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Air Service Development & Economic Impacts of Aviation



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Critical Understanding

Understand the difference between measuring the economic benefit of an airport and the role of an airport in a local/regional economy

- Uniqueness of communities/regions, business mix, local GA airports and projects



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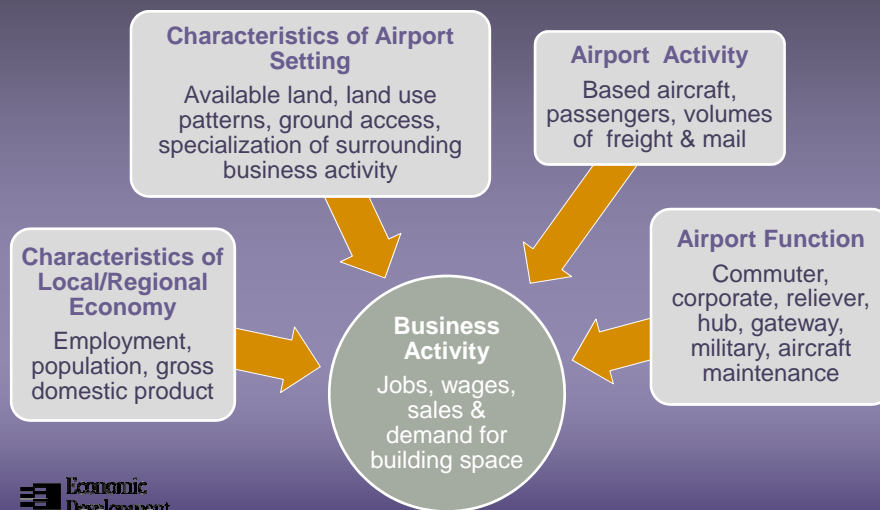
Economic Impact/Economic Benefit

- Economic Impact
 - Mechanical Exercise
 - Surveys, model package...AND
 - BOOM** - Direct, indirect & induced benefits

- Economic Benefit
 - Impacts plus how an airport helps the competitiveness of a city and region
 - Contribution of an airport to economic development

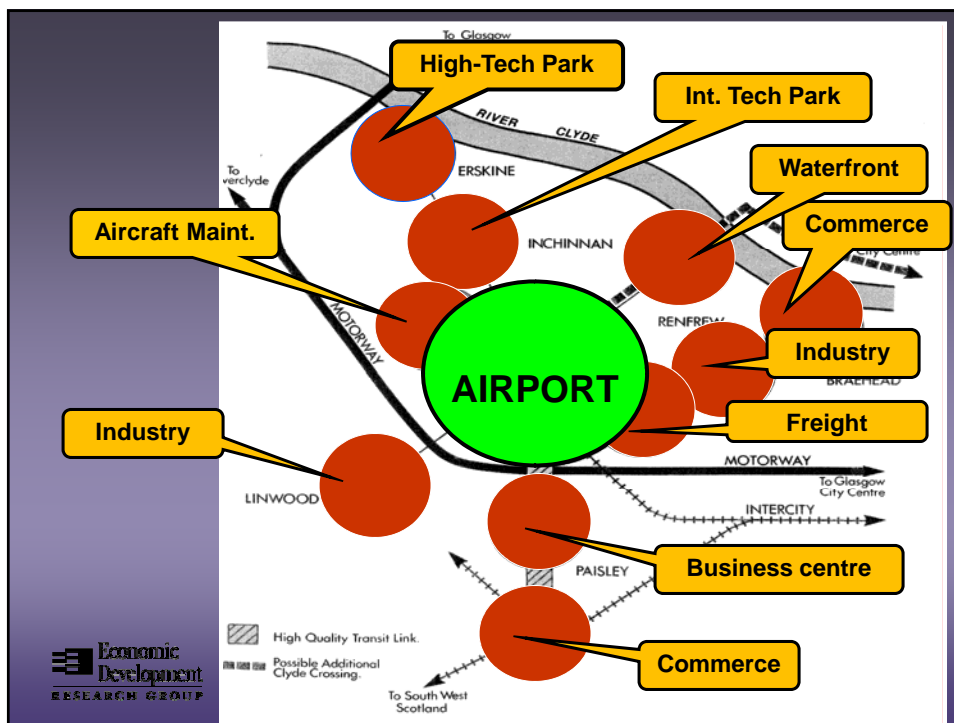


How Airports Affect Communities & Regions



Economic Impact and Economic Development Tells the Full Story

- Airport Administration
 - Airport Tenants
 - Retail
 - Aviation Services
 - Aircraft sales/repairs
 - Avionics
 - Government Agencies (i.e., FAA, TSA)
 - Airlines
 - Pilots and Visitors
 - Off Airport Spending
 - Military
- +
- Airport Dependent Business
 - Cargo
 - Business Travel
 - Business Related Based Aircraft
 - Aerospace Industries
 - Non-aviation Tenants
 - Airport as industrial/Office Park



Airports Contribute to Economic Health

Reliance on air travel is due to:

- Delicate and time-sensitive products need to be shipped by air
- Productivity requirements of just-in-time deliveries
- Global trade partners
- Business & professional services with clients worldwide
- Business with international satellite and corporate offices



Airports Serve Industrial Base

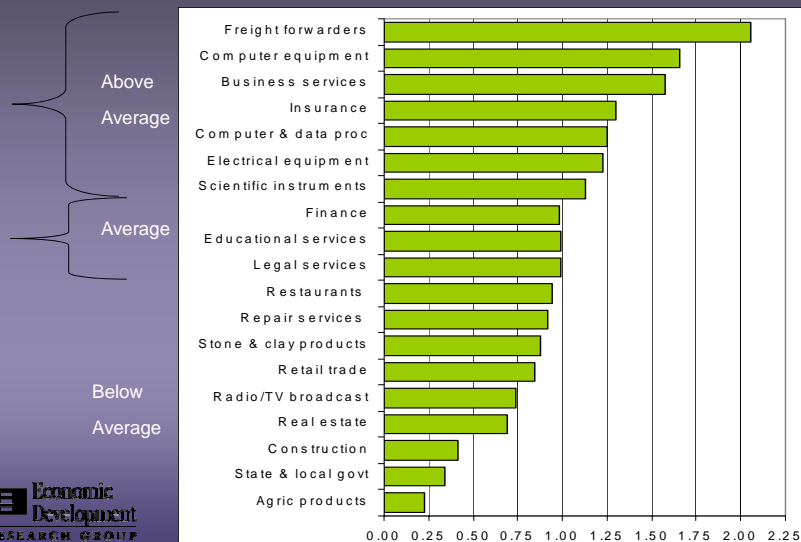
- Dependence on “just-in-time” deliveries
- Consume aviation services
 - Integrated aviation into daily operations
 - Viability a going concern depends on timeliness of deliveries of air freight
- Adequate airport capacity, ground access to plant for timely flights and deliveries
- Annual productivity losses due to air cargo delays
 - \$4 million to plant
 - \$40 million to home company



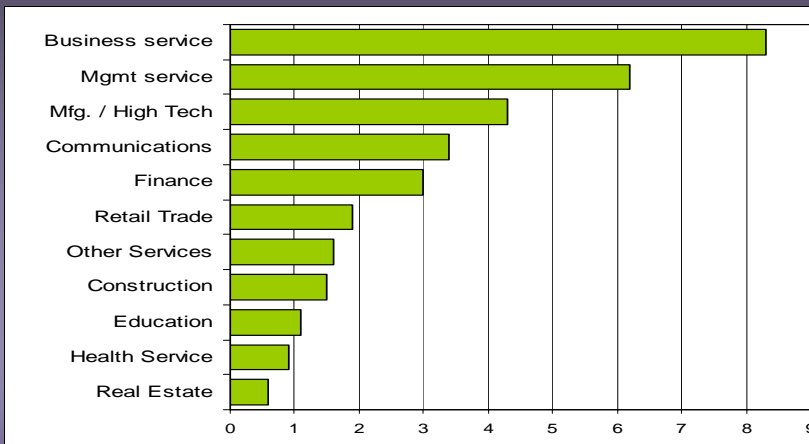
Impacts of Just-in-Time Delivery at Auto Plant – Rock County WI



Industry Reliance on Aviation



Rates of Employee Air Travel



Average annual air passenger trips per employee



Support for Local Industry

- ✓ Auto Industry
- ✓ Advanced Logistics
- ✓ Creative Industries
- ✓ Life Sciences



How to Assess Airport Role in Economic Development

- Local Regional Economy
 - Industry mix
- Connectivity
 - Distance to a vibrant commercial airport
 - Distance to a major cargo airport
- Commodity Flows
 - Intermodal Connections



Trends... Changing Freight Patterns

- Higher value/weight
- Higher time sensitivity
- Overnight delivery
- Small package delivery trucks
- Air & Marine port dependence on rail & hwy
- Rail & truck companies focus on long-hauls



How to Assess Role in Economic Development – Key GA Indicators

- Based Aircraft
 - Business ownership/use
 - Efficient Business Travel
- Just-In-Time Shipments and Deliveries



Assessing Economic Contributions of Airports

- **Model Inputs:**
 - **Airport Activity**: based aircraft by type; number ops; freight volumes; commercial passengers;
 - **Airport Function**: commuter, corporate, reliever, destination, hub, gateway, aircraft maintenance
 - **Airport Capabilities/Constraints**: critical aircraft type; weight and range limits for critical aircraft; lighting and navigation aids;
 - **Regional/Local Economic Characteristics**; and
 - **The Regional Setting**: tourism, developable sites; supporting infrastructure; distance/connections to interstate highways, urban centers, market area.

Results and Sensitivity of Improvements

- **Model Output:**
 - **Business Activity**: jobs & business output by type of business
 - **Regional Economy**: income and gross regional product generated
 - *Business savings/efficiencies*
 - *New/expanded economic activities*
 - *Additional Household Spending*
 - **Multi-modal Implications**: supporting trucking, rail
 - **Fiscal**: potential tax consequences



To Summarize...Where We Started

On Airport Economic Impact
 + Economic Development Role of Airport
 = The Contribution of an Airport
 to a Regional/Local Economy



Most Importantly

DATA SETS ARE BLIND

MODELS ARE ONLY A TOOL

TALK TO PEOPLE



Thank You

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