

THE ECONOMIC IMPACT OF THE US 90 TRAIL

**PREPARED FOR THE EMERALD COAST REGIONAL PLANNING COUNCIL BY THE
EAST CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
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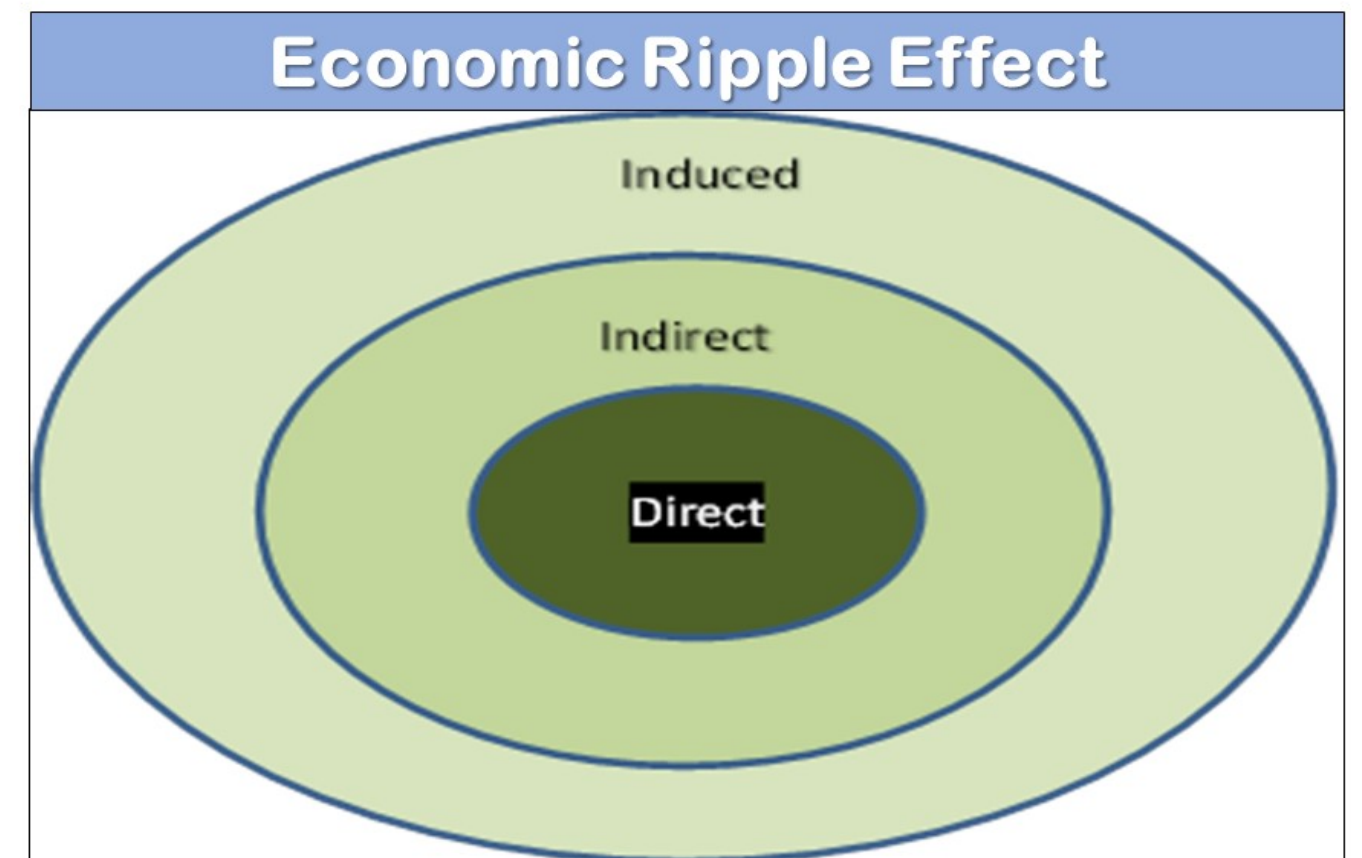
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INTRODUCTION

The Emerald Coast Regional Council was recently awarded a Community Planning Technical Assistance grant from Florida's Department of Economic Opportunity to develop a Corridor Master Plan for a multi-use trail along US 90 in Escambia, Santa Rosa, and Okaloosa counties. The project builds upon an existing initiative to create a connected bicycle and pedestrian network in Northwest Florida that will help to attract visitors and enhance the quality of life in trail adjacent communities. US 90's predecessor is the Old Spanish Trail, which communities would like to highlight as part of a recreational tourism draw for day trippers and over-night stays. With a connected and safe multi-use trail, visitors can experience multiple historic communities along US 90 like Pensacola, Milton, and Crestview, among others. The new plan will inventory and identify current gaps in the regional network and develop strategies and implementation recommendations to help complete connections throughout the three counties.

As part of this process, the Emerald Coast Regional Council partnered with the East Central Florida Regional Planning Council to conduct an economic impact analysis that estimates the benefits of building the US 90 Trail. An economic impact model estimates the direct, indirect and induced effects of a new activity or investment. The direct effect is defined as the benefits created by the original investment or policy change. Besides these direct effects, this new activity will also generate additional demand for goods and services that are usually met by local suppliers. This is considered an indirect economic impact. Finally, the new employees will spend their incomes on household needs such as rent, food, and entertainment, among others. This is considered the local consumption or induced economic effect. These indirect and induced impacts are often referred to as the economic ripple effect.



Source: ECFRPC estimates

METHODOLOGY, INPUTS, AND ASSUMPTIONS

The ECFRPC used two variables to develop the economic simulation scenarios: project construction costs and visitor expenditures. These variables were developed using the best available data. When there were any gaps in information, the ECFRPC used conservative assumptions to derive the numbers. The next sections of the document provide more detail about the data sources and assumptions used to develop these variables.

Variable 1: Construction Costs

The first step for developing this economic impact scenario was to estimate the capital costs of developing this trail. According to the FDOT District 3 Long Range Estimating System model, the total cost per mile for a two directional, 12" shared used path is \$326,706.35. Based on a total number of miles for the US 90 plan, the total cost to build the project would be close to \$25.5 million. The construction costs of this project were distributed evenly across the different counties and phased over a three-year period. The numbers were entered into the model as Detailed Exogenous Sales-Construction of Highways and Streets.

Variable 2: Visitor Expenditures

Most of the economic impact of the US 90 trail will be the result of visitor expenditures. However, in order to develop these expenditure figures, the ECFRPC had to first estimate how many visitors will be using the trail each year. ECFRPC staff consulted several tourism reports and presentations from the three counties to find both visitation numbers and expenditure profiles that could help inform the development of this simulation. What was found is that each county has taken a different approach to measuring their number of visitors. There were also several information gaps that required the ECFRPC to make quite a few assumptions. For example, Escambia County was the only jurisdiction that reported the percentage of overnight visitors that go biking and hiking during their vacation (14 percent).



Source: www.forconstructionpros.com



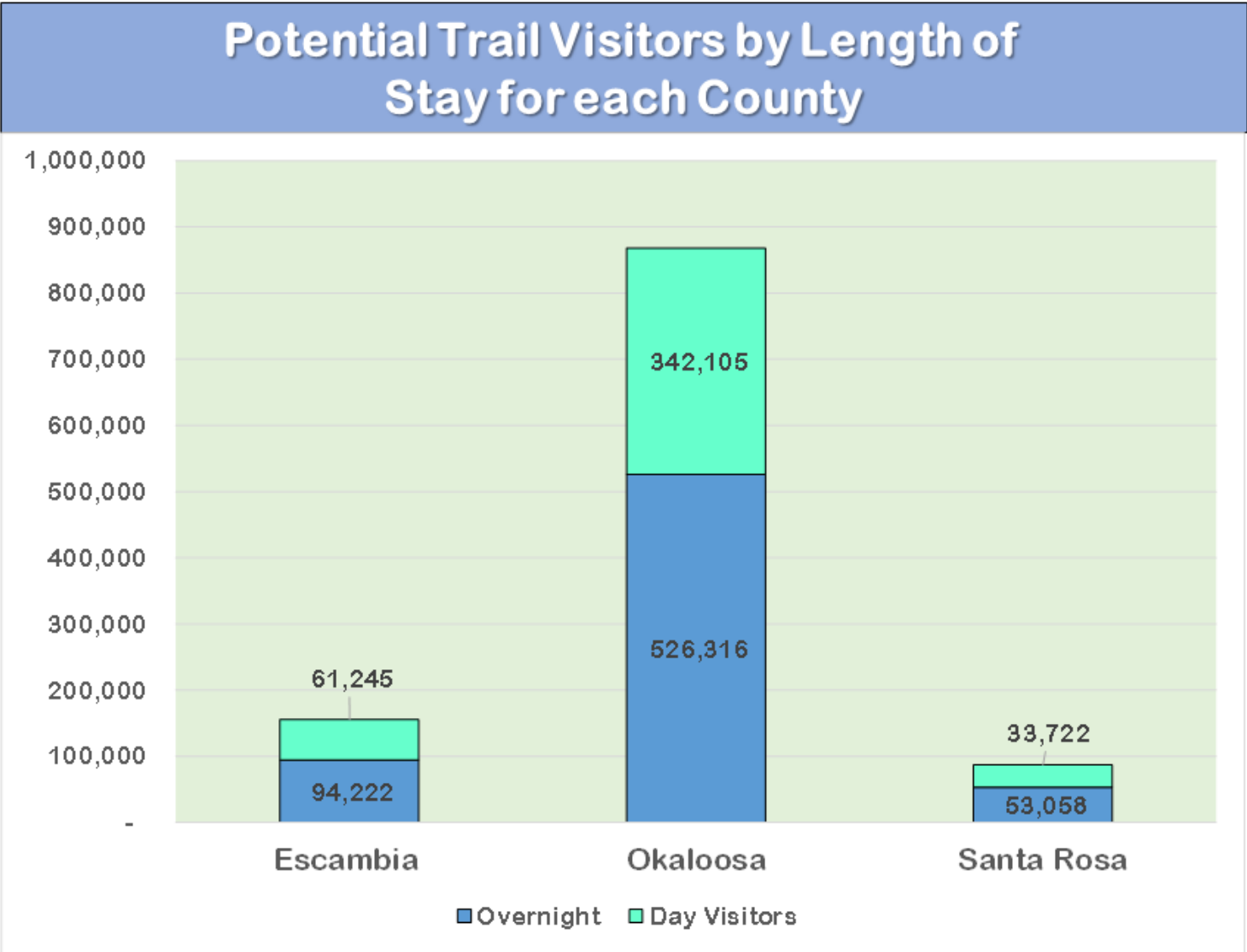
Source: Emerald Coast Regional Council

To be conservative, the ECFRPC assumed that 10 percent of the study area’s visitors would be riding the US 90 Trail once its built. Based on this figure, the ECFRPC estimates that almost 675,000 overnight visitors would ride the trail annually.

Santa Rosa is the only county that counts daily visitors. The Haas Center estimates that 332,221 people visited the area for just one day. This number represents 65 percent of Santa Rosa’s overnight visitation count. The ECFRPC assumed the other counties had the same rate of daily visitors. This means that the three-county area receives almost 4.38 million day visitors, which would yield 437,837 additional trail riders.

Overnight visitors have a much higher economic impact than day visitors because of their higher spending. The Hass Center estimates that overnight visitors spend \$192 per day in Santa Rosa County. The ECFRPC was able to derive the daily expenditure number for Escambia County using the estimated average daily expenditure per party and the visitor average length stay. At \$90.26, this figure is 47% lower than the Santa Rosa’s expenditure number. Meanwhile, the ECFRPC did not find much information for Okaloosa county. Based on the best available data, the ECFRPC estimates that the average daily expenditure for Okaloosa’s overnight visitors is \$161.

For the day visitor expenditures, the ECFRPC used the numbers from the *Economic Impact Analysis of Orange County Trails study*. This 2011 analysis found that day trail riders spend about \$20 per visit. When adjusted for inflation, this average spending number is now \$23.64. This number was adopted as the average expenditure number for the three counties. Since there was no information on local resident trail ridership for the different counties, the ECFRPC decided to treat all the day visitors as non-residents.



Source: ECFRPC estimates

Average Daily Visitor Expenditure by County		
County	Overnight	Day Visitors
Escambia	\$90.26	\$23.64
Okaloosa	\$161.00	\$23.64
Santa Rosa	\$192.00	\$23.64

Source: ECFRPC estimates

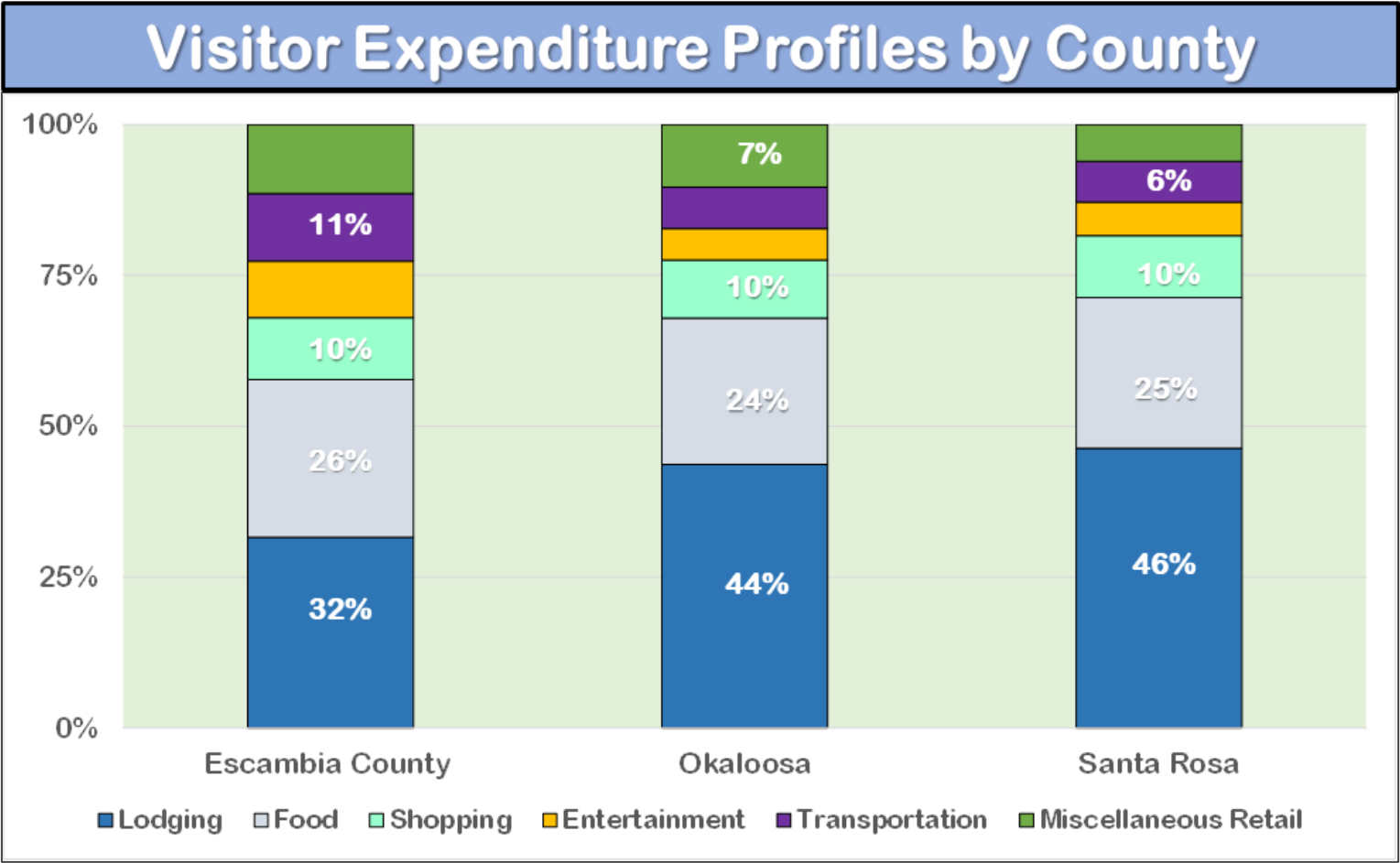
The ECFRPC used the trail visitation and average visitor expenditure numbers to estimate the total economic impact that the US 90 trail will have on both the region and the three individual counties.

Based on these assumptions, the ECFRPC estimates that US 90 trail visitors (overnight and day) will spend close to \$113.8 million dollars annually. Before entering this information into the model, the ECFRPC allocated this money among different spending categories. For overnight visitors, the spending categories utilized were lodging, food (restaurants/groceries), souvenir shopping, entertainment, transportation (gas/air travel), and miscellaneous retail. In the case of day visitors, the ECFRPC distributed the money among only three categories: food, transportation (gas), and miscellaneous retail. The ECFRPC found visitor expenditure profiles for both Escambia and Santa Rosa counties. Since there was no profile for Okaloosa County, the ECFRPC decided to use Santa Rosa’s expenditure percentages. The two largest spending categories are lodging and food. These comprise more than half of visitor expenditures for all of the counties. Other large spending categories include shopping (10%) and transportation (7-11%).

The money was distributed among seven different spending categories based on the closest NAICS codes. All of these visitor expenditure numbers were entered into the model as Detailed Industry Sales/Exogenous Production.

Estimated Total Spending by Trail Visitors	
County	Visitor Expenditures
Escambia	\$9,952,632
Okaloosa	\$92,824,212
Santa Rosa	\$10,984,307
Total	\$113,761,152

Source: ECFRPC estimates



Sources: Experience Escambia, Haas Center, and ECFRPC Calculations

ECONOMIC IMPACT SIMULATION RESULTS

The ECFRPC entered the construction and visitor expenditure variables separately into the REMI PI+ model to estimate the economic impact that the US 90 Trail would have on the three-county study area. The results concentrate on four economic impact indicators: total employment, output/sales, personal income, and gross domestic product (GDP). The ECFRPC treated the results for construction and visitor expenditures separately. Moreover, all of the reported numbers are averages.

Construction

According to the REMI PI+ model, the construction of the US 90 Trail will generate 114 positions. This estimate includes all full-time, part-time, and temporary positions, which the model gives equal weight. The vast majority of these new jobs will be in the construction industry. Often referred to as total sales volume, output measures the gross level of business revenue which includes both the costs of labor and materials (intermediate inputs) and value-added activities (compensation and profits). Since business output is the broadest measure of economic activity, it tends to generate the largest numbers. The construction of the trail will generate \$13 million in sales.

Personal income refers to total earnings from employee compensation, wage supplements, rents, transfer payments, and other business ventures. According to the REMI model, the construction of the trail will generate close to \$5.7 million in personal income to the region’s residents. Finally, another important economic indicator is gross regional product. Sometimes referred to as gross domestic product (GDP), this figure represents the market value of all goods and services produced by labor and property, regardless of nationality. According to REMI, the construction of the trail will add \$7 million to the region’s GDP.

Economic Results of Trail Construction	
Economic Indicators	Total
Total Employment	114
Output	\$13,000,000
Personal Income	\$5,666,667
Gross Domestic Product	\$7,000,000

Source: REMI PI+ East Central Florida Region v 2.4.1

Trail Construction Impacts by County			
Economic Indicators	Escambia	Okaloosa	Santa Rosa
Total Employment	43	32	39
Output	\$5,000,000	\$4,000,000	\$4,000,000
Personal Income	\$2,000,000	\$1,333,334	\$2,333,333
Gross Domestic Product	\$3,000,000	\$2,000,000	\$2,000,000

Source: REMI PI+ East Central Florida Region v 2.4.1



Source: Emerald Coast Regional Council

When examining the impacts by county, the model estimates that Escambia will benefit slightly more from the new construction when compare to the other counties.

Visitor Expenditures

Most of the economic benefits from the US 90 Trail will come from visitor expenditures. According to the REMI model, the new tourist spending will create over 2,000 jobs and generate \$162.3 million in sales and \$63.3 million in personal income. It is also expected to add \$97.3 million to the region’s economy. Since most of the trail visitors will be coming from Okaloosa County, this jurisdiction can expect to reap most of the economic benefits. These include 74 percent of all new positions, 71 percent of all regional sales, and 45 percent of all personal income. The increase in Okaloosa County’s GDP will be about five times higher than the other counties.

Seventy percent of the new employment will be in the Accommodation and Food Services (990) and Retail Trade (439) economic sectors. Other industries that would benefit indirectly from this visitor spending include Construction (104), Administrative and Support Services (57), State and Local Government (52), and Real Estate and Rental Leasing (44).

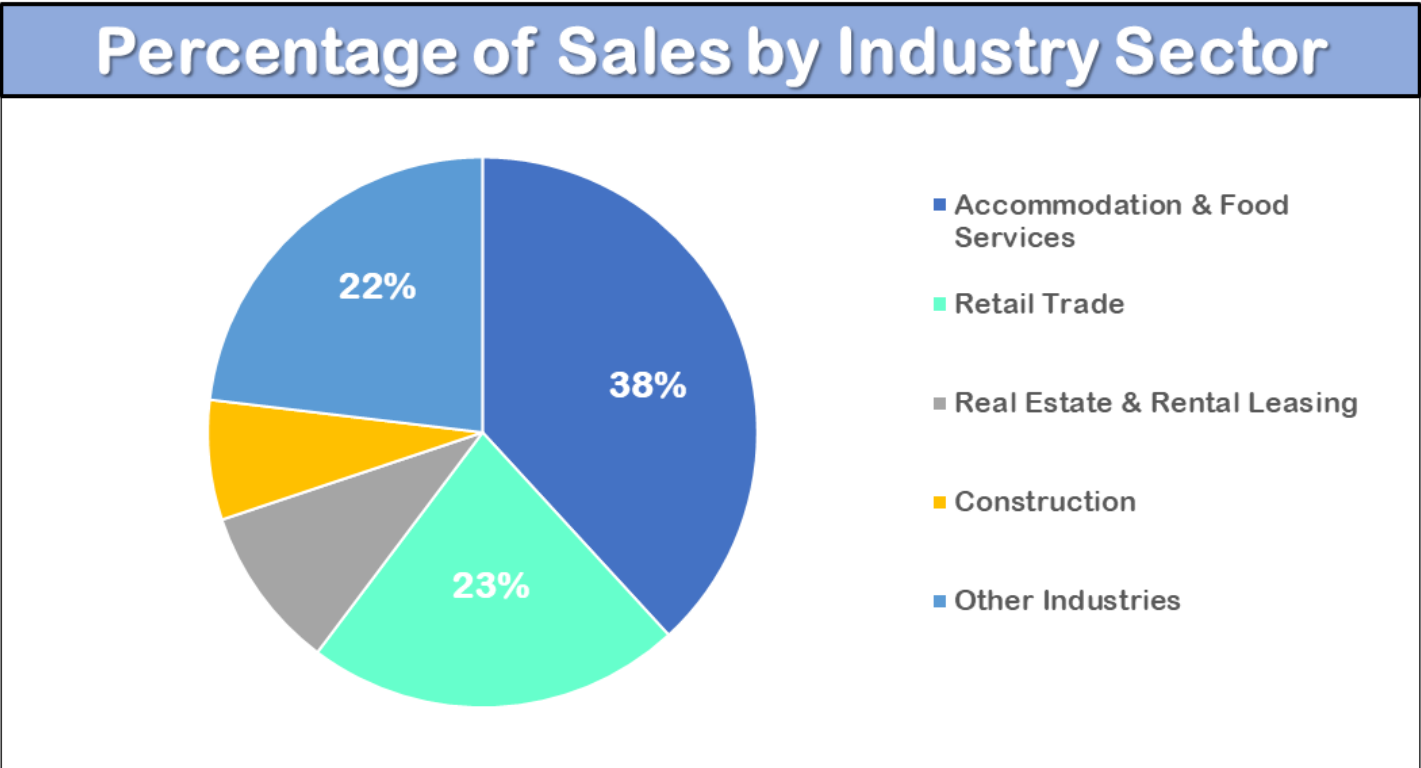
The Accommodation and Food Services and Retail Trade sectors will also comprise 60 percent of all sales generated by the trail visitors. Other industries will benefit because of indirect and induced investments. These include Real Estate and Rental Leasing (\$15.7 million), Construction (\$11.7 million), and Professional, Scientific, and Technical Services. (\$5.7 million).

Economic Results of Visitor Expenditures	
Economic Indicators	Average
Total Employment	2,022
Output	\$162,333,333
Personal Income	\$63,333,333
Gross Domestic Product	\$97,333,333

Source: REMI PI+ East Central Florida Region v 2.4.1

Trail Visitor Expenditures Impact by County			
Economic Indicators	Escambia	Okaloosa	Santa Rosa
Total Employment	249	1,493	280
Output	\$24,000,000	\$115,000,000	\$23,333,333
Personal Income	\$11,333,333	\$28,333,333	\$23,333,333
Gross Domestic Product	\$14,000,000	\$69,333,333	\$14,000,000

Source: REMI PI+ East Central Florida Region v 2.4.1



Source: REMI PI+ East Central Florida Region v 2.4.1

Almost 80 percent of the personal income is generated in the form of wages and salaries. Not surprisingly, the industries that would generate most of these salaries are Accommodation and Food Services (\$23 million), and Retail Trade (12.7 million). These are followed by Construction (\$3.7 million), Professional, Scientific, and Technical Services (\$3.3 million), and Arts, Entertainment, and Recreation (3 million).

CONCLUSIONS

Traversing through three northwest Florida counties, the US 90 Trail will be a connected bicycle and pedestrian network encompassing over 75 miles. Based on current county visitation numbers, the ECFRPC estimates that this new amenity could help to attract just over 1.1 million visitors once its built. This new activity should help to increase the quality of life for the communities located along the trail. The ECFRPC estimated the economic impact of the trail based on construction and visitor expenditures. The construction of this project alone could help to generate 114 positions, \$13 million in sales, and \$5.7 million in personal income to the region’s residents. According to REMI, the construction of the trail will also add \$7 million to the region’s GDP. Most of the economic benefits from the US 90 Trail will come from expected visitor expenditures. The ECFRPC estimates that overnight and day visitors could spend just over \$117.9 million on a variety of good and services including lodging, food, and gas. Visitor spending has a ripple effect on the economy. According to the REMI model, this spending will create just over 2,000 jobs and generate \$162.3 million in sales and \$63.3 million in personal income. It is also expected to add \$97.3 million to the region’s GDP.



Source: Emerald Coast Regional Council

Summary of Economic Results		
Economic Indicators	Construction	Visitor Spending
Total Employment	114	2,022
Output	\$13,000,000	\$162,333,333
Personal Income	\$5,666,667	\$63,333,333
Gross Domestic Product	\$7,000,000	\$97,333,333

Source: REMI PI+ East Central Florida Region v 2.4.1

ABOUT THE EMERALD COAST REGIONAL COUNCIL

The Emerald Coast Regional (ECRC) is one of ten regional planning councils in the state of Florida. ECRC supports northwest Florida by planning and coordinating intergovernmental solutions to growth-related problems, providing technical assistance to local governments, and meeting the needs of the municipalities in a seven-county region: Escambia, Santa Rosa, Okaloosa, Walton, Bay, Washington, and Holmes.

ABOUT THE EAST CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

The East Central Florida Regional Planning Council (ECFRPC) was established in 1962 as an area-wide association of local governments. It is one of Florida's ten regional planning councils and serves governments and organizations located within Brevard, Lake, Marion, Orange, Osceola, Seminole, Sumter and Volusia counties. Since 2003, the ECFRPC has been using the Regional Economic Models, Inc. Policy Insight (REMI PI+) model to calculate the economic effects of a variety of policies and investments. More detailed information about the model can be found at www.remi.com.

Acknowledgements

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