

ECONOMIC IMPACTS OF AIRPORTS IN MAINE



EXECUTIVE SUMMARY

MAINE'S AIRPORTS ARE WORTH THE INVESTMENT

Each year, activities associated with public airports in Maine have a significant positive economic impact on the State's economy. As the public agency charged with guiding the State's airport system, it is important for the Maine Department of Transportation to understand how Maine relies on and benefits from its 36 publicly owned commercial service and general aviation airports. To measure the economic benefits attributable to the airports in Maine, the Office of Passenger Transportation undertook an economic impact study. As this summary clearly demonstrates, Maine's airports are worth the investment!

Airport Name

- 1 Auburn-Lewiston Municipal
- 2 Augusta State
- 3 Bangor International
- 4 Bar Harbor
- 5 Belfast Municipal
- 6 Bethel Regional
- 7 Biddeford Municipal
- 8 Caribou Municipal
- 9 Central Maine Regional
- 10 Charles A. Chase Memorial
- 11 Dewitt Field
- 12 Deblois Flight Strip
- 13 Dexter Regional
- 14 Eastern Slopes Regional
- 15 Eastport Regional
- 16 Greenville Municipal
- 17 Houlton International
- 18 Islesboro Municipal
- 19 Knox County Regional
- 20 Lincoln Regional
- 21 Lubec Municipal
- 22 Machias Valley
- 23 Millinocket Municipal
- 24 Newton Field
- 25 Northern Aroostook Regional
- 26 Northern Maine Regional
- 27 Oxford County Regional
- 28 Pittsfield Municipal
- 29 Portland International
- 30 Princeton Municipal
- 31 Rangeley Municipal
- 32 Sanford Regional
- 33 Stonington Municipal
- 34 Sugarloaf Regional
- 35 Waterville Robert Laflaur
- 36 Wiscasset Municipal



Legend

- ✕ Publicly Owned Commercial Service Airports
- ✕ Publicly Owned General Aviation Airports
- State Highway
- Major State Road
- U.S. Major Highway

ECONOMIC BENEFITS DRIVEN BY FOUR SOURCES

The annual economic benefits of the 36 publicly owned airports in Maine are associated with a combination of the following:



AIRPORT BUSINESSES OR TENANTS

Throughout Maine, there are many aviation-related employers who are located at the airports. Activities of these businesses and their employees are a significant source of the annual economic benefit discussed in this summary. Examples of tenants/businesses in this category include airlines, air cargo providers, aircraft mechanics, flight instructors, fixed base operators, and airport management. At some of Maine's smaller general aviation airports, those responsible for running and maintaining the airport may actually be located off-airport. In these instances, the benefits of airport operation were still captured in this analysis.



AIRPORT CAPITAL IMPROVEMENT PROJECTS

Construction projects undertaken by airport tenants and airport sponsors also contribute to the economic benefits.



AIRPORT VISITORS

Visitors come to Maine to vacation, do business, and visit family. They often arrive via one of the 36 public airports. While in Maine, spending by these visitors creates significant positive economic impacts. Airports in New England indicates that the region's propensity to travel by air significantly exceeds the national average.



AVIATION MULTIPLIERS

While economic impacts associated with the first three sources are notable, economic benefits these sources are responsible for generating additional multiplier economic impacts. For example, when someone employed at one of the airports uses their paycheck to purchase goods and services in their community, the original impact created by the airport continues to circulate or multiply. Multiplier impacts are an important source of additional annual economic benefit identified in this report.

NEARLY 21,000 JOBS AND \$1.5 BILLION FOR MAINE

MAINE'S CURRENT ANNUAL ECONOMIC IMPACTS



A methodology approved by the Federal Aviation Administration (FAA) was used to estimate the current annual economic benefit of Maine's public airports. An input-output model was used for this analysis. To calculate the multiplier impacts, IMPLAN multipliers specific to Maine were used. The complicated economic modeling process can be more easily understood by assigning impacts to first round and second round categories.

FIRST ROUND IMPACTS

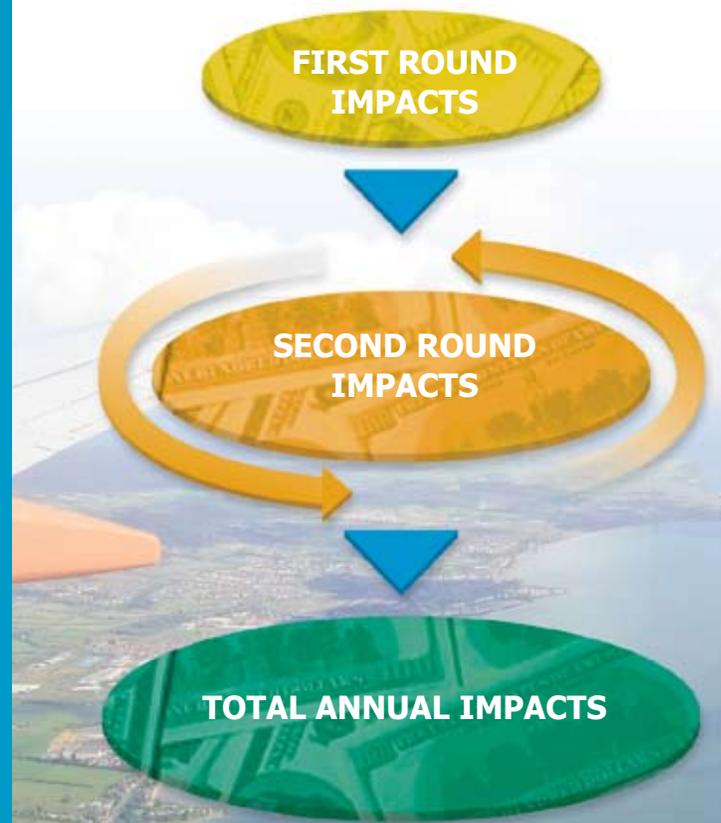
For this analysis, first round impacts include those associated with airport tenants/businesses, capital improvement/construction projects, and spending by visitors who arrive in Maine on commercial airlines and general aviation aircraft. In economic terms, first round impacts include all direct and indirect economic impacts.

SECOND ROUND IMPACTS

In this report, second round impacts are all additional economic impacts that result from first round impacts multiplying as they enter Maine's economy. In economic terms, the multiplier impacts classified as second round impacts in this study include induced impacts.

TOTAL ANNUAL IMPACTS

For this analysis, the total annual economic impacts associated with Maine's 36 public airports are the sum of all first and second round impacts.



ECONOMIC BENEFITS ACROSS MAINE

City	Airport Name	Total Employment	Total Payroll	Total Output
Commercial Service Airports				
Augusta	Augusta State	218	\$5,949,300	\$16,719,800
Bangor	Bangor International	5,091	\$136,034,200	\$440,819,900
Bar Harbor	Hancock County-Bar Harbor	435	\$11,088,100	\$30,388,800
Portland	Portland International Jetport	12,907	\$275,394,000	\$864,965,100
Presque Isle	Northern Maine Regional	368	\$10,732,700	\$22,445,300
Rockland	Knox County Regional	362	\$9,239,900	\$25,584,400
Commercial Service Airports Total		19,381	\$448,438,200	\$1,400,923,300
General Aviation Airports				
Auburn	Auburn/Lewiston Municipal	311	\$8,152,500	\$24,627,700
Belfast	Belfast Municipal	62	\$1,642,300	\$3,900,900
Bethel	Bethel Regional	11	\$270,200	\$807,600
Biddeford	Biddeford Municipal	54	\$1,313,900	\$3,623,500
Carabasset	Sugarloaf Regional	11	\$279,500	\$629,300
Caribou	Caribou Municipal	18	\$674,100	\$2,792,900
Deblois	Deblois Flight Strip	1	\$25,500	\$52,100
Dexter	Dexter Regional	16	\$378,000	\$845,800
Dover-Foxcroft	Charles A. Chase Jr. Memorial Field	1	\$31,900	\$77,900
Eastport	Eastport Municipal	17	\$444,500	\$995,700
Frenchville	Northern Aroostook Regional	23	\$723,000	\$1,956,700
Fryeburg	Eastern Slopes Regional	74	\$1,770,400	\$4,397,700
Greenville	Greenville Municipal	51	\$1,520,600	\$3,559,600
Houlton	Houlton International	42	\$1,052,500	\$2,545,300
Islesboro	Islesboro	4	\$111,300	\$174,800
Jackman	Newton Field	19	\$606,100	\$1,416,300
Lincoln	Lincoln Regional	73	\$1,777,300	\$4,667,000
Lubec	Lubec Municipal	2	\$38,200	\$80,700
Machias	Machias Valley	11	\$298,500	\$670,800
Millinocket	Millinocket Municipal	14	\$325,600	\$925,500
Norridgewock	Central Maine Regional	50	\$1,464,600	\$3,414,600
Old Town	Dewitt Field/Old Town Municipal	53	\$1,652,900	\$4,455,100
Oxford	Oxford County Regional	120	\$2,526,700	\$7,953,300
Pittsfield	Pittsfield Municipal	76	\$1,925,500	\$4,875,500
Princeton	Princeton Municipal	17	\$450,900	\$1,011,900
Rangeley	Rangeley Municipal	26	\$594,200	\$1,684,900
Sanford	Sanford Regional	294	\$7,308,000	\$16,167,700
Stonington	Stonington Municipal	9	\$219,200	\$507,100
Waterville	Waterville Rober LaFleur	39	\$1,101,700	\$2,875,700
Wiscasset	Wiscasset	31	\$756,600	\$2,058,700
General Aviation Airports		1,532	\$39,436,200	\$103,752,300
Total		20,913	\$487,874,400	\$1,504,675,600

Source: Wilbur Smith Associates and IMPLAN

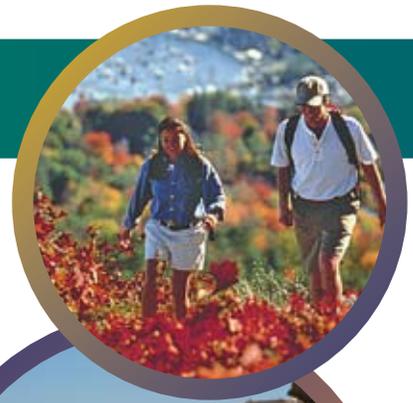
As shown above, there are currently almost 21,000 jobs in Maine that are in some way connected to the public airports and their activities. These jobs have an annual estimated payroll of \$487.9 million. When all economic

activities are considered, total annual economic activity or output associated with the 36 public commercial service and general aviation airports is estimated at over \$1.5 billion.

ENHANCING MAINE'S QUALITY OF LIFE

In addition to the substantial annual economic benefits, the airports support qualitative benefits. Qualitative benefits are related to health, welfare and safety, and cannot be easily assigned dollar values. Airport related qualitative benefits help to improve the overall quality of life in Maine. All 36 public airports contribute in this regard.

For example, consider the role that many airports play in supporting LifeFlight. Airports throughout the State are used to transport patients to reach areas in Maine that do not have full service medical facilities. Airports are used routinely in search and rescue efforts, in law enforcement, and in forest firefighting. Aerial spraying helps to support Maine's timber and agricultural industries. More information on the qualitative benefits of each airport can be obtained from the Office of Passenger Transportation.



VALUE ADDED BUSINESS BENEFITS



There are many non-aviation businesses and employers in Maine who rely on the 36 public airports each day. While not located at one of the airports, these businesses benefit from, and are supported by, activities that take place at the airports. To determine how employers rely on the airports, surveys were distributed to approximately 1,000 Maine businesses. According to survey respondents, businesses in Maine rely on and benefit from the airports in the following ways:

- Proximity to a commercial service airport ranks 4th among all factors considered relative to business location in Maine
- Proximity to a general aviation airport ranks 9th among all factors considered relative to business location in Maine
- 74 percent use commercial airline service
- 25 percent rely on or have customers and suppliers who rely on general aviation
- 15 percent own, lease, charter, rent or have fractional ownership in a general aviation plane
- 65 percent use air cargo/package express regularly
- 25 percent use commercial airline service for international travel

INVESTMENTS WILL GENERATE ECONOMIC RETURNS

For an annual investment of approximately \$20.5 million, Maine is receiving an economic return of \$1.5 billion!

Economic impacts associated with Maine’s public airports are growing. The economic impact of all public airports in Maine was last measured in the 1988-1989 timeframe. The following compares impacts from the prior study with impacts identified in this current study.

	Late 1980’s	2005-2006
Total Employment	12,100	20,913
Total Payroll	\$196.1 million	\$487.9 million
Total Annual Economic Activity/Output	\$553.0 million	\$1.5 billion

It is important to note that these dollar values have not been adjusted for inflation.

Each year, the Maine Department of Transportation invests between \$500,000 and \$750,000 in its airport system. Local and private investment in the airports mirrors State investment. Most of the State investment is used to leverage federal grant money from the FAA, which averages \$19 million annually.

The recently completed update to the Maine Aviation Systems Plan indicates that between now and 2025, at least \$578.8 million will be needed to maintain and improve public airports in Maine. The annual benefit that Maine gains from its public airports far outweigh even the projected investment need.

When investment needs from the Systems Plan are compared to historic rates of investment, a funding shortfall between now and 2025 of approximately \$360 million has been identified.

For Maine to continue to be the recipient of the significant economic benefit that this study has identified, renewed efforts to increase federal, State and local funding for the commercial and general aviation airports in Maine is needed. By investing in Maine’s airports, significant economic benefits result.



DID YOU KNOW...

Maine's commercial service airports enplane over 1.0 million passengers, including 530,000 annual visitors

Over 130,000 visitors arrive to Maine on general aviation aircraft

Aviation in Maine support more than 20,900 jobs, which represents 4.2 percent of all jobs in the State

Maine's airports account for nearly \$487.6 million in payroll

Maine's airports generate \$1.5 billion in economic activity

Total economic impact for the airports comprises 3.3 percent of Maine's estimated Gross State Product



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