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Prepared for:
Montana Department
of Transportation



MONTANA ECONOMIC IMPACT OF AIRPORTS

UPDATE

Kimley » Horn

Expect More. Experience Better.



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Agenda

- Our Team and Roles
- Overview of Study Tasks
- Review of Prior Study for Comparison
- 2015 Update Discussion
- Review of Draft Surveys
- Next Steps

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Our Team and Roles



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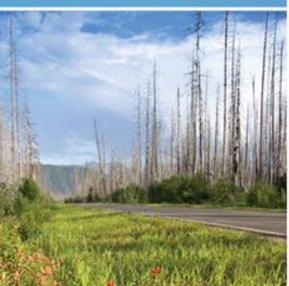
Project Management, Data Collection,
Report Production, Brochures



Survey Development,
Economic Impact
Modeling,
Value-Added Analysis

Business Survey,
Value-Added Analysis,
State Economic
Conditions

Data Collection



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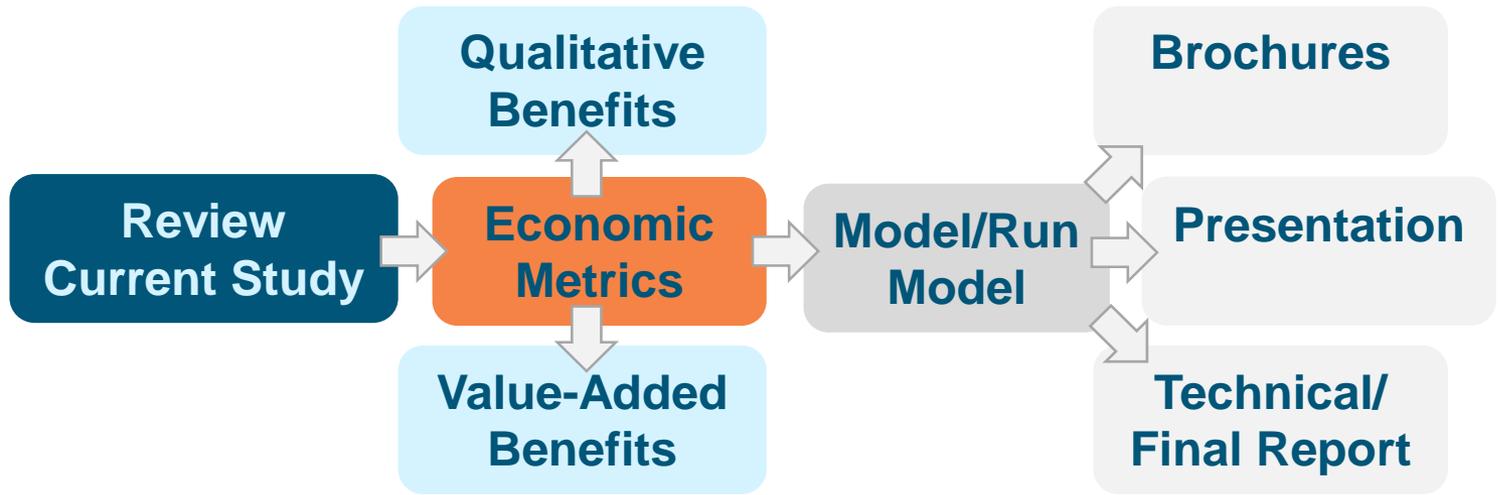
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Overview of Study Tasks & Relationships



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2007 Economic Impact Study

- Sponsored by MDT Aeronautics Division with FAA funding
- 18-month study, began Fall 2007
- 120 airports analyzed
- Brochures prepared for 72 airports and statewide executive summary

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2007 Summary of Total Impacts

Impacts of All Airports

	<u>Total</u>
Employment	18,743.5
Payroll	\$600.0 Million
Output	\$1.55 Billion

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2015 Economic Impact Study



- Similar process to 2007 study
 - Surveys
 - On-site visits to select airports
 - IMPLAN model
 - Brochures (statewide and airport)

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Surveys to Collect Data

- All airports and on-airport businesses
- On-site visits to 50 airports
- Commercial airline visitors
- Transient (visiting) GA pilots and/or passengers
- Hospitals
- DNR – Wildland Firefighting
- Non-aviation businesses

REVIEW SURVEYS AT END OF MEETING

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Non-Aviation Business Survey

- U of M BBER to conduct
- 1,500 businesses to be identified
- Identify specific businesses and their relationship to aviation demand - quantify and qualify the importance of airports to businesses
- Up to four mail contacts and online component (Qualtrics) to yield higher response rate (up to 40%)

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Initial Data Collection Steps

- Airport contact information from MDT
 - Use of email vs. US mail
 - Online surveys (use of QR code for visitor surveys)
- Letter to introduce study & to distribute surveys
- Outreach to AOPA, NBAA, MPA and others to encourage survey responses

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Decisions for 2015 Study

- Airport classifications
 - Presentation
 - For GA visitor spending patterns
- Airport visits (tenant and visitor data)
- Terminology
 - Measures
 - Defining direct, indirect, induced impacts
- State and regional multipliers and impact presentation

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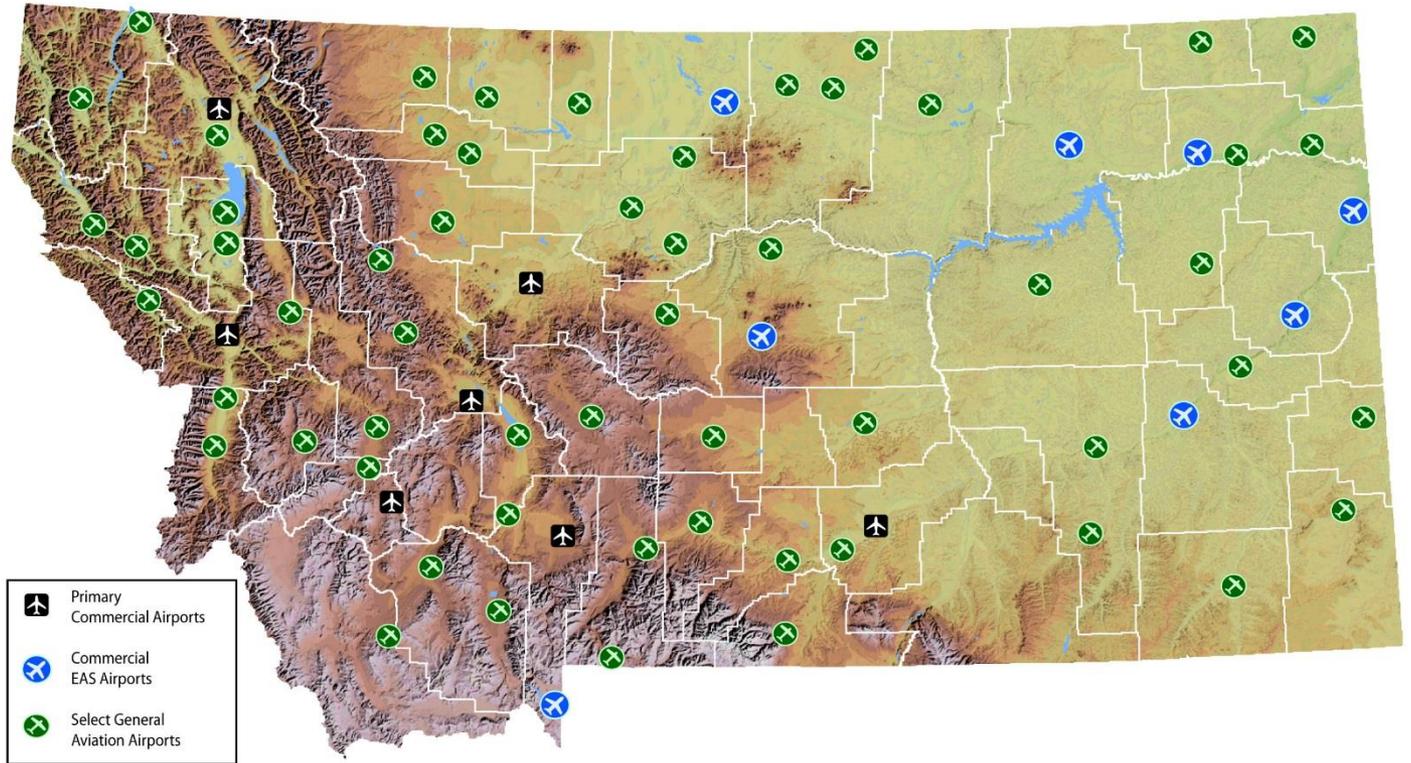
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2007 Montana Airport System



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Airport Classifications for 2015

2007 Airport Classifications	2007 # Airports	2015 Airport Classifications
Primary Commercial Service Airports	7	
Commercial Essential Air Service Airports	8	
High Volume General Aviation Airports (>10K annual ops)	20	
Select General Aviation Airports	37	
Rural Airports	48	



2007 GA Visitor Spending Tiers

2007 GA Visitor Spending Tiers	Avg Aircraft Occupancy	Avg Length of Stay (Days)	Spending per Person per Day
Class A	4	1.85	\$ 100
Class B	4	1.27	\$ 75
Class C	2	1	\$ 25
Class D	2	1	\$ 12
Bozeman and Kalispell	4	2.5	\$ 150

- Are these tiers still valid?
- Figures will be updated based on survey results



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Economic Impact Measures

- Jobs (or employment)
- Annual payroll (or earnings or income)
- Annual economic output (or economic activity or business sales)

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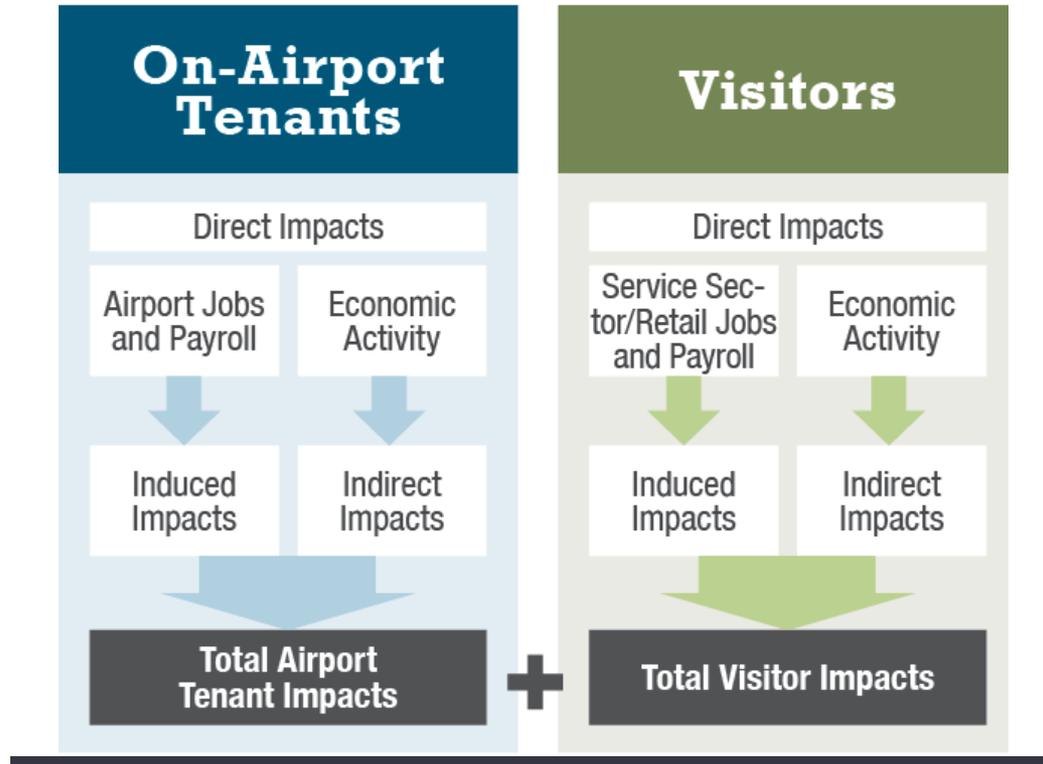
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2015 Methodology



= Total Statewide Economic Impact of Airports

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What are Direct, Indirect and Induced Impacts?

Clear definitions are critical: terms are jargon and are used differently among studies

Term	Economic Definition	Older Definition
Direct	Initial Transactions (on-airport, visitor spending, other off airport)	Initial on-airport transactions
Indirect	Goods & services purchased from initial business revenues	Initial visitor spending; other initial off airport impacts
Induced	Spending by workers of wages generated by direct & indirect business revenues	All multiplier impacts



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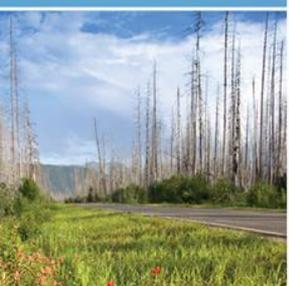
Statewide & Regional Multipliers

- Report the important roles of airports in regional as well as state economies
 - Suitable for multiple audiences – local stakeholders & state officials
- State-only analysis does not accurately reflect the contribution of airports
 - Economies differ across Montana
 - Wage and productivity rates differ across the state

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Oregon Example of Differences Among Regions



Wages, Productivity and Multipliers Vary By Region
Example: Air Transportation Services

Region	Labor Income Per Worker	Output Per Worker	Multipliers		
			Jobs	Labor Income	Output
Portland Metro	\$68,911	\$252,571	1.685	0.8377	0.7366
Willamette Valley	\$63,789	\$247,450	1.517	0.6967	0.6173
Southwest OR	\$34,117	\$216,324	1.370	0.9211	0.6096
Central OR	\$25,963	\$207,566	1.159	0.8377	0.5649
Eastern OR	\$23,160	\$206,144	0.964	0.6290	0.4271
State of Oregon	\$65,289	\$248,831	1.765	0.9345	0.8280



Ongoing Contribution to the Regional and State Economies

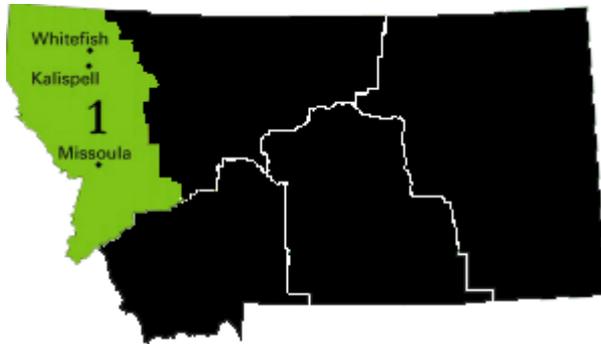
Crater Lake - Klamath Falls Regional Airport in the Central Region

	Jobs		Wages		Business Sales	
	Local	State	Local	State	Local	State
Direct Effects of On Airport Activities and Visitor Spending						
1.On Airport	987	987	\$79,522,000	\$79,522,000	\$155,761,000	\$155,761,000
2.Off-Airport: Visitor Spending	43	43	\$1,138,000	\$1,138,000	\$3,257,000	\$3,257,000
Total Direct	1,030	1,030	\$80,660,000	\$80,660,000	\$159,018,000	\$159,018,000
Spin-off Effects: Supplier and Income Re-spending						
3.Due to On Airport Aviation	971	1,199	\$27,811,000	\$37,856,000	\$104,973,000	\$139,335,000
4.Due to Visitor Spending	23	19	\$621,000	\$884,000	\$1,835,000	\$2,535,000
Total Spin-off	994	1,218	\$28,432,000	\$38,740,000	\$106,808,000	\$141,870,000
Total Airport Aviation Related Impacts	2,024	2,249	\$109,092,000	\$119,400,000	\$265,826,000	\$300,888,000



Montana Regions – Options

MDT Districts (5)



Economic Development Regions (11)





Draft Schedule

MONTHS AFTER NTP	1	2	3	4	5	6	7	8	9	10	11	12
ASSUMED MONTH/YEAR	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
	2015			2016								
Task Name												
Review Current Study	█											
Economic Metrics	█	█	█	█								
Model				█	█							
Run Model				█	█	█						
Qualitative Benefits					█	█						
Value-Added Benefits							█	█				
Brochures							█	█	█			
Presentation										█		
Technical (or Final) Report									█	█	█	
Deliverables												
Monthly Progress Reports	📄	📄	📄	📄	📄	📄	📄	📄	📄	📄	📄	📄
Task Reports	📄				📄	📄		📄	📄	📄	📄	
Final Report (See Task 3.3.9)											📄	
Research Project Summary Report												📄
Implementation Report												📄
Performance Measure Report												📄
Meetings												
Kick-Off	🗓️											
Interim							🗓️					
Final Oral Presentation												🗓️
Implementation Meeting												🗓️



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Schedule Discussion

- Assume start on-site surveys in 6 weeks:
 - Intro letter and management survey
 - Need tenant contact info from airports
 - Coordinate passenger surveys
- Ability to reliably conduct on-site visits during winter
- Visits include obtaining passenger surveys (CS & GA)
 - Consideration of seasonality on spending – certain locations?
 - Goal is average spending per passenger but could differentiate based on seasonality if desired in key markets

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Next Steps

- Distribute introductory letter and compile contact information
- Address comments on surveys
- Finalize on-site visit schedule
- Distribute airport management surveys and coordinate visits and passenger surveys

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Discussion

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