An Economic Impact Assessment

Cultural Tourism and The Escambia Economy

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ABOUT US

Located on University of West Florida's Emerald Coast Campus in Fort Walton Beach, Florida, the Haas Center collects, analyzes, and distributes economic data for clients seeking expert economic advice. We exist to help entrepreneurs and industry leaders--from traditional manufacturing to emerging technologies--meet their information needs in the modern economy.

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INTRODUCTION

The Travel Industry of America and Partners in Tourism collaborate to define the cultural tourism market across the United States. They have discovered that over one-half of all American adults engage in some form of cultural/ heritage tourism activities in a given year. Further, these activities are on the rise. Cultural/heritage tourism activities, as defined by these collaborators, include: art galleries, theaters, and museums; historic sites, communities or landmarks; cultural events, festivals and fairs; ethnic communities and neighborhoods; architectural and archeological treasures. Moreover, nearly one-third of all cultural/heritage tourists indicate that specific events or activities influenced their choice of destination.

The University of West Florida and the broader Pensacola community have long understood the region's cultural significance. Indeed, Pensacola, Florida is officially recognized as America's first settlement coming under the rule of Spain, France, Great Britain, the Confederacy and the United States (changing hands among some of these governments more than once). The rich cultural tradition of the region, in this regard, rivals that of Charleston, Savannah and St. Augustine. However, the region has never mounted a concerted push to attract cultural/heritage tourists to the region, instead choosing to focus almost all marketing efforts solely on the sugar-white beaches of the Emerald Coast.

More recently, regional leaders have begun to recognize the full economic potential associated with marketing the area's "history" to cultural and heritage travelers. Indeed, the University of West Florida commissioned Majority Opinion Research (MOR) to execute a Pensacola Cultural and History Market Potential Study to determine the total expected number of visitors that would be associated with a concerted cultural/heritage marketing campaign in 12 major American cities. MOR determined that the total market potential, if all targets can be reached with a marketing message, is 2.5 million visitors. Based on a $5 million marketing investment, MOR selected three markets for ease of travel (direct flights and proximity to major interstates) and determined that such a campaign would net the region 562,000 additional visitors. The University then requested that the Haas Center translate these figures into an assessment of the total economic impact that would be associated with increasing visitation based on the numbers indicated above.

As we will shortly see, all available data indicate that, in every region in the US, cultural/heritage tourists stay longer and spend more than the given region's "normal" tourist base. Absent firm data on the Northwest Florida cultural/heritage tourist market, however, it will be difficult for us to determine precisely how much more they spend and how much longer they stay. What

we can do, however, is produce conservative estimates based on current market conditions (i.e. what we know about the behavior of tourists who currently frequent the market) and then produce expected estimates based on the behavior of cultural/heritage tourists in other markets around the United States. For these data, we rely on detailed studies from Colorado, New Jersey, Pennsylvania, and the US (national average). We will therefore, within the context of this study, refrain from producing a precise point estimate and instead favor a range of market potential market outcomes.

We begin our discussion with a short overview of the impacts of heritage/ cultural tourism. We then discuss the findings of the recent report released to the University of West Florida by MOR and extrapolate the data that are useful to our efforts to estimate the economic impact of the proposed cultural/ heritage tourism development project. We continue with an overview of the spending patterns of typical visitors to the region and benchmark these patterns against cultural/heritage tourism patterns in comparable markets where the data are well-defined. From these two data sources we derive several estimates of the economic impact of the projected growth in cultural/heritage tourism in Pensacola based on a) conservative estimates utilizing observed Northwest Florida data and b) estimates based on cultural/heritage tourism patterns in similar markets.
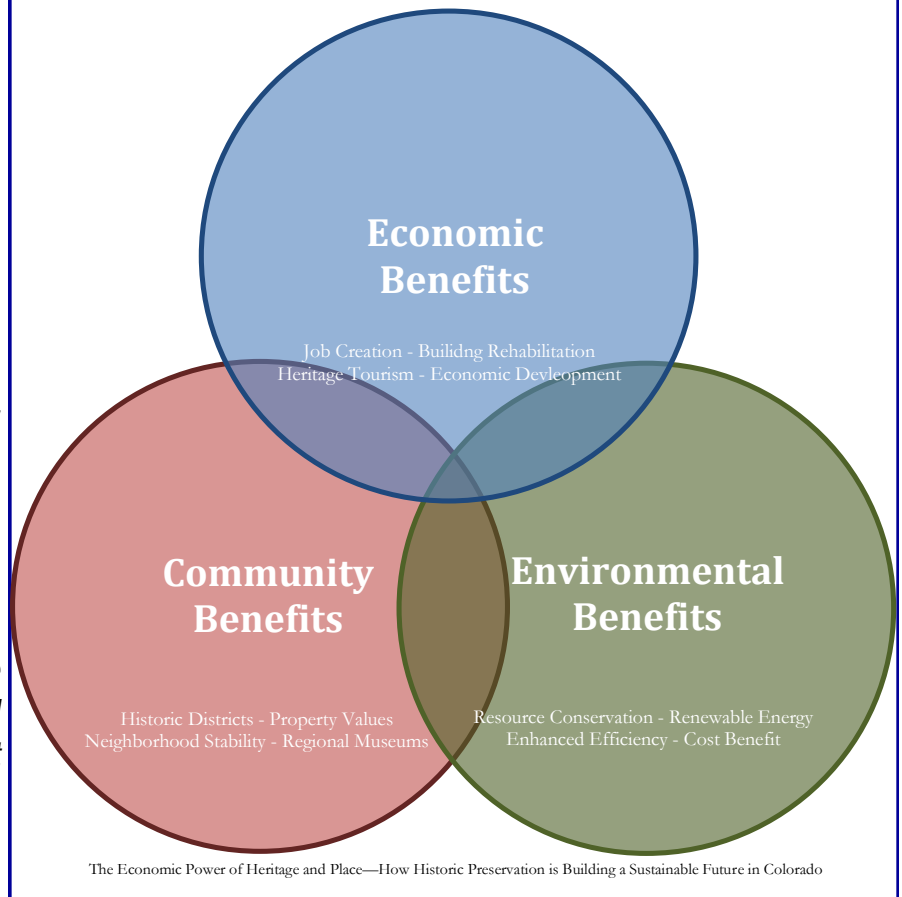
Cultural/Heritage Tourism

Cultural/Heritage tourism has a variety of definitions across the broader marketplace. Typically the definition includes a) travelers who incorporate a cultural activity or visit to an historic site or landmark in their visit and/or b) visitors whose primary reason for traveling is to visit an historic site or place or participate in some cultural activities. Broadly defined, almost all tourism can have a cultural/heritage element. If, for example, a community's heritage is closely linked to the beach/coastal economy then visits to the beach could be classified as cultural/heritage tourism. The current proposal for Pensacola defines cultural/heritage tourism in a more narrow manner to include: tourists whose visit is primarily driven by interests in bed and breakfast and boutique hotels in an historic downtown Pensacola district, encompasses visits to the area's civil war forts and historic lighthouses, visiting Pensacola's unique archaeological treasures, participating in activities related to Pensacola's historic relationship with Naval Aviation, and so on.

The proponents of the development of this project rightly note that this definition separates cultural/heritage tourism from the traditional tourist market that the region enjoys. We would, therefore, expect very little, if any, substitution effects between the current market and the newly arriving tourists. Indeed,

as we will shortly see, the overall cultural/heritage marketing effort is directed at new, non-traditional markets for the Pensacola region. Nearly all of the estimates that we present that are associated with this endeavor therefore should be net new impacts to the regional economy.

Our efforts here focus on only one narrow sliver of the potential benefits of the development of heritage tourism in the region: economic impact. We cover the impacts associated with spending by cultural/heritage tourists, the jobs developed and so on. We do not look at the impacts of the initial capital investment, nor do we focus on the community and environmental benefits as outlined in the figure to the right. *We present only the estimates associated with the sustained operation of the cultural/heritage tourist economy in the region.* Other benefits will be outlined elsewhere in the overall plan presented by the University and the broader community of supporters.

Figure 1: Historic Preservation:
The Economy, the Community and the Environment

Economic Benefits

Job Creation - Builidng Rehabilitation
Heritage Tourism - Economic Devleopment

Community Benefits

Historic Districts - Property Values
Neighborhood Stability - Regional Museums

Environmental Benefits

Resource Conservation - Renewable Energy
Enhanced Efficiency - Cost Benefit

The Economic Power of Heritage and Place—How Historic Preservation is Building a Sustainable Future in Colorado

The Cultural/Heritage Market Potential for Pensacola

Majority Opinion Research, polled individuals age 45 and older in 12 Northeast and Midwest towns to gauge their interest in Pensacola as a cultural/heritage tourist market. MOR surveyed 150 respondents in each of the 12 cities and towns (classified by DMA or Designated Market Area) and assessed the total market potential for each of these areas based on population. MOR assumed that 80% of the individuals who responded that they would be "very likely" to visit would actually come to Pensacola in a given year and they assumed that 20% of those who said they would be somewhat likely to visit would actually come. They also produced, based on their data, an estimate of the likelihood that the individuals over 45 in the region would actually participate in any heritage/cultural tourist activities.

We replicate the data in the table below adding the error range to the project-ed visitor patterns. We utilize the New York City figures as an example to explain the data in the chart. The New York City DMA contains a population of 5.9 million over the age of 45. There were 300 respondents from this re-gion because it was combined with Newark. All other regions had 150 re-spondents. Fully 36% of the New York City respondents indicated that they were very likely to visit the Pensacola described in the survey and 34% said they were somewhat likely. We assume (as does MOR) that 20% of those who are very likely and 80% of those who are somewhat likely will actually travel. This gives us the weighted share of the total that are likely to travel. Projected visitation is the product of the population and the weighted share.

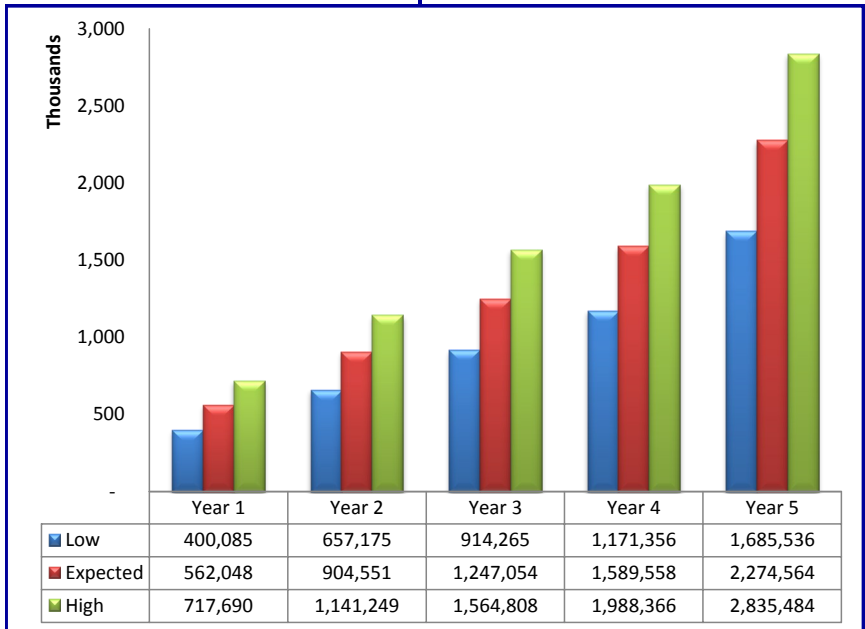**Table 1:**
Potential Visitors Calculated

	Population Age 45	Very Likely	Somewhat Likely	Total Likely	Weighted Share	Error Margin	Projected Visitation	Incidence	Predicted Visitation High	Predicted Visitation	Predicted Visitation Low
New York City	5,994,555	36.0%	34.0%	70.0%	35.6%	5.62%	2,134,062	34.0%	840,125	733,734	611,037
Boston	1,817,340	25.0%	50.0%	75.0%	30.0%	7.97%	545,202	63.0%	434,728	343,477	252,227
Chicago	2,489,340	32.0%	39.0%	71.0%	33.4%	7.97%	831,440	41.0%	422,234	347,014	259,546
Washington, DC	1,554,840	19.0%	40.0%	59.0%	23.2%	7.97%	360,723	62.0%	300,479	221,720	146,817
Philadelphia	2,276,505	15.0%	44.0%	59.0%	20.8%	7.97%	473,513	46.0%	301,277	219,910	134,355
Detroit	1,402,590	29.0%	34.0%	63.0%	30.0%	7.97%	420,777	42.0%	223,677	176,726	129,776
Cleveland	1,221,255	29.0%	38.0%	67.0%	30.8%	7.97%	376,147	40.0%	189,392	151,436	111,525
Baltimore	818,580	26.0%	31.0%	57.0%	27.0%	7.97%	221,017	57.0%	163,167	125,979	88,792
Pittsburgh	995,295	18.0%	57.0%	75.0%	25.8%	7.97%	256,786	38.0%	127,722	98,335	67,435
Cincinnati	612,360	23.0%	47.0%	70.0%	27.8%	7.97%	170,236	37.0%	81,045	63,440	44,929
Virginia Beach	486,360	9.0%	56.0%	65.0%	18.4%	7.97%	89,490	52.0%	66,692	45,523	26,378
Total	9,669,020						5,879,392		3,150,538	2,527,296	1,872,818

The incidence rate is calculated by MOR as the actual number of individuals (among those who are likely) who travel for cultural/heritage purposes. Pre-dicted visitation is the product of projected visitation and the incidence rate. Predicted visitation high and low accounts for the error margin indicated in the error margin column. Therefore, we can say that Pensacola can expect, from New York City, between 611,000 and 840,000 visitors if full market pen-etration is achieved in the region. Overall, if Pensacola aggressively markets to these regions, we could expect between 1.8 and 3.1 million visitors given the survey data and accompanying assumptions.

The University assumes an initial investment of $5 million in marketing in the initial year targeted at Chicago, Baltimore, and Washington, DC. Based on this first-year effort, utilizing the tables above, we see that an estimated 694,000 individuals would be predicted to visit from these markets. Given a

$5 million investment, MOR calculates a market penetration rate of 78% for Chicago, 82% for Washington, DC, and 87% for Baltimore. Therefore, they calculate that 562,000 individuals will visit Pensacola from these three markets in the first year given the indicated investment. Utilizing the survey error figures, we estimate that the first year's total figure will be between 400,000 and 718,000. We assume a five-year approach with 90% market penetration in all major markets by the fifth year. This yields a total expected visitor count of between 1.67 and 2.84 million in the fifth year of aggressive marketing. Naturally, the degree to which these efforts are successful will determine the final outcome. For the purposes of estimating the economic impacts later in this document, the expected visitor figures that we use are displayed here, by year.

Figure 2: Predicted Visitor Numbers by Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Low	400,085	657,175	914,265	1,171,356	1,685,536
Expected	562,048	904,551	1,247,054	1,589,558	2,274,564
High	717,690	1,141,249	1,564,808	1,988,366	2,835,484

ESTIMATING SPENDING PATTERNS

Calculations of the economic impacts associated with increased visitation to the region which results from a concerted effort to market cultural and heritage tourism to as yet untapped markets is fairly straightforward. It is simply a matter of calculating how much the visitors would spend were they to come to the region. We know, for example, based on regional data already collected and reported annually by VisitFlorida that the average Northwest Florida visitor spends $110 per day on his/her visit and stays for an average of 3.9 nights. Roughly 8% of these visitors arrive by air and 92% commute. Fully 77% stay in paid accommodations. Each party has an average of 2.8 people in it. So, if we assume in year one that roughly 562,048 individuals will come to the region as a result of cultural/heritage tourist activities, we can calculate that this would result in roughly $241,118,592 in net new tourism dollars spent in the region in year one (562,048 x 3.9 x $110). The same calculations can be applied across the tourism figures to calculate expected net new spending to the region as a result of cultural/heritage tourism activities.

However, based on data from states and regions that routinely engage the cultural tourism base, there is reason to expect that projected expenditure patterns developed from extant local data would be extremely conservative. It is typically the case that cultural/heritage tourists a) stay longer and b) spend more money than the typical non-cultural/heritage tourist. The question for us here is: how much longer and how much more? Unfortunately,

data for a direct comparison between the region's typical tourist and heritage/ cultural tourists are not available. However, we examined a number of state and national studies some of which provide us with the data to benchmark cultural/heritage tourists against the "typical" tourist. We discuss the most relevant of these studies below. For a complete listing of all studies reviewed, please see the appendix.

Colorado. The State of Colorado commissioned a study of cultural/heritage tourism to examine and benchmark spending patterns. The typical Colorado tourist spends $333 over a 5.2 day trip to Colorado. The cultural/heritage tourist typically spends $447 on a 5.8 day trip to the state. Cultural/heritage tourists typically spend $123 on recreation, while Colorado's heritage tourists tend to be slightly older, have slightly larger parties and lower household incomes. Unfortunately, the benchmark data for these categories are not provided in the study. We do know that roughly 50% of all visitors to Colorado participated in some cultural/heritage tourist activities. Roughly 28% of these were "interested and engaged" and 12% were "incidentally engaged." We can, based on these data, conclude that the cultural/heritage traveler stayed 1.11 times as long as the typical visitor and spent 1.34 times as much.

New Jersey. New Jersey cultural/heritage tourists are, according to data released by the state "more affluent, take longer trips (often in family groups), plan them further in advance, spend more money and return home more satisfied. Unfortunately, the state does not provide us with the background data to tell us how much longer the trips are, etc. They do note, however, that the general traveler spends $157 per person, per visit to the state and the cultural/heritage traveler spends $252 per person, per visit. Cultural/heritage travelers are also noted to spend more on restaurants as well as more of their budget on lodging. The New Jersey cultural/heritage traveler, for comparative sake, can be noted to spend 1.61 times as much in the state as the typical New Jersey visitor.

Pennsylvania. Pennsylvania performed a very thorough analysis of the cultural/heritage tourism industry in the state dividing their visitors into four categories: non-heritage, core heritage, moderate heritage and low heritage. One of the study's prominent findings was that core heritage visitors account for only 12% of all Pennsylvania non-business travelers, but accounted for fully 25% of all tourism expenditures in the state. On average, the non-heritage visitor spent $117 per visit to the state. The core heritage traveler, by comparison, spends $290 per visit to the state, with the moderate heritage visitor spending $190 and the low heritage visitor spending $400 (the study does not speculate on why low-heritage visitors spend so much more). On average, across the categories, the study indicates that the cultural/heritage

tourist spends $268 per visit to the state. The cultural/heritage tourist tended to be older (51.2 years versus 43.2 years median) than the typical tourist and fewer were employed in white-collar occupations (more were retired). The average party size for cultural/heritage tourists was larger: 3.9 persons versus 2.7 persons for "leisure" travelers. Cultural/heritage tourists also tended to stay longer than "leisure" travelers (3.3 days versus 2.0 days).

The Pennsylvania study also afforded us the opportunity to examine the spending habits of cultural/heritage tourists relative to "leisure" travelers. We display the expenditures in the figure to the right. As the data show, cultural/heritage travelers spend slightly more on food/drink and retail sales (as a proportion of total expenditures) than do leisure travelers. They spend considerably less on transportation (higher proportion of drive-to visitors rather than air visitors). Overall however, we note that the spending patterns between the two types of visitors are not wildly different. Indeed, the expenditure on transportation is the only distinct difference. Based on the Pennsylvania data, we can therefore conclude that the Pennsylvania cultural/heritage tourist, relative to the "leisure" non-heritage tourist: spends 2.28 times as much, stays 1.65 times as long and has party that is 1.44 times as large.

United States. The 2003 US cultural traveler study provided baseline data on the spending/travel patterns of cultural/heritage tourists as compared to non-cultural/heritage tourists. The study indicated that the cultural/heritage tourist spent $623 on average per party, per visit while the general traveler spent $454. Cultural/heritage tourists spent 4 nights per trip while general travelers spent 3.2 on average and cultural/heritage tourists had 2.2 people in the party versus 2.1 for non-cultural/heritage tourists. Roughly 62% of all cultural/heritage tourists stayed in a hotel while 55% of general travelers stayed in a hotel. Based on the US data, we can conclude that the average US cultural/heritage traveler spends 1.36 times as much per party, stays 1.53 times as long at the destination and has 1.04 times as many people in the party as does typical "general" traveler. The calculated per-person daily expenditures for the cultural/heritage traveler are 1.04 times higher than the general traveler.

Expenditure Summary. Many of the data points outlined above are calculated in different ways (per person, per day versus per party, per day, etc.). This renders many of the metrics not directly comparable. However, to effectively utilize the data to calculate a more accurate expected expenditure pattern for Pensacola, we must render the various data points comparable. To

Leisure Travelers

Cultural/Heritage Travelers
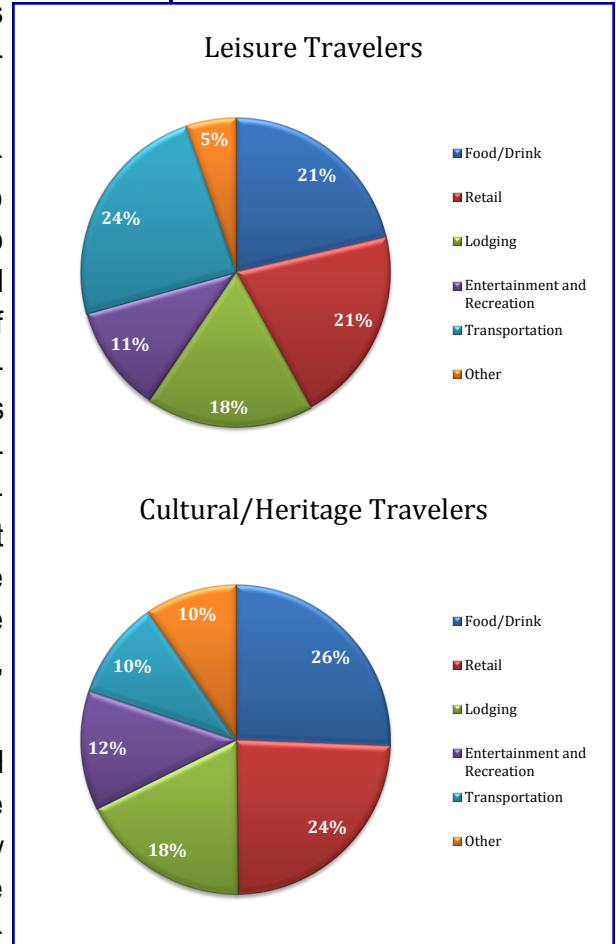
do this, we need expenditures data (of some form), length of stay data and party size data. Data points that were not able to be calculated are indicated with an x. We display the data points that we have observed across these studies in the table below in red. We display our calculated data points in black. As we noted, we have various types of data from different studies. So, for example, we have from Pennsylvania the per trip, per person expenditures, the length of stay and the party size. We can therefore calculate per person, per day expenditures and per trip, per person expenditures. From

Table 2: Comparative Visitor Expenditures

| | Colorado | | New Jersey | | Pennsylvania | | US | | Pensacola | | Average Ratios | |
	Heritage	General	Heritage	General	Heritage	General	Heritage	General	Heritage Estimate	General	Observed	Applied
Expenditures												
Per Person, Per Day	x	x	x	x	$81	$59	$71	$68	$133	$110	1.21	1.21
Per Trip, Per Person	$447	$333	$252	$157	$268	$117	$283	$218	$695	$429	1.63	1.63
Per Trip, Per Party	x	x	x	x	$1,045	$316	$623	$457	$2,426	$1,201	2.34	2.03
Length of Stay	5.8	5.2	x	x	3.3	2.0	4.0	3.2	5.2	3.9	1.34	1.34
Party Size	x	x	x	x	3.9	2.7	2.2	2.1	3.5	2.8	1.25	1.25

the US data, we have per trip, per party expenditures as well as length of stay and party size. Utilizing these data we can calculate the per trip, per person expenditures which are directly comparable to the Pennsylvania data. We can also, for these two states, calculate per person, per day expenditures which are directly comparable to data that we have for the Northwest Florida market. A comprehensive examination of the table therefore yields a series of ratios which compares heritage tourists to general tourist across the critical categories. We see, for example, among the observed data points that, on average, the per person, per day expenditures of heritage tourists are 1.21 times the per person, per day expenditures among general tourists. The per trip, per person expenditures are 1.63 times higher and the per trip, per party expenditures are 2.34 times higher, on average, across the studies where data are available or where data points can be calculated. Moreover, the average party size is 1.25 times higher and the average length of stay is 1.34 times longer.

If we apply these data to the observed "general" tourist in Northwest Florida, we can calculate that the average heritage tourist is expected to visit for 5.2 days (1.34 x 3.9) and is expected to have 3.5 people in the party (2.8 x 1.25). On the expenditure side, we selected the comparison that yields the most conservative global spending estimate for the region—the comparison of per

person, per day expenditures among heritage tourists to general tourists. We applied the ratio of 1.21 to the observed current daily expenditure pattern for Northwest Florida ($110 per person, per day). From this we calculated that the average person, over the 5.2 day heritage tour to the region would spend $695 per visit. We also calculated that the average party of 3.5 would spend a total of $2433 while in the region on a heritage/cultural visit. This is roughly 2.03 times what the general visitor would spend and less than the calculated average value of 2.34 that we observe in data presented in the table.

Recall that the MOR study predicted that the region would attract roughly 562,000 visitors in the first year given the proposed marketing campaign. We calculated, based on current visitor patterns, that this would result in roughly $241,118,592 additional net new tourism dollars spent in the region in year one (562,048 x 3.9 x $110) based on observed Northwest Florida expenditure patterns. Utilizing the above data, we would calculate an expected value of $391,635,046 in net new tourism dollars based on the calculated data which demonstrates that cultural/heritage tourists spend more and stay longer. Either way, the impacts in net new dollars to the regional economy are significant.

Thus far, we have assembled predicted values for the number of net new visitors to the region which would accompany a cultural/heritage tourism marketing campaign and we have also assembled data on predicted versus observed tourism spending patterns. We produce, in the table here, a series of low, medium and high conservative and expected expenditure values which would accompany a cultural/heritage tourism push. The low, medium and high visitor estimates are based, as discussed earlier, on potential errors in the survey research data. The *conservative estimates* are based on applying current observed visitor expenditure patterns to the visitor estimates ($110 per person, per day over 3.9 days). The *expected estimates* are based on applying predicted cultural/heritage tourism spending patterns (calculated above) to the visitor estimates.

As the data show, we expect between 400,000 and 718,000 individuals in the first year based on the three targeted markets. These individuals are forecast to spend between $172 million (conservative/low) and $496 million (expected/high). By the fifth year, if all markets are successfully reached and the ex-

Table 3:
Total Revenue Calculations

	Year 1	Year 2	Year 3	Year 4	Year 5
Visitor Estimates					
Low	400,085	657,175	914,265	1,171,356	1,685,536
Expected	562,048	904,551	1,247,054	1,589,558	2,274,564
High	717,690	1,141,249	1,564,808	1,988,366	2,835,484
Spending Estimates (In Millions)					
Conservative Expenditures ($110 per person, per day over 3.9 days)					
Low	$171.6	$281.9	$392.2	$502.5	$723.1
Expected	$241.1	$388.1	$535.0	$681.9	$975.8
High	$307.9	$489.6	$671.3	$853.0	$1,216.4
Expected Expenditures ($133 per person, per day over 5.2 days)					
Low	$276.7	$454.5	$632.3	$810.1	$1,165.7
Expected	$388.7	$625.6	$862.5	$1,099.3	$1,573.1
High	$496.4	$789.3	$1,082.2	$1,375.2	$1,961.0

IMPACT ASSESSMENT

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pectations met, we would expect cultural/heritage tourism to generate between $723 million and $1.96 billion in net new revenue for the Pensacola economy. We are cognizant of the fact that the range of these estimates are relatively broad, but we feel that they fully encompass the potential revenue range associated with the project, particularly in light of the rather broad findings in the overall literature concerning expenditure patterns for cultural/heritage tourists. In the next section, we utilize these spending patterns to estimate the total economic and fiscal impacts associated with the proposed project.

Economic and Fiscal Impact Estimates

Economic Impact Estimates. We utilize Regional Economic Modeling, Incorporated's (REMI) Policy Insight Plus (PI+) model to calculate the full economic impact of the proposed project on the regional economy. This allows us to calculate the full impact (direct, indirect and induced) effects of injecting the proposed dollars into the regional economy. On the economic impact side, we report the impacts of the projected new spending totals on four measures: GDP or Gross Domestic Product, Employment (total jobs, full and part time), Demand for Goods and Services, and Personal Income. We assume that the project would be completed and at full capacity by 2015 and that the promotional push would begin in that year.

We utilize REMI's tourism translator to assign the new spending dollars to the appropriate categories and distribute them across the regional economy. The spending patterns largely mirror those offered earlier in Figure 2. We present the results of the analysis in Table 4. The data are arrayed in precisely the same fashion, for each metric, as that used in Table 3. So, for example, the conservative-low estimate for employment translates the conservative-low year 1 spending estimate of $171.6 million into 1,754 new jobs for the Pensacola/Escambia area. If the attendance numbers track towards the low estimates and the spending totals are conservative, based on the data we have to this point, we would expect a total of over 6,700 new

Table 4:
Economic Impact Estimates

	2015	2016	2017	2018	2019
GDP (in Millions 2011 US Dollars)					
Conservative					
Low	$71	$118	$164	$208	$292
Expected	$100	$163	$224	$282	$394
High	$128	$206	$281	$353	$491
Expected					
Low	$115	$191	$264	$335	$471
Expected	$162	$263	$360	$455	$635
High	$207	$332	$452	$569	$793
Employment					
Conservative					
Low	1,754	2,846	3,885	4,848	6,714
Expected	2,464	3,918	5,300	6,578	9,059
High	3,146	4,944	6,651	8,228	11,291
Expected					
Low	2,827	4,588	6,262	7,814	10,822
Expected	3,972	6,316	8,543	10,602	14,599
High	5,072	7,970	10,720	13,261	18,195
Demand (in Millions 2011 US Dollars)					
Conservative					
Low	$203	$339	$473	$605	$851
Expected	$285	$467	$646	$822	$1,149
High	$364	$589	$811	$1,028	$1,434
Expected					
Low	$327	$546	$763	$975	$1,372
Expected	$460	$753	$1,041	$1,325	$1,854
High	$587	$950	$1,307	$1,658	$2,312
Personal Income (in Millions 2011 US Dollars)					
Conservative					
Low	$43	$81	$124	$171	$245
Expected	$60	$112	$169	$232	$332
High	$77	$141	$213	$291	$415
Expected					
Low	$69	$131	$200	$275	$396
Expected	$97	$180	$273	$374	$536
High	$124	$228	$344	$469	$670

jobs by 2019 (year 5). To provide a frame of reference for this figure, we note that the Haas Center very recently completed an economic impact assessment of all tourist related activities on Pensacola Beach. The Center researchers concluded in the analysis that the total impact of all tourism activities on the beach generated just over $147 million in GDP impact in Escambia County and created just over 2,900 jobs. By 2019, the conservative-low estimates (based on the MOR survey data) indicate that the cultural/heritage tourism marketing campaign would have created over twice this number of jobs and had a substantially greater impact on regional economic output (GDP). Therefore, the proposal, at a minimum, would essentially add two Pensacola Beach type impacts to the Escambia County economy. If the marketing campaign tracks towards the positive side and visitor spending is in line with the expected values, the project could well generate over 18,000 sustained jobs by 2019 (if all assumptions hold) and create over $2 billion in new demand for goods and services across the region.

In the work presented by MOR, the consultants did not speak to repeat visits over time. Their "projected visitation" numbers of over 562,000 give us few clues as to how and when these individuals would visit; and more importantly, how often they would return. No doubt, there is a great opportunity for sustained, over-time visitation to the region for cultural/heritage tourism. Given the unknowns, however, we would estimate that a concerted marketing campaign would yield numbers that are consistent with the conservative-low and the conservative-expected estimates.

Fiscal Impacts. Based on the data provided above, we estimate two of the key fiscal impacts associated with the project—the projected impact on sales and bed tax revenues. The data are arrayed in Table 5 based on the spending data that we outlined previously. On the bed tax revenue side, we assume that the parties will spend roughly 25% of their total expenditures in the region on lodging (at a 4% collections rate). We assume, consistent with the REMI model's expectations, that 84% of total tourism spending associated with these visits will occur in Escambia County. We therefore calculate that the bed tax revenue collections in 2015 (with all assumptions met) will be at least $1.44 million. Assuming that the expected expenditure and attendance patterns are met, this total rises to $3.7 million in 2015. By 2019, assuming that all targets are met, the project should generate over $13 million in new bed tax revenues. Extremely conservative estimates would put

	2015	2016	2017	2018	2019
Bed Tax Revenues					
Conservative Expenditures ($110 per person, per day over 3.9 days)					
Low	$1.44	$2.37	$3.29	$4.22	$6.07
Expected	$2.03	$3.26	$4.49	$5.73	$8.20
High	$2.59	$4.11	$5.64	$7.17	$10.22
Expected Expenditures ($133 per person, per day over 5.2 days)					
Low	$2.32	$3.82	$5.31	$6.80	$9.79
Expected	$3.27	$5.25	$7.24	$9.23	$13.21
High	$4.17	$6.63	$9.09	$11.55	$16.47
Local Option Sales Tax Revenues					
Conservative Expenditures ($110 per person, per day over 3.9 days)					
Low	$1.71	$2.81	$3.90	$5.00	$7.20
Expected	$2.40	$3.86	$5.33	$6.79	$9.71
High	$3.06	$4.87	$6.68	$8.49	$12.11
Expected Expenditures ($133 per person, per day over 5.2 days)					
Low	$2.75	$4.52	$6.29	$8.06	$11.60
Expected	$3.87	$6.23	$8.58	$10.94	$15.66
High	$4.94	$7.86	$10.77	$13.69	$19.52

that total at just over $6 million. On the sales tax side, we assumed, consistent with the REMI model, that 84% of all sales would occur in Escambia County. We assumed a constant 1.5% sales tax rate across the five-year period. We assumed that sales taxes would be collected on restaurant expenditures, all retail sales, lodging and accommodations, etc. Our calculations, based on the REMI model and the expenditure patterns displayed earlier in Figure 2 led us to conclude that roughly 79% of all sales in the region would be taxable sales generating local option taxes. The results of these calculations are in Table 5.

As the data show, the project is expected to generate at least $1.7 million in local option sales tax revenues in year one. If all projected targets are met, that figure would rise to $3.87 million. By 2019, assuming that cultural/heritage tourists spend more and stay longer, this total local option taxes generated should exceed $15.6 million on an annual basis.

Conclusion

The aggressive promotion of cultural/heritage tourism in the Pensacola region will no doubt lead to positive economic outcomes. First, and perhaps most importantly, it will diversify the region's tourism base beyond the typical Pensacola summer, drive-to-beach tourist. Cultural/heritage tourism would not, for example, be affected by an oil spill in the same manner that the coastal beach economy would. It is therefore diversification beyond the market base. Also unquantifiable are the quality of life benefits that would accrue with the efforts to develop, redevelop and beautify the downtown market. This would also, as other studies have pointed out, positively affect property values in the market and make the region more attractive to those who may want to relocate.

On the quantifiable side, the estimates are positive. The data on potential visit patterns were produced by a third party and are defended elsewhere. The overarching conclusion, however is that a $5 million marketing investment would lead to 562,000 visitors. A "major" push across key Northeast markets would increase this total to over 2.5 million. We do not know, based on these totals, repeat visitor patterns, annual visit patterns, etc. We therefore offer multiple sets of estimates to encompass several scenarios.

From an annual "snapshot" perspective, assuming that the cultural/heritage tourists follow established spending patterns for the Northwest Florida region, we would expect these 562,000 visitors to inject $241 million into the Pensacola area economy. If, as cultural/heritage tourists tend to do, they spend more and stay longer, we would expect this total to rise to $389 million based on typical cultural/heritage spending patterns. This would equate to between

2,400 and 4,000 net new jobs in the region in an annual period. Those visitor patterns would, of course have to be maintained annually for the jobs to remain. If the annual visitor count rises to the 2.4 million mark, as expected, then net new job creation would easily surpass the 9,000 mark.

As we noted, we recently conducted an economic impact assessment of Pensacola Beach tourism on the Escambia Market. Net jobs created by the Pensacola Beach economy is 2,900. If the cultural/heritage tourism market projections track towards the conservative side, the project would essentially add 1 Pensacola Beach to the economy in the first year. If positive benchmarks are met, the cultural/heritage tourism market would be more than three times the size of the Pensacola Beach tourism economy by the fifth year.

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