

July 27, 2006

Mr. Rick Harvey
McCall Municipal Airport
216 E. Park St.
McCall, ID 83638

Dear Mr. Harvey,

Elite Services Group (ESG) has completed the economic impact analysis of McCall Municipal Airport.

This study concludes that the airport has considerable economic value to the City of McCall and the surrounding community. The study's calculations indicate McCall Municipal Airport has an overall economic impact of **\$14,289,145** annually and helps create over **311** jobs in the local region.

We appreciate having had the opportunity to conduct this study of McCall Municipal Airport, utilizing ESG's proprietary EIM-GA system, and believe the study's results reflect the importance of the airport and of general aviation overall.

Sincerely,

Chris Gillis
Managing Principal
Elite Services Group

FOR IMMEDIATE RELEASE
July 27, 2006

For Further Information, Contact:
Chris Gillis, (925) 457-3333

**McCall Municipal Airport Contributes Over
\$14,289,145 Million Annually To Local Economy**

Alexandria, Virginia, July 27, 2006...McCall Municipal Airport in McCall, ID contributed more than \$14,289,145 to the economy of the city of McCall and surrounding communities during the year 2006 according to a just-completed economic impact study of the airport.

The study, prepared by Elite Services Group, LLC (utilizing ESG's proprietary EIM-GA system), also projected that the airport will have a total benefit of \$74,361,284 over the next five years.

The benefits and savings of McCall Municipal Airport to the local community were broken down into three categories for the purposes of the study: direct spending by the airport and fixed base operators; the so-called multiplier effect, and measuring the re-spending associated with direct spending and referred to as induced benefits. For the year 2006, direct spending associated with McCall Municipal Airport totaled \$8,660,088 and induced benefits were estimated at \$5,629,057.

In addition to the actual dollar benefits of the airport, McCall Municipal Airport generates about 311 full-time jobs in the local region. The facility also provides many essential community services, such as Life Flight Air Ambulance and UPS Overnight Package Delivery (air freight).

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Economic Impact
of

McCall Municipal Airport

McCall, ID
July 2006

Prepared by

Elite Services Group, LLC



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I. EXECUTIVE SUMMARY

McCall Municipal Airport

McCall Municipal Airport is a significant and substantial factor in the economy of McCall and its surrounding communities. During 2006, the airport had a total economic impact of \$14,289,145 and is projected to have a total impact of \$74,361,284 over the next five years.

The following is a disaggregation of the benefits McCall Municipal Airport provides to its local community:

	Annual 2006	Cumulative (five year total)
Total Output	\$14,289,145	\$74,361,284
Direct Output	\$8,660,088	\$45,067,445
Indirect Output	\$5,629,057	\$29,293,839
Total Employment	311	1,618
Direct Employment	188	981
Indirect Employment	123	637
Total Personal Earnings	\$7,301,790	\$37,998,808
Direct Personal Earnings	\$4,425,327	\$23,029,581
Indirect Personal Earnings	\$2,876,463	\$14,969,227

Additionally, McCall Municipal Airport provides many important community services, such as Life Flight Air Ambulance and UPS Overnight Package Delivery (air freight). Most importantly, McCall Municipal Airport serves as an integral link to the national and international transportation systems.

II. INTRODUCTION

Transportation, and specifically the aviation system, allows the U.S. economy to continue to thrive and grow. The U.S. has over 18,000 landing facilities ranging from small grass strips to large commercial airports. As a group, these airports create over \$900 billion in total economic impact on the national economy.¹ However, ACI-NA estimates that over the next few years U.S. airports require over \$10 billion per year in capital investments in order to sufficiently and safely keep up with demand.

Decision makers use economic impact analysis to assess the viability of different investment options. Airport authorities sanction economic impact studies to determine the effect that an airport has on the surrounding community, including local commerce. An airport provides economic value to a region by exporting goods and services created in the region, including tourism. Airport management, tenants, and complementary businesses are often involved in commerce that uses airport services.

One purpose of economic impact analysis is to provide the public with relevant information regarding the return on an investment in a development project. The management of financial and real estate resources is decided directly by government officials or indirectly by citizen voting. Economic impact provides a metric for comparison to other possible investment projects.

Economic impact is based on the theory that a dollar flowing into a local economy from outside of the local economy is a benefit to the locality. In order to measure economic impact, the cause of the impact must first be identified. The most important underlying principle in evaluating economic impact is to measure new economic benefits that accrue to the region that would not have otherwise occurred. While this sounds simple, part of the difficulty lays in measuring what would have happened to the region without the construction of or addition to the airport, considering that the situation is purely hypothetical.

¹ “The National Economic Impact of Civil Aviation”, DRI-WEFA, Inc., July 2002

The goal of this report is to broaden the understanding of the economic and employment roles that the airport plays in the local economy. Like any governmental entity, public airports compete for public funding and need to be able to explicitly demonstrate their economic impact. This report can help provide the necessary information for decision-makers regarding the importance of McCall Municipal Airport to the McCall community.

III. ECONOMIC IMPACT METHODOLOGIES & CONCEPTS

This economic impact analysis and report was developed by Elite Services Group, LLC (ESG) utilizing information from over 249 non-hub and general aviation airports throughout the U.S.² The information includes data from the local community and airport contained in a proprietary system (Economic Impact Model – General Aviation) that provides an efficient, consistent, and conservative measure of economic impact.

Airports are important because they provide significant transportation benefits and economic impacts. Economic impacts measure the importance of airports in the aviation industry in terms of the employment they provide and the goods and services they utilize. Transportation benefits are the services that a community hopes to obtain by developing and maintaining an airport.

The financial return for residents is in the form of new jobs, new earnings, and new tax revenues that occur because of the operation of the airport. These new earnings, for instance, are generated for residents who are not directly associated with the airport or its tenants, but who are the beneficiaries of the positive externalities that airports can provide to communities. Positive externalities, or overflow benefits, are those benefits that are produced by an airport and its tenants, but are not captured by either entity.

² General Aviation, as defined in this study, includes air taxi, business, corporate and private aviation, and helicopters. Non-Hub includes airports serviced by commuter airlines and having less than 15,000 annual commercial service operations.

For the purposes of this report, quantifiable economic impacts are subdivided into three stages of impact: *direct*, *indirect*, and *induced* impacts. Each of these is further sub-divided into three types of impact: *total output*, *earnings or income*, and *employment* effects. These terms are described below.

III.A Direct Impacts

Direct impacts are consequences of economic activities carried out at the airport by airlines, airport management, fixed based operators and other tenants with a direct involvement in aviation. Employing labor, purchasing locally produced goods and services and contracting for airport construction and capital improvements are examples of airport activities that generate direct impacts.

Some direct impacts, like airport employment, occur on-site; others, like local production of goods and services for use at the airport, may occur off site. The distinguishing feature of a direct impact is that it is an immediate consequence of airport economic activity.

Expenditures by airlines, fixed based operators and tenants also generate direct impacts, but only those expenditures that lead to local business activity are relevant for a regional economic assessment. For this reason, it is important to distinguish between (a) the local value-added component of expenditures and (b) the regional import component. Thus, airline expenditures on fuel generate local fuel storage and distribution services and the importation of fuel into the region. In most parts of the country, only the former component is relevant for the analysis.

III.B Indirect Impacts

Indirect impacts derive from off-site economic activities that are attributable to the airport. These activities include new incremental expenditures on services provided by hotels, restaurants and retail establishments. These enterprises, like airport businesses, employ labor, purchase locally produced goods and services and invest in capital expansion and improvements. Indirect impacts differ from direct impacts in that they originate entirely off-site, typically by visitors to the area who are traveling by air.

III.C Induced Impacts

Induced economic impacts are those that occur in the local region or area of impact that are the re-spending of the initial direct and indirect expenditures. The summation of each successive round of re-spending, based on multipliers, constitutes the indirect impact estimate. Multipliers are used to determine the amount and route of the re-spending (see below for a description of the multiplier process).

The *induced* economic impact is the effect of the direct and indirect economic impact on earnings and employment. As the initial spending and subsequent re-spending occurs, a portion is retained as income to local residents and employees. The increase in demand from the economic impact leads to increases in employment, which will also affect earnings. For example, most of the take-home income earned by airport employees is spent locally. Some of this spending becomes income to local businesses that provide services to the airport employees. Some of the dollars spent by airport employees go to local businesses and become income to the business owners and their employees. Then part of these second-round incomes are also spent locally and thus become income to another set of individuals. As successive rounds of spending occur, additional income is created.

Although some of the induced impacts occur locally, some are felt outside the region because of regional import components of the goods and services purchased. More economically self-sufficient regions have higher multipliers than do regions that are more dependent on regional imports, because more of the spending and re-spending is done in the area. Similarly, two or more counties considered together as one economic region would have a higher multiplier than will each individual county.

These additional expenditures continue through the successive rounds until the money either leaks out of the local economy or is saved within the local economy for a significant period of time.

Total Impacts are the sum of the direct, indirect and induced impacts.

III.D Explanation of the Multiplier

The concept of multipliers is based on the theory that part of a dollar injected into a local economy will be re-spent locally, thereby affecting more than the original recipient of the dollar. The businesses, hotels, and organizations that receive the initial direct spending generally re-spend it in five ways:

- With other private sector businesses in the same local economy on inventory, maintenance, etc.;
- With employees who reside in the same local economy as wages, tips, etc.;
- With local government as sales taxes or property taxes;
- With non-local governments as sales taxes or taxes on profits;
- With employees, business, or organizations who reside outside of the local economy.

The first three items are types of spending that re-circulate throughout the local economy. These last two categories of spending are considered “leakages” outside of the geographic region and reflect the notion that a region is not economically isolated, but engages in commerce with other regions. The larger and more diverse the geographic region, the less leakage there is, all else equal.

Using the above five scenarios, input-output tables are created that disaggregate an economy into industries and examine the flow of goods and services among them. Multipliers are then mathematically derived which uniquely describe the change in output for each and every industry as a result of the injection of one dollar of direct impact into any of those industries. The process allows a separate multiplier to be applied for each of the 528 industry groups.

In this report, direct spending is used to estimate indirect spending by using multipliers from a regional economic impact model from the USDA Forest Service IMPLAN (IMpact Analysis for PLANning), now supplied by MIG (Minnesota IMPLAN Group).

Here is an example of the multiplier in action. If a group of business persons from outside of the region comes to a town via an airport and spends \$500 in the community, then this initial direct expenditure stimulates economic activity and creates additional business spending, employment, household income, and government revenue in the local community. The initial spending is called the *direct impact* and the ripple effect is termed the *multiplier effect*.³

The local restaurants, retail stores, transportation, and others who receive the initial \$500 will spend it in one of the five ways listed above. The remaining portion of the initial spending that does not leak out of the economy is then spent in one of the same five ways and the chain of events continues. The subsequent rounds of spending are termed *induced impacts* and stem from the *multiplier effect*.⁴

There are different types of multipliers and each has a specific purpose. The multipliers are complementary, not additive.

The first type of multiplier is called an *output*, sales, expenditure, or transaction multiplier. It measures the direct, indirect, and induced effect of an extra unit of visitor spending on economic activity within a local economy. This multiplier relates new expenditure to the increase in business financial turnover that is created. There are 528 industries, each having its own multiplier.

An *income* multiplier, the second type, measures the direct, indirect, and induced effects of an extra unit of visitor spending on the level of household income or earnings in the local economy. It is operationalized as the ratio of change in income to the initial autonomous change in expenditure that brings it about. It is the clearest indicator of the effect of economic impact on residents of the host community.

³ To be clear, the *multiplier effect* leads to the calculation of the *induced* impacts.

⁴ It is important to note that most multiplier analysis does not account for when the money is re-spent. Some multiplier matrices attempt to account for this (e.g., REMI) and adjust for when spending occurs when calculating the multiplier by deflating it for money that is saved for a significant period of time.

The third type of multiplier is called an *employment* multiplier. Employment multipliers measure the direct, indirect, and induced effects of an extra unit of visitor spending on employment in the local economy. It measures how many FTE jobs are supported in the local economy as a result of new expenditures.

The value of the re-spending multiplier is determined from prior research. The approach here does not use a multiplier specific to the region but instead employs a conservative, common multiplier for all airports. This approach is not only the most cost effective but also avoids the question of how applicable a particular multiplier is to a particular area in a region. The conservative value of the final output multiplier is equal to 1.65.

IV. NATIONAL ECONOMIC IMPACT – CIVIL AVIATION

Economic deregulation a quarter of a century ago helped stimulate competition. This spurred innovations in operations, marketing, pricing, technology, and other offerings, such as different route systems. Moreover, efficiencies improved and demand increased. According to the ATA, travelers have enjoyed a price decline of 38% (in real terms) and nearly 80% more departures through 2000. Air cargo saw similar improvements and growth that have helped all businesses with better distribution and response times.

In 2000, U.S. airlines carried nearly 670 million passengers and 24 billion ton miles of cargo on 9 million scheduled departures. Another 11 million passengers and 6 billion ton miles were carried on non-scheduled flights. More than 160 million passengers each year are carried on general aviation aircraft.

Civil aviation's total impact in 2000 was \$904 billion and 11.2 million FTE jobs according to DRI•WEFA. Of this, \$102 billion and 1.3 million jobs were generated by general aviation. Specifically:

- **Direct Impact:** \$343 billion and 4.2 million jobs were produced directly in civil aviation or in industries directly related to civil aviation.
- **Indirect Impact:** In the supply chain to civil aviation, 3.2 million jobs and \$255 billion were generated.
- **Induced Impact:** As income and earnings generated by civil aviation are spent, there are \$305 billion and 3.8 million jobs created.

Table 1. Employment Impact of Civil Aviation, 2000
(thousands of FTE jobs)

<i>Employment Industry</i>	Direct	Indirect	Induced	Total	Percent
Retail Employment	1022	586	669	2277	20.2%
Transportation	1381	610	131	2122	18.9%
Other Manufacturing	0	310	925	1235	11.0%
Mining and Construction	393	117	218	728	6.5%
Wholesale Employment	0	490	182	672	6.0%
Transportation Equipment	380	65	122	567	5.0%
Finance, Insurance, Real Estate	0	184	213	397	3.5%
Public Utilities and Communications	0	61	167	229	2.0%
Other	<u>1059</u>	<u>787</u>	<u>1175</u>	<u>3022</u>	<u>26.9%</u>
Total	4,235	3,210	3,802	11,249	100%

Source: DRI-WEFA

As shown in Table 1, the impact of civil aviation on retail employment exceeds the impact on employment in the transportation sector.

V. NATIONAL ECONOMIC IMPACT – GENERAL AVIATION

The previous section discussed civil aviation economic impact. This section will further disaggregate the analysis into general aviation economic impact on a national level.

The economic benefits of a general aviation airport are numerous and diverse. One such benefit is the time and cost savings of having access to the transportation alternative. Other benefits include the safety, comfort, and convenience of aviation, access to the national airport system. Some of these benefits are not easily expressed in dollars.

Another benefit of a general aviation airport occurs to the entire airport system through reduced delays. A general aviation airport provides an alternative to larger airports that can reduce the delay at those larger airports. The value of the reduction in delay time can be estimated by analyzing capacities at various airports and changes in traffic if a general aviation airport were not available. In 2000, total passenger delays amounted to 142 million hours costing \$9.4 billion. Hundreds of millions of dollars in delay costs accrued to general aviation airports. Delays increase exponentially as congestion increases at an airport so the benefits of additional airports, general aviation or otherwise, are usually quite substantial.

There are many other community benefits of general aviation airports that are not always obvious. For instance, the increased transportation efficiency from airports helps speed up diagnosis and treatment of diseases. Tissue samples are sent via airplane to facilities for examination. Organs for organ transplant and special medicines are shipped using general aviation airports.

Extensive and important pilot training takes place at general aviation airports. General aviation airports support police, Civil Air Patrol, the National Guard, forest fire fighting activities, pipeline patrol, and more.

A major portion of economic impact of general aviation airports comes from the stimulation of business that an airport provides. The presence of an airport and the type of services it offers are important considerations for the location of businesses and office/industrial parks. Airports can be magnets for hotels, distribution centers, production facilities, and related entities.

As discussed elsewhere, general aviation airports provide access to the national and international transportation network. The U.S. alone accounts for approximately 53% of general aviation traffic worldwide.

Recent research by DRI•WEFA, Inc. showed that total economic impact of civil aviation was greater than \$900 billion in 2000.⁵ About 12 percent came from general aviation. Specifically, direct economic impact of general aviation was \$37.2 billion, generating over 475,000 jobs. Total economic impact of general aviation was over \$100 billion and nearly 1.3 million jobs, as shown in Table 2.

Table 2. General Aviation Economic Impacts, 2000
(billions of dollars, thousand employees)

	Direct		Indirect		Induced		Total Impact	
	Output	Employment	Output	Employment	Output	Employment	Output	Employment
General Aviation								
Commerical Operations	1.4	17	1.0	2	1.2	15	3.6	34
Private Operations	8.9	104	6.0	76	7.6	92	22.5	272
General Aviation Aircraft	2.7	38	5.8	74	4.4	57	12.9	169
Flight Training	0.7	19	0.4	5	0.6	12	1.7	36
Total	13.7	178	13.2	157	13.8	176	40.7	511
Expenditure Related to GA								
Tourism by Air	22.9	290	16.6	210	20.2	255	59.7	755
Publications	0.6	7	0.4	5	0.5	6	1.5	18
Total	23.5	297	17	215	20.7	261	61.2	773
General Aviation, Total	37.2	475	30.2	372	34.5	437	101.9	1284

Source: DRI-WEFA

Notwithstanding the economic impact of general aviation, hundreds of millions of dollars were lost due to delays and congestion. It is expected that even if current and scheduled capital projects are completed on time, the loss from delay and congestion will be higher in 2012 than it is today. If the FAA's Operational Evolution Plan for reducing delays and congestion is successful it will benefit the U.S. economy by \$30 billion annually, with over \$1 billion from general aviation improvements. Further research shows that every dollar invested in capacity and infrastructure generates a return of between \$2.80 and \$4.90.

VI. GENERAL AVIATION ECONOMICS – PAST AND FUTURE

⁵ "The National Economic Impact of Civil Aviation", DRI-WEFA, Inc., July 2002.

VI.A General Aviation Revitalization Act

The enactment of the General Aviation Revitalization Act (GARA) of 1994 ended a long slow decline in the general aviation industry that had begun in the late 1970s. Much of the weakening of the industry occurred because of liability claims against manufacturers. The increase in these claims drove production costs up as much as 30 percent causing aircraft demand to decline. Moreover, fewer student pilots were training because of the loss of Veterans Benefits that covered pilot training, and increased fuel costs. Hundreds of thousands of jobs were lost as a result. Yet, the importance of general aviation is indisputable in providing access to these communities. Scheduled commercial airlines provide service to about 500 communities. Well over 5000 communities access the air transportation system via general aviation airports. Estimates are that over 160 million passengers are carried each year on general aviation aircraft.

GARA established an 18-year Statute of Repose on liability related to the manufacturing of general aviation aircraft and equipment. This was a significant break from the past, where no previous time limit existed. Many manufacturers ramped up production of single-engine piston aircraft. Since 1994, the general aviation industry has increased substantially both in terms of manufacturing and number of flights.

VI.B Aircraft, Airport, and Pilot Statistics

In 2000, 2,802 general aviation aircraft and 493 helicopters were manufactured in the U.S., generating \$8.3 billion. In 2001, general aviation aircraft shipments totaled 2,634 creating over \$8.65 billion, according to the General Aviation Manufacturers Association. The industry included 25 aircraft assembly firms and thousands of other suppliers to those firms. Table 3 contains a listing of the manufacturer and number of general aviation aircraft produced in 2000. All sub-sectors of the industry have experienced a decline after September 11, 2001, except business jets (see sub-section below on the economic impact of the September 11, 2001 events).

**Table 3. General Aviation Aircraft Production
Year 2000**

<i>Aircraft Manufacturer</i>	
American Champion	96
Aviat	91
Bellanca	1
Cessna Aircraft	1256
Cirrus Design	95
Classic	0
Commander Aircraft	20
Fairchild	0
Gulfstream Aero Corp.	71
Lancair	5
Learjet	133
Maule	57
Micco	6
Mooney Aircraft Corp.	100
Piper Aircraft Corp.	395
Raytheon	<u>476</u>
Total	2802

Source: AIA

Many corporations are opting to fly on general aviation business jets in order to avoid the increased time for security using commercial flights. Also, many businesses and people are initiating joint ownership of private jets in order to spread the costs of ownership. Business jets require a larger degree of services at airports, thus prompting the demand for increased capital expenditures at general aviation airports that serve many business travelers.

As shown in Table 4, the active general aviation fleet is expected to rise nearly 10 percent over the next decade to 246,000. According to the Air Transport Association, over 60 percent of are used for personal activity. Much of the growth will occur in the jet fleet. The number of general aviation hours flown is expected to increase by 24 percent over the next decade. This is partially due to increase utilization rates of existing and new aircraft, and to the higher incidence of joint or fractional ownership and its associated utilization. In fact, the average joint ownership jet flies approximately 1200 hours per year, while business jets as a whole only average about 360 hours per year. Utilization rates are supposed to rise by more than 13 percent. Fractional ownership of aircraft will continue to drive much of the growth in business aviation and is projected to double through 2007, according to a forecast by the National Air Transportation Association. The number of active pilots is expected to rise to nearly 830,000 by 2012, a jump of over 21 percent from 2002. This includes approximately 560,000 general aviation pilots.

**Table 4. General Aviation Demand
2001-2012**

	<i>1995</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2012</i>
Active Fleet (thousands)	188.1	219.5	221.2	223.5	225.8	246.0
Hours Flown (millions)	26.6	31.8	32.1	32.8	33.7	41.7
Aircraft Utilization (hours)	141.5	144.7	145.3	147.0	149.2	169.7
Total Active Pilots (thousands)	639.2	635.5	648.5	665.9	680.9	827.2

Source: FAA

As shown in Table 5, the number of general aviation airports in 2000 was 19,219, with privately owned airports the largest single category. The number of general aviation operations in 2000 was over 102 million with 56 million itinerant operations and 46 million local operations.

**Table 5. General Aviation Airports
Year 2000**

<i>Type of GA Airport</i>		
Public	4,492	23.4%
Private	8,830	45.9%
Seaplane	465	2.4%
Heliport/Stolport	5,258	27.4%
Balloon/Glider/Ultralight	174	0.9%
Total	19,219	100%

Source: FAA

VI.C Future Growth and SATS

NASA has proposed the Small Aircraft Transportation System (SATS) that would substantially increase the demand and use of general aviation airports. SATS is based on an emerging generation of small affordable aircraft partially funded by NASA investments. The objective is for small aircraft to be equipped to incorporate near-all-weather access, use the Internet for optimal scheduling, fly “point-to-point” using “flight-on-demand”, and use landing facilities that would not require control towers or radar surveillance systems. This would enable users to fly between general aviation airports with last minute scheduling and potentially relieve

commercial airports. One study shows a 90% increase in demand for general aviation airports based on SATS.⁶ Proponents of SATS are preparing the technology and policy basis for implementation looking to establish the SATS scenario nationwide around the year 2025.

VI.D Economic Impact of September 11 Terrorist Attacks

Recent research by Harumi Ito and Darin Lee show that the events of September 11, 2001 resulted in a temporary shock to commercial airline demand of more than 30% and a continuing persistent shift in demand of 7-8%.⁷ General aviation demand recovered much more quickly than commercial demand, however, actually outpacing pre-attack levels by November, 2001. The loss in itinerant operations for the seven month period immediately following the attacks totaled just over 151,000 operations leading to a direct economic impact loss of \$86 million, an earnings loss of \$25 million, and over 10,000 FTE jobs (on a monthly basis). One reason for the quicker recovery of general aviation, despite the grounding of GA aircraft, was the increased security procedures for scheduled flights. This increased the demand for charter services utilizing general aviation airports.

VI.E Case Study – Use of Economic Impact in Regional Governmental Decisions

In 2002, the State of Colorado commissioned a study that would measure the economic impact of each of the State's airports. One goal was to measure the economic importance of the airports in each of their respective regions. The study was able to be used as a tool in promoting the goals of the airport to local and regional governments.

Centennial Airport, located 15 miles southeast of Denver, has over 420,000 general aviation operations per year and is home to over 600 general aviation aircraft. The study showed that direct employment impacts totaled 1,870 jobs, on an annualized basis. Moreover, direct earnings impact was nearly \$100 million and direct output was \$240 million. Total economic

⁶ Holmes, Bruce J. (1999), "National General Aviation Roadmap: Small Aircraft Transportation System", NASA Langley Research Center.

⁷ Ito, Harumi, and Darin Lee (2003), "Assessing the Impact of the September 11 Terrorist Attacks on U.S. Airline Demand", (unpublished working paper).

impact was \$800 million in output or spending impacts, \$330 million in earnings or income impact, and over 8,000 jobs.

Robert Orlislagers, Airport Director of Centennial Airport, was “very happy with the results of the study showing revenue and jobs growth within the region” despite having been at the apex of a significant recession. Prosperity and growth are of economic importance. The intangible services provided, such as transportation for heart transplants and emergency cases, are just as important, according to Mr. Orlislagers.

The study has been used to “justify or legitimize the role of the airport” in the region and continues the consistent message of the importance of airports to local economies. Many economic impact studies become play a vital role in the public financing decisions.

VII. ECONOMIC IMPACT OF MCCALL MUNICIPAL AIRPORT

The analysis shows that McCall Municipal Airport is a very significant and substantial asset to the economic base of the City of McCall and its surrounding communities. The airport is valuable not only for the vital air transportation link it provides to the rest of the state and nation, but for the important community services it provides such as Life Flight Air Ambulance and UPS Overnight Package Delivery (air freight). The airport is also valuable as a significant employer in the local area. The airport’s ability to service general aviation aircraft also plays an important role in the national airspace system.

Over the course of the next five years, the owner will invest over \$1,040,808 in McCall Municipal Airport to ensure the airport remains a strong link in the national airport system and continues to provide these quality services.

This study shows that with a cumulative annual growth of 2.00% percent over the next five years, McCall Municipal Airport has potential for future growth.

The overall economic impact of McCall Municipal Airport is comprised of the following⁸:

	Annual 2006	Cumulative (five year total)
Total Output	\$14,289,145	\$74,361,284
Direct Output	\$8,660,088	\$45,067,445
Indirect Output	\$5,629,057	\$29,293,839
Total Employment	311	1,618
Direct Employment	188	981
Indirect Employment	123	637
Total Personal Earnings	\$7,301,790	\$37,998,808
Direct Personal Earnings	\$4,425,327	\$23,029,581
Indirect Personal Earnings	\$2,876,463	\$14,969,227

Other highlights of McCall Municipal Airport include:

- 56,000 annual general aviation aircraft operations, and
- the accommodation of 120 locally based aircraft.

The airport also provides essential community services, including:

- Life Flight Air Ambulance
- UPS Overnight Package Delivery (air freight)

⁸ The analysis here combines *indirect* and *induced* impact into *indirect* impacts.

VIII. CONCLUSION

Airport economic impact is an estimate of the size of the many markets that involve airports and the subsequent re-spending of money generated throughout the local economy because of airports. Economic impact studies are important to policy makers. They can provide important and necessary assessments and projections of an airport's value to its surrounding community. As discussed in this report, the growth of general aviation services is expected to rise over the next decade and beyond. In order to meet this demand, airport infrastructure and equipment will need to continue to improve and be constructed.

The models developed in this analysis can be used to determine the impact of airports, but also the effect of specific changes to airports (such as new runways) on total economic impact in a community. ESG provides services that analyze the interrelationships between the factors that airport managers can control (e.g., number of runways, gates, FBOs, parking spaces, number of flight operations) and the important outcomes for airport managers and the community (e.g., revenues and expenses, economic impact, growth, efficiency). With that information, cost-benefit and ROI analyses can be performed to determine which, if any, projects should be undertaken to improve or expand airports.

ESG also provides tax and fiscal impact analysis of airports on the relevant city, county, MSA, and state. These estimates were not reported in this analysis due to their unique and idiosyncratic nature.