

RED LODGE AIRPORT – RED LODGE

QUALITATIVE BENEFITS

In addition to the economic benefits described above, Red Lodge Airport provides access and services that promote the well being of the local community. Aviation activities that take place at the airport on a regular basis include recreational flying, aerial inspections of pipelines and electric transmission lines, and flight training and scenic tours provided by Viking Air Inc. The airport is also frequented by corporate aircraft and visitors to the region's resorts. Other flight activities that occur at the airport on an occasional basis include community event staging, environmental patrol, forest and rangeland firefighting, aerial photography and surveying, and real estate tours.

According to airport management data, the major airport users include Dr. James Kisthard (local physician), Viking Air Inc., Mr. Jeff Wise (aerial pipeline inspection), and the local flying club based at the airport. FAA data indicates Big Bear Drilling Inc., Freedom Flight Inc., J.W. International Consulting & Real Estate Development LLC, Mor-Berg Inc., and Peacock Aviation Inc. utilized the airport for general aviation in 2008. While most itinerant aircraft traveled to the airport from within Montana and nearby Rocky Mountain States, FAA data also indicates aircraft traveled from as far away as Minnesota and Washington.



RED LODGE AIRPORT RED LODGE



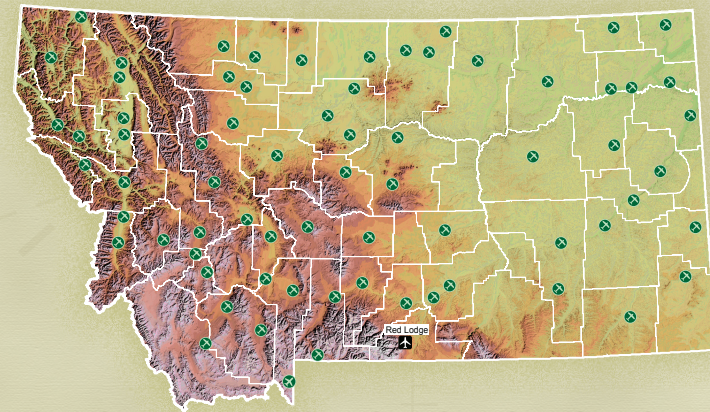
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AIRPORT LOCATION

Red Lodge Airport is located one mile northwest of Red Lodge, Montana, in Carbon County. Red Lodge is a charming resort and ranching community located in close proximity to the Yellowstone ecosystem in southern Montana. The Beartooth Mountains and Custer National Forest provide breathtaking scenery in the Red Lodge area. The Beartooth Highway, designated a National Scenic Byway, reaches heights of nearly 11,000 feet and boasts some of the most spectacular mountain views in America. The downtown business district has several buildings listed on the National Register of Historic Places, and the Carbon County Historical Society Museum preserves the town's coal mining past. For outdoor recreation enthusiasts, the Red Lodge area offers downhill and cross-country skiing, wildlife viewing, and hiking. Red Lodge is the county seat of Carbon County.

Red Lodge has a population of approximately 2,460. Major employers in the area include Red Lodge Mountain Resort, Beartooth Hospital and Health Care, Rock Creek Resort, and Beartooth IGA.

The 212-acre airport's primary runway, Runway 16/34, measures 4,000 feet in length and 75 feet in width. The airport, with 16 based aircraft, experiences approximately 8,050 aircraft operations annually.



STATEWIDE RESULTS

Economic benefits in the Montana Economic Impact of Airports Study are expressed in terms of jobs, payroll, and annual economic activity or output.

Jobs/Employment

An estimated 18,800 jobs in Montana are in some way supported by the commercial and general aviation airports. These are jobs that are associated with on-airport businesses, tenants, and other activities that are located on commercial or general aviation airports in the State. In addition, spending by visitors arriving in Montana by air helps to support other jobs. When airport improvements are made, additional jobs are supported by the airports over the duration of these projects.

Payroll/Earnings

The 18,800 jobs in Montana that are linked to the commercial and general aviation airports account for over \$600 million in annual payroll. Airport related payroll is a key component of the economic benefit cycle that starts at the airport. It was this economic cycle that was measured by this study's induced benefits. When those employed by on-airport businesses use their paycheck to

purchase groceries, new clothes, or household items, their spending helps to support other jobs in the community and the payroll associated with these jobs. The initial benefits that start at the airports continue to multiply once they enter the State's economy.

Annual Economic Activity/Output

To operate Montana's airports, businesses located on the airports and businesses that support visitors who arrive in Montana via the airports all require the purchase of goods and services. These expenditures are most often in addition to those benefits identified in the payroll and earnings category. Benefits in this category are expressed in this study as total annual economic activity or output. Annual economic output related to the airports is typically assumed to be the sum of annual gross sales and average annual capital expenditures, including capital improvement projects.

JOBS..... 18,800

PAYROLL.....\$600 MILLION

OUTPUT.....\$1.56 BILLION

MONTANA ECONOMIC IMPACT OF AIRPORTS STUDY

ECONOMIC IMPACT ANALYSIS

Economic impacts at an airport are measured through employment, payroll, and output (spending). On-airport business and government activities (direct impacts) account for a significant portion of an airport's first round economic benefits. Additional first round benefits are also linked to visitors who arrive via the State's system of airports (indirect impacts). Spending by these visitors supports additional employment and associated annual payroll. These first round impacts create additional spin-off benefits that ripple through the economy. These second-round or induced benefits were measured with Montana-specific IMPLAN multipliers. When combined, first round and second-round benefits equal the total economic impact associated with each airport.

First Round Impact

In 2008, there were three aviation-related tenants on the airport, including airport management, who supported the full-time equivalent of 2.5 employees. These tenants' direct or first round employment, payroll, and output impacts were derived from survey data. Direct output from all on-airport aviation-related tenants is estimated at \$50,100 annually. The estimated direct annual payroll of these tenants is \$16,500. Operational data indicated that approximately 3,608 visitors used the airport. Visitor-related spending supported an additional six full-time jobs for employees earning over \$117,000 annually. Indirect output from general aviation visitors is estimated at \$324,700.

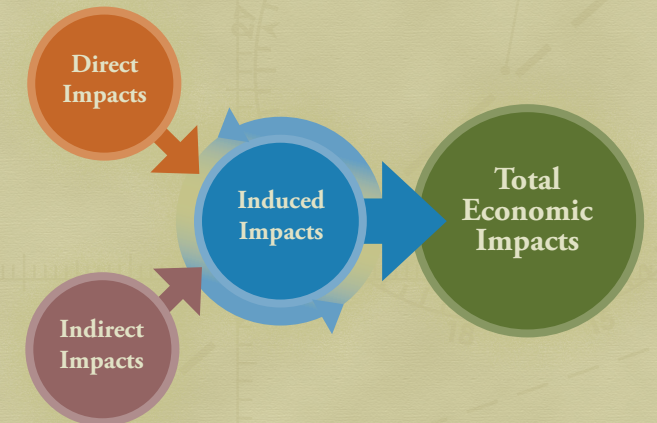
Second-round Impact

The first round impacts associated with on-airport tenants and general aviation visitors also create second-round impacts throughout the State. Second-round impacts are induced impacts calculated using the Montana specific IMPLAN multipliers. The accompanying table presents the 2008 first round, second-round, and total impacts for output, payroll, and employment as they relate to on-airport tenants and general aviation visitors.

Total Impact

For 2008, the total output (including first round and second-round impacts) stemming from all on-airport tenants and general aviation visitors to Red Lodge Airport was approximately \$602,900. Total full-time employment related to airport tenants and general aviation visitors, including all second-round impacts, is estimated at approximately 14 persons, with a total annual payroll (first round and second-round) of approximately \$213,400 associated with these jobs.

METHODOLOGY



AIRPORT SUMMARY TABLE

FIRST-ROUND ECONOMIC IMPACTS

On-Airport	Visitor Spending
<ul style="list-style-type: none"> • FAA, Other Government • Airport Management • Aircraft maintenance • Vendors • Retail & Restaurant • Car Rental • Parking • Other Ground Transportation • Fixed Based Operators 	<ul style="list-style-type: none"> • Hotels • Retail & Restaurants • Travel Agents • Convention Centers • Tourist Destinations
<p>2.5 Jobs \$16,500 in Payroll \$50,100 in Economic Output</p>	<p>6.0 Jobs \$117,000 in Payroll \$324,700 in Economic Output</p>

SECOND-ROUND ECONOMIC IMPACTS

<ul style="list-style-type: none"> • Suppliers of Materials & Services to Airports • Air Dependent Businesses • Visitor Dependent Businesses • Consumer Product and Service Sales
<p>5.0 Jobs \$79,900 in Payroll \$228,100 in Economic Output</p>

TOTAL ECONOMIC IMPACTS

<p>13.5 Jobs \$213,400 in Wages \$602,900 in Economic Activity</p>
