

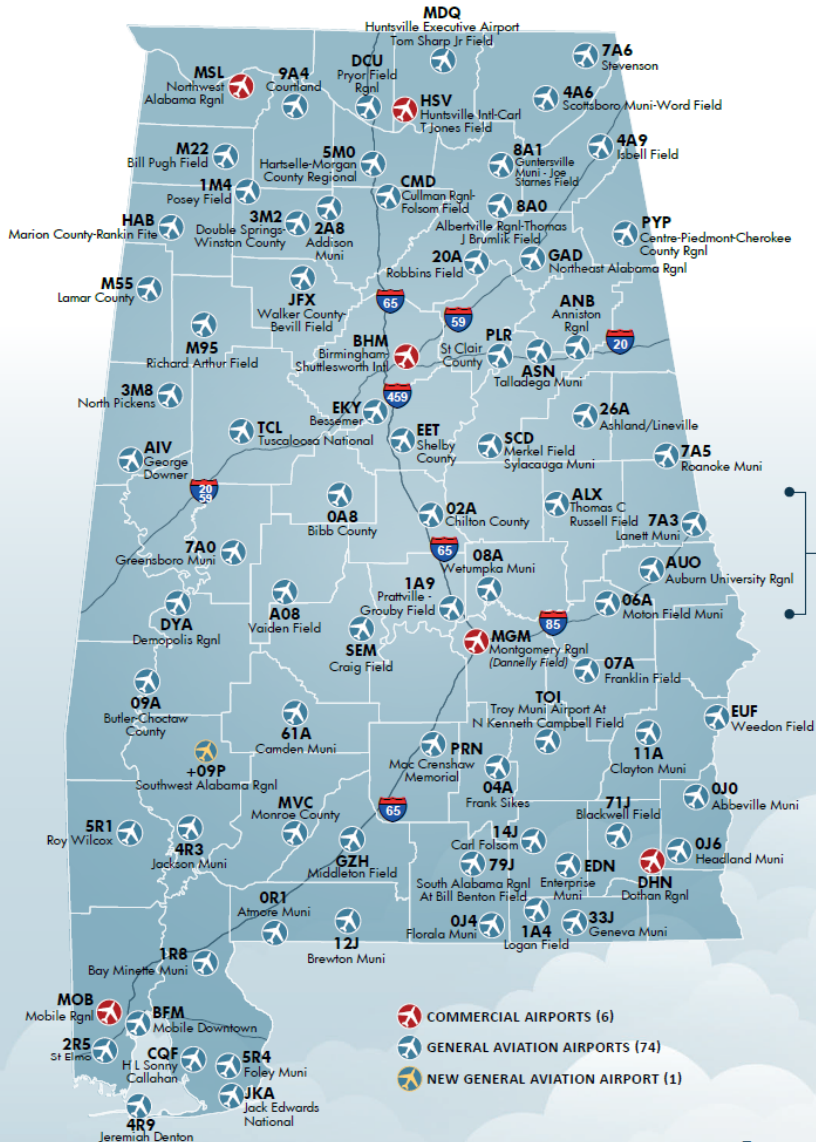


# ALABAMA STATEWIDE AIRPORT ECONOMIC IMPACT STUDY

Overview of Study Methodology

September 8, 2021

# The Value of Alabama Airports



EACH YEAR, ALABAMA AIRPORTS GENERATE...

**44,399**  
EMPLOYMENT

**\$1.9 B**  
PAYROLL

**\$3.1 B**  
SPENDING

**\$4.9 B**  
ECONOMIC ACTIVITY

**\$267.6 M**  
TAX REVENUE

**\$134.1 M**  
DEVELOPMENT NEEDS

*Economic impacts reported here reflect pre-COVID airport activity*

# Training Focus

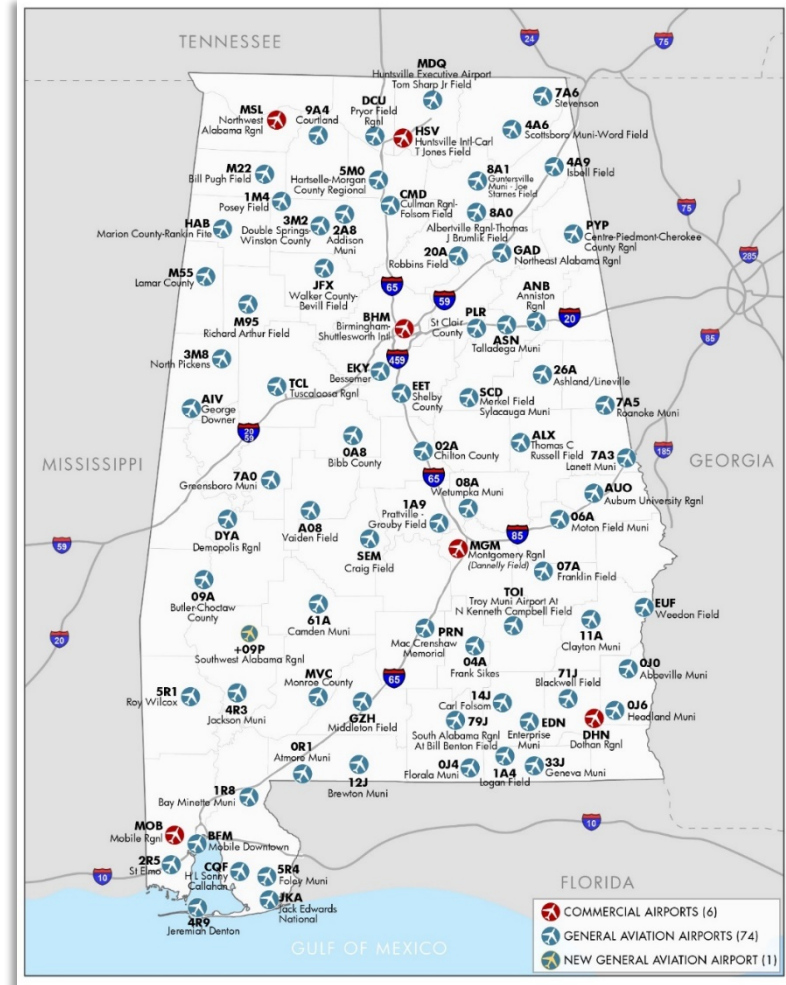
- Describe purpose of study
- Define terminology
- Explain process/methodology used to estimate impacts in each impact category
- Provide example economic impact calculations

# Purpose of Economic Impact Study

- Valuable tool for airports, planners, state agencies, other stakeholders to:
  - Measure the economic value of the airport to the local community, region, and state
  - Quantify the overall economic impact that an airport system provides to a state
  - Justify capital expenditures of public funds for airport improvement projects
  - Support upcoming airport planning and engineering projects
  - Enhance community education/public relations/public awareness on airport contributions

## 2020 ALDOT Study

- 80 study airports
- Every airport contributes and is unique
- Alabama's first statewide economic impact study since 2004
- Qualitative benefits of Alabama airports also identified
- Extensive data collection effort and validation



# FAA-Approved

- FAA recognizes importance by directly funding economic impact studies
- Requires that studies maintain consistency in methodology and application
- Ensures results are reasonable, defensible, comparable



# Understanding Your Airport's Economic Impact

I can't believe  
the airport  
supports this  
much benefit!

The airport really  
supports \$2.5  
million in annual  
economic activity?

There aren't  
20 people  
working at  
the airport!





# Categories of Impact



**Airport Management**



**Airport Business Tenants**



**Capital Investment**



**General Aviation Visitor Spending**



**Commercial visitor Spending**



# Categories of Impact



**Airport Management**



**Airport Business Tenants**



**Capital Investment**



**General Aviation Visitor Spending**



**Commercial visitor Spending**

**!** Not every airport has impacts in all five categories

# Measures of Impact



**TOTAL  
EMPLOYMENT**



**ANNUAL  
PAYROLL**



**ANNUAL  
SPENDING**



**TOTAL ANNUAL  
ECONOMIC ACTIVITY**



Employment/Jobs measured in full-time equivalents (FTEs): 2 PT = 1 FTE

# Measures of Impact



**TOTAL  
EMPLOYMENT**



**ANNUAL  
PAYROLL**



**ANNUAL  
SPENDING**



**TOTAL ANNUAL  
ECONOMIC ACTIVITY**



Annual wages for employees identified (typically excludes taxes and benefits like health insurance, retirement, time off, etc.)

# Measures of Impact



**TOTAL  
EMPLOYMENT**



**ANNUAL  
PAYROLL**



**ANNUAL  
SPENDING**



**TOTAL ANNUAL  
ECONOMIC ACTIVITY**



Spending on goods and services

# Measures of Impact



**TOTAL  
EMPLOYMENT**



**ANNUAL  
PAYROLL**



**ANNUAL  
SPENDING**



**TOTAL ANNUAL  
ECONOMIC ACTIVITY**

↓  
Annual Payroll

+

↓  
Annual Spending

=

↓  
**TOTAL ANNUAL  
ECONOMIC ACTIVITY**

# Annual Economic Activity



**TOTAL ANNUAL ECONOMIC ACTIVITY** = Dollars flowing into state/local economy as a result of airports and their related activity

# Direct Economic Impacts from Surveys/Interviews

## SURVEYS PROVIDE ALL DIRECT IMPACTS





# Categories of Impact



**Airport Management**



**Airport Business Tenants**



**Capital Investment**



**General Aviation Visitor Spending**



**Commercial visitor Spending**





## Airport Management

- Direct employment, payroll, spending supplied by each airport
- Many airports have off-airport employment, i.e.: HR, legal, grants, accounting, etc.
- Each airport has spending for insurance, utilities, supplies, and other day-to-day operational costs
- Direct spending does not include payroll or any local match for state or federal grants; these expenditures are accounted for elsewhere in the analysis
- Airport revenue (hangar lease, fuel sales, goods, services, agricultural lease, etc.) indirectly counted...
  - **Goal is to measure dollars flowing into economy, not taken in**

# Example Calculation

- 2.5 on-airport employees + 1.5 off-airport employees = 4 full-time employees
- Direct payroll of \$140,000 is combined payroll for all employees (both on-and off-airport and both full-time and part-time employees)
- \$60,000 is the direct spending to purchase supplies/other to operate the airport
- \$140,000 payroll + \$60,000 spending = \$200,000 direct economic activity

ANNUAL AIRPORT MANAGEMENT IMPACTS	
<b>DIRECT EMPLOYMENT</b>	
	4
<b>DIRECT PAYROLL</b>	
	\$140,000
<b>DIRECT SPENDING</b>	
	\$60,000
<b>DIRECT ECONOMIC ACTIVITY</b>	
	\$200,000

# Categories of Impact



Airport Management



**Airport Business Tenants**



Capital Investment



General Aviation Visitor Spending



Commercial visitor Spending



# Things to Know



## Airport Business Tenants

- Business tenants are an on-airport companies/organizations with paid employees that provide aviation-related services to aircraft or airport customers
  - Examples: FBO, maintenance, air ambulance, corporate flight department, airline, charter, ag sprayer, ATC, concession, rental car, flight training, state/local government agencies, military, and many more





## Airport Business Tenants

- Not all study airports have business tenants
- All business tenants were asked to provide direct employment, payroll, and spending
- Incomplete surveys were supplemented with “group averages” for the business tenant type
- Tenant sales/revenue (hangar lease, fuel sales, goods, services, etc.) counted when re-spent (as payroll, operating expenses, capital investment)
  - **Goal is to measure dollars flowing into economy, not taken in**

# Example Calculation

- Three tenants have a total of **8 full-time direct employees**
- The combined annual payroll for the three tenants is **\$304,000**
- Annually, on a combined basis, the three tenants have **\$200,000** in direct spending to operate their individual businesses
- Direct economic activity for the three business tenants is **\$504,000**, the sum of payroll and spending for all business tenants

DIRECT EMPLOYMENT	DIRECT PAYROLL	DIRECT SPENDING	DIRECT ECONOMIC ACTIVITY
8	\$304,000	\$200,000	\$504,000

TENANT LIST	DIRECT EMPLOYMENT	DIRECT PAYROLL	DIRECT SPENDING	DIRECT ECONOMIC ACTIVITY
Tenant #1	2	\$70,000	\$51,000	\$121,000
Tenant #2	1	\$40,000	\$32,000	\$72,000
Tenant #3	5	\$194,000	\$117,000	\$311,000
<b>Total</b>	<b>8</b>	<b>\$304,000</b>	<b>\$200,000</b>	<b>\$504,000</b>



# Categories of Impact



Airport Management



Airport Business Tenants



**Capital Investment**



General Aviation Visitor Spending



Commercial visitor Spending



## Capital Investment

- Five years of capital investment history collected from ALDOT Aeronautics Bureau, airports, business tenants (if applicable)
- Five-year average used to smooth yearly fluctuations and cast wider net for airports that don't spend every year
- Impacts only realized during planning, design, permitting, and construction phases
- Impacts are “snapshot” in time
- Impacts in this category have the highest propensity to change (major capital projects are rare at most airports)

# Example Calculation

- Average annual capital investment or direct economic activity (over five years) estimated at **\$610,000**
- IMPLAN model used to convert average annual capital investment (direct economic activity) to direct employment and direct payroll
- IMPLAN ratio = Every \$1 million in direct economic activity supports 10 jobs; \$610,000 in direct economic activity = **6 full-time employees\***
- IMPLAN shows \$55,000 in payroll per job supported:  $\$55,000 \times 6 =$  **\$330,000 in direct payroll\***
- Direct economic activity - payroll = **\$280,000 direct spending** (this is the amount spent on materials to implement the projects)

ANNUAL CAPITAL INVESTMENT IMPACTS
<b>DIRECT EMPLOYMENT</b>
6
<b>DIRECT PAYROLL</b>
\$330,000
<b>DIRECT SPENDING</b>
\$280,000
<b>DIRECT ECONOMIC ACTIVITY</b>
\$610,000

\*Example not actual study conversion ratio

# Categories of Impact



Airport Management



Airport Business Tenants



Capital Investment



**General Aviation Visitor Spending**



Commercial Visitor Spending





## General Aviation Visitor Spending

- Not all “itinerant” operations are visiting/transient aircraft
- Some itinerant operations are associated with aircraft based at the airport
- Visiting aircraft also referred to as “transient” aircraft
- Many general aviation visitors come only for the day and have limited spending vs. overnight
- Visitor spending types: lodging, food, ground transportation, recreation, retail, entertainment, etc.
- Annual General Aviation Visitors x Average Spending per Visitor = **Annual General Aviation Visitor Spending**



## General Aviation Visitor Spending

- Annual general aviation visitor estimates derived from airport manager/FBO estimates of:
  - Visiting aircraft arrivals and passengers
- Estimates benchmarked by study team before assigning final estimates
- Average spending per visitor developed from passenger survey data for each airport

# Example Calculation

## ESTIMATING VISITORS

- Estimated visiting WEEKLY aircraft arrivals = **10**
- 10 visiting aircraft arrivals per week x 52 weeks = **520 annual visiting general aviation aircraft arrivals**
- 520 annual aircraft arrivals x 2.9 visitors per aircraft = **1,508 annual general aviation visitors**

## ESTIMATING SPENDING

- **1,508** total visitors X **\$135** per visitor trip = **\$203,580 annual direct general aviation visitor spending or annual economic activity**





# Example Calculation

- Direct visitor expenditures (annual economic activity) **estimated at \$203,580**
- IMPLAN model used to convert direct economic activity to direct employment and direct payroll
- IMPLAN ratio = Every \$1 million in direct economic activity supports 14 direct jobs\*
- \$203,580 in direct economic activity = **3 full-time employees\***
- IMPLAN shows **\$28,000** in payroll per job supported;  $\$28,000 \times 3 = \text{\$84,000 direct payroll}^*$
- Direct economic activity - payroll = **\$119,580 in direct spending**

## ANNUAL GENERAL AVIATION VISITOR SPENDING IMPACTS

### DIRECT EMPLOYMENT

3

### DIRECT PAYROLL

\$84,000

### DIRECT SPENDING

\$119,580

### DIRECT ECONOMIC ACTIVITY

\$203,580

\*Example not actual study conversion ratio

# Categories of Impact



Airport Management



Airport Business Tenants



Capital Investment



General Aviation Visitor Spending



**Commercial Visitor Spending**





## Commercial Visitor Spending

- Annual Enplanements x Percent Visitors x Average Spending per Visitor = **Annual Commercial Visitor Spending**
- Percent resident vs. visitor obtained from USDOT O&D data
- All commercial airports helped distribute surveys to departing visitors to collect spending data on:
  - Lodging, food, ground transportation, recreation, retail, entertainment, length of stay, purpose of trip, etc.



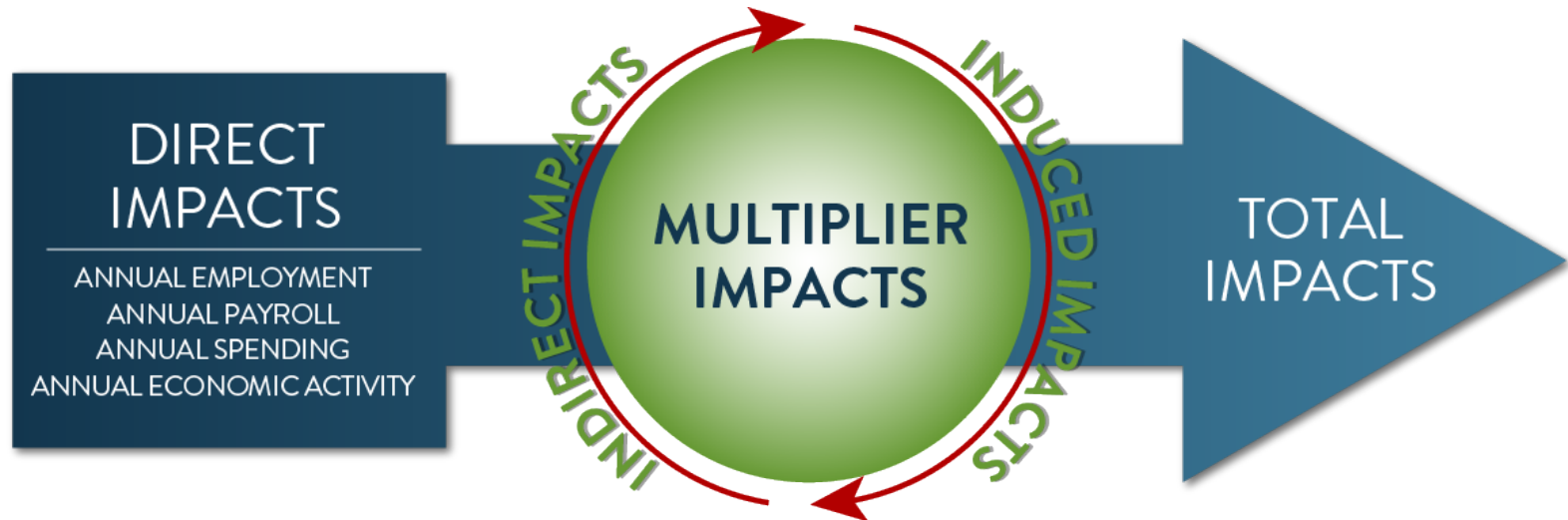
# Example Calculation

- 100,000 enplanements x 40% visitors = **40,000 annual commercial visitors**
- 40,000 visitors x \$500 spending per visitor trip = **\$20,000,000 direct commercial visitor economic activity**
- IMPLAN model used to convert direct economic activity to direct employment and direct payroll
- IMPLAN ratio = every \$1 million in direct economic activity supports 14 jobs; \$20 million in direct economic activity = **280 full-time direct employees** (\*example not actual study conversion ratio)
- IMPLAN shows \$28,000\* in payroll per job supported; \$28,000 x 240 = **\$7,840,000 direct payroll** (\*example not actual study conversion ratio)
- Direct economic activity - payroll = **\$12.2 M in direct spending**

ANNUAL COMMERCIAL VISITOR SPENDING IMPACTS	
DIRECT EMPLOYMENT	280
DIRECT PAYROLL	\$7.8 M
DIRECT SPENDING	\$12.2 M
DIRECT ECONOMIC ACTIVITY	\$20 M

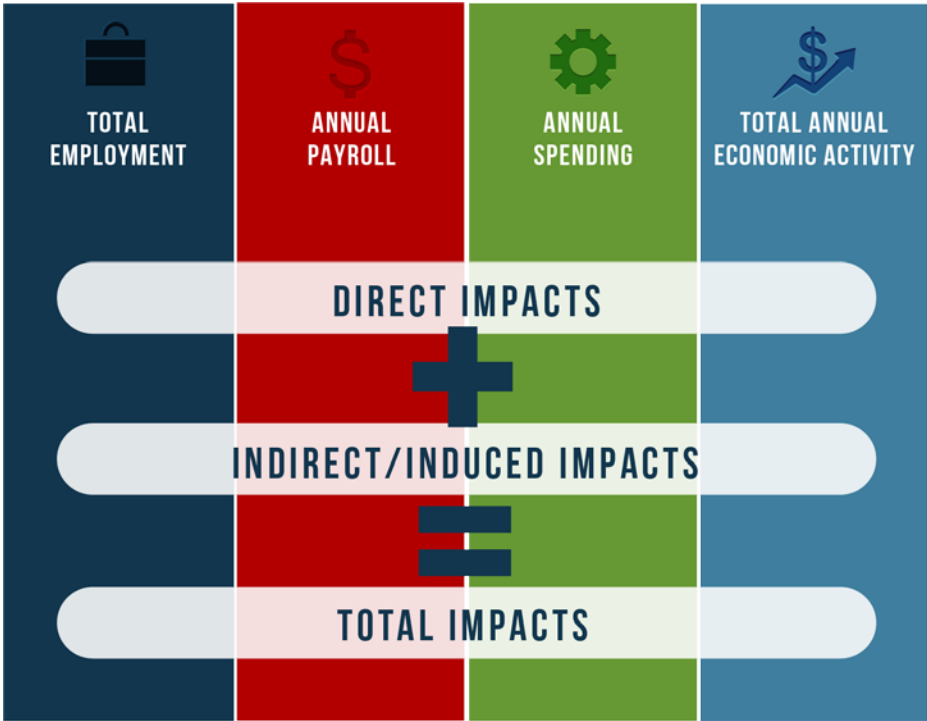
\*Example not actual study conversion ratio

# Multiplier Impacts



- Direct impacts create additional impacts as they enter the economy
- Indirect/Induced impacts, aka “Multiplier impacts”
- Direct + Indirect/Induced = Total

# Direct + Indirect/Induced = Total



- Alabama-specific IMPLAN model used to estimate multiplier impacts
- Considers hundreds of Alabama-specific multipliers by measure and industry type

# Example of Indirect/Induced



- Induced: spending by **individuals** directly employed by airport or business tenant that supports more jobs, payroll, and spending in the economy; i.e., grocery store spending supports grocery jobs and payroll
- Indirect: spending by **airport** or **business tenants** on goods and services that supports more jobs, payroll, and spending in the economy; i.e., purchasing utilities, supplies, maintenance from vendors



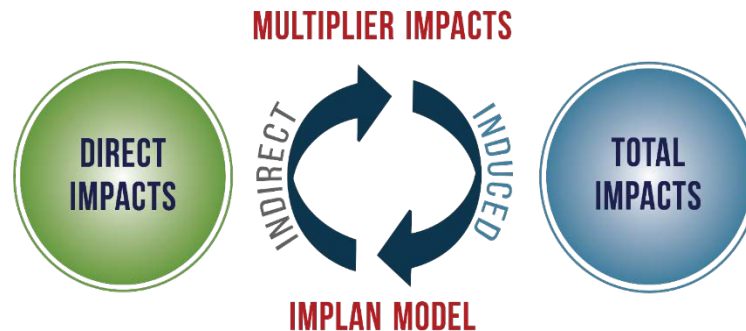
# Example Calculation of Total Annual Economic Impacts



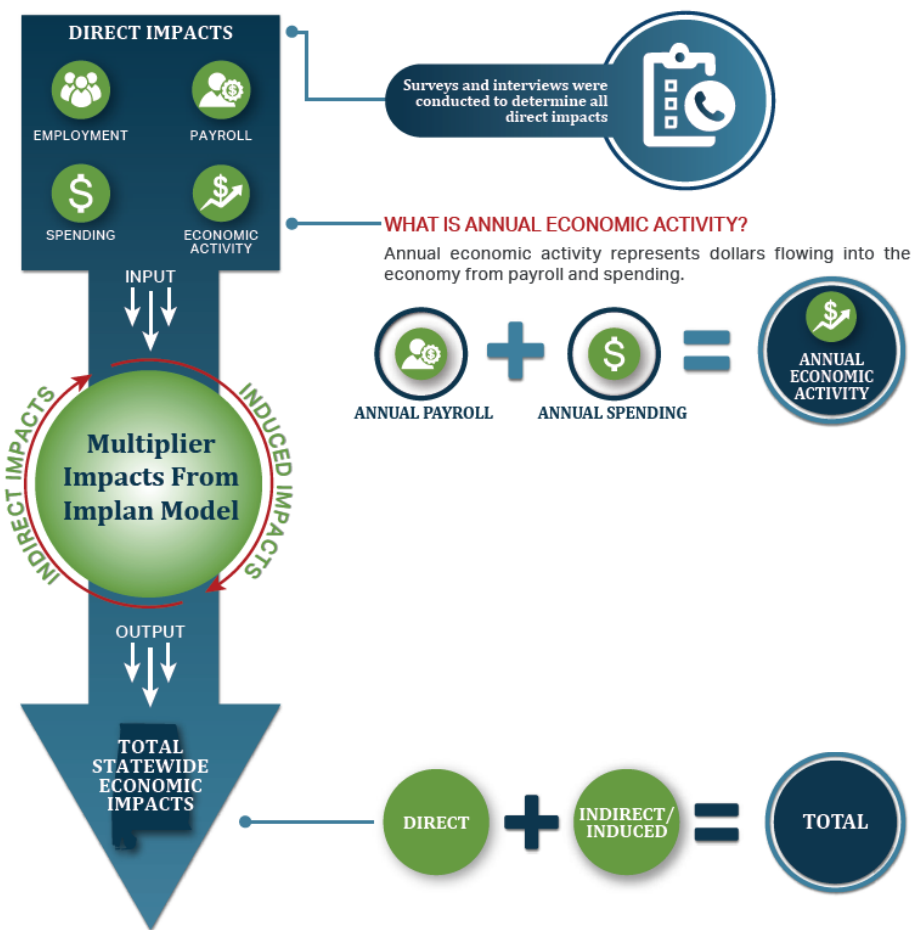
## Airport Management

	EMPLOYMENT	PAYROLL	SPENDING	ECONOMIC ACTIVITY
DIRECT	4	\$140,000	\$60,000	\$200,000
INDIRECT/INDUCED	3.5	\$113,400	\$45,000	\$158,400
TOTAL	8	\$253,400	\$105,000	\$358,400
MULTIPLIER IMPACT	<b>1.87</b>	<b>1.81</b>	<b>1.75</b>	<b>1.79</b>

*The process to estimate indirect/induced impacts for all categories and all measurements is essentially the same.*



# Key Points to Remember



- Direct impacts stem directly from on-airport or airport-related activities (in as many as five categories)
- Total impacts represent the direct impacts that were counted/measured in the study plus the indirect/induced (multiplier) impacts estimated with the state IMPLAN model
- Annual economic activity (payroll + spending) represents dollars flowing into state/local economy as a result of airports and airport-related activity
- Reasonable, conservative, and highly defensible bottom-up approach

# Using *Your* Study Results

- Credibility of study results is enhanced when local airport reps have a general understanding of how their economic impacts were estimated
- The study concludes airports have a positive economic impact on the state's economy, and that impact is significant
- Take the initiative to share their economic impacts at the local level. This helps to underscore how each airport supports its local community
- The Methodology Guide provides some suggestions and guidance on how each airport can communicate its estimated annual economic impact



# Who Needs to Know? *Everybody!*

- ***Don't*** put the Study on the shelf forget to share it with your community
- Make sure to include:
  - Airport Board members
  - Tenants and users of the Airport
  - City and County Elected Officials
  - State Legislative Officials and key staff
  - Local Chamber and Economic Development staff
  - Large Employers
  - Real Estate Developers
  - Other community organizations such as: Rotary, Lodging/Tourism, local Flying Clubs, Realtors Association
- Put a face to the story – use real stories of your airport to make it meaningful for your audience
- Know your audience and target key information from the Study that will resonate with them (such as jobs generated)

# Get the Word Out

- *This Economic Impact Study is a tremendous asset in promoting the contributions of your airport to your community!*
- Consider an organized media campaign to get the word out
- Use the following opportunities to present the report's findings:
  - Public meetings such as City, County and/or Airport Board meetings
  - One-on-one meetings with key individuals
  - Local civic events and meetings - consider hosting your local Chamber meeting at the Airport for the big reveal!
  - Press conferences
- Utilize the Airport's website to serve as the anchor of information about the Study – if you don't have a website, this is a great time to develop one!
- Share the news on social media with posts on Facebook, Twitter and Instagram
- Give your local reporter (print and/or radio) a positive story and a chance to interview you
- Consider a running "Did You Know..." display ad in your local paper with interesting facts about the Study and its findings
- Use all the Study resources to maximize your messaging





# Available Resources

- Technical Report
- Executive Summary
- Factsheet
- Individual Airport Reports
- Legislative Reports
- Economic Impact Methodology Guide
- Economic Impact Update Tool


The collage features several key documents:

- TECHNICAL REPORT**: The main study document.
- METHODOLOGY GUIDE**: Details the economic impact study methods.
- EXECUTIVE SUMMARY**: Provides a high-level overview of findings.
- FACTSHEETS**: Multiple fact sheets including:
  - 2020 ALABAMA AIRPORT ECONOMIC IMPACT STUDY**: Overview of statewide impacts.
  - MARKETS SERVED BY ALABAMA AIRPORTS**: Map showing connectivity to various markets.
  - ALABAMA AIRPORTS PROVIDE FAIR REACHING CONNECTIVITY**: Focuses on accessibility.
  - ALABAMA AIRPORTS SUPPORT OVER 1.7 MILLION VISITORS ANNUALLY**: Highlights visitor volume.
  - ALABAMA AIRPORTS SUPPORT OVER 44,399 JOBS**: Shows job creation data.
  - ALABAMA AIRPORTS CONTRIBUTE \$667.7 MILLION ANNUALLY TO ALABAMA'S ECONOMY**: States the total economic contribution.
- INDIVIDUAL AIRPORT REPORTS**: Specific studies for:
  - AUBURN UNIVERSITY REGIONAL AIRPORT (AUO)**: Details regional and national impacts.
  - EVERETT AIRPORT**: Details local and regional impacts.
- LEGISLATIVE REPORTS**: Documents for various legislative districts.
- ECONOMIC IMPACT METHODOLOGY GUIDE**: Explains the modeling process.
- ECONOMIC IMPACT UPDATE TOOL**: A tool for projecting future impacts.

Key statistics from the reports include:

- 44,399** Jobs supported by airports.
- \$1.9B** in annual economic activity.
- \$3.1B** in annual economic activity.
- \$4.9B** in annual economic activity.
- \$267.6M** in annual economic activity.
- \$667.7M** total economic benefit.
- \$116.1M** annual equipment need.
- \$66.5M** annual funding level.
- \$67.6 MILLION** annual economic benefit.

# Airport Economic Impact Calculator Tool



**Airport Economic Impact Calculator - INTERNAL**

**A Airport Information**

FAA ID	Airport Name	Associated City
EXP	Example Airport	Example City

**B 2020 Alabama Statewide Airport Economic Impact Study Results for Selected Airport**

	Direct		Indirect/Induced		Total
Employment (Full Time)	2,906	+	2,370	=	5,276
Payroll	\$ 115,608,200	+	\$ 97,446,800	=	\$ 213,055,000
Spending	\$ 150,926,400	+	\$ 106,672,300	=	\$ 257,598,700
Annual Economic Activity	\$ 266,534,600	+	\$ 204,119,100	=	\$ 470,653,700

**C Airport Economic Impact Calculator Interface for Selected Airport**

Summary | Airport Management | Business Tenants | Capital Investment | GA Visitors | Commercial Visitors

**Airport Economic Impact Calculator Results for Selected Airport**

	Direct		Indirect/Induced		Total
Employment (Full Time)	2,906	+	2,370	=	5,276
Payroll	\$ 115,608,200	+	\$ 97,446,800	=	\$ 213,055,000
Spending	\$ 150,926,400	+	\$ 106,672,300	=	\$ 257,598,700
Annual Economic Activity	\$ 266,534,600	+	\$ 204,119,100	=	\$ 470,653,700

Note: Results produced by the Airport Economic Impact Calculator are based on the input/output model developed for the 2020 Alabama Statewide Economic Impact Study using 2019 state-level IMPLAN multipliers as well as airport-specific direct impacts collected in 2019/2020. All dollars are current 2020 dollars and are not adjusted for inflation. The Calculator is not a forecasting tool and all economic impacts reported in the study are estimates based on the best available data at the time the study was conducted. All data represents pre-COVID-19 conditions.


**D Differences in Airport Economic Impact Calculator Results for Selected Airport**

	Direct		Indirect/Induced		Total
Employment (Full Time)	0	+	0	=	0
Payroll	\$ 0	+	\$ 0	=	\$ 0
Spending	\$ 0	+	\$ 0	=	\$ 0
Annual Economic Activity	\$ 0	+	\$ 0	=	\$ 0

**E Difference between Updated Tax Impacts and Study Tax Impacts for Selected Airport**

	Estimated Tax Revenue from Study	Estimated Tax Revenue from Calculator Updates	Differences
Airport Management	\$ 554,700	\$ 554,700	\$ 0
Business Tenants	\$ 9,925,900	\$ 9,925,900	\$ 0
Capital Investment	\$ 314,900	\$ 314,900	\$ 0
General Aviation Visitors	\$ 267,600	\$ 267,600	\$ 0
Commercial Service Visitors	\$ 13,691,100	\$ 13,691,100	\$ 0

**Start Over**




**Airport Economic Impact Calculator - INTERNAL**

Select an Airport

Start typing an airport name and then select the airport name from the resulting list:

- Abbeville Municipal - 0J0
- Addicks Municipal - 2AB**
- Albertville Regional-Thomas J. Brumlik Field - 8A0
- Anniston Regional - ANB
- Ashland/Lineville - 26A
- Atrona Municipal - 0B1

**Continue**





# Thank you!

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