



THE ECONOMIC IMPACTS OF BOLDT CASTLE ON THE THOUSAND ISLANDS INTERNATIONAL REGION

FINAL

November 2015

Submitted to
Thousand Islands Bridge Authority



Submitted by
WSP | Parsons Brinckerhoff



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EXECUTIVE SUMMARY

ABOUT BOLDT CASTLE

Boldt Castle is located on Heart Island in the Saint Lawrence River in Alexandria Bay, Jefferson County, New York. Owned and operated by the Thousand Islands Bridge Authority (TIBA), the site consists of the historic Boldt Castle itself, as well as the Boldt Yacht House, both of which are open to visitors from May to October.

Boldt Castle was the vision of George C. Boldt, a millionaire hotelier, proprietor of the Waldorf Astoria Hotel in New York City, and a trustee at Cornell University. Starting construction in 1900, the castle was designed as a six-story, 120-room home to serve as the Boldt family summer residence. Tragically, work on the home ceased in 1904 upon the sudden death of Mr. Boldt's wife, Louise.

The castle remained incomplete for 73 years. In 1977, the TIBA acquired the property with the understanding that revenues from castle operations would be dedicated to preservation and rehabilitation of the castle for the enjoyment of future generations.

This transfer began a legacy of economic impacts to the Thousand Islands International Region. Almost immediately, TIBA divested itself of over 1,000 acres of previously underdeveloped land to developers, thereby increasing the local tax base. Furthermore, Boldt Castle operations are self-sustainable through TIBA revenues outside of bridge tolls, keeping the site for public enjoyment without any impact on bridge tolls.

Each year, hundreds of thousands of visitors arrive at Boldt Castle to enjoy the historic site and scenic beauty of the Saint Lawrence River. In the 2014/2015 season, the property attracted over 185,000 visits. Of those, over 166,000 are individual or "unique" visitors, since one visitor can purchase multiple tickets to the Castle and Yacht House. This analysis estimates that the average visitor spends \$181 per visit.

Visitor spending contributes substantially to the regional economy. Total visitor spending amounts to \$30.1 million. In addition, annual spending on castle operations and employees adds another \$4.2 million in direct economic activity in the region. As a result of this spending, the castle directly or indirectly contributes **604 annual jobs** to the local region and adds **\$39.9 million in regional economic activity**, of which **\$23.1 million is in addition to annual gross regional product (GRP)**.

OVERVIEW OF REPORT

This report presents an analysis of the economic impacts of Boldt Castle to the local region. The study provides a survey of economic conditions in Jefferson County, New York; and Frontenac, Leeds and Grenville Counties in Ontario, Canada. It then presents estimates of the economic impacts of Boldt Castle and includes case studies of other historic properties, which are provided as a baseline of comparison, for an understanding of how other historic properties impact their regions.

BY THE NUMBERS

166,215

Annual unique Boldt Castle/Yacht House visitors, 2014/2015

\$181

Spending by average visitor to the region

\$30.1 M

Estimated annual visitor spending in region by Boldt Castle visitors

\$4.2 M

Annual spending by Boldt Castle on employees and operations

604 jobs

Directly or indirectly attributable to Boldt Castle in the region

\$39.9 M

Economic output directly or indirectly attributable to Boldt Castle

The core of the analysis is the impact assessment. For that, an input-output economic impact analysis was conducted that assessed two types of spending on the economy: 1) operations at Boldt Castle and 2) visitor spending.



Boldt Castle Operations

- Direct employment at Boldt Castle
- Full and part-time staff, including salaries and compensation
- Operations spending related to the castle



Visitor Spending

- Lodging
- Food
- Transportation
- Retail

KEY SUMMARIES

→ ***Tourism is vital to the local economy.***

10.9 percent of Jefferson County employees work in tourism-related industries, and another 21.4 percent are employed in industries that are highly sensitive to tourism.

Tourism-related industries are also an “export” industry in Jefferson County, meaning the share of employment for this industry is a higher proportion than that of the U.S. as a whole.

→ ***Historic homes are economic engines across the U.S.***

A review of other historic homes illustrates that these types of properties are critical to their regional economies.

Comparing the Mercer Museum/Fonthill Castle (PA), the Grey Towers National Historic Site (PA), Hearst Castle (CA), The Newport Houses (RI), and Biltmore Properties (NC), this study identifies that visitor spending to these types of sites can range from the low \$100s to the high \$200s per visitor.

→ ***Visitors spend significantly in the region.***

This study estimates that the average visitor to Boldt Castle spends approximately **\$181 per visitor** in the local economy, per stay.

Based on 2014/2015 visitor numbers, this means visitors to Boldt Castle contributed over **\$30.1 million in annual local spending** for lodging, food, transportation, and retail.

→ **Boldt Castle operations contribute substantially to the local economy.**

The castle **employs 82 people annually** (full-time, part-time, and seasonal) and contributes **\$1.7 million in annual wages** to the local economy. Boldt Castle also spends an additional **\$2.5 million** in operations expenses, **which flow through the regional economy.**

→ **Boldt Castle directly and indirectly is a major component of the local economy.**

Through visitor spending of Boldt Castle visitors, as well as Boldt Castle operations, the castle directly or indirectly contributes **604 annual jobs** in the local region. It contributes **\$23.1 million in annual GRP**, and **\$14.3 million in local wages.**

These 604 jobs represent **1.4 percent of all employment in Jefferson County.**

Table 1. Summary of Total Regional Economic Impacts Attributable to Boldt Castle per Year (2014/2015 Season)

ECONOMIC IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED (GRP)	OUTPUT
Visitor Spending	498	\$11,455,271	\$19,463,695	\$34,399,684
Boldt Castle Employment	88	\$1,939,074	\$2,189,474	\$2,475,095
Boldt Castle Operations	18	\$890,458	\$1,462,212	\$2,975,943
Total Effect	604	\$14,284,803	\$23,115,381	\$39,850,722

Source: WSP | Parsons Brinckerhoff

1. OVERVIEW

1.1 ABOUT THIS STUDY

Boldt Castle, a historic property in Alexandria Bay, New York, is a major tourist destination and the premier attraction to the Thousand Islands International Region. To identify the significance of a historic property like Boldt Castle, the study team conducted an economic impact analysis that considered the impact of visitor spending and operations spending at the site. These two types of expenditures (from visitors and by TIBA), provide an important economic engine to Jefferson County and the Thousand Islands International Region, and this study examines those effects in terms of contribution to regional employment, economic output, value added (or gross regional product, GRP), and employee compensation.

1.2 ABOUT BOLDT CASTLE

Boldt Castle is located on Heart Island in the Saint Lawrence River in Alexandria Bay, Jefferson County, New York. Owned and operated by the Thousand Islands Bridge Authority (TIBA), the site consists of the historic Boldt Castle itself, as well as the Boldt Yacht House, both of which are open to visitors from May to October.

Boldt Castle was the vision of George C. Boldt, a millionaire hotelier, proprietor of the Waldorf Astoria Hotel in New York City, and a trustee at Cornell University. Starting construction in 1900, the castle was designed as a six-story, 120-room home to serve as the Boldt family summer residence. Tragically, work on the home ceased in 1904 upon the sudden death of Mr. Boldt's wife, Louise.



Figure 1. Heart Island from Above

Courtesy Thousand Islands Bridge Authority

The castle remained incomplete for 73 years. In 1977 TIBA acquired the property with the understanding that revenues from castle operations would be dedicated to preservation and rehabilitation of the castle for the enjoyment of future generations.

This transfer began a legacy of economic impacts to the Thousand Islands International Region. Almost immediately, TIBA divested itself of over 1,000 acres of previously underdeveloped land to developers, thereby increasing the local tax base. Furthermore, Boldt Castle operations are self-sustainable through TIBA revenues outside of bridge tolls, keeping the site for public enjoyment without any impact on bridge tolls.

Each year, hundreds of thousands of visitors arrive at Boldt Castle to enjoy the historic site and scenic beauty of the Saint Lawrence River.

1.2.1 BOLDT CASTLE IS CRITICAL TO THE THOUSAND ISLANDS INTERNATIONAL REGION

To fully understand the economic impacts of Boldt Castle, it is important to appreciate that the site is synonymous with the area. Unambiguously, Boldt Castle is the premier attraction and destination for

tourists visiting the Thousand Islands International Region. Through the study team's interviews with the local chamber of commerce and TIBA, as well as an examination of state and regional marketing materials, it is evident that Boldt Castle is inextricably linked to the identity of Alexandria Bay and the Thousand Islands International Region.

The Alexandria Bay Chamber of Commerce, for example, consistently promotes activities and events at Boldt Castle. These include an annual Fourth of July fireworks display over the castle, various family events, concerts, and other activities that Boldt Castle hosts. Additionally, Boldt Castle is a destination for private events, such as weddings and corporate functions.

Additionally, marketing materials consistently point to Boldt Castle as the icon of the Thousand Islands International Region. This exists in materials provided by regional agencies (such as the Thousand Islands International Tourism Council), as well as the state tourism agency — Empire State Development. For example, in a statewide tourism brochure indicating attractions for each of the New York state regions, Boldt Castle is identified as the icon for the Thousand Islands area. Its iconography is on par with sites such as the Statue of Liberty in New York City, Niagara Falls in the Western New York/ Buffalo area, or Fort Ticonderoga in Adirondack/Lake George region.

1.2.2 VISITOR SATISFACTION IS HIGH

A Thousand Islands International Tourism Council 2015 visitor survey conducted at Boldt Castle underscores favorable views of the site, as well as the fact that visitors return to visit again.

Over 40 percent of visitors to Boldt Castle had visited once before, and nearly 10 percent of all visitors had visited at least twice.

A total of 95 percent of all visitors had a “good” or “excellent” impression of Boldt Castle. Overall, 91 percent of visitors were satisfied enough to indicate they would recommend visiting Boldt Castle to others, and 91 percent of visitors indicated they want to return to the castle after further rehabilitation efforts. This also highlights the importance of rehabilitation investments in drawing future visitors to the region.

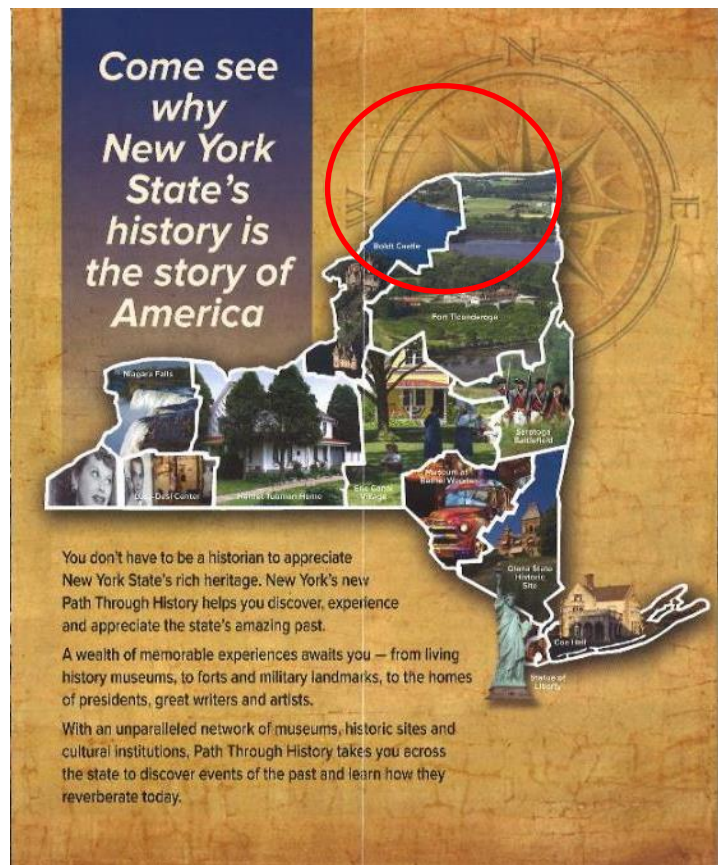


Figure 2. I ♥ New York “Path Through History” Brochure 2015
Courtesy of Empire State Development Agency

1.2.3 VISITORS BOLSTER OTHER ATTRACTIONS

Finally, Boldt Castle bolsters tourism to other sites. The top attractions and sites that visitors indicate they also plan to see include scenic boat tours and cruises, the Antique Boat Museum, Singer Castle, Sackets Harbor Battlefield, and Fort Henry.

1.3 ECONOMIC IMPACT STUDY METHODOLOGY

An understanding that Boldt Castle is important to the Thousand Islands International Region bolsters the intuitive sense that local leaders, residents, and stakeholders already have: that the castle is an iconic and critical part of tourism and economic development in the region. The task remains to quantify what that impact is, and estimate what visitor spending and Boldt Castle operations contribute to the region in terms of jobs, economic activity, GRP, and wages.

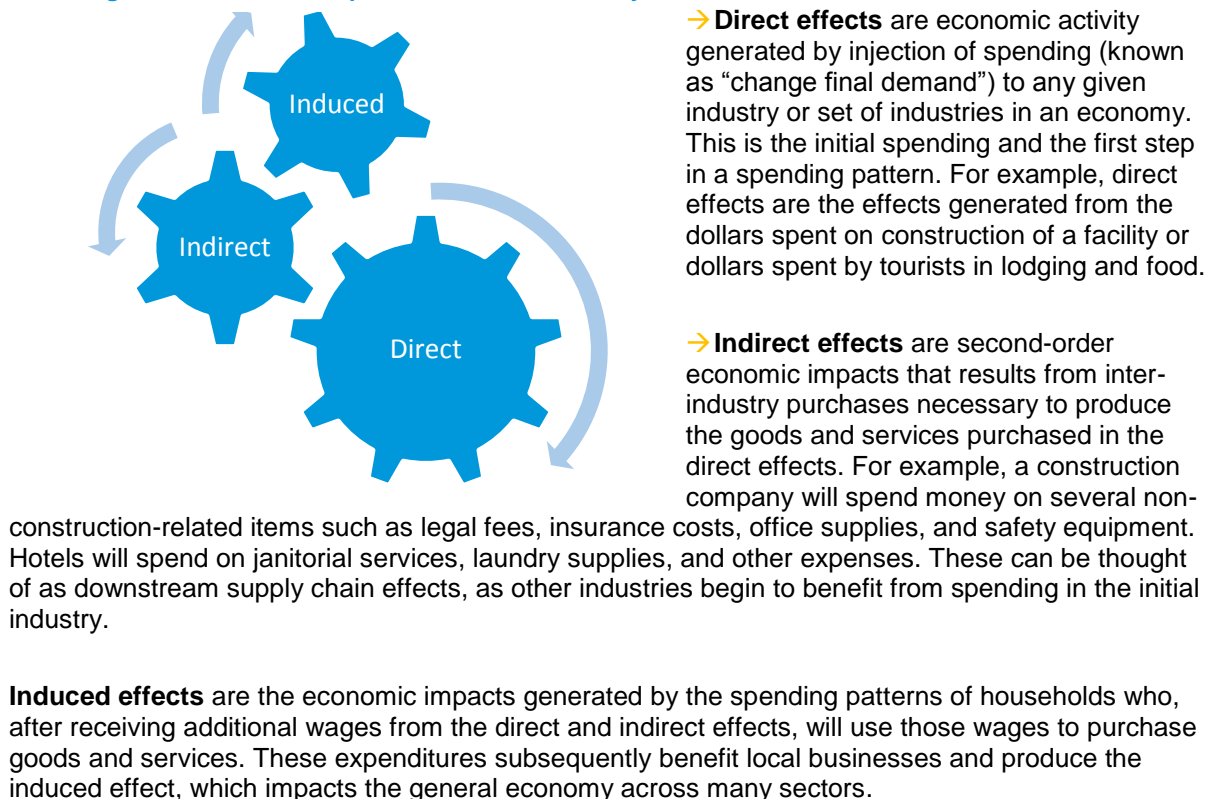
With that understanding, this study is an economic impact analysis that estimates the economic impacts of Boldt Castle to the Thousand Islands International Region. In general, economic impact analysis is a specific kind of economic study that estimates the impacts of a given project or spending pattern to the local economy. It results from an understanding that expenditures in one area have reverberating effects throughout the rest of the economy. It is otherwise known as “input-output analysis.” For this analysis, IMPLAN Online software was used to execute the economic impact analysis.

1.3.1 ABOUT ECONOMIC IMPACT ANALYSIS

Critical to understanding economic impact analysis is the fact that economic effects are a flow of expenditures, beginning with spending in one industry, impacting subsequent industries, and then providing wages to individuals. Those earnings are then spent in the economy, continuing a flow of impacts throughout the region.

Economic impacts come in three forms: direct effects, indirect effects, and induced effects, and they can be visualized as the gears of a local economy: the direct effect is directly tied to the engine of additional expenditures, which powers indirect effects, both of which power induced effects.

Figure 3. Diagram of Economic Impacts in a Local Economy



An economic impact analysis also uses a **regional purchase coefficient (RPC)** that accounts for the likelihood of certain industry purchases within a study region. For example, if a project in a rural area requires significant legal services, those legal services are more likely to be “imported” from another area. When an RPC is equal to 1.0, it suggests that all purchases will be made within the study region. RPCs of less than 1.0 suggest that some inter industry purchases will “leak” to other regions, thereby lessening the economic effect of those purchases.

An economic impact assessment identifies the direct, indirect, and induced effects through four different metrics as follows:

- **Output** represents the value of industry production in producer prices, generally thought of as “total receipts” in the economy. For manufacturers, this would be sales plus/minus change in inventory. For service sectors, production is equal to sales. For retail and wholesale trade, output is equal to gross margin and not gross sales.
- **Value added (or GRP)** is the difference between an industry’s total output and the cost of its intermediate inputs. It equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported). In other words, “value added” is an industry’s contribution from converting its inputs into something more valuable.
- **Labor income** refers to all forms of employment income, including employee compensation (wages and benefits) and proprietor income.
- **Employment (jobs)** is the annual average of jobs in an industry needed to support economic activity. Sometimes this is referred to as “job-years” because one person in one job lasting five years results in five “jobs.” A job can be either full-time or part-time.

Economic impact analysis is distinct from other analysis types in certain key ways:

- *Economic impact analysis is not benefit-cost analysis.* An economic impact analysis identifies changes to local output, GRP, employment, and labor income.

Furthermore, a project is likely to have benefits that an economic impact analysis does not necessarily quantify. For example, a new college could have benefits such as an increase in the human capital productivity of the local labor pool or effects on the lifetime health of higher educated individuals. A benefit-cost analysis would attempt to capture all societal benefits and costs. Furthermore, benefit-cost analysis compares a stream of benefits versus a stream of costs over a time horizon of usually 20 to 30 years in order to better understand the long-term benefits and costs with consideration of the time value of money.

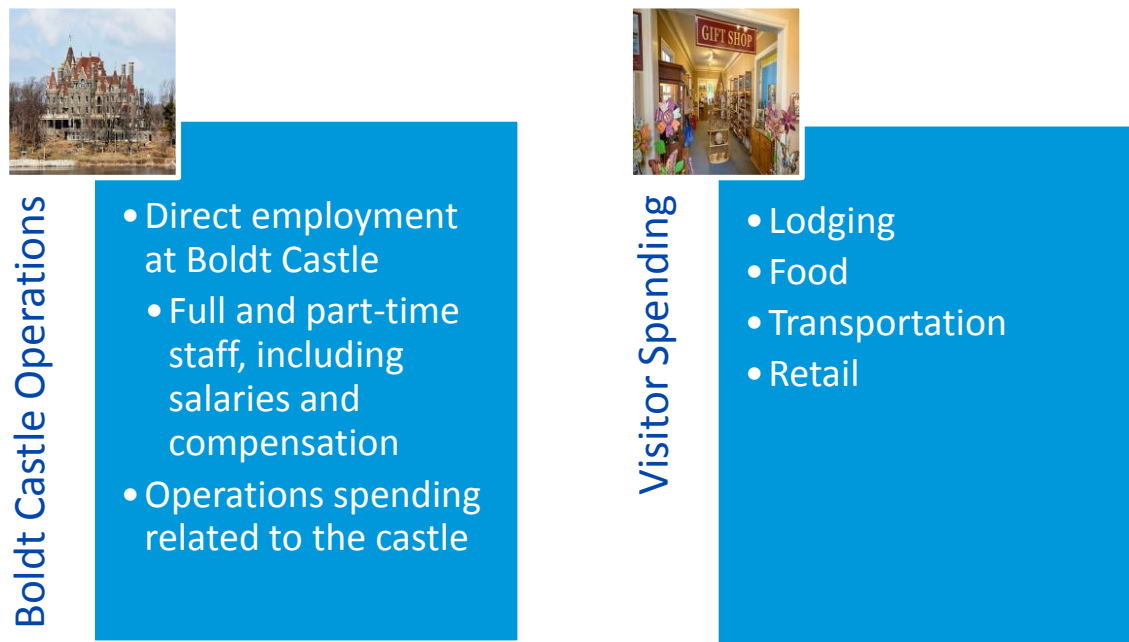
An economic impact assessment, instead, identifies the impacts usually in a given year (although long-term impacts can be assessed). Generally, economic impacts are not compared against costs, primarily because costs are, by definition, direct economic impacts. In short, these are two separate types of analysis, and an economic impact analysis focuses on how a local economy responds to changes in spending, as opposed to a stream of societal benefits.

- *Economic impact analysis is not a financial analysis.* A financial analysis would attempt to identify the financial streams of incomes, often for bond and debt structuring purposes.

1.3.2 GENERAL ASSUMPTIONS

- **Study Area.** The economic geography, or study region, in the IMPLAN model used in this analysis is Jefferson County, New York. Defining an economic geography is important as each geography has a different structural economy with a different set of industries, costs, and economic multipliers. However, Frontenac, Leeds and Grenville Counties in Ontario were assumed to share similar economic characteristics for the purposes of this study, and therefore the same structural economic model was used.
- **Timeline.** This analysis assesses the impact of Boldt Castle operations and visitor spending for 2014.
- **Spending types.** This analysis examines the economic impacts in two areas: 1) the operations and management at Boldt Castle itself, to include construction and other expenditures, and 2) spending by visitors to the Thousand Islands International Region.

Figure 4. Types of Economic Impacts Generated by Boldt Castle



Source: WSP | Parsons Brinckerhoff

1.3.3 STRUCTURE OF REPORT

The remainder of this study consists of four additional chapters.

1. First, an economic profile of the region is provided to explain the economic conditions facing the Thousand Islands economic region and also to underscore the importance of tourism to the regional economy.
2. Second, the study team conducted a series of case studies that examine other economic impact studies at historic sites throughout the U.S. The purpose of the case studies is to identify consistent methodological approaches and to provide a baseline index of impacts and visitor spending numbers for comparison.

3. Third, this study describes the details of how visitor spending and Boldt Castle operations spending were estimated. It describes the trends in visitations, the profile of the different kinds of visitors, and concludes with a spending pattern for visitors. This section also specifies the spending patterns for Boldt Castle direct employment and operations spending.
4. Finally, the results of the IMPLAN-based economic impact analysis are provided using the assumptions and calculations described previously.

2 ECONOMIC PROFILE

This section provides an overview of the economic conditions in Jefferson County, New York, where Boldt Castle is located. It also provides an understanding of certain economic conditions on the Canadian side of the border, specifically with data from Frontenac County and Brockville, Ontario. This review serves to illustrate economic conditions as a proxy for the combined Frontenac, Leeds and Grenville County part of the Thousand Islands International Region. Overall, this analysis underscores that tourism is a critical part of the Thousand Islands International Region's economy, showing the critical role visitations driven by Boldt Castle plays in regional development.

2.1 ECONOMIC OVERVIEW

Jefferson County has a population of about 119,000 residents living in 44,000 households. As of June 2015, the County had a non-farm unemployment rate of 5.9 percent, compared to the national unemployment rate of 5.3 percent. The largest employers in the North County Region are primarily in the medical industry and include Canton-Potsdam Hospital, Clarkson University, Claxton-Hepburn Medical Center, Kinney Drugs, Price Chopper, St. Lawrence University, Samaritan Medical Center, and Walmart.

The largest economic sector in the county is the government, primarily as a result of Fort Drum military reservation, which is the largest employer in the County and Upstate New York. Jefferson County's economy is also largely driven by general medical and surgical hospitals, full-service restaurants, limited-service eating establishments, crop and animal production, and physicians' offices¹.

Frontenac County, Ontario, just across the river from Jefferson County, has a population of about 27,000, which almost doubles during summer. However, the city of Kingston, which is part of the Frontenac census division yet separate from the County, brings the population up to approximately 149,740. The county population is forecasted to increase over the next 25 years to approximately 38,000 in 2036, growing at approximately 1.1 percent annually. This is slightly lower than the Province of Ontario.²

The County of Leeds and Grenville, Ontario, which is directly to the east of Frontenac County along the Saint Lawrence River, has a population of approximately 99,300. This county includes the Town of Gananoque and the City of Brockville, which both lie in the Thousand Islands International Region. In 2011, the population of Gananoque was approximately 5,200. The town experienced a population decrease of 1.7 percent. Ontario's population grew by 5.7 percent to 12,851,821 over the same period. The City of Brockville has a population of approximately 24,000 people.

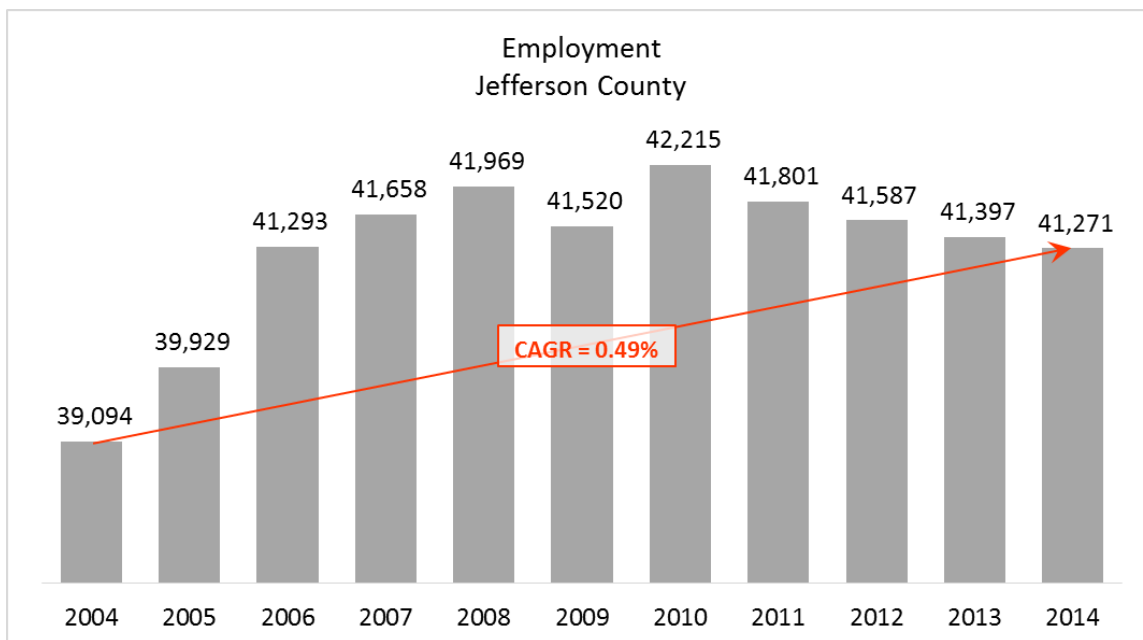
2.2 EMPLOYMENT

Employment in Jefferson County, New York (Figure 5) has increased since 2004, with a decline during the economic recession of 2009. However, the 10-year trend from 2004 to 2014 shows a modest employment growth rate of 0.49 percent per year.

¹ Jefferson County Comprehensive Economic Development Strategy, "A Blue Print for Economic Development Action" (2012).

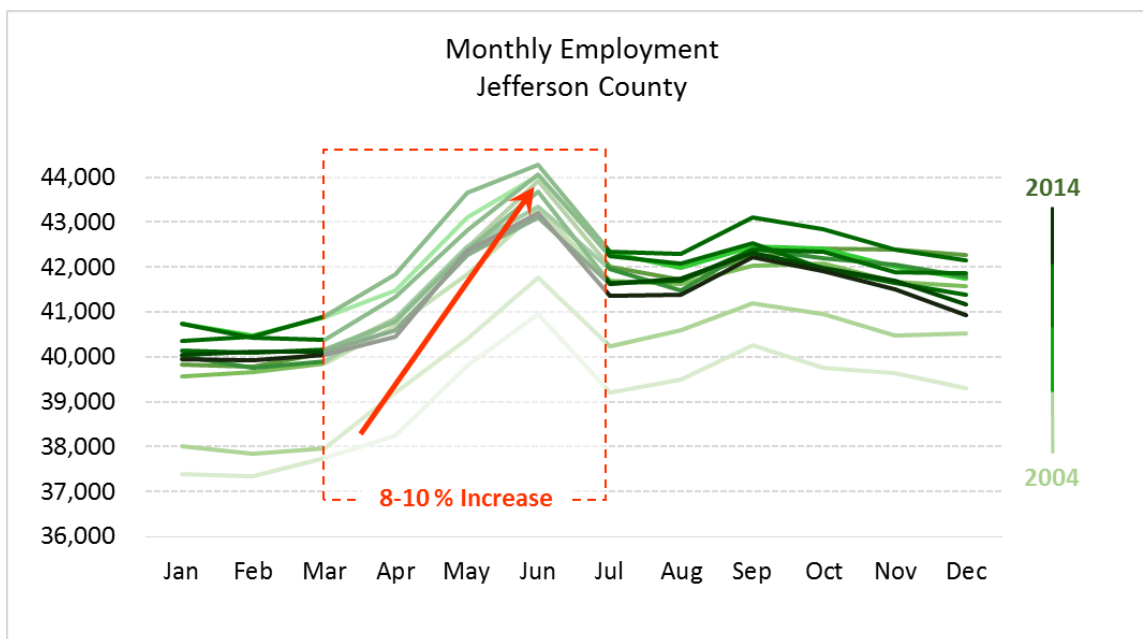
² Statistics Canada. 2012. Frontenac, Ontario (Code 3510) and Ontario (Code 35) (table). Census Profile. 2011 Census. Statistics Canada Catalogue no. 98-316-XWE. Ottawa. Released October 24, 2012. <http://www12.statcan.gc.ca/census-recensement/2011/dp-pd/prof/index.cfm?Lang=E> (Accessed August 13, 2015).

Figure 5. Employment in Jefferson County, New York



Analyzing monthly employment reveals that each year between March and June, there is an increase in employment of about 8 to 10 percent. Due to Jefferson County's climate, which includes cold winters and pleasant summers, the tourism industry is much larger during summer. This overlaps with Boldt Castle's May to October visitation season and its spike in visitors from June to August (Figure 6).

Figure 6. Jefferson County, New York, Monthly Employment Trends



2.3 EMPLOYMENT AND LOCATION QUOTIENTS

Disaggregating employment by industry and comparing their share to the national employment level reveals that the economic base of Jefferson County is weighted toward the government sector, agriculture, forestry, fishing and hunting, retail trade, accommodation and food services, health care and social assistance, and other services.³

Industries that are “export sectors” provide basic employment and comprise activities that produce more goods and services than can be consumed in the local area. They therefore drive the local economy and bring money into the local market. Note that the term “export sectors” does not connote exports in the sense of international trade, but instead refers to the idea of a region sending goods and services to other regions.

One way of identifying these export industries is by the “location quotient” or “LQ”, which is the ratio of a given industry’s share of employment in a region to the industry’s share of employment in the country as a whole. An LQ greater than 1.0 suggests that the industry has a higher relative share of employment, and therefore “exports” goods and services to the rest of the country. Employees in these primarily goods-producing “export” industries are also known as “basic employees.”

Non-basic employment is in the support sector, or service employment, and comprises activities that produce goods and services for the local economy. These sectors circulate money that is already in the local market, and they are identified by location quotients of less than 1.0.

³ The industry entitled “Other services” includes Repair and Maintenance, Personal and Laundry Services, Religious, Grant Making, Civic, Professional, and Similar Organizations, and Private Households.

As shown in Table 2, in 2014 Jefferson County employed over 41,000 people, of which over 13,000 were basic employees. This table also illustrates the importance of tourism in Jefferson County, much of which is attributable to destinations such as Boldt Castle. In 2014, 10.9 percent of all employees in the county were employed in directly related tourism industries, including accommodation and food services, and arts, entertainment, and recreation. This number is higher when accounting for employees whose livelihood is driven by tourism, such as retail, transportation, and warehousing (which include water taxis and boat tours), construction (jobs related to building key tourism facilities, hotels, and restaurants), and the real estate, rental and leasing industry. Therefore, to suggest that 10.9 percent (a significant number) of employees are tourism-related is a modest estimation. Another 21.4 percent of all employees who work in the aforementioned industries are likely to be highly sensitive to the Jefferson County tourism economy.

Table 2. Employment and Location Quotients of Jefferson County, New York Relative to U.S.

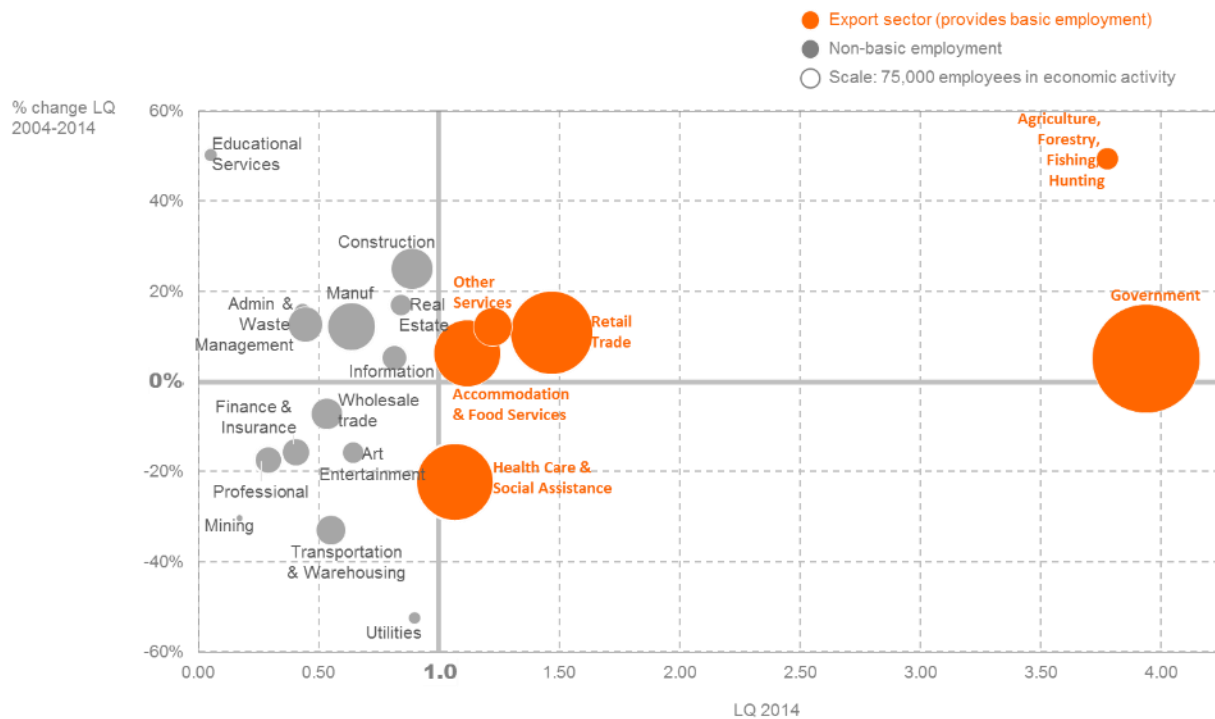
Year	Jefferson County Employment				U.S. Employment				Jefferson County LQ			
	2004		2014		2004		2014		2004		2014	
	Emp.	%	Emp.	%	Emp.	%	Emp.	%	Basic LQ	Basic Emp.	Basic LQ	Basic Emp.
Industry												
Agriculture, Forestry, Fishing and Hunting	293	0.8	472	1.1	380,350	0.3	409,720	0.3	2.48	175	3.86	350
Mining, Quarrying, Oil and Gas Extraction	38	0.1	43	0.1	507,840	0.4	824,260	0.6	0.16	-	0.26	-
Utilities	326	0.88	150	0.4	567,000	0.4	547,980	0.4	2.06	168	0.82	-
Construction	1,492	3.8	1,651	4.0	6,891,440	5.4	6,094,090	4.5	0.85	-	0.74	-
Manufacturing	2,469	6.3	2,347	5.7	14,296,120	11.2	12,100,740	9.0	0.71	-	0.51	-
Wholesale Trade	986	2.5	941	2.3	5,627,190	4.4	5,780,070	4.3	0.59	-	0.52	-
Retail Trade	6,129	15.7	56,929	16.8	15,177,150	11.8	15,472,510	11.5	1.37	1,659	1.42	2,047
Transportation and Warehousing	1,264	3.2	875	2.1	5,038,420	3.9	5,202,640	3.9	0.84	-	0.54	-
Information	740	1.9	680	1.7	3,136,970	2.4	2,735,590	2.0	0.94	-	0.67	-
Finance and Insurance	851	2.2	696	1.7	5,793,740	4.5	5,618,720	4.2	0.52	-	0.37	-
Real Estate and Rental and Leasing	451	1.2	518	1.3	2,055,620	1.6	2,017,970	1.5	0.77	-	0.78	-
Professional, Scientific, Technical Services	717	1.8	731	1.8	6,673,180	5.2	8,231,540	6.1	0.30	-	0.34	-
Management of Companies & Enterprises	197	0.5	292	0.7	1,717,950	1.3	2,206,620	1.6	0.31	-	0.53	-
Administrative Support & Waste Mgmt	946	2.4	1,171	2.8	7,857,580	6.1	8,627,320	6.4	0.38	-	0.46	-
Educational Services	124	0.3	199	0.5	11,954,870	9.3	12,758,610	9.4	0.03	-	0.05	-
Health Care and Social Assistance	6,233	16.0	5,965	14.5	14,899,210	11.6	18,341,690	13.6	1.18	934	1.24	1,173
Arts, Entertainment, and Recreation	423	1.1	432	1.0	1,814,650	1.4	2,198,590	1.6	0.67	-	0.74	-
Accommodation and Food Services	3,382	8.7	4,273	10.4	10,567,790	8.2	12,548,660	9.3	0.93	-	1.26	874
Other Services	1,258	3.2	1,469	3.6	3,783,720	3.0	3,937,990	2.9	1.11	120	1.21	252
Government	10,722	27.5	11,378	27.6	9,386,610	7.3	9,472,980	7.0	3.92	7,985	3.77	8,359
Total, All Industries	39,041		41,212		128,127,400		135,128,290		11,040		13,054	

Source: New York State Department of Labor and American Community Survey
Note: "Export sectors" for Jefferson County highlighted.

Figure 7 shows sectors with location quotients of greater than 1.0, which employ proportionately more than these industries do nationally. This indicates that they may be driving basic employment growth. This analysis shows the Jefferson County economic industries compared to the national economic industries.

This figure represents location quotient as of 2014 on the horizontal axis, and the growth in location quotient from 2004 to 2014 on the vertical axis. Those industries in the upper right quadrant are export industries and are growing. Compared to the U.S., Jefferson County's agricultural, forestry, and fishing industry is a strong export industry and growing. The government sector is growing slightly and is the strongest export sector (primarily due to the strong federal and military presence in the region). In terms of tourism impacts, accommodation and food services is a growing export industry.

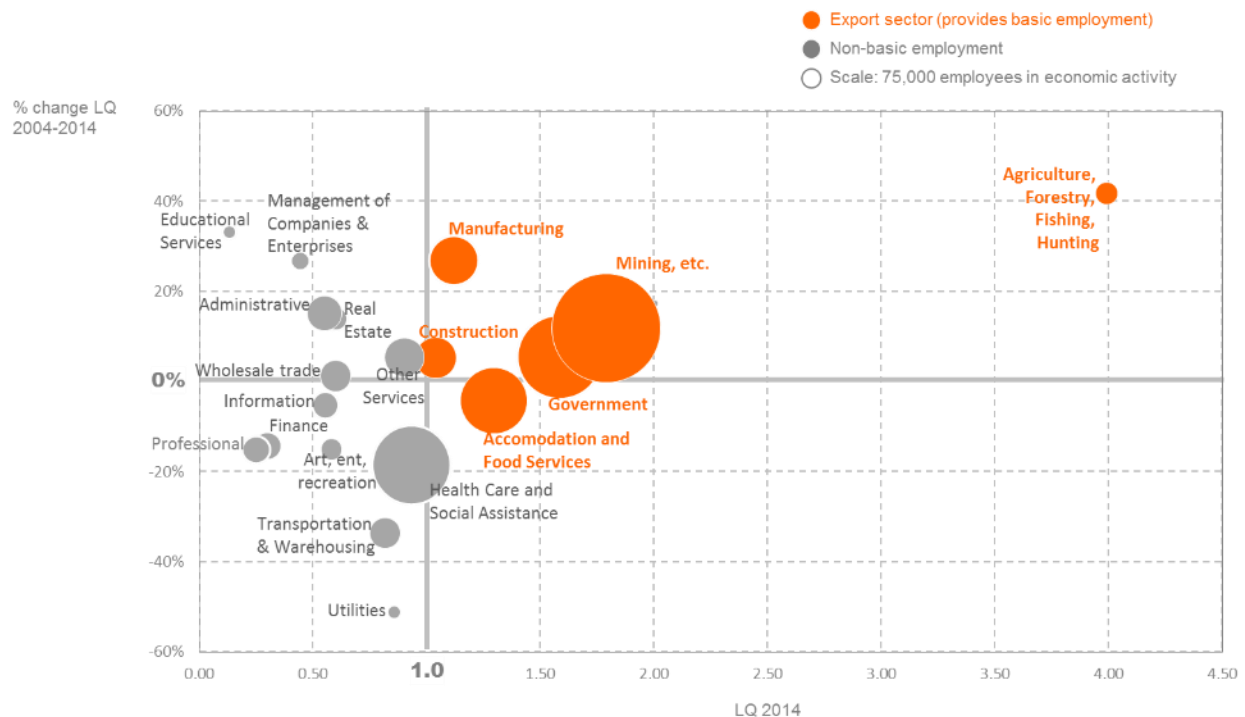
Figure 7. Jefferson County – U.S. Economic Base Analysis (2004-2014)



Source: New York State Department of Labor; U.S. Census American Community Survey

Similarly, Figure 8 highlights economic sectors with location quotients of greater than 1.0; however, they are contrasted to New York State's economic sectors instead of the U.S. In both comparisons, accommodation and food services is an export industry, underscoring the importance of tourism to the region.

Figure 8. Jefferson County – New York State Economic Base Analysis (2004 – 2014)



Source: New York State Department of Labor

Frontenac County's export sector (which also serves as a baseline proxy for the Counties of Leeds and Grenville) is comprised of the following industries:

- Advanced Manufacturing
- Logistics
- Research and Development
- Health and Education
- Tourism
- Other

Additionally, the neighboring City of Kingston's economic base is composed of industry, federal administration, education, health, and tourism. Jobs in agriculture and manufacturing have declined and will continue to do so. However, growth in the sectors of health, education, and tourism are projected to offset the employment loss in industry and agriculture.

The City of Brockville's net export industries include tourism, goods, and services. Additionally, the top industries in the Town of Gananoque are as follows:

- Retail Trade

- Accommodation and Food Services
- Manufacturing
- Arts, Entertainment, and Recreation
- Health Care and Social Assistance
- Administrative and Support, Waste Management and Remediation Services
- Wholesale Trade
- Educational Services

The Thousand Islands Region Workforce Development Board comprised of the Canadian Counties conducted a detailed study of job loss and growth broken down by industry. The Board observed that Frontenac County has experienced job growth in arts, entertainment, and recreation; however, the County of Leeds and Grenville as well as the Loyalist Township experienced a job loss in Accommodation and Food Services. Additionally, almost all counties experienced job loss in the Manufacturing industries. Their findings are summarized in Table 3.

Table 3. Job Growth and Loss by Industry – Frontenac County and Leeds and Grenville County

Significant Job Growth by Industry 2006 – 2011	Significant Job Loss by Industry 2006 – 2011
1000 Islands Region, Canada	1000 Islands Region, Canada
Educational Services	Manufacturing
Public Administration	Other Services (except public administration)
Professional, Scientific and Technical Services	Administrative and Support, Waste Management and Remediation Services
Retail Trade	Arts, Entertainment and Recreation
Finance and Insurance	Transportation and Warehousing
Frontenac County, Canada	Frontenac County, Canada
Educational Services	Manufacturing
Public Administration	Other Services (except public administration)
Professional, Scientific and Technical Services	Administrative and Support, Waste Management and Remediation Services
Arts, Entertainment and Recreation	Arts, Entertainment and Recreation
Health Care and Social Assistance	
Leeds and Grenville Counties, Canada	Leeds and Grenville Counties, Canada
Public Administration	Manufacturing
Retail Trade	Accommodation and Food Services
Finance and Insurance	Administrative, Waste Management Remediation
Wholesale Trade	Other Services (except public administration)
Professional, Scientific Technical Services	
Loyalist Township, Canada	Loyalist Township, Canada
Retail Trade	Public Administration
Utilities	Other Services (except public administration)
	Accommodation and Food Services
	Health Care and Social Assistance

Source: 1000 Islands Region Workforce Development Board

Table 4 shows employment by industry in Frontenac County, detailing jobs within the County as well as the industries of employment. Overall, the County experienced an outflow of labor to other employment centers in 2011.

Table 4. Flow of Labor – Frontenac County, Ontario

INDUSTRY	# JOBS 2011: PLACE OF WORK	EMPLOYED LABOR FORCE: PLACE OF RESIDENCE	FLOW OF LABOR	FLOW OF LABOR %
Total - Industry - North American Industry Classification System (NAICS)	74,170	65,040	(9,130)	-12.3%
71 Arts, entertainment and recreation	975	1,075	100	10.3%
11 Agriculture, forestry, fishing and hunting	605	635	30	5.0%
55 Management of companies and enterprises	70	65	(5)	-7.1%
22 Utilities	360	340	(20)	-5.6%
51 Information and cultural industries	1,205	1,110	(95)	-7.9%
48-49 Transportation and warehousing	49	1,575	(115)	-7.3%
21 Mining, quarrying, and oil and gas extraction	170	50	(120)	-70.6%
53 Real estate and rental and leasing	1,465	1,320	(145)	-9.9%
41 Wholesale trade	1,560	1,360	(200)	-12.8%
52 Finance and insurance	2,410	2,140	(270)	-11.2%
31-33 Manufacturing	33	3,435	(280)	-8.2%
54 Professional, scientific and technical services	3,585	3,250	(335)	-9.3%
56 Administrative and support, waste management and remediation services	2,755	2,375	(380)	-13.8%
81 Other services (except public administration)	2,685	2,280	(405)	-15.1%
23 Construction	2,670	2,220	(450)	-16.9%
72 Accommodation and food services	6,045	5,365	(680)	-11.2%
61 Educational services	11,575	10,365	(1,210)	-10.5%
62 Health care and social assistance	11,245	9,905	(1,340)	-11.9%
44-45 Retail trade	45	9,075	(1,400)	-15.4%
91 Public administration	10,710	8,900	(1,810)	-16.9%

Source: Thousand Islands Region Workforce Development Board, Local Labor Market Planning Report

2.4 TOURISM AND THE ECONOMY

Jefferson County, as a part of the Thousand Islands International Region, is a tourist destination due to its natural terrain and recreational activities. It includes hotels, state parks, retail stores, bars, and restaurants. Approximately 50 percent of tourists to the Thousand Islands International Region go just for day trips, and about 35 percent visit for one to three days. Approximately 75 percent of tourists visit the region for leisure purposes, either for a weekend, general vacation, visiting friends and relatives, or special events. The remaining 25 percent visit for business purposes, either to attend a conference or seminar, for a construction or repair job, or for government work.

Taxable sales in Jefferson County totaled \$1,978,551,224 in the year March 2013 – Feb 2014 (Table 5). Eleven percent of taxable sales came from tourism industries, which included (1) Restaurants and Other Eating Places, (2) Traveler Accommodation, (3) Beer Wine and Liquor Stores, (4) Drinking Places, (5) Other Amusement and Recreation Industries, (6) Travel Arrangement and Reservation Services, (7) Museums, Historical Sites, and Similar Institutions, (8) Support Activities for Air Transportation, (9) Recreational Vehicle Parks and Recreational Camps, (10) Scenic & Sight Seeing Transportation, Amusement Parks and Arcades, (10) Spectator Sports, and (11) Taxi and Limousine Service. The majority of this spending comes from restaurants and other eating places, followed by traveler accommodation.

Table 5. Jefferson County Taxable Sales by Industry

Jefferson County Taxable Sales by Industry and Quarter						
	2013 - 2014	2013 - 2014	2013 - 2014	2013 - 2014	Annual	
Description	March - May	June - August	September - November	December - February		Percent of Tourism
Restaurants and Other Eating Places	\$ 37,278,756	\$ 47,548,132	\$ 37,303,662	\$ 31,377,215	\$ 153,507,765	69%
Traveler Accommodation	\$ 7,107,496	\$ 16,044,770	\$ 9,500,730	\$ 5,168,655	\$ 37,821,651	17%
Beer, Wine, and Liquor Stores	\$ 2,694,329	\$ 4,333,783	\$ 2,974,883	\$ 2,718,948	\$ 12,721,943	6%
Drinking Places (Alcoholic Beverages)	\$ 2,098,683	\$ 2,304,005	\$ 1,962,252	\$ 1,713,681	\$ 8,078,621	4%
Other Amusement and Recreation Industries	\$ 644,404	\$ 2,048,360	\$ 1,161,025	\$ 878,718	\$ 4,732,507	2%
Travel Arrangement and Reservation Services	\$ 81,430	\$ 582,008	\$ 480,923	\$ 204,388	\$ 1,348,749	1%
Museums, Historical Sites, and Similar Institutions	\$ 73,656	\$ 782,144	\$ 167,792	\$ 52,440	\$ 1,076,032	0%
Support Activities for Air Transportation	\$ 146,496	\$ 491,478	\$ 342,128	\$ 56,224	\$ 1,036,326	0%
RV (Recreational Vehicle) Parks and Recreational Camps	\$ 23,439	\$ 596,116	\$ 82,711	\$ 163,205	\$ 865,471	0%
Scenic & Sight-seeing Transportation	\$ 62,556	\$ 536,837	\$ 117,343	\$ 2,002	\$ 718,738	0%
Amusement Parks and Arcades	\$ 85,829	\$ 106,421	\$ 3,856	\$ 57,869	\$ 253,975	0%
Spectator Sports	\$ 38,406	\$ 77,096	\$ 17,909	\$ 6,411	\$ 139,822	0%
Taxi and Limousine Service	\$ 16,256	\$ 27,660	\$ 31,794	\$ 60,544	\$ 136,254	0%
Total Tourism	\$ 50,351,736	\$ 75,478,810	\$ 54,147,008	\$ 42,460,300	\$ 222,437,854	100%
Total Industry					\$ 1,978,551,224	

Source: 1000 Islands International Tourism Council

The director of the 1000 Islands International Tourism Council, whose mission is promote tourism and contribute to the regional economy, projects that the tourism sector will be strong in 2015. Although the region saw a decline in hotel occupancy in 2014 due to extreme weather conditions, there has been new investment in hospitality businesses such as openings of hotels, restaurants, and retailers.

Tourism is cyclical, as shown in Figure 9, with the highest performance in June and July. This does not reflect the large share of day-trip tourists that the Thousand Islands receives. Jefferson County has approximately 3,000 hotel rooms spread out across Alexandria Bay, Cape Vincent, Carthage, Great Bend, Clayton, Henderson Harbor, Sackets Harbor, Evans Mills, and Watertown.

The Council predicts a decline in tourism for shopping purposes from across the Canadian border, as reduced oil prices have affected the Canadian exchange rate. As Figure 10 and Figure 11 illustrate, the tourism industries of Accommodation, Food Services, Arts, Entertainment, and Recreation have been steadily increasing since 2000. Accommodation and Food Services grew at a rate of 1.8 percent annually since 2000, while Arts, Entertainment and Recreation grew at 1.5 percent over the same period.

Figure 9. Monthly Hotel Performance Indicators

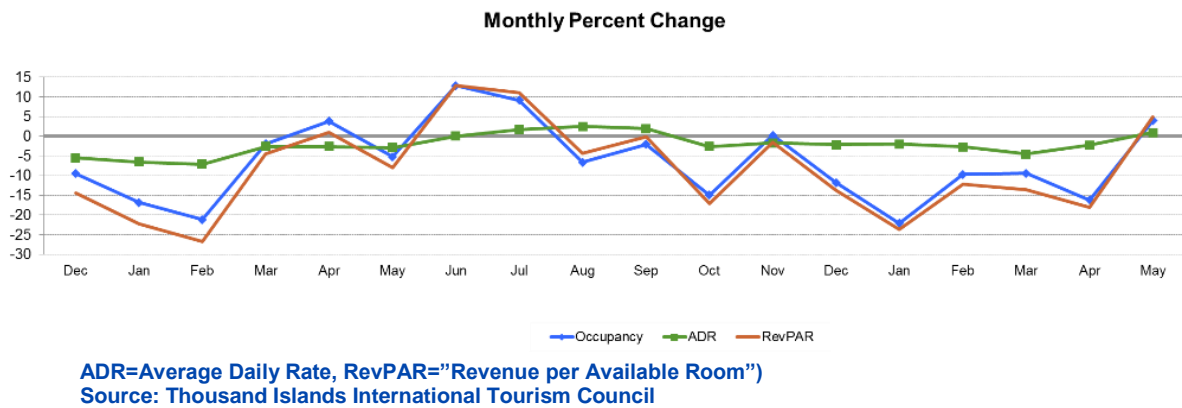


Figure 10. Jefferson County Employment in Accommodation and Food Services

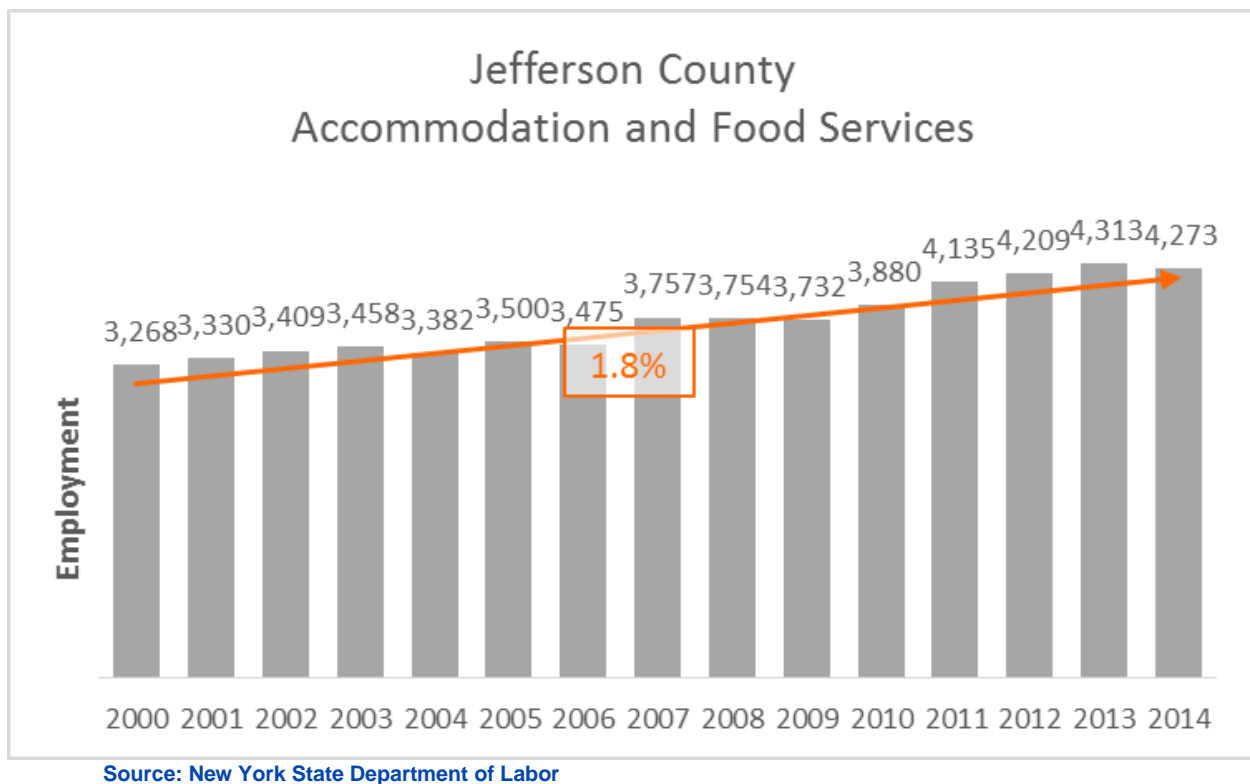
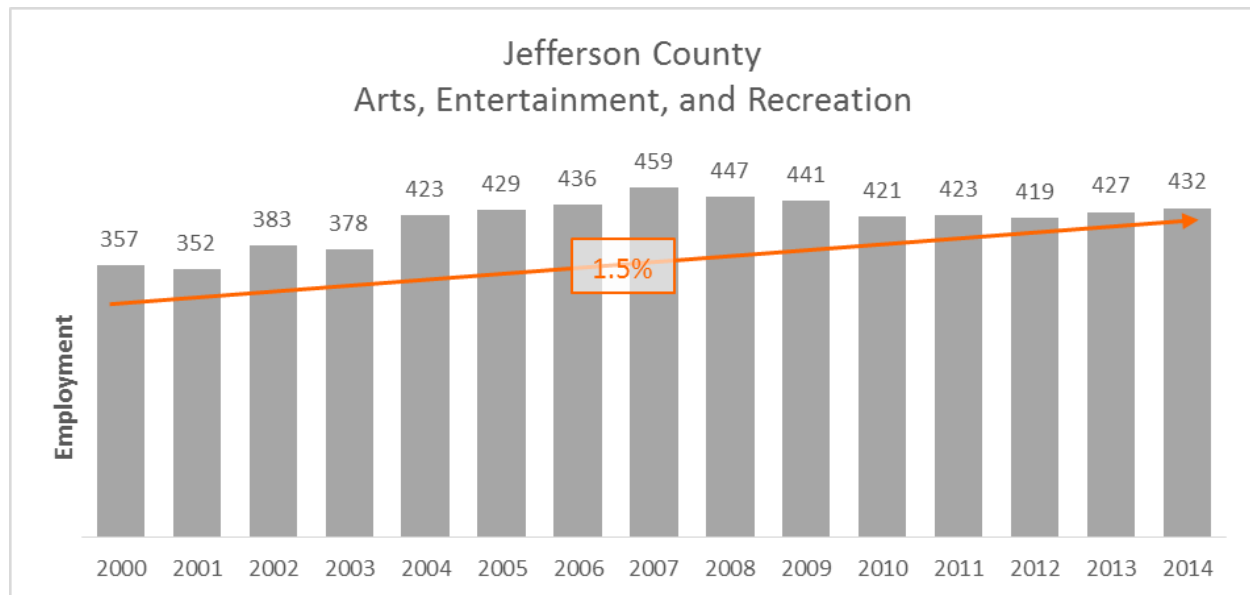


Figure 11. Jefferson County Employment in Arts, Entertainment, and Recreation



The Province of Ontario Canada, on the other side of the border, also has a key tourism sector. Its tourism sector includes over 750,000 employees in the two subsectors of Information, Culture and Recreation, as well as Accommodation and Food Services.

These two sectors comprise 8 percent of total employment in Ontario. The County of Frontenac describes itself as an emerging tourism destination, positioned as a scenic getaway from city life, a main attraction of which is the Thousand Islands. Compared to other counties in the Thousand Islands International Region, the County of Frontenac experienced the greatest growth in the sector of Arts, Entertainment, and Recreation from the period 2006 - 2011.

The City of Brockville's tourism sector is an export industry. Main attractions are listed in Table 6, showing that Boldt Castle is the number one attraction, with the Upper Canada Village following closely behind. The Boldt Castle and the Upper Canada Village attract by far the most visitors to Brockville.

Table 6. Brockville Attraction and Festival Visitation

	2007	2008	2009	2010	2011	2012	2013	2014
Boldt Castle	n/a	138,758	137,609	169,508	180,249	190,930	186,320	184,683
Upper Canada Village	199,812	n/a	175,006	158,070	166,250	150,000	215,400**	178,415
Fort Henry, Kingston	106,303	121,762	123,253	100,741	93,200	105,000	91,500	79,364
Brockville Ribfest	45,000	46,500	46,500	40,000	55,000	50,000	50,000	50,000
Brockville Art Centre	26,102	25,188	26,466	31,923	30,822	32,074	32,564	31,677
1000 Islands & Seaway Cruise	23,800	19,200	20,000	22,400	26,500	26,700	25,800	23,850
Poker Run	12,500	12,500	7,500	10-15K	10-15K	10-15K	10-15K	10-15K
Fort Wellington	10,541	15,861	14,552	11,500	12,465	17,092	10,194	10,053
Brockville Public Library	n/a	2,539	3,985	4,740	4,707	6,610	6,968	7,703
Brockville Museum	13,422	11,614	1,438	13,447	11,574	8,467	7,348	6,052
Fulford Place	8,700	8,401	8,755	8,400	6,782	7,000	6,593	5,340
Summer Theatre/ Musicals	5,132	5,952	5,349	6,153	5,386	5,206	7,312	5,217
Automation	7,500	7,500	7,000	7,000	8,000	2,000	5,000	5,000
Multicultural Festival	4,000	4,000	2,926	3,282	3,400	3,400	3,000	3,100
Doors Open		3,000	3,000	2,400	3,000	2,470	5,100	2,500
PrideBrockville (est. 2011)					200	450	1,000	1,000
Genealogy Visits	1,688	1,742	1,298	1,204	927	1,115	971	850
Horse-a-Rama Rodeo	1,550	-	2,000	1,000	1,000	500	500	500
Old Fashioned Picnic	1,200	n/a	550	n/a	400	400	400	400
Ghost Walks	405	484	436	673	404	364	130*	168
Riverfest	21,000	26,000	26,000	26,000	26,000			

**Upper Canada Village increase due to Alight at Night and Pumpkinferno
<http://www.brockville.com/images/sitepics/Stephanie's/Economic%20Indicator%20REPORT%202015.pdf>

Source: City of Brockville

3 CASE STUDIES

3.1 INTRODUCTION

3.1.1 PURPOSE

This series of case studies is aimed at comparing the economic impact of the Boldt Castle to that of other historic properties in the United States. The information is based on interviews with representatives from each of the houses studied. Given the broad character and limited amount of information obtained, the economic impact of these houses is only measured in terms of (1) *jobs* created in the house, (2) associated *wages*, (3) number of *visitors*, and (4) direct *visitor spending* in both the house and the local region (in this case defined as the county). The economic impact of operations and multiplier effects have not been considered in these studies.

The study team conducted interviews with three different houses in the United States: the Fonthill House in Bucks County, PA; the Grey Towers National Historic Site in Milford, PA; and the Hearst Castle in San Simeon, CA.

These three historic sites were selected due to their similarities to Boldt Castle, specifically their fairly isolated locations and similar types of operations. Moreover, seasonality has an important effect on visit rates in both the Fonthill House and Grey Towers.

Finally, three additional cases were assessed due to their prominence as historic homes. These are the Newport Houses in Newport, RI; the Biltmore Company operations (including the Biltmore House) in Ashville, NC; and Lyndhurst Castle in Tarrytown, NY. Case studies are based on publicly available information.

3.1.2 CASES STRUCTURE

Every case contains six different sections. The *Introduction* describes the main characteristics of the house that is being studied. The *Context* section informs about the location of the house, its distance to major cities, and the average cost of restaurants and lodging in the region. This background information is key to understanding the magnitude of the dollar values presented in the following sections. The *Operations* section identifies the entity responsible for the daily operations of the house and describes the type of operations they perform, which may vary among visitations and other services such as signature events and/or wedding receptions. The *Revenues and Expenditures* section focuses on the house's operational budget and (if possible) reviews the sources and uses of funds by line items (e.g., sources such as admissions or souvenirs, uses such as salaries and wages or utilities). The *Employees and Visitors* section provides the number of employees and visitors per year, but it also attempts to depict the visitors' profile. Finally, the *Contribution to the Region* section calculates the overall impact of the house in the local region, which has been limited to the county in which the house is located. This section outlines the inputs considered to calculate the final dollar-per-visitor amount.

3.1.3 KEY ASSUMPTIONS

For simplicity, and given the limited information available, a number of assumptions are made in each case study to calculate the overall dollar-per-visitor amount. The assumptions are outlined in this section:

- Not all regular visitors to a historic house visit the house exclusively because of the house. This means that not all local spending would be lost if the house did not exist. This is accounted for through a correction factor equal to the percentage of visitors for which the house was the primary purpose of visit.
- Not all visitors to the house come from outside the county, and only visitors from outside the county have an actual economic impact on the region. This circumstance is accounted for through a correction factor that is equal to the percentage of visitors that come from outside the county.

- The number of visitors considered only regular visitors, meaning those that would pay an admission fee to access the house. This figure does not include visitors that may go to the house for special signature events or wedding receptions. This assumption, however, does not affect individual visitor spending (i.e., dollar-per-visitor).

The final dollar-per-visitor amount is calculated as the total spending divided by the total number of visitors. The total spending includes spending in the house and spending outside the house. Spending in the house includes regular services such as admissions and souvenirs, and other services such as restaurants or lodging that only some houses offer. These values are calculated from the revenue information provided by the houses, adjusted by the abovementioned correction factor. Spending outside the house includes meals, shopping/entertainment, transportation, and lodging. These values vary depending on the type of visitor, day tripper, one-night overnighiter, or two-night overnighiter. Lodging only applies to the last two categories. The spreadsheets used to come up with the final dollar-per-visitor amount are included in the Appendix.

3.2 CASE STUDY 1: THE FONTHILL CASTLE

3.2.1 INTRODUCTION

The Fonthill Castle is located in Doylestown, PA. It was built between 1908 and 1912, and it is “an eclectic mix of Medieval, Gothic, and Byzantine architectural styles.” It includes 44 rooms, more than 200 windows, 18 fireplaces, and 10 bathrooms. The House went through a major restoration in the late 1990s, but no large renovations have occurred over the past 20 years.



Figure 12: Fonthill Castle
Photo by Jim Capaldi, CC BY 2.0

3.2.2 CONTEXT

Doylestown is a small borough in Bucks County in southeast Pennsylvania, about 40 miles north of Philadelphia and 60 miles south of New York City. Doylestown's population is close to 9,000, although the suburbs include an additional 10,000. The region is fairly affluent among its neighbors, especially the town itself. Nightly hotel room rates range from approximately \$70 to \$150 per bedroom depending on time of year, hotel rating, and location. The closest campground to Doylestown is about 20 miles away and costs about \$30 per day. The price of meals in Doylestown ranges from about \$7 to \$40 per person.

3.2.3 OPERATIONS

The Fonthill House is part of a larger complex that is referred to as the Mercer Museum and Fonthill House. They share some resources but operate as separate units. Both the Mercer Museum and the Fonthill House belong to the Bucks County Historical Society, a private non-profit organization responsible for “collecting, preserving, and interpreting” the history and culture of the County. The House operates year-round, although its peak season is April through December. It is mainly used as a museum, with ticket prices ranging from \$14 for adults, \$12 for seniors, and \$8 for youth. However, the House also holds events during the holidays (e.g., Fonthill's Old-Fashioned Fourth of July Celebration and Fonthill Castle Beer Fest), and can be rented for special occasions such as weddings. The House only includes a small souvenir shop. It does not have a restaurant, so for events and special occasions the House works with a catering company.

3.2.4 REVENUES AND EXPENDITURES

The House has a budget of about \$350,000 per year. Admissions account for up to 50 percent of the total budget, resulting in about \$180,000 per year. Revenues from souvenirs in the House, however, only make up to \$6,000. Special events and facility rental share the remaining 50 percent in approximately equal amounts. The House also receives some revenues from accrued interests on a trust. In terms of expenditures, administrative costs comprise about 65 percent of the budget. Within this portion, **salaries and benefits for all employees amount to \$215,000**. The remaining 35 percent is shared between utilities, insurance, and vendors.

3.2.5 EMPLOYEES AND VISITORS

The Fonthill House has only two full-time employees. Operations, however, are supported by 20 part-time employees (only one of these is seasonal) and about 30 volunteers. This amounts to about **seven full-time equivalent (FTE) jobs**. Most of these employees live in the County but not in Doylestown, given the high cost of living in the Borough.

The House has about **21,000 paid visitors and 7,000 free visitors each year**. These figures do not account for attendees to holiday events or special occasion events, and have remained fairly steady in

recent years. The majority of visitors are domestic tourists from outside the County, while approximately 5 percent are international. About 60 percent of visitors stay overnight (20 percent for one night and 40 percent for two nights). The House is not necessarily their primary purpose of visit, but it is one of their motivations.

3.2.6 CONTRIBUTION TO THE REGION

Visitor spending for the Fonthill House is equal to \$133. Visitors to the House are assumed to spend, on average, \$15 per meal, to have one meal if they are day trippers, three meals if they are one-night overnights, and five meals if they are two-night overnights. It is also assumed that visitors spend \$15 in shopping/entertainment and \$5 in transportation (gas and parking) per person, and two people occupy one bedroom. These costs increase by 1.2 times and 1.5 times for one-night overnights and two-night overnights, respectively. Assuming two people sleep in each bedroom or campsite, the average cost of a hotel bedroom would be \$55 per person, and the average cost of a camp site is \$15 per person.

Table 7: Fonthill House's Contribution to Local Region

EXPENSE ITEM	RESULT
Employment	7 FTE jobs
Wages	\$215,000
Regular Visitors	28,000
Visitor Spending	\$133

Source: WSP | Parsons Brinckerhoff

3.3 CASE STUDY 2: THE GREY TOWERS NATIONAL HISTORIC SITE



Figure 13: Grey Towers National Historic Site
Photo by Kristine Paulus, CC BY 2.0

3.3.1 INTRODUCTION

The Grey Towers National Historic Site is located in Milford, PA. It is also known as the Gifford Pinchot House, the Pinchot Institute, or simply Grey Towers. It was the home of Gifford Pinchot, first director of the United States Forest Service (USFS) and twice the governor of Pennsylvania. The House resembles a French *chateau* and is surrounded by 102 acres of forest. After undergoing a major restoration and being closed to the public for several years, the site reopened in 2001. This restoration cost \$14M. Since then, an additional \$4M has been spent in landscaping and other minor projects.

3.3.2 CONTEXT

Milford is a small borough in Pike County about 80 miles from New York City, 120 miles from New Jersey, and 130 miles from Philadelphia. It is very close to the Delaware Water Gap National Recreation Area, which is a major attraction in the area with millions of visitors every year. Milford is a town of about 1,000 residents, but the County's population is considerably larger, with about 60,000 people.

There are several hotels in Milford and a number of campgrounds in nearby locations. There are also a number of lakes around the region, so cabin rentals are a common lodging choice among visitors. Nightly hotel room rates range from about \$50 to \$220 depending on time of the year, hotel rating, and location. Campground fees are around \$40 per night, again depending on the time of the year. Rent prices for cabins vary between \$130 and \$400 per day. The price of a meal can vary from \$5 to \$50 per person.

3.3.3 OPERATIONS

Grey Towers is owned and managed by the USFS and is the only U.S. National Historic Site managed by the agency. USFS, however, operates the site with two other partners: the Pinchot Institute, a conservation organization based in Washington D.C., and the Grey Towers Heritage Association, which assists the USFS in wise use of the site.

The House operates as a museum but also hosts conferences. Grey Towers is open for visitation from May through October, as well as two weeks in December. Activities for visitors include daily interpretative tours and hiking programs. Regular tours cost \$8 for adults, \$7 for senior, and \$5 for youth, but many of them are free. The Grey Towers Heritage Association is in charge of community relations during this period. The House, however, remains closed for visitors for the rest of the year. Conferences, on the other hand, happen year-round, with May being the busiest month. The Pinchot Institute is the entity responsible for these events. Grey Towers does not host private weddings. Only members of the Pinchot family are allowed to use the House for wedding receptions. However, Grey Towers does host large signature events in special occasions. The House has a gift shop but not restaurant or lodging services. Whenever food is needed for conferences or signatures events, Grey Towers relies on local restaurants. The organization also has contracts with the local police department.

3.3.4 REVENUES AND EXPENDITURES

Grey Towers' operating budget is \$2 million per year, with about 50 percent of this amount spent on salaries and benefits for employees. The Grey Towers Heritage Association receives \$20,000, but nothing goes to the Pinchot Institute since this organization has its own funding. The remaining portion of the budget goes to utilities and other administrative costs. The majority of the revenue budget comes from

government funding supplemented by private donations. Revenue from admissions only amounts to \$65,000.

3.3.5 EMPLOYEES AND VISITORS

Grey Towers has 13 full-time employees and 6 to 8 seasonal employees, resulting in approximately 15 FTE jobs. Operations are also supported by 8 to 10 interns who are paid by external institutions. All employees live close to the House, at least somewhere in Pike County.

About 16,000 people visit Grey Towers every year, approximately 40 percent of whom primarily visit for the House. Visitors have increased 25 percent since 2001 and have remained fairly steady over the past few years. This figure does not account for attendees to conference and signature events, which amount to 2,500 and 4,000 people, respectively. Visitors spend between \$10 and \$30 in the gift shop. About 60 percent of visitors are seniors, and only about 10 percent are youth. About 50 percent of visitors are day trippers, with the remaining 50 percent staying for an average of two nights. Approximately 50 percent of overnight visitors stay in hotels, with the remaining visitors evenly distributed between campgrounds and cabins. About 50 percent of visitors to Grey Towers are regional, while the other 50 percent come from other states.

3.3.6 CONTRIBUTION TO THE REGION

Visitor spending at Grey Towers is equal to \$143. To calculate this figure, we assumed that visitors to Grey Towers spend \$20 per meal on average, have one meal if they are day trippers, three meals if they are one-night overnights, and five meals if they are two-night overnights. We also assumed that visitors spend \$17 in shopping/entertainment and \$5 in transportation (gas and parking) per person. These costs increase by 1.2 times and 1.5 times for one-night overnights and two-night overnights, respectively. Assuming two people sleep in each bedroom or campsite, the average cost of a hotel bedroom is \$65 per person, and the average cost of a campsite is \$20 per person. The average cost of renting a cabin per day is approximately \$260, which is equal to \$65 per person, assuming four people sleep in each cabin.

Table 8: Grey Tower's Contribution to Local Region

EXPENSE ITEM	RESULT
Employment	15 FTE jobs
Wages	\$900,000
Regular Visitors	16,000
Visitor Spending	\$143

Source: WSP | Parsons Brinckerhoff

3.4 CASE STUDY 3: THE HEARST CASTLE

3.4.1 INTRODUCTION

The Hearst Castle is a National Historic Landmark located in San Simeon, CA. Initially owned by wealthy American businessman William Randolph Hearst, it was built between 1919 and 1947, but never formally finalized. While it is commonly known as a castle, it is actually a group of mansions of different architectural styles, although mostly representative of the Spanish Colonial Revival. The Castle includes 165 rooms and 127 acres of gardens, terraces, pools, and walkways. No major renovations have taken place at the Castle over the past few years.



Figure 14: Hearst Castle
Photo by B. Jaglin, CC BY 2.0

3.4.2 CONTEXT

San Simeon is a small town of less than 500 people on the Pacific Coast of San Luis Obispo County, about 230 miles from both Los Angeles and San Francisco, and 43 miles from San Luis Obispo. The Hearst Castle is thus exceptionally isolated. Most of San Simeon's residents are employed in agriculture or the hotels and restaurants used by the Castle visitors.

Nightly hotel room rates range from about \$70 to \$250 depending on time of year, hotel rating, and location. Most hotels are about 5 miles from the Castle. A campground is also located about 8 miles from the Castle. Campground fees range between \$10 and \$70 per night, depending on time of year. San Simeon does not have any high-end restaurants, nor does the Castle, so the price of a regular meal ranges from about \$10 to \$30 per person.

3.4.3 OPERATIONS

The Hearst Castle was donated by Hearst Corporation and the Hearst family to the State of California in 1957. Today it is owned and managed by the Hearst San Simeon State Park, a state-owned organization. While the Castle is in public land, access to the Castle is only possible through private property. Therefore, visitors cannot access the Castle directly, and the Castle provides the bus transportation service needed.

The Castle operates all year round, although its peak season is from June through September. The Castle functions as a museum, but it can also be rented for special occasions. Admission tickets are \$25 for adults and \$12 for children. Additional fees apply if visitors do more than one tour. The Castle does not include lodging facilities, but it does include a cafeteria, a gift shop, and an IMAX. However, all these services, together with the bus service, are contracted to outside private companies.

3.4.4 REVENUES AND EXPENDITURES

Because a large portion of the Castle's operations are conducted by private companies, this case study does not include accurate information on the Castle's revenues and expenditure amounts.

3.4.5 EMPLOYEES AND VISITORS

The Castle has 68 full-time employees and 179 part-time employees. However, both the number and the schedule of part-time employees varies greatly throughout the year, so **the number of FTE jobs is about 130**. Many employees do not live in the town but do live within San Luis Obispo County.

The Hearst Castle receives about **770,000 per year**, a number that has been increasing modestly over the past few years. On a daily basis, the Hearst Castle receives about 4,000 to 5,000 visitors during peak season, and about 400 to 500 during off-season. These figures, however, do not account for attendees to special occasion events.

About 75 percent of the visitors are adults, and approximately 90 percent of them only do one tour. Around 80 percent of the visitors also stay for two nights, 90 percent of whom stay in hotels around the Castle. Fifty percent of visitors to the Castle come from the rest of California, with the remaining 50 percent divided among visitors from other states or from outside the country. About 70 percent of visitors state that the Castle is their primary motivation.

3.4.6 CONTRIBUTION TO THE REGION

Visitor spending for Hearst Castle is equal to \$254 per visitor. To calculate this, we assumed that spending on souvenirs, restaurants, transportation, and IMAX inside the Castle is equal to 3 percent of the total revenue from admissions. This is the percentage observed in the Fonthill Castle for souvenirs over admissions. We also assumed that visitors to the Castle spend, on average, \$20 per meal, and have no meal if they are day trippers (since they would have it at the Castle), two meals if they are one-night overnights, and four meals if they are two-night overnights. We assumed that visitors spend \$20 in shopping/entertainment and \$10 in transportation (gas and parking) per person.

These costs increase by 1.2 times and 1.5 times for one-night overnights and two-night overnights, respectively. Assuming two people sleep in each bedroom or campsite, the average cost of a hotel bedroom is \$75 per person, and the average cost of a camp site is \$25 per person.

Table 9: Hearst Castle's contribution to the local region

EXPENSE ITEM	RESULT
Employment	130 FTE jobs
Wages	-
Visitors	770,000
Visitor Spending	\$254

Source: WSP | Parsons Brinckerhoff

3.5 CASE STUDY 4: THE NEWPORT HOUSES

3.5.1 INTRODUCTION



Figure 15: The Breakers House
Photo by Iain Farrell, CC BY 2.0

In 2014, the Preservation Society of Newport County published a Community Impact Study⁴ analyzing the economic impact that 11 mansions owned and managed by the Society had on the local region, particularly the City of Newport and the State of Rhode Island. The study analyzed the economic impact of both the operations and the visitors of the mansions, and considered direct, indirect, and induced multiplier effects. Input data included in the study was from both 2012 and 2013. The report does not specify the methodology used.

3.5.2 DIRECT AND INDIRECT ECONOMIC IMPACT OF OPERATIONS

In 2012, the Newport Mansions employed 400 individuals and paid \$7.8 million in wages. One quarter of this amount was full-time employees, and three quarters held part-time positions. 176 of the 400 individuals were residents of the City of Newport, receiving \$3.19 million in wages. If multiplier effects were also considered, an additional 10 jobs were created receiving an extra \$1.15 million in wages. In addition, in 2013 the Society engaged about 900 vendors and spent more than \$10.7 million in goods and services. 150 of the 900 vendors were local companies, receiving \$1.27 million from the Society. The study estimated that this spending directly supported 10 jobs and \$0.31 million in wages. If a multiplier effect were also considered, an additional four jobs were created receiving an extra \$0.42 million in wages.

3.5.3 DIRECT AND INDIRECT ECONOMIC IMPACT OF VISITORS

In 2013, the Newport Mansions received about 600,000 regular visitors and 40,000 attendees to special events. The report estimated a direct individual visitor spent about \$118, resulting in a total direct visitor spending of close to \$76 million. This spending directly supported 786 jobs and \$18.6 million in wages in the City of Newport. If a multiplier effect were also considered, an additional 283 jobs were created receiving an extra \$27.36 million.

3.5.4 VISITOR PROFILE

About 95 percent of visitors to the Mansions were from outside Rhode Island, and more than 90 percent considered the Mansions to be the primary driver when selecting Newport as a vacation destination. About 66 percent of the visitors made the Mansions part of a larger trip, staying in the area for two days or more. Approximately 30 percent were day trippers and 10 percent stayed for only one night.

⁴ <http://www.newportmansions.org/documents/about%20us/community%20impact%20study-070314.pdf>

3.5.5 OVERALL ECONOMIC IMPACT

Table 10 summarizes the results of the study.

Table 10: Economic Impact of Newport Houses

ECONOMIC IMPACTS		OUTPUT	JOBS
Operations (Payroll)	Direct	\$3.19M	176
	Indirect	\$1.15M	10
Operations (Purchasing)	Direct	\$1.27M	10
	Indirect	\$0.42M	4
Economic Impact of Visitors	Direct	\$76.00M	786
	Indirect	\$27.36M	283
Total		\$109.36M	1,268
Total/Visitor		\$170.87	1.98 (÷1000)

Source: WSP | Parsons Brinckerhoff

3.6 CASE STUDY 5: THE BILTMORE COMPANIES

3.6.1 INTRODUCTION

In 2013, the Biltmore Companies published an economic impact study titled *The Biltmore Companies 2012 Economic Study: Measuring Local Impact*⁵. The study analyzed the direct and indirect economic impact of the six Biltmore Companies during Fiscal Year 2012. The Biltmore Companies are based in Asheville, NC, and include (1) a tours company that oversees operations at the Biltmore Estate; (2) a management company for the Estate's building in Downtown Asheville; (3) a winery and wine distribution company; (4) a licensing company working with partner businesses to develop, manufacture, and distribute Biltmore-branded products; (5) a four-star, 210-room hotel with a restaurant and events service; and (6) an in-home party business selling Biltmore-branded home accessories and gourmet foods.



Figure 16: Biltmore Estate
Photo courtesy of Blake Lewis

3.6.2 DIRECT ECONOMIC IMPACT OF OPERATIONS

According to the study, the six Biltmore Companies employed 1,854 people, which was equal to 1,265 FTE jobs. Approximately 95 percent of these employees reside locally. In addition, total expenditures for all six companies were just over \$128 million, although only \$64 million were spent locally. These included 71 percent on salaries and benefits, 23 percent on outside vendors, 5 percent on taxes, and the remaining on other internal expenses.

3.6.3 DIRECT ECONOMIC IMPACT OF VISITORS

In Fiscal Year 2012, the Biltmore Companies had 1,089,386 visitors. The study considers that 668,732 of these visitors would not have visited Asheville without the presence of the Estate. This is equal to 61.4 percent of the total visitors. To calculate the spending patterns of these visitors, the study identified 11 expense categories (e.g., shopping, gas, lodging) and estimated dollar values based on six different types of visitors (e.g., staying at the Biltmore Hotel, staying at other hotels). The result is \$139.7 million of potentially lost visitor spending were it not for the Estate.

⁵ http://michaelhshuman.com/wp-content/uploads/2013/12/BH-Biltmore-Presentation_Economic-Analysis.pdf

3.6.4 OVERALL ECONOMIC IMPACT

The study used IMPLAN to calculate multiplier effects of visitor spending. The results of this analysis are provided in Table 11.

Table 11: Economic Impact of Biltmore Companies

ECONOMIC IMPACTS		OUTPUT (MILLIONS)	JOBS
Operations*	Direct	-	1,265
	Indirect	-	1,135
Visitors	Direct	\$101.2M	1,376
	Indirect	\$68.4M	660
Total		\$169.6M	4,439
Total/Visitor **		\$253	6.64 (÷1000)

Source: WSP | Parsons Brinckerhoff

* The study does not provide output value for operations, only value-added. It can, however, be inferred from the information provided that direct output would be about 94% of total local expenditures.

** The number of visitors considered is 668,732.

3.7 CASE STUDY 6: THE LYNDHURST CASTLE



Figure 17: Lyndhurst Castle
Photo courtesy of M. Fernandez

3.7.1 INTRODUCTION

The Lyndhurst Castle in Tarrytown, NY, conducted an economic impact study in 2015, estimating the local effects of a potential landscape restoration investment⁶. They analyzed the “net new” economic impact that the restoration project would have on the Mid-Hudson region, which includes the counties of Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester. “Net new” impacts are those that would not have occurred without the project in question.

3.7.2 PROJECTED VISITATION AND VISITOR SPENDING

The study estimates that, within five years of project completion, 150,000 new regular visitors would pass by the Lyndhurst Castle annually (this is in addition to the current 75,000 regular visitors per year). It also estimates that Lyndhurst Castle would only be the primary motivation for 50 percent of these visitors (i.e., 75,000 visitors). In addition to regular visitors, the Castle expects to host 20 to 30 additional weddings, which translates into 4,375 wedding visitors. The study also estimates that 77 percent of regular visitors (i.e., 58,037) and 75 percent of wedding visitors (i.e., 3,281) would be from outside the region.

To estimate regular visitor spending, the study assumed that as a result of the project, these visitors would spend an additional half day in the region. Based on average half-day visitor spending figures from Tourism Economics⁷, the study also estimates an average visitor spending of \$79. Lodging spending is omitted because typical visitors to Lyndhurst do not stay overnight. In addition, the study assumes that each wedding guest would spend \$309 in the region.

As a result, total net new spending in the region attributable to regular visitors would be \$4.6 million (58,037 visitors x \$79/visitor). In addition, total net new spending attributable to wedding visitors would be about \$1 million (3,281 visitors x \$309/visitor). In summary, the project would generate \$5.6 million of net new spending.

3.7.3 DIRECT AND INDIRECT ECONOMIC IMPACT OF VISITORS

The study used the EMSI input-output model, following NAICS⁸ industry codes, to calculate the overall economic impact of visitor spending in the region. The study estimated that 99 jobs would be created as a *direct* result of the project. These include new onsite employment positions and offsite jobs generated as a result of spending at restaurants, hotels, and other local businesses. Equivalently, the study estimated that 16 jobs would be created as an *indirect* result of the project. These are a consequence of additional rounds of business-to-business spending. In terms of total sales or output, the direct impact would be \$5.6 million (as calculated in the previous section), and the indirect impact would be \$2.2 million, for a total of about \$7.8 million.

⁶ This report is not publically available but can be provided upon request.

⁷ The Economic Impact of Tourism in New York (2012).

⁸ The North American Industry Codes System (NAICS) is the standard used Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Table 12: Economic Impact of Lyndhurst Castle

ECONOMIC IMPACTS *		OUTPUT	JOBS
Visitors	Direct	\$5.6M	99
	Indirect	\$2.2M	16
Total		\$7.8M	115
Total/Visitor **		\$104	1.5333 (÷1000)

Source: WSP | Parsons Brinckerhoff

* The study does not include impact of payroll or purchases.

** The number of visitors considered is 75,000.

3.8 CASE STUDY SUMMARY

Table 13 summarizes the information provided throughout this report.

Table 13: Economic Impact of Peer Houses

ECONOMIC IMPACT	FONTHILL HOUSE	GREY TOWERS	HEARST CASTLE
Employment	7 FTE jobs	15 FTE jobs	130 FTE jobs
Wages	\$215,000	\$900,000	-
Visitors	28,000	16,000	770,000
Visitor Spending	\$133	\$143	\$254

Source: WSP | Parsons Brinckerhoff

Table 14 summarizes the information provided for the additional case studies of Newport Mansions, Biltmore Companies, and Lyndhurst Castle. These were treated separately due to their distinct nature and the differences in data available. It is important to note, however, that the methodologies used to calculate these values are drastically different, just as were the assumptions made to estimate each value. The main differences are listed in the table.

Table 14: Economic Impact of Peer Houses

ECONOMIC IMPACT *	NEWPORT MANSIONS	BILTMORE COMPANIES	LYNDHURST CASTLE *
Jobs/Visitor (x1000)	1.98 **	6.64	1.53 ***
Output/Visitor	\$170 **	\$253 ***	\$104 ***

Source: WSP | Parsons Brinckerhoff

* These figures reflect the economic impact of a future project, not of the house in its current condition.

** These values have been calculated using total number of visitors, as opposed to just those that would be lost.

*** These values do not account for impacts derived from Operations.

4 ECONOMIC IMPACT ANALYSIS INPUTS

4.1 VISITOR TRENDS

The number of visitors to Boldt Castle and Boldt Yacht House has steadily increased since 2003 after having experienced a dramatic drop in visitors following the tragic events of September 11, 2001. Visitation dropped for two reasons: first, overall domestic and international tourism experienced a decline shortly after 9/11. Secondly, enactment of the USA Patriot Act of 2001 imposed additional passport and visa requirements for foreign visitors. As a consequence, visitation to Boldt Castle from Canada requires, at a minimum, a passport for Canadian citizens. However, many visitors from Canada were citizens of other countries, with a large portion of visitors from China and East Asian countries who would require a visa for entry into the U.S. These requirements have inhibited foreigners from visiting Boldt Castle, and the visitation data justifies this assumption. While visitations have increased since the low point in the 2003/2004 season, they have not reached their pre-9/11 peak. Based on this data, the restrictions for visitors from Canada have reduced visitations by approximately 49,000 per year, based on a comparison of the peak 2001/2002 season to the most recent peak in 2012/2013. Many visitors, instead, take day cruises on the Saint Lawrence River where they can enjoy Boldt Castle as a backdrop in the distance without directly visiting the historic site.

More recently, the number of visitors dropped in 2014, as did tourism as a whole, due to extreme weather conditions (Figure 18). However, the director of the 1000 Islands International Tourism Council projects that the tourism sector will be strong by the end of the 2015/2016 season.

BY THE NUMBERS

166,215

Annual unique visitors to Boldt Castle/Yacht House, 2014/2015

60,754

Peak monthly visitors in August 2014

53%

Visitors paying for lodging in hotel, camping or boat

46%

Visitors staying in vacation home or with friends and relatives

\$181

Total spending by average visitor to the region

\$32

Lodging spending per paid lodging visitor during stay

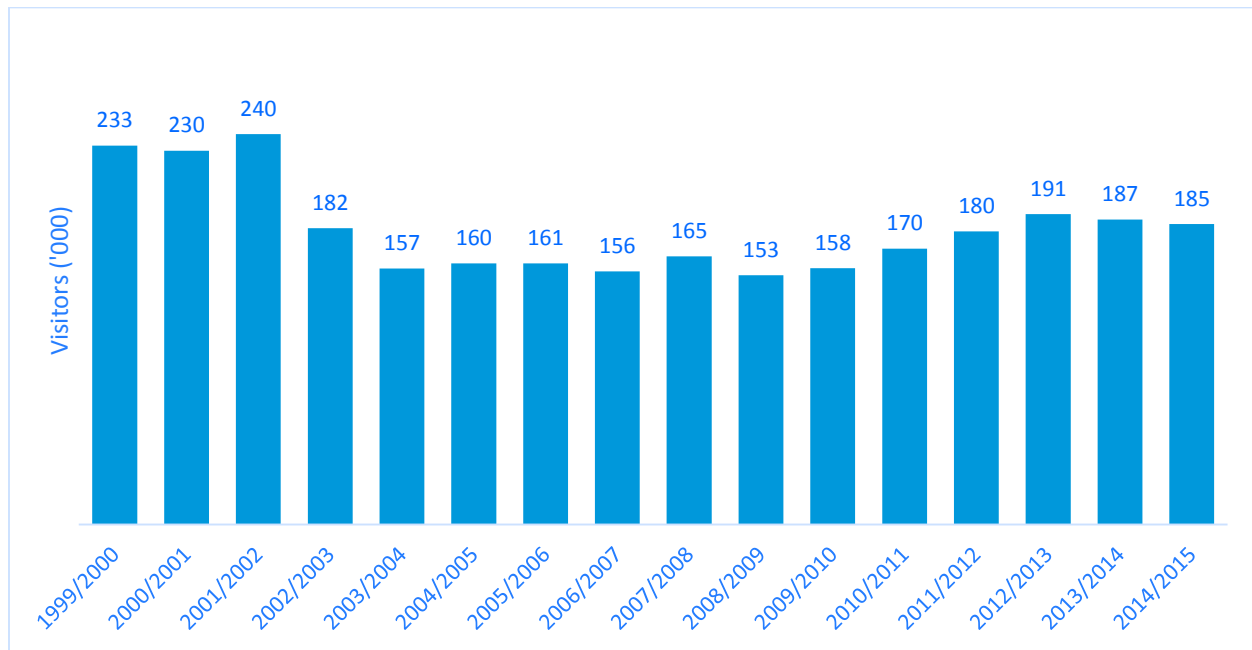
\$101

Food spending per visitor

\$48

Transportation, boat shuttle, and retail spending per visitor

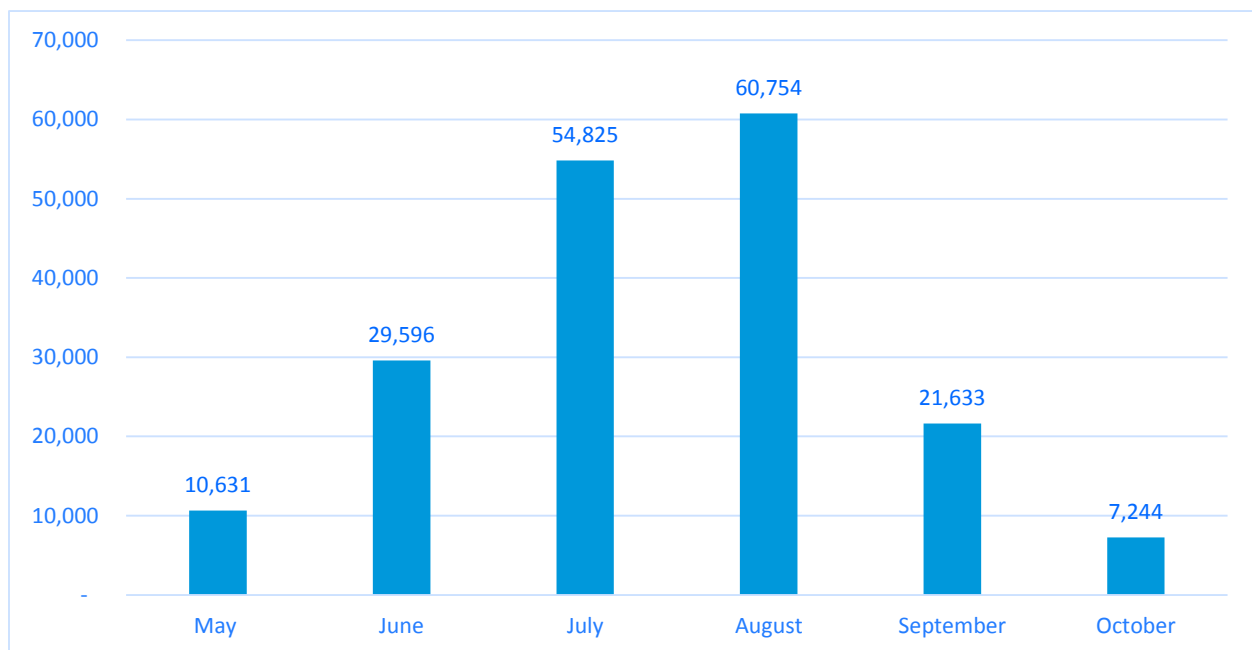
Figure 18. Annual Boldt Castle and Yacht House Admissions



Source: Thousand Islands Bridge Authority

Admission trends are consistent with tourism trends, in that it is cyclical, with the highest performing months in June, July, and August. Additionally, based on survey data, 82 percent of these visitors live in the U.S. and 18 percent live in Canada (Figure 19).

Figure 19. Monthly Boldt Castle and Yacht House Admissions, 2015



Source: Thousand Islands Bridge Authority

4.2 VISITOR SPENDING ESTIMATES

The Thousand Islands Bridge Authority conducted a survey of visitors to Boldt Castle on August 20, 21, 24, 25, 27, and September 1, 2015. This survey helps inform the economic impact analysis by providing insight into the spending behavior of Boldt Castle visitors.

For a profile of visitor spending, visitors were divided into categories based on their accommodation type. Different assumptions were made for each visitor type, which impacts the assumptions about expenditures on lodging and meals. Table 15 outlines the visitor profile used to identify spending patterns in this analysis.

Table 15. Profile of Visitors to Boldt Castle, 2015

	PERCENT OF VISITORS	AVERAGE NIGHTS	AVERAGE PARTY SIZE
From local area - just visiting Boldt Castle	0.48%	-	4.9
From out of the area but not staying overnight	0.24%	-	5.5
Staying at a vacation or seasonal home	37.8%	11.2	4.7
Staying overnight at a campground	20.7%	5.9	4.8
Staying overnight in a hotel or resort	27.1%	2.6	3.7
Staying overnight on a boat	5.2%	5.0	5.0
Staying overnight with friends or relatives (not at a vacation home)	7.9%	4.2	5.5
Not specified	0.6%	2.5	5.0

Source: WSP | Parsons Brinckerhoff

4.2.1.1 SPENDING ON LODGING

Spending patterns for lodging (summarized in Table 16) are based on reconciling several sources of data:

- The U.S. Government Accountability Office reports a per diem lodging rate of \$96 per night for Jefferson County as of September 2015.
- A 1000 Islands International Tourism Council study of selected hotels reports a 2015 average daily rate of \$90.36 per night.
- Posted rates for various hotels, particularly in Alexandria Bay, NY (closest to Boldt Castle) report daily rates ranging from \$99 per night, to typical rates in the \$120 to \$150 range (especially during the Boldt Castle tourism season), and as high as \$500 to \$600 per night for premium rooms and individual cabins.
- Most visitors to Boldt Castle stay in the Alexandria Bay and Clayton area, per the Alexandria Bay Chamber of Commerce and the TIBA. These rates are typically higher than government per-diem rates that are more weighted toward Watertown, NY, hotels around Fort Drum. Thus, spending by Boldt Castle visitors is likely more in line with rates in local hotels.

This analysis assumed a spending pattern of **\$120 per night per hotel-staying party**, as families visiting the Thousand Islands International Region will budget toward the rates observed in the local area. This assumption is validated (in order of magnitude) by actual data from the 1000 Islands International Tourism Council for hotels in the Alexandria Bay area.

Campground rates vary differently according to the 1000 Islands Campground and other campgrounds in the region. A simple back in camping site with water and electric and no sewer can cost under \$40 per night, and under \$30 per night for a tent or small camper. Cabins, on the other hand, are competitive with hotel rates. This analysis assumes **\$25 per night per campground party**.

Data from boat rental companies suggests that rates for overnight boating approximate about **\$45 per night per boat-staying party**.

This analysis makes no assumption for visitors who did not report the length of their stay. In addition, visitors not staying overnight or staying in a seasonal or vacation home did not have lodging expenditures applied to them.

Table 16. Estimates of Lodging Spending

	PERCENT OF VISITORS	AVERAGE NIGHTS	AVERAGE PARTY SIZE	LODGING COST PER PARTY PER DAY	TOTAL LODGING PER PARTY	TOTAL LODGING PER VISITOR
From local area - just visiting Boldt Castle	0.48%	-	4.9	-	\$240	\$49
From out of the area but not staying overnight	0.24%	-	5.5	-	-	-
Staying at a vacation or seasonal home	37.8%	11.2	4.7	-	-	-
Staying overnight at a campground	20.7%	5.9	4.8	\$25	\$148	\$31
Staying overnight in a hotel or resort	27.1%	2.6	3.7	\$120	\$312	\$84
Staying overnight on a boat	5.2%	15.5	5.0	\$45	\$225	\$45
Staying overnight with friends or relatives (not at a vacation home)	7.9%	4.2	5.5	-	-	-

Source: WSP | Parsons Brinckerhoff

Based on the data calculated and presented in the table, the spending per visitor ranges from \$31 per visitor staying at a campground to \$84 per visitor staying in a hotel.

Overnight visitors spend an average of \$84 per night. However, all visitors (including those who do not stay or spend on lodging), **spend \$31.74 in lodging on average during their stay** – a figure that includes several visitors who do not spend on lodging at all. Note that this is a per-visitor amount, not per party amount. Thus, an average family of four is estimated to spend about \$127 in lodging during their stay.

4.2.1.2 SPENDING ON FOOD

U.S. Government Accountability Office per-diem rates for Jefferson County provide for **\$46 per day, per person, for meals**. This breaks down as \$7 for breakfast, \$11 for lunch, and \$23 for dinner. The remaining \$5 is for incidentals. However, it is assumed that certain types of visitors will not spend the whole amount. This analysis makes the following assumptions:

- Visitors from the local area will spend approximately \$23 per person in meals (half the per diem).
- Visitors from out of town but not overnight will spend \$34 per person (per diem rates of lunch and dinner).
- Visitors staying in a vacation or seasonal home will spend \$10 per person per day in meals.
- Visitors staying in campgrounds will spend \$15 per person per day on food and beverages.
- Visitors staying overnight in hotels will spend \$46 per person per day on meals.
- Visitors staying on a boat will spend \$15 per person per day on food and beverages.

- Visitors staying at a friend's house will induce spending of approximately \$10 per person per day in meals.

Table 17. Estimates of Food Spending

	PERCENT OF VISITORS	AVERAGE NIGHTS	DAILY FOOD PER PERSON	TOTAL FOOD PER PERSON
From local area - just visiting Boldt Castle	0.48%	2.0	\$23	\$46
From out of the area but not staying overnight	0.24%	-	\$34	\$34
Staying at a vacation or seasonal home	37.8%	11.2	\$10	\$112
Staying overnight at a campground	20.7%	5.9	\$15	\$89
Staying overnight in a hotel or resort	27.1%	2.6	\$46	\$120
Staying overnight on a boat	5.2%	5.0	\$15	\$75
Staying overnight with friends or relatives (not at a vacation home)	7.9%	4.2	\$10	\$42

Source: WSP | Parsons Brinckerhoff

Based on the calculations and data presented in Table 17, the average Boldt Castle visitor **spends approximately \$101.17 in meals during their stay.**

4.2.1.3 INCIDENTALS

This analysis assumes the following incidentals

- Each visitor spends approximately \$25 per visitor in transportation/gasoline.
- Each visitor spends approximately \$8 in fare for boat shuttles to Boldt Castle.
- Each visitor spends approximately \$15 in retail in the region.

4.2.1.4 EXCLUDED EXPENDITURES

This analysis includes economic impacts from the operations of Boldt Castle. Therefore, the cost of admission and spending at the Castle are excluded in this portion because they are considered implicitly included by the operations. Furthermore, this analysis does not account for lodging expenditures for those staying in vacation or seasonal homes.

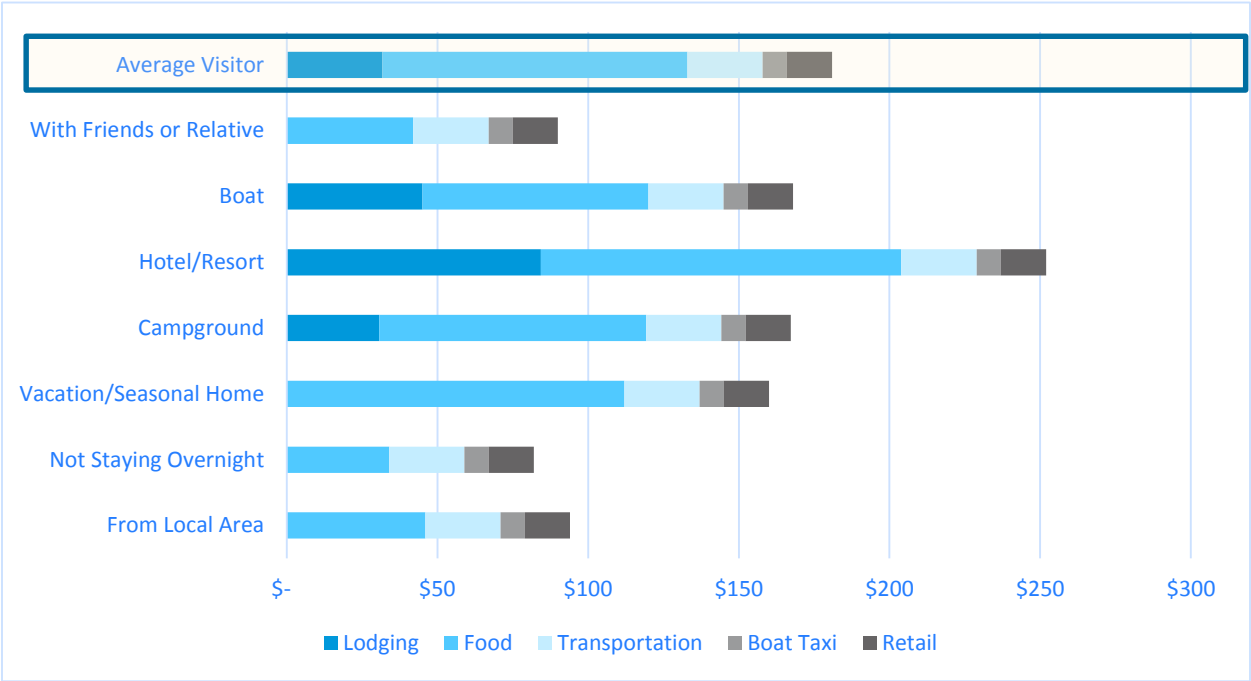
4.2.1.5 SUMMARY OF VISITOR SPENDING

Based on the profile of visitors by type, this analysis produced a weighted average of expenditures for a typical visitor. This analysis estimates that the **average Boldt Castle visitor spends \$180.91 in the local economy during the length of their visit or stay in the region.**

The spending pattern differs by visitor type (as seen in Figure 20). For the economic impact analysis, the average visitor is used. Based on 166,215 visitors to Boldt Castle in 2014/2015⁹, it is estimated that **visitors spent an annual total of \$30,069,901 in the local economy** during the 2014/2015 season.

⁹ Total visitors to Boldt Castle and Yacht House were 184,683. Some visitors may be counted twice since they can be counted once when visiting the Yacht House and again when visiting the Castle. TIBA indicates that approximately 10 percent of those visitors are counted twice. Therefore, the total number of unique visitors is estimated at 166,215.

Figure 20. Profile of Estimated Visitor Spending by Boldt Castle Visitor Type



Source: WSP | Parsons Brinckerhoff

4.3 BOLDT CASTLE OPERATIONS

The operations of Boldt Castle provide direct employment to the region, indirect effects through other purchasing related to ongoing operations, and induced effects as the employees use their earnings in economic activity throughout the region. The TIBA provided the study team with the Fiscal Year 2014/2015 budget.

This analysis summarizes the budget into various categories for economic analysis purposes. Overall, Boldt Castle expenditures are categorized by the following types of operations:

- Duty-Free Facility
- Boldt Facilities
- Heart Island Gift and Food Concessions
- Other Facilities and Programs (capital).

Types of costs included are as follows:

- Salaries, wages, and fringe benefits
- Utilities
- Insurance
- General supplies
- Maintenance and capital expenses

In total, the 2014/2015 budget includes expenditures of \$4,180,000 (Table 18). It is important to note that for economic impact analysis purposes, direct costs are used irrelevant of revenues. This avoids double counting, as revenues are used to pay for the costs of the operations.

Table 18. Boldt Castle Budget Expenses, 2014/2015

CATEGORY	TOTAL EXPENSES
Salaries, Wages, and Fringe	\$1,730,000
General Supplies	\$513,000
Utilities	\$48,000
Capital Improvements ¹⁰	\$1,382,000
All Other Expenses (commissions, advertising, computer support, travel, etc.).	\$507,000
Total	\$4,180,000

Source: Thousand Islands Bridge Authority

¹⁰ Capital improvements are estimated by TIBA to be generally consistent from year-to-year. Thus, this amount not only reflects the 2014/2015 budget, but also anticipated spending on capital projects for any given year.

5 ECONOMIC IMPACT ANALYSIS RESULTS

The inputs from the previous section were applied to IMPLAN™ economic analysis software, with the various expenditures applied to their appropriate industries.

Total impacts are from three components:

- Visitor Spending
- Direct Employment at Boldt Castle
- Other Boldt Castle Operations

5.1 VISITOR SPENDING

Based on 2014/2015 unique visitor numbers, it is estimated that paid visitors to Boldt Castle spend \$30,069,901 per year (from the totals of Section 4.2 above).

Visitor spending from Boldt Castle visitors generates a **total of 498 jobs** to the local economy. This translates to an additional economic activity in the region of **\$34.4 million in output**. Of this, **\$19.5 million is a contribution to value added**, or local GRP, and **\$11.5 million is additional wages** to local employees (Table 19).

BY THE NUMBERS

\$30.1 M

Annual Boldt Castle visitor spending in the region, 2014/2015

\$4.2 M

Annual Boldt Castle employment and operations spending, 2014/2015

604 Jobs

Directly or indirectly attributable to Boldt Castle in the region

\$39.9 M

Impact to regional economic output

\$23.1 M

Impact to gross regional product (GRP)

\$14.3 M

Impact to regional wages

\$4.4 M

Fiscal impact in additional state and local tax revenues

Table 19. Economic Impacts of Spending by Visitors Arriving to Boldt Castle (2014/2015 Season)

ECONOMIC IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED (GRP)	OUTPUT
Direct Effect	427	\$8,905,458	\$13,643,886	\$24,785,052
Indirect Effect	35	\$1,307,934	\$3,090,791	\$5,188,670
Induced Effect	36	\$1,241,880	\$2,729,018	\$4,425,962
Total Effect	498	\$11,455,271	\$19,463,695	\$34,399,684

Source: WSP | Parsons Brinckerhoff

5.2 BOLDT CASTLE EMPLOYMENT

Employment from Boldt Castle operations is treated separately from other expenditure types because those numbers are directly known by the agency. Furthermore, employment spending does not generate indirect effects. Instead, it is a direct effect to local households who then generate induced effects in the rest of the economy.

In 2015, Boldt Castle employed 13 year-round employees and 69 seasonal employees, according to the most recent budget from the TIBA. Salaries, wages and fringe benefits for these employees are \$1,730,000. This yields an average compensation of \$21,098 per employee. It should be noted that the total number of employees includes a significant number of seasonal employees and several part-time employees.

In total, employment at Boldt Castle generates **a total of 88 jobs per year** (which direct full time, seasonal, and part time workers, as well as induced employment). This translates to a total of **\$2.5 million in additional economic output** to the region, of which **\$2.2 million is additional GRP**, and **\$1.9 million is additional income** to local employees (Table 20).

Table 20. Economic Impacts of Direct Employment at Boldt Castle (2014/2015 Season)

ECONOMIC IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED (GRP)	OUTPUT
Direct Effect	82	\$1,730,000	\$1,730,000	\$1,730,000
Indirect Effect	-	-	-	-
Induced Effect	6	\$209,074	\$459,474	\$745,095
Total Effect	88	\$1,939,074	\$2,189,474	\$2,475,095

Source: WSP | Parsons Brinckerhoff

5.3 BOLDT CASTLE OPERATIONS

The remaining \$2.45 million in Boldt Castle spending impacts the economy as various suppliers and service providers benefit from additional spending. Operations spending at Boldt Castle generates a total of **18 jobs per year** in the region. This translates to a total of **\$3.0 million in additional economic output** to the region, of which **\$1.5 million is additional GRP** and **\$0.9 million is additional income** to local employees (Table 21).

Table 21. Economic Impacts of Operations Spending (Non-Employment) at Boldt Castle (2014/2015 Season)

ECONOMIC IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED (GRP)	OUTPUT
Direct Effect	11	\$652,502	\$892,637	\$2,015,353
Indirect Effect	5	\$140,284	\$354,979	\$612,468
Induced Effect	3	\$97,672	\$214,596	\$348,122
Total Effect	18	\$890,458	\$1,462,212	\$2,975,943

Source: WSP | Parsons Brinckerhoff

5.4 TOTAL ECONOMIC IMPACTS OF BOLDT CASTLE

Boldt Castle has a significant impact on the economy of the Thousand Islands International Region and Jefferson County. Through visitor spending, direct employment at Boldt Castle, and spending on operations, maintenance, and construction, the historic site generates economic activity totalling **604 annual jobs** based on 2014/2015 visitor data and the most recent budget.

Looked at another way, the castle generates **\$39.9 million in annual output** to the region based on 2014/2015 figures, adding that amount in gross sales to businesses in the Thousand Islands International Region. That economic activity translates to the regional value added, or **GRP, increasing by \$23.1 million per year**, and additional income to regional employees of **\$14.3 million annually in wages and compensation** (Table 22).

Table 22. Summary of Total Regional Economic Impacts Attributable to Boldt Castle (2014/2015 Season)

ECONOMIC IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED (GRP)	OUTPUT
Visitor Spending	498	\$11,455,271	\$19,463,695	\$34,399,684
Boldt Castle Employment	88	\$1,939,074	\$2,189,474	\$2,475,095
Boldt Castle Operations	18	\$890,458	\$1,462,212	\$2,975,943
Total Effect	604	\$14,284,803	\$23,115,381	\$39,850,722

Source: WSP | Parsons Brinckerhoff

For a sense of scale, the 604 jobs generated either directly, indirectly, or induced by Boldt Castle are equivalent to about **1.5 percent of all 2014 employment in Jefferson County** (41,212 jobs).

When scaled against tourism-related jobs (food service, hospitality, arts and entertainment), these **604 jobs are equivalent to 13 percent of employment in tourism-related industries** (4,669 jobs).

Furthermore, based on IMPLAN estimates for the economic activity mentioned, there are additional fiscal impacts to the county and state. Through a combination of social insurance taxes, production, sales, corporate, and personal taxes (estimated by IMPLAN), the additional economic activity generated by Boldt Castle yields an **annual \$4,426,222 in state and local taxes**.

Finally, it should be noted that all economic impacts presented in this section are based on visitation figures for the 2014/2015 season and budget figures for the 2014/2015 fiscal year. This analysis does not forecast economic impacts for any year other than 2014/2015. Annual economic impacts will vary for year to year. Impacts from visitor spending will follow trends in the number of visitors, and impacts from Boldt Castle operations will follow trends in their annual employment and budget. In short, **as visitation to Boldt Castle increases and as the Boldt Castle budget increases, so will its regional economic impacts**.

As Boldt Castle continues to be a positive economic engine to the Thousand Islands International Region and an upward trend in visitations continues, economic impacts will likely be greater in the years to come.

6 APPENDIX OF CASE STUDY DATA

FONTHILL HOUSE

Inputs

<u>Spending</u>	<u>Constant</u>	<u>Unit</u>
<u>Inside the House</u>		
<u>Main Services</u>		
Admissions	180,000	USD/Year
Souvenirs	6,000	USD/Year
<u>Other Services</u>		
Restaurants	-	USD/Year
Lodging	-	USD/Year
Transportation	-	USD/Year
Other	-	USD/Year
<u>Outside the House</u>		
<u>Meals, Shopping/Entertainment and Transportation</u>		
Meals	17	USD/Visitor
Shopping/Entertainment	15	USD/Visitor
Transportation	5	USD/Visitor
<u>Lodging</u>		
Hotel	55	USD/Day/Visitor
Campground	15	USD/Day/Visitor
Cabin	-	USD/Day/Visitor
<u>Visitors</u>		
<u>Number of Visitors</u>		
Number of Visitors	28,000	Visitor/Year
Corrected Number of Visitors	21,280	Visitor/Year
Correction Factor	0.76	
<u>Correction Factor</u>		
Non-regional Visitors	95	%
Primary Motivation	80	%
<u>Visitor Type</u>		
Daytrippers	40	%
1-Night Overnights	20	%
2-Nights Overnights	40	%
<u>Lodging Type</u>		
Hotel	90	%
Campground	10	%
Cabin	-	%
<u>Number of Meals per Visitor</u>		
Daytrippers	1	Meals
1-Night Overnights	3	Meals
2-Nights Overnights	5	Meals
<u>Shopping/Entertainment & Transportation Correction Factor</u>		
Daytrippers	1	
1-Night Overnights	1.2	
2-Nights Overnights	1.5	

Outputs

<u>Impact Inside the House</u>	<u>Constant</u>	<u>Unit</u>
<u>Main Services</u>		
Admissions	136,800	USD/Year
Souvenirs	4,560	USD/Year
<u>Other Services</u>		
Restaurants	-	USD/Year
Lodging	-	USD/Year
Transportation	-	USD/Year
Other	-	USD/Year
<u>Total</u>		
Total	141,360	USD/Year
<u>Impact Outside the House</u>		
<u>Meals, Shopping/Entertainment and Transportation</u>		
<u>Daytrippers</u>		
Meals	17	USD/Visitor
Shopping/Entertainment	15	USD/Visitor
Transportation	5	USD/Visitor
Total per daytripper	37	USD/Visitor
<u>1-Night Overnighter</u>		
Meals	51	USD/Visitor
Shopping/Entertainment	18.00	USD/Visitor
Transportation	6	USD/Visitor
Total per 1-Night Overnighter	75	USD/Visitor
<u>2-Night Overnighter</u>		
Meals	85	USD/Visitor
Shopping/Entertainment	23	USD/Visitor
Transportation	8	USD/Visitor
Total per 2-Night Overnighter	115	USD/Visitor
<u>All Visitors</u>		
Total	1,613,024	USD/Year
<u>Lodging</u>		
<u>1-Night Overnighter</u>		
Hotel	55	USD/Visitor
Campground	15	USD/Visitor
Cabin	-	USD/Visitor
Total	217,056	USD/Year
<u>2-Night Overnighter</u>		
Hotel	110	USD/Visitor
Campground	30	USD/Visitor
Cabin	-	USD/Visitor
Total	868,224	USD/Year
<u>Overall Economic Impact</u>		
Total	2,839,664	USD/Year
Total per Visitor	133	USD/Visitor

GREY TOWERS

Inputs

	Constant	Unit
<u>Spending</u>		
<u>Inside the House</u>		
<u>Main Services</u>		
Admissions	65,000	USD/Year
Souvenirs	1,950	USD/Year
<u>Other Services</u>		
Restaurants	-	USD/Year
Lodging	-	USD/Year
Transportation	-	USD/Year
Other	-	USD/Year
<u>Outside the House</u>		
<u>Meals, Shopping/Entertainment and Transportation</u>		
Meals	20	USD/Visitor
Shopping/Entertainment	17	USD/Visitor
Transportation	5	USD/Visitor
<u>Lodging</u>		
Hotel	65	USD/Day/Visitor
Campground	20	USD/Day/Visitor
Cabin	65	USD/Day/Visitor
<u>Visitors</u>		
<u>Number of Visitors</u>		
Number of Visitors	16,000	Visitor/Year
Corrected Number of Visitors	3,200	Visitor/Year
Correction Factor	0.20	
<u>Correction Factor</u>		
Non-regional Visitors	50	%
Primary Motivation	40	%
<u>Visitor Type</u>		
Daytrippers	50	%
1-Night Overnights	5	%
2-Nights Overnights	45	%
<u>Lodging Type</u>		
Hotel	60	%
Campground	20	%
Cabin	20	%
<u>Number of Meals per Visitor</u>		
Daytrippers	1	Meals
1-Night Overnights	3	Meals
2-Nights Overnights	5	Meals
<u>Shopping/Entertainment & Transportation Correction Factor</u>		
Daytrippers	1	
1-Night Overnights	1.2	
2-Nights Overnights	1.5	

Outputs

	Constant	Unit
<u>Impact Inside the House</u>		
<u>Main Services</u>		
Admissions	13,000	USD/Year
Souvenirs	390	USD/Year
<u>Other Services</u>		
Restaurants	-	USD/Year
Lodging	-	USD/Year
Transportation	-	USD/Year
Other	-	USD/Year
<u>Total</u>		
Total	13,390	USD/Year
<u>Impact Outside the House</u>		
<u>Meals, Shopping/Entertainment and Transportation</u>		
<u>Daytrippers</u>		
Meals	20	USD/Visitor
Shopping/Entertainment	17	USD/Visitor
Transportation	5	USD/Visitor
Total per daytripper	42	USD/Visitor
<u>1-Night Overnighter</u>		
Meals	60	USD/Visitor
Shopping/Entertainment	20.40	USD/Visitor
Transportation	6	USD/Visitor
Total per 1-Night Overnighter	86	USD/Visitor
<u>2-Night Overnighter</u>		
Meals	100	USD/Visitor
Shopping/Entertainment	26	USD/Visitor
Transportation	8	USD/Visitor
Total per 2-Night Overnighter	133	USD/Visitor
<u>All Visitors</u>		
Total	272,544	USD/Year
<u>Lodging</u>		
<u>1-Night Overnighter</u>		
Hotel	65	USD/Visitor
Campground	20	USD/Visitor
Cabin	65	USD/Visitor
Total	8,960	USD/Year
<u>2-Night Overnighter</u>		
Hotel	130	USD/Visitor
Campground	40	USD/Visitor
Cabin	130	USD/Visitor
Total	161,280	USD/Year
<u>Overall Economic Impact</u>		
Total	456,174	USD/Year
Total per Visitor	143	USD/Visitor

HEARST CASTLE

Inputs

	Constant	Unit
<u>Spending</u>		
<u>Inside the House</u>		
<u>Main Services</u>		
Admissions	16,747,500	USD/Year
Souvenirs	502,425	USD/Year
<u>Other Services</u>		
Restaurants	502,425	USD/Year
Lodging	-	USD/Year
Transportation	502,425	USD/Year
Other (IMAX)	502,425	USD/Year
<u>Outside the House</u>		
<u>Meals, Shopping/Entertainment and Transportation</u>		
Meals	20	USD/Visitor
Shopping/Entertainment	20	USD/Visitor
Transportation	10	USD/Visitor
<u>Lodging</u>		
Hotel	75	USD/Day/Visitor
Campground	25	USD/Day/Visitor
Cabin	-	USD/Day/Visitor
<u>Visitors</u>		
<u>Number of Visitors</u>		
Number of Visitors	770,000	Visitor/Year
Corrected Number of Visitors	539,000	Visitor/Year
Correction Factor	0.70	
<u>Correction Factor</u>		
Non-regional Visitors	100	%
Primary Motivation	70	%
<u>Visitor Type</u>		
Daytrippers	10	%
1-Night Overnights	10	%
2-Nights Overnights	80	%
<u>Lodging Type</u>		
Hotel	90	%
Campground	10	%
Cabin	-	%
<u>Number of Meals per Visitor</u>		
Daytrippers	-	Meals
1-Night Overnights	2	Meals
2-Nights Overnights	4	Meals
<u>Shopping/Entertainment & Transportation Correction Factor</u>		
Daytrippers	1	
1-Night Overnights	1.2	
2-Nights Overnights	1.5	

Outputs

	Constant	Unit
<u>Impact Inside the House</u>		
<u>Main Services</u>		
Admissions	11,723,250	USD/Year
Souvenirs	351,698	USD/Year
<u>Other Services</u>		
Restaurants	351,698	USD/Year
Lodging	-	USD/Year
Transportation	351,698	USD/Year
Other	351,698	USD/Year
<u>Total</u>		
Total	13,130,040	USD/Year
<u>Impact Outside the House</u>		
<u>Meals, Shopping/Entertainment and Transportation</u>		
<u>Daytrippers</u>		
Meals	-	USD/Visitor
Shopping/Entertainment	20	USD/Visitor
Transportation	10	USD/Visitor
Total per daytripper	30	USD/Visitor
<u>1-Night Overnighter</u>		
Meals	40	USD/Visitor
Shopping/Entertainment	24.00	USD/Visitor
Transportation	12	USD/Visitor
Total per 1-Night Overnighter	76	USD/Visitor
<u>2-Night Overnighter</u>		
Meals	80	USD/Visitor
Shopping/Entertainment	30	USD/Visitor
Transportation	15	USD/Visitor
Total per 2-Night Overnighter	125	USD/Visitor
<u>All Visitors</u>		
Total	59,613,400	USD/Year
<u>Lodging</u>		
<u>1-Night Overnighter</u>		
Hotel	75	USD/Visitor
Campground	25	USD/Visitor
Cabin	-	USD/Visitor
Total	3,773,000	USD/Year
<u>2-Night Overnighter</u>		
Hotel	150	USD/Visitor
Campground	50	USD/Visitor
Cabin	-	USD/Visitor
Total	60,368,000	USD/Year
<u>Overall Economic Impact</u>		
Total	136,884,440	USD/Year
Total per Visitor	254	USD/Visitor

7 APPENDIX – IMPACTS OF CANADIAN VISITORS NOT LANDING ON HEART ISLAND

The Thousand Islands Bridge Authority estimates that nearly 500,000 annual visitors view Boldt Castle from the Saint Lawrence River on Canadian chartered boats but do not set foot onto U.S. soil for lack of a passport or visa. However, Boldt Castle is an important attraction for visitors to Frontenac County, Ontario as well, and consideration should be made for these visitors.

Because these visitors do not directly visit the island, there are no precise counts of the number of tourists enjoying the presence of Boldt Castle and its views. However, visitor data previously mentioned indicated that after 2001, visitations to Boldt Castle have decreased by 49,000 visitors compared to the pre-9/11 peak. For Canadian visitors not entering the island, this analysis makes the following assumptions:

- Approximately 100,000 of the “float by” visitors (visitors on cruises that view Boldt Castle but do not arrive on the island) are attributable to the presence of Boldt Castle and visit Frontenac County for tourism to see the historic home. This is a modest estimate based on the known 49,000 visitors lost due to Customs restrictions and less than the estimated 500,000 total tourists. However, it is possible that this number can be as high as the 500,000 visitors who float by on cruise boats.
- The visitor spending profile is the same \$181 per visitor as the visitors who arrive at Boldt Castle. However, their spending accrues to Ontario in Frontenac, Leeds and Grenville Counties.

Based on these assumptions, Canadian visitors enjoying Boldt Castle by boat cruise, but not arriving on the island, spend a **total of \$18,091,000 U.S. dollars in the Ontario portion of the Thousand Islands International Region**. Using these spending patterns, this analysis estimates that spending from Canadian visitors who take cruises on the Saint Lawrence River to see Boldt Castle but do not arrive at the castle, generate **303 annual jobs to the Thousand Islands International Region in Ontario**. Their spending generates **\$20.8 million (U.S. dollars) in economic output**, of which **\$11.7 million is additional GRP** and **\$6.9 million is additional labor income** (Table 23).

Table 23. Economic Impacts of Canadian Visitors on Boat Tours, but not Arriving at Boldt Castle (2014/2015 Season)

ECONOMIC IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED (GRP)	OUTPUT
Direct Effect	260	\$5,381,192	\$8,188,392	\$15,025,896
Indirect Effect	21	\$792,208	\$1,874,930	\$3,145,848
Induced Effect	22	\$750,566	\$1,649,364	\$2,674,958
Total Effect	303	\$6,923,966	\$11,712,685	\$20,846,701

Source: WSP | Parsons Brinckerhoff