

2020 Annual Conference

# 2020 South Dakota State Aviation System Plan & Aviation Economic Impact Study

March 12, 2020

SOUTH DAKOTA  2020

**State Aviation  
System Plan**



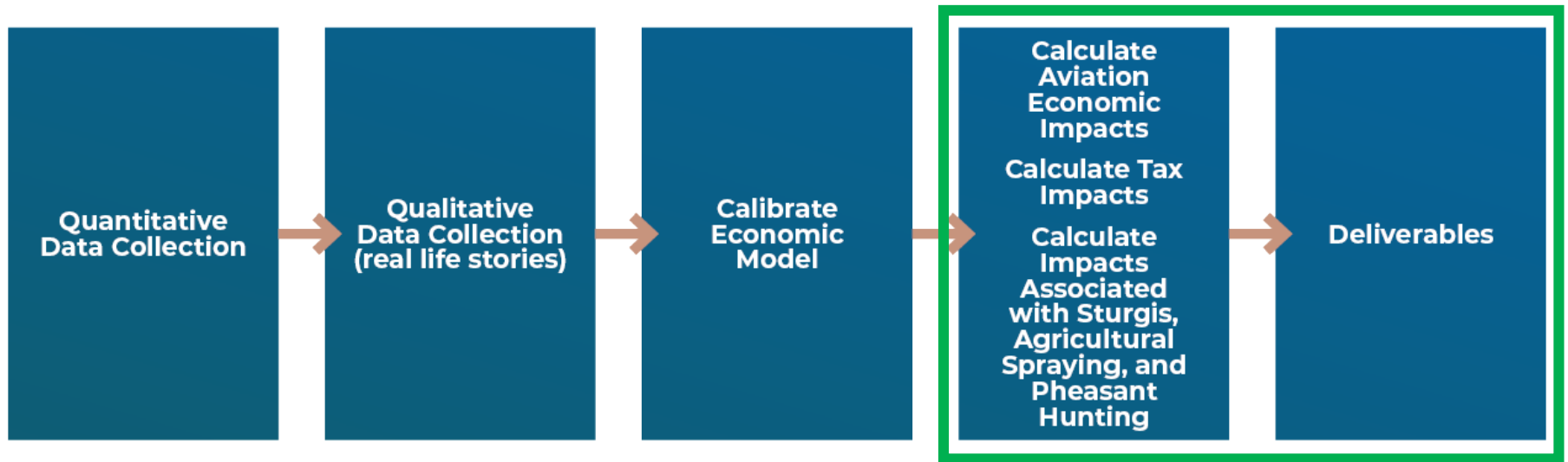
# Project Team



Kimley»»Horn



# EIS Process



# What is Economic Impact?

- An economic impact analysis measures the spending and employment associated with a sector of the economy, such as civil aviation. It is measured in 4 ways:



## Employment

Employment is expressed in terms of jobs rather than “full time equivalents.”



## Wages or Earnings

The income (i.e., wages, salaries, bonuses, benefits, etc.) earned by the associated workforce. This includes income from sole proprietorships.



## Gross Domestic Product (GDP)

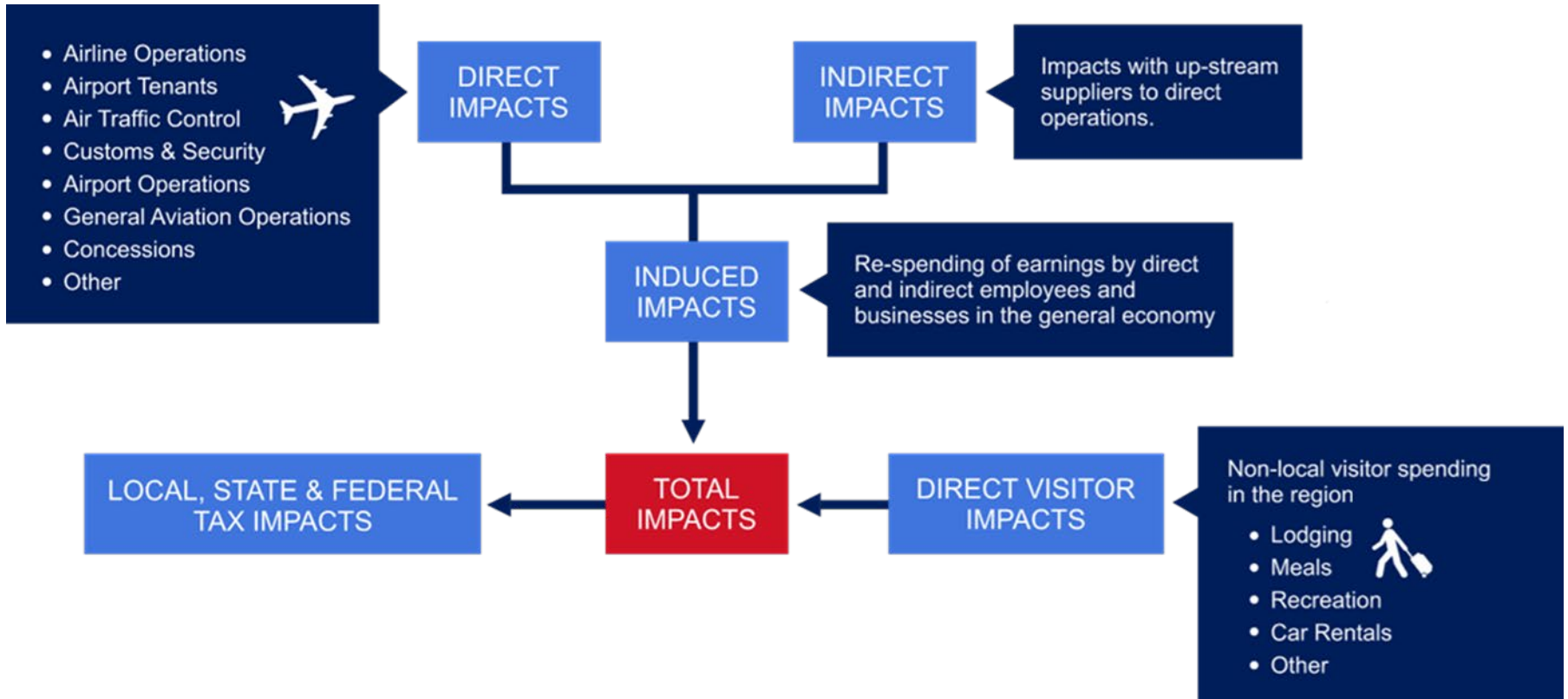
GDP is a measure of the dollar value of final goods and services produced locally as a result of economic activity. This does not include the value of intermediate goods and services used up to produce the final goods and services.



## Economic Output (or Economic Activity)

Economic output is the gross dollar value of industrial output produced. It reflects the spending (i.e., capital improvement plus revenue) by firms, organizations and individuals.

# What Gets Counted?



# Drivers of Economic Impact: Commercial Service Airports

- Airport-Related Employment is Driven by Passenger and Aircraft Activity
  - Enplanements
  - Operations (departures)
- Activities Reflect Underlying Changes in
  - Local/Regional Economy
  - Airline Operations, Productivity, Procedures (e.g., self check-in, TSA requirements, aircraft size)

ENPLANEMENTS					
City	Airport	2010	2018	Change	%
Aberdeen	Aberdeen Regional	20,089	28,421	8,332	41%
Huron	Huron Regional	2,016	-	(2,016)	-100%
Pierre	Pierre Regional	14,686	30,230	15,544	106%
Rapid City	Rapid City Regional	284,126	303,659	19,533	7%
Sioux Falls	Joe Foss Field	355,939	529,895	173,956	49%
Watertown	Watertown Regional	7,814	11,499	3,685	47%
<b>Total</b>		<b>684,670</b>	<b>903,704</b>	<b>219,034</b>	<b>32%</b>

SCHEDULED DEPARTURES					
City	Airport	2010	2018	Change	%
Aberdeen	Aberdeen Regional	965	747	(218)	-23%
Huron	Huron Regional	626	-	(626)	-100%
Pierre	Pierre Regional	1,718	1,092	(626)	-36%
Rapid City	Rapid City Regional	6,489	5,574	(915)	-14%
Sioux Falls	Joe Foss Field	7,543	7,979	436	6%
Watertown	Watertown Regional	916	545	(371)	-41%
<b>Total</b>		<b>18,257</b>	<b>15,937</b>	<b>(2,320)</b>	<b>-13%</b>

Statewide, a 32% **increase** in passenger traffic despite a 13% **decrease** in departures.

# Drivers of Economic Impact: GA Airports

- Airport-Related Employment is Driven by Aircraft Activity
  - GA operations at the commercial airports are flat
  - FAA data shows significant decreases (-36%) in total aircraft operations at GA airports

But...the number of based aircraft increased statewide by 19%

Airport Category and Name	Total aircraft operations			
	2010	2018	change	%
<b>Commercial Service</b>				
Aberdeen Regional	52,421	40,742	(11,679)	-22%
Pierre Regional	31,360	34,680	3,320	11%
Rapid City Regional	42,248	46,476	4,228	10%
Sioux Falls Regional/Joe Foss Field	61,098	71,674	10,576	17%
Watertown Regional	16,900	12,224	(4,676)	-28%
<b>Subtotal Commercial Service</b>	<b>204,027</b>	<b>205,796</b>	<b>1,769</b>	<b>1%</b>
<b>General Aviation</b>				
Black Hills-Clyde Ice Field	30,320	14,733	(15,587)	-51%
Britton Municipal	4,550	2,740	(1,810)	-40%
Brookings Regional	34,915	31,405	(3,510)	-10%
Canton Municipal	5,400	1,700	(3,700)	-69%
Chamberlain Municipal	11,824	7,512	(4,312)	-36%
Chan Gurney Municipal	22,524	7,832	(14,692)	-65%
Cheyenne Eagle Butte	2,050	2,248	198	10%
Custer County	7,260	3,660	(3,600)	-50%
Gettysburg Municipal	8,200	8,754	554	7%
Harding County	1,740	1,020	(720)	-41%
Harold Davidson Field	8,400	4,098	(4,302)	-51%
Highmore Municipal	6,500	5,620	(880)	-14%
Hot Springs Municipal	9,140	6,884	(2,256)	-25%
Huron Regional	13,452	13,452	-	0%
Madison Municipal	25,500	14,960	(10,540)	-41%
Marv Skie-Lincoln County	44,480	16,680	(27,800)	-63%
Mitchell Municipal	25,000	14,940	(10,060)	-40%
Parkston Municipal	2,900	3,460	560	19%
Redfield Municipal	5,200	4,000	(1,200)	-23%
Sturgis Municipal	16,132	11,524	(4,608)	-29%
Wall Municipal	4,024	3,406	(618)	-15%
Winner Regional	21,240	16,860	(4,380)	-21%
<b>Subtotal GA Airports</b>	<b>310,751</b>	<b>197,488</b>	<b>(113,263)</b>	<b>-36%</b>
<b>Total</b>	<b>514,778</b>	<b>403,284</b>	<b>(111,494)</b>	<b>-22%</b>

Total ops = itinerant + local, all aircraft

# Economic Impact from Visitor Spending

- Visitor Spending Impact Depends on:
  - Number of “true visitors”
  - Average spend per visitor (distributed across different types of expenditures – e.g., lodging, restaurants, recreation, etc.)



## 2010 and 2018 Data Sources Vary:

Variable	2010 Estimate Basis	2018 Estimate Basis
# Commercial Service Passengers	Origin and destination traffic estimates	Data on point of origin
Commercial Service Visitor Spending Amounts	In-terminal surveys	In-terminal <u>and</u> online surveys <i>FSD and RAP only</i> , also used SD Dept of Tourism 2018 Economic Impact of Tourism in SD data
# GA Visitors	Unclear	Estimate of “true visitors” as % of itinerant operations
GA Visitor Spending Amounts	Estimates from small number of surveys at GA airports	Peer state comparables



# Bottom-Line Results: Commercial Service Airports

- Airport tenants and businesses create jobs and purchase goods and supplies from other South Dakota businesses, which create and support additional jobs in the state.

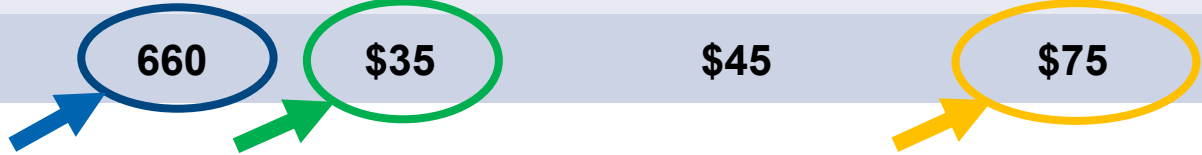
Category of Impact	Jobs	Wages (in millions)	GDP (in millions)	Activity (in millions)
Airport Operations	3,700	\$190	\$255	\$440
Visitor Spending	3,650	\$130	\$185	\$350
Capital Spending	290	\$15	\$20	\$40
<b>Total</b>	<b>7,640</b>	<b>\$335</b>	<b>\$460</b>	<b>\$830</b>

*Results are PRELIMINARY*

Figures may not sum to totals due to rounding.  
Results do not include any separate impacts for Sturgis & pheasant season.  
These impacts will be in addition to the impacts presented here.

# Bottom-Line Results: GA Airports

Category of Impact	Jobs	Wages (in millions)	GDP (in millions)	Activity (in millions)
Airport Operations	440	\$25	\$30	\$50
Visitor Spending	90	\$5	\$5	\$10
Capital Spending	130	\$5	\$10	\$15
<b>Total</b>	<b>660</b>	<b>\$35</b>	<b>\$45</b>	<b>\$75</b>



**Results are PRELIMINARY**

Figures may not sum to totals due to rounding.  
 Results do not include any separate impacts for Sturgis & pheasant season.  
**These impacts will be in addition to the impacts presented here.**

# Comparison of Results vs. Prior Report

- The total economic impact of South Dakota's airports has increased since 2010.

Impact Category	Type of Airports	Current study			2010 study			Change		
		Jobs	(\$ millions)		Jobs	(\$ millions)		Jobs	(\$ millions)	
			Wages	Activity		Wages	Activity		Wages	Activity
Airport Operations	Commercial Service	3,700	\$ 190	\$ 440	2,490	\$ 135	\$ 400	1,210	\$ 55	\$ 40
	GA	440	\$ 25	\$ 50	510	\$ 25	\$ 90	(70)	\$ -	\$ (40)
	<b>Total</b>	<b>4,140</b>	<b>\$ 215</b>	<b>\$ 490</b>	<b>3,000</b>	<b>\$ 160</b>	<b>\$ 490</b>	<b>1,140</b>	<b>\$ 55</b>	<b>\$ -</b>
Visitor Spending	Commercial Service	3,650	\$ 130	\$ 350	1,620	\$ 45	\$ 130	2,030	\$ 85	\$ 220
	GA	90	\$ 5	\$ 10	390	\$ 10	\$ 30	(300)	\$ (5)	\$ (20)
	<b>Total</b>	<b>3,740</b>	<b>\$ 135</b>	<b>\$ 360</b>	<b>2,010</b>	<b>\$ 55</b>	<b>\$ 160</b>	<b>1,730</b>	<b>\$ 80</b>	<b>\$ 200</b>
Combined Impacts	Commercial Service	7,350	\$ 320	\$ 790	4,110	\$ 180	\$ 530	3,240	\$ 140	\$ 260
	GA	530	\$ 30	\$ 60	900	\$ 35	\$ 120	(370)	\$ (5)	\$ (60)
	<b>Total</b>	<b>7,880</b>	<b>\$ 350</b>	<b>\$ 850</b>	<b>5,010</b>	<b>\$ 215</b>	<b>\$ 650</b>	<b>2,870</b>	<b>\$ 135</b>	<b>\$ 200</b>

- Commercial Service Airports:** Increased impacts due to increase in enplanements & visitor spending.
- GA Airports:** Decreased impacts in line with changes in activity, and visitor spending overestimation in 2010.
- Bottom Line:** +3,000 jobs, \$135M in wages, and \$200M in economic activity from previous study.

Current results do not include any separate impacts for Sturgis & pheasant season, but 2010 results do. For comparability, Huron Regional is excluded from the 2010 impacts shown. Capital spending is not shown in this table as it remained constant from 2010. 2010\$ shown in constant 2019 dollars.

# Next Steps

- Based on airport (your) review, incorporate any revisions, as appropriate.
- Finalize estimates of additional economic impact generated by aviation related to the Sturgis Motorcycle Rally & pheasant hunting activity. Impacts of agricultural spraying are captured in airport activities but not shown separately (yet).
- Estimate tax impacts AFTER all questions and last-minute requests to change airport inputs are addressed.
- Draft chapter on economic impacts.


# Questions?

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