Destin-Ft. Walton Beach Airport Application

Okaloosa RESTORE Advisory Committee

Table of Contents

Section	Page
Destin-Ft. Walton Beach Airline Visitor Market	**3**
Executive Summary	4
VPS Economic Impact	5
Passenger Trend	6
Current Service	9
Passenger "Leakage" to Other Regions	10
Target Market Overview	12
Target Market One: New York/Newark	**13**
Potential Service Profile	14
Passenger Forecast	15
Economic Impact Forecast	16
Target Market Two: Chicago	**17**
Potential Service Profile	18
Passenger Forecast	19
Economic Impact Forecast	20
Target Market Three: Miami	**21**
Potential Service Profile	22
Passenger Forecast	23
Economic Impact Forecast	24
Target Market Four: Toronto	**25**
Potential Service Profile	26
Passenger Forecast	27
Economic Impact Forecast	28

Section One:

Destin-Ft. Walton Beach Airline Visitor Market

VPS is Requesting $6 Million in Grant Funding for Four New Airline Routes, Generating $32.3 Million in New Economic Impact

Executive Summary

Destin-Ft. Walton Beach Airport (VPS)has been a key component of the Emerald Coast economy for more than 50 years. Each year, it draws more than 280,000 tourists to the region who spend more than $192 million on goods and services, supporting 1,400 jobs. Still, passengers using the airport have remained flat for the last decade, as carriers have continued to trim nationwide airline capacity.

Since the fuel cost spike of 2008, airlines have cut capacity at non-hub airports, like VPS, by 31%. Much of the flying airlines used to operate is simply no longer profitable with fuel prices higher than $2 a gallon. VPS lost fewer seats, but just in the last year airlines trimmed VPS peak summertime capacity by 5%.

These capacity cuts have caused fares to rise – which is the goal of virtually all of the nation's major carriers. VPS has the unenviable ranking of the highest fare airport in the southeast region, with an average one way fare that is 52% higher than the regional average.

With rising fares and reduced flights, more visitors have chosen to take their vacations in places other than the Emerald Coast. For every group of 200 visitors that choses not to arrive at VPS, the region loses one job and $137,000 in spending.

The best way to combat the loss of airline seats and the reduced economic impact is to recruit airlines to operate more flights at VPS. In this effort, VPS faces tremendous competition, as more than 370 commercially-served airports in the US are constantly requesting additional service. It is imperative that airports offer incentives to reduce airline risk in beginning new service and to help them stand out from competing airports.

Airports are limited by the Federal Aviation Administration (FAA) in the types of incentives they can offer. VPS offers the maximum allowable under the law, including fee/rent waivers and marketing cash.

Most airlines seek revenue guarantees. These programs guarantee a minimum amount of revenue, with a cap, for the first one or two years of service – taking more of the risk away from the airline and reducing the major barrier to entry – a loss during the start-up phase of service in a new market. The FAA, however, prohibits airports from offering revenue guarantees, themselves, mandating that guarantees must come from grants and communities.

As a critical tourism and economic engine on the Emerald Coast, Destin-Ft. Walton Beach Airport requests a grant of $6 million from the Okaloosa RESTORE Advisory Committee for revenue guarantees for new airline service. The grant request consists of four unique $1.5 million dollar airline projects, seeking to add non-stop service to New York City, Chicago, Miami/Ft. Lauderdale, and Toronto, Ontario.

Together, these services are forecast to generate $32.3 million in new economic impact to the region in their first year of service:

- New York/Newark: $12,933,785
- Chicago: $8,831,591
- Miami/Ft. Lauderdale: $7,834,232
- Toronto, Ontario: $2,731,601
- **Total Impact: $32,331,209**

Detail on the Destin-Ft. Walton Beach market is included in this application supplement document, along with specific detail on each new route, a forecast for the service, and a forecast of economic impact. This project fits in well with the overall mission of the RESTORE Act – to grow inbound tourism and support jobs on the Emerald Coast.

VPS Generates Almost $193 Million in Annual Visitor Spending, Drawing an Average of 770 Visitors a Day to the Emerald Coast

Economic Impact Factors
Destin-Ft. Walton Beach Airport

Visitor Trips		Visitor Spending	
Annual Visitors Generated	281,000	Total Visitor Spending	$192,600,000
Average Visitors per Day	770	Average Spend per Visitor Trip	$685.41
Percentage of Visitors That Fly	6.00%	Average Spend per Visitor Day	$134.39
Average Visitors per Trip	2.4	Average Household Income	$93,900
Median Visitors per Trip	2.0	Median Household Income	$77,900
Average Length of Stay (Nights)	5.1	Current Jobs Supported	1,400
Median Length of Stay (Nights)	3.8	Jobs Supported per Visitor	0.005

Source: Haas Center for Business Research, University of West Florida

Destin-Ft. Walton Beach Airport (VPS) is a major driver of the tourism economy in the Florida panhandle. Without the airport, the region would lose an estimated 281,000 visitors per year, or 117,000 family trips per year.

VPS generates $192.6 million in annual visitor spending according to a recent study by the Haas Center for Business Research at the University of West Florida. The average visitor spends 5.1 nights in the region, spending an average of $134 per day, or $685 per trip. The average family spends $1,644 per trip when they visit the Emerald Coast.

Families that travel to the region for vacation, through VPS, tend to be wealthier than the national average. The study found an average household income of an Emerald Coast visitor was $93,900 and the median household income was $77,900.

Visitors who fly to the region through VPS support 1,400 jobs. The average visitor supports 0.005 jobs, so with every 200 additional visitors that arrive through VPS a new job is created on the Emerald Coast.

Still, just 6% of those who travel to the Emerald Coast for vacation arrive at Destin-Ft. Walton Beach Airport. The vast majority still drive. This is a function of a lack of non-stop flights to major cities where travelers originate. This lack of flights costs the region tens of millions a year in economic impact.

In the current environment, where airlines are more conservative in adding new markets than they have ever been, it makes sense for tourist-based economies to allocate funds for airline incentives. For every dollar invested in a new route at VPS, roughly five dollars will be spent on the Emerald Coast.

As of the Year Ended Third Quarter 2014, VPS Averaged 970.5 Passengers per Day Each Way for a Total of 708,500 Passengers

VPS passengers have been relatively flat over the last decade as airlines have cut capacity and planes have been more full. VPS is competing against many other airports for flights. In order to grow passengers, VPS will need to offer more aggressive incentives to airlines to add flights.

An estimated 281,000 VPS passengers were inbound tourists visiting the market, according to a study by the Haas Center for Business Research at the University of West Florida.

VPS Peak Summer Capacity Was down by 5%, or an Average of 70 Departing Seats/Day, from 2012 to 2014 as Airlines Cut Flights

VPS Has the Highest Average Fare of Large Airports in the Southeast Region, at $263 O/W, Which Is 52% Higher than the Regional Average

Southeast Region Airports Ranked by Average Fare; Only Airports with 500,000+ Passengers Included

Year Ended Third Quarter 2014; No Adjustment for Ancillary Revenue

The most effective way to bring down fares, and encourage more travelers to visit Destin-Ft. Walton Beach, is to recruit additional flights injecting additional seats into the market. With fares this high airlines have little incentive to add seats on their own, and require incentives to convince them to expand service.

VPS Has Non-Stop Service on Three Airlines to Five Major Hubs, With One-Stop Connections to Cities All Over the World

VPS has solid service currently, with flights provided by three major carriers to most of their nearby hub airport operations.

American serves Charlotte and Dallas/Ft. Worth with daily non-stops, while it offers a summer seasonal Saturday-only flight to Washington's Reagan National.

Delta serves Atlanta with daily non-stops.

United serves Houston-Bush Intercontinental with daily non-stops.

Destin-Ft. Walton Beach tourism is hindered by the lack of non-stops to the northeast US, the Midwest, south Florida, and Canada.

VPS Retains Just 59% of Passengers Traveling to and from Its Immediate Catchment Area – Seen in Orange in the Map Below

The lack of available airline seats causes many visitors who might travel to Destin-Ft. Walton Beach to go other places. Those who fly into airports such as Pensacola will likely spend significant parts of their vacations outside Florida, spending their vacation funds in Alabama and Mississippi.

Originating Airport for VPS Catchment Passengers

Study Period: Year Ended Second Quarter 2013

Rank	Airport	Passengers	PDEW	Share
1	Destin-Ft. Walton Beach Airport	720,569	987.1	59.3%
2	Pensacola Regional Airport	287,742	394.2	23.7%
3	Hartsfield-Jackson Atlanta Airport	104,855	143.6	8.6%
4	Northwest Florida Beaches Int'l Airport	89,848	123.1	7.4%
5	Tallahassee Regional Airport	5,513	7.6	0.5%
6	Mobile Regional Airport	4,818	6.6	0.4%
7	Montgomery Regional Airport	2,603	3.6	0.2%
8	New Orleans International Airport	390	0.5	0.0%
Total Fort Walton Beach Area Pax		**1,214,818**	**1,664.1**	**100.0%**

Source: Sixel Consulting Group VPS True Market Study

More than Half – 51.3% – of VPS Catchment Passengers Travel to and from Beach-Adjacent Zip Codes, with 32% at Destin's Main Zip

Rank	Zip Code	Passengers	Share	Rank	Zip Code	Passengers	Share
1	32541	383,575	31.6%	11	32540	29,790	2.5%
2	32547	159,067	13.1%	12	32459	28,409	2.3%
3	32578	121,345	10.0%	13	32439	11,085	0.9%
4	32566	114,371	9.4%	14	32580	10,130	0.8%
5	32548	94,004	7.7%	15	32433	8,515	0.7%
6	32536	55,938	4.6%	16	32542	7,488	0.6%
7	32550	47,220	3.9%	17	32531	6,570	0.5%
8	32539	39,384	3.2%	18	32567	4,808	0.4%
9	32579	38,760	3.2%	19	32544	4,515	0.4%
10	32569	37,585	3.1%	20	32435	3,707	0.3%

This illustrates the draw of Destin and Ft. Walton Beach to visitors arriving by air. Additional flights are needed to continue to grow this sector of the Florida panhandle economy.

Source: Sixel Consulting Group VPS True Market Study

VPS Has Four Primary Targets for New Routes, Opening Up the Market to New Tourists Who Otherwise Would Choose Other Regions

Based on the potential economic impact of new visitors to the region, and a number of discussions in-person with airline network planning executives, VPS has developed a "top target" list of new routes. This list fills in gaps in service coverage, including non-stops to the northeast, the Midwest, south Florida, and Canada.

Over the past 18 months, VPS leaders have met, in-person, with network planners from Allegiant, American, Delta, Frontier, JetBlue, National, SkyWest, Southern Airways Express, Southwest, United, and Vacation Express. The Airport has also had conversations with Air Canada, Air Transat, and WestJet, in Canada.

These carriers have all expressed some level of interest in the market. But universally, they requested a revenue guarantee incentive in order to launch new service. New markets represent tremendous economic risk. Communities are expected to help bear some of that risk by guaranteeing a minimum level of revenue for the first year to two years of new service.

VPS, as an Airport alone, is not allowed by the Federal Aviation Administration to divert funding to revenue guarantees. Community entities are required, by law, to provide these guarantees. Still, VPS provides landing fee waivers, terminal rent abatement, and marketing cash to carriers providing new routes.

Based on the success of other communities in recruiting additional service, and conversations with airline planners, each route will require a guarantee of at least $1.5 million. For the recruitment of all four routes, VPS would need to provide guarantees totaling at least $6 million.

The return on investment to the region will be much larger than the guarantee required. Research and forecasts compiled for this application show a total economic impact of service of $32.2 million in the first year of service.

Target Market One:

New York/Newark

New York/Newark is the Number One Target Market, with a Potential to Generate Almost 19,000 Annual Inbound Visitors

The New York/Newark market is one of the largest markets from the Florida panhandle, despite the lack of non-stop service from any airport in the region. The spending power in the market is massive, and the lack of a non-stop is a significant detriment to the tourism industry in the region.

Service to a New York City-area airport would also provide connections to cities around the northeast with significant potential to generate visitors to the panhandle, including Boston, Buffalo, Burlington, Hartford, Manchester, Philadelphia, Pittsburgh, Portland, Providence, and Syracuse.

The primary target for this service would be JetBlue Airways, which does not serve the region, and is known for high quality service and low fares. JetBlue has met with VPS and expressed interest in launching service with a revenue guarantee incentive in place. Secondary targets that could provide service to their New York/Newark hubs include American, Delta, and United.

The forecasts on the following pages show that New York/Newark service, operated on a schedule of six flights per week with "mainline" Airbus aircraft, seating 150 passengers, would generate:

- 77,806 total passengers in year one.
- 107 passengers per flight, on average.
- 60 visitors per arrival, on average.
- 18,870 new annual visitors (tourists) to the region.
- $12.9 million in new visitor spending in year one.
- 96,239 new visitor overnights in year one.
- 94.4 new jobs estimated to be created in year one.

New York/Newark is Forecast to Fill Almost 84% of Available Seats with 57% of Passengers Visiting the VPS Area – 18,870 New Annual Visitors

Destin-Ft. Walton Beach - New York Kennedy (JFK)			
Service Parameters		***Passenger Forecast***	
Airline	JetBlue	Annual Fared Passengers	77,806
Aircraft	A320	Annual Fared Passengers Each Way	38,903
Available Seats Per Flight	150	Average Fared Passengers per Roundtrip	213.2
Flights Per Day (Each Direction)	0.86	Average Fared Passengers per Segment	106.6
Available Seats Per Year (One Way, 99% Completion)	46,452	Average Load Factor	83.7%
Forecast Parameters		Annual Local Fared Passengers	15,311
Connecting Itinerary Circuity Limit	66.0%	Average Local Passengers per Segment	36.8
Local Passenger Market Share	69.5%	Annual Connecting Fared Passengers	62,495
Connecting Passenger Market Share	58.1%	Total Connecting Passengers per Segment	69.8
New Visitor Analysis			
Percentage of Passengers Visiting Northwest Florida	56.6%	Percentage of Passengers Not Visitors	43.4%
Visitors per Arrival	60.3	***Annual Visiting Passengers***	***18,870***

On service six times per week, year 'round, the New York/Newark market is forecast to generate 38,903 annual roundtrip passengers, with 7,656 coming directly from NYC and another 31,247 coming from other northeast markets and connecting in New York.

A forecast 56.6% of passengers would be traveling to Destin-Ft. Walton Beach as tourists, representing 18,870 new tourists to the region per year, or an average of 60 new tourists per arriving flight.

Based on the VPS Economic Impact Study, New York/Newark Service Would Generate $12.9 Million in New Visitor Spending and 94 Jobs

Destin-Ft. Walton Beach - New York Kennedy (JFK)			
Economic Impact Factors		***New Visitor Generation on New Service***	
Current Annual Visiting Passengers at VPS	281,000	Total Annual Passengers	77,806
Current Annual Visitor Spending in Region	$192,600,000	Share of Passengers Visiting Northwest Florida	56.6%
Average Visitor Spend per Trip	$685.41	Arriving Passengers per Day	106.6
Average Length of Stay (Days)	5.10	Arriving Visitors per Day	60.3
Average Visitor Spend per Day	$134.39	Annual Visiting Passengers on New Service	18,870
Job Supported per Visitor	0.005		
Total VPS Visitor Supported Jobs	1,405		
Economic Impact Analysis		***Economic Impact vs. Grant Expenditure***	
Forecast Visitor Spending in Region	**$12,933,875**	Requested Grant Amount	$1,500,000
Forecast New Visitor Nights	96,239	**Net New Spending in Region**	**$11,433,875**
Forecast New Jobs Created	94.4		

Based on visitor spending statistics for VPS passengers developed by the Haas Center for Business Research at the University of West Florida, which includes an average of $134 in spending per visitor per day, new NYC service would generate more than $12.9 million in new visitor spending in year one. This includes 96,239 new visitor nights, and an average length of stay on 5.1 nights. This new spending is estimated to generate 94.4 new jobs in year one, as the average VPS-arriving tourist creates 0.005 jobs.

When measured against the requested grant amount of $1.5 million, the net spending impact of NYC-VPS service is forecast at more than $11.4 million in year one.

Target Market Two:

Chicago

Chicago is the Number Two Target Market, with a Potential to Generate Almost 13,000 Annual Inbound Visitors

Service to one of the major airline hubs at Chicago would open the entire upper Midwest market to Destin-Ft. Walton Beach. Both American and United operate large hubs at O'Hare. Either would provide new one-stop service to roughly 30 cities with no current one-stops to the immediate region.

The upper Midwest has long been a market of strength for the panhandle, generating hundreds of thousands of tourist trips per year. But with the difficulty of connecting on current air service, most of those who currently travel from this region drive – which limits the number of trips they will take per year. Air service to and from Chicago would allow more frequent trips – especially in off-peak times of the year.

The forecasts on the following pages show that Chicago service, operated on a daily schedule with a regional jet aircraft, seating 70 passengers, would generate:

- 41,365 total passengers in year one.
- 56.7 passengers per flight, on average.
- 35.3 visitors per arrival, on average.
- 12,885 new annual visitors (tourists) to the region.
- $8.8 million in new visitor spending in year one.
- 65,714 new visitor overnights in year one.
- 64.4 new jobs estimated to be created in year one.

Chicago is Forecast to Fill Almost 81% of Available Seats with 62% of Passengers Visiting the VPS Area – 12,885 New Annual Visitors

On daily service, year 'round, the Chicago market is forecast to generate 20,682 annual roundtrip passengers, with 2,602 coming directly from Chicago and another 18,080 coming from other Midwest markets and connecting in Chicago.

A forecast 62.3% of passengers would be traveling to Destin-Ft. Walton Beach as tourists, representing 12,885 new tourists to the region per year, or an average of 35.3 new tourists per arriving flight.

Destin-Ft. Walton Beach - Chicago O'Hare

Service Parameters		*Passenger Forecast*	
Airline	United	Annual Fared Passengers	41,365
Aircraft	CRJ700	Annual Fared Passengers Each Way	20,682
Available Seats Per Flight	70	Average Fared Passengers per Roundtrip	113.3
Flights Per Day (Each Direction)	1.00	Average Fared Passengers per Segment	56.7
Available Seats Per Year (One Way, 99% Completion)	25,295	Average Load Factor	80.9%
Forecast Parameters		Annual Local Fared Passengers	5,204
Connecting Itinerary Circuity Limit	66.0%	Average Local Passengers per Segment	12.5
Local Passenger Market Share	29.2%	Annual Connecting Fared Passengers	36,161
Connecting Passenger Market Share	13.2%	Total Connecting Passengers per Segment	44.2

New Visitor Analysis			
Percentage of Passengers Visiting Northwest Florida	62.3%	Percentage of Passengers Not Visitors	37.7%
Visitors per Arrival	35.3	***Annual Visiting Passengers***	***12,885***

Based on the VPS Economic Impact Study, Chicago Service Would Generate $8.8 Million in New Visitor Spending and 64 Jobs

Based on visitor spending statistics for VPS passengers developed by the Haas Center for Business Research at the University of West Florida, which includes an average of $134 in spending per visitor per day, new Chicago service would generate more than $8.8 million in new visitor spending in year one. This includes 65,714 new visitor nights, and an average length of stay on 5.1 nights. This new spending is estimated to generate 64.4 new jobs in year one, as the average VPS-arriving tourist creates 0.005 jobs.

When measured against the requested grant amount of $1.5 million, the net spending impact of Chicago-VPS service is forecast at more than $7.3 million in year one.

Destin-Ft. Walton Beach - Chicago O'Hare

Economic Impact Factors	
Current Annual Visiting Passengers at VPS	281,000
Current Annual Visitor Spending in Region	$192,600,000
Average Visitor Spend per Trip	$685.41
Average Length of Stay (Days)	5.10
Average Visitor Spend per Day	$134.39
Job Supported per Visitor	0.005
Total VPS Visitor Supported Jobs	1,405

New Visitor Generation on New Service	
Total Annual Passengers	41,365
Share of Passengers Visiting Northwest Florida	1
Arriving Passengers per Day	56.7
Arriving Visitors per Day	35.3
Annual Visiting Passengers on New Service	12,885

Economic Impact Analysis	
Forecast Visitor Spending in Region	**$8,831,591**
Forecast New Visitor Nights	65,714
Forecast New Jobs Created	64.4

Economic Impact vs. Grant Expenditure	
Requested Grant Amount	$1,500,000
Net New Spending in Region	**$7,331,591**

Target Market Three:

Miami/Ft. Lauderdale

Miami/Ft. Lauderdale is the Number Three Target Market, with a Potential to Generate More Than 11,000 Annual Inbound Visitors

The south Florida market is the largest to/from Destin-Ft. Walton Beach within the State of Florida. VPS has had service from Miami in the past. Service to and from either Miami and/or Ft. Lauderdale would connect the most distant parts of the State, where the drive is long and unattractive.

Service to a south Florida airport would also provide connections to cities in growing economic regions of Latin America with significant potential to generate visitors to the panhandle. This includes cities in the Caribbean, in northern South American, and in Brazil, where outbound tourism has tripled in the last ten years.

The primary target for this service would be American Airlines, which operates a large hub at Miami. American has met with VPS and expressed interest in launching service with a revenue guarantee incentive in place. Secondary targets that could provide service to their Ft. Lauderdale hubs include JetBlue and Spirit.

The forecasts on the following pages show that south Florida service, operated on a schedule of two flights per day on regional jet aircraft, seating 50 passengers, would generate:

- 28,791 total passengers in year one.
- 39.4 passengers per flight, on average.
- 15.7 visitors per arrival, on average.
- 11,430 new annual visitors (tourists) to the region.
- $7.8 million in new visitor spending in year one.
- 58,293 new visitor overnights in year one.
- 57.2 new jobs estimated to be created in year one.

South Florida is Forecast to Fill Almost 79% of Available Seats with 40% of Passengers Visiting the VPS Area – 11,430 New Annual Visitors

Destin-Ft. Walton Beach - Miami			
Service Parameters		***Passenger Forecast***	
Airline	American	Annual Fared Passengers	28,791
Aircraft	ERJ145	Annual Fared Passengers Each Way	14,395
Available Seats Per Flight	50	Average Fared Passengers per Roundtrip	78.9
Flights Per Day (Each Direction)	2.00	Average Fared Passengers per Segment	39.4
Available Seats Per Year (One Way, 99% Completion)	36,135	Average Load Factor	78.9%
Forecast Parameters		Annual Local Fared Passengers	838
Connecting Itinerary Circuity Limit	66.0%	Average Local Passengers per Segment	2.0
Local Passenger Market Share	59.0%	Annual Connecting Fared Passengers	27,953
Connecting Passenger Market Share	21.5%	Total Connecting Passengers per Segment	37.4
New Visitor Analysis			
Percentage of Passengers Visiting Northwest Florida	39.7%	Percentage of Passengers Not Visitors	60.3%
Visitors per Arrival	15.7	***Annual Visiting Passengers***	***11,430***

On twice-daily service, year 'round, the south Florida market is forecast to generate 14,395 annual roundtrip passengers, with 419 coming directly from Miami/Ft. Lauderdale and another 13,976 coming from other markets and connecting in south Florida.

A forecast 39.7% of passengers would be traveling to Destin-Ft. Walton Beach as tourists, representing 11,430 new tourists to the region per year, or an average of 15.7 new tourists per arriving flight.

Based on the VPS Economic Impact Study, South Florida Service Would Generate $7.8 Million in New Visitor Spending and 57 Jobs

Destin-Ft. Walton Beach - Miami	
Economic Impact Factors	
Current Annual Visiting Passengers at VPS	281,000
Current Annual Visitor Spending in Region	$192,600,000
Average Visitor Spend per Trip	$685.41
Average Length of Stay (Days)	5.10
Average Visitor Spend per Day	$134.39
Job Supported per Visitor	0.005
Total VPS Visitor Supported Jobs	1,405

New Visitor Generation on New Service	
Total Annual Passengers	28,791
Share of Passengers Visiting Northwest Florida	39.7%
Arriving Passengers per Day	39.4
Arriving Visitors per Day	15.7
Annual Visiting Passengers on New Service	11,430

Economic Impact Analysis	
Forecast Visitor Spending in Region	**$7,834,232**
Forecast New Visitor Nights	58,293
Forecast New Jobs Created	57.2

Economic Impact vs. Grant Expenditure	
Requested Grant Amount	$1,500,000
Net New Spending in Region	**$6,334,232**

Based on visitor spending statistics for VPS passengers developed by the Haas Center for Business Research at the University of West Florida, which includes an average of $134 in spending per visitor per day, new Miami/Ft. Lauderdale service would generate more than $7.8 million in new visitor spending in year one. This includes 58,293 new visitor nights, and an average length of stay on 5.1 nights. This new spending is estimated to generate 57.2 new jobs in year one, as the average VPS-arriving tourist creates 0.005 jobs.

When measured against the requested grant amount of $1.5 million, the net spending impact of south Florida-VPS service is forecast at more than $6.3 million in year one.

Target Market Four:

Toronto, Ontario

Toronto, Ontario is the Number Four Target Market, with a Potential to Generate Almost 4,000 Annual Inbound Visitors

VPS has started to recruit service into Canada, as the Canada-Florida market has continued to grow over the last decade. Carriers in Canada have opened new routes to smaller cities all over Florida, but none of them serve the panhandle.

This service would likely be summer seasonal, bringing Canadians to the region during the peak time of the year. It would likely be operated by "mainline" jet aircraft, such as the Boeing 737, on a pattern of four flights per week for six months of the year.

The service has tremendous potential to stimulate new trips to the panhandle, as Canada represents one of the largest untapped markets for the region. The initial visitor impact is smaller than that of the other targets is this application, but it would grow each year as more and more Canadians learned about the Emerald Coast.

The forecasts on the following pages show that Toronto service, operated on a schedule four flights per week on a six month season with a Boeing 737 seating 138 passengers, would generate:

- 11,145 total passengers in year one.
- 3,985 new annual visitors (tourists) to the region.
- $2.7 million in new visitor spending in year one.
- 20,325 new visitor overnights in year one.
- 19.9 new jobs estimated to be created in year one.

Toronto is Forecast to Fill More Than 78% of Available Seats with 72% of Passengers Visiting the VPS Area – 3,985 New Annual Visitors

Destin-Ft. Walton Beach - Toronto Pearson, Ontario, Canada			
Service Parameters		***Passenger Forecast***	
Airline	WestJet	Annual Fared Passengers	11,145
Aircraft	B73G	Annual Fared Passengers Each Way	5,573
Available Seats Per Flight	138	Average Fared Passengers per Roundtrip	107.2
Flights Per Day (Each Direction)	0.29	Average Fared Passengers per Segment	53.6
Available Seats Per Year (One Way, 99% Completion)	14,212	Average Load Factor	78.4%
Forecast Parameters		Annual Local Fared Passengers	7,923
Connecting Itinerary Circuity Limit	66.0%	Average Local Passengers per Segment	38.1
Local Passenger Stimulation Factor	278.0%	Annual Connecting Fared Passengers	3,222
Connecting Passenger Market Share	68.0%	Total Connecting Passengers per Segment	15.5
New Visitor Analysis			
Percentage of Passengers Visiting Northwest Florida	71.5%	Percentage of Passengers Not Visitors	28.5%
Visitors per Arrival	38.3	***Annual Visiting Passengers***	***3,985***

On service four times per week, six months each year, the Toronto market is forecast to generate 5,573 annual roundtrip passengers, with 3,962 coming directly from Toronto and another 1,611 coming from other Canadian markets and connecting in Toronto.

A forecast 71.5% of passengers would be traveling to Destin-Ft. Walton Beach as tourists, representing 3,985 new tourists to the region per year.

Based on the VPS Economic Impact Study, Toronto Service Would Generate $2.7 Million in New Visitor Spending and 20 Jobs

Destin-Ft. Walton Beach - Toronto Pearson, Ontario, Canada			
Economic Impact Factors		***New Visitor Generation on New Service***	
Current Annual Visiting Passengers at VPS	281,000	Total Annual Passengers	11,145
Current Annual Visitor Spending in Region	$192,600,000	Share of Passengers Visiting Northwest Florida	71.5%
Average Visitor Spend per Trip	$685.41	Arriving Passengers per Day	53.6
Average Length of Stay (Days)	5.10	Arriving Visitors per Day	38.3
Average Visitor Spend per Day	$134.39	Annual Visiting Passengers on New Service	3,985
Job Supported per Visitor	0.005		
Total VPS Visitor Supported Jobs	1,405		
Economic Impact Analysis		***Economic Impact vs. Grant Expenditure***	
Forecast Visitor Spending in Region	**$2,731,601**	Requested Grant Amount	$1,500,000
Forecast New Visitor Nights	20,325	**Net New Spending in Region**	**$1,231,601**
Forecast New Jobs Created	19.9		

Based on visitor spending statistics for VPS passengers developed by the Haas Center for Business Research at the University of West Florida, which includes an average of $134 in spending per visitor per day, new Toronto service would generate more than $2.7 million in new visitor spending in year one. This includes 20,325 new visitor nights, and an average length of stay on 5.1 nights. This new spending is estimated to generate 19.9 new jobs in year one, as the average VPS-arriving tourist creates 0.005 jobs.

When measured against the requested grant amount of $1.5 million, the net spending impact of Toronto-VPS service is forecast at more than $1.2 million in year one.

For Additional Information

Contact

Michael J. Stenson
Deputy Airport Director
mstenson@co.okaloosa.fl.us

Destin-Ft. Walton Beach Airport

1701 State Road 85N
Eglin AFB, Florida 32542

(850) 651-7160, Ext. 1004