The Economic Impact of Amtrak’s Southwest Chief Rail Service on the Colorado Economy.
By Kevin Duncan, Ph. D. and Michael Wakefield, Ph.D., Colorado State University-Pueblo

Summary: Amtrak’s Southwest Chief serves approximately 13,000 riders in Colorado annually. About one-half of these passengers are from out-of-state. Approximately $200 million in repair costs are needed to maintain passenger train operations through western Kansas, southeastern Colorado and northern New Mexico. Colorado’s share of these costs is expected to be approximately $4 million annually for 10 years. This study examines some of the economic impacts and implications associated with maintaining and expanding Southwest Chief service in Colorado.

Economic Impact of Current Southwest Chief Service: According to information provided by Amtrak, the stations in Lamar, La Junta, and Trinidad served approximately 6,300 out-of-state tourists during fiscal year 2013. The spending of these visitors generated an additional $5.7 million in economic activity, over 50 jobs, and about $340,000 in state and local tax revenue. This annual impact is experienced every year of the existing Southwest Chief service in Colorado. Colorado’s share of rail repairs over 10 years is expected to be approximately $40 million. The economic impact of out-of-state visitors over a 10-year period is about $57 million. After 10 years, repair costs are expected to decrease sharply while the impact associated with visitor spending provides a stream of future benefits for the state economy.

Benefits and Costs of Extending Amtrak Service to Pueblo: A station in Pueblo would provide a state-wide benefit with multi-modal connectivity to other destinations in Colorado and would complement CDOT’s planned state-wide transit service. We estimate that a new stop in Pueblo would attract approximately 15,700 riders annually. Approximately 7,500 of these passengers would start their trips in other states. The economic impact of these passengers would generate an additional $6.7 million in economic activity, over 60 jobs, and about $400,000 in state and local tax revenue. The cost of extending Amtrak service to Pueblo includes the construction of a new multi-modal station and upgrades to the existing BNSF freight line that travels between La Junta, Pueblo, and Trinidad (see Figure 1 below). Our estimate of upgrade costs is based on shifting the funds needed to repair the existing Southwest Chief line between La Junta and Trinidad to upgrading the existing BNSF freight line. The cost of expanding Amtrak service to Pueblo includes the construction of a new station (about $4.5 million), plus approximately $26.2 million in rail upgrade costs, for a total of $30.7 million. Repair costs are expected to occur over 10 years. The economic impact of rail service to Pueblo is expected to be approximately $67 million over ten years. The benefit of rail service to Pueblo exceeds the cost by approximately $36 million ($67 million – $31 million). While repair costs are expected to decrease sharply after 10 years, the impact of rail service to Pueblo provides a stream of future benefits for the state economy.

Additional Economic Impact Results: Rail Produced by Evraz Pueblo and Federal Funding of Repairs: Information provided by Amtrak indicates that approximately 100 miles of rail on the Southwest Chief line in Kansas will be replaced. The economic impact of this rail replacement on the Colorado economy depends on how much of the rail is produced at the Evraz steel mill in Pueblo. It is important to note that the estimated $200 million in repair costs is based on the use of relay, or used rail. If this plan is followed, there will be any benefit to the Colorado economy. We present two economic impact scenarios based on the assumption that new rail will ultimately be used in Kansas. The first scenario is based on Evraz Pueblo supplying the entire rail for repairs in Kansas. Under this scenario, the use of rail produced in Colorado would generate an additional $33 million in economic activity, over 100 jobs, and about $830,000 in state and local tax revenue. The second scenario is based on the assumption that Evraz Pueblo completes a portion of this work commensurate with the company’s current market
share in the U. S. (approximately 40 percent). Under this scenario, the overall economic impact would be approximately $13.2 million, 40 jobs, and about $335,000 in additional state and local tax revenue.

We estimate that the total cost of maintaining current Southwest Chief service in Colorado and extending passenger rail service to Pueblo is approximately $74 million. If these expenses are paid by the federal government, this new spending in Colorado would generate an additional $145 million in economic activity, over 1000 jobs, and about $4.5 million in state and local tax revenue.

**Need for Additional Research**

This study is based on the most accurate information available at this time. The results of this report can be improved with information provided by a revenue and ridership study by Amtrak. This type of analysis would provide a more accurate estimate of ridership to a new station in Pueblo and the cost of rail upgrades. An Amtrak study requires several months to complete and a formal request from the Colorado Department of Transportation.

The study focuses on the state-level economic impacts described above and does not include all of the economic impacts and benefits associated with the Southwest Chief. For example, the benefits of increased mobility to Colorado citizens are not examined, nor are county-level economic impacts reported. The effect of current and expected Amtrak employees working on the Southwest Chief is not included. Amtrak maintains a train crew stationed in La Junta and a new station in Pueblo is expected to add about three more employees.

**Figure 1. Maps of Existing Southwest Chief Service and to a New Amtrak Station in Pueblo.**