



Investing in Air Service *Improving Tourism, Jobs & Our Local Economy*

2017

1% LOT for Air is key to our economic growth. It supports:

- Over 50% of all airline seats into SUN (via airline contracts/MRGs)
- Over 50% of \$2.3M destination marketing effort

In January 2014, Ketchum, Sun Valley and Hailey implemented the voter-approved 1% LOT for Air - Local Option Tax to support and increase air service and related marketing. The 1% LOT sales tax generates \$2+ million annually with an estimated 80% of the tax paid by visitors. The 1% LOT funds are administered by the Sun Valley Air Service Board which has contract agreements with two non-profit organizations - Fly Sun Valley Alliance for management of air service development programs/airline contracts and Visit Sun Valley for management of the air service marketing programs.

The results of this investment to date: Positive changes for tourism, visitors and locals.

- ✓ 3 new flights-DEN, PDX, SFO; +LAX,SEA,SLC
- ✓ New airline – United
- ✓ New regional jet service
- ✓ More seats to all 6 cities; longer seasons
- ✓ 40,000+ new air-travel visitors in past 3 years
- ✓ \$342 million in direct spending by visitors and part-time residents in past 3 years
- ✓ Airfares decreased by an average of 10%
- ✓ \$200M in tourism improvements (hotels, airport, etc.) and new visitor spending



Spending Associated with Air Service Ripples Across Blaine County

Annual SUN Air Passenger Survey data, analyzed by RRC Associates, shows that air service growth has a substantial economic impact in the local economy, via visitors and part-time (PT) residents.



Total SUN Air Passenger Visitor & PT Resident Direct Spend:
2014: \$114M 2015: \$115M 2016: \$113M **TOTAL: \$342M**

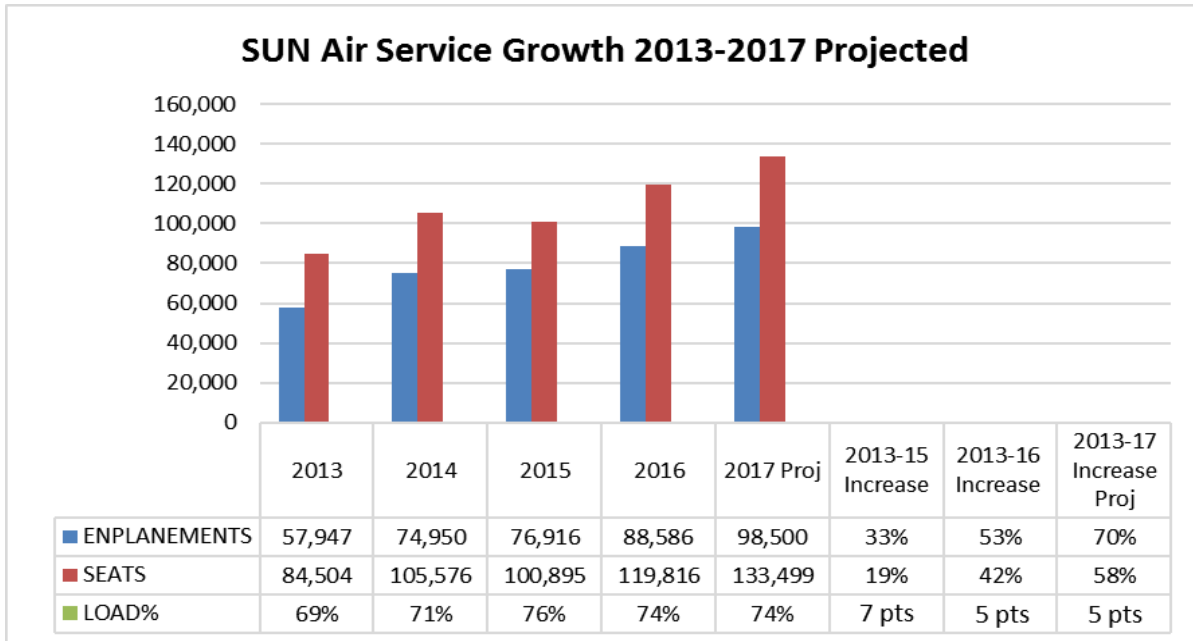
Total First-Time SUN Air Passenger Visitors Direct Spend:
2014: \$16M 2015: \$18M 2016: \$21M **TOTAL: \$55M**

*Note: 80% of SUN passengers are visitors & PT residents
(60% visitors, 20% PT residents)*

More Flights = More Options, More Business

More dollars invested into more flights and more marketing allows Blaine County to grow our pool of potential visitors AND offer more convenience and options to local resident and business travelers!

- SUN had a 42% growth in seats in past 3 years - 2013-2016; 58% projected 2013-2017 (see chart below). (SUN highest seats: 144,432 in 2003; lowest seats: 69,452 in 2012)
- Funds from the 1% LOT enabled SUN to add service to Denver, Portland and San Francisco, increase service to Seattle and Los Angeles, and substantially increase marketing in key air cities.



**Friedman Memorial Airport Stats +10% estimated for diverted flights/pax. New service: SFO Dec 2013; DEN June 2014; PDX Dec 2016
Source: Fly Sun Valley Alliance, Friedman Memorial Airport

More Marketing Power Pays Off for Local Businesses & Jobs

A significant portion of the 1% LOT funds are invested into promoting Sun Valley in key air service markets by Visit Sun Valley (VSV), to bring more visitors to Sun Valley benefitting our local businesses and workforce.

- The budget for VSV has increased 130%, from \$980K to \$2.3M in the past 3 years (FY14-FY16).
- \$1.6M+ annually spent advertising VSV in key air cities to awareness and demand.

Choice and Convenience Drive Visitor Decisions

The recent SUN Air Passenger Surveys clearly shows that increased flight options and convenience are key factors in visitors' travel choices. Maintaining competitive air service is critical to our continued future success and the LOT is a key tool in this effort.

- In recent SUN Air Passenger Surveys, top suggestions: more non-stop flights to more cities, increasing frequency to existing destinations, and extending seasonal service to year-round.
- 70+% of visitors and part-time residents rated availability of flights to SUN as 8-10 (10 most important) when choosing to visit the Sun Valley area.
- Over two years, SUN fares have dropped on average 10%, benefitting SUN air travelers.
- While we are growing our air service, so is our competition. For example, for the 2016/17 winter season, SUN will have service from 6 nonstop cities, while Vail, Steamboat, Jackson have 12 nonstop cities, Telluride/Montrose has 10, and Aspen has 9. Blaine County must continue to offer convenient air service to grow jobs, tourism and our economy.