

February 2012

***Economic Impacts of Missoula Mountain Line Transit System***

**Summary:** What would Missoula’s economy look like if the Mountain Line system did not exist? This analysis covers several counties in western Montana. Without Mountain Line, the area economy would produce 63 fewer jobs, reduce income by \$2.4 million, and produce \$2.3 million less in goods and services in each year between 2012 and 2013. Looking forward from 2014 to 2018 and beyond, Mountain Line is expected to contribute positively to jobs, income growth, and economic output of the area.

This is an economic impact analysis of the Missoula Mountain Line transit service.

Mountain Line is paid for by fares and local taxes with support from state and national programs. To estimate its impact on the local economy, we simulated the effects of removing the system from the economy and returning local fare and tax revenues. While this would increase individuals’ income, the need to spend money on other transportation would also increase. The question is whether Mountain Line produces net economic benefits compared with the alternative.

This analysis does not quantify livability impacts of the Mountain Line program, which are significant transportation goals in the Missoula area. The economic impacts from livability, though not estimated here, would likely be positive. Measuring those benefits is beyond the reach of this analysis.

Economic impacts of Mountain Line were estimated by MDT using information provided by the Missoula Urban Transportation District and analyzed using a REMI economic modeling program.

The results are valid for a nine county region in western Montana, MDT District 1. In 2010, Missoula County had a population of

**Mountain Line Route Map**



109,000, compared to 315,000 in the whole western Montana region. The county and region saw population growth of about 14 percent between 2000 and 2010.

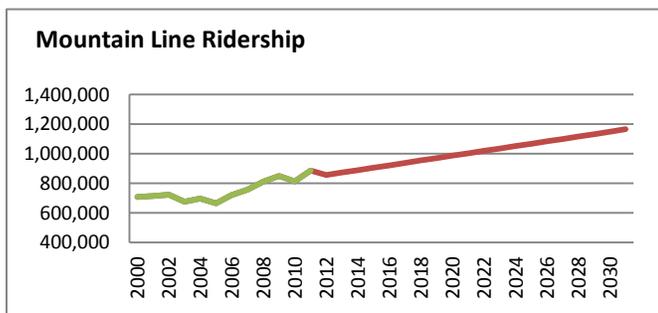
Today, about sixty percent of Mountain Line’s operating costs are covered by local public support and fares. The balance comes from federal and state programs, and these are not generally available for other local uses.

## *Economic Impacts of Missoula Mountain Line*

	<i>2012 and 2013</i>	<i>2014 through 2018</i>
Personal income (annual, 2010 constant dollars)	\$2,390,000	\$2,950,000
Gross Domestic Product (annual, 2010 constant dollars)	\$2,350,000	\$2,410,000
Employment (average annual jobs added)	63	62
	<i>2012</i>	<i>By 2018</i>
Population gain (total)	29	40

The economic impacts are compared to the alternative that Mountain Line does not exist: fares and local tax revenues are returned to users and taxpayers.

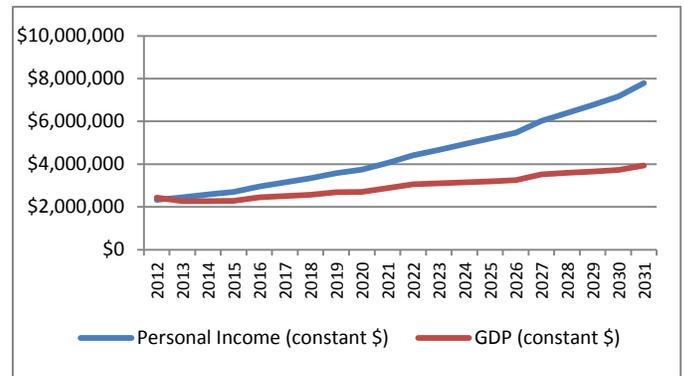
**Ridership growth:** Passengers in 2011 numbered 866,000 and increased over the prior decade at an average rate of 2.8 percent per year. At that rate, by 2018, Mountain Line rides per year would number 954,000, and would be nearly 1.2 million by 2031.



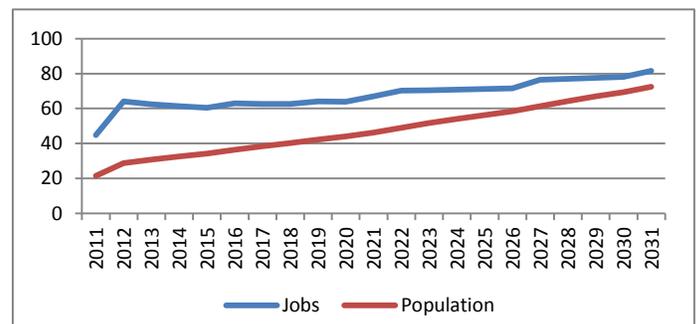
**Income and economic growth:** Mountain Line will produce \$2.39 million in additional income per year for northwest Montana in 2012 and 2013, meaning that if the local funds were turned back to taxpayers, personal income in the area would decline by that amount annually. (All financial figures are expressed in “real” terms, i.e., they are inflation-adjusted, using 2010 dollar values as the benchmark.) Continuing operations are projected to generate \$2.95 million each year, on average, in each of the following five years.

Income growth drives growth in other economic performance measures, such as the gross domestic product (GDP, the value of goods and services produced in the region), which is also positive and increasing. The personal costs of driving are higher than transit (and are unaffordable to many people). Money spent buying a car, fuel, insurance, etc., flows relatively quickly from the area’s economy. Income benefits attract further

growth and investment. Both these income and production measures are positive and expected to rise over the 20-year horizon.



**Employment:** Between 2012 and 2018, the employment impact of Mountain Line is expected to be stable at about 62 jobs. The flat employment impact in these years is due to anticipated low construction spending in the near future by Mountain Line. The employment impact is expected to exceed 80 jobs by 2031.



**Population:** Population impacts tend to lag behind construction and other investment activity. By 2012, the population impact of Mountain Line is 29. By 2017, it is 38. By 2031, it is more than 70.

## ***Policy Issues***

---

The forecast impacts can also be expected to have positive effects on other urban and transportation policy goals, including:

**Congestion:** This analysis does not directly measure impacts on congestion, but it does anticipate income, growth, and employment gains while avoiding traffic increases that are typically associated with such growth.

**Transportation Efficiency:** The area will preserve an efficient functioning transportation system with positive impacts on production of goods and services (the Gross Domestic Product) and employment.

**Tourism:** Tourism benefits are not estimated here, but the addition of transportation systems is generally expected to increase amenity values, which benefit residents and tourists alike.

**Livability:** Transportation planning in the Missoula area often highlights livability goals. This refers to a variety of positive feedback effects from the interaction between transportation and land use systems. Livability benefits may have real and positive economic value, but they are difficult to measure. They include:

**Mobility:** In 2011, half of Mountain Line riders had access to cars and opted to take the bus instead. Mountain Line is encouraging this by increasing the quality of service. For instance, in 2011, Internet connectivity was added inside many buses, and real time information technology was added. Increasing system use supports increasing the number and frequency of services. This helps people get around efficiently who don't have access to cars, reducing the "mobility gap."

**Land use:** Increasing the use of bus and other transportation alternatives can have feedback effects on land use patterns by enabling and encouraging denser settlement patterns. These, in turn, enable further development of alternatives to single vehicle transportation.

**Reduced pollution emissions:** Today, a variety of vehicle emissions can be priced and quantified. In general, a bus carrying six people or more produces less pollution than the equivalent use of individual cars. Our rough estimates suggest that the economic benefits of reduced emissions due to Mountain Line are positive, but rather small. It appears that these effects add up to much greater economic value in big-city systems that carry more people over longer distances through greater traffic congestion.

**Safety:** Crashes are costly for individuals and communities. The relative safety of buses, the expansion of transportation alternatives, land use feedbacks, and the reduction in single-user cars can all have positive effects on transportation safety. This complex interaction of effects is not easily reduced to economic values.