



Haliburton/Stanhope Municipal Airport

Economic Impact Study

Final Report
April 3, 2006

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The Economic Impact of Haliburton/Stanhope Municipal Airport

Methodology

The purpose of this study is to measure the contribution of the Haliburton/Stanhope Municipal Airport to the regional economy. To determine the economic impact of an airport, economists measure three types of impacts: direct, indirect, and induced. The sum of the three measures equals the total economic impact of the airport.

- Direct economic impact refers to the employment and revenues attributable to the commercial activities which take place directly at the airport. For the purposes of this study, businesses located adjacent to the airport with airside access, and whose operations are integral to the operation of the airport have also been included.
- Indirect economic impact measures the purchase of goods and services by airport businesses from other firms, in terms of the employment and revenues resulting from their operations in support of airport operations.
- The induced economic impact estimates the increase in employment and revenues resulting from direct and indirect airport activities. The jobs sustained by the direct and indirect airport activity generate an increase in household income. This drives the induced economic impact that results from an increase in purchases at local businesses.

The traditional approach to estimating the economic impact of an airport involves in-depth interviews and detailed review and financial analysis of the operations of the businesses which operate at the airport. An alternative method, which has been used here, is the statistical approach.

For this analysis, the economic impact of Haliburton/Stanhope Municipal Airport has been estimated using a model originally formulated by the Transport Institute of the University of Manitoba. The model consists of two econometric formulas and was developed by applying regression analysis to the results of more than forty detailed economic impact studies performed at Canadian airports. It has been used extensively to calculate the economic impact of airports across Canada, and when compared to the results obtained using a survey methodology, the model was found to produce fair and reasonable estimates of an airport's impact on the provincial economy.

The outputs of the model are estimates of the total revenues, or economic output, and employment generated throughout the province by the commercial activity conducted by the airport operator, its tenants and others at the airport. These estimates represent the sum of the direct, indirect and induced employment and revenue generated by airport activities.



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An Overview of the Haliburton/Stanhope Area

Location:

Situated between Peterborough and Victoria Counties to the south and Algonquin Provincial Park to the north, Haliburton County is well known for its fresh air, clean water, abundant lakes, lush landscapes and the enviable lifestyle enjoyed by both year round and seasonal residents. Haliburton County includes the municipalities of Minden Hills, Algonquin Highlands, Dysart, Highlands East and a number of smaller communities covering an area of approximately 452,000 hectares.

The hub of Ontario's cottage country, Haliburton County is located 200 kilometres northeast of Toronto, within a one day drive from the largest consumer and business markets in Ontario, Quebec and New York State.



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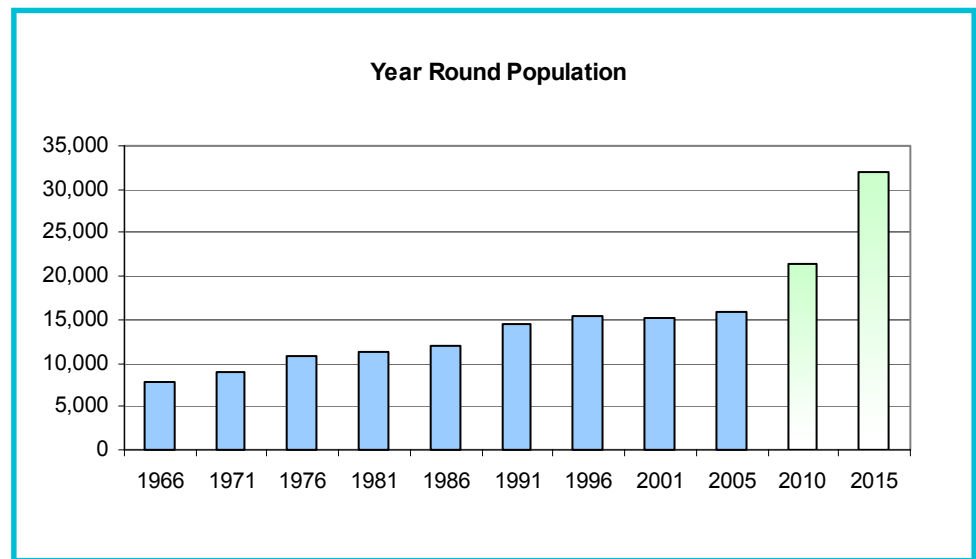
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Population :

The population of Haliburton County has grown steadily over the past four decades. With an average annual growth rate of almost 2% the population has more than doubled in size since 1966. While the year round population base in the County is estimated to be 16,000, each summer an additional 130,000 vacationers flock to the area, representing a seasonal population of approximately 40,000.

Haliburton County has the highest percentage of residents over the age of 64 in the province, and has evolved into a popular retirement community. The year round population base is expected to increase by up to 6,000 over the next five years (reaching 22,000 by 2010), and is anticipated to double over the next decade (totalling 32,000 by 2015) (www.haliburtoncounty.ca).





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Industry and Labour Force:

The labour profile for Haliburton County reflects the importance of the recreation/tourism sector to the area and the region's increasing role as a retirement community. The service sector employs the greatest number of people in Haliburton County, with the District School board and County Government employing a total of 555 people year round.

Retail trade, Accommodation/Food/Beverage and Healthcare are key employers in Haliburton County, while construction and manufacturing have also driven employment growth in the region in recent years.

The current job market in Haliburton County is very seasonal and a large proportion of businesses have fewer than 10 employees. The region is implementing measures to attract year round employment including a new emphasis on Forestry, year round recreational activity, and improved communications and technology infrastructure.

Largest Employers

Employer	Industrial Sector	Employees	
		Minimum	Maximum
Trillium Lakes District School Board	Education	355	355
Municipal and County Government	Support Services, Roads, etc	200	200
Wigamog Inn	Accommodation, Food & Beverage	35	108
The Pinestone Resort	Accommodation, Food & Beverage	24	100
ValueMart, Haliburton & Minden	Retail	55	90
Dollo IGA, Minden	Retail	40	70
Haliburton Highlands Health Centre	Health & Welfare Services	58	58
Ontario Hardwood Veneers	Wood Industries	55	55
Patient News	Trade Publication	50	50
Home Hardware, Minden	Retail	24	36
IGA, Haliburton	Retail	35	35
M. W. Hunter	Sawmill	30	30
Hawk River Construction	Construction	10	21
North Steel	Fabricated Metal Products	20	20
Northern Timber House	Custom Hand Craft Builders	10	10

"Number of Employees" varies due to the seasonal nature of the economy.

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An Overview of Haliburton/Stanhope Municipal Airport

Location:

Owned and operated by the Township of Algonquin Highlands, the Haliburton/Stanhope Municipal Airport covers a total of 35 hectares, approximately 0.7 kilometres north of Highway 118 on Stanhope Airport Road.

The airport is centrally located to serve other communities in the Haliburton county, as shown by the distances between the airport and other nearby centres:

Carnarvon	12 km
Haliburton Village	13 km
Minden	13 km
Tory Hill	23 km
Dorset	34 km

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Airport Infrastructure:

The following facilities and services are available at the Haliburton–Stanhope Municipal Airport:

- Runway 09–27: 762 m (2,500 ft) x 18 m (60 ft) paved and lighted
- Low intensity parallel runway/taxiway lighting
- 90 sq m (1,000 sq ft) Public terminal building
- 50 m x 60 m (3,000 sq m/32,300 sq ft) Main aircraft parking apron
- Unicom radio (123.2)
- ‘T’ Hangar” complex with a storage capacity of 16 aircraft
- 302 sq. m (3,250 sq. m) municipally owned heated hangar for maintenance and storage of up to 5 aircraft
- Turf aircraft tie–down area
- 195 sq. m (2,100 sq. ft) Airport vehicle maintenance/workshop/ storage building with two bays
- Aviation fuel tanks/dispensing system: Avgas 100 LL; Turbo/Jet–A fuel
- Automated weather information system
- 90 sq m (1,000 sq ft) Portable structure – for office rental/lease purposes
- Tourism and economic development: the airport supports and participates in tourism and economic development and promotional events for the Township and for Haliburton County. The Airport Manager is the Economic Development Officer for the Township of Algonquin Highlands, and works with the County of Haliburton economic development, marketing and tourism agencies
- The airport is extensively supported and promoted by a volunteer Airport Committee
- Emergency measures: the Airport Manager is the Community Emergency Management Coordinator for the Township
- The Township recently purchased an additional 5 hectares of property for commercial/industrial development purposes at the airport



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Tenant Operations and Airport Activities:

For the purposes of this study, the economic impact of activities of the businesses and organizations located adjacent to Haliburton/Stanhope Municipal Airport whose operations are integral to the airport (ie., airside access via taxiway connection) have also been included. On airport and off airport businesses together directly employ a total of 25 people (Full time equivalent). The largest employer is Heat Line Industries, with an estimated staff of 8. A list of the tenants and licensed operators currently conducting business at the airport is provided below:

Government

Township of Algonquin Highlands:

Airport maintenance, management, and operations – one full time airport manager with part time staff assistance as required. Township roads department staff also perform winter maintenance services for the airport.

Total staff time is estimated at **two full time equivalent (FTE)** employees.

Provincial Government – Ontario Ministry of Natural Resources (MNR)

East Fire Region – Haliburton Fire Management Headquarters: The airport is critical to MNR as a staging base for provincial fire suppression for central Ontario. Year-round MNR staff is complimented with seasonal staffing consisting of pilots/crew/support staff. Total full time equivalent employment, as related to the Haliburton/Stanhope Airport fire suppression component of MNR Haliburton Headquarters work activities, is estimated at **eight to ten employees**

(Note – total FTE's for MNR Haliburton – all work activities, are estimated at 16 to 18 employees). The main base is located about 20 minutes away in the Village of Haliburton, with forward positioning to the Haliburton/Stanhope Airport during the fire season.

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Aviation

Seabee Aircraft:

Provides full/partial restoration as well as installation of LS 10 Corvette engines into Seabees. The business is located in the larger commercial/hangar building owned by the airport (three year lease beginning in 2005). **Three persons** are employed.

1st Class Flight Training Centre:

Provides flight-training, aircraft rental and scenic flights. Haliburton/Stanhope is the main base of operations with satellite schools located at Muskoka and Greenbank airports. The business has operated for the past two and a half years and they currently operate a Cessna 152 aircraft and Cessna 172 aircraft. The business is located in a Quonset hangar building and associated house/office originally owned by the airport. **Three persons** are employed.

Classic Wings:

Classic/military aircraft engine overhaul and repair – Located in a new hangar on lands purchased from the airport in 2005 with taxiway connection. **Two persons** are employed.

Unifonds Inc.:

Repair and restoration of classic aircraft and boats – Located in a new hangar on lands purchased from the airport in 2005 with taxiway connection. **Two persons** employed. *

Manufacturing

Heat Line Industries:

A family based company that manufactures electric heat lines used for waterlines, roofs, and other applications. Heat Line is located in a modern facility constructed on property purchased from the airport. Heat Line owns an aircraft stored in a separate hangar – the aircraft is used for business and pleasure purposes. **Eight persons are employed** at Heat Line.

Total Employment (2005) 28–30 FTEs

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Developments underway for 2006/2007

Bed and Breakfast:

A new venture for on airport accommodation located in a former farmhouse originally owned by the airport with taxiway connection. The business is planned for operation in Fall 2006.

One person will be employed.

Motel:

Another venture in full service accommodation for the traveling pilot/crew/family with construction of the facility to begin in 2006/2007. The facility will be located on lands recently purchased from the airport (conditional on development of the facility) with a taxiway connection to the airport.

Two persons are expected to be employed when the motel is operational.



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Aircraft Movements: Airside activity at Haliburton Stanhope Municipal Airport is comprised of a diverse mix of local and itinerant (visiting) aircraft used for a variety of recreational, business and government purposes. Total aircraft movements increased by almost 30% from 2003 to 2005, primarily due to a rise in local activity and Ministry of Natural Resources forest fire suppression. The new 4,000 foot runway is expected to result in a further 40% growth in traffic by 2010, including charter based commercial aircraft movements.

Local Activity

(1,650 movements in 2005):

- Recreational and business flights
- Flight Training

Itinerant Activity

(1,450 movements in 2005):

- Emergency medical flights (Medevac and patient transfers)
- Ministry of Environment activities (Environment and conservation enforcement)
- Aerial inspections (power line)
- Recreational flights
- Business flights
- Commercial licensed activity

Other Activity

(600 movements in 2005):

- Ministry of Natural Resources (Fire suppression)

Total: 3,700 aircraft movements in 2005



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Economic Impact of Haliburton/Stanhope Municipal Airport

Economic Impact of Haliburton/Stanhope Municipal Airport – 2005

Employment:	46
Gross Revenues:	\$4.1 million

Employment: During the year 2005 Haliburton/Stanhope Municipal Airport supported an estimated 46 person years of employment.

Through regression analysis, the Transport Institute's comparison of economic impact studies found that a strong correlation exists between the total number of jobs sustained by airport activities, the number of passengers handled throughout the year, and the relative wealth of the community served by the airport (using average housing prices as the benchmark). To apply the model to general aviation facilities such as Haliburton/Stanhope Municipal Airport, the number of passengers is calculated based on aircraft movements. In 2005, it is estimated that 8,400 arriving and departing passengers used the airport. According to the model, these factors indicate that a total of approximately 46 full-time jobs were generated by the activities of the airport and its tenants during the year. This figure represents the sum of direct, indirect and induced employment.

Gross Revenues: Total gross revenues generated by activities at Haliburton/Stanhope Municipal Airport during 2005 are estimated to be \$4.1 million.

The gross revenues generated by activities at Haliburton/Stanhope Municipal Airport were also calculated by applying the relative wealth of the community and passenger volumes to the Transport Institute model. According to the economic impact model, Haliburton/Stanhope Municipal Airport generated approximately \$4.1 million for the provincial economy during 2005. This figure represents the sum of direct, indirect and induced gross revenues.



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Econometric Model – History and Application

The model used to calculate the economic impact of Canadian airports was originally developed by the Transport Institute of the University of Manitoba. The Transport Institute has been a leader in the field of transportation research for more than 30 years, specializing in logistics, engineering, economics, policy, trade, tourism and telecommunications.

Transport Canada began using the Transport Institute model in 1993 to produce estimates of the economic impact of airports throughout the Pacific region. The decision to use the model followed an evaluation of the accuracy of the model against the traditional survey methodology. On average, the econometric model was found to produce estimates of revenues and employment which varied between 5 and 10% of the survey estimates, producing fair and reasonable measures of an airport's economic impact.

Since 1997, the econometric model has been used to calculate the economic impact of the following airports:

Abbotsford	Niagara District
Brockville	North Bay
Charlottetown	Peterborough
Comox	Port Hardy
Cranbrook	Prince George
Dawson Creek	Prince Rupert
Dryden	Quesnel
Fort St John	Regina
Haliburton / Stanhope	Saskatoon
Kelowna	Sault Ste. Marie
Kingston	Smithers
Lake Simcoe	Terrace Kitimat
London	Victoria
Moncton	Waterloo
Nanaimo	Yorkton