

CHAPTER 4 RESULTS

This chapter outlines each of the four areas included in this study. Each outline includes an explanation of the sample population; method of analysis; any adjustments made to the data, and the results of the analysis. These individual outlines are then summarized at the end of the chapter.

PROPERTY VALUES OF ADJACENT LAND OWNERS

Sample Population: All property immediately touching or adjacent to the first phase of the rail-trail.

Method: Appendix B contains a sample of the Excel spreadsheet which compares property values on all parcels located immediately adjacent to the Prairie Spirit Rail Trail. This spreadsheet notes both land and building values. Parcel valuation records were obtained from Garnett City Hall. Parcel values for 1996 were compared to previous figures and approved or changed by Barbara Watkins with the Prairie Spirit Rail Trail Management Office. The completed spreadsheet is not included to protect the confidentiality of individual property owners.

Adjustments: Property values for 1995 were adjusted by an inflation rate of 2.8% for comparison against 1994 values. Property values for 1996 were adjusted by an inflation rate of 2.9% for comparison against 1995 values.

Buildings which were added or significantly improved during the study period were backed out for comparison purposes. In addition, one building which dropped in value by nearly two-thirds due to a fire, and one parcel of land which was re-evaluated and moved to a different category causing a 307% increase in value in one year were also backed out.

Results of Comparison: The Prairie Spirit Rail Trail had been open for less than a year at the end of 1996. Due to this short time frame, an analysis of the impact the trail had on property values is conceptual at best. Property values for the parcels included in this report rose 7.97% from 1994 to 1995. These same parcels rose in value only 4.39% from 1995 to 1996. From the values researched however, there were three buildings added in 1996, reducing the number of vacant lots included in this study from 12 to nine.

Property values need to be tracked for several years to allow for turn over before meaningful trends can be determined. The spreadsheet that was developed for this report can incorporate future results for further study.

ANNUAL GROSS REVENUE OF ADJACENT AND DIRECTLY AFFECTED BUSINESSES

Sample Population: All businesses immediately adjacent to the trail or within a one-half mile radius of the trail with the potential for direct impact by trail users.

Method: Survey requesting annual gross revenue and the number of full and part time employees on Memorial Day. The surveys used are included in Appendix C.

Individual business names, addresses and survey results are not included to protect the confidentiality of the businesses which participated.

Adjustments: The original survey, which was sent out on January 25, 1995, was sent to all businesses meeting the criteria established for the sample population for the entire proposed rail-trail route. This included the cities of Ottawa, Garnett and Iola. The response rate for Ottawa and Iola was too low to support viable results for the proposed hypothesis. A possible reason for the lower response rate in Ottawa would be the high percentage of chain related businesses which typically will not respond to survey requests. Due to the low response in Ottawa and Iola, they were dropped from this project.

Of the original 22 businesses receiving survey forms in Garnett, three were dropped from the list. Two of these businesses were in the process of, or had just completed, the sale of their business. Financial data was not transferred from the old owner to the new owner making comparison impossible. The third business that was deleted was combined with another business owned by the same person. This owner combined the gross revenue of the two businesses on the first survey form.

Survey Results: Of the 19 businesses on the final list, nine returned usable survey forms in 1995, resulting in a 47% return rate for Garnett on the first survey mailing. Of the nine businesses included in the second survey, two had changed owners during 1996. The data for these two businesses has been kept for comparison use in the

future, since the type of business did not change, however they were backed out for this report due to the lack of full year data and mid-year management changes which may have affected the business.

Gross revenue for 1994 was adjusted by the consumer price index for 1994 of 2.6% for comparison against 1993. Gross revenue for 1996 was adjusted by the two year cumulative consumer price index for 1996 of 5.87% for comparison against 1994. (Gallbraith, 1997)

Figure 8

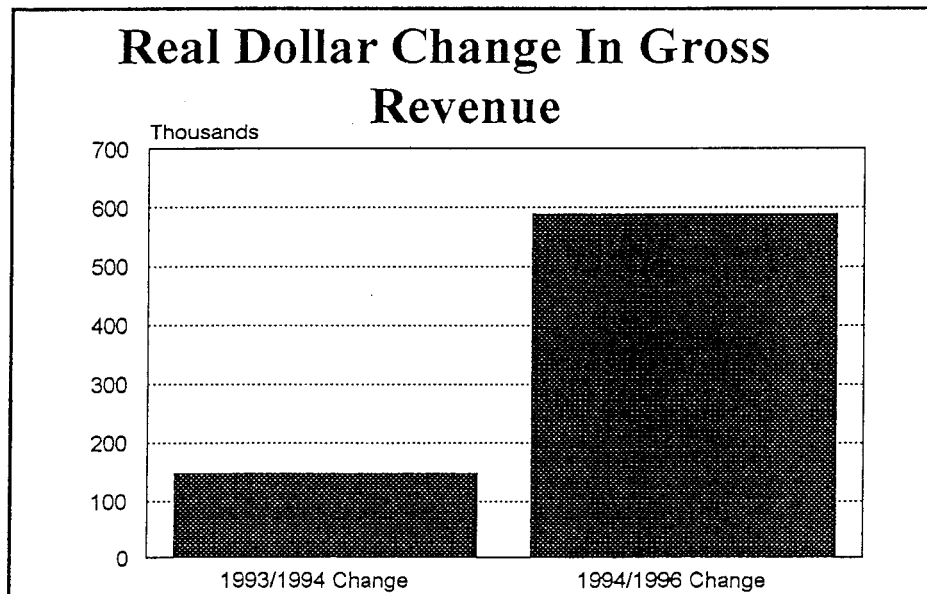
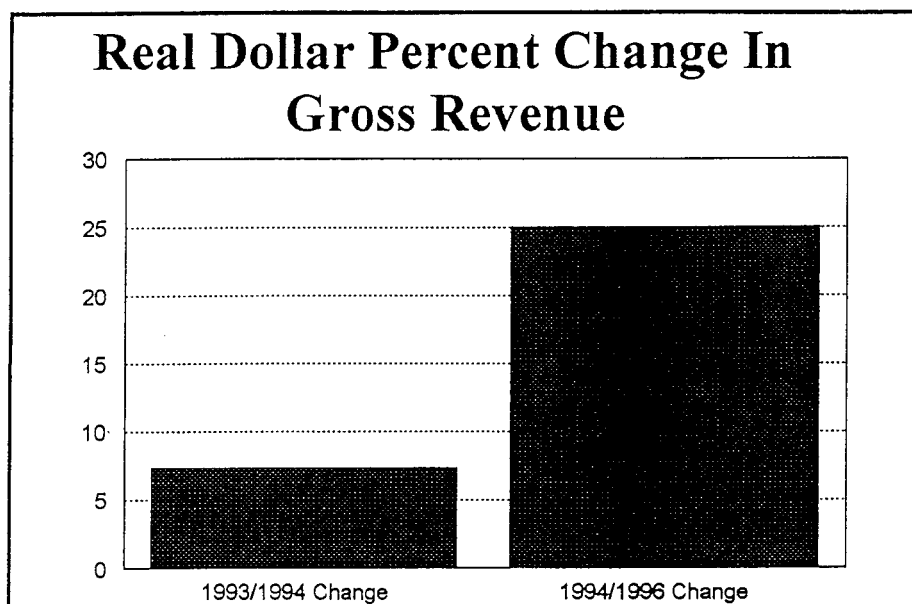


Figure 9



The increase in gross revenue between 1993 and 1994 (adjusted to real dollars) was 7.32% or \$147,229. The increase in gross revenue between 1994 and 1996 (adjusted to real dollars) was 25.02% or \$588,112 (Figures 8 and 9). Between 1993 and 1994, four of the seven business reported a drop in real gross revenue with only two reporting increases and one remaining constant. Between 1994 and 1996 these numbers were reversed. Five of the seven business reported significant real increases in gross revenue while two business reported minor decreases.

By itself the incredible variance between before trail gross revenue and after trail gross revenue may imply that the trail has had a significant impact on area businesses. Is this really true? According to Barbara Watkins at the Prairie Spirit Rail Trail Management Office in Garnett, 14 new businesses have opened, nine businesses have moved or changed management, and six businesses have closed within one and a half blocks of the trail since it opened. There appears to be a significant amount of business activity along the trail for

a town the size of Garnett, but with 15 failures or relocations compared to 14 new starts, the impact the trail may have had on this activity is negligible or non-existent.

AVERAGE NUMBER OF FULL AND PART-TIME EMPLOYEES

Sample Population: All businesses immediately adjacent to the trail or within a one-half mile radius of the trail with the potential for direct impact by trail users.

Method: Survey requesting annual gross revenue and the number of full and part time employees on Memorial Day. The surveys used are included in Appendix C.

Individual business names, addresses and survey results are not included to protect the confidentiality of the businesses which participated.

Adjustments: The original survey, which was sent out on January 25, 1995, was sent to all businesses meeting the criteria established for the sample population for the entire proposed rail-trail route. This included the cities of Ottawa, Garnett and Iola. The response rate for Ottawa and Iola was too low to support viable results for the proposed hypothesis. A possible reason for the lower response rate in Ottawa would be the high percentage of chain related businesses which typically will not respond to survey requests. Due to the low response in Ottawa and Iola, they were dropped from this project.

Of the original 22 businesses receiving survey forms in Garnett, three were dropped from the list. Two of these businesses were in the process of, or had just completed, the sale of their business. Financial data was not transferred from the

old owner to the new owner making comparison impossible. The third business that was deleted was combined with another business owned by the same person. This owner combined the gross revenue of the two businesses on the first survey form.

Survey Results: Of the 19 businesses on the final list, nine returned usable survey forms in 1995, resulting in a 47% return rate for Garnett on the first survey mailing. Of the nine businesses included in the second survey, two had changed owners during 1996. The data for these two businesses has been kept for comparison use in the future, since the type of business did not change, however they were backed out for this report due to the lack of full year data and mid-year management changes which may have affected the business.

The total number of full and part-time employees for the seven businesses on the final list increased by one employee in each category for the 1993 to 1994 time frame, and two part time / three full time in the 1994 to 1996 time frame. The implied impact of the trail therefore is positive.

Staffing philosophies vary not only from business to business but also from manager to manager and can change over time. It is difficult, therefore, to determine the effect the rail trail actually had on staffing. Outside considerations, such as thresholds that must be met before a new employee is hired, the efficiency of current or replacement staff and new technology can all have significant impacts on the number of employees hired and the timing of those hirings.

TOTAL NUMBER OF ADJACENT AND DIRECTLY AFFECTED BUSINESSES

Sample Population: All businesses immediately adjacent to the trail or within a one-half mile radius of the trail with the potential for direct impact by trail users.

Method: Ottawa, Garnett and Iola are each the county seat of their respective counties.

The Chamber of Commerce for each of these cities provided business lists for the county they represented. Businesses were chosen for this study based on their address. Businesses not immediately adjacent to the trail, but within a one-half mile radius of the trail were determined to be applicable or non-applicable to this study based on the business type.

The second half of this study only included the Garnett businesses. An updated, comparison list of businesses was provided by Trent McCown, the trail manager.

Survey Results: Of the 19 businesses on the final list, four were sold and one went out of business. In total, according to Barbara Watkins at the Prairie Spirit Rail Trail Management Office in Garnett, 14 new businesses have opened, nine businesses have moved or changed management, and six businesses have closed within one and a half blocks of the trail since it opened.

There appears to be a significant amount of business activity along the trail for a town the size of Garnett, but with 15 failures or relocations compared to 14

new starts just since the trail opened, the impact the trail may have had on this activity is negligible or non-existent.

SUMMARY OF THE RESULTS

The relationship between the establishment of a rail-trail in Garnett, Kansas, and the economic base of Garnett could not be determined by this study, therefore the hypothesis could not be verified. Due to the time constraints of this report, the data compiled is significantly limited and does not provide valid support for the proposed hypothesis.

Of the data that was compiled the following occurred:

- 1) Property values increased by 3.58% less than they did the year prior to the establishment of the trail.
- 2) Gross revenue for businesses included in the study increased by 17.7% more during 1996 than they did prior to the establishment of the trail.
- 3) Employment increased by approximately one employee in each category per year between 1993 and 1996.
- 4) The number of businesses within one and a half blocks of the trail increased by 14. This was offset, however, by nine businesses that moved or changed management and six businesses that have closed since the trail opened.

The above data indicates that the Prairie Spirit Rail Trail has not statistically impacted the economic stability of Garnett. The substantial increase in gross revenue should, however, be tracked, with population, housing, industrial mix and county statistics considered to determine if the increase is truly due to the trail, or is the result of outside factors.

Property values need to be tracked for several years to allow for turn over before meaningful trends can be determined. The same applies for the number of businesses. The type of business should also be tracked to determine which businesses possess the best survival rates.

All spreadsheets used in this report have been set up for the continuation of this study.