

Summary of Final Report

Organization Name: Redwood Region Economic Development Commission

Project Title: Air Carrier Recruitment Program

Amount of Grant Award: \$37,500.00

Date of Final Report: 03/02/09

What were the project goals and were they achieved? At local level the Humboldt County Division of Aviation and the Redwood Region Economic Development Commission (RREDC) partnered together to conceive and execute a recruitment project. Following the successful recruitment of service to LAX in 2005, it was decided to pursue a new route to provide service to eastern destinations. This was primarily driven by our outreach to the private sector to determine what the highest priority service need was. It was decided that RREDC would pursue a grant from the County's Headwaters Economic Development Grant Program (HWF) to fund an airline service recruiter to conduct a market study and pro-forma business plan for service from Humboldt County to a hub airport to the east. At the same time, the recruiter contacted airlines to determine their interest in establishing service.

The result of the market analysis was that a regional airline providing service to Salt Lake City was the highest priority for going east. At the same time, the airline recruiter had initiated conversations with Delta Airlines to introduce them to the potential of our market. Delta had made significant investment in its Salt Lake City hub and was looking at new regional service from non-hub airport

2. What were the activities undertaken and accomplishments through the completion of this grant? Activities involved conducting a market analysis and proforma business plan for a new regional jet service. This grant allowed us to procure the services of aviation consultants Mead & Hunt. Mead & Hunt prepared the study with recommendations for targeted destinations and carriers. This was based on their analysis of the air travel patterns of Humboldt County travelers and their conversations with air carriers. In addition, RREDC conducted a survey of local business travelers. The result of this work was presented at a community meeting in Eureka to explain the project and results. The goal of this meeting was to begin to build the base of support that would later be needed if and when an airline expressed interest in our destination. The end result was Delta coming into our area.

3. What are the lasting benefits of the project? Both businesses and individuals have benefitted from Delta. Anecdotal evidence shows that many local businesses are using the service to travel to customers, meetings and trade shows east of California. Savings from travel time and reduced fares is significant. For example, a trip to Chicago used to require a 2-3 day trip. Now, it is possible for a person to fly out of Arcata in the morning, attend a meeting or meet a client in Chicago and return the very same night. The criticality of this service is demonstrated through immediate and significant usage by local passengers. Load factors (measured as a percentage of seats sold) are high, ranging from 67% to 85%.

In addition, overall traffic at the airport has increased, showing that this new service was stimulated the market, rather than merely shift passengers from one service to another. In fact 2008 had the second highest amount of passenger service in the airport's history, exceeded only by 2005. More importantly, the new Delta service may have reversed an overall decline in airport traffic. Enplanements for the first half of 2008 were decreased approximately 4% from 2007. However, for the second half of the year, enplanements increased 9% from the same period in 2007. This, of course, occurred during a major downturn in the state and national economy and an era of increasing fares due to unprecedented increases in fuel costs to the airlines.

It is difficult to directly quantify the impacts of new transportation infrastructure in terms of absolute numbers of jobs. This is especially true during a record-setting recession. However, it is not an overstatement to say that for our isolated region, air transportation is critical to the success of many businesses. Lack of air service, inconvenient schedules, and high prices were often cited as critical issues in economic development. With the increasing amount of globalization and transition of the north state economic base from traditional resource extraction industries, businesses were increasing reliant upon air service and advanced telecommunications to reach their customer markets. In fact, business related travel is estimated to represent 40% to 60% of all air travel.

4. How will you continue work started by this project? This project led to Delta coming to our airport with the first flight on June 5th, 2008. In order to make this successful, the business community invested \$470,000 in prepaid travel. This investment in the form of prepaid Delta travel cards came from private businesses, organizations, and local agencies. RREDC continues to monitor our business partners and also monitors the airport numbers.