



The Economic Impact of Your Airport to the Local Community

Economic Impact of Airports

→ Types of Economic Impact

- ✘ Direct Impacts
- ✘ Indirect Impacts
- ✘ Multiplier Impacts



Economic Impact: Direct Impacts

→ These economic impacts occur as a consequence of providing aviation services.

→ In every instance, the impacts include only expenditures where the recipient is located within the service area of the airport.

→ Examples

- × Airlines
- × Air Cargo Carriers
- × Air Taxi/Charter
- × Aircraft Services
- × Airport Management / Operation
- × Car Rental Agencies
- × Corporate Flight Ops.
- × Freight Forwarders
- × Fixed Base Operators
- × Government Operations
- × Terminal Tenants

Economic Impact: Indirect Impacts

- ➔ These economic impacts occur as a result of the use of aviation service.
- ➔ They include the regional expenditures made by air passengers who visit the region and by travel agents.
- ➔ Expenditures by Airport Users
 - ✘ Commercial Passengers
 - ✘ GA Visitors
 - ✘ Travel Agencies
- ➔ Regional Expenditures
 - ✘ Hotels
 - ✘ Restaurants
 - ✘ Travel Agency Commissions

Economic Impact: Multiplier Effect

- This includes the local value of money as it circulates through the local economy and as individuals or firms associated with airport business buy goods and services in the local economy.
- The longer the money remains in the regional economy, the higher the multiplier.



Economic Impact of Aviation

→ Calculation of Impacts:

Direct Impacts

+ Indirect impacts

+ Multiplier Effect

= **Economic Activity**

Impact Measures

→ There are three measures of Economic Impact

- ✘ Economic Activity (Output)
- ✘ Earnings (Payroll)
- ✘ Jobs

Impact Measures: Economic Activity

- ➔ The dollar value of all aviation services plus the sum of intermediate goods and services needed to produce aviation services.
- ➔ The total Economic Activity is the sum of intermediate demands; consumption demand, government demand, investment demand, and net export demand.

Impact Measures: Earnings

→ The sum of the wages and salaries to all employed persons that the aviation industry pays, directly or indirectly, to deliver the output of final aviation demand.

Impact Measures: Jobs

→ The number of employees who are employed in the aviation industry, plus the aviation-oriented share of those that are employed in sectors that support the air passenger plus those employed in the industries included in the multiplier effect impacts.

Minnesota Airports Economic Impact Study

Presented to: Mn/DOT Aeronautics

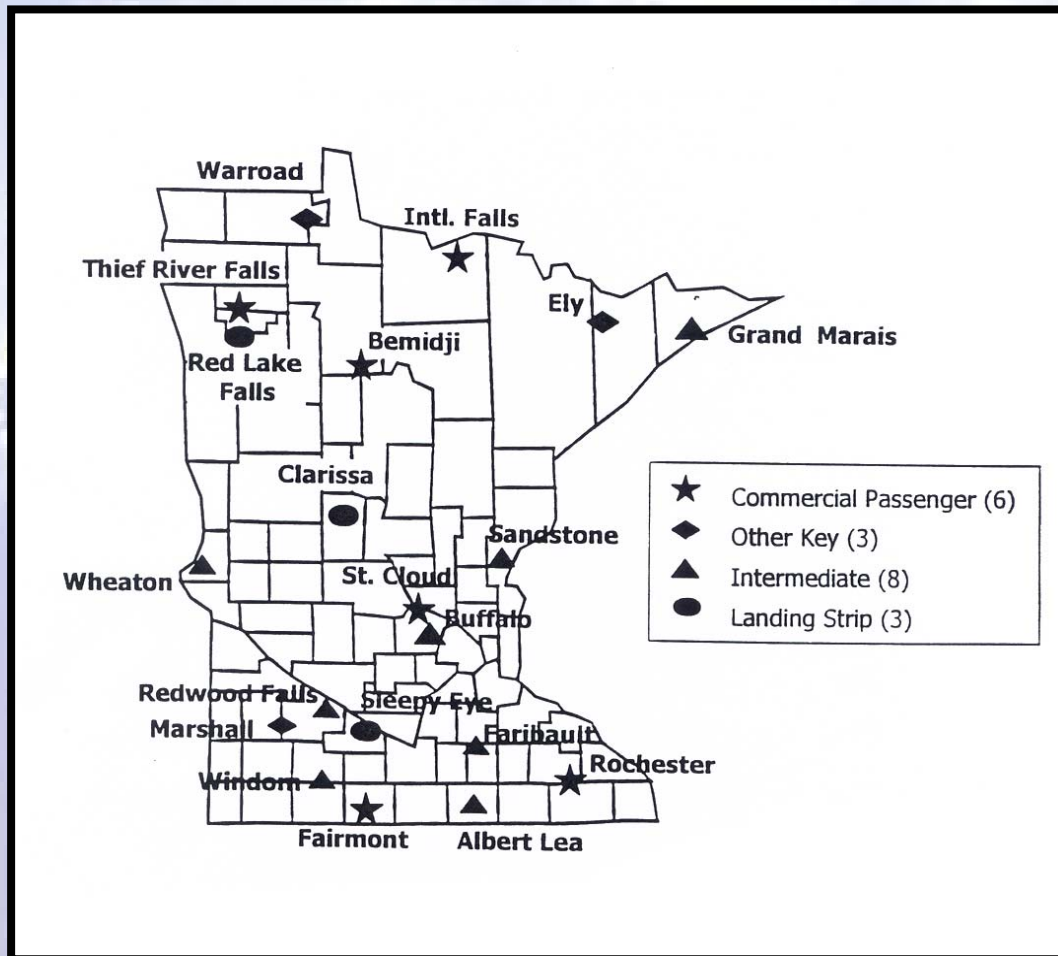
Presented by: Wilbur Smith Associates

January 1999

Minnesota Airports Economic Impact Study

- ➔ Mn/DOT Office of Aeronautics conducted this study to quantify the magnitude of airport economic value.
- ➔ This study gauges the economic impact of civil aviation in Minnesota in terms of dollars and jobs.

Airports Studied - 1997



Commercial Service Airports

→ Economic Activity

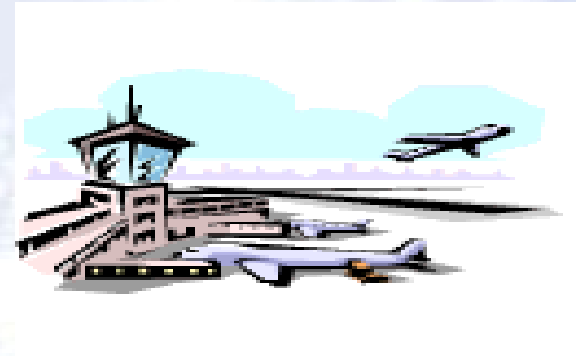
- × \$13 million - \$168 million
- × Average: \$61 million

→ Earnings

- × \$409,000 to \$54 million
- × Average: \$13.1 million

→ Jobs

- × 20 – 3,061
- × Average: 760



Key System – No Commercial Service

→ Economic Activity

- × \$1.8 million - \$5.5 million
- × Average: \$3.4 million

→ Earnings

- × \$556,000 to \$1.6 million
- × Average: \$1.1 million

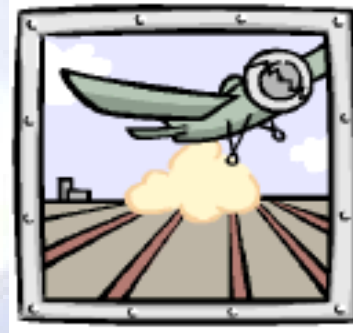
→ Jobs

- × 25 – 74
- × Average: 54



Intermediate System

- Economic Activity
 - × \$224,200 - \$6.9 million
 - × Average: \$1.7 million
- Earnings
 - × \$65,000 to \$2.1 million
 - × Average: \$508,000
- Jobs
 - × 3 – 92
 - × Average: 23



Landing Strip System

→ Economic Activity

- × \$65,300 - \$393,000
- × Average: \$217,000

→ Earnings

- × \$64,300 to \$123,000
- × Average: \$70,000

→ Jobs

- × 1 – 6
- × Average: 4



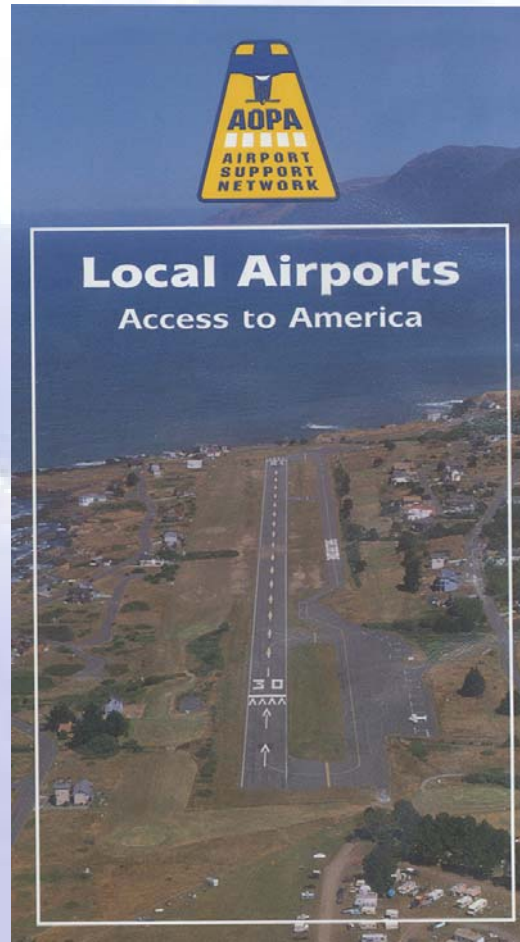
Economic Impact Studies

- ➔ Wilbur Smith Associates
 - ✦ *Visited 20 Greater Minnesota Airports*
- ➔ Metropolitan Council
 - ✦ *Metro Reliever Airports*
- ➔ Metropolitan Airports Commission
 - ✦ *Minneapolis-St. Paul International Airport*
- ➔ State Aviation System Plan
 - ✦ *Greater Minnesota Airports*

Airports Impact Summary - 1997

<u>Economic Impact Studies</u>	<u>Econ. Activity</u>	<u>Earnings</u>	<u>Jobs</u>
Wilbur Smith Assoc. (20 Greater MN Airports)	\$298,562,900	\$94,997,700	5,280
Metro Council (7 Relievers)	277,084,300	101,998,300	3,745
MAC (MSP)	9,489,400,000	2,781,700,000	99,461
State Aviation System Plan	<u>307,881,600</u>	<u>97,502,900</u>	<u>5,289</u>
Total MN	\$10,372,928,800	\$3,076,198,900	113,775

AOPA Airport Support Network Local Airports Access to America



Local Airports

Access To America

- Aviation has transformed the world
- Scheduled air service is a small part of the total picture
- 3 GA Flights to 1 scheduled air service
- 5000 GA Airports in the US
- 400 US airports have scheduled air service
- Closing at Alarming Rate
 - × Effect Aviation all the way up

Local Airports Access To America

→ Each Year GA Aircraft

- ✘ Fly 44.7 million hours
- ✘ Cover more than 3 billion miles
- ✘ Carry more than 89 million passengers
- ✘ Add more than \$42 billion to our nation's economy

Local Airports

Access To America

→ GA Aircraft Provide Community Services

- × Agricultural Crop Spraying
- × Fire Fighting
- × Search and Rescue
- × Medical Transportation (including transplant organs)
- × Law Enforcement
- × Business
- × Education
- × Flight Training
- × News

Local Airports Access To America

- ➔ Why Are Airports Closing ?
 - ✘ Rising Real Estate Values
 - ✘ Encroaching Residential Development
- ➔ Public Doesn't have the Facts
- ➔ AOPA Airport Support Network
 - ✘ Identify and Work to Preserve Endangered Airports
 - ✘ Educate Local Officials About the Airport Value
 - ✘ 421 Aviation Way, Fredrick, MD 21701-4798
 - ✘ 1-800-USA-AOPA
 - ✘ www.aopa.org