



**VERO BEACH**  
REGIONAL AIRPORT

# **VERO BEACH REGIONAL AIRPORT: ECONOMIC IMPACT OF EXISTING AND POSSIBLE NEW AIR SERVICE**

## **Economic Activity Analysis of:**

- Existing air service
- New network carrier air service
- New low-cost carrier air service
- Air service visitor impact

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# EXECUTIVE SUMMARY

The Vero Beach Regional Airport and its community partners commissioned Volaire Aviation Consulting to conduct this economic impact of existing air service and potential new air service study. Specifically, the purpose is to determine the total local economic impact of existing Elite Airways (an independent regional carrier) air service and potential new nonstop air service from the Airport in two scenarios. The first scenario would be network regional jet service and the second would be nonstop service by an Ultra-Low-Cost carrier (ULCC) from multiple northern cities. This study will quantify the economic impact that can be expected in Indian River County from the current air service and from operation of one or both of the two new air service scenarios.

The existing Vero Beach air service consists of Elite Airways flights to Newark, NJ, White Plains, NY, Asheville, NC and Portland, ME. Newark service is year-round while the other routes are flown seasonally during the summer months. All routes are flown less-than-daily with typically one round trip per day on select days of the week. For the 12 months ended August 31, 2018, DOT reports show that Elite Airways operated a total of 651 Vero Beach scheduled flights to or from those four destinations. Those flights carried 20,770 passengers on 33,562 seats offered for a 61.9% load factor. Almost all flights were operated with a 50-seat CRJ-200 aircraft.

The new air service scenario involving network regional jets will be modeled around a United Airlines service from United hubs at Washington Dulles, Newark and Chicago. The new air service scenario involving a ULCC carrier will be modeled around Allegiant Air less-than-daily service to four cities in the northern United States.

This report will examine and quantify the local economic impact of the existing Elite Airways services, the projected network carrier services and the projected ULCC carrier service on an annualized basis after route maturity and after the service traffic demand startup curve. Economic impact will be expressed in 2018 dollars.

The projected United Airlines service at Vero Beach would consist of daily year-round service once per day to the United hub at Washington Dulles, twice weekly (weekend) service to the United hub at Chicago O'Hare and once weekly (Saturday) to the United hub at Newark/New York City. This projected service would annually generate 1,030 flight arrivals and departures from Vero Beach, offering 78,280 seats. At a projected load factor of 77%, this would mean 30,134 annual enplanements and 60,268 total annual passengers.

The projected Allegiant Air service at Vero Beach would consist of twice weekly Airbus flights from four northern cities. Allegiant serves dozens of cities in the northern tier of the United States; for purposes of this analysis the four cities chosen are Columbus, OH, Nashville, TN, Pittsburgh, PA and Raleigh, NC. In total, service from these cities would generate 824 annual flight arrivals and departures from Vero Beach offering 128,544 annual seats. At a projected load factor of 85%, this would mean 54,631 annual enplanements and a total of 109,262 annual passengers.

The existing Elite Airways service is estimated to generate the following economic impacts on Vero Beach and Indian River County:

- > An estimated 29.0 full time equivalent (FTE) jobs at the Airport which in turn generate an estimated 15.1 new local FTE jobs via indirect and induced effect. These jobs have an estimated annual labor income of \$2.063 million with \$6.4 million in local economic output. (see page 18 – 20)
- > These added services are generating an estimated 5,193 net new annual visitors with an estimated 10,984 annual visit days to the area. These visitors are spending nearly \$13 million dollars locally. (see page 32)
- > Net new annual visitor spending is estimated to create 19.5 FTE jobs with \$586,874 in annual labor income via direct, indirect and induced economic effect. (see page 32)

The possible United Airlines routes are forecast to have a significant economic impact on the Airport, on the City of Vero Beach, and on Indian River County.

- > An estimated 15.4 new FTE jobs at the Airport which in turn generate 11.0 local FTE jobs via indirect and induced effect. These jobs have an estimated annual labor income of \$1.2 million with \$5.1 million in annual economic output. (see page 23 and 24)
- > United's possible new services will generate an estimated 6,780 net new annual visitors with an estimated 31,866 visit days to the area. These visitors will spend about \$3.8 million dollars locally. (see page 33)

- > Net new annual visitor spending is estimated to create 54.5 FTE jobs with \$1.64 million in annual labor income via direct, indirect and induced economic effect. (see page 33)

The possible Allegiant Air services are forecast to have a significant economic impact on the Airport, on the City of Vero Beach, and on Indian River County.

- > An estimated 16.3 new FTE jobs at the Airport which in turn generate 13.0 local FTE jobs via indirect and induced effect. These jobs have an estimated annual labor income of \$1.3 with \$5.3 million in annual economic output. (see page 23 and 24)
- > Allegiant’s possible new services will generate an estimated 16,472 net new annual visitors with an estimated 77,418 visit days to the area. These visitors will spend about \$9.3 million dollars locally. (see page 34)
- > Net new annual visitor spending is estimated to create 132.4 FTE jobs with \$3.99 million in annual labor income via direct, indirect and induced economic effect. (see page 34)

If all three service scenarios were operated, the existing Elite service plus the possible United and Allegiant services, the key local annual economic impacts are summarized as follows:

<b>SUMMARY OF VERO BEACH REGIONAL AIRPORT AIR SERVICE ECONOMIC IMPACT</b>									
Service	Annual			Airport Jobs		Visitor Spending Jobs		Total	
	Flights	Passengers	Visitors	FTEs	Output	FTEs	Output	FTEs	Output
Existing Elite	651	20,770	5,193	44.1	\$6.4	19.5	\$1.9	63.6	\$8.3
Potential United	1,030	60,268	6,780	26.4	\$5.1	54.5	\$5.3	80.9	\$10.4
Potential Allegiant	824	109,262	16,472	29.3	\$5.3	132.4	\$12.9	161.7	\$18.2
<b>Total All</b>	<b>2,505</b>	<b>190,300</b>	<b>28,445</b>	<b>99.9</b>	<b>\$16.8</b>	<b>206.4</b>	<b>\$20.1</b>	<b>306.3</b>	<b>\$36.9</b>

The combination of the existing air services and the possible new flights is forecast to generate, from airport employment plus net new visitor spending, a total of 306.3 local FTE jobs with \$10.8 million in annual labor income. Total local annual economic output would be an estimated \$36.9 million.

# STUDY OUTLINE

## Background

Vero Beach Regional Airport is a public airport located one-mile northwest of Vero Beach, Florida. The Airport is adjacent to State Highway 60, is one mile from US Highway 1 and six miles from I-95. The Airport sits on 1,707 acres and has three runways. Runway 12R-30L is 7,314 x 106 feet, Runway 4-22 is 4,974 x 100 feet and Runway 12L-30R is 3,504 x 75 feet. RNAV and VOR approaches are available. About 190 aircraft are based at the field which averages 568 flight operations per day, almost all of which is general aviation related.

The Airport has all the infrastructure in place to support scheduled airline service, including a Part 139 FAA certificate, an FAA Control Tower, an Airport Fire Station (ARFF Index A), a modest terminal building and Transportation Security Administration operations on-field to support the existing Elite Airways scheduled services.

Vero Beach is located in Indian River County. The County is also the political unit that defines the Sebastian-Vero Beach Metropolitan Statistical Area. The MSA has shown 12% population growth and 34% Gross Metro Product (GMP) growth since 2010.

## Goal

The goal of this study is to define the approximate annual local economic impact in Indian River County that has resulted from the additional air service on existing routes and the new air service that has been added and would be added, as a result from the imposition of either, or both, of the two possible new air services. Only local economic activities which are “Air Service Dependent” will be reviewed. For the purpose of this report, “Air Service Dependent” means activity which would not occur save for the existence of the added air services or one or both of the new air service scenarios. The surrounding area is defined as Indian River County, the county in which the Airport resides.

Calculating the local economic impact of an Airport's air service is similar to calculating the impact of a factory, a shopping mall, a hotel or any facility that sustains employment and generates commerce.

This study will define and quantify local economic activity which would not occur except for the possible air services. This activity is measured in the following ways:

- > Jobs created and sustained;
- > The local impact of visitors brought to the region via the Airport;
- > Local air service related commercial spending;
- > Local air service related capital expenditures.

Basic economic theory states any economic activity has, at a minimum, three impacts:

- > Direct impact-the measurement of jobs and spending at the Airport;
- > Indirect impact-the ripple effect of economic activity beyond the Airport, but resulting from Airport jobs and spending;
- > Induced impact-the third level of impact in which economic activity generated by people and businesses benefited from the indirect impacts.

All three levels, direct, indirect and induced, when taken together form the estimated overall economic impact of the Airport's air service dependent businesses and governmental bodies.

The impact of an Airport's air service economic activity is typically measured at the county level. In this case, economic activity will be measured for Indian River County, Florida. As with any economic impact analysis, political boundaries like a county line are not perfect dividers of economic activity. This report endeavors, where possible, to dilute economic impacts where it is impossible to know for certain how much of an impact occurred inside county lines and how much may have spilled into an adjacent county.

# STUDY METHOD AND PROCESS

## Measuring Economic Activity

'Economic activity' is a broad term and can be measured in multiple ways. In general terms, it means the level of activity, the number of transactions, the value of those transactions and the overall creation of jobs, goods or services produced within an economic entity.

This can be as broad as measuring the economic activity of a country or as narrow as measuring the economic activity of a single factory, retail store or hotel. On a macro level or country or state level, economic activity can be measured by Gross Domestic Product (GDP). Beneath that, the county (or counties) level is commonly referred to as Metropolitan Statistical Area (MSA) while city level economic activity is commonly measured by Gross Metropolitan Product (GMP).

Still further, this report strives to measure the economic activity and impact of the added or possible new air services at the Airport upon the county it is located in. At the local level, we will measure the economic impact of each air service related job at the airport.

**Local Survey Results:** One essential element of measuring air service economic activity and impact is gaining, by survey, the economic information needed to calculate the scale and scope and thus the impact of the air service related economic activity. Volaire Aviation, assisted by the Airport Administration, surveyed key local entities to gain information critical to the study. This includes information on local and regional visitor spending and average stay patterns. It also includes a survey of local vendors, such as car rental agencies, to estimate new employment that might be needed to support the needs of passengers generated by the new air services.

**Other Data Sources:** A host of data sources are accessed to provide the information needed to complete this study. Airport Administration provided a range of (publicly available) information to support the analysis of various economic activities at the Airport. Department of Transportation (DOT) reports provided the necessary background on regional air travel demand. Volaire Aviation developed overtime staffing models for various air service related functions used to estimate the

airline employment at the Airport to support the operation of new services.

## **Economic Activity and Impact Software**

Voltaire Aviation Consulting uses the IMPLAN economic modeling software. IMPLAN is a world leader in providing economic impact data and modeling to governments, universities, and public and private sector organizations for assessing the economic impacts of existing or projected economic activity in all economic sectors. IMPLAN software takes survey and other collected data and traces economic activity through the local economy and provides direct, indirect and induced impacts on employment, wages and taxes.

The IMPLAN software is constantly updated with the latest US Bureau of Labor Statistics and Bureau of Economic Analysis data, as well as US Census data. The software also accesses Regional Economic Information Systems (REIS). Using classic input-output analysis in combination with regional specific social accounting matrices and multiplier models, IMPLAN provides a highly accurate and adaptable model for its users. The IMPLAN database breaks out captured economic data to the state, county and zip code level. IMPLAN software is a widely and commonly accepted economic activity analysis tool.

## **Assumptions, Terms and Definitions**

**Assumptions:** Any economic activity and impact study must make certain assumptions in the process of analysis. Key assumptions in this study include, but are not limited to, the following:

- > This study is a snapshot of various Airport economic activities. Economic activity is not static as it can grow or shrink.
- > The Airport's economic activity is assumed to take place in Indian River County. We note county lines are not perfect dividers of economic activity.
- > This study is only as good as the economic activity survey results gathered from the various entities that populate the Airport.
- > The IMPLAN software is, as of this writing, programed with year 2016 economic data that the software extrapolates forward to 2018 by its own internal formulas.
- > This study makes assumptions about dilution of economic impact, in order to remain conservative in its conclusions. This means that, for example, airline inbound visitor traffic and the resulting visitor spending is arbitrarily reduced by a significant factor to recognize

that a measurable portion of inbound visitor traffic either would have come anyway and new air service was simply the chosen venue or leaves Indian River County for other nearby counties for a vacation stay. Volaire Aviation worked closely with Airport staff to determine dilution factors for each economic activity assumed to have them.

***Terms and Definitions:***

Direct Impact – Economic impact generated on-site, in this case at the Airport. This includes employment, payroll, commercial and capital expenditures at the Airport.

Indirect Impact – Economic impact that is not at the Airport, but is driven by on-airport economic activity, such as Airport workers spending their payroll locally or the impact of an Airport tenant’s local commercial spending.

Induced Impact – Economic impact downstream and beyond the combined direct and indirect impacts. This is commonly known as the “multiplier effect”. It can refer to services or products provided to organizations that derive business from Airport on-site businesses.

Full-time Equivalent or FTEs – A full-time job is considered to be year-round and 40 hours per week. Airport entities included in the survey were asked to identify the number of FTEs in place.

Input (Factors of Production) – Economic activity ingredients land, labor, capital and enterprise.

Output – The fruit of economic activity; whatever is produced using the input.

Labor Income – The sum of payroll and benefits paid to workers. Airport entities included in the survey were asked to provide or estimate annual labor income. Where this was not provided, IMPLAN can project labor income for most job types.

Value Added – The incremental increase(s) in economic production, or dollars, with each stage of production or round of spending.

Federal, State and Local Taxes – The sum of sales, property, motor vehicle, severance, corporate, income, social, excise, custom, corporate and personal income and other federal or state or local taxes.

# OVERVIEW OF STUDY AREA

Vero Beach Regional Airport is located in Indian River County, Florida. The County had a 2017 population of 154,383, which is up 12% from the 2010 census population of 138,275. County population has grown by double digit percentages every decade since the 1930s. Indian River County is the Sebastian-Vero Beach Metropolitan Statistical Area.

The County ranks 32<sup>nd</sup> in the state of Florida in population out of 67 counties in the State. Three of the four counties surrounding Indian River County have larger populations, however Osceola County's larger population is concentrated well to the north of the border with Indian River County. The Cities of Sebastian and Vero Beach are the primary population centers of the county and contains about 28% of the County's population. Indian River County's population has grown steadily by approximately 2% per year over the past 10 years. Historically, agriculture and tourism were the county's largest industries. These are now complimented by an increasing number of firms in the health care and professional/scientific industries, along with a steady stream of light manufacturing jobs. Key sectors in the \$5.5 billion-dollar Indian River County economy include:

- > Real Estate and Construction
- > Agriculture
- > Healthcare (Offices of Physicians and Hospitals)
- > Hospitality (Lodging, Restaurants, Retail)
- > Local Government including Family Services and Primary Education

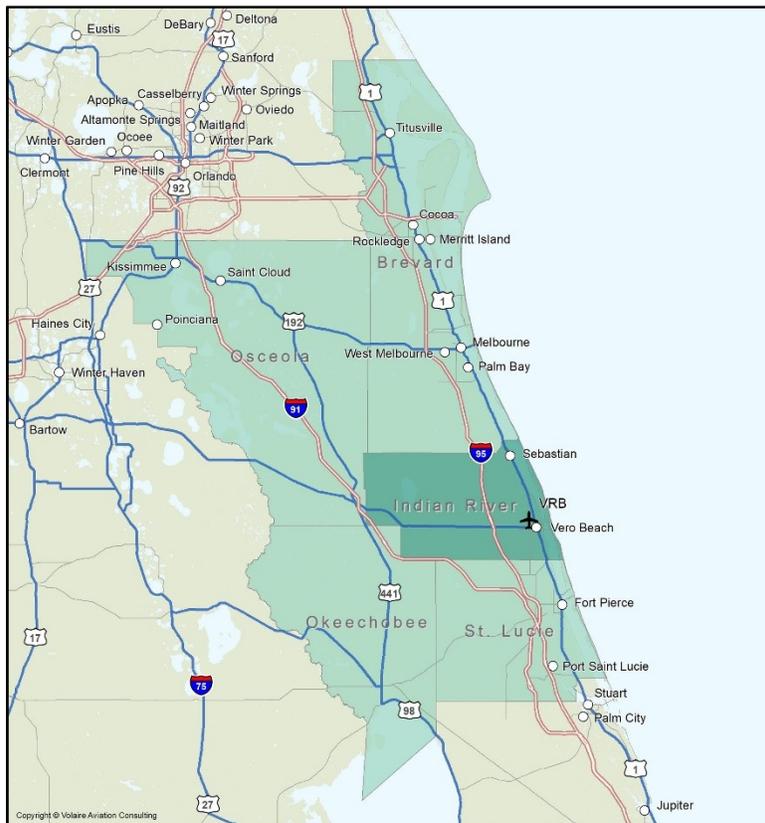
The IMPLAN Economic Analysis Software develops a snapshot of the County economy. It captures key macroeconomic metrics related to population, employment levels, income and compensation and household information. It then provides a summary of the local economy in terms of Gross Regional Product (GRP) and various key economic metrics such as total employee compensation and other measured incomes. The summary then illustrates total economic output by key sector.

## IMPLAN ECONOMIC IMPACT SUMMARY OF INDIAN RIVER COUNTY, FL

Metric	2016
Gross Regional Product	\$5,473,898,077
Total personal Income	\$10,459,293,696
Total Employment	80,229
Number of Industries	244
Land Area (Sq. Miles)	503
Population	151,563
Total Households	62,490
Median HH Income	\$47,446

Value Added Economic Output Snapshot	
Employee Compensation	\$2,817,418,629
Proprietor Income	\$543,763,302
Other Property Type Income	\$1,716,984,503
Tax on Production and Import	\$395,731,643
<b>Total Value Added</b>	<b>\$5,473,898,077</b>
Total Economic Output Snapshot	
Households	\$6,312,566,900
State/Local Government	\$682,820,654
Federal Government	\$62,643,781
Capital	\$1,366,227,703
Exports	\$2,895,774,184
Imports	(\$5,615,826,682)
Institutional Sales	(\$230,308,457)
<b>Total Final Demand</b>	<b>\$5,473,898,082</b>

Indian River County is the Sebastian - Vero Beach Metropolitan Statistical Area (MSA). The County is also part of the extended Miami-Fort Lauderdale-Port St. Lucie combined MSA.



# VERO BEACH AIR SERVICE DATA FOR THIS STUDY

The Vero Beach Regional Airport currently has limited scheduled air service provided by Elite Airways. One goal of the Airport and its community partners is to expand air service in support of the strong local economy and its significant air transportation needs.

## ELITE AIRWAYS VERO BEACH AIR SERVICE SEPT 2017 - AUGUST 2018

Destination	Passengers	Seats	Load Factor	Departures	Avg Seats / Flight
Newark	13,584	19,620	69.2%	380	51.6
Ashville	3,200	6,082	52.6%	121	50.3
White Plains	2,347	4,420	53.1%	88	50.2
Portland ME	1,639	3,440	50.2%	62	55.5
Total	20,770	33,562	61.9%	651	51.6

For the 12 months ended August 2018, Elite Airways service at the airport generated 20,770 scheduled air service passengers. Some 65% of the passenger total was carried on the Newark route, which achieved a 69% load factor on a total of 380 flights flown. Services to Asheville, White Plains and Portland, ME were flown seasonally and thus had few flights and passengers. All three of the seasonal routes achieved load factors just above 50%.

However, the Vero Beach (Treasure Coast) area generates significantly more than 20,770 annual passengers that Elite Airways carried. An extensive two-part Catchment Leakage Study was recently conducted. The goal of this study was to detail the true air travel demand of the Treasure Coast region, by airport of use, airline of use and average fare paid per passenger.

The study had two parts; a Primary Catchment area study that focused on 32 zip codes which make up Indian River, St. Lucie and Martin Counties and an Extended Catchment area study that combined those three counties and zip codes with areas in southern Brevard County and western Okeechobee County, for a total 41 zip codes in the Treasure Coast area.

The Primary Catchment area study estimated the three-county area generates 3.8 million annual airline passenger trips. It estimates 40% of air travel uses the West Palm Beach Airport, 33%

uses Orlando International and 21% uses Fort Lauderdale International. The 3.8 million annual passengers pay an average fare of \$144 net one way, suggesting the average round trip fare, including taxes and fees, is around \$340.

VERO BEACH PRIMARY CATCHMENT DOMESTIC TRAFFIC BY AIRPORT							
Rank	Airport	O&D	PDEW	Share	RDEW	Share	Fare
1	West Palm Beach	1,508,605	2,066.6	39.8%	\$326,520	43.6%	\$158
2	Orlando	1,263,211	1,730.4	33.3%	\$233,608	31.2%	\$135
3	Fort Lauderdale	800,392	1,096.4	21.1%	\$145,825	19.4%	\$133
4	Melbourne	79,625	109.1	2.1%	\$19,634	2.6%	\$180
5	Sanford	65,682	90.0	1.7%	\$5,758	0.8%	\$64
6	Miami	59,480	81.5	1.6%	\$14,340	1.9%	\$176
7	Vero Beach	17,679	24.2	0.5%	\$4,069	0.5%	\$168
Total		3,794,674	5,198.2	100.0%	\$749,753	100.0%	\$144

The Primary Catchment area also generated an estimated 712,986 annual international passenger trips. The primary airport of use for international passengers was Miami International.

VERO BEACH PRIMARY CATCHMENT INTERNATIONAL TRAFFIC BY AIRPORT							
Rank	Airport	O&D	PDEW	Share	RDEW	Share	Fare
1	Miami	292,727	401.0	41.1%	\$173,230	49.5%	\$432
2	Fort Lauderdale	221,389	303.3	31.1%	\$70,663	20.2%	\$233
3	Orlando	123,824	169.6	17.4%	\$65,983	18.9%	\$389
4	West Palm Beach	72,287	99.0	10.1%	\$37,728	10.8%	\$381
5	Melbourne	1,781	2.4	0.2%	\$1,371	0.4%	\$562
6	Sanford	978	1.3	0.1%	\$632	0.2%	\$472
Total		712,986	976.7	100.0%	\$349,607	100.0%	\$358

The Extended Catchment area study estimated that the five-county area generates 4.55 million annual airline passenger trips. It estimates that 39% of that air travel uses the West Palm Beach Airport, 35% uses Orlando International and 19% uses Fort Lauderdale International.

VERO BEACH EXPANDED CATCHMENT DOMESTIC TRAFFIC BY AIRPORT							
Rank	Airport	O&D	PDEW	Share	RDEW	Share	Fare
1	West Palm Beach	1,793,293	2,456.6	39.4%	\$351,289	37.3%	\$143
2	Orlando	1,576,445	2,159.5	34.7%	\$343,363	36.4%	\$159
3	Fort Lauderdale	842,710	1,154.4	18.5%	\$174,314	18.5%	\$151
4	Melbourne	156,571	214.5	3.4%	\$38,821	4.1%	\$181
5	Sanford	95,465	130.8	2.1%	\$13,993	1.5%	\$107
6	Miami	66,331	90.9	1.5%	\$16,628	1.8%	\$183
7	Vero Beach	17,679	24.2	0.4%	\$4,069	0.4%	\$168
Total		4,548,494	6,230.8	100.0%	\$942,476	100.0%	\$152

The 4.55 million annual passengers pay an average fare of \$152 net one way, suggesting the average round trip fare, including taxes and fees, is around \$355.

VERO BEACH EXPANDED CATCHMENT INTERNATIONAL TRAFFIC BY AIRPORT							
Rank	Airport	O&D	PDEW	Share	RDEW	Share	Fare
1	Miami	332,053	454.9	46.6%	\$189,225	47.1%	\$416
2	Fort Lauderdale	250,164	342.7	35.1%	\$72,650	18.1%	\$212
3	Orlando	186,191	255.1	26.1%	\$96,411	24.0%	\$378
4	West Palm Beach	75,441	103.3	10.6%	\$38,857	9.7%	\$376
5	Melbourne	4,888	6.7	0.7%	\$3,489	0.9%	\$521
6	Sanford	1,237	1.7	0.2%	\$761	0.2%	\$449
Total		849,974	1,164.3	119.2%	\$401,393	100.0%	\$345

The Extended Catchment area also generated an estimated 849,974 annual international passenger trips. The primary airport of use for international passengers was Miami International.

In the Primary Catchment area, Southwest carried the most passengers with 25% of the total, followed by American and Delta at about 18% each. JetBlue carried 14% and United 10% of the total traffic. Ultra-Low-Cost Carriers (ULCC) Allegiant, Frontier and Spirit, only carried a combined total of 12.4% of the catchment domestic traffic.

VERO BEACH PRIMARY CATCHMENT DOMESTIC TRAFFIC BY AIRLINE							
Rank	Airline	O&D	PDEW	Share	RDEW	Share	Fare
1	Southwest	953,599	1,306.3	25.1%	\$167,206	22.3%	\$128
2	American	699,121	957.7	18.4%	\$173,344	23.1%	\$181
3	Delta	664,081	909.7	17.5%	\$158,288	21.1%	\$174
4	jetBlue	544,945	746.5	14.4%	\$107,496	14.3%	\$144
5	United	380,330	521.0	10.0%	\$88,570	11.8%	\$170
6	Spirit	216,591	296.7	5.7%	\$14,538	1.9%	\$49
7	Frontier	180,164	246.8	4.7%	\$13,821	1.8%	\$56
8	Allegiant	76,869	105.3	2.0%	\$6,739	0.9%	\$64
9	Other	78,986	108.2	2.1%	\$19,584	2.6%	\$181
Total		3,794,686	5,198.2	100.0%	\$749,586	100.0%	\$144

In the Extended Catchment area, Southwest also carried the most passengers with 25% of the total, followed by American and Delta at about 18% each. JetBlue carried 14% and United 10% of the total traffic. Ultra-Low-Cost Carriers (ULCC) Allegiant, Frontier and Spirit carried a combined total of 13.3% of the catchment domestic traffic.

**VERO BEACH EXPANDED CATCHMENT DOMESTIC TRAFFIC BY AIRLINE**

Rank	Airline	O&D	PDEW	Share	RDEW	Share	Fare
1	Southwest	1,155,882	1,583.4	25.4%	\$197,925	21.0%	\$125
2	American	824,973	1,130.1	18.1%	\$204,548	21.7%	\$181
3	Delta	799,350	1,095.0	17.6%	\$191,625	20.3%	\$175
4	jetBlue	627,727	859.9	13.8%	\$122,966	13.0%	\$143
5	United	448,731	614.7	9.9%	\$105,114	11.1%	\$171
6	Spirit	253,748	347.6	5.6%	\$43,102	4.6%	\$124
7	Frontier	242,871	332.7	5.3%	\$39,591	4.2%	\$119
8	Allegiant	107,894	147.8	2.4%	\$16,258	1.7%	\$110
9	Other	87,308	119.6	1.9%	\$23,561	2.5%	\$197
<b>Total</b>		<b>4,548,484</b>	<b>6,230.8</b>	<b>100.0%</b>	<b>\$944,690</b>	<b>100.0%</b>	<b>\$152</b>

The Primary and Extended Catchment areas had similar top market lists. The top destinations in the Primary catchment area include New York City, Washington, D.C., Chicago and Boston.

**PRIMARY CATCHMENT AREA TOP 20 DOMESTIC MARKETS**

Rank	Market	O&D	PDEW	Avg Fare	Revenue	% Inbound Pt of Origin
1	New York City	469,463	643.1	\$137	\$64,316,431	64%
2	Washington D.C.	287,985	394.5	\$121	\$34,846,185	66%
3	Chicago	193,085	264.5	\$117	\$22,590,945	67%
4	Islip	187,026	256.2	\$118	\$22,069,068	68%
5	Boston	145,416	199.2	\$149	\$21,666,984	66%
6	Philadelphia	141,985	194.5	\$125	\$17,748,125	70%
7	LA Basin	107,748	147.6	\$198	\$21,334,104	58%
8	Denver	101,324	138.8	\$148	\$14,995,952	57%
9	Hartford	91,980	126.0	\$132	\$12,141,360	69%
10	Atlanta	88,768	121.6	\$114	\$10,119,552	61%
11	Pittsburgh	83,585	114.5	\$109	\$9,110,765	71%
12	Detroit	78,256	107.2	\$125	\$9,782,000	75%
13	Houton	72,635	99.5	\$127	\$9,224,645	66%
14	Cleveland	63,364	86.8	\$91	\$5,766,124	70%
15	Dallas	61,831	84.7	\$161	\$9,954,791	66%
16	Nashville	60,955	83.5	\$118	\$7,192,690	63%
17	Albany	60,809	83.3	\$141	\$8,574,069	70%
18	SFO Bay Area	59,495	81.5	\$221	\$13,148,395	59%
19	Providence	59,422	81.4	\$133	\$7,903,126	69%
20	Las Vegas	56,648	77.6	\$164	\$9,290,272	35%

The top destinations list for the Extended Catchment area is similar to that of the Primary Catchment area.

### EXTENDED CATCHMENT AREA TOP 20 DOMESTIC MARKETS

Rank	Market	O&D	PDEW	Avg Fare	Revenue	% Inbound Pt of Origin
1	New York City	552,975	757.5	\$140	\$77,416,500	64%
2	Washington D.C.	342,516	469.2	\$125	\$42,814,500	66%
3	Long Island	227,614	311.8	\$109	\$24,809,926	68%
4	Chicago	220,606	302.2	\$131	\$28,899,386	67%
5	Philadelphia	169,068	231.6	\$138	\$23,331,384	70%
6	Bosin	164,688	225.6	\$158	\$26,020,704	66%
7	LA Basin	132,130	181.0	\$208	\$27,483,040	58%
8	Denver	123,589	169.3	\$163	\$20,145,007	57%
9	Hartford	108,259	148.3	\$140	\$15,156,260	69%
10	Atlanta	104,244	142.8	\$122	\$12,717,768	61%
11	Pittsburgh	93,513	128.1	\$115	\$10,753,995	71%
12	Detroit	85,994	117.8	\$141	\$12,125,154	75%
13	Houston	83,877	114.9	\$145	\$12,162,165	66%
14	Nashville	74,168	101.6	\$126	\$9,345,168	63%
15	Cleveland	73,365	100.5	\$106	\$7,776,690	70%
16	Providence	73,146	100.2	\$132	\$9,655,272	69%
17	Albany	72,416	99.2	\$142	\$10,283,072	70%
18	SFO Bay Area	71,467	97.9	\$229	\$16,365,943	59%
19	Las Vegas	70,664	96.8	\$183	\$12,931,512	35%
20	Dallas	70,299	96.3	\$178	\$12,513,222	66%

The two Catchment Leakage Studies provide a detailed view of air travel patterns in the Treasure Coast region of Florida. From the studies it is possible to develop some basic future airline service scenarios. From those scenarios it is possible to project the local annual economic impact of each.

This Economic Impact of Air Service study will project the economic impact of two new air service scenarios. The first scenario will be United Airlines daily regional jet service to Washington D.C. (Dulles), complimented by weekend service from Chicago and New York Newark.

The second scenario will be Allegiant Air ULCC service from four northern cities. Consistent with Allegiant's business model, service from each city will be twice weekly with Airbus aircraft.

# CURRENT SERVICE AIRPORT EMPLOYMENT IMPACT

The Elite Airways scheduled services the Airport has in place generate measurable new airport employment. These impacts would vary by job sector at the airport.

## **Airport Administration/Operations**

Operation of the Elite Airways flights causes the Airport to employ 1.5 FTEs responsible for terminal security and customer service.

## **Airline Ground Handling (Customer Service and Aircraft on Ramp)**

Elite Airways employs three FTEs to handle ticketing and flight boarding and deplaning at the terminal. The carrier contracts with Sun Aviation for aircraft loading, unloading, fueling and aircraft servicing functions for the scheduled flights. Sun Aviation cross-utilizes personnel to perform these tasks, but this report will assume the equivalent of two FTEs are employed to support the existing Elite Airways schedule.

## **Transportation Security Administration (TSA) and Terminal Security Law Enforcement**

The TSA provides security screening for all passengers boarding airline flights at Vero Beach Regional Airport. The TSA employs 16 FTEs at Vero Beach to support the existing Elite Airways schedule. The Airport contracts with the City of Vero Beach Police Department for Law Enforcement staffing at the Airport terminal. We estimate this contract requires the equivalent of 1.5 FTEs.

## **Terminal Rental Car, Concessions and Parking**

Three major rental car groups dominate the rental car industry: Hertz (which also owns Dollar and Thrifty), Avis (which owns Budget) and Enterprise (which owns Alamo and National). Currently, the Vero Beach Regional Airport has Avis and Hertz agency locations at the Airport while Enterprise and National rentals are available from off-site agencies. These agencies would continue to offer Airport rentals if Elite air service was no longer offered but would operate at reduced customer volumes. We estimate the Elite Airways service accounts for three FTE employees at rental car concessions.

The Airport restaurant has seen a significant upswing in business since Elite Airways service began. A precise estimate of the employment impact of additional restaurant business from the current air service is not possible. We will estimate the current air service is responsible for two FTEs at the terminal restaurant. At this time customer parking is free in the terminal area parking lot. There are no employment implications from this situation.

### **Airline Aircraft Maintenance**

Maintenance on Elite Airways aircraft is performed at other airports, not at Vero Beach.

### **Total Added and New Air Service Airport Employment Estimate**

The existing Elite Airways service is estimated to generate 29.0 FTE jobs at the Airport.

<b>ELITE AIRWAYS AIR SERVICE AIRPORT EMPLOYMENT</b>	
<b>Job Sector</b>	<b>FTE Total</b>
<b>Airport Admin/Ops</b>	<b>1.5</b>
<b>Airline Ground Handling</b>	<b>5.0</b>
<b>TSA</b>	<b>16.0</b>
<b>TSA LEO</b>	<b>1.5</b>
<b>Rental Car</b>	<b>3.0</b>
<b>Concessions</b>	<b>2.0</b>
<b>Parking</b>	<b>0.0</b>
<b>FBO/Fueling/Maintenance</b>	<b>0.0</b>
<b>Totals</b>	<b>29.0</b>

### **On-Airport Employment Economic Impact (Added Service Flights)**

The current Elite Airways services generate a total of 44.2 local FTE jobs via direct, indirect and induced effect. 29.0 FTEs are direct at the airport. Another 7.8 FTEs are via indirect effect and 7.3 FTEs are via induced effect.

These jobs have an annual labor income of \$2.063 million and an estimated annual output of \$6.357 million. An estimated \$325,111 in state tax revenue and \$448,582 in federal tax revenue is generated.

### ELITE AIRWAYS AIRPORT EMPLOYMENT ECONOMIC IMPACT

Airport Admin/Ops	Full Time	Labor	Value	
Output	Equivalents	Income	Added	Output
Direct Effect	1.5	\$52,313	\$55,922	\$82,724
Indirect Effect	0.2	\$7,442	\$12,465	\$21,439
Induced Effect	0.2	\$9,902	\$17,855	\$30,393
<b>Total</b>	<b>1.9</b>	<b>\$69,657</b>	<b>\$86,241</b>	<b>\$134,556</b>
State& Local Tax				\$4,319
Federal Tax				\$20,354

AIRLINE	Full Time	Labor	Value	
Output	Equivalents	Income	Added	Output
Direct Effect	5.0	\$191,628	\$500,041	\$1,533,994
Indirect Effect	3.4	\$176,182	\$255,275	\$464,383
Induced Effect	1.5	\$60,820	\$109,678	\$186,678
<b>Total</b>	<b>9.9</b>	<b>\$428,631</b>	<b>\$864,994</b>	<b>\$2,185,054</b>
State& Local Tax				\$23,569
Federal Tax				\$112,480

TSA/LEO	Full Time	Labor	Value	
Output	Equivalents	Income	Added	Output
Direct Effect	17.5	\$882,581	\$1,123,032	\$1,680,732
Indirect Effect	2.1	\$81,139	\$181,715	\$286,663
Induced Effect	4.0	\$160,071	\$288,588	\$491,300
<b>Total</b>	<b>23.6</b>	<b>\$1,123,792</b>	<b>\$1,593,334</b>	<b>\$2,458,696</b>
State& Local Tax				\$214,160
Federal Tax				\$261,972

Concessions	Full Time	Labor	Value	
Output	Equivalents	Income	Added	Output
Direct Effect	5.0	\$278,675	\$629,116	\$1,089,733
Indirect Effect	2.2	\$100,683	\$176,977	\$299,528
Induced Effect	1.5	\$61,872	\$111,661	\$189,921
<b>Total</b>	<b>8.8</b>	<b>\$441,230</b>	<b>\$917,754</b>	<b>\$1,579,182</b>
State& Local Tax				\$83,063
Federal Tax				\$53,777

### ELITE AIRPORT EMPLOYMENT ECONOMIC IMPACT SUMMARY

Output	Full Time	Labor	Value	Output
	Equivalents	Income	Added	
Direct Effect	29.0	\$1,405,197	\$2,308,111	\$4,387,184
Indirect Effect	7.8	\$365,446	\$626,432	\$1,072,013
Induced Effect	7.3	\$292,666	\$527,781	\$898,292
<b>Total</b>	<b>44.2</b>	<b>\$2,063,309</b>	<b>\$3,462,324</b>	<b>\$6,357,489</b>
State& Local Tax				\$325,111
Federal Tax				\$448,582

# NEW AIR SERVICE AIRPORT EMPLOYMENT IMPACT

The possible new air service by network carrier United Airlines and ULCC carrier Allegiant Air would create significant and measurable new airport employment. These impacts would vary by job sector at the airport.

The presumed service patterns upon which the economic impact projections will be based are below.

UNITED AIRLINES SERVICE SCENARIO							
Route	Frequency	Annual		Viable Load Factor	Annual		Total Passengers
		Segments	Seats		Enplane	Deplane	
Dulles	1 daily trip	722	54,872	75%	20,577	20,577	41,154
Chicago	2 weekly trips	206	15,656	80%	6,262	6,262	12,525
Newark	1 weekly trip	102	7,752	85%	3,295	3,295	6,589
Total		1,030	78,280		30,134	30,134	60,268

ALLEGiant AIR SERVICE SCENARIO							
Route	Frequency	Annual		Viable Load Factor	Annual		Total Passengers
		Segments	Seats		Enplane	Deplane	
Columbus	2 trips weekly	206	32,136	85%	13,658	13,658	27,316
Nashville	2 trips weekly	206	32,136	85%	13,658	13,658	27,316
Pittsburgh	2 trips weekly	206	32,136	85%	13,658	13,658	27,316
Raleigh	2 trips weekly	206	32,136	85%	13,658	13,658	27,316
Total		824	128,544	85%	54,631	54,631	109,262

The United Airlines service would use the Airport 365 days per year and for extended hours on some days. The Allegiant service will use the Airport only on certain days of the week, for example, on Thursday and Sunday for two routes and on Wednesday and Saturday on two other routes.

## Airport Administration/Operations

Operation of the new United Airlines service will cause the Airport to employ an additional 2.0 FTEs while the new Allegiant service will cause the Airport to employ an additional 1.0 FTEs, all for work related to terminal security and customer service.

### Airline Ground Handling (Customer Service and Aircraft on Ramp)

United Airlines service would operate at the Airport every day, 365 days per year and for extended hours on some days. The chart below estimates the airline airport staff needed to perform aircraft loading and unloading as well as customer service.

#### UNITED AIRLINES AIRPORT GROUND HANDLING STAFFING

Route	Annual Flights	Departures	Staff for Departure	Hours Per Staff	Departure Staff Hours	FTEs @ 2,080/Yr/FTE
Dulles	716	358	6	5	10,740	5.2
Chicago	204	102	6	5	3,060	1.5
Newark	102	51	6	5	1,530	0.7
Combined	1,022	511	6	5	15,330	7.4

The airline is very likely to employ primarily part-time staff, which allows for staffing flexibility. Based on this staffing model the airline would employ 7.4 FTEs locally.

Allegiant Air would operate at the Airport about four days per week. As with United, the airline is very likely to employ primarily part-time staff, which allows for day-of-week staffing flexibility.

#### ALLEGIANT AIR AIRPORT GROUND HANDLING STAFFING

Route	Annual Flights	Departures	Staff for Departure	Hours Per Staff	Departure Staff Hours	FTEs @ 2,080/Yr/FTE
Columbus	206	103	7	6	4,326	2.1
Nashville	206	103	7	6	4,326	2.1
Pittsburgh	206	103	7	6	4,326	2.1
Raleigh	206	103	7	6	4,326	2.1
Combined	824	412	7	6	17,304	8.3

Based on this staffing model the airline would employ 8.3 FTEs locally. If both air services were at the Airport a total of 15.7 FTEs would be employed.

### Transportation Security Administration (TSA) and Terminal Security Law Enforcement

The TSA already employs 16 FTEs at the Airport. Once a baseline TSA screening function and staffing is in place, it is relatively easy to scale that screening function up to accommodate additional flights, provided the new flights are operated within a single eight-hour shift day. We will assume two additional FTEs will be needed to provide screening services for the new United services and two additional FTEs will be needed to provide screening services for the new Allegiant services. The Airport contracts with the City of Vero Beach Police Department for Law

Enforcement staffing at the Airport terminal. As with TSA screening, Law Enforcement staffing for scheduled service flights is very easy to scale up and we will make a very modest assumption of one additional FTE for this function for each new service, making total Law Enforcement staffing 2.0 FTEs if both new services were operated.

**Terminal Rental Car, Concessions and Parking**

The Vero Beach Regional Airport has on-site Avis and Hertz agencies and Enterprise and National agencies located off-site. These agencies would see a significant increase in rental volumes should either or both of the United and Allegiant air services begin at the Airport. This increase in staffing would be related to both more rental volume and extended business hours to accommodate expanded flight schedule operating windows.

The Airport estimated Elite Airways service was responsible for three FTE jobs among the rental car agencies. We will project that the addition of United service or Allegiant service would require an additional three FTEs for each service, or a total of six FTEs if both services operated at the Airport.

We will project each new air service will generate one additional FTE at the restaurant. We will assume terminal parking will remain free with the addition of each new air service. If paid parking is installed it may have modest employment implications or may use an automated system.

<b>AIRPORT EMPLOYMENT FROM NEW AIR SERVICES</b>			
<b>Job Sector</b>	<b>New Air Service</b>		<b>Totals</b>
	<b>United</b>	<b>Allegiant</b>	
<b>Airport Admin/Ops</b>	<b>1.0</b>	<b>1.0</b>	<b>2.0</b>
<b>Airline Ground Handling</b>	<b>7.4</b>	<b>8.3</b>	<b>15.7</b>
<b>TSA</b>	<b>2.0</b>	<b>2.0</b>	<b>4.0</b>
<b>TSA LEO</b>	<b>1.0</b>	<b>1.0</b>	<b>2.0</b>
<b>Rental Car</b>	<b>3.0</b>	<b>3.0</b>	<b>6.0</b>
<b>Concessions</b>	<b>1.0</b>	<b>1.0</b>	<b>2.0</b>
<b>Parking</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>FBO/Fueling/Maintenance</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Totals</b>	<b>15.4</b>	<b>16.3</b>	<b>31.7</b>

**On-Airport Employment Economic Impact (New Service Flights)**

The United services are forecast to create 15.4 new FTE jobs at the Airport. The Allegiant Air service is forecast to create 16.3 new FTE jobs at the Airport. If both services operate a total of 31.7 new FTE jobs are created at the Airport.

### NEW SERVICE AIRPORT EMPLOYMENT ECONOMIC IMPACT

Airport	Full Time	Labor	Value	
Output	Equivalents	Income	Added	Output
Direct Effect	2.0	\$69,750	\$74,562	\$110,298
Indirect Effect	0.2	\$9,922	\$16,620	\$28,586
Induced Effect	0.3	\$13,203	\$23,807	\$40,524
<b>Total</b>	<b>2.6</b>	<b>\$92,876</b>	<b>\$114,988</b>	<b>\$179,409</b>
State& Local Tax				\$9,524
Federal Tax				\$21,216

AIRLINE	Full Time	Labor	Value	
Output	Equivalents	Income	Added	Output
Direct Effect	15.7	\$601,713	\$1,570,130	\$4,816,741
Indirect Effect	10.7	\$553,212	\$801,563	\$1,458,162
Induced Effect	4.8	\$190,976	\$344,389	\$586,168
<b>Total</b>	<b>31.1</b>	<b>\$1,345,901</b>	<b>\$2,716,082</b>	<b>\$6,861,070</b>
State& Local Tax				\$74,007
Federal Tax				\$353,187

TSA/LEO	Full Time	Labor	Value	
Output	Equivalents	Income	Added	Output
Direct Effect	6.0	\$302,599	\$385,039	\$576,251
Indirect Effect	0.7	\$27,819	\$62,302	\$98,285
Induced Effect	1.4	\$54,882	\$98,944	\$168,446
<b>Total</b>	<b>8.1</b>	<b>\$385,300</b>	<b>\$546,286</b>	<b>\$842,982</b>
State& Local Tax				\$73,426
Federal Tax				\$89,819

Concessions	Full Time	Labor	Value	
Output	Equivalents	Income	Added	Output
Direct Effect	8.00	\$445,880	\$1,006,586	\$1,743,573
Indirect Effect	3.53	\$161,093	\$283,163	\$479,245
Induced Effect	2.47	\$98,996	\$178,657	\$303,874
<b>Total</b>	<b>14.0</b>	<b>\$705,968</b>	<b>\$1,468,407</b>	<b>\$2,526,692</b>
State& Local Tax				\$132,900
Federal Tax				\$86,042

### NEW SERVICE AIRPORT EMPLOYMENT IMPACT SUMMARY

Output	Full Time	Labor	Value	Output
	Equivalents	Income	Added	
Direct Effect	31.7	\$1,419,942	\$3,036,317	\$7,246,864
Indirect Effect	15.1	\$752,046	\$1,163,649	\$2,064,277
Induced Effect	8.9	\$358,056	\$645,797	\$1,099,012
<b>Total</b>	<b>55.8</b>	<b>\$2,530,045</b>	<b>\$4,845,763</b>	<b>\$10,410,152</b>
State& Local Tax				\$289,857
Federal Tax				\$550,264

### **On-Airport Employment Economic Impact (Possible New Services)**

The possible new air services generate a total of 55.8 on-Airport FTE jobs via direct, indirect and induced effect. 31.7 FTEs are direct at the airport. Another 15.1 FTEs are via indirect effect and 8.9 FTEs are via induced effect.

These jobs have an annual labor income of \$2.53 million and an estimated annual output of \$10.41 million. An estimated \$289,857 in state tax revenue and \$550,264 in federal tax revenue is generated.

# AIR SERVICE VISITOR SPENDING IMPACT

## Estimating Annual Net New Visitors

Vero Beach Regional Airport has the potential to be an important air service portal for visitors to all of the Treasure Coast region.

The existing air service provided by Elite Airways and the possible new air services of United Airlines and Allegiant Air all translate into new visitors to Vero Beach and ultimately to Indian River County. The local in-city and in-county spending of these visitors is a primary economic impact of any air service.

The existing and possible new air services at Vero Beach Regional Airport would increase Indian River County visitor traffic by making visits to the area lower in cost and more convenient.

Domestic air travel on the East Coast of Florida has an inbound orientation, which is typical of Florida tourism areas. About 65% of total domestic air travel volume in the region is inbound origin, that is the passenger originated his/her trip inbound to Florida. Just under 35% of regional domestic air travel is local origin, that is originating at an East Coast Florida airport.

FLORIDA EAST COAST DOMESTIC PASSENGER POINT OF ORIGIN					
Airport	Total Passengers	Total Residents	Total Visitors	% Residents	% Visitors
Fort Lauderdale	11,141,746	4,264,115	6,829,488	38.3%	61.3%
Orlando MCO	17,518,003	5,393,454	12,036,561	30.8%	68.7%
Melbourne	210,568	103,350	105,496	49.1%	50.1%
West Palm Beach	3,031,946	1,203,120	1,812,857	39.7%	59.8%
Orlando SFB	1,359,573	439,674	917,562	32.3%	67.5%
Vero Beach	20,140	10,280	9,860	51.0%	49.0%
Group	33,281,976	11,413,993	21,711,824	34.3%	65.2%

The larger airports in the region have about 65% inbound origin traffic. The smaller airports (Melbourne and Vero Beach) have about 50% inbound and 50% outbound traffic origin. For the existing Elite Airways service and the possible United services, we will assume a 50/50 split of inbound and outbound origin traffic. Neither Melbourne nor Vero Beach have Allegiant Air service at this time. Allegiant's primary target market is inbound tourists to Florida. Allegiant's Florida services typically show about a 67% inbound origin, as exemplified by the data for Orlando Sanford. We will plan to use 67% inbound origin for the possible Allegiant service at Vero Beach.

**SUMMARY OF INBOUND PASSENGERS FROM ELITE FLIGHTS**

		Passenger Totals			
Route	Carrier	O&D	Outbound	Inbound	Visitor
Various	Elite	20,770	10,385	10,385	5,193

Elite’s existing air service, based on an estimated 50/50 split of inbound and outbound origin, generates an estimated 5,193 annual inbound origin visitors to Vero Beach.

**SUMMARY OF INBOUND PASSENGERS FROM UNITED FLIGHTS**

		Passenger Totals			
Route	Carrier	O&D	Outbound	Inbound	Visitor
Dulles	United	41,154	20,577	20,577	10,289
Chicago	United	12,525	6,263	6,263	4,080
Newark	United	6,589	3,295	3,295	1,647
<b>United Group</b>		<b>60,268</b>	<b>30,134</b>	<b>30,134</b>	<b>15,067</b>

**SUMMARY OF INBOUND PASSENGERS FROM ALLEGIANT FLIGHTS**

		Passenger Totals			
Route	Carrier	O&D	Outbound	Inbound	Visitor
Columbus	Allegiant	27,316	9,014	18,302	9,151
Nashville	Allegiant	27,316	9,014	18,302	9,151
Pittsburgh	Allegiant	27,316	9,014	18,302	9,151
Raleigh	Allegiant	27,316	9,014	18,302	9,151
<b>Group</b>		<b>109,264</b>	<b>36,057</b>	<b>73,207</b>	<b>36,603</b>

**TOTAL INBOUND PASSENGERS FOR UNITED AND ALLEGIANT**

		Passenger Totals			
Route	Carrier	O&D	Outbound	Inbound	Visitor
<b>Group</b>		<b>169,532</b>	<b>66,191</b>	<b>103,341</b>	<b>51,670</b>

United’s possible services, based on an estimated 50/50 split of inbound and outbound origin, are estimated to generate 15,067 inbound origin visitors to Vero Beach.

Allegiant’s possible services, based on an estimated 67/33 split of inbound and outbound origin, are estimated to generate 36,603 visitors to Vero Beach.

Before estimating the economic impact of this visitor traffic, it is necessary to dilute it based on two considerations. First, would be that some portion of the traffic would have visited Vero Beach and Indian River County anyway, even without the added air service or possible new air services, either by driving to Vero Beach or by using nearby airports. Secondly, some inbound traffic will consist of passengers who immediately leave the County for points outside the County, most likely

traveling to other counties in southeast Florida.

Thus, it would be inaccurate to count all projected new air service inbound passengers as being net-new and as staying in Indian River County spending money locally as visitors or tourists. For this study, we have assumed that 50% of individual inbound passengers will be net-new and that 90% of that group will actually stay in Indian River County for all or most of their visit.

<b>VERO BEACH NET NEW VISITOR ESTIMATE; ELITE AIRWAYS</b>								
Route	Forecast		Inbound				Net New	
	O&D	% Inbound	Inbound	Trips	Net New %	Net New	% Local Stay	Local Stay
Group	20,770	50%	10,385	5,193	50%	2,596	90%	2,337

The chart above derives net new local stay passengers from the existing Elite Airways service based on the assumption of 50% of inbound visitors generated by the air service being net new and further, that 90% of those net new visitors would remain in the County during their visit. This dilution method concludes the existing Elite services generate 2,337 annual net new visitors.

<b>VERO BEACH NET NEW VISITOR ESTIMATE; UNITED</b>								
Route	Forecast		Inbound				Net New	
	O&D	% Inbound	Inbound	Trips	Net New %	Net New	% Local Stay	Local Stay
Dulles	41,154	50%	20,577	10,289	50%	5,144	90%	4,630
Chicago	12,525	50%	6,263	3,131	50%	1,566	90%	1,409
Newark	6,589	50%	3,295	1,647	50%	824	90%	741
Group	60,268	50%	30,134	15,067	50%	7,534	90%	6,780

<b>VERO BEACH NET NEW VISITOR ESTIMATE; ALLEGIAN AIR</b>								
Route	Forecast		Inbound				Net New	
	O&D	% Inbound	Inbound	Trips	Net New %	Net New	% Local Stay	Local Stay
Columbus	27,316	67%	18,302	9,151	50%	4,575	90%	4,118
Nashville	27,316	67%	18,302	9,151	50%	4,575	90%	4,118
Pittsburgh	27,316	67%	18,302	9,151	50%	4,575	90%	4,118
Raleigh	27,316	67%	18,302	9,151	50%	4,575	90%	4,118
Group	109,264	67%	73,207	36,603	50%	18,302	90%	16,472

The chart above derives the annual net new local stay visitors from the possible new air services based on the same dilution assumptions: 50% net new and 90% in-county retention. Applying that method results in the possible new United services generating 4,321 annual net new visitors and the possible new Allegiant services generating 16,472 net new visitors.

In addition to airline passenger visitors, one of the largest purchasers of hotel rooms in the United States is the airline industry, accounting for flight and cabin crew overnights remote from crew domiciles. Elite Airways does not overnight crews every night in Vero Beach, but they do buy hotel rooms for crews on an ad hoc basis. Based on a review of the schedules the carrier has flown the past year we estimate approximately 500 hotel rooms were purchased during that period in Indian River County.

The possible new United Airlines services do not call for the overnights of an aircraft and crews in Vero Beach. Allegiant Air does not, as part of its business model, overnight crews as part of scheduled services. So, this study will not assume any United or Allegiant crew room purchase in the county.

### Estimating Visitor Spending

According to Visit Florida, visitors to the Central East Vacation Region (six east coast counties that for the most part make up the Treasure Coast) hosted 7% of Florida’s 96 million domestic tourists in 2016. This would equate to 6,853,000 visitors to the region. These visitors spent an estimated \$2.98 billion dollars a year. Visit Florida has developed a detailed profile of the average Treasure Coast visitor.

The Visit Florida Central East visitor profile provides extensive and valuable data on visitors to Vero Beach and Indian River County.

- 96% of visits were leisure, 4% business;
- Average stay was 4.7 nights;
- Average party size was 2.0 persons;
- The average daily spend per person was \$120 or \$564 per person per stay;
- The daily spend of \$120 can be broken out among five primary spending categories.

<b>INDIAN RIVER COUNTY VISITOR SPENDING BY SECTOR</b>			
<b>Sector</b>	<b>Percent/Daily Spend</b>	<b>Daily Spend</b>	<b>4.7 Night Stay</b>
<b>Food/Drink</b>	<b>36%</b>	<b>\$43.20</b>	<b>\$203.04</b>
<b>Transportation</b>	<b>12%</b>	<b>\$14.40</b>	<b>\$67.68</b>
<b>Lodging</b>	<b>18%</b>	<b>\$21.60</b>	<b>\$101.52</b>
<b>Retail</b>	<b>13%</b>	<b>\$15.60</b>	<b>\$73.32</b>
<b>Recreation</b>	<b>21%</b>	<b>\$25.20</b>	<b>\$118.44</b>
<b>Total</b>	<b>100%</b>	<b>\$120.00</b>	<b>\$564.00</b>

The next step is to apply the stay and spending metrics to the estimate of net-new-visitors and the daily spending projections by economic sector to determine the total annual net-new-visitor spending economic impact.

The chart below shows estimated net new visitor annual spending, by economic sector for the current Elite Airways service. This includes flight and cabin crew hotel rooms and overnight spending related to those local crew overnight stays.

<b>ELITE AIR NET NEW VISITOR ANNUAL SPENDING BY SECTOR</b>	
<b>Metric</b>	<b>Combined</b>
<b>Local Stay</b>	<b>2,337</b>
<b>Average Stay</b>	<b>4.7</b>
<b>Visit Days</b>	<b>10,984</b>
<b>Daily Spend @ \$120</b>	<b>\$1,318,068</b>
<b>Food/Drink @ 36%</b>	<b>\$474,504</b>
<b>Local Transportation @ 12%</b>	<b>\$158,168</b>
<b>Lodging @ 18%</b>	<b>\$237,252</b>
<b>Retail @ 13%</b>	<b>\$171,349</b>
<b>Recreation @ 21%</b>	<b>\$276,794</b>
<b>Crew Overnight Spending</b>	<b>Metric</b>
<b>Annual Hotel Rooms</b>	<b>500</b>
<b>Estimated Contract Rate</b>	<b>\$80</b>
<b>Crew Annual Hotel Spending</b>	<b>\$40,000</b>
<b>Crew Daily Visit Spending</b>	<b>\$20</b>
<b>Crew Annual Spending</b>	<b>\$10,000</b>
<b>TOTAL ELITE AIR NET NEW VISITOR SPENDING BY SECTOR</b>	
<b>Food/Drink</b>	<b>\$484,504</b>
<b>Transportation</b>	<b>\$158,168</b>
<b>Lodging</b>	<b>\$277,252</b>
<b>Retail</b>	<b>\$171,349</b>
<b>Recreation</b>	<b>\$276,794</b>
<b>Total Visitor Spending All Sectors</b>	<b>\$1,368,068</b>

The current Elite Airways service generates an estimated \$1.368 million in annual local visitor spending.

The possible new services by United Airlines and Allegiant Air will have a larger economic impact locally than that generated by the current Elite Airways services.

The chart below shows estimated net new visitor annual spending, by economic sector for the possible United and Allegiant services.

<b>UNITED/ALLEGIANT NET NEW VISITOR ANNUAL SPENDING BY SECTOR</b>			
<b>Metric</b>	<b>Service Scenario</b>		
	<b>United</b>	<b>Allegiant</b>	<b>Combined</b>
<b>Local Stay</b>	<b>6,780</b>	<b>16,472</b>	<b>23,252</b>
<b>Average Stay</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>
<b>Visit Days</b>	<b>31,866</b>	<b>77,418</b>	<b>109,284</b>
<b>Daily Spend @ \$120</b>	<b>\$3,823,920</b>	<b>\$9,290,208</b>	<b>\$13,114,128</b>
<b>Food/Drink @ 36%</b>	<b>\$1,376,611</b>	<b>\$3,344,475</b>	<b>\$4,721,086</b>
<b>Local Transportation @ 12%</b>	<b>\$458,870</b>	<b>\$1,114,825</b>	<b>\$1,573,695</b>
<b>Lodging @ 18%</b>	<b>\$688,306</b>	<b>\$1,672,237</b>	<b>\$2,360,543</b>
<b>Retail @ 13%</b>	<b>\$497,110</b>	<b>\$1,207,727</b>	<b>\$1,704,837</b>
<b>Recreation @ 21%</b>	<b>\$803,023</b>	<b>\$1,950,944</b>	<b>\$2,753,967</b>

Net new visitors from the possible United Airlines services are estimated to generate \$3.8 million in annual local spending. Net new visitors from the possible Allegiant Air services are estimated to generate \$9.3 million in annual local spending. Combined the two services would generate \$13.1 million in annual local spending.

The next page (page 32) estimates local economic impact from the net new visitors brought to the area by the Elite Airways services. The net new visitors created by the Elite Air services are estimated to generate 19.5 local area FTE jobs via direct, indirect and induced effect. These FTE jobs have an annual labor income of \$586,874. Annual output is estimated at \$1.9 million dollars. State tax revenue is estimated at \$80,911 and federal tax revenue at \$180,096.

Page 33 estimates the local economic impact of the net new visitors brought to the area by the possible United Airlines service. These net new visitors are estimated to generate 54.5 local area FTE jobs via direct, indirect and induced effect. These FTE jobs have an annual labor income of \$1.643 million. Annual output is estimated at \$5.315 million dollars. State tax revenue is estimated at \$222,475 and federal tax revenue at \$327,840.

Page 34 estimates the local economic impact of the net new visitors brought to the area by the possible Allegiant Air service. These net new visitors are estimated to generate 132.4 local area FTE jobs via direct, indirect and induced effect. These FTE jobs have an annual labor income of \$3.991 million. Annual output is estimated at \$12.914 million dollars. State tax revenue is estimated at \$540,519 and federal tax revenue at \$796,488

<b>ELITE AIR SERVICE VISITOR BY AIR SPENDING IMPACT</b>				
<b>Food/Drink</b>	<b>Full Time</b>	<b>Labor</b>	<b>Value</b>	
<b>Output</b>	<b>Equivalents</b>	<b>Income</b>	<b>Added</b>	<b>Output</b>
Direct Effect	5.4	\$115,635	\$288,559	\$484,500
Indirect Effect	0.7	\$31,394	\$60,668	\$102,870
Induced Effect	0.6	\$24,737	\$44,566	\$75,918
<b>Total</b>	<b>6.7</b>	<b>\$171,766</b>	<b>\$393,793</b>	<b>\$663,289</b>
State& Local Tax				\$34,509
Federal Tax				\$44,924
<b>Transportation</b>	<b>Full Time</b>	<b>Labor</b>	<b>Value</b>	
<b>Output</b>	<b>Equivalents</b>	<b>Income</b>	<b>Added</b>	<b>Output</b>
Direct Effect	3.0	\$44,482	\$67,929	\$158,168
Indirect Effect	0.5	\$25,569	\$35,946	\$69,785
Induced Effect	0.3	\$11,634	\$20,974	\$35,707
<b>Total</b>	<b>3.9</b>	<b>\$81,685</b>	<b>\$124,849</b>	<b>\$263,661</b>
State& Local Tax				\$7,239
Federal Tax				\$1,873
<b>Lodging</b>	<b>Full Time</b>	<b>Labor</b>	<b>Value</b>	
<b>Output</b>	<b>Equivalents</b>	<b>Income</b>	<b>Added</b>	<b>Output</b>
Direct Effect	2.7	\$74,053	\$160,829	\$277,252
Indirect Effect	0.6	\$27,498	\$41,576	\$73,764
Induced Effect	0.4	\$17,123	\$30,845	\$52,551
<b>Total</b>	<b>3.8</b>	<b>\$118,674</b>	<b>\$233,250</b>	<b>\$403,567</b>
State& Local Tax				\$19,747
Federal Tax				\$97,983
<b>Recreation</b>	<b>Full Time</b>	<b>Labor</b>	<b>Value</b>	
<b>Output</b>	<b>Equivalents</b>	<b>Income</b>	<b>Added</b>	<b>Output</b>
Direct Effect	1.8	\$102,119	\$129,163	\$276,794
Indirect Effect	0.9	\$44,616	\$60,634	\$106,728
Induced Effect	0.6	\$24,379	\$43,951	\$74,824
<b>Total</b>	<b>3.3</b>	<b>\$171,113</b>	<b>\$233,748</b>	<b>\$458,346</b>
State& Local Tax				\$9,709
Federal Tax				\$17,658
<b>Retail</b>	<b>Full Time</b>	<b>Labor</b>	<b>Value</b>	
<b>Output</b>	<b>Equivalents</b>	<b>Income</b>	<b>Added</b>	<b>Output</b>
Direct Effect	1.4	\$29,945	\$43,418	\$71,453
Indirect Effect	0.2	\$7,404	\$14,214	\$24,478
Induced Effect	0.2	\$6,288	\$11,327	\$19,297
<b>Total</b>	<b>1.8</b>	<b>\$43,636</b>	<b>\$68,959</b>	<b>\$115,227</b>
State& Local Tax				\$9,707
Federal Tax				\$17,658
<b>SUMMARY: ELITE AIR SERVICE VISITOR-BY-AIR SPENDING IMPACT</b>				
<b>Output</b>	<b>Full Time</b>	<b>Labor</b>	<b>Value</b>	<b>Output</b>
	<b>Equivalents</b>	<b>Income</b>	<b>Added</b>	
Direct Effect	14.4	\$366,234	\$689,899	\$1,268,167
Indirect Effect	3.0	\$136,481	\$213,037	\$377,626
Induced Effect	2.1	\$84,160	\$151,663	\$258,297
<b>Total</b>	<b>19.5</b>	<b>\$586,874</b>	<b>\$1,054,599</b>	<b>\$1,904,089</b>
State& Local Tax				\$80,911
Federal Tax				\$180,096

**PROPOSED UNITED SERVICE VISITOR BY AIR SPENDING IMPACT**

Food/Drink Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	15	\$328,551	\$819,878	\$1,376,600
Indirect Effect	2	\$89,200	\$172,375	\$292,284
Induced Effect	2	\$70,284	\$126,624	\$215,705
<b>Total</b>	<b>19.2</b>	<b>\$488,035</b>	<b>\$1,118,877</b>	<b>\$1,884,589</b>
State& Local Tax				\$98,048
Federal Tax				\$127,641
Transportation Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	8.8	\$129,049	\$197,072	\$458,870
Indirect Effect	1.6	\$74,180	\$104,285	\$202,458
Induced Effect	0.8	\$33,751	\$60,850	\$103,592
<b>Total</b>	<b>11.2</b>	<b>\$236,980</b>	<b>\$362,207</b>	<b>\$764,921</b>
State& Local Tax				\$21,001
Federal Tax				\$54,326
Lodging Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	6.7	\$183,844	\$399,275	\$688,306
Indirect Effect	1.6	\$68,266	\$103,216	\$183,126
Induced Effect	1.1	\$42,510	\$76,576	\$130,462
<b>Total</b>	<b>9.4</b>	<b>\$294,620</b>	<b>\$579,068</b>	<b>\$1,001,895</b>
State& Local Tax				\$49,024
Federal Tax				\$63,821
Recreation Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	5.1	\$296,264	\$374,723	\$803,023
Indirect Effect	2.7	\$129,437	\$175,908	\$309,636
Induced Effect	1.8	\$70,726	\$127,508	\$217,076
<b>Total</b>	<b>11.9</b>	<b>\$530,859</b>	<b>\$713,870</b>	<b>\$1,550,546</b>
State& Local Tax				\$28,161
Federal Tax				\$50,679
Retail Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	4.2	\$86,875	\$125,961	\$207,295
Indirect Effect	0.5	\$21,480	\$41,236	\$71,014
Induced Effect	0.5	\$18,241	\$32,862	\$55,982
<b>Total</b>	<b>5.2</b>	<b>\$126,595</b>	<b>\$200,059</b>	<b>\$334,291</b>
State& Local Tax				\$26,241
Federal Tax				\$31,373
SUMMARY: UNITED AIR SERVICE VISITOR-BY-AIR SPENDING IMPACT				
Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	40.2	\$1,024,582	\$1,916,910	\$3,534,094
Indirect Effect	8.4	\$382,563	\$597,020	\$1,058,519
Induced Effect	5.9	\$235,513	\$424,420	\$722,818
<b>Total</b>	<b>54.5</b>	<b>\$1,642,657</b>	<b>\$2,938,350</b>	<b>\$5,315,430</b>
State& Local Tax				\$222,475
Federal Tax				\$327,840

### ALLEGIANT SERVICE VISITOR BY AIR SPENDING IMPACT

Food/Drink Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	37.2	\$798,220	\$1,991,909	\$3,344,475
Indirect Effect	5.1	\$216,713	\$418,787	\$710,108
Induced Effect	4.3	\$170,757	\$307,635	\$524,060
<b>Total</b>	<b>46.6</b>	<b>\$1,185,690</b>	<b>\$2,718,332</b>	<b>\$4,578,643</b>
State& Local Tax				\$238,210
Federal Tax				\$310,106

Transportation Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	21.4	\$313,525	\$478,788	\$1,114,825
Indirect Effect	3.8	\$180,220	\$253,360	\$491,873
Induced Effect	2.0	\$81,999	\$147,835	\$251,677
<b>Total</b>	<b>27.3</b>	<b>\$575,744</b>	<b>\$879,983</b>	<b>\$1,858,375</b>
State& Local Tax				\$51,033
Federal Tax				\$131,985

Lodging Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	16.3	\$446,648	\$970,038	\$1,672,237
Indirect Effect	3.8	\$165,853	\$250,763	\$444,905
Induced Effect	2.6	\$103,277	\$186,042	\$316,958
<b>Total</b>	<b>22.7</b>	<b>\$715,778</b>	<b>\$1,406,843</b>	<b>\$2,434,100</b>
State& Local Tax				\$119,105
Federal Tax				\$155,053

Recreation Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	12.5	\$719,772	\$910,390	\$1,950,944
Indirect Effect	6.5	\$314,468	\$427,369	\$752,261
Induced Effect	4.3	\$171,829	\$309,780	\$527,386
<b>Total</b>	<b>11.9</b>	<b>\$530,859</b>	<b>\$713,870</b>	<b>\$1,550,546</b>
State& Local Tax				\$68,418
Federal Tax				\$123,124

Retail Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	10.2	\$211,061	\$306,022	\$503,622
Indirect Effect	1.3	\$52,185	\$100,184	\$172,528
Induced Effect	1.1	\$44,316	\$79,838	\$136,009
<b>Total</b>	<b>12.5</b>	<b>\$307,563</b>	<b>\$486,043</b>	<b>\$812,159</b>
State& Local Tax				\$63,753
Federal Tax				\$76,220

### SUMMARY: ALLEGIANT SERVICE VISITOR-BY-AIR SPENDING IMPACT

Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	97.7	\$2,489,226	\$4,657,147	\$8,586,103
Indirect Effect	20.5	\$929,438	\$1,450,463	\$2,571,675
Induced Effect	14.3	\$572,179	\$1,031,130	\$1,756,089
<b>Total</b>	<b>132.4</b>	<b>\$3,990,843</b>	<b>\$7,138,740</b>	<b>\$12,913,867</b>
State& Local Tax				\$540,519
Federal Tax				\$796,488

# AIRPORT REVENUE POTENTIAL

Typically, airports with scheduled airline service charge incumbent airlines various fees and rental charges to use Airport facilities, to help off-set the cost of having and maintaining those facilities. However, airports trying to recruit new service, especially initial new route service, almost always have to offer a prospective airline free or reduced cost use of the facilities, at least initially, to help off-set the risk the carrier is taking by entering the market.

However, after the initial startup of additional air service on existing routes or new route air services, and assuming the additional or new air service is successful, the added services begin to pay the airport the normal and typical fees associated with air service at the Airport.

AIRPORT REVENUE FROM AIRLINE OPERATIONS		
Source	Fee Structure	Remarks
Landing Fee	Per 1,000 lbs landing weight	
Fuel Flowage	Fee per gallon of fuel purchased	Depends on FBO relationship
Terminal Space Rent	Per Sq foot or Flat Fee	
Concessions	Percent of gross revenue and or space rent	
Rental Car	Percent of gross revenue and or space rent	
PFC	Fee per Enplanement	
Ground Transportation Access	Fee per pickup or dropoff	
Parking	Per day Outbound Traveler	

The chart above shows eight typical sources of Airport revenue, how a fee structure can be structured in each area, and any clarifying remarks.

## Vero Beach Airline Fees from Additional and New Air Services

Landing Fee – A very common Airport fee is the Landing Fee charged to aircraft that use the Airport’s runway. This fee is typically per 1,000 lbs. of aircraft maximum landing weight. The landing fee chart shows airport revenue by route, for both the existing Elite Airways services and each of the possible two new service scenarios. In this example, the landing fee is \$1 per 1,000 lbs. of maximum landing weight for each aircraft that lands at the Airport.

Such a landing fee levied against the Elite Airways services of the past 12 months would generate \$15,275 annually. A \$1 per 1,000 lbs. landing weight fee imposed on the possible United Airlines

schedule would generate \$37,507 annually. That same fee imposed on the possible Allegiant services would generate \$56,856 in annual Airport revenue.

<b>ESTIMATED LANDING FEE REVENUE BY ROUTE FOR ADDED AND NEW FLIGHTS</b>						
Route	Aircraft	Annual Landings	Landing Weight	Landing Fee		Annual Revenue
				Per 1,000 lbs	Per Flt	
Existing Elite Service	CRJ-200	325	47,000	\$1.00	\$47.00	\$15,275
New United Service	E-175	511	73,414	\$1.00	\$73.40	\$37,507
New Allegiant Service	A-319	412	138,000	\$1.00	\$138.00	\$56,856
<b>Subtotal New Flights</b>		<b>923</b>		<b>\$1.00</b>		<b>\$94,363</b>
<b>Total All Flights</b>		<b>1,248</b>		<b>\$1.00</b>		<b>\$109,638</b>

Fuel Flowage Fees – Fuel flowage fees are another common airport fee and are designed to provide funds for the maintenance of the Airport’s fuel storage system. Imposing a \$.07 cent fee per gallon of fuel uplifted on each of the existing and new air service programs would result in approximately \$88,118 in annual Airport revenue.

<b>ESTIMATED FUEL FLOWAGE FEES BY ROUTE</b>								
Carrier	Aircraft	Annual Departures	Block Time	Gallons		Flowage		Annual Airport Revenue
				Fuel Burn	Uplift	Fee/Gal	Fee/Flt	
Elite	CRJ-200	325	2.5	385.0	962.5	\$0.07	\$67.38	\$21,897
United	E-175	511	2.5	550.0	1,375.0	\$0.07	\$96.25	\$49,184
Allegiant	A-319	412	1.8	750.0	1,350.0	\$0.07	\$94.50	\$38,934
<b>Total</b>		<b>759</b>				<b>\$0.07</b>		<b>\$88,118</b>

Terminal Space Rent –Airports rent or lease space in their terminal buildings to airlines. These rental or lease arrangements can take various forms. Airports with established air service from multiple carriers typically rent carriers office and ticket counter and perhaps gate space. These airports also can charge airlines lease fees for Common Use areas of the airport, such as the baggage claim area. Some airports have common use gates shared by airlines.

For an Airport like Vero Beach that is without significant scheduled air service there is a great deal of flexibility in structuring such arrangements. Offering low airport costs has become one way in which smaller airports can compete for air service. Thus, it is important that when Vero Beach air service matures to the point it no longer requires local fee waivers, airport costs that are billed to the airlines are kept as low as possible. Currently the Vero Beach Regional Airport collects about \$12,000 per year from Elite for use of the ticket counter, gate, bag claim and ramp areas that Elite uses to operate the current air services.

Assuming other air service is recruited to the airport and for simplicities sake, one easy and predictable way to gain revenue from airlines for use of the terminal is a flat fee per enplanement. In the example below, this fee is set at \$3 but it can be set at any amount deemed fair to the airport and appropriate to the airlines.

<b>ESTIMATED TERMINAL RENT REVENUE BY ROUTE</b>				
Route		Annual Enplaned	Space Fee Per Enplaned	Annual Fee
Elite	All routes	10,385	\$3	\$31,155
United	Dulles	20,577	\$3	\$61,731
	Chicago	6,263	\$3	\$18,789
	Newark	3,295	\$3	\$9,885
Allegiant	Columbus	9,014	\$3	\$27,042
	Nashville	9,014	\$3	\$27,042
	Pittsburgh	9,014	\$3	\$27,042
	Raleigh	9,014	\$3	\$27,042
<b>Total</b>		<b>76,576</b>	<b>\$3</b>	<b>\$229,728</b>

Concessions Fees – In addition to any space rental fees that concessionaires pay the Airport, it is possible to charge a franchise fee as either a percent of each sale transaction that occurs. For example, a fee of 5% of a sale amount on each concessionaire transaction can generate significant Airport revenue as airline traffic increases.

<b>ESTIMATED AIRPORT TERMINAL CONCESSIONS REVENUE</b>						
Carrier	Route	Enplaned	Spend Per Enplaned	Concessionaire Revenue	Airport Share	Annual Airport Revenue
Chicago	All	10,385	\$4	\$41,540	5%	\$2,077
United	Dulles	20,577	\$4	\$82,308	5%	\$4,115
	Chicago	6,263	\$4	\$25,052	5%	\$1,253
	Newark	3,295	\$4	\$13,180	5%	\$659
Allegiant	Columbus	9,014	\$4	\$36,056	5%	\$1,803
	Nashville	9,014	\$4	\$36,056	5%	\$1,803
	Pittsburgh	9,014	\$4	\$36,056	5%	\$1,803
	Raleigh	9,014	\$4	\$36,056	5%	\$1,803
<b>Total</b>		<b>76,576</b>	<b>\$4</b>	<b>\$306,304</b>	<b>5%</b>	<b>\$15,315</b>

Based on an assumption that the average departing passenger spends \$4 at the terminal, gross concessionaire revenue can equal as much as \$306,304 and the Airport's share of that would be \$15,315.

Rental Car Fees – Airports with commercial air service commonly charge significant fees to on-airport rental car agencies based on rental car revenue or rental days. A 5% franchise fee on rental car activity could also generate significant revenue for the Airport. In the example below, an estimated \$169,826 annually, based on the rental volume assumptions shown.

ESTIMATED AIRPORT RENTAL CAR REVENUE										
Carrier	Route	Inbound Visitors	Per Trip	Car Rental				Annual Rental Revenue	Percent Airport	Airport Revenue
				Events	Days/Event	Rental Days	Fee/Day			
Elite	All	5,193	0.25	1,298	4.7	6,102	\$50	\$305,089	5%	\$15,254
United	Dulles	10,289	0.25	2,572	4.7	12,090	\$50	\$604,479	5%	\$30,224
	Chicago	4,080	0.25	1,020	4.7	4,794	\$50	\$239,700	5%	\$11,985
	Newark	1,647	0.25	412	4.7	1,935	\$50	\$96,761	5%	\$4,838
Allegiant	Columbus	9,151	0.25	2,288	4.7	10,752	\$50	\$537,621	5%	\$26,881
	Nashville	9,151	0.25	2,288	4.7	10,752	\$50	\$537,621	5%	\$26,881
	Pittsburgh	9,151	0.25	2,288	4.7	10,752	\$50	\$537,621	5%	\$26,881
	Raleigh	9,151	0.25	2,288	4.7	10,752	\$50	\$537,621	5%	\$26,881
<b>Total</b>	<b>All</b>	<b>57,813</b>	<b>0.25</b>	<b>14,453</b>	<b>4.7</b>	<b>16,854</b>	<b>\$50</b>	<b>\$3,396,514</b>	<b>5%</b>	<b>\$169,826</b>

Passenger Facility Fees – The Federal Aviation Administration (FAA) allows airports to charge a Passenger Facility Fee (PFC) per airline enplanement. Money collected from PFCs is to be used by the airport for airport facility and infrastructure improvements. If Vero Beach instituted a PFC of \$4.50 per enplaned passenger (the current standard fee) and if all the existing and possible air services were operated, then the Airport could gain \$344,592 in annual PFC revenue.

EXISTING AND PROPOSED NEW AIR SERVICE PFC REVENUE				
Carrier	Route	Enplane	PFC \$	PFC Revenue
Elite Air	Existing	10,385	\$4.50	\$46,733
United	Dulles	20,577	\$4.50	\$92,597
	Chicago	6,263	\$4.50	\$28,184
	Newark	3,295	\$4.50	\$14,828
Allegiant	Columbus	9,014	\$4.50	\$40,563
	Nashville	9,014	\$4.50	\$40,563
	Pittsburgh	9,014	\$4.50	\$40,563
	Raleigh	9,014	\$4.50	\$40,563
<b>Total All Flights</b>		<b>76,576</b>	<b>\$4.50</b>	<b>\$344,592</b>

Ground Transportation Access Fees – Many Airports charge a fixed fee for taxis, ride share operators like Lyft, shuttle, limo or bus traffic that picks up or drops off at the Airport terminal. The Vero Beach Regional Airport could, if air service related ground transportation volume increases, charge for hire ground transportation services a flat fee per pass by the terminal building. Depending on the fee per terminal approach and volume of approaches, this access fee could generate hundreds of thousands of dollars in annual revenue for the Airport.

Terminal Customer Parking – Most air service airports charge for customer parking at the terminal. Melbourne charges \$11 per day and West Palm Beach charges \$13 a day. The chart below projects Vero Beach Regional Airport terminal parking lot revenue by air service route and carrier at an assumed rate of \$5 per day. The installation of a paid parking system does have costs, depending on what type of system is used. If all possible air services were operating along with the existing Elite Airways services, a paid parking lot could generate up to \$287,160 in annual revenue based on the assumptions listed below.

ESTIMATED TERMINAL PARKING LOT REVENUE											
Route	Route	O&D	% Outbound	Outbound	Trips	Percent Parking Lot	Parking Lot Events	Average Stay	Parking Lot Days	Daily Rate	Parking Lot Revenue
Chicago	All	20,770	50%	10,385	5,193	50%	2,596	3.0	7,789	\$6	\$46,733
United	Dulles	41,154	50%	20,577	10,289	50%	5,144	3.0	15,433	\$6	\$92,597
	Chicago	12,525	50%	6,263	3,131	50%	1,566	3.0	4,697	\$6	\$28,181
	Newark	6,589	50%	3,295	1,647	50%	824	3.0	2,471	\$6	\$14,825
Allegiant	Columbus	27,316	33%	9,014	4,507	50%	2,254	3.0	6,761	\$6	\$40,564
	Nashville	27,316	33%	9,014	4,507	50%	2,254	3.0	6,761	\$6	\$40,564
	Pittsburgh	27,316	33%	9,014	4,507	50%	2,254	3.0	6,761	\$6	\$40,564
	Raleigh	27,316	33%	9,014	4,507	50%	2,254	3.0	6,761	\$6	\$40,564
Total		190,302	63%	76,576	38,288	50%	19,144	3.0	57,432	\$6	\$344,593

Total Airport Revenue from Existing and Possible New Air Services – The eight Airport revenue sources combined are estimated to gain \$1,266,316 annually if all three carriers operated all the services reviewed in this report. Allegiant Air service could, by itself, be the largest Airport revenue generator in this projection.

TOTAL AIR SERVICE AIRPORT REVENUE IMPACTS				
Revenue Source	Elite Air	United	Allegiant	Total
Landing Fee	\$15,275	\$37,507	\$56,856	\$109,638
Fuel Flowage	\$21,897	\$49,184	\$38,934	\$110,015
Terminal Space Rent	\$31,155	\$90,405	\$108,168	\$229,728
Concessions Fees	\$2,077	\$6,067	\$7,212	\$15,356
Rental Car Fees	\$15,254	\$47,047	\$107,524	\$169,825
PFC	\$46,733	\$135,608	\$162,252	\$344,593
Parking	\$38,944	\$113,003	\$135,214	\$287,161
Total	\$171,335	\$478,821	\$616,160	\$1,266,316

# SUMMARY

The existing Elite Airways flights at Vero Beach generate a modest local economic impact from added airport employment and from increased visitor traffic and visitor spending. The service is estimated to generate 44.1 FTE jobs are a result of Airport employment and 19.5 FTE jobs are a result of net new visitor spending. This total of 63.6 FTE jobs have a combined annual labor income of \$2.65 million. Total combined annual economic output is estimated at \$8.262 million.

The possible new air services by United and Allegiant Air would generate a measurably larger local economic impact from airport employment and from increased visitor traffic and spending.

The combined United and Allegiant services are estimated to generate 55.7 FTE jobs are a result of Airport employment and 187.0 FTE jobs are a result of net new visitor spending. This total of 242.7 FTE jobs have a combined annual labor income of \$8.164 million. Total combined annual economic output is estimated at \$28.6 million.

SUMMARY OF VERO BEACH REGIONAL AIRPORT AIR SERVICE ECONOMIC IMPACT									
Service	Annual			Airport Jobs		Visitor Spending Jobs		Total	
	Flights	Passengers	Visitors	FTEs	Output	FTEs	Output	FTEs	Output
Existing Elite	651	20,770	5,193	44.1	\$6.4	19.5	\$1.9	63.6	\$8.3
Potential United	1,030	60,268	6,780	26.4	\$5.1	54.5	\$5.3	80.9	\$10.4
Potential Allegiant	824	109,262	16,472	29.3	\$5.3	132.4	\$12.9	161.7	\$18.2
<b>Total All</b>	<b>2,505</b>	<b>190,300</b>	<b>28,445</b>	<b>99.9</b>	<b>\$16.8</b>	<b>206.4</b>	<b>\$20.1</b>	<b>306.3</b>	<b>\$36.9</b>

Combined, the existing service and possible new services would create 306.3 new Airport and in-County FTE jobs. These 306.3 FTE jobs would have annual labor income of \$10.8 million. Annual economic output would be an estimated \$36.9 million dollars. Annual State and local tax revenue would increase by an estimated \$1.458 million while annual Federal tax income would increase by \$2.3 million.

### ELITE AIR SERVICE AIRPORT EMPLOYMENT

Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	29.0	\$1,405,197	\$2,308,111	\$4,387,184
Indirect Effect	7.8	\$365,446	\$626,432	\$1,072,013
Induced Effect	7.3	\$292,666	\$527,781	\$898,292
<b>Total</b>	<b>44.1</b>	<b>\$2,063,309</b>	<b>\$3,462,324</b>	<b>\$6,357,489</b>
State & Local Tax				\$325,111
Federal Tax				\$448,582

### UNITED & ALLEGIANT SERVICE AIRPORT EMPLOYMENT

Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	31.7	\$1,419,942	\$3,036,317	\$7,246,864
Indirect Effect	15.1	\$752,046	\$1,163,649	\$2,064,277
Induced Effect	8.9	\$358,056	\$645,797	\$1,099,012
<b>Total</b>	<b>55.7</b>	<b>\$2,530,044</b>	<b>\$4,845,763</b>	<b>\$10,410,153</b>
State & Local Tax				\$289,257
Federal Tax				\$550,264

### ELITE AIR SERVICE VISITOR SPEND

Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	14.4	\$366,234	\$689,899	\$1,268,167
Indirect Effect	3.0	\$136,481	\$213,037	\$377,626
Induced Effect	2.1	\$84,160	\$151,663	\$258,297
<b>Total</b>	<b>19.5</b>	<b>\$586,875</b>	<b>\$1,054,599</b>	<b>\$1,904,090</b>
State & Local Tax				\$80,911
Federal Tax				\$180,096

### UNITED AND ALLEGIANT SERVICE VISITOR SPEND

Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	137.9	\$3,513,808	\$6,574,057	\$12,120,197
Indirect Effect	28.9	\$1,312,001	\$2,047,483	\$3,630,194
Induced Effect	20.2	\$807,692	\$1,455,550	\$2,478,907
<b>Total</b>	<b>187.0</b>	<b>\$5,633,501</b>	<b>\$10,077,090</b>	<b>\$18,229,298</b>
State & Local Tax				\$762,994
Federal Tax				\$1,124,328

### TOTAL ECONOMIC IMPACT OF COMBINED SERVICE

Output	Full Time Equivalents	Labor Income	Value Added	Output
Direct Effect	213.0	\$6,705,181	\$12,608,384	\$25,022,412
Indirect Effect	54.8	\$2,565,974	\$4,050,601	\$7,144,110
Induced Effect	38.5	\$1,542,574	\$2,780,791	\$4,734,508
<b>Total</b>	<b>306.3</b>	<b>\$10,813,729</b>	<b>\$19,439,776</b>	<b>\$36,901,030</b>
State & Local Tax				\$1,458,273
Federal Tax				\$2,303,270

Should the various air services mature to the point that the Airport can comfortably assess fees on both airlines and air travelers, the Airport could see as much as \$1.266 million in additional revenues across a broad range of revenue sources including landing fees, terminal rents, concessions and rental car commissions, PFCs, terminal ground transportation access and terminal parking.

As noted earlier in this report, the growing Vero Beach and Treasure Coast area economy appears to be capable of supporting local air service.

This report documents, using conservative assumptions and methodologies, the significant positive local economic impact of both the existing air service and the two possible new air service scenarios.