

October 2020

Lewis Clark Valley Cruise Boat Industry

Economic Impact Assessment

PREPARED FOR

Port of
Lewiston
Idaho - USA

Port
Clarkston
A NEW WAY TO GROW.



PREPARED BY

McDowell
GROUP

October 2020

Lewis Clark Valley Cruise Boat Industry

Economic Impact Assessment

PREPARED FOR



PREPARED BY



Table of Contents

- Executive Summary..... 1**
- Introduction and Methodology..... 3**
- Lewis Clark Valley Cruise Industry..... 4**
 - History of Riverboats in Lewis Clark Valley..... 4
 - Cruise Ship and Passenger Volume..... 5
 - Vessel Travel Patterns..... 6
 - Passenger Travel Patterns..... 7
 - Passenger Tours..... 8
 - Additional Spending Opportunities..... 9
 - Annual Variability..... 11
- Lewis Clark Valley Economy..... 12**
 - Population..... 12
 - Gross Domestic Product..... 12
 - Employment and Wages..... 13
 - Sales and Lodging Taxes..... 14
- Cruise Industry Economic Analysis..... 16**
 - Direct Cruise Industry Spending..... 16
 - Tax Revenues..... 19
 - Total Economic Impacts..... 19
- Appendix..... 21**

Executive Summary

The increase of riverboat traffic to the Lewis Clark Valley in recent years has created the need for a better understanding of the industry. How many visitors are these vessels bringing to the region? How much money are they spending with local businesses? What role does industry play in our economy? The Ports of Clarkston and Lewiston, with support from local stakeholder organizations, contracted with McDowell Group, a Pacific Northwest research and consulting firm, to conduct an economic impact analysis of the industry in 2019. Primary sources included cruise lines, cruise docking schedules, Port staff, Visit Lewis Clark Valley, and local tour and lodging providers, in addition to McDowell Group's internal tourism data library. Following are key findings of the study.



Sources: Snake River Adventures (top); Port of Clarkston (bottom).

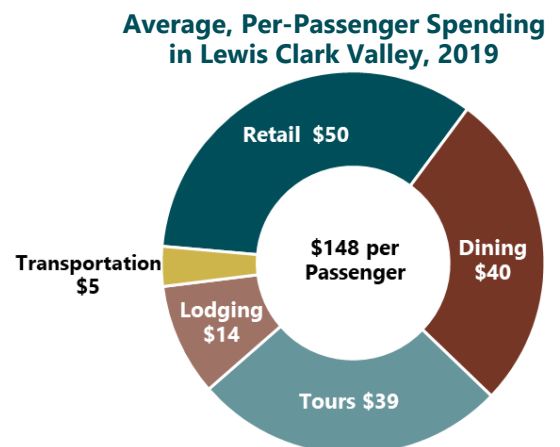
Vessel and Passenger Traffic

Four cruise lines brought seven vessels on 72 port calls to Clarkston in 2019. These vessels carried approximately 19,000 passengers and 335 crew members. (Passenger volume would have reached 21,000 had the Bonneville Dam closure not disrupted riverboat traffic in September.) American Cruise Lines accounted for the majority (58%) of passengers, while American Queen Steamboat Company accounted for most of the rest (37%). Lindblad Expeditions and UnCruise Adventures accounted for 4% and 2% of passenger volume, respectively.



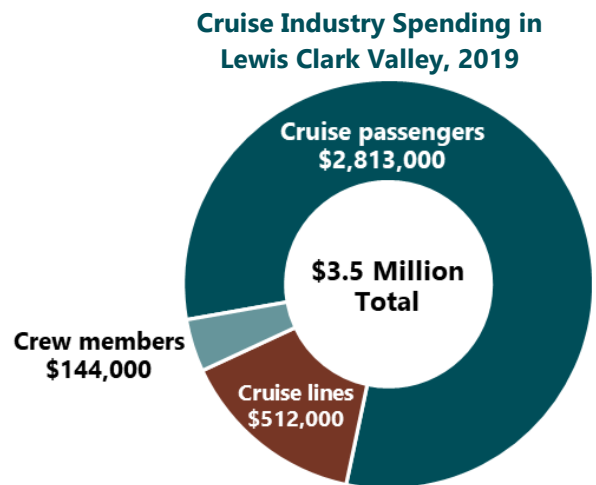
Passenger Spending

Cruise passengers make a variety of purchases while in the area, including eating in local restaurants, shopping for souvenirs, and taking local excursions like the jet-boat tour to Hells Canyon. Some also add on nights to their trip by staying in local lodging. This study estimates that passengers spent an average of \$148 per person, per trip in the Lewis Clark Valley in 2019. About one-third of their spending (\$50) is attributable to retail, \$40 to dining, \$39 to tours, \$14 to lodging, and \$5 to transportation.



Cruise Industry Spending

Passenger spending is estimated to have totaled \$2.8 million in 2019. Cruise lines have an additional impact in the local economy: they pay tour providers (for tours included in the cruise package), they pay the Port for moorage and utilities, and they buy provisions and fuel for their next voyage. Cruise line spending is estimated at \$512,000 in 2019. Crew members also make local purchases while in port and are estimated to have spent \$144,000 in the area. Combining spending by passengers, crew, and cruise lines, the industry spent an estimated \$3.5 million in the area in 2019.



Cruise Industry Impacts

Cruise industry spending in the region is estimated to account for 50 direct jobs at the peak of the visitor season and nearly \$1.0 million in payroll in 2019. However, the impacts of the cruise industry in the Lewis Clark Valley reach beyond the dollars spent by passengers, crew members, and cruise lines. Businesses catering to the industry employ (and pay wages to) local residents, in addition to making local purchases in support of their operations. When these indirect impacts are added to the direct impacts, total impacts associated with the cruise industry is estimated at a peak of 70 jobs in the visitor season and \$1.4 million in payroll.

Including passenger, cruise line, crew spending and multiplier effects, total economic output supported by the riverboat industry in Lewis Clark Valley in 2019 is estimated at \$4.0 million.

Lewis Clark Valley Cruise Industry Impacts, 2019
Direct Jobs: 50
Direct Payroll: \$994,000
Total Jobs: 70
Total Payroll: \$1,365,000
Output: \$4.0 million

Additional Impacts

While not quantifiable, it is important to recognize two additional impacts of the cruise industry: returning visitors and word-of-mouth. Cruise passengers visiting the Lewis Clark Valley are likely experiencing the region for the first time, and a portion of them may decide to return as independent travelers. They may also tell friends and family about their positive impression of the region, in turn drawing more visitors to the area; positive word-of-mouth is consistently cited as a strong influence in travel decisions.^{1, 2} In the last decade alone, the cruise industry has brought nearly 130,000 visitors to the area, all of them representing a potential source of repeat visitation and/or positive word-of-mouth.

¹ <http://sath.org/the-power-of-word-of-mouth>

² https://mk0destinationajcrrq.kinstacdn.com/wp-content/uploads/2020/05/des_report_winter_SoAT_2020_v3-1.pdf

Introduction and Methodology

Introduction

The Lewis Clark Valley has been welcoming riverboat cruise traffic for several decades. Recent years have seen a marked uptick in the number of vessels, with additional growth expected in the future. Riverboat passengers visit local restaurants and hotels, purchase souvenirs, and participate in tours, yet the exact nature of this spending has never been studied. To better understand the economic role of riverboat cruises in the area, the Ports of Clarkston and Lewiston, with support from stakeholder organizations, commissioned an economic impact analysis of the region's cruise industry. McDowell Group is a Pacific Northwest-based consulting firm with decades of experience in both cruise industry and community economic analysis. This report is the first phase of a project that will include a market analysis and community action plan to maximize economic benefits from the industry.

Methodology

The study team used a variety of sources to inform the economic analysis, including:

- Visitation data and spending information from the four cruise lines active in the region:
 - American Cruise Line (ACL)
 - American Queen Steamboat Company (AQSC)
 - Lindblad Expeditions
 - UnCruise Adventures.
- Interviews with cruise line representatives, Visit Lewis Clark Valley, Snake River Adventures and other tour providers, local lodging and rental car providers, local merchants, and Port of Clarkston. (A list of contacts is provided in the Appendix.)
- Docking schedules and payment information from the Port of Clarkston.
- Additional information provided by the project Steering Committee including waterfront development plans and destination marketing information.

Economic impact modeling was conducted using the US Bureau of Economic Analysis (BEA) Regional Input-Output Modeling System (RIMS II), a widely used input/output modeling tool. The economic impact study region is defined as the Lewiston, ID-WA Metropolitan Statistical Area (MSA), a geographic region including only Asotin County, WA and Nez Perce County, ID. All dollar figures are based on 2019 USD.

Because the COVID-19 pandemic forced the 2020 riverboat season to be cancelled, this study treats 2019 as the study period. It should be noted that while 2019 reached a peak level of vessel traffic, several port calls were cancelled due to the Bonneville Dam closure. Additional detail is provided in the body of the report.

A Steering Committee provided oversight on the project; a list of committee members is included in the Appendix.

Lewis Clark Valley Cruise Industry

This section presents an overview of the cruise industry in the Lewis Clark Valley: history, vessel and passenger visitation data, passenger and crew activities in the area, and a snapshot of the industry's 2019 season.

History of Riverboats in Lewis Clark Valley

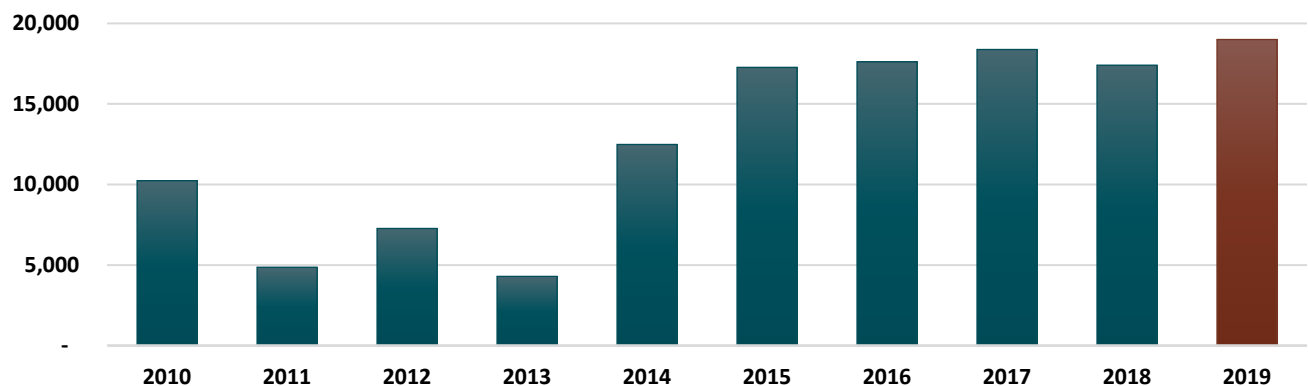
Riverboat cruises have been sailing to the Lewis Clark Valley for several decades. According to the Port of Clarkston, the first documented cruise port call was in 1980 by the Glacier Bay Explorer, then owned by Exploration Cruise Line.³ The Port of Wilma also welcomed port calls in the initial years of the industry. For a couple of decades traffic to the region fluctuated: the regional small cruise/riverboat industry underwent significant changes, including several bankruptcies and mergers. Cruise lines visiting the Lewis Clark Valley in those initial years included Cruise West, American Safari Cruises, Lindblad Expeditions, American West Steamboat Co., and Majestic America.



Queen of the West and Crystal Dolphin at Port of Clarkston, 1997. Source: Port of Clarkston.

There were many stops and starts as lines entered and exited the market, but overall traffic gradually increased over time. Over the last decade, traffic has fluctuated from a low of about 4,000 in 2013 to 19,000 in 2019. A major turning point in the industry occurred in 2014, when American Cruise Lines started a one-week itinerary between Portland and Clarkston. Other lines followed suit, and this is now the standard cruise itinerary on the Columbia/Snake River system, with a few exceptions.

Clarkston Riverboat Passenger Traffic, 2010-2019



Sources: Port of Clarkston and cruise lines. 2010-2018 traffic based on passenger capacity and number of calls; 2019 traffic based on data provided by cruise lines.

³ All information in this section is adapted from the document "Cruising Through History," by the Port of Clarkston.

As riverboat traffic fluctuated over the years, the Port of Clarkston invested in cruise industry infrastructure. They funded construction of a 100-foot dock in 1989, then lengthened the dock to 200 feet in 1991. This dock was destroyed in 1992 due to an experimental drawdown of the Granite Lake pool; it was rebuilt in the following couple of years. The dock was subsequently lengthened to 480 feet in 1995, then to 586 feet in 2004. In recent years, most cruise vessels have used this dock (Port of Clarkston Cruise Riverboat Dock); a second dock at 14th street provides additional moorage space.

Over the last several years, two lines have emerged as the primary providers of cruises to the Lewis Clark Valley: American Cruise Lines and American Queen Steamboat Company. These lines have consistently added capacity, bringing more and more passengers to the region, with plans to continue expanding (although the COVID-19 pandemic has introduced some uncertainty).

The year 2019 was the industry's highest volume season to date; however, the unexpected closure of the Bonneville Lake Dam in September resulted in the cancellation of several cruises, and itinerary changes for others. Additional detail on 2019 traffic is provided in the following sections.



Source: Port of Clarkston.

Cruise Ship and Passenger Volume

Cruise Lines and Vessels

Four cruise lines visited the Lewis Clark Valley in 2019: American Cruise Lines (ACL), American Queen Steamboat Company (AQSC), Lindblad Expeditions, and UnCruise Adventures. Together, these lines brought seven vessels to Clarkston in 2019, representing 72 port calls and 137 cruises. "Cruises" means separate groups of passengers. The number of cruises is about twice the number of port calls, because (usually) when a vessel calls at Clarkston, they disembark one group of passengers, and embark a second group.

American Cruise Lines represents the largest number of vessels (three) as well as port calls (45) among the four lines. AQSC brought one vessel on 18 visits; Lindblad brought one vessel on five visits; and UnCruise brought two vessels on four visits.

Vessel capacity ranges from 76 passengers (and 26 crew members) on the Wilderness Discoverer to 230 passengers (and 85 crew members) on the American Empress.

See table, next page.

Passengers and Crew

Approximately 19,000 passengers visited Clarkston in 2019. ACL represented the majority of passenger volume, at 11,000 passengers and 58% of the annual total, while AQSC represented over one-third (37%; 7,000 passengers). Lindblad and UnCruise represented 4% and 2%, respectively.

Over 300 crew members also visited Clarkston in 2019, most of them visiting 15 or more times over the course of the season. Riverboat vessels generally have a 3-to-1 passenger-to-crew ratio.

Table 1. Port of Clarkston Riverboat Traffic, 2019

	Passenger Capacity	Crew Capacity	Number of Port Calls	Number of Cruises	Total Passengers
American Cruise Line	453	155	45	86	11,000
Queen of the West	120	47	15	30	*
American Pride	150	43	13	25	*
American Song	183	65	16	31	*
American Queen Steamboat Co.	230	85	18	36	7,000
American Empress	230	85	18	36	7,000
Lindblad Expeditions	176	35	5	10	750
Quest	100	35	5	10	750
UnCruise Adventures	162	60	4	5	350
SS Legacy	86	34	1	2	150
Wilderness Discoverer	76	26	3	3	200
Total	1,021	335	72	137	19,000

Sources: Visit Lewis Clark Valley, cruise lines, online calendars. Passenger numbers have been rounded.

*Passengers by vessel was not available.

Vessel Travel Patterns

Season

The 2019 Columbia/Snake cruise season started in late April and ran through early November. ACL and AQSC operate cruises throughout this period, while UnCruise and Lindblad only sail in the region in the early and/or late parts of the seasons, as bookends to their Alaska cruising season.

Vessel Schedule

Nearly all cruises in the Lewis Clark Valley use Clarkston as a turnaround port, with Portland serving as the other end of the itinerary. With a few exceptions, cruise activity occurred between Fridays and Tuesdays in 2019. Vessels typically spend one or two nights in Clarkston. Schedule examples from the Port's dock calendars for 2018 and 2019 are shown below. ACL vessels tended to stay tied up for a little over a day, while the AQSC vessel stayed for over two days.

See table, next page.

Table 2. Vessel Schedule Examples

Vessel	Arrival	Departure	Length of Stay
American Song	Friday 11am	Saturday 1:30pm	26.5 hours
American Pride	Friday 11am	Saturday 1:30pm	26.5 hours
Queen of the West	Saturday 11am	Sunday 1:30pm	26.5 hours
American Empress	Sunday 10am	Tuesday 3:30pm	53.5 hours
SS Legacy	Saturday 6:30pm	Sunday 6pm	23.5 hours
Quest	Monday 5am	Wednesday 10pm	65.0 hours

Source: Port of Clarkston cruise calendars. Exact schedules vary.

Passenger Travel Patterns

American Cruise Lines

ACL passengers who begin their cruise in Clarkston are provided a one-night hotel stay as part of their cruise package. According to information provided by lodging providers, about one-third of these passengers stay in Clarkston, while two-thirds stay in Spokane. Clarkston overnights usually stay at the Holiday Inn, located adjacent to the Port of Clarkston cruise dock; the Red Lion Lewiston serves as back-up lodging when the Holiday Inn is full. Westbound passengers have the option of adding a "Premium Pre-Cruise Package" that includes a second night in Clarkston as well as the jet-boat tour to Hells Canyon. Among all overnighting guests at the Holiday Inn, about three-quarters stay two nights, and one-quarter stay one night.

ACL passengers arriving into Clarkston at the conclusion of their cruise generally do not stay in Clarkston lodging. After arriving in the morning and participating in a jetboat or a day tour to the Nez Perce National Historic Park, exploring on their own, or simply relaxing onboard, they spend one more night aboard the ship before catching their flight home.

American Queen Steamboat Company

AQSC passengers who begin their cruise in Clarkston are usually bussed from Spokane, where they have already spent the first night or two of their trip. Once in Clarkston they embark for a welcome dinner and their first night onboard. Their first full day in the area is usually spent on the jetboat excursion or a bus tour of the area provided by the cruise line (see below). They re-embark in the evening and sail the following morning.

When AQSC passengers arrive at Clarkston after their river cruise, some are bussed four blocks to the 7th Street dock where they embark for a jetboat excursion to Hells Canyon. Most other passengers participate in the city bus tour. At the end of their day, all passengers re-embark for their last night onboard. The next morning they disembark; most are bussed to Spokane to catch their flight home or spend additional nights.

Lindblad and UnCruise

In 2019, neither Lindblad nor UnCruise offered extra nights in local lodging as part of (or in addition to) their cruise packages. UnCruise and Lindblad passengers use both the Spokane and Lewiston airports. Nearly all these passengers participate in the jetboat tour as it is included in their package price. Lindblad and UnCruise are reported to reserve a day-use room at the Holiday Inn for passengers to spend time before or after their cruise.

Independent Add-Ons

While the vast majority of riverboat passengers follow the itineraries suggested (and sold) by their cruise line, some passengers add extra hotel nights in the area, sometimes renting cars rather than using transportation provided by the cruise lines. These passengers have the opportunity to hire local guides for personalized tours and visit places “off the beaten path” of the riverboat market, like golf courses and wineries.

Passenger Tours

Jet Boat Excursion

Roughly 40% of riverboat passengers participate in the Hells Canyon jetboat excursion, a six-hour tour that travels 50 miles up the Snake River through the deepest river gorge in North America. The tour includes a lunch stop at Garden Creek Ranch. ACL and AQSC passengers pay the cruise line for this optional add-on excursion, while it is included in the cruise package for UnCruise and Lindblad guests.



Source: Snake River Adventures.

Bus Tours

AQSC passengers who do not participate in the jet boat tour usually participate in a “Hop-On Hop-Off” tour of the area, including Nez Perce National Historical Park, First Territorial Capitol Interpretive Center, Bridablik/Schroeder House, Nez Perce County Historical Society Museum and Visitor Center, and downtown Lewiston (see map below). Three buses run a continuous loop, allowing passengers to vary the length of time they spend at each stop. The bus tour is included in the cruise package price. All buses are owned by AQSC and travel to each port along the cruise route.

See map, next page

Included Hop-On Hop-Off Tour

- ★ NEZ PERCE NATIONAL HISTORICAL PARK [A]
- ★ FIRST TERRITORIAL CAPITOL INTERPRETIVE CENTER [B]
- ★ BRIDALVEIL/SCHROEDER HOUSE [C]
- ★ NEZ PERCE CO. HISTORICAL SOCIETY MUSEUM & VISITOR CENTER [D]
- ★ LEWIS CLARK STATE COLLEGE CENTER FOR ARTS & HISTORY [E]
- PORT DRIVE & 9TH STREET ATTRACTIONS
 - [F] WALMART SUPERCENTER
 - [G] BASALT CELLARS
 - [H] RIVERPORT BREWING
 - [I] VINET LEWIS CLARK VALLEY

COMPLETE ROUND TRIP TIME: 1 HOUR

★ INCLUDED ATTRACTIONS - THIS STAR INDICATES THAT ANY ADMISSION OR DONATION COSTS HAVE BEEN PAID BY AMERICAN QUEEN STEAMBOAT COMPANY.

Featured Local Eateries

WITHIN WALKING DISTANCE OF HOP-ON/HOP-OFF STOPS

- [F] ROOSTERS WATERFRONT
1030 Port Way | (208) 723-0125 | Coast Strip #3 | 11:00 AM – 9:00 PM
- [G] THE BLUE LANTERN COFFEE HOUSE
126 Main St. | (208) 413-6704 | Coast Strip #4 | 7:00 AM – 8:00 PM (Sat)
8:00 AM – 1:00 PM (Sun)
- [H] SEASONS BITES AND BURGERS
301 Main St. | (208) 798-0994 | Coast Strip #4 | 11:00 AM – 9:00 PM (Tue)
Closed (Wed)

Shopping Opportunities

- [J] RIVER CHICKS ANTIQUES & KNICKS
- [K] JIANGAR ANTIQ/MALL
- [L] THE DIAMOND SHOP
- [M] AMPRESSAND O'H + VINEGAR TAFTQUEST

ACL does not offer an equivalent multi-stop bus tour, although they do provide a complimentary bus tour to the Nez Perce National Historic Park. This tour is only available to passengers ending their cruise in Clarkston. (ACL recently purchased their own buses to transport passengers to local attractions; they would have been used in the 2020 season.)

AQSC passengers have the option of a “Lewis Clark Valley Wine Tour” that includes three wineries (Lindsay Creek Vineyards, Clearwater Canyon Cellars, and Vine 46) plus the Ampersand Oil & Vinegar Tap House. Like the jetboat tour, passengers pay extra for this tour.

AQSC tour bus passengers have multiple places to make retail purchases; there are shops at each of the stops, including in downtown Lewiston where retail/dining opportunities include antique shops, boutiques, cafes, and restaurants. AQSC passengers tend to eat most meals onboard.

ACL passengers who are staying at the Holiday Inn tend to make purchases in the immediate vicinity, as ACL does not transport passengers to multiple sites with shopping opportunities, and there are limited taxi/rideshare options. Dining/retail opportunities in the area include a restaurant and shop in the hotel, Roosters Waterfront

Restaurant, Basalt Cellars, Riverport Brewing, Walmart, and Costco. Breakfast is included in their hotel package, and some lunches are provided onboard and on the jetboat tour, but many eat dinner in local restaurants.

The jet boat operator has a gift shop at their lunch stop (Garden Creek Ranch) and reports that many passengers purchase souvenirs there.

One contact noted that Walmart started carrying local t-shirts and other souvenirs to serve the riverboat market, as many passengers were asking for such items. Passengers also use Walmart for its pharmacy and to purchase items they may have forgotten to pack such as sunhats and sunscreen.

Purchasing local wines to take home is reportedly popular among passengers of all the cruise lines. Wine experts are sometimes engaged to give lectures and wine tasting onboard, and passengers are able to purchase local wines during the winery tour and visits to local retailers such as Basalt Cellars.

Transportation

Both the Holiday Inn and Red Lion Lewiston provide complimentary shuttle service to and from the Lewiston Airport, and cruise lines offer bus service to and from Spokane. However, cruise passengers do have opportunities to make transportation-related purchases in the area:

- Taxis: Some passengers take taxis from the cruise dock to explore Clarkston/Lewiston or to run errands.
- Rental cars: ACL and Lindblad passengers are the most likely to rent cars according to a local agency; they tend to be eastbound passengers (that is, at the end of their cruise). Often, they rent a car to drive to airports in Spokane or Portland, where they drop the car off.
- Gas: Rental car customers nearly always purchase gas in the area.

Factors Affecting Spending Behavior

Riverboat passengers have a wide range of spending opportunities, depending on their cruise line, itinerary, tour participation, and personal preferences. Factors that can affect spending include the following.

- Passengers with one or two extra nights in Clarkston have additional time for retail and dining expenditures, in addition to spending on accommodations.
- The area around the primary cruise dock has limited shopping options compared to many cruise ports.
- It was reported some local retail shops close on Sundays and/or Mondays, further limiting spending opportunities for cruise passengers.
- Several contacts noted that a lack of transportation options is a barrier for cruise passengers wanting to access shopping opportunities.
- Passengers ending their cruise in Clarkston are reportedly less likely to spend than those starting their cruise: they are more likely to be too tired from their trip to shop, and they may have expended their travel budget in previous ports.

- Passengers on the AQSC tour bus are given multiple spending opportunities at the various stops, whereas other passengers may only visit one or two of these stops, if any.
- Dining expenditures are influenced by what is already included in packages. For example, Holiday Inn guests have breakfast included in their package, and many meals are provided onboard while the ship is docked. The jetboat tour also includes lunch.
- Transportation expenditures are likewise influenced by what is included in packages versus out-of-pocket. Many passengers use the options provided by the cruise lines (in the case of the Spokane airport) or hotels (for passengers using the Lewiston airport).

Annual Variability

While this report focuses on the economic role of riverboat passengers in the 2019 season, it is important to note that the industry changes year to year. Different cruise lines will enter and exit the market, for example, or switch out vessels from one year to the next. Lines experiment with different itineraries, tour offerings, and lodging providers. (These decisions will be examined in greater detail in the market assessment phase of the project.) Cruise lines also make different types of purchases every year, such as buying fuel in the area one year but choosing another provider the next year. There are also unforeseen events such as a vessel breakdown, or the closure of the Bonneville Locks (see below). This study examines the impacts of the most recent year, and should not be seen as representative of every year.

Bonneville Lock Closure

The Bonneville Lock closure in 2019 significantly disrupted the cruise season. On September 5, a leak was found that required extensive repairs and kept a portion of the river closed to traffic until September 27.⁴ ACL reported canceling 10 cruises. AQSC's vessel was already on the eastern side of the dam; they were able to continue operating by using buses to get passengers past the dam and staying slightly longer in Clarkston than originally scheduled. UnCruise canceled six cruises, and a seventh was forced to turn back because the dam closure occurred mid-cruise. Lindblad did not cancel any voyages, but rather bussed their passengers through the closed-off portions of the river itinerary. Based on the number of cancelled port calls, the Lewis Clark Valley lost about 2,000 cruise passengers due to the dam closure.

⁴ "Closure of Bonneville Lock Brings River Traffic To A Halt", The Columbian, Sept 9, 2019.
<https://www.columbian.com/news/2019/sep/09/closure-of-bonneville-lock-brings-river-traffic-to-halt/>

Lewis Clark Valley Economy

To provide context for the economic analysis of the cruise industry, this section provides an overview of the Lewis Clark Valley economy. Due to the two counties' high degree of economic integration, Asotin County, Washington and Nez Perce County, Idaho are grouped into the Lewiston, ID-WA Metropolitan Statistical Area (MSA), a geographic division often used to report economic data. While the two counties differ in state governments, population, and tribal presence, the two economies generally have similar characteristics.

Population

The combined regional population was about 63,000 in 2019. Nez Perce County has around twice the population of neighboring Asotin County, with 40,408 and 22,520 residents, respectively. The border communities of Clarkston and Lewiston are the region's population center, with over half of area residents living in Lewiston.

Table 3. Population, Asotin and Nez Perce Counties, 2019

County/Place	Population
Asotin County	22,520
Clarkston	7,205
Asotin	1,280
Unincorporated communities	14,035
Nez Perce County	40,408
Lewiston	32,788
Lapwai	1,137
Culdesac	383
Peck	196
Unincorporated communities	5,904
Lewiston, ID-WA MSA	62,928

Source: Idaho Department of Labor; Washington Office of Financial Management

Gross Domestic Product

Gross domestic product (GDP) provides one measure of the relative importance of each sector to the Lewis Clark Valley economy. In 2019, the MSA's GDP was about \$2.9 billion. Nearly a quarter (23%) of the region's GDP comes from the finance and real estate sector. Manufacturing and government services also represent significant portions of the region's GDP at 16% and 14%, respectively. Sectors that are often linked to the visitor industry, Arts, Entertainment, and Recreation (1% of total GDP) and Accommodation and Food Services (3% of GDP), play a smaller role in the overall region's economy.

(See table on next page)

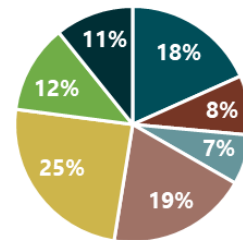
Table 4. Gross Domestic Product, Lewiston, ID-WA MSA (000\$), 2019

Sector	GDP (000\$)	% of Total
Finance, insurance, real estate, rental, and leasing	\$678,553	23%
Manufacturing	\$457,596	16%
Government and government enterprises	\$403,288	14%
Educational services, health care, and social assistance	\$338,949	12%
Retail and wholesale trade	\$335,713	12%
Construction	\$163,676	6%
Arts, entertainment, recreation, accommodation, and food services	\$113,711	4%
<i>Arts, entertainment, and recreation</i>	<i>\$17,717</i>	<i>1%</i>
<i>Accommodation and food services</i>	<i>\$95,994</i>	<i>3%</i>
All other sectors	\$424,929	15%
Total GDP	\$2,916,415	100%

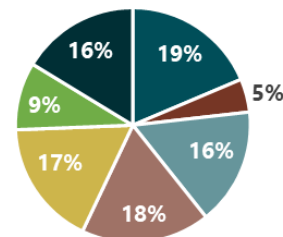
Source: US Bureau of Economic Analysis

Figure 1. Average Annual Employment, 2019

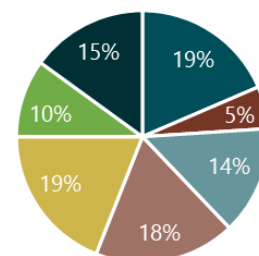
Asotin County



Nez Perce County



Lewiston ID-WA MSA



- Government
- Manufacturing
- Education and health services
- Other
- Construction
- Trade, transportation, and utilities
- Leisure and hospitality

Source: Bureau of Economic Analysis.

Employment and Wages

In 2019, the Lewiston, 27,384 people were employed in wage and salary positions in the Lewiston, ID-WA MSA. Government (local, state, and federal) and Education and Health Services both represent 19% of employment in the Lewiston, ID-WA MSA, followed closely by Trade, Transportation, and Utilities employment at 18%.

As with the region's GDP, sectors related to the visitor industry represent a lower proportion of the area's employment. The combined Leisure and Hospitality sector accounted for 2,738 jobs, including: Arts, Entertainment, and Recreation (281 jobs), Accommodation (339 jobs), and Food Services and Drinking Places (2,117 jobs). Employees in the Leisure and Hospitality sector earned lower average annual wages of \$17,411 compared to the overall average wage of \$42,402 in the MSA.

The retail trade sector is also impacted by Lewis Clark Valley's visitor industry. In 2019, 3,460 employees worked in the retail trade sector, earning on average \$32,699 annually.

Table 5. Average Annual Employment and Wages by Sector, Lewiston ID-WA MSA, 2019

Sector	Average Annual Employment	Total Annual Wages	Average Annual Wages
Construction	1,484	\$73,472,153	\$49,510
Education and health services	5,205	\$221,116,561	\$42,482
Financial activities	1,366	\$80,477,414	\$58,915
Government (Federal, State, and Local)	5,080	225,045,494	\$44,300
Information	410	\$17,025,205	\$41,525
Leisure and hospitality	2,738	\$47,671,582	\$17,411
<i>Arts, entertainment, and recreation</i>	281	\$4,834,265	\$17,204
<i>Accommodation</i>	339	\$6,342,226	\$18,709
<i>Food services and drinking places</i>	2,117	\$36,495,091	\$17,239
Manufacturing	3,811	\$224,971,377	\$59,032
Natural resources and mining	351	\$18,416,039	\$52,467
Professional and business services	1,268	\$45,205,980	\$35,651
Trade, transportation, and utilities	4,960	\$188,968,665	\$38,099
<i>Retail trade</i>	3,460	\$113,140,022	\$32,699
<i>Transportation and warehousing</i>	718	\$31,629,039	\$44,052
Other services	712	\$18,764,093	\$26,354
Total	27,384	\$1,161,134,563	\$42,402

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Sales and Lodging Taxes

Washington State levies a 6.5% sales and use tax, which also applies to transient rental income. Businesses report transient rental income and local governments receive a distribution from the state portion of the sales tax applied. Local governments may levy a special hotel/motel tax above the standard sales tax.

Idaho State levies a 6.0% sales tax, which also applies to accommodations. Sales taxes are distributed to county and city governments according to several state statutes. The state also levies a 2.0% Travel and Convention Tax which is distributed to county governments.

Table 6. Sales and Lodging Tax Rates, Asotin and Nez Perce Counties

County	Sales and Use Tax Rate		Lodging Tax Rate	
	2019 (Study Period)	2020 (Current)	2019 (Study Period)	2020 (Current)
Asotin County				
Washington State	6.5%	6.5%	-	-
Asotin County	1.2%	1.5%	2.0%	2.0%
Clarkston	0.2%	0.2%	-	-
Total Clarkston Rate	7.9%	8.2%	2.0%	2.0%
Nez Perce County				
Idaho State	6.0%	6.0%	2.0%	2.0%
Nez Perce County	-	-	-	-
Lewiston	-	-	-	-
Total Lewiston Rate	6.0%	6.0%	2.0%	2.0%

Source: Washington State Department of Revenue; Idaho State Tax Commission

Asotin County

In 2019, Asotin County had about \$380 million in taxable retail sales, resulting in \$3.3 million in sales taxes distributed to the county and city governments. As the county's economic hub, Clarkston accounted for 78% of taxable sales in the county and received the highest sales tax distribution of the local governments at just over \$2 million. In the following table, Asotin County taxable retail sales represents only the portion of sales made in unincorporated communities within the county. Clarkston and Asotin County received lodging tax distributions totaling \$195,412.

Table 7. Taxable Retail Sales and Sales and Lodging Tax Distribution, Asotin County, 2019

City	Taxable Retail Sales	Sales & Use Tax Distributed to County/City Government	Lodging Taxes Distributed to County/City Government ^a
Asotin County	\$75,817,107 ^b	\$1,207,363	\$107,897
Clarkston	\$294,842,733	\$2,003,751	\$87,515
Asotin City	\$9,368,330	\$57,834	-
Total	\$380,028,170	\$3,268,948	\$195,412

Source: Washington State Department of Revenue

Notes:

- a. Lodging tax disbursements include Transient Rental Tax and Special Hotel/Motel county tax
- b. Asotin County taxable retail sales represents unincorporated areas of Asotin County only and excludes Clarkston and Asotin City sales.

Nez Perce County

In 2019, \$6.9 million in sales tax was distributed to local governments in Nez Perce County, including \$3.7 million to the City of Lewiston, \$3.1 million to the Nez Perce County government, and \$93,000 to other communities. Based on \$11.2 million in taxable lodging sales, about \$225,000 in lodging taxes were distributed to Nez Perce County in fiscal year 2019.

Table 8. Taxable Retail Sales and Sales and Lodging Tax Distribution, Nez Perce County, 2019

City	Sales & Use Tax Distributed to County/City Government	Lodging Taxes Distributed to County Government ^c
Nez Perce County ^a	\$3,070,654	\$225,000
Lewiston	\$3,706,653	-
Other Cities in County ^b	\$93,761	-
Total	\$6,871,069	\$225,000

Source: Idaho State Tax Commission

Notes:

- a. Includes Special Purpose Taxing District disbursements
- b. Includes tax disbursements to CULDESAC, Lapwai, and Peck
- c. Lodging taxes estimated based on fiscal year 2019 taxable lodging sales in Nez Perce County

Cruise Industry Economic Analysis

The impacts of the cruise industry in the Lewis Clark Valley reach beyond the dollars spent by passengers, crew members, and cruise lines. Businesses catering to the industry employ (and pay wages to) local residents, in addition to making local purchases in support of their operations. This study measures the industry's impact at three levels: direct, indirect, and induced. (For purposes of reporting, induced impacts are combined with indirect impacts.) These impacts are presented in terms of employment (part-time and full-time employment in the Lewis Clark Valley), labor income (wages, salaries, benefits, and proprietor income), and output, a standard measure of economic activity. Estimates of employment impacts include full- and part-time jobs and represent employment during the peak visitor season. Total impacts were calculated using BEA RIMS II, a widely used input/output economic modeling application.⁵

DIRECT IMPACTS	INDIRECT IMPACTS	INDUCED IMPACTS
Employment, payroll, and economic activity directly resulting from passenger and cruise line expenditures	Employment, payroll, and economic activity resulting from companies purchasing goods or services from other businesses in the region	Employment, payroll, and economic activity resulting from employees spending their payroll dollars in local economies

Direct Cruise Industry Spending

Cruise Passenger Spending

Cruise passengers are estimated to have spent an average of \$148 per person in the Lewis Clark Valley in 2019, translating into a total of \$2.8 million. Roughly one-third of spending (34%) is attributable to retail purchases such as gifts, souvenirs, and clothing. The second-biggest category is dining, accounting for 27% of all spending. Tours (primarily jet-boat and winery tours) accounted for 26% of all spending. (Note that for UnCruise and Lindblad passengers, jet-boat expenses are counted as cruise line spending, as this excursion is included in the cruise package. The jet-boat tour is an optional add-on tour for ACL and AQSC passengers.) Lodging accounted for 9% of all spending.

Table 9. Cruise Passenger Spending Estimates, 2019

	Average Per Passenger	Total Spending
Retail	\$50	\$950,000
Dining	\$40	\$760,000
Tours	\$39	\$742,000
Lodging	\$13	\$256,000
Transportation	\$5	\$94,000
Total	\$148	\$2.8 million

Source: McDowell Group estimates. Excludes tour commissions that accrue to cruise lines.

⁵ US Bureau of Economic Analysis, Regional Input-Output Modeling System,

When considering the average spending per passenger, it is important to note that these figures apply to all 19,000 cruise passengers. For example, while the average lodging expenditure of \$14 per passenger may appear low, note that only a fraction of all passengers spend nights in area lodging, and the average is spread among all passengers. The same logic applies to transportation: passengers renting cars may spend as much as \$200 on a car rental, but only a small portion of passengers rent cars.

Passenger spending was estimated based on the following information:

- Interviews with representatives of cruise lines, tour providers, hotels, rental car agencies, merchants, and Visit Lewis Clark Valley.
- Previous McDowell Group analysis of cruise passenger spending including passenger surveys.
- Passenger traffic, travel patterns, and volume by cruise line.
- Assessment of spending opportunities i.e. whether meals are provided onboard or as part of a hotel or tour package, whether passengers are on a bus tour versus jetboat tour versus staying onboard, whether a tour is part of the cruise package, and proximity of retail shops and restaurants.
- In the case of lodging and some tours, these are optional add-on purchases that cruise passengers generally make through the cruise lines, but are attributed to passenger spending for purposes of economic impact.
- To analyze economic impacts, tour purchases made through the cruise lines are adjusted to account for commissions that accrue to the lines.

Crew Member Spending

While crew members spend less than passengers on a per-visit basis, they do represent additional visitors and spending in the region. Because the vessels are in port for at least a day and often longer, crew members often have time to make purchases of food and supplies at Walmart, Costco, and Albertsons in addition to visiting local restaurants and bars. Clarkston is usually their longest port call in the entire river itinerary, allowing crew more shore leave than in other ports.

It is also important to note that not every single crew member is going to disembark every time they visit Clarkston, and even those that disembark are not going to make purchases on every visit. Some crew must stay onboard to clean, assist passengers, and perform other duties.

Spending is estimated on a per-visit, per-person basis, and is based on previous surveys of cruise ship crew members conducted by McDowell Group as well as interviews with local contacts and cruise line representatives. Total crew spending for 2019 is estimated at \$144,000.

Cruise Line Spending

In 2019, cruise lines spent an estimated \$475,000 in Clarkston and Lewiston, excluding Port moorage and utility payments, and excluding some hotel and tour expenses that are counted as passenger spending. Cruise line spending falls into three general categories: dockage/moorage, tours, and provisions and fuel.

- **Dockage/Moorage:** Cruise lines pay the Port of Clarkston to tie up at Port facilities; they are also charged for utilities.
- **Tours:** Cruise lines pay local attractions and tour providers for experiences included in the cruise package such as museum visits and local bus tours. Optional, add-on tours such as the jet-boat and winery tours are included in passenger spending, where applicable.
- **Provisions and fuel:** As a turnaround port, Clarkston provides the opportunity for cruise ships to resupply and refuel before their next cruise begins.
- **Other:** Other incidental expenses include lodging for AQSC bus drivers, who overnight in the area while the vessel is docked, and hospitality room day rental from hotels.

Due to the Bonneville Lock closure, some 2019 cruise line spending patterns differed from average operating years. For example, one cruise line opted to bus passengers to Clarkston and provide local lodging in lieu of overnighting onboard, rather than cancel the entire cruise.

As a turnaround port, Lewis Clark Valley also has potential to be a fueling point for cruise ships. In 2019, one cruise line purchased fuel in the region. Another cruise line previously made significant diesel purchases in the area (between \$906,000 and \$1.2 million annually); however, they bought diesel elsewhere in 2019, significantly decreasing their local spending.

PORT PAYMENTS

The Port of Clarkston charges a daily moorage rate for all cruise vessels using the 7th and 14th Street docks. In 2019, all cruise lines paid \$240 per day in moorage fees, an increase from 2018 in which moorage rates varied between \$175-\$220 depending on ship size. With ships generally in port for more than one day on each port call, cruise lines paid about \$32,000 in moorage to the Port of Clarkston in 2019. The Port continues to make significant investments in maintaining the cruise docks above the income generated by cruise ship moorage payments.

Cruise ships also use a variety of utilities while docked in Clarkston, including water, trash, and electricity. In 2019, cruise ships paid the Port of Clarkston a combined \$18,000 in utility fees. Including moorage, utilities, and other fees, the Port of Clarkston earned \$50,000 in revenue from cruise ships.

Table 10. Cruise Line Payments to Port of Clarkston, 2018 and 2019

Category	2018	2019
Moorage	\$29,000	\$32,000
Utilities	\$17,000	\$18,000
Total	\$46,000	\$50,000

Source: Port of Clarkston.

Total Direct Spending

Including cruise passengers, cruise lines, and crew members, cruise industry spending in the Lewis Clark Valley totaled nearly \$3.5 million in 2019. Passenger spending accounted for 81% of the total.

If the Bonneville Dam had not closed in 2019, about 21,000 passengers would have visited the area, 10% above the actual volume of 19,000. This indicates that the potential for cruise industry spending in 2019 was roughly \$3.9 million, had the dam closure not occurred.

Table 11. Direct Cruise Industry Spending in Lewis Clark Valley, 2019

	Total Spending
Cruise passengers	\$2,813,000
Cruise lines (including port payments)	\$512,000
Crew members	\$144,000
Total	\$3,469,000

Source: McDowell Group estimates.

Tax Revenues

Most spending by cruise lines and passengers in the Lewis Clark Valley is subject to the various sales and lodging tax rates levied by Washington and Idaho state and local governments as described in the previous chapter. In 2019, cruise-related spending generated about \$142,000 in Washington state and \$30,000 in Washington local sales tax for a combined \$172,000. Based on Washington's additive lodging tax, cruise-related spending generated about \$7,000 in additional lodging taxes. In Idaho, cruise-related spending generated about \$63,000 in state sales tax.

Table 12. Estimated Sales and Lodging Tax Revenue, 2019

Category	Estimated Sales Tax Revenue	Estimated Lodging Tax Revenue
Washington		
Washington State	\$142,000 ^a	\$7,000
Asotin County and City of Clarkston	\$30,000	-
Total Washington Revenue	\$172,000	\$7,000
Idaho		
Idaho State	\$63,000	-
Total Idaho Revenue	\$63,000	-

Source: McDowell Group estimates

Notes: a. Washington state sales tax estimates include minor tax revenue from the state Public Utility Tax related to motor vehicle transportation services.

Total Economic Impacts

Based on 2019 cruise line, passenger, and crew spending and related tax revenue, cruise-related spending in the Lewis Clark Valley directed supported about 50 jobs during the peak cruise season, resulting in \$994,000 in labor income. Impacts of the cruise industry primarily occur in the accommodation, food service, and tour sectors. Including direct, indirect, and induced impacts, cruise line and passenger spending supported about 70 jobs and \$1.4 million in labor income in the Lewis Clark Valley in 2019. Jobs in the visitor industry tend to be part-time, seasonal employment and therefore are often associated with lower than average annual wages. Including all direct, indirect, and induced spending, the riverboat industry in Lewis Clark Valley supported an estimated \$4.0 million in economic output in 2019.

These economic impacts represent only employment and earnings related to the cruise industry in the Lewis Clark Valley. Tourism-related businesses in the area provide additional employment and earnings based on visitation outside of cruise visitors.

Table 13. Cruise Industry Economic Impacts in Lewis Clark Valley, 2019

	Direct Impacts	Indirect Impacts	Total Impacts
Employment	50 jobs	20 jobs	70 jobs
Labor income	\$994,000	\$371,000	\$1,365,000
Output	\$2,907,000	\$1,139,000	\$4,046,000

Source: McDowell Group estimates.

List of Contacts

Rachel Borders, Red Lion Hotel Lewiston
Gary Bush, Idaho History Tours
Danielle Conklin, Holiday Inn Clarkston-Lewiston
Cortney Deschamps, UnCruise Adventures
Leisha Evangelho, Basalt Cellars
Gary Frommelt, American Queen Steamboat Company
Michelle Glass, UnCruise Adventures
Marilee Hobden, Enterprise Rental Car
Kasey Jackson, Snake River Adventures
Wanda Keefer, Port of Clarkston
Karen Kuest, Lindblad Expeditions
Beth Larson, Port of Clarkston
Josh Larson, Holiday Inn Express Lewiston
Mike Olivo, American Cruise Lines
Michelle Peters, Visit Lewis Clark Valley
Clark Robertson, American Cruise Lines
Kathy Schroeder, Bridablik/Schroeder House
Paul Taiclet, American Cruise Lines

Steering Committee Members

Jaynie Bentz, Port of Lewiston
Matt Borud, Idaho Department of Commerce
Wanda Keefer, Port of Clarkston
Monika Lawrence, City of Clarkston
Kermit Mankiller, Nez Perce Tribal Enterprises
Susan Neilson, Washington Department of Commerce
Michelle Peters, Visit Lewis Clark Valley
Paul Taiclet, American Cruise Lines
Kathy Schroeder, City of Lewiston
Dawn Smith, Southeast Washington Economic Development Association
Deb Smith, Clearwater Economic Development Association