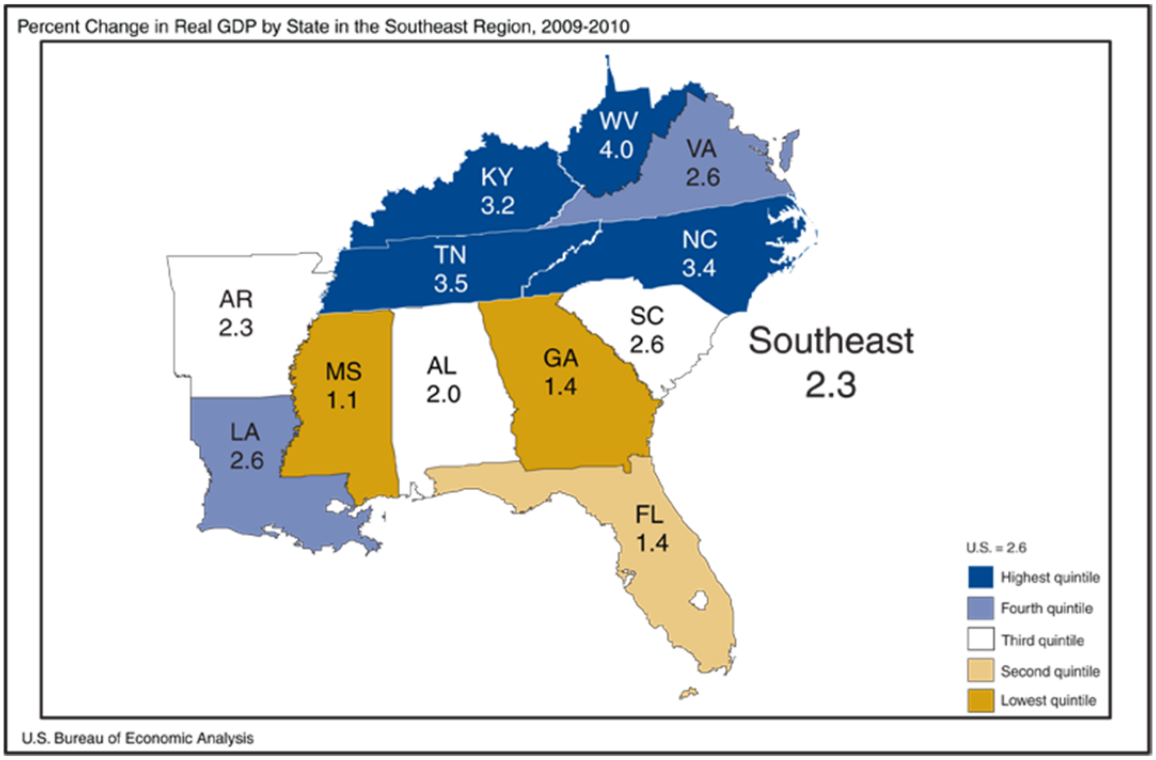

Figure 2.2: GDP for Virginia and Surrounding States (2009-2010)

The counties of FSWVA generally lagged behind the State in economic development both in terms of employment, per capita income, and medium household income and in other important socio-economic indicators such as levels of education and general health. A review of the data published by the U.S. Census Bureau and the Department of Labor's Bureau of Economic Analysis indicates that unemployment rates in the two Planning Districts (PDs) that make up FSWVA (LENOWISCO and Cumberland Plateau) averaged unemployment rates of 7.8 and 7.7% respectively, more than one full percentage point above the state average. Within these PDs, Russell County has the highest unemployment rate of 9.5% (2010) followed by Scott County at 9.4% and Tazewell County has the lowest percentage unemployment at 6.5%.

In terms of Per Capita Personal Income (pCPI) the counties of FSWVA also lagged behind the State (see Table 2.1), the worst being Lee which averaged 59% (ranked 99th) of the State average ($44,057) and Russell which averaged only 60% (ranked 96th) of the State average (see Figure 2.3).

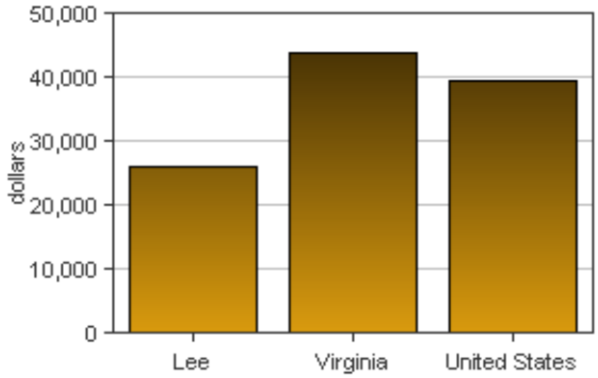

Figure 2.3: Average Per Capita Personal Income for Lee County (2009)

Table 2.1: per Capita Personal Income for Far Southwest Virginia

County	Per Capita Personal Income (2009)
Buchanan	$30,915
Dickenson	$26,779
Russell	$26,543
Scott	$26,953
Tazewell	$31,516
Wise	$30,613
Lee	$26,054
State Average	**$44,057**

Regional poverty rates are considerably higher in FSWVA as compared to the State and U.S. (see Figure 2.4). With the exception of Tazewell County, all other SRRA jurisdictions report levels close to or more than twice the State average. This is likely due to a lack of higher paying jobs in the region that has resulted from the conversion from industrial/manufacturing employment to service sector job creation.

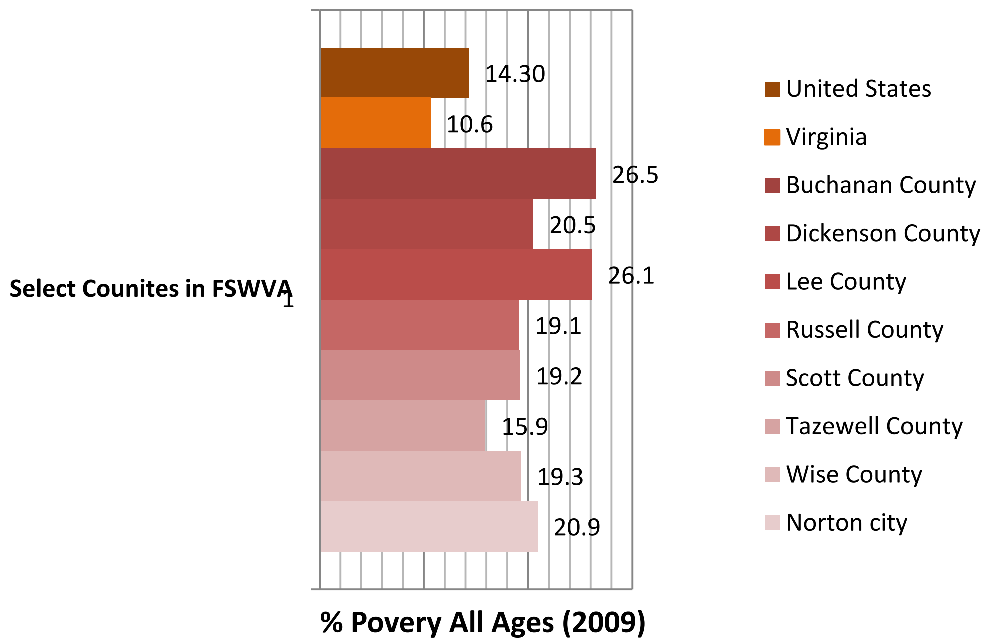

Figure 2.4: Percentage Poverty Rates for Selected Counties in FSWVA

While population has grown within the Commonwealth since the 2000 census, the counties of FSWVA have overall remained flat (overall growth rate of 1%). However, there is considerable variability between counties with those of Buchanan and Dickenson experiencing the most significant declines from 2000 to 2010. This trend continues from the previous census counts indicating continued out-migration from many of the counties. Within the counties of FSWVA the individual towns have generally shown an increase in population indicating a trend towards peri-urbanization (see Table 2.2 and Figure 2.5).

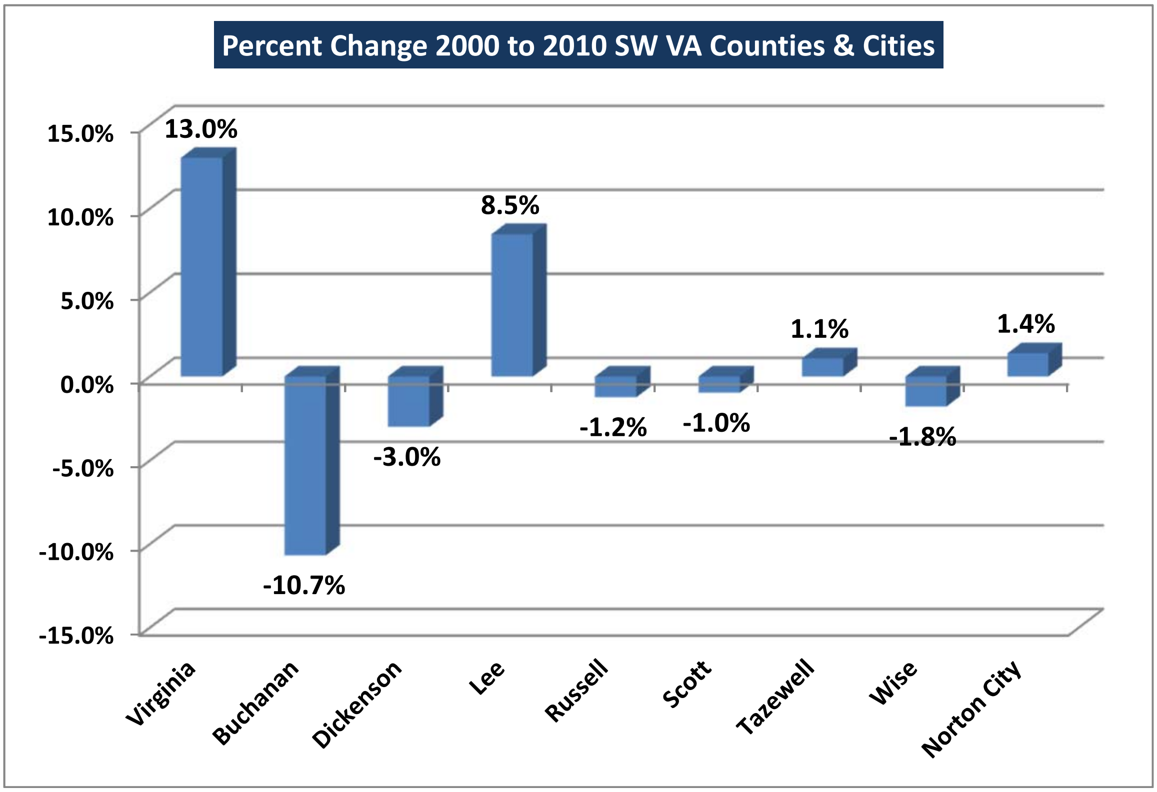

Figure 2.5: Regional Population Loss 2000 to 2010 (U.S. Census Bureau)

Table 2.2: Population & Percent Loss by County in FSWVA

Locality	2010 Census	2000 Census	% Change
Virginia	**8,001,024**	**7,079,030**	**13.0%**
Buchanan	24,098	26,978	**-10.7%**
Dickenson	15,903	16,395	**-3.0%**
Lee	25,587	23,589	**8.5%**
Russell	28,897	29,258	**-1.2%**
Scott	23,177	23,403	**-1.0%**
Tazewell	45,078	44,598	**1.1%**
Wise	41,452	42,209	**-1.8%**
Norton City	3,958	3,904	**1.4%**
Totals	**208,150**	**210,334**	**1%**

The above data demonstrates that outmigration from FSWVA may be a significant problem to traditional means of economic development (job creation through manufacturing base expansion). The ability to create and maintain high value manufacturing jobs has traditionally been problematic due at least in part to a lack of a skilled workforce and the inaccessibility to the region via the existing road networks. However a 1996 Economic Research Service (ERS) Rural Manufacturing Survey[3] demonstrates that manufacturers (and other employers) may avoid outmigration counties. Funded in part by USDA's Rural Development mission area, this national survey was prompted by concern over rural manufacturing competitiveness amid globalized markets and technological change. Few manufacturers, even ones located in remote areas, reported major problems of access. Instead, the factors most frequently cited tended to be related to human capital (McGranahan, 1998a). The local attribute most often reported to be a major problem in counties not classified as outmigration counties was the quality of available labor (35 percent), which far outweighed the two next most frequently reported problems: state and local taxes (23.2 percent) and environmental regulation (22.6 percent). The SRRA region maintains a significantly lower population of four-year degreed residents however this is not thought to be a major impediment to the existing industrial mining base (see Figure 2.6). It is a potential obstacle regarding the ability to attract and retain high tech industry and higher wage service sector employment.

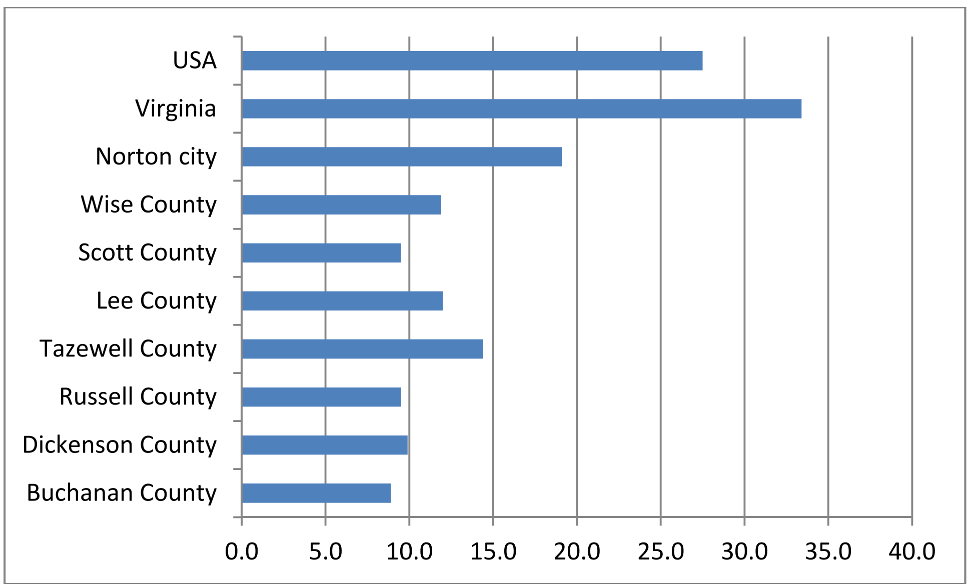

Figure 2.6: Percentage of Population >25 Years Old with a Bachelor's Degree

[3] Issues in Rural Manufacturing: Results of the ERS Rural Manufacturing Survey. Economic Research Service, U.S. Department of Agriculture. Agriculture Information Bulletin No. 736.

2.2 Regional Economic Opportunities

A primary concern for this assessment is the determination of the demographics of the SRRA region of influence. Much of this data is already available through the existing U.S. Census Bureau database. The following is a short synopsis of the data, what it means to the outcome of the assessment and how it is likely to change as a result of SRRA impacts. Of primary importance are:

1) *changes to the local demographics as a result of the Spearhead Trails Initiative economic impact and,*
2) *the demographics of the primary and secondary market area (for future use in marketing and conversion efforts).*

Within Southwest Virginia, the far southwestern counties of Lee, Scott, Wise, Dickenson, Buchanan, Russell, Tazewell and the City of Norton have largely depended upon the extraction industry, (primarily coal and natural gas), the transportation sector, and government or service related jobs as economic drivers and employment generators. While these industries will continue to play an important role in the employment sector and as generators of direct economic output, many of the counties are determined to diversify their economic base with other potential employment sectors, one of which is tourism.

Tourism has long played an important part of the regional economy with specific features being generally successful over a long period. Venues such as, the outdoor drama, "Trail of the Lonesome Pine" and the Crooked Road: Virginia's Heritage Music Trail have been successful at bringing national and even international attention to the area. Outdoor recreational opportunities are also significant. Breaks Interstate Park, the George Washington and Jefferson National Forests and the Virginia Creeper Trail are well known outdoor recreational venues.

The Spearhead Trails project was started and initially facilitated by Virginia Tourism Corporation's Partnership Alliance Marketing division. In 2008, the Virginia General Assembly established the Southwest Regional Recreation Authority (SRRA). The purpose and goal of SRRA is to oversee the development and management of the Spearhead Trail System within the counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, Wise and the City of Norton.

The 2009 Comprehensive Plan study prepared by WMTH demonstrated that there is tremendous potential for Southwest Virginia to become a "Trail Destination" for OHV riders, bikers, hikers, canoeists, horseback riders, naturalists and others – "adventure tourists".

The proposed trail system:

- Is intended to utilize easements on privately owned lands through cooperative agreements, mainly with large corporate landowners;
- Will be governed by a state authority (SRRA), and patrolled by rangers with support from the local sheriff's departments in each of the jurisdictions;
- Will require users to abide by a strict set of safety and conduct rules - enforced to protect users and the environment; and

- Can provide economic diversification through development and expansion of businesses such as: outfitters, campgrounds, hotels, cabin rentals, restaurants, gift shops, supplier stores, OHV, bicycle, off-highway motorcycle and equestrian services/sales.

SRRA's Mission Statement captures the goals and objectives of the volunteer, not-for-profit organization.

The Southwest Regional Recreation Authority (SRRA) was created in 2008 by the Virginia General Assembly. The purpose and goal of SRRA is to develop and market a system of trails throughout a seven county area encompassing Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise Counties, and the City of Norton. "Spearhead Trails" was chosen as the name for the trail system since a map of Southwest Virginia resembles the head of a spear. Also because it is firmly believed that this initiative will help the communities "spearhead" forward towards positive economic growth.

2.3 Description of Current Regional Economic Development Initiatives

A number of regional tourism related economic restructuring initiatives have been implemented in FSWVA in recent years. The following is a brief description of these projects including information on their economic impact.

The Crooked Road (TCR): Virginia's Heritage Music Trail encourages economic development in the Appalachian region of Southwest Virginia by focusing on the area's unique cultural and musical heritage through the promotion of an unmatched quality of life. The eight major venues located along The Crooked Road are the Ralph Stanley Museum, Country Cabin II, Carter Family Fold, Birthplace of Country Music Alliance, Old Fiddler's Convention/Rex Theater, Blue Ridge Country Music Center, Floyd Country Store/County Sales and Blue Ridge Institute & Museum at Ferrum College.

An Economic Impact Assessment prepared by SDCI in 2008 determined the following:

- Regionally, the Crooked Road counties and cities increased their share of the tourism market in comparison to other regions of the state. From 2003-2007 they outpaced the other regions of the state by almost 2.0%.
- A review of the communities surveyed as part of the longitudinal assessment revealed that in all three major categories, (number of accommodation providers, restaurants and music venues), the rate of increase was significantly greater for the TCR versus non-TCR communities.
- Direct expenditures in the TCR region from all venues along with pro-rated festival attendance provided a total estimated direct economic impact of almost $13 million in 2008.
- Tax revenues generated to the Commonwealth and local governments for 2008 were approximately $600,000 in 2008 as a result of The Crooked Road.
- Total economic impact as a result of The Crooked Road was estimated to be almost $23 million for 2008 with 445 full-time equivalent jobs.

Heartwood: Southwest Virginia's Artisan Gateway is a 29,000 square foot sustainable facility located off of Interstate 81 in the town of Abingdon, Virginia. The building houses handmade craft and artisan agricultural products for sale, along with educational exhibits featuring Southwest Virginia tourism opportunities. A 2007 Market Feasibility Assessment completed by Economic Research Associates (ERA) estimated that the facility will attract approximately 270,000 visitors per year and generate $21.6 million of direct economic impact and 202 FTE jobs.

'Round the Mountain: Southwest Virginia's Artisan Network (RTM) is a non-profit membership-based organization whose mission is to promote sustainable economic development of the region's communities by assisting local artisans with marketing, educational, and entrepreneurial opportunities (see www.roundthemountain.org). Since the organization's creation in 2004 membership of regional artisans and arts related tourism venues has risen to over 500 making it one of the largest craft membership-based organizations in the country. RTM is a direct supplier of regionally made hand crafted juried products to the Heartwood facility.

The Southwest Virginia Cultural Heritage Commission (SWVACHC) is an organization created by the Virginia General Assembly to promote the economic restructuring of Southwest Virginia through the promotion of cultural and outdoor recreation. The SWVACHC oversees the Heartwood, RTM and TCR tourism projects and helps to promote economic diversification in the region through the development of a sustainable economy that is authentic, distinctive and alive. More information regarding this organization can be found at www.myswva.org.

Return to Roots is a campaign aimed at the estimated 15,000 high school alumni who left the Southwest Virginia nine-county region of Buchanan, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington and Wise and the cities of Bristol and Norton. The campaign seeks to match companies in the aforementioned area to those who want to return to the region or those who want to relocate. The program reaches out to former residents of the area through the website www.ReturnToRoots.org, direct mail and the news media to inform them about employment opportunities available in Southwest Virginia. The site links these potential employees to regional companies with job openings.

The Virginia Coal Heritage Trail seeks to preserve and protect the Appalachian coalfields way of life and its link to the unique landscape of southwest Virginia, through the development of a 325-mile trail that highlights the coal mining history, structures, and culture, while developing and perpetuating economic opportunities in communities along the trail. More than 300 miles of scenic byways stretch through seven counties and the city of Norton, providing the traveler with glimpses of unique coal mining towns that were formed more than a century ago. Figure 2.7 is a map of the Virginia Coal Heritage Trail.

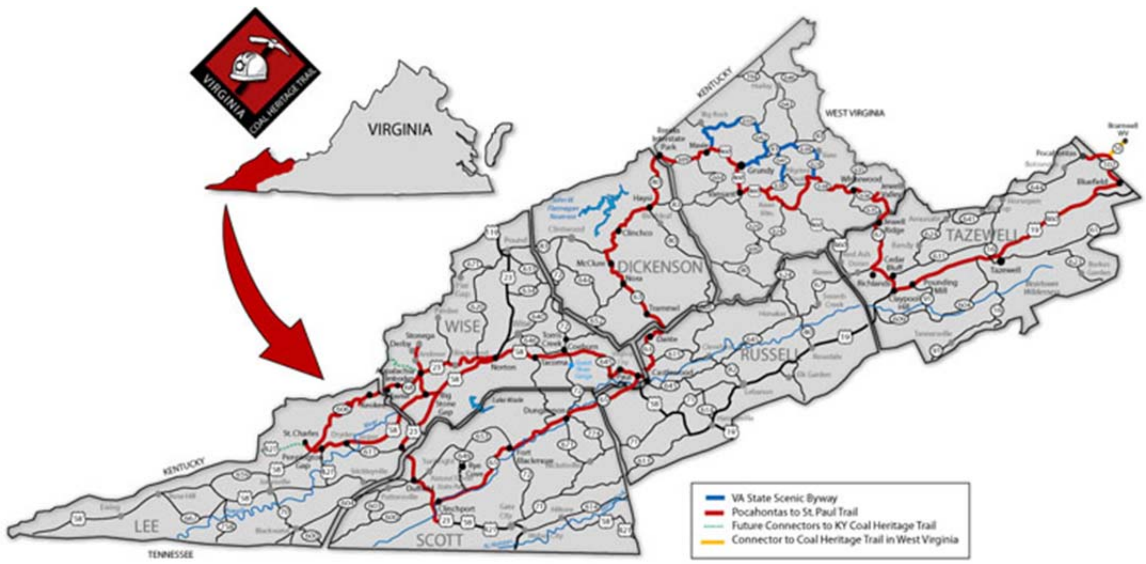

Figure 2.7: Virginia's Coal Heritage Driving Trail

Southwest Virginia's e-Region

Located in southwestern Virginia, the e-Region is an emerging East Coast center for key areas for business - electronic information technology, energy, education and emerging technologies. A trendsetter in broadband access in rural America, Virginia's e-Region has the workforce, low costs, tailored training and way of life that makes employers and their employee families very happy.

Virginia Coalfield Economic Development Authority

Historically referred to as the coalfield region of the Commonwealth, Virginia's e-Region is marketed by the Virginia Coalfield Economic Development Authority (VCEDA), a regional economic development organization created by Virginia's General Assembly in 1988 to enhance and diversify the economic base of the seven-county, one city, coal-producing region.

VCEDA operates several unique incentive and financing programs to encourage new job creation and economic diversification with financial support for fixed assets, construction of buildings for sale or lease, installation of utilities and direct loans to private for-profit basic employers and industrial development authorities. Financing is based in part on the number of new jobs created, wage rates and amount of private investment.

Accessibility to Interstates 77, 81, 75, 64 and 26 make the region an ideal location to serve markets in both the East and Mid-America. Four-lane arteries include U.S. Routes 19, 23, 58, 460 and 421. Virginia's e-Region is strategically located midway between Atlanta-Pittsburgh, Charlotte-Cincinnati, and Richmond-Louisville, and is within a day's drive of more than half of the U.S. population (see Figure 2.9).

Distance to Markets

- Atlanta, GA **- 312**
- Baltimore, MD **- 375**
- Birmingham, AL **- 372**
- Chicago, IL **- 583**
- Columbia, SC - **267**
- Detroit, MI - **505**
- Memphis,TN - **501**
- Nashville, TN - **292**
- New York, NY - **574**
- Philadelphia, PA - **480**
- Pittsburgh, PA - **292**
- Richmond, VA - **288**
- St. Louis, MO - **540**
- Washington, D.C. – **340**

Regional commercial airports include the following:

- Tri-Cities Regional Airport in Blountville, TN
- Roanoke Regional Airport in Roanoke, VA
- McGhee Tyson Airport in Knoxville, TN

Local general aviation airports include the following:

- Grundy Municipal Airport in Grundy, VA
- Lonesome Pine Regional Airport in Wise, VA
- Lee County Airport in Jonesville, VA
- Tazewell County Airport in Claypool Hill, VA
- Virginia Highlands Airport in Abingdon, VA
- Mercer County Airport in Bluefield, WV

Several economic development organizations have been actively promoting the region and developing infrastructure designed to attract high-tech businesses and residents interested in telecommuting. Virginia’s eRegion, in association with other development organizations (such as the VCEDA), and the local Planning Districts) have been installing broad-band internet infrastructure within FSWVA.

Vehicular access to the region will also increase over the next few years with the construction of the Coalfields Expressway (see Figure 2.8). The Coalfields Expressway is a proposed four-lane highway in southwest Virginia and southwest West Virginia, and it will be 116 miles long. This four-lane highway will be built on a limited access right-of-way, and most public road crossings will be at-grade, with interchanges at major crossings. The proposed length of the Coalfields Expressway in Virginia is 51 miles.

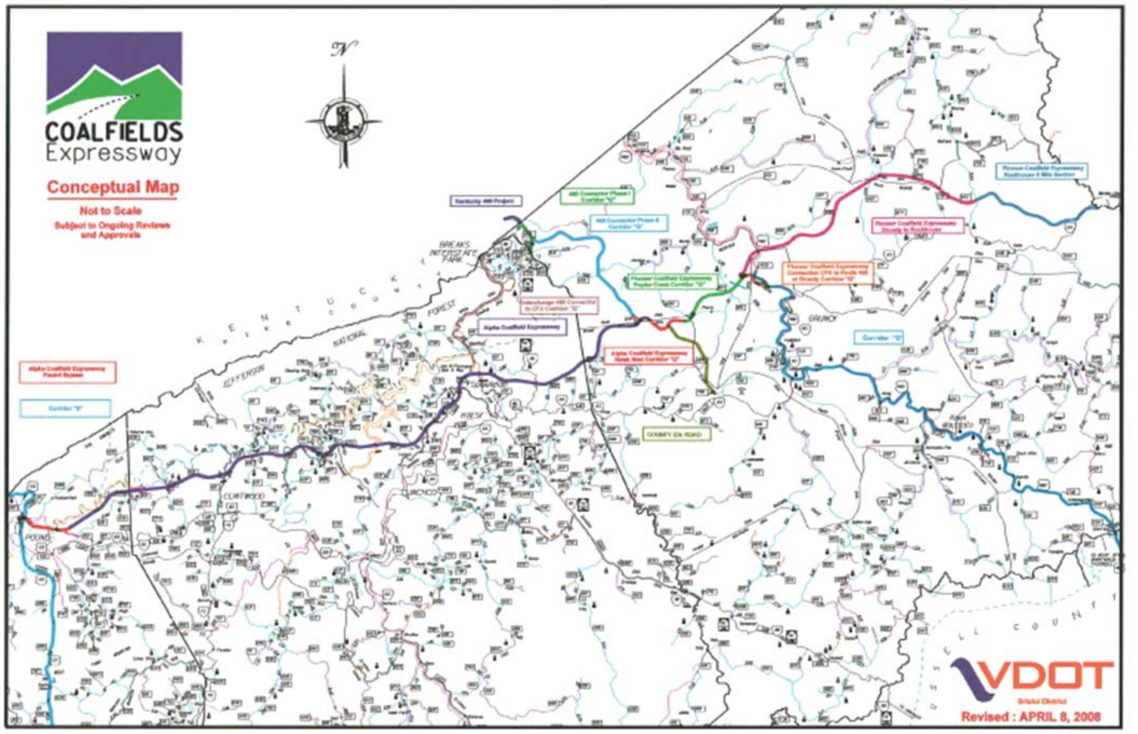

Figure 2.8: Map of the Coalfields Expressway (Under Construction), Source: VDOT

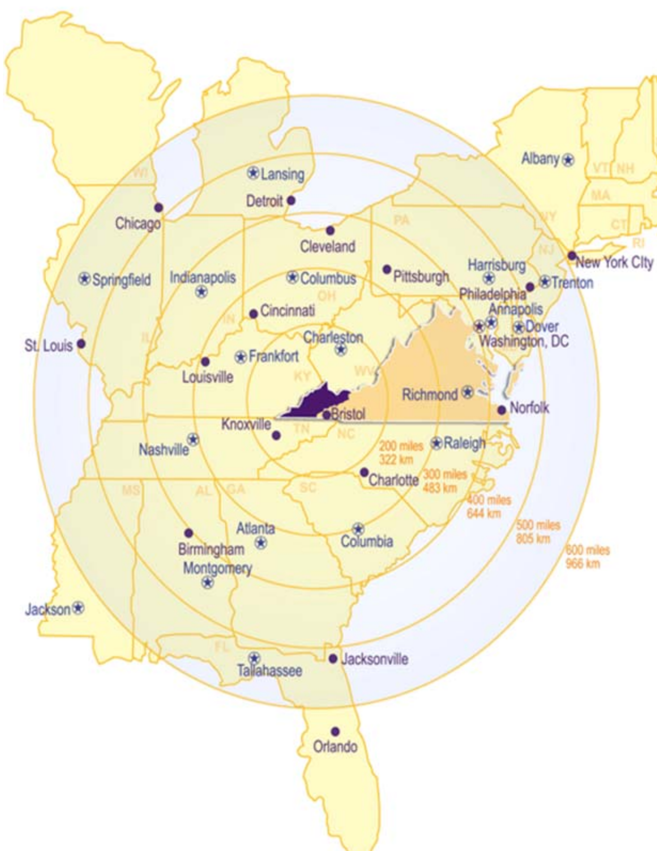

Figure 2.9: Access to Major Markets for the SRRA Region

Institutions of higher education in the region include:

- Southwest Virginia Community College in Cedar Bluff, VA
- Mountain Empire Community College in Big Stone Gap, VA
- Virginia Highlands Community College in Abingdon, VA
- SWVA Higher Education Center in Abingdon, VA
- University of Virginia College at Wise in Wise, VA
- Appalachian School of Law in Grundy, VA
- Appalachian School of Pharmacy in Grundy, VA
- Lincoln Memorial University in Harrogate, TN
- Bluefield College in Bluefield, WV
- Pikeville College, Kentucky

Major manufacturing employers in the region include:

- Joy Mining Machinery
- Tempur Production
- Mullican Flooring
- Pyott-Boone Electronics
- Bluefield Beverage Co.
- Pepsi-Cola Bottling VFP
- Pemco Corp.
- Jennmar Corp.
- Mtn. Forest Products
- Span Deck, Inc./Tadano
- Mantis Corp.

Major information technology employers in the region include:

- AT&T
- Sykes Enterprises
- Crutchfield Corp.
- Verizon Welcome Center
- VEC
- Telemed
- KCG Call Center
- Serco/SI International
- CGI
- Northrop Grumman
- OnePartner/ATAC Center

2.4 Summary of Demographic and Economic Conditions

Critical factors assessed from the review of demographic data are as follows:

- The SRRA region maintains a household income considerably less than the State average. This factor documents that overall, salaries and employment opportunities are not keeping pace with the remainder of the State.
- Counties included in SRRA's sphere of influence have historically had very high rates of unemployment and are economically under-developed. The current rate of unemployment in the seven county SRRA region is 7.7 to 7.8%, which is much higher than the overall state average of 6.6%, with two counties having rates over 9% (Russell and Scott).

> *"Now, with coal mining so automated, finding jobs, for all the residents, is a major challenge. While other regions in Virginia have grown substantially since 1980, Southwest and Southside in particular have stagnated. Economically, Southwest Virginia still remains far out of synch with Tidewater and Northern Virginia." (Source: Geography of Virginia, 2011)*

- Table 2.3 identifies the general demographic conditions for FSWVA as compared to the State and the U.S.

FSWVA historically has lagged behind the Commonwealth in socio-economic indicators of per capita personal income (pCPI) and educational attainment. Like certain other areas of the State the manufacturing base has continued to decline only to be replaced with lower salary/lower skill service sector jobs. More troubling is the continued loss of population within certain counties of the region. The energy sector remains strong in terms of economic output and job generation though through continued mechanization and consolidation it is unclear as to the specific role this sector will play in job creation in the future.

Overall, the region continues to struggle with the loss of manufacturing jobs, for the attraction of new business and the retention of a trained and skilled workforce. There is a current emphasis on the attraction of high-tech business to the region and a return of the workforce from other regions. While there are success stories (such as the new high-tech businesses in Lebanon (Russell County), there is still a need for additional economic development in order to offset previous losses and to raise the overall level of the economy to be on-par with other areas of the state. Part of this strategy is to also enhance the natural and cultural capital of the region in order to develop a tourism economy focused on the heritage and unique skills of the residents and the scenic natural beauty of the landscape. These include hand-made arts and crafts, traditional mountain music and outdoor recreational offerings such as OHV, equestrian, blueway excursions, mountain biking and traditional outdoor sports such as hiking. This not only increases local employment but it infuses income into the region from outside the area (capital inflow). It also serves as a quality of life enhancement for the existing residents and as an enticement to retain and attract a more educated and skilled workforce whilst providing increased economic potential for the current residents.

Table 2.3: Demographic Summary for Selected Regional Counties, Virginia and USA

Jurisdiction	Population	Median Household Income [2009 inflation adjusted $]	Percent Persons 65 and Over	Percent Individuals Below Poverty Level	Unemployment Rate (2010)	High School Graduates	College Graduates	Housing Units (% Owner Occupied)	Median Value of Owner Occupied Unit
United States	**301,461,533**	**$51,425**	**12.6%**	**13.5%**	**9.6%**	**84.6%**	**27.5%**	**66.9%**	**$247,100**
Virginia	**7,721,730**	**$60,316**	**11.8%**	**10.1%**	**6.9%**	**85.8%**	**33.4%**	**69.2%**	**$185,400**
Buchanan County	23,584	$27,538	14.1%	21.8%	8.2%	65.1%	8.9%	78.3%	$63,200
Dickenson County	16,099	$28,296	15.8%	19.0%	8.4%	67.6%	9.9%	80.4%	$67,000
Russell County	28,921	$31,770	16.2%	17.9%	10.1%	70.2%	9.5%	75.9%	$82,400
Tazewell County	44,307	$35,830	16.6%	15.9%	6.8%	75.1%	14.4%	74.7%	$76,200

3.0 NATIONAL AND REGIONAL TOURISM TRENDS

3.1 General Tourism Trends

United States

The travel industry in the U.S. was dramatically hit by the recession during 2009. Measured in current dollars, total direct travel expenditures in the U.S. decreased 8.8 percent to $704.4 billion. This sharp decline was largely driven by the decreased travel volume and falling travel related prices that resulted from the recession.

Compared with 2008, U.S. domestic travel, including leisure, business, convention and other travel declined 3.4 percent to total 1.9 billion person-trips during 2009. A person-trip is defined as one person on a trip away from home overnight in paid accommodations, or on a day or overnight trip to places 50 miles or more, one-way, away from home. With the improvement of the economy, total domestic person-trips were expected to increase 3.1 percent in 2010.

Domestic leisure travel, which includes visits to friends and relatives as well as trips taken for outdoor recreation and entertainment purposes, declined 2.4 percent in 2009 as compared to 2008, but still totaled close to 1.5 billion person-trips. Leisure travel accounted for 77.3 percent of all U.S. domestic travel in 2009. Domestic travel expenditures in 2009 (current dollars) dropped for the first time since 2002 to a total of $610.2 billion, a 7.9 percent decline from 2008. This decrease reflects the deflation in travel prices, especially in the cost of gasoline as well as the declines in travel volume and changes in the trips that were taken (e.g., traveling closer to home, spending less at the destination). Domestic travel expenditures grew in 2010 at an estimated 7.2 percent as compared to 2009 and totaling $654.0 billion. Slower growth was predicted for 2011 due to lingering economic concerns but recent estimates indicate tourism and business travel may be on the upswing in 2012.[4]

Nationally, tourism continues to play a strong role in the economy, despite continued fluctuations in fuel costs and economic stagnation. The travel and tourism industry, as measured by the real output of goods and services sold directly to visitors, grew for the fifth straight year in 2006[5] before leveling off in 2007-2008 and dropping in 2009. Prior to the recessionary shrinkage of current dollar tourism-related output increased to $1.23 trillion within the U.S. during 2006 (up 7.12% from 2005). Direct domestic and international travelers' expenditures totaled $739.4 billion in 2007 with the food services sector representing 23.7 percent of the total spending. International tourism spending increased at a faster rate than domestic during 2007, a trend that may be reversed for European travel due to their economic crisis but could continue for Asian travelers due to their strong currencies. The U.S. travel industry generated a more than $17.6 billion trade surplus for the U.S. in 2007 but these numbers have since declined.[6] Prior to the

[4] Global Business Travel Association, 2012, *U.S. Business Travel Spending, Trips to Increase This Year Despite Slowdown in Economic Growth*
[5] Kern, P. V. and E Kocis 2007. U.S. Travel and Tourism Satellite Accounts for 1998-2006. National Tourism Impact BEA.
[6] Travel Impact on U.S. Economy 2007. Virginia Tourism Corp.

general economic downturn total tourism employment for the nation increased by 133,000 jobs in 2007 to approximately 8.63 million. The greatest gain in travel employment occurred in the arts/entertainment/recreation industry with a 2.5% increase over 2006 levels. During the five years from 2001-2006, tourism had begun to rebound to its pre-2001 (9/11) levels and by most indicators had surpassed previous levels.

General tourism growth activities and businesses might also be captured as ecotourism, heritage tourism, volunteer tourism, rural tourism, community tourism, wildlife tourism, to name a few. These represent a subset of general tourism and travel related economic impact. Due to the overlapping nature of classifications it is difficult to accurately quantify those impacts specific to adventure tourism. The size and growth of the adventure travel industry is reported under a variety of disparate and overlapping metrics.

3.2 Regional Tourism Trends

Virginia

A study prepared for the Virginia Tourism Corporation by the U.S. Travel Association (November 2010), *The Economic Impact of Domestic Travel Expenditures on Virginia Counties 2009*, reported on U.S. residents traveling in Virginia (including both state residents and out-of-state visitors traveling away from home overnight in paid accommodations, or on any overnight and day trips to places 50 miles or more away from home). The study revealed the following:

- Domestic travel expenditures in current dollars decreased 7.9 percent to $17.7 billion in 2009. This decline primarily reflects reduced gasoline prices and hotel/motel room demand (see Figure 3.1).
- Domestic travel expenditures directly generated 204,500 jobs within Virginia in 2009, down 2.9 percent from 2008. These jobs generated by domestic travel spending in Virginia comprised 5.6 percent of total Commonwealth non-agricultural employment in 2009. Travel and tourism was the fifth largest industry by non-farm employment in Virginia in 2009.
- On average, every $86,586 spent by domestic travelers in Virginia during 2009 generated one job.
- Domestic travel-generated employees in Virginia earned more than $4.3 billion in payroll income during 2009. This represents a 2.6 percent decrease from 2008.
- Domestic travel spending in Virginia directly generated nearly $2.5 billion in tax revenue for federal, state and local governments in 2009, down 2.9 percent from 2008.
- Arlington County received more than $2.3 billion in domestic travel expenditures leading all of Virginia's 134 counties and independent cities (county equivalents). Fairfax County followed Arlington County closely, ranking second with nearly $2.3 billion. Loudoun County ranked third with over $1.3 billion.
- Thirty-three of Virginia's 134 counties and independent cities (county equivalents) received over $100 million in domestic travel expenditures in 2009.

- Thirty-nine counties and independent cities (county equivalents) in Virginia indicated one thousand or more jobs that were directly supported by domestic travelers during 2009.

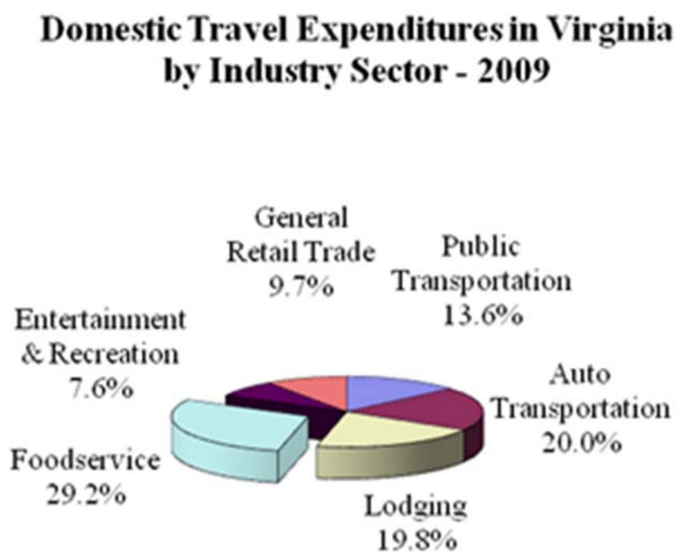

Figure 3.1: Virginia Domestic Travel Expenditures (2009). Source: Tourism Economic Impact Report, Virginia Tourism Corp.[7]

SRRA Region

The Southwest Regional Recreation Authority (SRRA) is comprised of seven counties and one city (Norton) within the far southwestern section of Virginia. The SRRA mandate area stretches from Lee County at the far western tip of the state to Tazewell County located at the northeast corner of the area. It borders Kentucky to the west, West Virginia to the north, the balance of Virginia to the east and Tennessee to the south.

Within Virginia there is a considerable discrepancy between the regions with respect to domestic travel spending. The top three jurisdictions (Arlington, Fairfax and Loudoun) received more than $5.9 billion in direct domestic travel expenditures, generating $1.8 billion in payroll income and 66,600 jobs (2009). While the eight jurisdictions of SRRA combined only generate a total of $143 million per year or less than1% of the state's total. Table 3.1 identifies the specific tourism related economic impacts to the SRRA region per VTAC. Despite this poor showing relative to the other counties in the state, the SRRA counties have shown increases in tourism revenue and there are a number of new tourism initiatives in addition to the Spearhead Trails initiative that will likely drive further increases in the future. Specifically, the following new tourism initiatives have the potential to increase tourism to the region:

- Heartwood: Southwest Virginia's Artisan Gateway
- `Round the Mountain: Southwest Virginia's Artisan Network

[7] The Economic Impact of Domestic Travel Expenditures on VA Counties 2009. A Study prepared for the VA Tourism Corporation by the Travel Industry Association, 2010.

- The Crooked Road
- The Coal Heritage Trail

These other initiatives will likely have a positive impact upon the Spearhead Trails as they will market to a similar demographic but not directly conflict with the attraction of the multi-venue trail projects. The opportunity to cross-market and strengthen tourism experiences in the region should be seen as an opportunity.

Table 3.1: 2010 VATC Total Tourism Impact for the SRRA Mandate Area

2010 County	**Expenditures ($ Millions)**	**Payroll ($ Millions)**	**Employment (Thousands)**	**State Tax Receipts ($ Millions)**	**Local Tax Receipts ($ Millions)**
BUCHANAN	16.91	3.69	0.18	0.56	0.20
DICKENSON	6.54	1.44	0.07	0.38	0.15
LEE	10.70	3.00	0.17	0.54	0.26
RUSSELL	10.77	2.52	0.14	0.56	0.17
SCOTT	14.92	3.02	0.17	0.74	0.37
TAZEWELL	45.20	9.71	0.58	2.02	0.64
WISE	29.94	6.38	0.37	1.39	0.44
NORTON CITY	16.56	2.87	0.16	0.79	0.74
TOTAL	**151.54**	**32.63**	**1.84**	**6.97**	**2.97**

3.3 Outdoor Recreation and Adventure Travel Trends

There is ample evidence, albeit some is anecdotal (see Box 2), of the growth in the adventure tourism market. It is often difficult to tease out these specific statistics due to a lack of uniformity in the definition of "adventure tourism" versus other representations such as ecotourism, heritage tourism, rural tourism, community tourism, wildlife tourism, outdoor recreation, nature-based tourism, to name only a few. According to a survey compiled by the Adventure Travel Trade Association, George Washington University and Xola Consulting (2010)[8] growth in the adventure travel industry can be inferred by examining a range of indicators, for example:

- Growth in participation in outdoor, human-powered activities;
- Growth in the outdoor gear retail industry; and
- Growth in the tourism industry growth overall.

[8] Adventure Travel Trade Association, George Washington University and Xola Consulting, 2010, *Adventure Tourism Market Report.*

> *"Travel Industry Association of America has estimated that about 10 percent of Americans have taken an adventure-travel trip, and that it's growing by about 10 percent a year." (Kristin Jackson, "Going semi-wild on adventure tours;" Seattle Times; May 22, 2005)*
>
> *The VirtuosoLuxe Report, an annual snapshot of travel trends and habits of affluent travelers, indicates that 40% of clients seek active vacations or active "add-ons" and that 68.6% of travelers surveyed at travel trade shows indicated they are planning an "adventure vacation" in the future. (Adventure Travel Study 2005; sponsored by ATTA and Michigan State University)*

Box 2: Adventure Travel Stats

Adventure travelers may be segregated into "hard" adventure sports such as off-highway vehicle (OHV) riders, rock climbing, backpacking along the Appalachian Trail, mountain biking, whitewater rafting or competitive kayaking whereas "soft" adventure activities include camping, hiking on gradually changing terrain, horseback riding, wildlife viewing and biking.[9] While men and women are equally likely to participate in adventure travel, men are more likely than women to participate in hard adventure. Participation is also related to age. Two thirds of Generation Xers (aged 27-47) and half of all Boomers (47-67) have taken a recent adventure vacation.

The average age of an adventure traveler is 35, (trending higher for tour consumers), slightly younger than the "other" traveler who is on average 42. Adventure travelers are more highly educated than other types of travelers, with 70% of hard adventures having postsecondary education and 63% of soft adventurers having post-secondary education and 47% of other travelers having a two year degree or higher. Considering these demographic trends, it is unsurprising that adventure travelers also have higher levels of household income. Interestingly, while many hard adventure travelers clearly view international travel as important (75% have valid passports), among soft adventure travelers, only 56.5% have valid passports. From this we can theorize that among soft adventurers, many are engaging in activities domestically.

Compared to "other travelers," adventure travelers place importance on exploring new places and meeting and engaging with local cultures while on vacation. This confirms earlier research which found that travelers were craving more cultural interaction on trips (ATTA, 2006)[10]. Compared to other forms of pre-trip research, the majority of adventure travelers (35%) conduct research online, but they also consult friends and family.

[9] http://www.atme.org/pubs/members/75_311_1336.CFM
[10] Adventure Travel Trade Association, 2006.

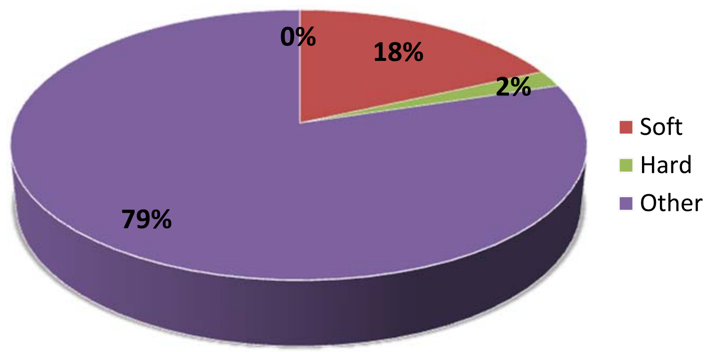

Figure 3.2: North American Adventure Travel Market by Type

On average, hard adventure travelers spend less per trip than soft with North American travelers spending $500 per trip for hard adventure and $914 for soft. The other category spends approximately $605 per trip (costs excluding airfare)

3.4 Recommendations from the 2007 Virginia Outdoor Recreation Plan

A review of the 2007 Virginia Outdoor Recreation Plan reveals the following information. For the LENOWISCO Planning District, the counties (Wise, Lee and Scott) spend less than 13% of the state average per capita for parks and recreation. Only the City of Norton spends above the state average. Per capita spending on parks and recreation for the Cumberland Plateau Planning District ranged from a low of $2.11 in Russell County to a high of $19.06 in Buchanan County (2005). The statewide average is $43.75 for counties.

Motorized trails for off-highway vehicles (OHVs), which include all-terrain vehicles (ATV's), side-by-sides, off-road vehicles (ORV), and dirt bikes, are popular recreational resources. In neighboring West Virginia, proponents have developed the Hatfield and McCoy Trail System by linking managed trails on private timber and mineral lands, and other trails into a comprehensive system of OHV trails. Visitors from throughout the region are attracted to the hundreds of miles of the Hatfield and McCoy trails system, bringing much needed tourism to areas of the state that have few other revenue sources. The Virginia Outdoor Recreation Plan recommends consideration be given to identifying lands suitable for a similar trail system in Virginia.

The Powell, North Fork of the Holston and Clinch rivers support recreational flows throughout most of the recreational season and therefore should have priority for the development of access points. Natural Tunnel State Park's staff members conduct interpretive trips on the Clinch River in Scott County. An entrepreneurial outfitter business also recently opened in Scott County offering kayak rentals and guided river trips on the Clinch. The shortage of public access points limits the duration and types of trips that can be offered. Facilities for canoe-in camping and public rest stops are also needed at appropriate distances along each river. State and local officials should work with river user groups to develop a canoe trail for the Clinch and the Powell rivers. Also, a management plan should be developed for each canoe trail that addresses law enforcement, education, camping, sanitation, access management and maintenance.

The Big Cherry Reservoir property is a 3,200-acre watershed and lake that provides municipal drinking water to the Town of Big Stone Gap. Opportunities for fishing, boating, trails and wildlife viewing are currently offered. Big Stone Gap should implement the recommendations in the Big Cherry Resource Management Plan to enhance the range of recreational opportunities provided on the watershed property.

The Clinch River, from the confluence with the Little River in Russell County to the Scott County line, should be developed and managed as a canoe trail. Access to the Clinch River is fairly good where the Tennessee Valley Authority and Virginia Department of Game and Inland Fisheries (DGIF) collaborated in the development of a series of access sites. Canoe-in camp sites and managed rest stops should also be added so visitors can enjoy the benefits of a managed canoe trail on these waterways. Access sites are needed at appropriate distances along the Clinch River, Russell Fork River and along stretches of other major streams suitable for encouraging boating and other water sports. There is also a need to improve public access to stocked trout streams in the region. Inadequate parking and access trails create congestion, resource degradation and unsafe conditions during popular fishing days.

3.5 Summary of Tourism Travel Trends

General travel trends tend to follow the general economy and are thus susceptible to economic down turns unrelated to the industry. Given this, adventure travel is seen by the industry as a growth market capturing a greater share of the *GenX* and *Baby Boom* populations due to their higher levels of disposal income and improved health and mobility (as compared to previous generations). World class destinations, and those that aspire to be, must also compete in the global marketplace for the international traveler and are at an even greater risk for economic constraints beyond their control. Owing to the relative inaccessibility to the international traveler and competition from other destinations, coupled with the fluctuating global economy, it is likely that the SRRA region will not experience measurable economic return from the international market. The only exception to this may be in the ability to co-market with other regional tourism destinations that already have an international following such as the Crooked Road.

Domestic visitation is expected to continue to be robust in the adventure tourism market, in particular, the soft adventures that are more family friendly (such as OHV, equestrian and sport kayaking/canoeing) and do not require extensive training or technical support. The FSWVA region is well suited to this type of tourism development owing to its relative rural nature, extensive public lands, large private landowners, miles of streams, proximity to major markets and existing infrastructure. This is confirmed with respect to the development of OHV and blueway trails by the recommendations of the 2007 Virginia Outdoor Recreation Report and the 2009 Comprehensive Plan prepared by WMTH and Summit Engineering.

4.0 METHODOLOGY

Economic impact analysis (EIA) attempts to derive the contribution of tourism activity to the economy of a region. It traces the flows of spending associated with tourism activity in a region to identify changes in sales, tax revenues, income, and jobs due to tourism activity. The principal methods are visitor spending surveys, analysis of secondary data from government economic statistics, economic base models, input-output models and multipliers.[11] Alternatively a Demand Analysis attempts to identify, among other things, changes to the number and type of tourists to a region that can be expected from changes to pricing, promotion, competition, quality and tourism offerings. It predicts the number and/or types of visitors to an area via a use estimation, forecasting or demand model. The number of visitors or sales is generally predicted based on judgment (Delphi method), historic trends (time series methods), or using a model that captures how visits or spending varies with key demand determinants (structural models) such as population size, distance to markets, income levels, and measures of quality & competition (Walsh 1986, Johnson and Thomas 1992)[12].

This EIA developed the following methodology that includes a predictive EIA based on an estimated Demand Analysis to overcome the existing data gaps and more accurately assess the total economic impacts that can be anticipated from the Spearhead Trails initiative. These are each described below in detail. The overall approach is to develop as much specific data as possible and then segregate the most accurate and reliable information. Three points of reference were included:

- Primary data collection at similar venues,
- Industry multipliers sourced from the U.S. Bureau of Economic Analysis (BEA) and,
- Comparable studies used for reference purposes and for comparison against the findings of this research.

4.1 Primary Data Collection

Primary data collection is the most important aspect of this EIA as it constitutes the first comprehensive data collection effort for the SRRA since its inception. It has also yielded the greatest amount of information (both quantitative and qualitative) for consideration.

4.1.1 2011 Visitor Profiles

During the 2011 summer season, visitor profile surveys were completed at representative tourism venues in Virginia, Kentucky and West Virginia. The purpose of the visitor profile questionnaire was to capture data on visitor demographics (including socio-economic factors), spending and travel habits. The questionnaires were voluntary, and administered in the majority of cases. A copy of a typical questionnaire can be found in Appendix 10.2. A trained technician was available during the completion of the questionnaire to answer any questions and to provide background information such as

[11] Frechtling, D. A., 2006, *An Assessment of Visitor Expenditure Methods and Models*, Journal of Travel Research, Vol. XX, Month Year. Page 1-10. DOI: 10.1177/0047287506288877 © 2006 Sage Publication.
[12] Starnes 1999.

the purpose of the effort. Although various sampling methodologies were considered, a nonprobability convenience sampling approach was selected. This method is often used in preliminary or exploratory research to obtain gross estimates of results, while requiring considerably less time and money than selection of a random or stratified random sample. A summary of the results of the venue visitor profile surveys can be found in Section 5 of this Report.

Questionnaires were administered during the months of May through October of 2011. The following venues were surveyed during this period:

Blueways

- St. Paul Clinch River Festival (June 2011)
- New River State Park (July 2011)

Equestrian Events

- Knott County Trail Ride (May and October; Knott County, KY)
- North Mountain Outfitters (Staunton, VA – May 2011)

OHV Trails

- Hatfield-McCoy Trailhead (Indian Ridge, WV – July 2011)
- Hatfield-McCoy Trailfest (Gilbert, WV – October 2011)

Biking Events

- Iron Mountain Event (Damascus, VA – July 2011)

4.2 Analysis and Model Development

SDCI determined that the U.S. Department of Commerce Bureau of Economic Analysis (BEA) Regional Input-Output II Modeling System (RIMS II) is the most appropriate data source for regional economic multipliers. Two options are available for multiplier data, regional and industry specific. Given that the SRRA market area is spread over a wide region, it was determined that the industry specific data should be used with the nearest BEA economic regional adjustment applied. For this Study, the Johnson City-Kingsport-Bristol and the Roanoke-Radford region industry specific multipliers were utilized. These economic areas are in close proximity to the SRRA mandate area. Industry specific data was obtained for the following aggregate industries:

- Accommodation
- Amusements, gambling and recreation
- Food services and drinking places
- Performing arts, museums, and related activities

Type I data was utilized for each industry.

5.0 RESULTS OF VISITOR PROFILE SURVEYS

This Section reports on data collected as part of the visitor surveys and other archival research completed as part of this study. Visitor profile data was collected at selected venues during the 2011 summer visitor season (May to October) based on the methodology described in Section 4 of this report.

5.1 Visitor Profile Survey Results

Visitor survey questionnaires were completed throughout the 2011 tourist season. The following table is a summary of the number of surveys and dates completed for each.

Table 5.1: Visitor survey summary

VENUE	NUMBER OF SURVEYS	DATES
St. Paul Clinch River Festival	19	04 June 2011
New River State Park	19	23 July 2011
Knott County Trail Ride	26 241	07 May 2011 08 October 2011 by WMTH
Hatfield-McCoy Indian Ridge Trailhead	10	30 July 2011
Hatfield-McCoy Trailfest	20	08 October 2011
Iron Mountain Mountain Bike Event	8	16 July 2011
Totals	**343**	**7 Surveys**

A total of 343 visitor profiles were completed during the summer 2011 season at seven different venues or events representing Blueway (canoeing/kayaking), horseback trail riding, OHV trail riding and mountain biking. These locations and dates were determined to be representative of the overall study period (six months) but do not reflect yearly visitation totals.

Survey data typically included the following information requests:

1. Number of adults in party?
2. Number of children in party? (under 18)
3. How did you hear about the venue? (8 options provided)
4. What other activities do you plan on undertaking while in the region? (8 categories provided)
5. How many days will you stay in the region?
6. How much will your party spend while in the region? (on fuel, lodging, food & beverages, entrance fees and purchases)

7. What is your home zip code?
8. Highest level of education attained?
9. Age (in ten year brackets)
10. Annual household income (in $20,000 brackets)
11. Did you plan the trip on the internet and if so, which sites were used?
12. Opportunity for comments regarding the venue.

The following is a summary of the salient findings for each of the tourism types (OHV, Equestrian, Blueway and Biking). Data on visitor origins (non-local) is discussed in Section 6 of this Report.

5.2 Results of Survey Data for the Hatfield-McCoy Trail and Comparative Analysis

The Hatfield-McCoy Trail (H-M Trail) is the most successful of OHV venues in the region and an obvious model to assess as part of this Study. It is anticipated that the proposed Spearhead Trails initiative will compete with H-M Trails for visitation but in many ways the two initiatives may benefit each other through unique offerings of trail riding opportunities, expansion and connection of trails thereby increasing total length of trail mileage and through cross-promotional events. Surveys were completed for both a typical Saturday at the Indian Ridge Trailhead and for the Saturday during the Trailfest event in order to test for variances in the visitor profiles. The results of the survey data collected for the H-M Trail are summarized below.

Table 5.2: Hatfield-McCoy Trailhead Survey (Indian Hills) & Trailfest Survey Summary

Hatfield –McCoy Trail	Number of Surveys (non-local)	Number of Visitors Represented	Mean Average Party Size*	Average Spending per Party per Trip
Indian Hills Trailhead 07.30.11	10	41	4.1	$747
Trailfest Survey 10.08.11	14	55	3.9	$884
Totals/Averages	**24**	**96**	**4.0**	**$826.92 (weighted average)**

* Mean average party size for all tourism related visits to VA is 2.8 per the VA Visitor Profile of 2009 (VTAC).

The mean average party size per this EIA is slightly larger than the Virginia Profile of Leisure Travelers (2.8) which also only represents those individuals traveling greater than 50 miles.[13] The most likely explanation for the larger party size in this Study is that a higher percentage of respondents to the Visitor Profile completed as part of this assessment are non-local (farther than 50 miles of the Venue) and thus the trend is for multi-family groupings or groupings of friends attending together to travel to the specific venue.

[13] FY2007 Virginia Profile of Leisure Travelers. Virginia Tourism Corporation.

Question number 1 of the Visitor Preferences Survey deals with the source of information visitors used to learn about the H-M Trail or to plan their trip. The specific question was: "How did you hear about the H-M Trail (please check all that apply)?" A total of eight options were provided (see Figure 5.1). Given that respondents may have used more than one source of info (and in fact most did), the total number of responses exceeds the number of surveys completed. Therefore percentages are based on the number of respondents, not potential responses. Detailed interrogation can be done through additional analysis of the survey data for more specific responses.

Combined responses for Q1 (How did you hear about the H-M Trail or Event?) are provided in Figure 5.1.

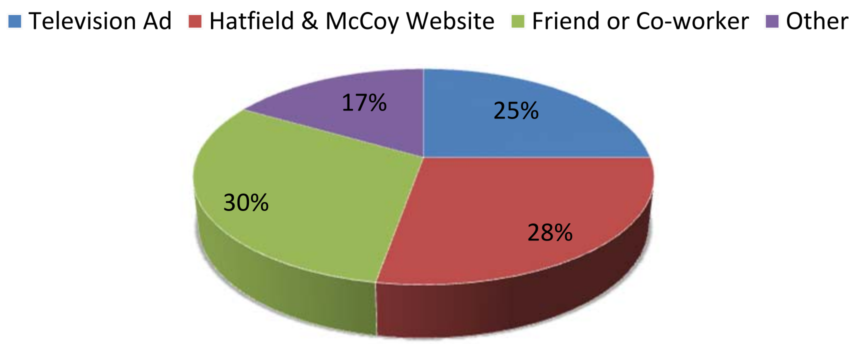

Figure 5.1: Media Exposure Response (top four) for H-M Trail Visitors

This data clearly indicates that the majority of respondents are receiving information from 'friends or co-workers' also referred to as, 'word of mouth.' Thirty percent of all respondents stated that they received information on the Venue from this source. Second was the 'H-M Website' which demonstrates the importance of a robust web presence for both marketing and trip planning. The lowest percentages were from 'Billboards or Highway Markers' and 'Radio Adverts.'

It is also important to determine interests in other activities that visitors typically engage in. This is helpful for cross-promotional/market efforts and advertising.

Responses for Q2: Top four activities planned while in the region (besides OHV)

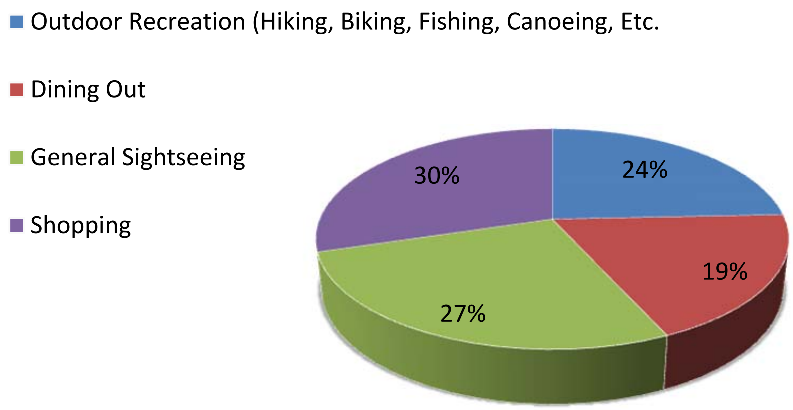

Figure 5.2: Top Four Activities Planned While in the Region (besides OHV)

Data in Figure 5.3 provides input into the types of amenities that OHV visitors are looking for (and in this case not provided by H-M Trails). This data is useful in determining the levels of infrastructure needed to support the planned Spearhead Trails projects. Accommodation options and availability along with restaurants were the most requested.

Responses to Q4: Desired amenities not provided

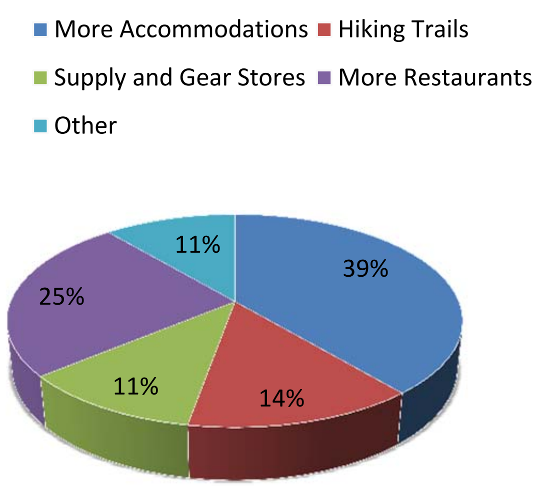

Figure 5.3: Top Five Responses for Amenities Not Provided (but desired) in the H-M Trail Surveys

Visitor spending characteristics (Figure 5.4) are used to determine total economic impact for the proposed trail system. These surveys, while not statistically transferrable, are a good indicator of the spending patterns and levels that can be anticipated for Spearhead Trails visitors as the visitor demographic will be very similar.

Responses to Q10: Visitor Spending

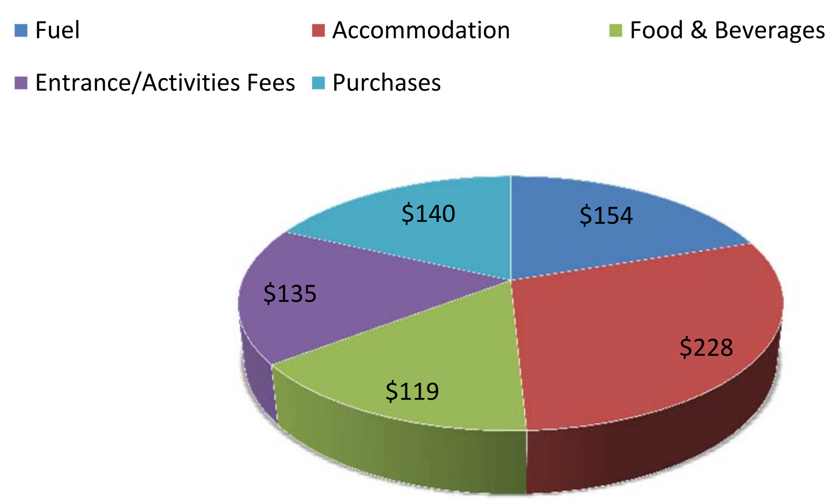

Figure 5.4: Visitor Spending (non-local) at H-M Trails

Additional data collected identified the following demographic summary for visitors to the H-M Trails. The data indicated that regarding education levels of adult riders surveyed, they were just as likely to be college educated as having a high school diploma.

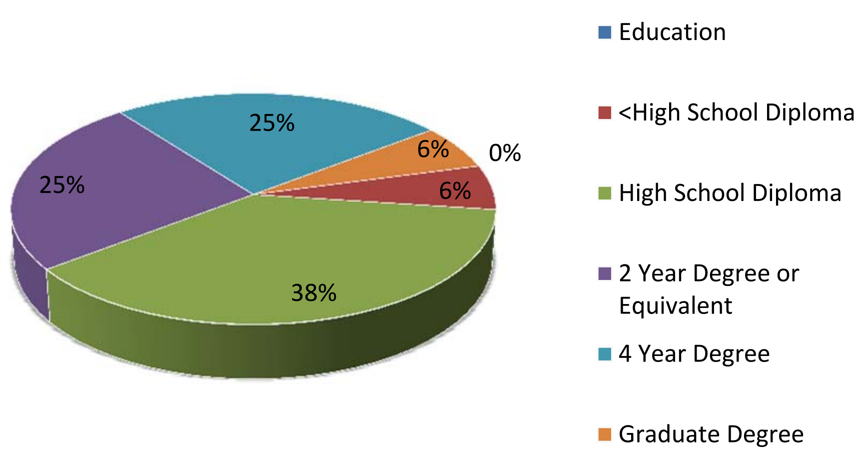

Figure 5.5: Education Levels of Respondents at the H-M Trail

Income levels were also categorized in $20,000 increments of annual household income starting at less than $20,000 to greater than $100,000 per year. Over 56% of respondents indicated a total annual household income of greater than $80,000 while only 19% indicated household income levels of less than $40,000 per year. The most often checked age classification (increments of 10 years) was the age class of 20-30 (25%) and 50-60 (25%) followed by 60-70 (19%), n=16.

5.2.1 Comparative Analysis

A comparison to the Hatfield-McCoy Trail survey conducted in 2006[14] by the Marshall University Center for Business and Economic Research; the 2011 data was completed (see Table 5.3). This study identified a number of metrics, a few of which are used for comparison to the more recent survey data collected per this analysis. The Virginia Tourism Survey (2009) is also used as a comparative to the H-M Trail data collected. Dollars have been normalized to 2011 values for both surveys for equal comparisons.

Table 5.3: Spending Comparisons for H-M Trail Survey

Spending/Party/Trip	H-M Trail SDCI Survey 2011	H-M Trail CBER Survey 2006	Virginia Visitor Survey 2009*
Fuel	$ 154	$ 232	
Accommodation	$ 225	$ 45	
Food & Beverage	$ 114	$ 289	
Souvenirs	$ 146	$ 287	
Other	$ 0	$ 402	
Entrance Fees	$ 136	$ 0	
Total	**$ 775**	**$1,255**	**$400**

* Virginia Visitor Profile 2009 (VATC)

Adding the fee for "other" which includes fees for vehicle repair and accessories counted by the 2006 survey (average $402/party – inflation adjusted) to the 2011 survey brings the total for both surveys to $1,177 per party per visit for 2011 compared to $1,255 to the 2006 survey. This difference (drop of slightly over 6%) may be attributed to the differences inherit in the survey methodology (number and location) and/or may be a result of the depressed economic conditions in 2011 as compared to 2006. This information also demonstrates the capital intensive nature of OHV tourism by comparing to the more generalized average for State Visitor spending per party as reported by the Virginia Tourism Corporation.

5.3 Results of Survey Data and Research for Equestrian Related Tourism and Comparative Analysis

The Spearhead Trails initiative is a multi-trail approach that intends to introduce adventure tourism offerings in a variety of venues, including equestrian. Equestrian venues can include trail riding opportunities catering to the casual rider, to organized trail riding events and even the competitive riders such as those that participate in endurance style competitions. As part of this assessment, SDCI and WMTH collected data at the Knott County Kentucky Trail Ride event held in May and October of 2011. The May

[14] The Economic Impact of the Hatfield~McCoy Trail System in West Virginia, October 31, 2006 prepared by Center for Business and Economic Research Marshall University for the Hatfield-McCoy Regional Recreation Authority

event surveys were completed on 07 May and included 26 completed questionnaires totaling 205 individuals. A total of 211 responses were completed for the Fall 2011 event. The following is a summary of a portion of the results from data collected at these two events.

Total visitation at the May event was estimated at 7,000 and for the October event at just under 9,000. Attendance has grown each year of the event since its inception in 2006. Average party size at the May event was 7.9 and the total days stay averaged 3.4 (compared to 4.1 at the October event).

Responses for Q1: How did you hear about the Knott County Trail Ride? (n=46 responses).

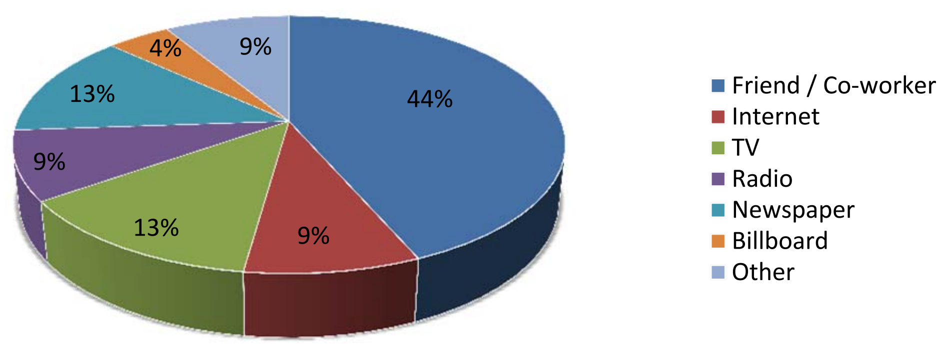

Figure 5.6: Results of Surveys for Source of Information for the Knott County Trail Ride

Respondents showed a clear preference for “Friends and Co-workers and Relatives”. This is consistent across adventure tourism surveys from surveys completed as part of this assessment and published data.

Visitor spending was also recorded for fuel, entrance fees, purchases and food & beverages. The total average spending per party per trip was $484. Accommodation costs were not included as the vast majority of respondents camped at the event with the fees included with the price of admission ($15). Camping is primitive only.

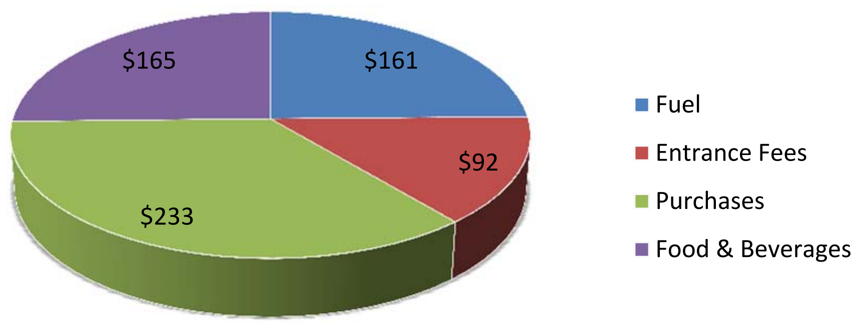

Figure 5.7: Results of Visitor Spending for the Knott County Trail Ride (May 2011)

Q12. What other recreational activities do you engage in on a regular basis (at least once per year on average)?

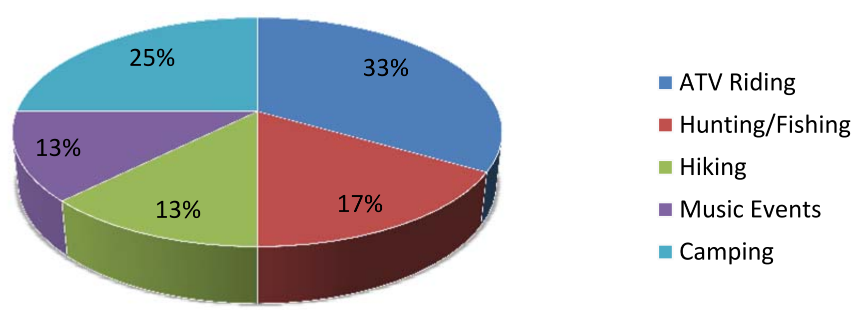

Figure 5.8: Visitor Preferences for Other Recreational Activities (n=24)

This data is similar to that reported from the 2011 H-M Trail surveys in that the most often cited responses were for other outdoor recreational activities such as canoeing/kayaking, hunting, fishing, boating and camping. Interestingly, horseback riding was not mentioned as a favorite recreational activity by the OHV riders indicating a relationship wherein equestrian trail riders are also OHV enthusiasts but the inverse is not true.

5.3.1 Comparative Analysis

A review of "The Economic Impact of the Horse Industry in Virginia (Rephann 2011)[15] reveals the following comparisons. The average visitor (participant) spends $1,590 in total expenditures during horse shows/competitions in the State of Virginia. Out-of-State respondents spent on average $2,983 with an average of 49% of all spending spent at the local venue. The single largest expenditure is for lodging. The average party size is 3 and the average number of days spent per trip ranges from 2.8-5.2 (in-state and out-of-state respectively). These expenditures are larger than those represented by the Knott County Trail Ride surveys ($484) but they also reflect a larger variety of venues including major categories of events such as hunter/jumper, dressage, western and other. Other surveys were included from off-track betting parlors (OTB) and horse races. Of the three types of venues surveyed, shows and competitions reported the highest expenditures per party. Also of interest is the surveys indicated that trail riders share similar characteristics of spending and demographics with show and competition riders.

5.4 Results of Survey Data and Research for Blueway (Canoeing and Kayaking) Tourism and Comparative Analysis

As part of this assessment, SDCI conducted site specific visitor surveys at the St. Paul Clinch River Festival on 4 June 2011 and at the New River State Park trails on 23 July 2011. The June event surveys included 19 completed questionnaires totaling 23 individuals (18 adults and 5 children). The Clinch River festival is a local event supported by the Town of St. Paul (Wise/Russell Counties) which includes a 2-3 hour paddle trip down the Clinch River. It is advertised in local papers, with flyers and on the Town's website. This event includes a high percentage of local participation and thus economic data (visitor expenditures) was not collected. Visitor preference surveys were completed at the New River State Park included a total of 19 responses representing 39 adults and 11 children. The following is a summary of a portion of the results from data collected at these two venues.

Figure 5.9 that follows identifies the visitor spending patterns for the New River State Park (NRSP). On average, each respondent (n=14) spent $139/party/trip. A total of 47% stated that they were on an overnight trip and overnight accommodations accounted for almost 50% of total travel expenditures.

[15] Virginia Horse Industry – add reference

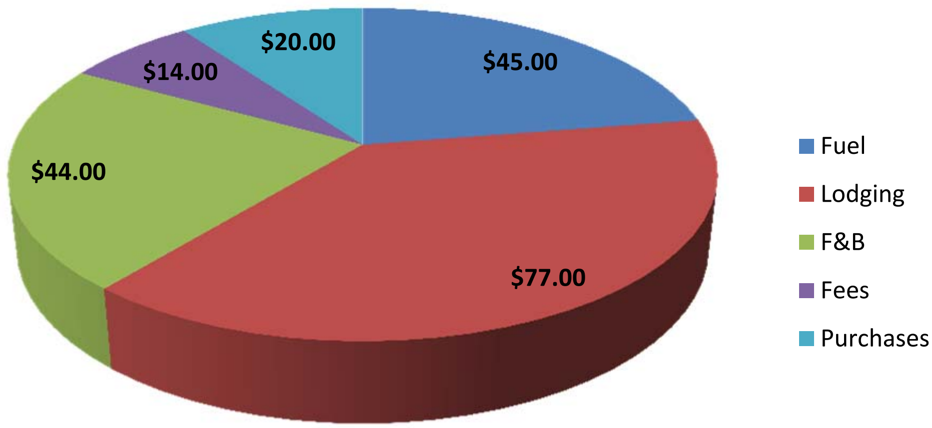

Figure 5.9: Visitor Spending Patterns for the New River State Park (2011)

Questions regarding their preferences for outdoor activities yielded the following results. A most requested amenity was the availability of local restaurants. Figure 5.10 identifies the preferred amenities. Not surprisingly, other forms of outdoor recreation (including hiking, biking, canoeing/kayaking and camping) topped their list of typical recreational activities that they engage in.

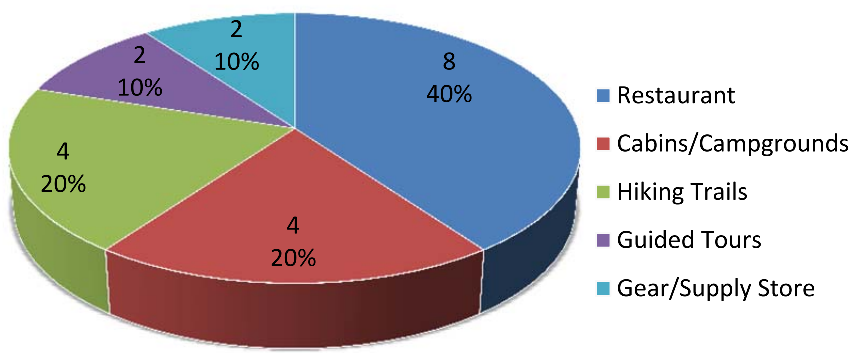

Figure 5.10: Visitor Preferences for Amenities

Various organizations, including SRRA, are considering the development of a linear State Park along portions of the Clinch River. When questioned as to their preference for this development, visitors to the Clinch River Festival responded overwhelmingly in favor (100%) and 90% stated they would be willing to pay a daily put-in/take-out fee for canoeing/kayaking on the Clinch. A full 90% of respondents also stated that they were aware that the Clinch River is one of the most biologically diverse river systems in the United States.

5.4.1 Comparative Analysis

Section 6.2.1 summarizes the results of economic surveys completed in 2004 on the New River State Park system. This data identified per person spending of $36.64 (inflation adjusted) compared to $67.74 per person spending in 2011. This can be accounted for by the differences in average party size which averaged 3.85 in 2004 but were only 2.6 in 2011 and the higher averages recently recorded also likely reflect increased fuel costs for travel. Average per party spending per the 2004 survey was $136.21 (inflation adjusted) compared to $188.71 in 2011.

5.5 Summary of Visitor Profiles

A comparison of the data collected as part of the visitor surveys to the various outdoor recreation venues yields the following conclusions:

- The typical outdoor recreational traveler stays longer than the average leisure traveler.
- The typical outdoor recreational traveler spends considerably more (120%->300%) than the average leisure traveler.
- Not surprisingly the typical outdoor recreational traveler engages in multiple outdoor travel activities during the year.
- The visitor profiles described in this report are likely representative of the adventure recreation market that exists for Far Southwest Virginia.

In comparison to State averages, the breakdown between day trips and overnight trips for regional visitors is evenly split, with approximately 52 percent of visitors staying overnight while statewide the average is 80%. The average party size is 1.83 persons and parties staying in Virginia overnight are approximately 2.0 in size (showing a slight tendency for couples and families).[16] According to the Virginia Leisure Traveler Profile (2009) the mean average nights spent (including zero nights) was 3.5 with 82% of visitors spending three nights or less in the State. This data is useful to characterize the "typical" leisure traveler to Virginia and as a comparison to the data collected in this survey.

[16] Information extracted from Economic Research Associates, "Southwest Virginia Artisan Center Market Analysis" 2007.

6.0 MARKET ASSESSMENT

6.1 Introduction

This Economic Impact Assessment is a predictive tool to estimate the potential trips per year by venue type and resulting economic impact to the SRRA region. Market and Demand assessment is an important component of the economic analysis. Once the potential market and demand for a recreation type is established, it is important to assess the existing inventory to determine if it is capable of meeting the demand or if there is unmet capacity (growth opportunity). Where a sufficient business model can be developed, it is then that investments can be proposed that will capture the unmet demand and convert it into visitor trips to the region. The previously determined spending habits for that type of travel, along with the demand assessment can then be converted into an estimate of economic output. The following is a summation of the market and demand assessment for the various trail opportunities previously identified within the SRRA mandate area by the Comprehensive Plan. Calculations are based on data obtained from the National Recreational Survey (2010) and expert opinion.

In order to contextualize the types of investment opportunities potentially available to the subject area, a number of case studies have been utilized (see Section 6.2). These represent similar public and private ventures aimed at capturing market demand in their regions for various types of tourism activities. These were used to estimate potential market capture rates in the demand assessment. Sections 6.3 through 6.7 represent specific market assessments for the various types of trail opportunities. Section 6.8 is a summary of the market areas, estimated capture rates and demand assessment.

In order to determine the market area (defined as the primary source of visitors for each tourism activity), the Visitor Profile survey requested information on the visitor's home zip code. In most cases this was recorded for the individual who completed the survey on behalf of the party however, in some cases zip codes representing all members of the party where included. This information was then fed into a GIS (geographical information system) for graphical representation for each venue surveyed. It is important to note that these are based on the specific survey dates and other dates or specific events may yield a slightly different result. Additionally, each venue typically included a small number of outliers (locations well beyond the typical range identified). These were mapped but are not graphically represented. These were then compared with other similar venues identified in the Case Studies or literature reviews to determine if they were similar.

6.2 Case Studies

As part of this Economic Impact Assessment a number of tourism destinations were assessed to determine the potential for replication of their positive attributes to the SRRA mandate area. Features such as the type of tourism experience offered (canoe/kayaking opportunities, trail riding and trail ride events, OHV trails and mountain biking events), the facilities provided, marketing, client base, annual visits and user expectations were assessed were available. The following is a short synopsis of the relevant findings.

6.2.1 Blueways – New River State Park: Pulaski, Virginia

The New River State Park (NSRP) corridor runs for 57 miles and includes a bike and hiking trail that parallels the river, camping locations and other area attractions. A 39 mile segment is designated as the New River Trail and runs from the town of Pulaski to Galax, Virginia. The newly renovated Foster Falls Canoe Livery is open on weekends from the first Saturday in April through Memorial Day, then open daily Memorial Day through Labor Day, and open on weekends again Labor Day through the last Sunday in October. The livery rents canoes, kayaks, tubes, bikes and safety equipment, and it offers shuttle service, snacks and drinks. An assessment of user demographics was completed in 2004 (Bowker, Bergstrom and Gill)[17] and additional data was collected during the summary of 2011 as part of this assessment (see Section 5.4). The previous study identified the following for users:

Visitors/Year (2004):	16,708 (non-local water user parties)
Average Party Size:	3.85
Average Spending/Person:	$30.46
Average Distance Traveled from origin to trail:	217 miles (non-locals)
Average Time Spent on River (non-locals):	13.62 hours

Figure 6.1 identifies the preferred uses of the New River State Park (NRSP) by visitors.

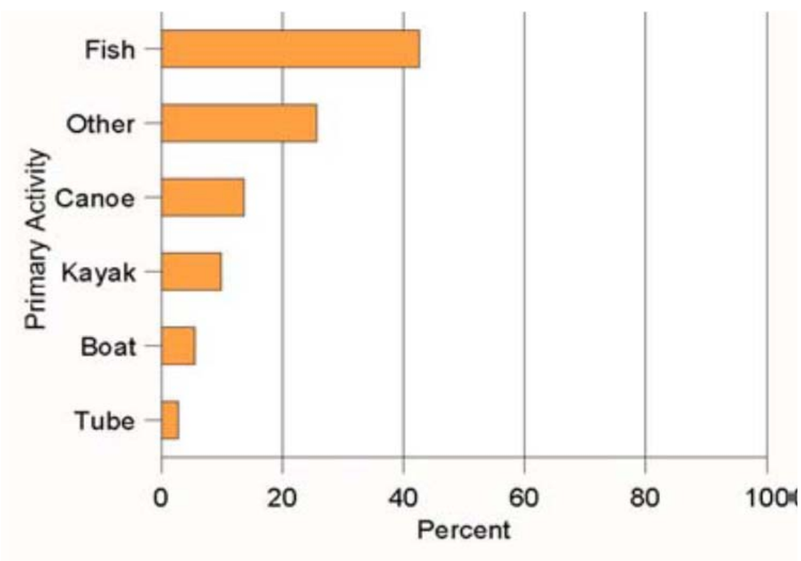

Figure 6.1: Visitor Uses of New River Trail

Based on the economic assessment of the New River Trail, the total estimated economic impact to the region is $2,272,000 per year.

[17] Bowker, J.M., et al., 2004. *The Waterway at New River State Park: An Assessment of User Demographics, Preferences, and Economics,* Virginia Department of Conservation and Resources

Figure 6.2: Photos of the New River State Park Entrance and Trail Map (July 2011)

6.2.2 Hiking / Biking Trails and Events

This assessment has reviewed a number of case studies for hiking/biking trails and rails to trails projects in order to determine the potential economic impact to the SRRA mandate of additional trail development. It should be noted that SRRA does not currently propose to construct any new hiking/biking or rails to trails projects in the region but will support their usage through various promotional methods.

New York State 2008 Trail Survey: New York Case Study

The State of New York released a report regarding the financial impact of eight different trail projects across the State (2010).[18] These surveys established the following aggregated results for all eight trail systems.

- Average per party non-local spending (excluding equipment purchases) = $26.60/trip for food and $97 for accommodation (n=408). Total spending with equipment averaged $202.35 per trip.

[18] New York State Department Office of Parks, Recreation and Historic Preservation, 2010, An Analysis of the 2008 Trail User Surveys.

- 89.5% of all visitors were local and the average distance travelled from their point of origin to the destination trail was 4.8 miles for all visitors and 13.5 miles for non-locals.
- Average group size = 2.74
- The total economic impact (including multipliers) was approximately $2 million per year to the State.

Greenbrier River Trail: Greenbrier, West Virginia Case Study

This report presents the results of a 10-month project designed to inventory the recreation opportunities in the Greenbrier River Trail corridor (81 mile rails-to-trails project), to assess the level of use of the Greenbrier River Trail and the economic impact generated by that use, and to generate broad-based cooperative efforts to expand marketing and promotion of the area.[19] The inventory of Greenbrier and Pocahontas Counties revealed that a total of 87 lodging accommodations; 28 recreation areas, facilities, and businesses; and 14 historic/cultural sites currently exist within the corridor. Survey analysis showed that trail users were highly educated, had family incomes exceeding $60,000 per year (unadjusted), and that more than 60 percent of them were residents of other states. Spending by out-of-state visitors far exceeded that spent by West Virginia residents and 95% of the out-of-state visitors indicated that they were highly likely to plan a return visit to the area. Surveys also revealed that biking (75%) and hiking (20%), followed by horseback riding and others were the preferred activities (Busbee 2001).

York County Heritage Rail Trail: York County, Pennsylvania Case Study

The Heritage Rails-to-Trails project is a 21 mile project that has been in place since 1999 and runs from the Maryland/Pennsylvania border north to the city of York, PA. Surveys indicated the following results:

- 61% of the respondents were local (from within York County).
- Biking was the preferred activity (71%) with hiking second.
- Word of mouth was the most often from of information exchange regarding knowledge of the trail.
- 12% of the respondents stayed overnight and spent on average $51 per trip.
- Spending per person per trip averaged $12.60.[20]

Virginia Creeper Trail: Damascus, Virginia Case Study

The Virginia Creeper Trail was surveyed in 2002-3 (Bowker et al 2004) to determine the economic impact to the region as a result of tourism visits. Based on multiple surveys conducted over different seasons it was determined that the 34 mile trail averaged a total of 134,000 visits per year. The total economic impact as a result of trail spending was over $1.5 million per year with the creation of 27.4 FTE jobs. Other important considerations included:

[19] Busbee, R., 2001 Maximizing Economic Benefits from a Rails-to-Trails Project in Southern West Virginia: A Case Study of the Greenbrier River Trail. Marshall University Park Resources and Leisure Services and the West Virginia Trails Coalition.
[20] Heritage Rail Trail County Park 2007 User Survey and Economic Impact Analysis. 2007.

- Non-local primary visitors per year: 40,034 (day use) and 10,305 (overnight stay)
- 72% of surveyed stated using the trail was the primary purpose of the trip
- Average annual number of trips per party to the trail – 4.8
- Biking was the most popular activity (55% of all users and 75% of non-local)
- Average spending per person was $11.15 (day use) and $30.05 for overnight
- Consumer surplus was calculated at $42.54 per party[21]

Iron Mountain 100 K Ride: Damascus, VA Case Study

The Iron Mountain 100 kilometer bike race has been held annually for the past three years in Damascus, Virginia and is sponsored by Shenandoah Mountain Touring of Harrisonburg, Virginia. This organization also sponsors other events throughout Virginia including the Shenandoah 100 (held annually for the past 13 years) and the Mountain Bike Festival. The Iron Mountain race (2011) had 105 participant/visitors for the weekend event, up from 87 participant/visitors in 2010. In contrast, the larger Shenandoah Mountain 100 event in Stokesville, VA had 589 participants in 2011. Of the visitors surveyed during the Iron Mountain 100, 38% were from the Washington D.C. area, 25% from northern Virginia and 38% from North Carolina (predominantly Raleigh and Greensboro). The weighted average distance travelled for participants by those surveyed was 244 miles.

Canadian Trail Survey Case Study

The Canadian trail project reported visitation rates of 68% (non-local) riders for three regional mountain biking venues (MBTA 2006)[22]. The average party size ranged from 2.9-3.3 with 10% completing day trips and 90% overnight stays. The overnight stay subset indicated an average party size of 4.5-5.0 with average spending/person/day of $83.79-$133.13. Total visitation for the season was estimated at 25,695 riders. By comparison, the Wisconsin off-road mountain bike series reported 9,870 entrants (2004) and 11,800 spectators with a visitor origin radius average of 228 miles.

6.2.3 OHV Trails

Hatfield-McCoy Trails

The Hatfield-McCoy Trails project has been widely reported in other documents (see Comprehensive Plan by WMTH and the Economic Impact of the Hatfield-McCoy Trail System in West Virginia by CBER [2006]) and therefore the following is only a brief summary of the project.

The HM Trail project was formed by legislation in 1996 and described as, ". . . *a system of recreational trails and appurtenant facilities, including trail head centers, parking areas, camping facilities, picnic areas, recreation areas, historic or cultural interpretive sites and other facilities*...." The plan calls for a network of over 2,000 miles running in

[21] Bower, J., Burgestrom, J., and Gill, J. 2004. The Virginia Creeper Trail: An Assessment of User Demographics, Preferences and Economics.
[22] MBTA, *Sea to Sky Mountain Biking Economic Impact Study – The Whistler Report* Western Canada Mountain Bike Tourism Association, Vancouver, BC, Canada.

nine West Virginia counties. In 2000 the first 300 miles opened over both private and public land and as of 2011 approximately 500 miles are available (CBER 2006).

According to literature produced by HM Trails, the project reports the following accomplishments:

- The project is the fastest growing outdoor recreation tourist destination in the State of West Virginia.
- Approximately 25,000 trail user permits were sold to the public in 2007 (the most recent year data was available) with 80,000 visitor days on the trails.
- Currently there are five trail systems located in four counties with over 500 miles available for use. The plan calls for 2,000 miles of trails with appropriate facilities and amenities in all nine counties along with an Off-Highway Vehicle Park to be built in Kanawha County.
- Since the first trails were opened, users have increased by more than six fold.
- The system is governed by the Hatfield~McCoy Regional Recreation Authority.
- The West Virginia Legislature has provided exemptions from liability for private landowners whose property is being used as part of the trail system. This exemption created a mutually beneficial public-private partnership which was a significant innovation for trails in the eastern United States.
- Throughout the year, the Hatfield~McCoy Trail System schedule five significant ATV and dirt bike events which bring not only significant numbers of users but provide national visibility to the system. These events are essential to increased use of the system in the future.
- For the State of West Virginia the total economic impact of the Hatfield~McCoy Trail System was an increase in output of $7,776,116, an increase in income of $2,789,036 and the generation of 146 new jobs.
- The total amount from all sales taxes is $622,752. The state legislature provides $500,000 per year in financial support to the Authority yielding a return on investment of 125%. The total public investment provides a tax return of 80%.
- Average spending per party per day is approximately $271.44 or per trip is $814.33 (in West Virginia).
- The weighted average distance travelled by visitor was estimated at 307 miles with greater than 75% travelling farther than 200 miles.

According to surveys completed by H-M Trails and CBER (see Table 6.1), riders come from the following surrounding states at the following ratios:

Table 6.1: Visitor Origins by Percentage for the H-M Trails

	HM Trails	*CBER*	
Ohio	21%	17.6%	
West Virginia	20%	14.6%	
North Carolina	11%	8.4%	
Pennsylvania	11%	18.7%	
Virginia	08%	7.4%	
Other	29%	16.2%	
		4.3%	Michigan
		3.8%	Maryland
		3.1%	Kentucky
		3.1%	New York
		2.8%	Florida

Tug Hill Region ATV Case Study[23]

In the spring of 2005, the New York State Legislature allocated $850,000 for an ATV trail fund from revenues generated by ATV registration fees. The Tug Hill region in upper New York State consists of 41 towns containing 21 villages. With about 50 people per square mile, the Tug Hill region is sparsely populated. In total, the population of Tug Hill is comprised of a little more than 100,000 people who reside mostly in villages around its edge. A few thousand individuals reside within an 800 square mile area comprised of dense forest with few public roads. The Tug Hill region is one of the largest intact land blocks in New York State, comprising over 200,000 acres of working forestlands in four counties.

Data on ATV spending obtained through the trail intercept surveys was analyzed to determine the total net new spending that occurs in the Tug Hill region as a result of ATV use, which is classified as the “direct” economic impact. Based on its research the total direct impact of ATV use on the Tug Hill economy includes $23.1 million in sales for local businesses, supporting employment of 564 individuals who earn $7.9 million in wages. The second phase of the impact study was to enumerate the indirect and induced impacts that result from the $23.1 million of new sales. The indirect impacts include purchases by local businesses from other Tug Hill region producers of goods and services. These local businesses also pay wages to their employees, who spend a portion of their earnings in Tug Hill. These expenditures are categorized as the “induced” impacts on the Tug Hill Region. The indirect and induced impacts of ATV use increase sales by $12.2 million, supporting employment for 137 individuals who earn wages of $3.5 million. The total economic impact is the sum of the direct, indirect, and induced impacts. The total economic impact of ATV spending in Tug Hill is approximately $35.2 million supporting employment of 701 individuals. However, these jobs include full-time, part-time and seasonal jobs. Adjusting for this fact, the total number of full-time equivalent jobs supported by Tug Hill ATV use is 369.

[23] Camoin Associates, Saratoga Springs, New York, *Tug Hill Region Economic Impact Study*, January 2006.

An analysis of the results indicates that over 75% of riders are male with a mean age of 42.7 years. A majority of intercept respondents were between the ages of 35 and 54. A majority of the respondents (43.1%) have household incomes between $40,000 and $80,000 over 35% have household incomes less than $40,000. Approximately 41.4% of respondents obtained a high school degree, with the next highest grouping having attended some college or completing a technical school (28.9%). Group education levels followed similar patterns, with over 48% having some high school or a high school diploma. Almost 90% of respondents were from New York State, with the next highest level of respondents (4.6%) coming from Pennsylvania. Average group size per trip was slightly less than 6 individuals and mean spending per group per trip was $360 per day. Repeat trips during the year are high for this location with almost 25% of riders making 5 – 10 trips per year.

Knott County ATV Adventure Park

Knott County Mine-Made Adventure Park is a private/public enterprise that opened in the Fall of 2011 offering both OHV and equestrian trails including 32 miles of single track for the dirt bike crowd. The Knott County Fiscal Court owns and operates the facility which is located on 43,000 acres of reclaimed mining land just outside the town of Softshell, Kentucky (see Figure 6.3). It is too early to calculate the economic impact of this project but there has been significant interest in the park from users, promoters, writers and OHV distributors.

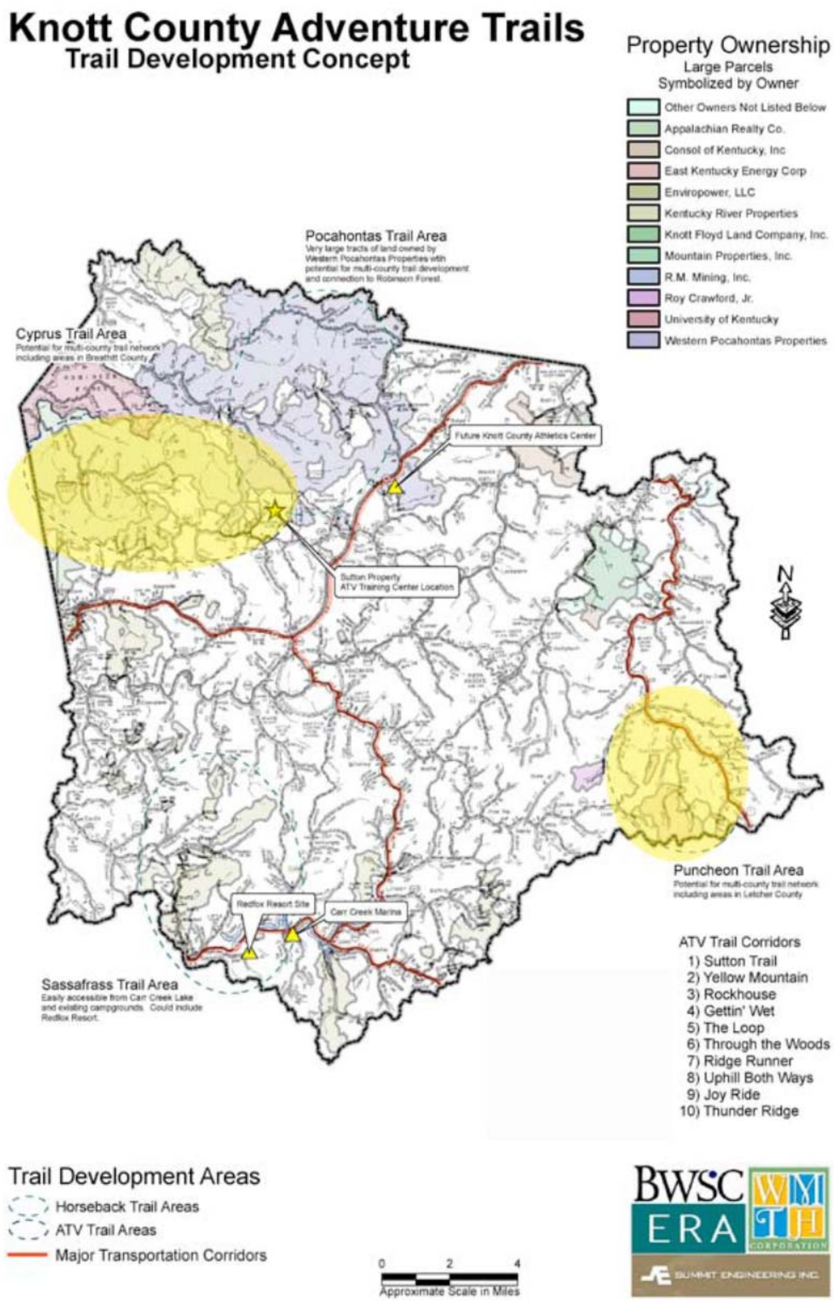

Figure 6.3: Knott County, KY Trail Potential

6.2.4 Equestrian Trails

Two equestrian venues were assessed as Case Studies for this assessment. Each represents a venue type that is potentially applicable to the SRRA mandate area. The biannual Knott Country Trail Ride is a rapidly growing equestrian event within a two hour drive of FSWVA. Economic and demographic data have been collected at this location by consultant team members and therefore accurate information is available from which to draw inferences.

Knott County Trail Ride Case Study

Knott County is located in Eastern Kentucky. The County Seat, Hindman, is roughly a three to four hour drive from Cincinnati, Ohio; Charleston, West Virginia; or Knoxville, Tennessee. The county is easily accessed via KY 80, which connects to the Hal Rogers Parkway at Hazard, Kentucky and US 23 near Prestonsburg, Kentucky. There is very little commercial development within the county, most of which is centralized within a few miles of the county seat.

The Knott County Trail Ride was started in the Fall of 2006 and has experienced growth every year. Riders and spectators attend the three day event and pay an entrance fee which includes a camping space. Surveys conducted by WMTH in the Fall of 2011 indicate the following:

- Of 194 respondents the average attended 5 trail rides a year with the highest being 20 and the lowest being 1 (Fall Ride in Knott Co.)
- States they attended other Rides included: PA, DE, NJ, WY, FL, MI, MO, IN, IL, VA, TN, OH, NC, WV, KY which indicates a willingness to travel.
- Of 211 surveyed over one half stayed overnight in a horse trailer or truck, 34% slept in an RV/camper, less than 10% slept in a tent and 3% went home at night.
- During the Fall 2011 Ride, approximately 5,870 wrist bands (entrance requirement) were distributed (4,870 paid and 1,000 free for children and workers). The entrance fee was $15.
- The most popular source of information regarding the event was from friends (64%), family (11%), previous knowledge (9%) and the internet (6%). TV and radio were both at 5%.

North Mountain Outfitters Case Study

The second Case Study is based on data collected by SDCI at a venue that caters to individual and group trail rides on publicly available trails (also referred to as a *livery* business). This outfitter/guide services provides an example of entrepreneurial investment into a business model that would not likely exist without the availability of accessible, publicly maintained trails for horseback riding. The business represents a model that can be replicated in FSWVA. If the Spearhead Trails initiative is carried forward successfully it can assist these types of entrepreneurial style operators through cross marketing and trail development.

The North Mountain Outfitters are located in Swope, Virginia just outside of Staunton. The 180 acre working horse ranch maintains 20 horses, associated barns and stables, riding rings and a bunk house built in 2009 that is used for overnight accommodations (see Figure 6.4). The bunkhouse sleeps 12-14 people and is complete with a kitchen and living area.

According to the owner, approximately 1,000 customers took guided horseback rides along designated trails on private property and the adjacent George Washington National Forest in 2010 and roughly half of these were overnight guests. The peak riding season is April through November and the primary market area for visitors is the northern Virginia / Washington, D.C. metropolitan region (an approximate 2-3 hour drive). The business supports one full-time individual and three part-time employees. Day ride fees range from $115 (1/2 day) to $175 (full day) and with overnight accommodations at the bunkhouse, fees are $225 including the ½ day ride and $290 for the full day. The accommodation includes three meals and overnight stay. A popular event is the "Cowgirl Weekend" that caters to women's groups for a weekend getaway that includes three days of rides and all meals/accommodations (cost is $675/person).

Figure 6.4: Photos of North Mountain Outfitters Bunkhouse

6.2.5 Camping / RV Parks

Accommodations include hotels, motels, bed and breakfast inns, traditional/historic inns, and campgrounds. Campgrounds include primitive sites (no services), improved (full services with water and electric hook-ups and bath facilities, or some combination of these) and sites that are accessible to recreational vehicle (RV) in addition to rental cabins which may also be counted in the motel category. Many full service sites are accessible to tow-behind and RVs up to a certain size. Camping sites are closely related to tourism development within any destination area and are much more closely related to adventure tourism due to a strong preference for visitors to camp at a campground. Most OHV and equestrian visitors are towing a trailer for their vehicles or horses.

Surveys conducted in the region indicate that OHV trail users are generally split between staying at a hotel/motel versus campground/cabins (55% to 45%). Other surveys have indicated similar findings (see Tug Hill Case Study). Data on equestrian related visitors is not as easy to estimate as many events are strongly associated with camping at the specific venues though it is clear from surveys that many do stay at regional hotel/motels and that there is a strong industry that caters to the occasional trail rider who stays at themed B&Bs and ranches/bunkhouses that offer guided rides.

A suitable accommodation infrastructure is necessary in order to provide value-added services to visitors and to attract participants to the various adventure-based tourism venues envisioned for the region. SDCI, in conjunction with WMTH, has attempted to compile a list of the availability of accommodation within the SRRA mandate by type. Data on the availability of hotels/motels within the region was provided by the Virginia Tourism Corporation (VATC) and data on campgrounds/RV parks was compiled from a variety of sources.

The total number of rooms classified as hotel/motel and B&B per the VATC data (amended) was estimated 1,544 for the SRRA area whereas the total number of camping spaces is estimated at 731 (194 primitive and 527 improved). Of greater importance is their proximity to the existing and proposed trail projects. Most adventure tourists desire to stay in close proximity to the attractions. Additionally important is the marketing of accommodation offerings to the target market. Given the distance that the majority of visitors will travel, it is imperative that accommodation options and proximity to attractions be co-marketed with the venue.

A review of current travel websites associated with camping venues in FSWVA yields the following results:

- Virginia Campground Association Directory 2011 - No campgrounds listed.
- Heart of Appalachia Website – 15 Campgrounds Listed (with information & links)
- KOA Campground website – No campgrounds listed for SRRA Mandate Area.
- Trails.com website listings –
  - Bark Camp Lake, Coeburn, Wise County; 19 sites, $8-12 with electric hookup
  - Wilderness Road Campground, Cumberland Gap National Historic Park, 121 primitive sites, and 49 electric sites
  - Cave Springs Recreation Area, Dryden, 41 Sites $8/night
  - High Knob Recreation Area, Norton, 14 Sites
  - Breaks Interstate Park
  - 138 individual sites
  - Bark Camp Lake
  - TrailsRUS and County Government websites
- Dickenson and Buchanan Cos.: Breaks Interstate Park
  - 138 total sites from primitive to full hook up
  - Standard Electric = 73, Tent Only = 9, Lodge = 81
- Lee Co: Link to Wilderness Road State Park
- Russell Co: None Listed
- Scott Co:
  - Natural Tunnel State Park 34 Electric Hookup Sites

  - Riverside Campground
  - Clinch River Valley Campground
  - Bark Camp Recreation Area (34 tent sites)
- Tazewell Co: Cavitt's Creek / 9 full service RV sites
- Wise Co:
  - Bruce Funk RV Park
  - Cane Patch Camping
  - Cave Springs Camping (41 full sites)
  - Country Inn RV Park
  - Jessie Lea RV Park (32 RV sites)
  - North Fork Reservoir Camping (33 tent sites)
  - Whispering Pines Family Campground (8 Sites)

Tennessee Valley Authority Campground Case Study

The Tennessee Valley Authority (TVA) maintains 80 recreational areas within its 293,000 acre region and 8 seasonal campgrounds with approximately 1,300 sites. This region includes 11,000 miles of shoreline around rivers, streams, lakes and other impoundments. An economic assessment of recreational values within the TVA system concluded that the average campground maintains a 50% occupancy rate with an average visitor stay of 2 nights and an average group size of 4.7 during the 120 day seasonal camping period. TVA captures approximately 156,000 camping person days per year from a total regional population of 6.5 million. At a demand rate of 15.6% (2010) this equates to a capture rate of approximately 7.7%. Direct economic impact from camping within TVA facilities ranges from $156,000 to $585,000 per year[24].

6.3 OHV Market Assessment

Off Highway Vehicles represent a growth segment of the adventure travel tourism segment for this region. Off highway vehicles (OHV) visits to national forests grew from 5 million in 1975 to a whopping 51 million in 2005 primarily because these were often the only places people could legally ride their ATV's and dirt bikes. Entire trail systems are now being shut down due to the heavy impact this magnitude of riders has had on the forest. The success of the Hatfield-McCoy ATV trail system has demonstrated a demand for this type of tourism offering in the larger region and the user surveys have indicated a primary and secondary market area that represents a significant percentage of the U.S. population. The SRRA mandate area is uniquely situated to take advantage of this market segment and to competitively compete with the H-M system. However, it must be recognized that H-M Trails have greater name recognition, have successfully branded their user experience, have 10 years of operational experience and a fully developed trail system (albeit geared almost exclusively to OHV uses). It has access that is as good as the SRRA region to major markets. Therefore, this component of the SRRA trail system will be at a competitive disadvantage until such time as it reaches parity in both trail mileage and branding/marketing efforts with the H-M product. Altering the product through complimentary marketing with other potential tourism draws to the region (such as equestrian events, music events or other tourism draws) will help to segregate SRRA from other competitors. For this reason, capture rates for the OHV

[24] Cardno Entrix, 2011 TVA Economic Assessment

market segment have been downgraded to account for the initial competitive disadvantage SRRA will have.

Competition for the OHV market is represented by the H-M product, the Knott County ATV Park, and a number of smaller private and public OHV trail systems in the region. A review of potential competitors reveals the following number of venues for the surrounding states (approximate 400 mile radius):

- Tennessee: 13
- Kentucky: 19
- West Virginia: 15 (each H-M trailhead is listed separately)
- Virginia: 14
- Pennsylvania: 66
- Maryland/Delaware: 14
- North Carolina: 40

Based on listings from www.riderplanet-usa.com and www.trailsource.com, the total number of potential venues within Virginia and the surrounding states is 181, but the majority of these are not true trail systems and are thus not likely to be a major competitor for the Spearhead Trails Initiative. An examination of just the SRRA mandate area identified only one trail within the SRRA mandate area (Stone Mountain Trail in Lee County). It is assumed that the existing Mountain View ATV trail club will be assimilated into the Spearhead Trails initiative and does not therefore represent a competitor to the SRRA sponsored trails (it was not identified on either of the above listed websites).

Besides the continued development of H-M Trails, there are several trail development projects that are underway which may pull potential visitors from the Spearhead trails initiative. The following is a brief description of each (only those trail projects that list advertise 100+ miles of trails are listed below as smaller day use trails are not considered as competition for the Spearhead Trails Initiative).

- Coal Creek OHV trails in Oliver Springs, Tennessee is a 72,000 acre area with 250 miles of OHV trails and a 25 mile mountain biking trail. Permit fees range from a one day riding fee of $17 to $88 for a yearly pass.
- Callalantee ATV trails and campground is located near Mountain City, Tennessee and includes access to the Cherokee National Forest (near Furnace Creek). The adjacent campground offers full RV and tent sites and the trail length is listed as 130 miles.
- The Royal Blue ATV Resort near Pioneer (Campbell County) is located in the northeast section of Tennessee adjacent to the North Cumberland Wildlife Management Area. This area hosts 430 miles of trails within a 130,000 acre area. Daily permits are $30.50 for non-residents. The resort offers cabin rentals, RV hookups and tent sites.
- The Wilderness Trail in Kentucky is a 120 mile trail located in the Cumberland Gap (near Pineville) in Bell County.
- The Daniel Boone ATV Trail states that it offers “hundreds” of miles of trails located on approximately 3,800 acres of land in southeast Kentucky near Hyden.

The trail fees are $7/day, $15 for a 3 day pass and $40 for an annual pass. Camping, including full hook-up RV sites, are available off the trail.

- Knott County Mine-Made Adventure Park is a private/public enterprise that opened in the Fall of 2011l with approximately 200 miles of OHV and horse trails (see description provided above).
- The Burning Rock ATV trail is listed as 100 miles and located in the southern part of West Virginia southwest of Beckley, WV with access from State Route 16 (and future access to the Coalfield Expressway). This park is not part of the H-M Trail System. It is professionally operated year around with a variety of on-site camping, RV and cabin rental opportunities on roughly 8,000 acres of mountainous terrain. The yearly in-state permit fee is $35 and out-of-state is $65.
- Bell County, Kentucky Holler Crawlers ATV Club states that they are attempting to gain access to 50,000 acres of land in an effort to make Bell County, “the premier destination in trail sports and outdoor recreation on the east coast.” (http://wildernesstrailoffroadpark.net). They currently maintain 120 miles of trails and there is no fee to ride or camp (primitive) at the Wilderness Trail Off Road Park.
- The Black Mountain Off-Road Adventure Trail is located in Harlan County, Kentucky and advertises year-round use with over 150 miles of marked and rated trails on 8,000 acres of mountainous terrain.

These last four locations are important potential competitors due to their location within a one day driving distance to the major urban markets of the Norfolk, Richmond, Washington D.C., Baltimore, Atlanta, Knoxville, Nashville, and Raleigh-Durham markets. Essentially, visitors to Spearhead Trails from these markets must drive past at least two of these other venues to get to the SRRA sponsored trail locations. Therefore, Spearhead Trails must offer a better value and a more rewarding rider experience in order to attract sufficient capture rates from these markets and competitors.

Primary and secondary markets for OHV riders were based on surveys from the H-M Indian Head Trailhead in July and Trailfest in October along with visitor registry data. The resulting map of showing visitor origin by zip code is shown in Figure 6.5.

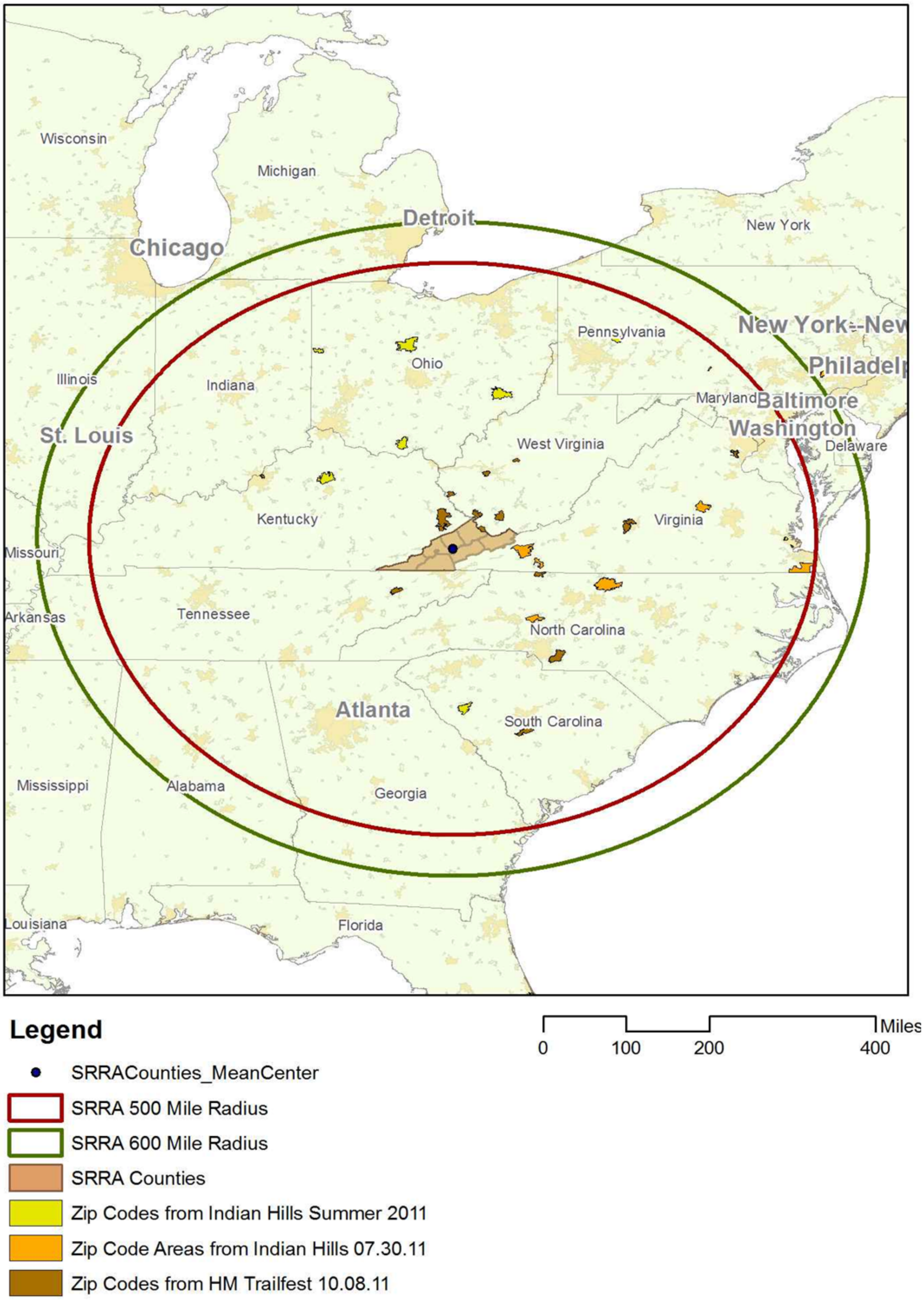

Figure 6.5: Primary and Secondary Market for OHV Riders

This market represents a total U.S. Population of approximately 130 million.

6.4 Equestrian Market Assessment

As reported by the American Horse Council, 42% of the approximate 9.2 million horses in the United States are owned and used for recreational trail riding purposes. Over 2 million people are horse owners contributing to nearly 4.6 million people who are involved in the industry either as owners, breeders, trainers, service providers, or otherwise.

Virginia itself is home to over 170,000 horses. The average Virginia horse owner spends $2,969 per horse yearly. Horse owners spend $505 million in annual expenses and support approximately 20,000 jobs statewide. Nearly 700 equine events are held in Virginia each year, attracting over 800,000 participants and spectators who spend more than $167 million at these events. In total, Virginia's horse industry has a $1 billion impact on the state's economy according to the 2011 Equine Survey conducted by the Virginia Agricultural Statistics Service. Trails are located throughout the state at a multitude of public locations including state parks, national parks, historic battlefields, and city parks and cover a variety of terrain from sandy and hilly, to mountainous, flat and rough". According to the Virginia Horse Council, Virginia offers over 285 public access horse riding trails across the state so "it is not surprising to find that recreation and trail riding is the number one use for Virginia horses."

Virginia has an equestrian culture dating back to colonial times. The horse industry in the Commonwealth is a significant source of economic development. Far Southwest Virginia has a strong affinity with the horse industry but it is nowhere as nearly developed as other regions of the state (i.e., Lexington, Virginia). For example, the equine industry within the entire 7 counties of the SRRA region contributes over $25 million in total annual sales along with employment of 656 individuals and almost $513,000 in tax revenue. Compared to just the Lexington, Virginia (counties of Rockbridge and cities of Buena Vista and Lexington) which contribute over $61 million in total sales, 1,331 jobs and $2.3 million in tax revenue FSWVA still has considerable growth potential.

Even within the SRRA mandate there is considerable diversity in equine economic impact (see Table 6.2). The case studies and venues surveyed as part of this assessment have demonstrated a strong unmet demand for increased equestrian tourism development in the region. Likewise, the region is well suited to compete with other offerings in that it has a small but dedicated equestrian culture, suitable landscape and land management opportunities, willing entrepreneurial members of the community who are able to develop an equine tourism industry and governmental support from organizations such as SRRA and other tourism related entities, including local governments. However, in order to determine the potential market for increased equestrian development in the SRRA mandate area, it is important to consider the capacity of the existing operations to become competitive and an evaluation of the likely competition in the region.

Table 6.2: Comparison of FSWVA Counties in Equine Economic Impact[25]

Jurisdiction	Employment	Total Sales	Tax Revenue
Buchanan	9	$384,441	$10,346
Dickenson	8	$349,368	$13,274
Lee	119	$4,805,263	$66,616
Russell	126	$5,697,273	$95,830
Scott	223	$11,580,569	$193,472

6.4.1 Existing Operations within the SRRA Mandate Area

Summary from Comprehensive Plan prepared by WMTH (2009)

There are a very limited number of trails in the SRRA region that are or could be dedicated primarily for horseback riding. In fact, through research, only two trails were found. One is the 26 mile trail from Pound Gap in Wise County to Potter's Flats in the Breaks Interstate Park which is still "in the works". Limited signage at this time requires the rider to obtain a map prior to entering the trail. Once completed, it is recommended to add adequate signage to help riders stay on the trails. New equestrian trailheads have also recently opened in Jefferson National Forests although the trails themselves are multi-use and camping overnight with horses is discouraged. Most of these trails are less than five miles long. As noted in the 2008 study by the Virginia Horse Council, riders need longer trails to encourage them to come to the area to ride and stay multiple days. A minimum of 20 but preferably 25 miles is recommended.

The Consultant Team's recommendation is to develop camps outside the park and establish trails that are longer than twenty miles long to encourage riders from outside the region to come use the trails creating greater economic impact for the region. Table 6.3 identifies existing and proposed trails and trail systems and provides an overall qualitative rating of their potential for economic impact based on their level of development, location, accessibility and desirability for the equestrian market.

Table 6.3: Existing Equestrian Venues in the SRRA Mandate Area

County	Venue	Description	Rating
Buchanan	Riding Ring at Poplar Gap	Owned and operated by County	Poor – suitable ring facilities with no existing trails but potential exist to develop trails
Buchanan / Dickenson	Breaks Interstate Park Horse Trails	State owned and open to the public	Poor to Moderate – existing trail is too short but potential exist for expansion

[25] *The Economic Impact of the Horse Industry in Virginia* 2011 Rephann, T., Weldon Cooper Center for Public Service, University of Virginia

County	Venue	Description	Rating
Dickenson	Cumberland & Pine Mountain Trail Riders	Pound River Show Grounds	Poor to Moderate – suitable support infrastructure with potential for trail development.
	John Flannagan Dam	John W. Flannagan Pound River Area / managed by the Cumberland Mountain Trail Riders. A 26 mile trail exists from Pound Gap in Wise County to Potter's Flats in the Breaks Interstate Park which is still "in the works". Limited signage at this time requires the rider to obtain a map prior to entering the trail. Once completed, it is recommended to add adequate signage to help riders keep on the trails.	Good – 26 mile Cumberland Mountain Trail is suitable with multiple access points and support infrastructure. I can't find anyone that can tell me the condition of this trail and whether or not it is open all the time or only for special rides. Hate to list is without knowing more.
	Jefferson National Forest	Multiple non-motorized trails managed by the U.S. Forest Service	Moderate – suitable trails but not suitable for events, support infrastructure is limited
Lee	Stone Mountain Trail (Multi-use) – 14.3 miles	Town of Pennington Gap and U.S. Forest Service	Poor to Moderate – trailhead is complete but trail is incomplete
	Wallen Ridge Trail (non-motorized) – 6.9 miles.	Jefferson National Forest managed by the U.S. Forest Service	Moderate – suitable trails but not suitable for events, limited support infrastructure

County	Venue	Description	Rating
	Wilderness Road State Park Trail (non-motorized) – 6.47 miles of multi-use trail	Managed by the DCR	Good – suitable trails and support infrastructure
	Cave Springs to Lake Keokee Trail with two 4 mile loops	Managed by the DCR	Moderate - scenic trail from one attraction to another but limited support
Scott	Scott County Horse Park	Owned and Managed by Scott County Horse Association, Inc. [501(3)c]	Moderate – suitable support infrastructure with proposed trails. Good trail potential.
	Multiple non-motorized trails in the Jefferson National Forest	Managed by the U.S. Forest Service	Moderate – suitable trails but not suitable for events, support infrastructure is limited
Tazewell	Cavitt's Creek Trail - There is a Cavity's Creek Park/Lake, J. Witten Rec. Area which offers a trail around the lake and into the wooded area on the 164 acre property. but I find no mention of horse trails.	Managed by County	Moderate – Good support facilities and trailhead but trails are not yet developed. Potential is good.
Wise	Dan Hall Mountain Resort & Country Club	Private facility offering horseback riding and other amenities	Good – suitable trails and infrastructure
	Cumberland & Pine Mountain Horse Trail	Will connect Breaks Interstate Park to Pound Gap	Moderate – infrastructure is limited

Please note: Nearly all of the equestrian trails noted above are too short in length to attract riders from outside the region and therefore would not meet the recommended 20-mile minimum.

Regional equestrian venues marketed in the region are summarized below:

Southwest Virginia

Name - Kissing Rock Camp
City/State - Sugar Grove, VA
County - Smyth
Region - Blue Ridge Highlands - Southwest Virginia
Description - A primitive horse camp in the center of the Mount Rogers Recreation Area. Direct access to the Virginia Highlands Horse Trail. Also available is the Looney Cabin at Camp, VA, which is a 4-6 hour ride east. Link is available from KRC site. Campers, hikers, mountain bikers and fisherman are welcome.

Name - Hill Crest Farm
City/State - Max Meadows, VA
County - Wythe
Region - Blue Ridge Highlands - Southwest Virginia
Description - At Hill Crest Farm we offer horse training, boarding, sales, and lessons. We train all types of horses and incorporate showing and trail riding into our training based on what our clients request. Check out our website to find out more about us.

Name - Bull Mountain Trail Ride
City/State - Stuart, VA
County - Patrick
Region - Central Virginia
Description - August 27,28 & 29 2004 Bull Mountain Trail Ride Over 5,000 acres of a Privately owned farm all inclusive includes meals, camping w/electrical, riding, trout fishing. Limited to 30 riders.

Western North Carolina

Name - Purple Pony Cottage and Stables -Walnut Hollow Ranch
City/State - Hayesville, NC
County - CLAY
Region - Western North Carolina
Description - Overnight Lodging/Stables & mountain trail riding vacations with your horses.

Name - Winding Creek Stables
City/State - Asheville, NC
County - BUNCOMBE
Region - Western North Carolina
Description - Comprehensive riding lesson program for adults and children ages 6 and up. No "rent and ride" or unsupervised riding available.

Name - Springmaid Mountain - Horseback Riding
City/State - Spruce Pine, NC
County - MITCHELL
Region - Western North Carolina
Description - Over 10 miles of riding trails through the beautiful Blue Ridge Mountains. Guided trail rides are offered for ages 8 and up for 1 hour or 1.5 hour and new overnight trail ride.

Name - Leatherwood Mountains Horseback Riding
City/State - Ferguson, NC
County - WILKES
Region - North Carolina High Country
Description – Trail Rides

Name - Clear Creek Guest Ranch
City/State - Burnsville, NC
County - YANCEY
Region - Western North Carolina
Description – Open from April to Thanksgiving. Lodge and cabin. Horseback riding, three meals daily, trips to waterfalls, craft shops, the Blue Ridge Parkway and nightly entertainment.

Name - Pisgah Forest Stables
City/State - Brevard, NC
County - TRANSYLVANIA
Region - Western North Carolina
Description - Come have some fun and ride the beautiful trails in Pisgah National Forest. Guided trail rides from 1 - 3 hours. Please see our website for further details.

Name - Whitewater Equestrian Center
City/State - Sapphire, NC
County - TRANSYLVANIA
Region - Western North Carolina
Description - Whitewater Equestrian Center is located on over 400 acres of private property adjoining the Nantahala National Forest which also adjoins the North Carolina Gorges State Park. Additional gem mine on-site, and also offer fly-fishing.

Name - Riverside Riding Stables
City/State - Lake Lure, NC
County - RUTHERFORD
Region - Western North Carolina
Description - We offer pony rides, guiding trial rides, 2 hour river rides for the Lonesome Dove wannabe's, & overnight packing trips. Swim with your horses.

Eastern Tennessee

Name - Blanche Manor Horseback Riding
City/State - Copperhill, TN
County - McCAYSVILLE
Region - North Georgia Mountains
Description - Blanche Manor Horseback Riding offers beginner to advanced trail rides on forest trails with stream crossings, and mountain views astride Tenn. Walking horses.

Name - Dogwood Springs Ranch
City/State - Butler, TN
County - JOHNSON
Region - East Tennessee
Description - Dogwood Springs Ranch . . . provides a great opportunity to see the beauty of the Tennessee mountains. Our horseback trail rides climb up into the mountain surrounding the ranch. Open Daily! Reservations suggested

Name – B and B Guest Ranch of Sequatchie Valley
City/State - Dunlap, TN
County - BLEDSOE
Region - East Tennessee
Description - A Christian owned and operated Family Guest Ranch where each guest receives their very own Guest Ranch Horse for the duration of their stay.

Name - Douglas Lakeview Stables
City/State - Sevierville, TN
County - SEVIER
Region - East Tennessee
Description – Trail rides for all riding levels.

Name - Arrowmont Stables & Cabins
City/State - Cullowhee, NC
County - JACKSON
Region - North Carolina High Country
Description - Vacation cabins with fireplaces, trout fishing, boating, waterskiing on the highest Lake east of the Mississippi River. 6 trail miles.

Name - An Eagle's View Farm
City/State - Canton, NC
County - HAYWOOD
Region - Great Smoky Mountains North Carolina
Description - Guided horseback riding for small groups on our private mountain.

While not all of these venues represent direct competition to proposed trail development within SRRA, they do offer a number of alternatives for the casual rider and those wanting to enter the market for equestrian experiences. The goal of SRRA is to either narrowly define itself with a particular brand for a segment of the equestrian market or to offer a wide range of trails with development investment targeted to the niche that is most underserved within the market place.

The primary and secondary market areas noted in Figure 6.6 was determined by the Knott County Trail Ride based on the surveys completed in 2011 by SDCI and WMTH and additional data obtained from the literature review of similar surveys including calculated visitor travel distances. Figure 6.6 identifies the results of the surveys completed at the Knott County Trail Ride in May of 2011 (by zip code), from October 2011 (by State) and the estimated potential primary (150 mile) and secondary market areas for equestrian venue offerings within the SRRA mandate area. The secondary market area (350 mile radius) includes 5,732 zip codes that represent a total population of over 55 million.

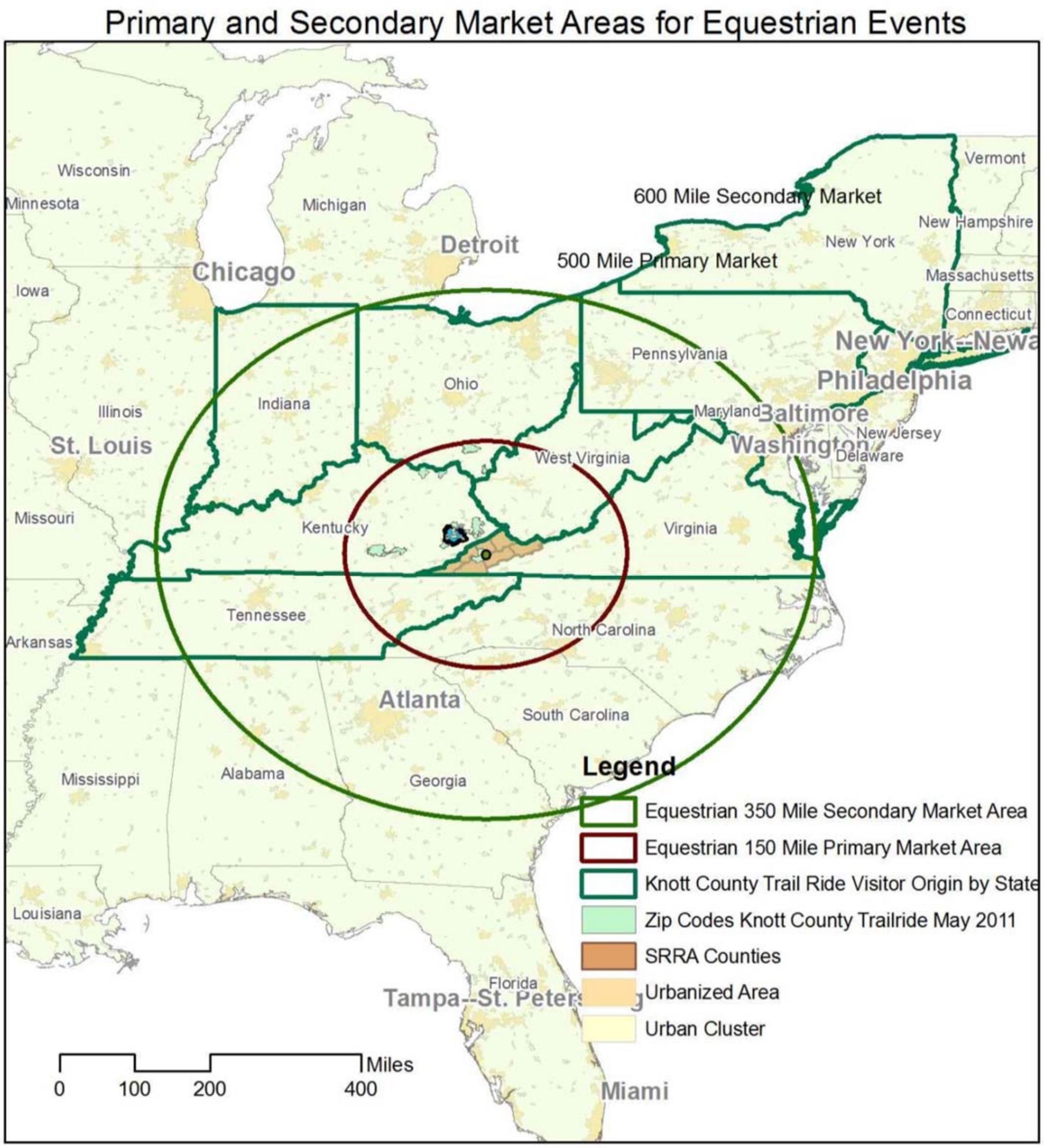

Figure 6.6: Estimated Primary and Secondary Market Areas for Equestrian Events

6.5 Blueways (Canoeing/Kayaking) Market Assessment

Water trails (*blueways*) are becoming more and more popular as opportunities for a variety of nature-based activities are available. Water trail users get an up-close look at the great outdoors from a different vantage point. According to the Virginia Department of Game and Inland Fisheries (VDGIF) there are about 1,200 miles of water trails in the commonwealth, including the Captain John Smith Chesapeake Bay National Historic Trail. Water trails provide access along rivers, streams, the Chesapeake Bay and lakes while providing opportunities to learn about an area's natural, historical and economic assets. Blueways can also generate considerable economic impact (see discussion of

NRSP). Within the recreational lands managed by the TVA the visitation is estimated at 150 person-trips per mile of blueway. Annual activity economic impact is $1,500-4,000/blueway mile with economic impact of $10-27 per trip.

The previously prepared Comprehensive Study (Volume 2, Appendix B) for SRRA identifies a number of blueway opportunities within the region.

Powell River

The headwaters of the Powell River actually start in Wise County northwest of Norton near the Laurel Grove community and flows approximately 80 miles through the Lee County communities of Dryden, Pennington Gap and Jonesville before entering the State of Tennessee. The upper section that flows through Wise County is not recommended for boaters due to the extreme gradient. This is an extreme whitewater stream that drops 130 feet in a mile in some places. The section from the Town of Appalachia to Big Stone Gap should only be paddled by expert whitewater boaters. It is a tight stream that is only navigable in high flow conditions. A unique aspect is that these “high flow conditions” produce water that resembles chocolate milk. Business Route 23 runs parallel to this stream. Due to the extreme elevation gradient, it is best paddled by expert kayakers. This is not a stream that would safely and enjoyably be paddled by canoes and rafts unless handled by experts adapted for this specialized setting. This is extreme whitewater.

Note:
American Whitewater Description of the Powell River from Appalachia to Big Stone Gap: *http://www.americanwhitewater.org/content/River/detail/id/1989/*

Description of other sections of the Powell may also be viewed on the AWA, Virginia web page at: http://www.americanwhitewater.org/content/River/state-summary/state/VA/

There is a section of the Powell River in Lee County that does have the potential to attract boaters but the shortage of public access sites limits the duration and types of trips that can be offered. Facilities for canoe-in camping and public rest stops are also needed at appropriate distances along the river. The newly launched “Fish Virginia First” website says there are no public accesses along the Powell River but actually one was added just a few years ago at Dryden in Lee County. But there needs to be at least one public access for the put-in and one for the take-out unless a private landowner opens a section as part of an entrepreneurial business.

Something unique about this particular section of river is that it has three swinging bridges. The Powell River is also a very popular fishing river but one must buy a $11.00 fishing license from the county as well as an $18.00 license from the state.

Clinch / Pellissippi River

Pellissippi is the Native American name for the Clinch River. This river begins in Tazewell County, Virginia in the vicinity of the Town of Tazewell and it runs 135 miles east to west through Russell and Scott counties. The Clinch is deemed navigable by the Virginia Department of Game and Inland Fisheries (VDGIF) from the junction of Indian Creek and the Clinch River in downtown Cedar Bluff all the way to the Tennessee/Virginia State line. This is approximately 112 miles of floatable water with fourteen access points. Currently this is the longest blueway in the state. Two portions of the river totaling 29.2 miles are part of Virginia's Scenic River Program. Also the Big Cedar Creek flowing out of the Lebanon area into the Clinch is a scenic waterway. Big Cedar Creek is one of two creeks listed as scenic waterways in the State of Virginia. The remaining 21 scenic waterways are rivers.

"Riding the rapids" down the Russell Fork River has international appeal for whitewater enthusiasts. It was designated a Scenic River during the 40th Anniversary Year for the Virginia Scenic River Program. Another designated Virginia Scenic River in the SRRA region is a 5.8 miles section along the Big Cedar Creek which flows out of the Lebanon area into the Clinch.

A nice stop for floaters is at the confluence of the Big Cedar and the Clinch. Here at the 683 acre Pinnacle Natural Area Preserve trails, a swinging bridge and a series of small waterfalls are found. The VDGIF maintains a series of maps that identify various put-in and take-out locations for canoes, kayaks and float trips along the Clinch (see Figure 6.7 for example).

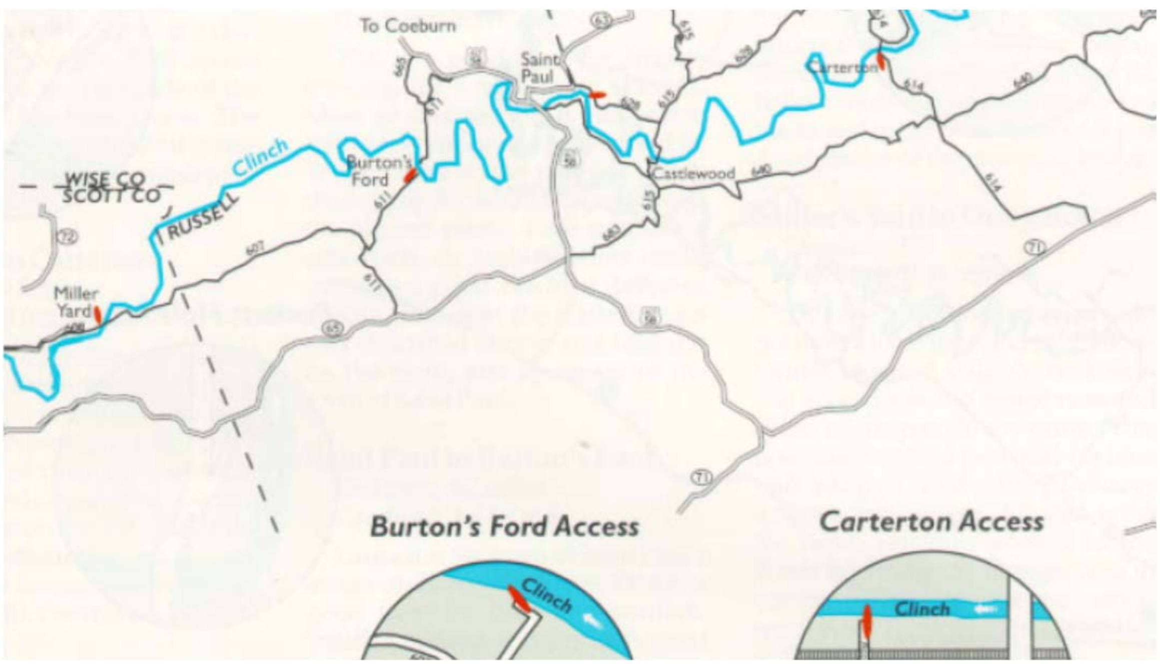

Figure 6.7: Portion of VDGIF Map of Access along the Clinch River (source: VDGIF website).

Figure 6.8 identifies the market area for Blueway trails based on the visitor origins obtained from the New River State Park surveys conducted on 7.23.11. The primary market area ranges from 0-50 miles and a secondary market exists out to 200+/- miles. The entire market area (primary and secondary) represents a total population of 13 million.

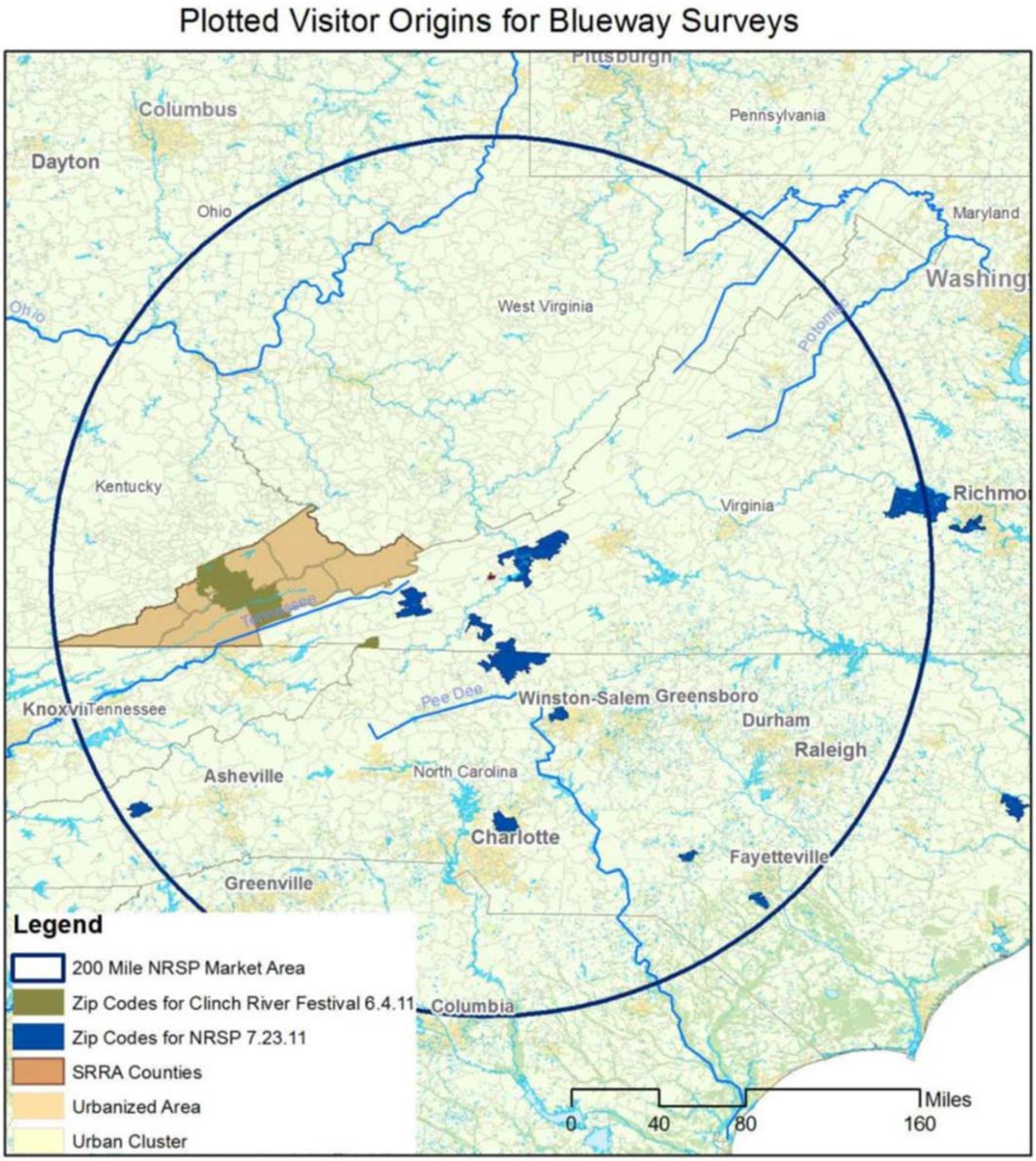

Figure 6.8: Visitor Origins for the New River State Park and Clinch River Festival

6.6 Mountain Biking / Touring Market Assessment

The Mountain States Bicycling Alliance (MSBA) in the Western US estimates that bicycling creates $133 billion in annual contribution to the US economy and 60 million adult Americans (18 years of age and older) bicycle annually. American bicyclists spend money on their pursuit, creating jobs and supporting local communities. Whether bicycling for family recreation, transportation, or competition, the American bicyclist generates enormous economic power. The following are MSBA-produced statistics:

- Contributes $133 billion annually to the U.S. economy
- Supports nearly 1.1 million jobs across the U.S.
- Generates $17.7 billion in annual federal and state tax revenue
- Produces $53.1 billion annually in retail sales and services
- $6.2 billion in bicycling gear sales and services
- $46.9 billion in bicycling trip-related expenditures
- Provides sustainable growth in rural communities

While these estimates are attractive, they represent economic output for a variety of types of recreational bicycling, a portion of which may not be applicable to the Spearhead Trails initiative or unquantifiable for the study area. While the overall economic and recreational benefits of bicycling are significant, this assessment focuses on the potential for mountain biking trails and events as an economic driver within the SRRA mandate area. The FSWVA region is suited to mountain biking due to its topography, large areas of public lands, existing trail networks and access to markets. While there is opportunity for mountain bike trail development and events in the region, there is yet a sponsor for this activity. SRRA will provide advertising and marketing support but no trail development is planned at this time. In order to actualize the economic impact potential a trail development plan must be initiated for the region including trail development, sponsorship, event organization and promotion.

6.7 Other Trail Related Tourism Market Assessment

There are numerous hiking, bird-watching/wildlife viewing, fishing, motorcycle tours, and specialty car tours, to name only a few, that are promoted by governmental and private organizations throughout Virginia and many of these include trails located within FSWVA. VDGIF has developed an extensive state-wide viewing initiative which includes marked trailheads in numerous locations within SRRA's seven county area. In addition, there are cultural tourism trails such as the Crooked Road, `Round the Mountain Artisan Trails, Virginia Coal Heritage Trail, and others that also bring visitors to the region. These initiatives generally have their own marketing efforts and while there are cross-marketing opportunities for SRRA and these organizations they are not considered in this market assessment. These linear tourism projects all contribute in varying degrees to economic development within their region and their collective impact can be substantial. However they are not specifically assessed or quantified as part of this document.

6.8 Market Assessment Summary

This market assessment concentrates on the potential for increased visitation resulting from development of OHV, equestrian, blueway trails (kayak and canoe trips) and mountain bike and hiking trail development. The primary arbiter of visitation potential is the determination of travel distance from potential source markets. Based on a review of the visitor survey data and case studies, primary and secondary markets have been established for OHV riders, equestrian, blueway and biking/hiking trail users. Table 6.4 identifies the calculated market distances and total population with the identified radii and Figure 6.8 graphically portrays the distances and urban areas. Demand rates are established from existing recreational surveys for each activity type. This is the total participant population with the market area radii for each activity type. The most conservative or up-to-date data was used to estimate the total demand as a percentage of total adult (participant) population within the market areas. Non-adult population (age 10 and under) was assumed to be on average 13 percent of the total and subtracted from the total population estimate[26].

Table 6.4: Estimated Market Area Demand Rates per Population by Tourism Activity Type[27][28]

Tourism Type	Demand Rate	Primary Radius (miles)	Secondary Radius (miles)	Total Demand Participant Population
OHV	18.6%	400	600	21,046,259
Equestrian	3.5%	250	400	2,171,237
Canoeing	3.6%	250	400	2,233,272
Hiking	12%	250	400	7,444,240
Mtn. Biking	2.5%	250	400	1,550,883
Totals				**34,445,891**

6.9 Capture Rates

Capture rates are that percentage of the total demand participant population that is expected to be "captured" by the Spearhead Trails Initiative by the fourth operational year (2016). Annual capture rates are estimated for each tourism activity type. OHV capture rates from the total potential demand population presented in Table 6.4 are estimated at 0.03% for the primary radius and 0.003% for the secondary radius. This reduction accounts for additional distance that participants will need to travel to access the Spearhead Trails and the other competitive venues that will reduce the final capture rates. This assumption is repeated for the other activity types. This equates to an estimated annual visitor count of 28,490 per year or an overall capture rate of slightly less than 0.16% of the demand population. The capture rates, in particular those for the secondary market areas were reduced to reflect competition from other venues. Equestrian capture rates are estimated at 0.6% and 0.03% respectively. These equate to 4,080 total yearly visits or an overall capture rate of 0.16%. The capture rates for equestrian were also reduced due to regional competition between the major markets and the SRRA region. The practical impact upon actual visitation rates will be a factor of the ability of SRRA to effectively develop and market the demand population with

[26] U.S. Census data for Virginia – U.S. Census Bureau
[27] Demand Rates Estimated from *2010 Outdoor Recreation Participation Report*, Outdoor Foundation.
[28] Data for OHV demand is estimated from, Cordell, H. Ken, et al., *Off-Highway Vehicle Recreation in the United States, Regions and States: A National Report from the National Survey on Recreation and the Environment (NSRE).* June, 2005

venues that are superior to the competition. The same caution applies to blueways, hiking and mountain biking venues. The same methodology is applied for the other venues with the resulting annual visitation estimates provided in Table 6.5. The combined primary and secondary market areas are represented on Figure 6.9.

Table 6.5: Estimated Capture Rates and Yearly Visitation Totals by Tourism Activity

Tourism Type	**Primary Market Capture Rate**	**Capture Visits**	**Secondary Market Capture Rate**	**Capture Visits**	**Total Yearly Visits**
OHV	0.3%	34,616	0.03%	6,314	40,930
Equestrian	0.6%	4,882	0.03%	651	5,533
Canoeing	0.1%	837	0.05%	1,117	1,954
Hiking/Biking	0.01%	279	0.01%	744	1,023
Mtn. Biking	0.1%	581	0.05%	775	1,357

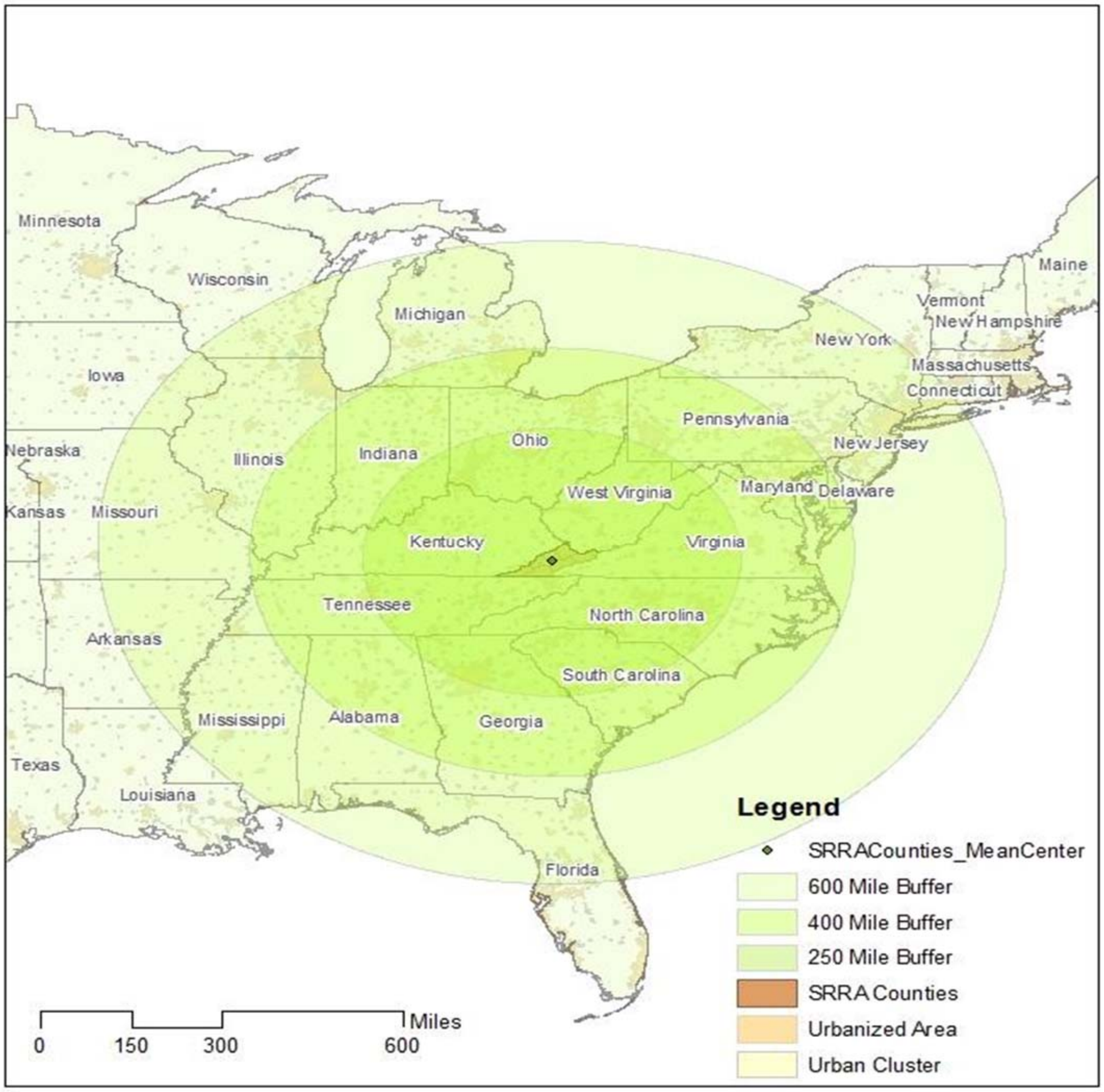

Figure 6.9: Primary and Secondary Market Areas for all Venues

7.0 ECONOMIC IMPACT ASSESSMENT

Tourism economic impacts for SRRA are difficult to quantify using traditional economic tourism models. This is due to a number of confounding variables:

- Projected visitation is estimated using capture rates (as opposed to actual counts);
- Spending profiles from primary data collected at similar venues is used as a surrogate for actual spending; and
- Visitation at events and venues associated with the Spearhead Trails Initiative is predicated upon the development, implementation and management of these projects at a service level that is competitive in the market place.

Since this EIA was tasked with identifying the total estimated economic impact to the communities that make up the SRRA, a regional assessment model has been developed based on the methodologies discussed in Chapter 4 and the results as reported in Chapters 5 and 6. The following is a summary of the model results.

7.1 Visitation

Visitation rates were estimated using the demand population and capture rates presented in Section 6 of this Report. Table 7.1 identifies those rates per year allowing for yearly increases consistent with the projections of the SRRA Business Plan model development. This data is for trail use visitors only and does not include return visitation per visitor. Visits related to planned SRRA sponsored events (such as a OHV trail festival, equestrian trail ride/show, mountain bike race, etc.) will generate person trips beyond the normal capture rates for trail use and these are also not included in Table 7.1 along with yearly return visits per party. The result is a conservative estimate of total visitation (visitor days). OHV return visits can be estimated at 1.5 times for those visitors who reside in the primary market area. No estimates were obtained for the other activity types.

Table 7.1: Yearly Predicted Trail and Event Visits FY 2013-2017 (Total Person Trips)

SRRA Related Venue	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OHV/Year	10,232	13,643	27,286	40,930	45,023
Equestrian/Year	1,383	1,844	3,689	5,533	6,087
Canoeing/Year	488	651	1,302	1,954	2,149
Hiking/Year	256	341	682	1,023	1,126
Mountain Biking/Year	339	452	904	1,357	1,492
Total Person Trips (all venues)	**12,699**	**59,800**	**33,864**	**122,120**	**55,876**

7.2 Spending

Anticipated total spending per person per trip (without return visits) is project in Table 7.2 along with the three year cumulative visitation for both normal trail use and event attendance. The result is a direct economic impact of over $19 million over a three year period.

Table 7.2: Predicted Direct Spending FY 2013-2017 (Total per Person per Trip)

SRRA Related Venue	Total Spending per Person per Trip	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OHV/Year	$274	$2,803,67	$3,738,236	$7,476,472.54	$11,214,709	$12,336,180
Equestrian/Year	$172	$237,939	$317,252	$634,504.79	$951,757	$1,046,933
Canoeing/Year	$148	$72,282	$96,376	$192,752.00	$289,128	$318,041
Hiking/Year	$148	$45,108	$60,145	$120,289.12	$180,434	$198,477
Mountain Biking/Year	$133	$37,866	$50,488	$100,975.59	$151,463	$166,610
Totals		$3,196,87	$4,262,497	$8,524,994	$12,787,49	$14,066,24

The economic impact includes the direct effects of the production of goods and services resulting from the implementation of the Spearhead Trails Initiative. This "direct effect" is the result of output results from direct spending on labor, supplies, equipment and services. That spending creates income for workers and suppliers which is then respent within the region thus inducing an "indirect" and "induced" effect. Indirect spending is by companies that provide employment and support of the direct spending and the induced is spending by households that benefit from the employment.

The total direct spending over the five year fiscal period is estimated to be $42.8 million. The majority of this output will not exist without the development of the Spearhead Trails. Using the U.S. Bureau of Economic Analysis (BEA) Regional Input-Output data for the Arts, Entertainment and Recreation values yields the following total economic impact assessment based on the predictions presented in Tables 7.1 and 7.2.

Table 7.3: Total Economic Impact Over a 3 Year Period (2014 through 2016)

Multipliers		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Final Demand/Direct Spending*		$3,196,873	$4,262,497	$8,524,994	$12,787,491	$14,066,240
Output Multiplier ($)	1.003	$3,207,422	$4,276,563	$8,553,127	$12,829,690	$14,112,659
Earnings Multiplier ($)	0.3499	$1,118,586	$1,491,448	$2,982,895	$4,474,343	$4,921,777
Employment (jobs)/1 mil.(FTE)	22.5888	88.63	118.17	236.34	354.51	389.96
Output Impact ($)		$7,522,881	$10,030,508	$20,061,016	$30,091,524	$33,100,676
Virginia Wage Tax (5%)		$55,929	$74,572	$149,145	$223,717	$246,089
Virginia Sales Tax (4%)		$256,171	$341,562	$683,124	$1,024,687	$1,127,155
Local Sales Tax (1%)		$64,042	$85,390	$170,781	$256,171	$281,788
Local F&B Tax Not Included						
Excise and Business Taxes Not Included						

*This excludes the economic impact of the trail and related facility construction.

As discussed in Chapter 1, direct economic impact alone does not adequately describe the total economic impact to the local economy resulting from increased visitation and expenditure at the various trail venues and events. It is appropriate to apply a multiplier to the direct impacts in order to determine induced economic impacts as well. This EIA has obtained the economic multipliers used by the U.S. Bureau of Economic Analysis (BEA) developed as part of the Regional Input-Output Multiplier II (RIMS II) model. Multipliers were applied based on specific industry related categories using the 2006 input/output data set for arts, entertainment and recreation industries in Virginia.

Induced impacts are based on the tax revenue generated by the sales of product and wages paid in the Commonwealth. Job creation (in FTE) as a result of the Spearhead Trails Initiative is estimated at 390 by year five. Based on the total estimated direct earnings of **$43 million** the total return to the Commonwealth on wage taxes (at 5 percent) will average over **$750,000** over the five year period. Sales tax was calculated for direct expenditures yielding **$3.4 million** yearly to the Commonwealth (4.0%) and **$858,000** collectively to the local governments (1.0%). Excluding excise and local wage taxes, the Commonwealth will receive over **$1.6 million** per year (by 2017) in wage and sales taxes from the Spearhead Trails initiative. Additionally, the impact of local tax revenue based on accommodation income (also referred to as an Occupancy tax), and food and beverage taxes were not determined as these vary considerably by jurisdiction.

8.0 Marketing and Product Development

8.1 Market Penetration

This report identifies the potential economic impact for the development and operation of multiple trail venues within the SRRA mandate area. The specific economic impact from the development of OHV and equestrian trails represents the greatest potential return on investment due to the higher spending patterns and longer stays in the region by visitors who represent this segment of the adventure tourism market. In order to capitalize on these potential returns it is incumbent upon the SRRA organization to effectively develop, manage and market the product to the adventure tourist. Market capture rates have been conservatively estimated to account for the fact that the Spearhead Trails initiative is a new venture and it will require some period of time for development and implementation hence the optimal years of 2014-2016 were utilized to calculate economic impact. This allows 2012-2013 to be dedicated for development, implementation and marketing.

Marketing should be initiated prior to the first trail system being developed and operational but only after a firm opening can be established. Promoting a “coming soon” attraction is only viable if the predicted dates of operation are achievable. The negative consequences of not being able to deliver on the marketing promises are significant and should be avoided. However, in order to build excitement and expectation it is important to initiate marketing as soon as these opening dates can be fixed with a high degree of certainty. In addition, many of the most important marketing vehicles will require 8 to 12 months of lead-time in order for print media to be developed and circulated.

8.2 Marketing Methods and Venues

Adventure tourism is big business. It is also well trodden area for Destination Marketing Organizations (DMOs). The accessibility to major markets, natural appeal and variety of landscapes in FSWVA are an advantage that many other competing DMOs do not have. The ability to build on successful marketing campaigns such as the *Welcome to My Southwest Virginia*, the *Crooked Road* and *Virginia is for Lovers* (to name a few) is another strong advantage for SRRA. SRRA, in addition to its other operational mandates, is in-fact, a DMO and must operate as one in order to successfully market its product.

There are several recommendations that should be followed in the development and roll-out of a marketing campaign.

8.2.1 Keep it Authentic - Authenticity should be a key for every marketer, but especially for those within adventure tourism. Consumers want an authentic experience that matches the claims of the marketing campaign (i.e., the experience should match the website videos). This report and others have documented the importance of word of mouth marketing within the tourism market. A bad experience can erase thousands of dollars of marketing expense and cause the loss of economic impact. This is magnified many, many times over due to the proliferation of social websites and blogs. This point also reinforces the requirement for professionally developed and operated trails that deliver superior experiences to the visitor.

8.2.2 Social Media

DMOs must use social media wisely and profusely. In the digital age it is a necessity to establish and maintain a web presence. This can be done even before or at least during the development of the website. Google, Yahoo!, NAVTEQ (GPS Units), Foursquare, Yelp, Facebook, etc, are just a few of the online outlets that require a presence in order to be successful in marketing of a brand or product.

Potential starting points:

- Google places
- NAVTEQ
- Bing Business Portal
- Foursquare Business
- Gowalla Business
- Flikr
- News Feeds/Blogs (Pageflakes, Newsgator, My AOL, Netvibes, etc.)
- Youtube
- Facebook
- Twitter
- Mobile Apps

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While the technical term for off-highway vehicles (OHV) may be used by industry professionals, the vast majority of practitioners continue to use the abbreviation of ATV (all-terrain vehicles) to describe their activity and thus, search engine optimization and web presence should continue to utilize the more common terminology.

The marketing program must include both online outlets and print advertising. Most outlets have a combined presence wherein a comprehensive marketing strategy will seek to optimize banner space, feature articles, news releases, product reviews and traditional ad space. Magazines such as Dirt Wheels, ATV & sXs Illustrated, ATV Action, ATV Rider and others maintain a robust circulation and online presence as well. Ad dollars must be allocated proportionally based on web metrics and total reader audience.

A typical demographic and circulation for a major hard copy magazine with an online presence is provided below (ATV Rider from Source Interlink Media Research).

ESTABLISHED:	**2002**
PUBLISHED:	**MONTHLY**
TOTAL AUDIENCE:	**224,000***
CIRCULATION:	**22,446**
READERS PER COPY:	**10***

*(USPS Statement of Ownership, Management, and Circulation 2011 / *Source Interlink Media Research Estimate)*

WEBSITE:	www.atvrideronline.com
DEMOGRAPHICS:	
Male:	97%
Single:	43%
Married:	48%
Attended College:	41%
Working Full Time:	n/a
Mean Household Income:	$63,767
Median Household Income:	$58,666
Mean Age:	29.2
Median Age:	28.6
AGE:	
18 to 24 Years:	12%
25 to 34 Years:	36%
35 to 44 Years:	22%
45 to 54 Years:	5%
55 to 59 Years:	2%
60+ Years:	1%
HOUSEHOLD INCOME:	
Under $35,000:	20%
$35,000-$49,999:	20%
$50,000-$74,999:	29%
$75,000 & Over:	32%

(Source: 2004 Reader Survey)

Digital only outlets are also an important online presence. Sites to be considered include:

- ATV Trails (http://www.atvtrails.org/index.html)
- ATV Pathfinder (http://www.atvpathfinder.com/)
- ATV Trail Source (http://www.trailsource.com/atv/index.asp)
- OHV Trails.net (http://ohvtrails.net/)
- ATV Fan (http://www.atvfan.com/)

The opportunities and necessities of the online promotions and print media justify a full-time staff position with many DMOs. Outsourcing of this work is also a consideration. Appendix C is a copy of the media kit from ATV Rider as an example of the marketing potential these types of media buys can produce.

Equestrian markets are separate from OHV and other adventure travelers. Many of the same attributes apply but obviously the marketing campaign must be specific to each variety of adventure tourists. EQUUS is the largest print and online publisher of equestrian recreation publications. According to their website EquiSearch.com was among the first horse websites, and is one of the few continually active since 1995. In 1999, it joined forces with award-winning equine magazines EQUUS, *Dressage Today*, *Practical Horseman*, *Horse & Rider*, *Spin to Win Rodeo*, *The Trail Rider*, *Horse Journal*, and *American Cowboy*. EquiSearch.com works closely with these magazines to deliver the content horse owners care about: tips on riding and training, authoritative information on horse care, the latest horse sports and industry news, plus sweepstakes and active online forums.

Today, with more than 4,000 articles, EquiSearch.com is one of the most in-depth horse websites on the Internet.

Equine Network

EquiSearch.com is an integral part of Active Interest Media's Equine Network, which includes magazines, websites and book publishing.

Magazines

- EQUUS, a legend in equine publishing, is the horse owner's resource.
- *Practical Horseman* offers expert how-to for English riders.
- *Horse & Rider* is the leading authority on Western riding and training for both competitive and recreational riders.
- *Dressage Today* is the quintessential monthly handbook for dressage riders of all levels.
- *Spin to Win Rodeo* educates and entertains readers who actively participate in the sport.
- *The Trail Rider* caters exclusively to trail and recreational horseback riders from coast to coast.
- *Horse Journal* provides practical solutions and hands-on information you can take into the barn and use.
- *American Cowboy* celebrates everything within the cowboy culture.
- *Discover Horses at the Kentucky Horse Park* spotlights the horses, people and events of the Kentucky Horse Park in Lexington.
- *In Stride* is the official magazine of the U.S. Hunter Jumper Association.
- *EquiManagement* provides business solutions for equine practitioners.

Websites

- EquiSearch.com, your online source for everything horse!
- Equine.com is the leader in connecting buyers, sellers and breeders of horses and related goods.
- DiscoverHorses.com introduces people to the wonderful world of horses.
- HorseBooksEtc.com offers a broad selection of horse books and videos.
- MyHorse.com features extensive content about horse care, training, and more.
- AmericanCowboy.com is a community for all things cowboy.
- Horse Journal provides practical solutions and bottom-line recommendations on products

Another potential market area for equestrian related adventure tourism is the long-distance rider (long rider or competitive endurance rider). Organizations such as the American Endurance Ride Conference (AERC) sponsor trail programs, grants, education and promotion of these types of events. According to their website[29] the American Endurance Ride Conference (AERC) was founded in 1972 as a national

[29] http://www.aerc.org/About.aspx

governing body for long distance riding. Over the years it has developed a set of rules and guidelines designed to provide a standardized format and strict veterinary controls. The AERC sanctions more than 700 rides each year throughout North America. In 1978 the Federation Equestre Internationale (FEI) recognized endurance riding as an international sport, and since that date the U.S. and Canada have regularly swept the team and individual medals. In 1993 Endurance became the fifth discipline under the United States Equestrian Team (U.S.E.T.).

In addition to promoting the sport of endurance riding, the AERC encourages the use, protection, and development of equestrian trails, especially those with historic significance. Many special events of four to six consecutive days take place over historic trails, such as the Pony Express Trail, the Outlaw Trail, the Chief Joseph Trail, and the Lewis and Clark Trail. The founding ride of endurance riding, the Western States Trail Ride or "Tevis," covers 100 miles of the famous Western States and Immigrant Trails over the Sierra Nevada Mountains. These rides promote awareness of the importance of trail preservation for future generations and foster an appreciation of our American heritage. The AERC also maintains Endurance.Net (www. http://www.endurance.net/aerc/) an online trading/blog site for vendors and customers.

Another organization dedicated to this sport is the North American Trail Ride Conference (NATRC) which promotes horsemanship and horse care as they apply to the sport of distance riding by offering a variety of challenging and educational experiences designed to strengthen horse and rider partnerships.[30]

Utilizing corporate sponsors is another avenue of marketing that should be included in the final Marketing Plan. This creates opportunities for advertising revenue within the SRRA organization as well offering a national platform for the getting the message out to a target demographic. Specific partners could include equipment manufacturers, suppliers, promoters and network media. Managed Adventure Systems (MAS) has considerable experience in developing these relationships with the OHV and equestrian industries. Their involvement in the final marketing strategy is encouraged.

8.2.3 Train the Support Infrastructure

FSWVA does not have a strong tourism infrastructure but thanks to recent initiatives it is growing. The Spearhead Trails initiative is a new venture that must also work with existing support services as well as help develop new providers. Part of this effort needs to involve training of service providers (both existing and new) to inform them of the initiative's goals and objectives, history and particular needs (permit fees, trailhead locations, rules, etc.). Informing service providers and the general public locally about the initiative is just as important as national marketing campaigns. A comprehensive outreach program and training should be coordinated between SRRA and the VATC.

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8.3 Marketing FSWVA as a Destination Marketing Area (DMA)

A local or regional destination marketing organization (DMO) needs to promote not only the destination as a whole, but also hotels, tourist attractions, restaurants, theatre,

[30] http://www.natrc.org/index.htm

sports, activities in the destination itself. The primary vehicle used to do this is the DMO website. Best Management Practices (BMPs) for DMO marketing include:

1. **Sell the Region and the experience both in Print and Online Media Outlets:** The adventure tourist is looking for a superior experience. This includes not just the event or destination but the planning, travel, support services, accommodation, food, variety, scenery and post-trip review. For example, certain areas of FSWVA do not present a suitable aesthetic in the form of poor land use, poor roadside rubbish clean up and poor enforcement (or lack of) adequate regulations against dumping, liter, abandoned vehicles, etc. The primary gateway into Russell County includes at the entrance (Route 19/58) a metal salvage company that significantly detracts from the aesthetics of the landscape.
2. **Effective Web Presence:** The importance of a robust and attractive website has already been presented. SRRA should work with other DMOs to coordinate and collaborate on the extensive media content and trip planning functions provided by the Southwest Virginia Cultural Heritage Commission, the Heart of Appalachia, and the Virginia Tourism Corporation in the development of the Spearhead Trails initiative website.
3. **Effective SEO:** The best website in the world is useless unless it is seen. Search Engine Optimization (SEO) is a functional requirement and requires the allocation of appropriate resources in the marketing budget (see Business Plan).
4. **Effective Use of Maps and Graphics on websites:** Map mash-ups, embedded videos, quality print media and other graphics are very important at selling the experience to the viewer. Professional videography, photography and graphic content is required for a well presented and polished look. This should be properly accounted for in the marketing budget (see Business Plan).
5. **Information has to be kept current:** Vendors, suppliers, accommodations, restaurants, and other support services and destinations constantly fluctuate. Some businesses close and others open, hours, services, locations and other important information constantly changes. For this reason it is important to provide the resources for continual assessment and revision to the website and print media.
6. **Social Media Strategy:** Social media can transform a DMO virtually overnight. This can be either a positive or negative transformation depending upon the experience of the poster. It is important to develop a comprehensive social media strategy and dedicate resources to keeping it current.
7. **Do Not Duplicate:** SRRA is to a certain extent duplicating other DMOs in their product and care must be taken to not appear as a duplicate or redundant. Online and print media must be fresh and different in order to set it apart from other similar venues in the region. It should also take into context the intended audience as a media campaign for OHV enthusiast will look considerably different than one proposed for equestrian riders.
8. **Follow-Up:** An important, and often overlooked, part of the tourism experience is the post-travel review. Travelers like to review and remember their trip as well as advertise it to their friends and other interested parties. In the past this typically occurred days or even weeks after the travel occurred but due to the proliferation of digital technology this now happens in a matter of minutes. The ability to post to websites, social media and other sites is important to today's tourist and while they

make their own opportunities to do so, it is important for the DMO to provide the scenery and support technology (Wi-Fi, Hotspots, Cell Service, etc.) to facilitate this process.

9.0 Conclusions and Recommendations

9.1 Conclusions

This Economic Impact Assessment (EIA) provides a summary of the total economic impact to the State of Virginia and the communities that make up the Southwest Regional Recreation Authority. This assessment included a six month data collection effort which included tourism surveys and research. Despite a wealth of anecdotal data on the positive economic benefits of other similar venues there was a need to gather and interpret more specific data in order to estimate the full potential economic impact of the Spearhead Trails Initiative.

The following are a few key points that resulted from this assessment:

1. The general economy of the U.S. has been negatively impacted due to the slow recovery from the recession, high unemployment rates and stagnated personal income levels. Projections for economic growth through 2012 do not indicate these trends to change significantly in the near term with longer-term projections focused on slow improvements.
2. FSWVA continues to lag behind the State average for unemployment rates and salaries. Economic development is needed in this region more so in other areas of the State that are experiencing slow but moderate growth.
3. The general economic downturn has been reflected to the extent that possible in the capture rates for this economic assessment. A positive upturn in the economy will likely yield greater economic returns than those projected.
4. Tourism wages do not equal those of manufacturing or high-tech industries however these higher paying jobs have been slow to develop in FSWVA and other than the energy sector, there is not likely to be a major shift in this condition. Therefore, increasing the recreational tourism economy will yield job creation and economic output by bringing non-local dollars into the communities.
5. The development and implementation of the Spearhead Trails initiative offers economic opportunities for both local and state government and private sector businesses through increased sales, taxes and job creation.
6. There are few other competing economic opportunities for many of these regions other than timber or mineral extraction and in most cases this has already been done. The *opportunity costs* of dedicating land to the Spearhead Trails initiative appears to be minimal and was excluded from this analysis.
7. Adventure travel demand (soft) is diffusing itself into the general tourism market and this trend is expected to continue.
8. FSWVA maintains the suitable land base, low density of population, large tracts of relatively undisturbed lands (both federal, state and private), all of which could be dedicated to trail development projects.
9. This EIA has demonstrated that if properly implemented the Spearhead Trails Initiative will have a positive economic impact upon the state and region.

9.2 Recommendations

The following general recommendations are provided for the Southwest Regional Recreation Authority.

1. This EIA should be considered along with the Trails Development Plan and Business Plan prepared by the Consultant Team. The documents are meant to be reviewed in their totality as each offers only a portion of the total strategic vision.
2. The product offered by SRRA should be professionally designed (the trail concepts have been professionally planned) and constructed. The competition has set a high bar for Spearhead to follow and it must be not only met but exceeded in order to garner the capture rates estimated in this report. This is possible due to the scenic beauty of the region and access to major markets.
3. The product must also be professionally operated and marketed. A significant marketing effort is needed to introduce the product once it is available (to be initiated once a firm opening date is established). A major (but not only) component of the marketing strategy should be web-based with a significant portion dedicated to mobile and social media options.
4. Training of the local tourism support services should be an on-going effort and coordinated between SRRA and the Virginia Tourism Corporation with possible assistance by the local community colleges (Southwest Community College and Mountain Empire Community College).
5. This report should be re-assessed following the opening of the trails in order to adjust the capture rates and to determine if market opportunities are being maximized.

10.0 APPENDICES

Appendix 10.1: Sample Questionnaire for the Knott County Trail Ride – 07 May 2011

Visitor Preferences

1. How many people are in your traveling party?

Adults:_
Children (under 12):________

2. How did you hear about this venue (*insert name*)? - please check all that apply

______Television advertisement
______ Radio advertisement
______ Newspaper article or advertisement - do you remember the name? ___________
______
______ Magazine article or advertisement (do you remember the name?) ____________
______ Internet site
______ Friend or co-worker
______ Billboard or highway marker
______ Other

3. What other activities do you plan on undertaking while in this region (Southwest Virginia)? – please check all that apply

______ Overnight stay
    ______Bed and Breakfast
    ______ Hotel
    ______ Cabin/Campground
    ______ Other (such as private home)
______ Shopping
    ______ Music items (CDs, books, instruments)
    ______ Clothes (t-shirts, hats, jackets, other)
    ______ Arts and crafts (hand made items, paintings, prints, pottery, jewelry, other)
    ______ Outdoor trips (State Parks, hiking, biking, fishing, boating, bird-watching, other)
    ______ Cultural or agricultural tours or sightseeing
    ______ Visits to historical places of interest
    ______ General sightseeing
    ______ Other (or no other activities planned)

4. How many days will your party be spending in this region? ______________

5. How much do you anticipate spending (approximately) while in this region (include fuel, lodging, food and beverages, entrance fees, and purchases)?

$ ___________

6. What is your home zip code? ____________

7. What is the highest level of education attained by the person completing this questionnaire?

______ Less than a High School Diploma or equivalent
______ High School Diploma or equivalent
______ Two year college or professional program of study
______ Four year university degree
______ Graduate degree

8. Check the appropriate box for your age:

□ < 20 years old
□ 20-30 years old
□ 30-40 years old
□ 40-50 years old
□ 50-60 years old
□ 60-70 years old
□ 70-80 years old
□ >80 years old

9. Check the appropriate box for your annual household income:

□ < $20,000 per year
□ $20-40,000 per year
□ $40-60,000 per year
□ $60-80,000 per year
□ $80-100,000 per year
□ >$100,000 per year
□ 70-80 years old
□ >80 years old

10. Did you plan this trip on the internet and if so, did you find the experience helpful? Please list the websites you used to plan this trip.

11. Any other comments you would like to add to assist us in this effort?

Appendix 10.2: Summary of Recommendations and Comments Received from Questionnaires

Knott County Trail Ride: 05/05/11 (Recommendations and Comments)

1. Please have portable toilets serviced at least once per day.
2. Great ride.
3. Everything is good but no horse ring.
4. Portable toilets need to be serviced every day. Water outlets and power to camp sites is needed.
5. Needs showers, more vendors and electricity at camp sites.
6. More portable toilets are needed with more frequent service. Also needs parking for showers, vendors and customers.
7. Enforce the no drinking policy.
8. Segregate the pace horses from the rest.
9. Move the vendors off the main road to avoid conflicts with traffic.
10. Have a horse show.
11. Needs showers and camp sites with water.
12. More ambulances on hand are needed. Keep dust down. Move the ride to later in May for better weather.
13. Keep up the good work – we have been here every trail ride and still plan on coming back.
14. No alcohol. There are few things for families to enjoy.
15. Stop some of the drinking.
16. Pave the highway. Provide electric service. Obtain legal rights for continuing all events.
17. Great job. Needs better maps.
18. Needs trail marshals and a better layout.

Clinch River Survey: 06/04/2011 (Recommendations and Comments)

1. I regularly boat the Clinch River and other rivers in the area.
2. We need a rental shop for boats and bikes.
3. Great place to visit – fun place – nice folks.
4. Provide bottled water for participants.
5. Needs more boats and helpers.

New River Trail: 07/23-24/2011 (Recommendations and Comments)

1. Needs more private campsites.
2. More advertising for the Charlotte, NC area is needed and better signage information about the trail on Interstate 77.
3. The side rail of the bridge south of Foster Falls over the New River is unstable if you lean against it.
4. Thanks for having the trail for us to enjoy.
5. Needs a small restaurant with power bars, burgers, hotdogs, etc., and more cabins and campgrounds.
6. Needs more engaging park activities and tours.
7. Everything is good.
8. More drinking water is needed – Great trail.

9. Better maps and signage needed – beautiful area.

Hatfield-McCoy Trail (Ashland Store parking lot): 07/30/11 (Recommendations and Comments)

1. Add harder trails.
2. Good campground.
3. Clean up the trails and have a smaller fee for out-of-state riders.
4. Open food and gas stations on Sundays.
5. Provide maps of outlaw trails.

Hatfield-McCoy Trail (Trail Fest): 10/08/11 (Recommendations and Comments)

1. Doing a great job – thanks.
2. Allow night riding.
3. Have more activities for the kids.
4. Have less police.
5. Connect trail from Charleston to Gilbert.
6. Have full hook-ups for campers.
7. Need full hook-ups for campers.
8. Local people should not be charged so much.
9. Police the muffler requirements.
10. More blue trails but I am happy with the ones in the area.

RECOMMENDATIONS FROM THE 2011 KNOTT COUNTY FALL TRAIL RIDE (by WMTH)

Add trees and better directions to camp sites
Allow campers to pay ahead to reserve larger area for their group
Auction
Auction
Better arrangement on parking
Better food, shower house, electric
Better Trail Map
Camper hookups
Charge $5 per each day campers come in early
Concessions opened earlier
Cut grass, golf carts are good
Dust control
Dust control, Auction
Electric
Electric
Electric & Water
Electric & Water
Electric & water hook ups
Electric, water on roads
Entertainment
Everything was grand!
Extend the parking area
Fine the way it is
Fix section for large groups

Free showers & electric sites
Good Job
Great job!
Have a ring and horse show
Have concerts promised
Have more concerts
Have more concerts
Hitching rails by the stage, Map, Water roads
Horse Auction
Horse Show & Standard Breed Race
It is great now
It is great now
Keep concerts as planned
Keep having it. So much fun!
Layout of camping area
Layover assistance for travel
Let people stay together in groups
Let people stay together in groups
Make a place for lost/Found (horses)
Maps and make one –way road into event
Mark off areas for large groups and let them pay in advance
Mark trails better and map of trails
More & better map
More & better vendors
More camp space
More concession stands, newer bands
More driveways into camping
More hitching posts
More management
More places to water horses and a riding ring to show horses
More police patrol, more port-a-potty
More port-a-johns
More port-a-johns
More port-a-johns
More showers
More showers
More showers
More showers & stalls
More vendors and make main road one-way
More vendors and spread them out towards back camping area
More vendors spread out and on same side of road
More water and slow down horses although this has improved
More water and have main road be one way
More water
More water and more bush hogging
More water on roads
More water tanks and easier access
National advertising
Need more police
Not let people rope off spots

Offer group rates
Oil roads
One way traffic
One way traffic
Organize the parking
Organize the parking, slow down the horses on main road (gaited)
Provide shuttle service to vending area and let people pay donation for the service
Rent horses. More vendors
Ring
Ring & organized straight away race
Roads One way to camp
Running water
Sections to camp together. Pay in advance
Separate Horse Lanes and car
Separate road for fast horses
Separate road for traffic & horses
Separate traffic from horses
Set up vendors and tack on same side of road closer to back camping area
Spread vendors out
Spread vendors out
Spread vendors out but don't cross road. Very dangerous
Spread vendors toward back camping area on same side of road.
Stables
Stables and main campground
Stables and more baths
Stables at main campground
Tie ups
Trade Days
Trade Days
Trade Days
Trade Days
Traffic control
Trees
Wagon rides or shuttle to vendors and concession area
Want to come and stay 3 weeks
Water all roads
Water all roads
Water for RV & George Jones
Water on the road
Water on the road
Water on the road
Water roads
Water roads
Water roads
Water roads more
Water roads more - let groups rope off areas to stay together
Water roads more - Vendors on one side
Water roads more - Vendors on one side
Water roads, more lights, let fast horses ride
Water the roads to keep dust down

Water the roads to keep dust down
Water the roads to keep dust down
Water the roads to keep dust down
Water truck to keep dust down
Water, electric hook-ups for camper
Water, Lights, vendors all on one side
Wet the roads better
Widen main road

Appendix 10.3: Sample Media Kit

From the editors of *Dirt Rider*, by the far the world's largest off-road motorcycle magazine. *ATV Rider* applies that successful format to the ATV market and provides a new and better way to reach ATV enthusiasts. *ATV Rider* features the many ways enthusiasts can enjoy ATV riding. Regular features include new-bike tests, modification and set-up stories, tech stories, gear and accessory reviews, personality profiles and more.

CIRCULATION DEMOGRAPHICS

Established: 2002
Published: Bi-Monthly
Total Audience: 224,000*
Circulation: 22,446
Subscribers: 20,436
Newsstand: 6,642
Readers Per Copy: 10.00*
(USPS Statement of Ownership, Management, and Circulation 2011 / *Source Interlink Media Research Estimate)

DEMOGRAPHIC PROFILE

Male: 97%
Single: 43%
Married: 48%
Attended College: 41%
Working Full Time: n/a
Mean Household Income: $63,767
Median Household Income: $58,666
Mean Age: 29.2
Median Age: 28.6

AGE

18 to 24 Years: 12%
25 to 34 Years: 36%
35 to 44 Years: 22%
45 to 54 Years: 5%
55 to 64 Years: 2%
65+ Years: 1%

HOUSEHOLD INCOME

Under $40,000: 20%
$40,000-$49,999: 20%
$50,000-$74,999: 29%
$75,000 & Over: 32%

(Source: 2004 Reader Survey)

GENERAL COVERS

SIZE	1x	3x	6x	9x	12x
Cover 2	$7,030	$6,680	$6,325	$5,975	$5,625
Cover 3	$6,710	$6,375	$6,040	$5,705	$5,370
Cover 4	$7,670	$7,285	$6,900	$6,515	$6,135

GENERAL FOUR COLOR

SIZE	1x	3x	6x	9x	12x
1 Page	$6,390	$6,070	$5,750	$5,430	$5,110
2/3 Page	$4,795	$4,555	$4,315	$4,075	$3,835
1/2 Page	$3,705	$3,520	$3,335	$3,150	$2,965
1/3 Page	$2,555	$2,430	$2,300	$2,175	$2,045

GENERAL TWO COLOR

SIZE	1x	3x	6x	9x	12x
1 Page	$5,750	$5,465	$5,175	$4,890	$4,600
2/3 Page	$4,315	$4,100	$3,880	$3,670	$3,450
1/2 Page	$3,335	$3,170	$3,000	$2,835	$2,670
1/3 Page	$2,300	$2,185	$2,070	$1,955	$1,840

GENERAL BLACK & WHITE

SIZE	1x	3x	6x	9x	12x
1 Page	$5,110	$4,855	$4,600	$4,345	$4,090
2/3 Page	$3,835	$3,645	$3,450	$3,260	$3,065
1/2 Page	$2,965	$2,815	$2,670	$2,520	$2,375
1/3 Page	$2,045	$1,940	$1,840	$1,740	$1,635

Rates subject to change upon notice from the publisher.

For current Source Interlink Magazines/Source Interlink Media standard advertising terms and conditions, please see:

http://ads.simautomotive.com//MAIN%20FILES/misc_site_files/conditions_bottom.html

For current Source Interlink Media automotive group general policies, please see:

http://ads.simautomotive.com//MAIN%20FILES/misc_site_files/General_Policies.html

ATV OWNERSHIP

Own an ATV: 95%
Other Household Member Owns an ATV: 48%
Plan to buy an ATV in the Next 12 Months: 53%

Types of ATVs Owned
High-Performance 2WD: 47%
Sport 2WD: 27%
Utility 4X4: 14%
Utility 2WD: 4%
Sport 4X4: 3%

Sizes of ATVs Owned
200-250cc: 22%
300-350cc: 10%
400-495cc: 36%
500-595cc: 6%
600cc or more: 19%

Types of Engines in ATVs Owned
Two-stroke: 22%
Four-stroke: 10%
(Source: 2004 Reader Survey)

MOTORCYCLE OWNERSHIP

Own an Motorcycle: 24%
Other Household Member Owns an Motorcycle: 21%
(Source: 2004 Reader Survey)

PICKUP TRUCK OWNERSHIP

Own an Pickup Truck in Household: 86%
Pickup Truck Purchased in Past 12 Months: 44%
Plan to Buy a New Truck in the Next 12 Months: 29%

Type of Pickup Trucks Owned
Full-size: 74%
Compact: 18%
4X4: 61%
Import: 8%
Domestic: 89%

Trucks Accessories Purchased
Bed liner: 38%
Aftermarket stereo equipment: 37%
Custom wheels/tires: 35%
High-performance suspension components: 21%
Other Bolt-on accessories: 49%
None of These: 19%
(Source: 2004 Reader Survey)

TRANSPORT METHOD

Trailer: 61%
Pickup truck: 42%
RV: 4%
Hitch rack: 2%
Van: 1%
Don't Own ATV/Motorcycle: 2%
(Source: 2004 Reader Survey)

ATV RIDING

Average number of times ridden/raced per month: 4.9
Median number of times ridden/raced per month: 6

Type of terrain ridden on
Trails/forest: 81%
Farmland: 45%
Sand dunes: 40%
Mud/swamp: 32%
Snow/ice: 28%
Desert: 19%
(Source: 2004 Reader Survey)

MOTORCYCLE APPAREL

Types of Motorcycle-Related Apparel Planning to Buy in the Next 12 Months.
Gloves: 58%
Jersey: 50%
Goggles: 49%
Riding Pants: 48%
Helmet: 44%
Boots: 41%
Chest Protector: 37%
Kidney Belt: 16%
Knee Brace: 15%
Neck Roll: 9%

Wear casual apparel produced by ATV/ motorcycle-related companies: 76%

Average total yearing spending on ATV-related products: $1,473

Median total yearing spending on ATV-related products: $900
(Source: 2004 Reader Survey)