

KALISPELL CITY AIRPORT – KALISPELL

QUALITATIVE BENEFITS

In addition to the economic benefits described above, Kalispell City Airport provides access and services that promote the well being of the local community. The airport is primarily a base for recreational flying, corporate aviation, law enforcement activity, and forest and rangeland firefighting activities during the warm months of the year. The airport is also used extensively for aerial wildlife surveys and as a gateway for visitors to the area's resorts. Helicopter and airplane flight instruction is another regular activity at Kalispell City Airport as are charter service and scenic tours.

Kalispell Regional Medical Center in Kalispell, Montana and Northern Rockies Medical Center in Cut Bank, Montana utilize Kalispell City Airport as well. A survey of 35 hospitals in Montana gathered data to obtain information relating to how often hospitals use airports in Montana to bring in specialists from out of the area, as well as how often airports are used for patient transfer. Survey data indicated Kalispell Regional Medical Center uses Kalispell City Airport and Glacier Park International Airport 24 times per year on average to bring doctors and specialists to the hospital to conduct clinics. These doctors fly in from Missoula, Spokane, WA, and Seattle, WA. The hospital also uses Kalispell City Airport 36 times per year on average for emergency patient transfer via air ambulance.

Other aviation activities that occur occasionally at Kalispell City Airport include agricultural spraying, aerial inspections of pipelines and electric transmission lines, search and rescue operations, medical shipments and patient transfer, aerial photography, real estate tours, banner towing, sky diving, and hot air balloon and ultralight aircraft operations.

According to airport management data, the major airport users include Barrett Aviation, Northern Lites Aviation, B&B Properties, Red Eagle Aviation, and Diamond Aire. FAA data indicates the following businesses utilized the airport during the past year:

- Air Center of Salt Lake
- Bear Hollow Properties
- Big Wave Construction Inc.
- Cumberland Corp.
- ETCO Incorporated
- Standard Construction Inc.
- Stewart Homes Inc.
- Western States Equipment



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MONTANA
ECONOMIC IMPACT OF AIRPORTS STUDY

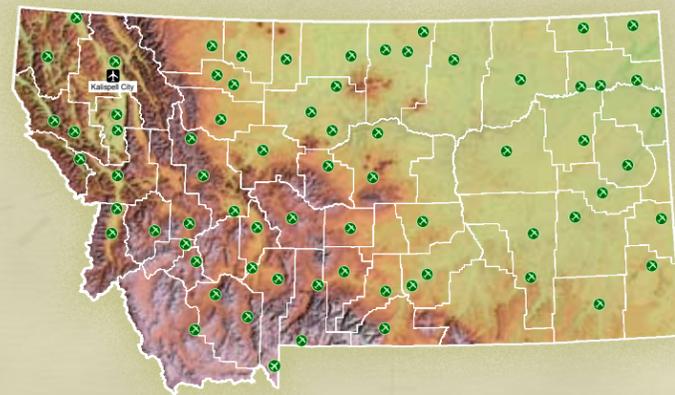
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AIRPORT LOCATION

Kalispell City Airport is located one mile south of Kalispell, Montana, in Flathead County. In the Kalispell area, visitors are treated to a city that prides itself on its modern art studios, galleries, restaurants, shops, bed and breakfast inns, and offices mixed among historic homes and buildings. Kalispell is an outdoor enthusiast's paradise, with limitless recreation opportunities and spectacular scenery found in the surrounding mountain ranges, National Forest lands, and nearby Flathead Lake and Glacier National Park. Kalispell is the county seat of Flathead County.

Kalispell has a population of approximately 19,432. Major employment sectors in the area include health care and social assistance, accommodation and food services, construction, and education services. Largest employers in Kalispell area include Kalispell Regional Medical Center, Plum Creek Timber, Semi-tool, Flathead Valley Community College, Kalispell School District, and Teletech.

The 134-acre airport's primary runway, Runway 13/31, measures 3,600 feet in length and 60 feet in width. The airport, with 70 based aircraft, experiences approximately 43,000 aircraft operations annually. The City Airport is scheduled to build a new airport with a 4,700' runway 75' wide with locations for more hangar space. The ALP (Airport Layout Plan) has been approved by the FAA and funding has been allocated under the current AIP (Airport Improvement Plan) with construction proposed to begin in 2013. The new runway will be moved approximately 1,000' south of the current runway and turned approximately 5.5 degrees to the west. The new runway designation will be 14/32 and will be equipped for LPV (Instrument) approaches in the near term.



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 eight aviation-related tenants on the airport, including airport management, who supported over 96 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 \$7.3 million annually. The estimated direct annual payroll of these tenants is \$3.4 million. Operational data indicated that approximately 19,980 visitors used the airport. Visitor-related spending supported an additional 144 full-time jobs for employees earning over \$2.8 million annually. Indirect output from general aviation visitors is estimated at \$7.5 million.

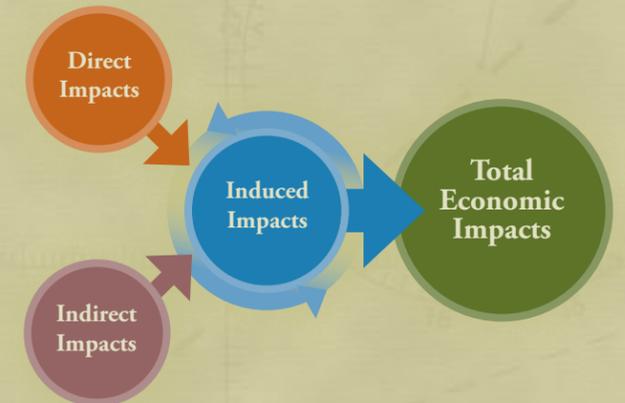
Second-Round Impact

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 Kalispell City Airport was approximately \$24.2 million. Total full-time employment related to airport tenants and general aviation visitors, including all second-round impacts, is estimated at approximately 359 persons, with a total annual payroll (first round and second-round) of approximately \$10.1 million 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 |
| 96.0 Jobs \$3,431,800 in Payroll \$7,264,600 in Economic Output | 143.5 Jobs \$2,798,300 in Payroll \$7,492,500 in Economic Output |

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 |
| 119.5 Jobs \$3,881,800 in Payroll \$9,425,700 in Economic Output |

TOTAL ECONOMIC IMPACTS

| |
|---|
| 359.0 Jobs \$10,111,900 in Wages \$24,182,800 in Economic Activity |
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