

Kingston (Norman Rogers) Airport 2007 Economic Impact Study

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Methodology

The 2007 Economic Impact Study for Kingston Airport has been undertaken to measure the total contribution made by the airport to the provincial economy. To determine the total economic impact of an airport, economists measure three types of impacts: direct, indirect, and induced. The sum of the three measurements equals the total economic impact of the airport.

- The direct economic impact refers to the employment and revenues attributable to the commercial activities which take place directly at the airport.
- Indirect economic impact measures the purchase of goods and services by airport businesses from other firms, in terms of the employment and revenues related to the incremental business activities resulting from their operations in support of airport operations.
- The induced economic impact estimates the increase in employment and spending 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.

For this analysis, the economic impact of Kingston 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.



Overview of the Kingston Area

Location

Recently acclaimed as the 4th Best Place to live in Canada by MoneySense Magazine (May 2008), Kingston is an amazing city. Nestled at the confluence of the Rideau Canal and the St. Lawrence River where they meet Lake Ontario, Kingston is built on a grand heritage and defined by an exquisite ability to blend the beauty of yesterday with the passion and sophistication of today. This historic city is located midway between Toronto, Ontario and Montreal, Quebec and was the first capital of Canada.

Kingston is home to many restored historic sites, including the new designations in 2007, for Fort Henry as a National Historic Site of Canada, Part of a UNESCO World Heritage Site and the Rideau Canal being inscribed on the World Heritage List in 2007. Other sites include the Royal Military College of Canada, the National Defence College, St. Lawrence College, several major hospitals associated with Queen's University and one of the world's best freshwater sailing areas.



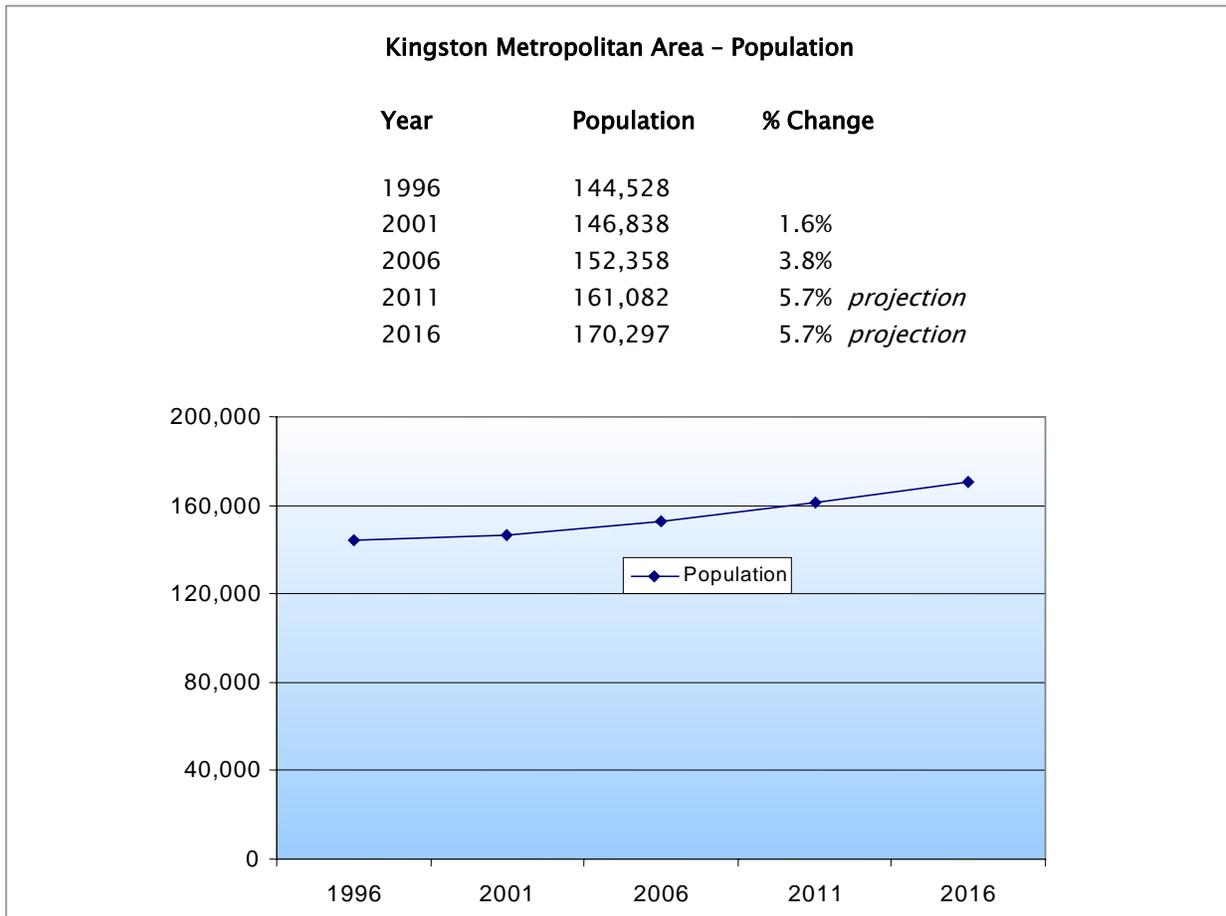
www.cityofkingston.ca/maps





Population

The Kingston Metropolitan area includes the City of Kingston and the townships of South Frontenac, Loyalist and Frontenac Islands. At our most recent census, the total population in 2006 was 152,358, an increase of 3.8% since 2001.



Source: Statistics Canada Census (2006)



Industry and Labour Force

Kingston’s economy is a blend of old and new – strong, historic companies that are familiar to all Canadians and impressive new start-ups. Together, they contribute to a city buzzing with ideas and innovation.

A primary focus is on developing the knowledge-based economy and Kingston is well positioned to excel in the public sectors of defence, education, health care and correctional services. Top-flight research and development infrastructure includes Queen’s University, the Royal Military College and St. Lawrence College.

Logistics and distribution, business process outsourcing, warehousing, manufacturing, biotechnology and information technology provide a strong and diverse economic base for the City of Kingston. A list of the leading employers in the area is presented below.

Largest Private Sector Employers	# of Employees
StarTek Canada	1,200
Invista Canada	1,200
Empire Financial Group	525
Novelis	366
Assurant Solutions	280
Bell Canada	250
DuPont Research & Development Centre	200
SLH Transport Inc.	200
Cancoil Thermal Corporation	150
KIMCO Steel	135
* data confirmed as of May 2008	

Largest Public Sector Employers	# of Employees
Canadian Forces Base Kingston	7,800
Queen’s University	4,200
Kingston General Hospital	3,400
Limestone District School Board	2,720
Correctional Services of Canada	2,670
City of Kingston	1,500
Hotel Dieu Hospital	1,000
Ontario Ministry of Health	940
Royal Military College	780
Ontario Ministry of Transportation	310
St. Lawrence College – Kingston campus	296
* data confirmed as of May 2008	



Kingston is considered one of Canada's top 25 cities and has much to offer potential investors – its strategic location, its cost competitiveness, its brain power, its bilingual capability, but perhaps most important is its existing economy. Kingston has a balanced and diverse economy with a strong private sector that accounts for 60 per cent of local employment.

It has a blend of manufacturing, business services and research and development. Its largest employers are: StarTek; Invista Canada; Assurant Group; Novelis; Empire Financial; DuPont Canada R&D; and SLH Transport.

The largest public sector employers are CFB Kingston; Queen's University; Kingston General Hospital; Limestone District School Board; Correctional Services of Canada; City of Kingston; Hotel Dieu Hospital; Providence Continuing Care Centre; Algonquin and Lakeshore Catholic District School Board; and Ontario Ministry of Transportation.

Areas of strength are knowledge-based innovation in biotechnology, health sciences and fuel cells, information technology, transportation and logistics, business outsourcing, warehousing and distribution.



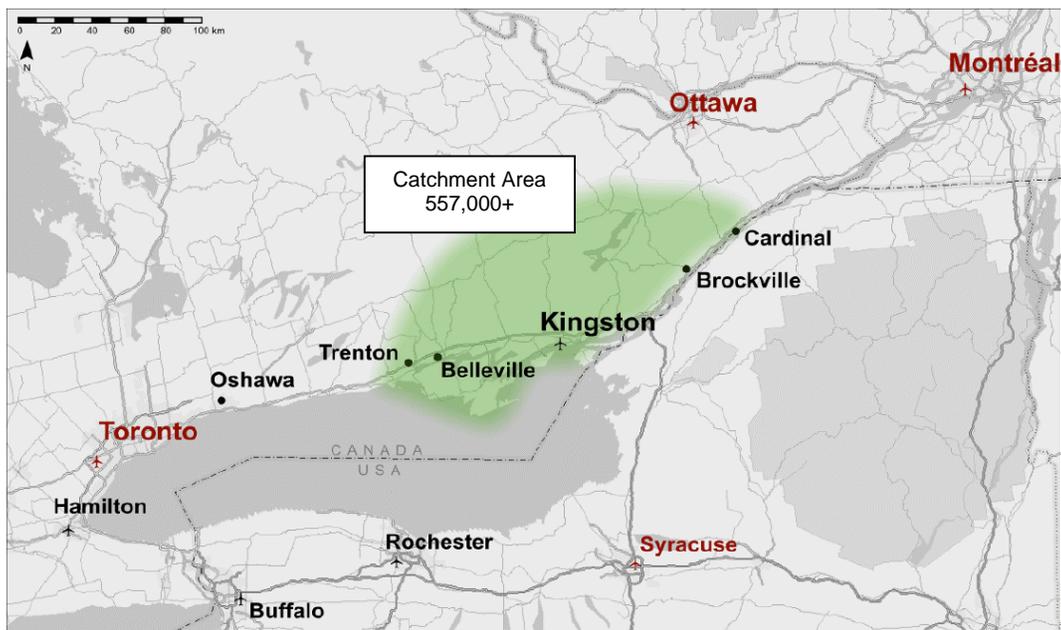
An Overview of Kingston (Norman Rogers) Airport

Location

The Kingston Airport occupies over 3.23 square kilometres of flat terrain, approximately eight kilometres west Kingston's downtown core.

Originally constructed in 1940 as part of the British Air Training Plan, the military activity and pilot training undertaken at Kingston during World War II paved the way for the future of aviation in the region. In 1974, the airport was transferred to the City of Kingston, which assumed full responsibility for airport operations and development.

Today, the Kingston Airport serves a catchment area population of more than 557,000. The airport is the principle gateway between Kingston and Toronto, eight (8) times daily.



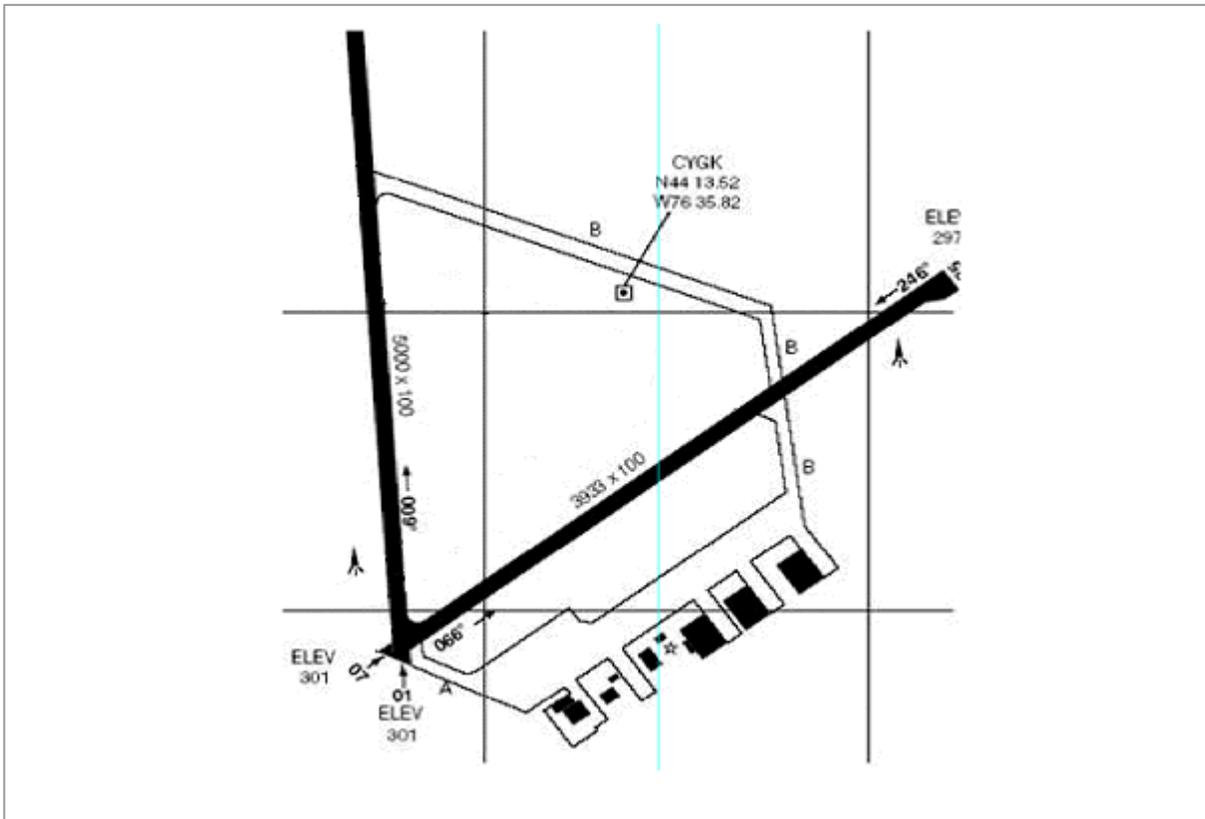
Map – 2007 Kingston (Norman Rogers) Airport Master Plan



Airport Infrastructure

The following facilities and services are currently provided at Kingston Airport:

- Two operational runways:
 - 5,000 x 100
 - 3,933 x 100
- Air Canada JAZZ scheduled passenger service
- Flight Service Station
- Aircraft maintenance
- Aircraft refuelling
- Aircraft storage
- Flying club
- Flying school (fixed wing)
- Fixed-base operator
- Medivac service
- R.C.A.F. Association
- Computer Kiosk
- ATM
- Vending machines
- Car rentals
- Taxi service
- Golf course and Driving range





Developments/Events at Kingston (Norman Rogers) Airport during 2007:

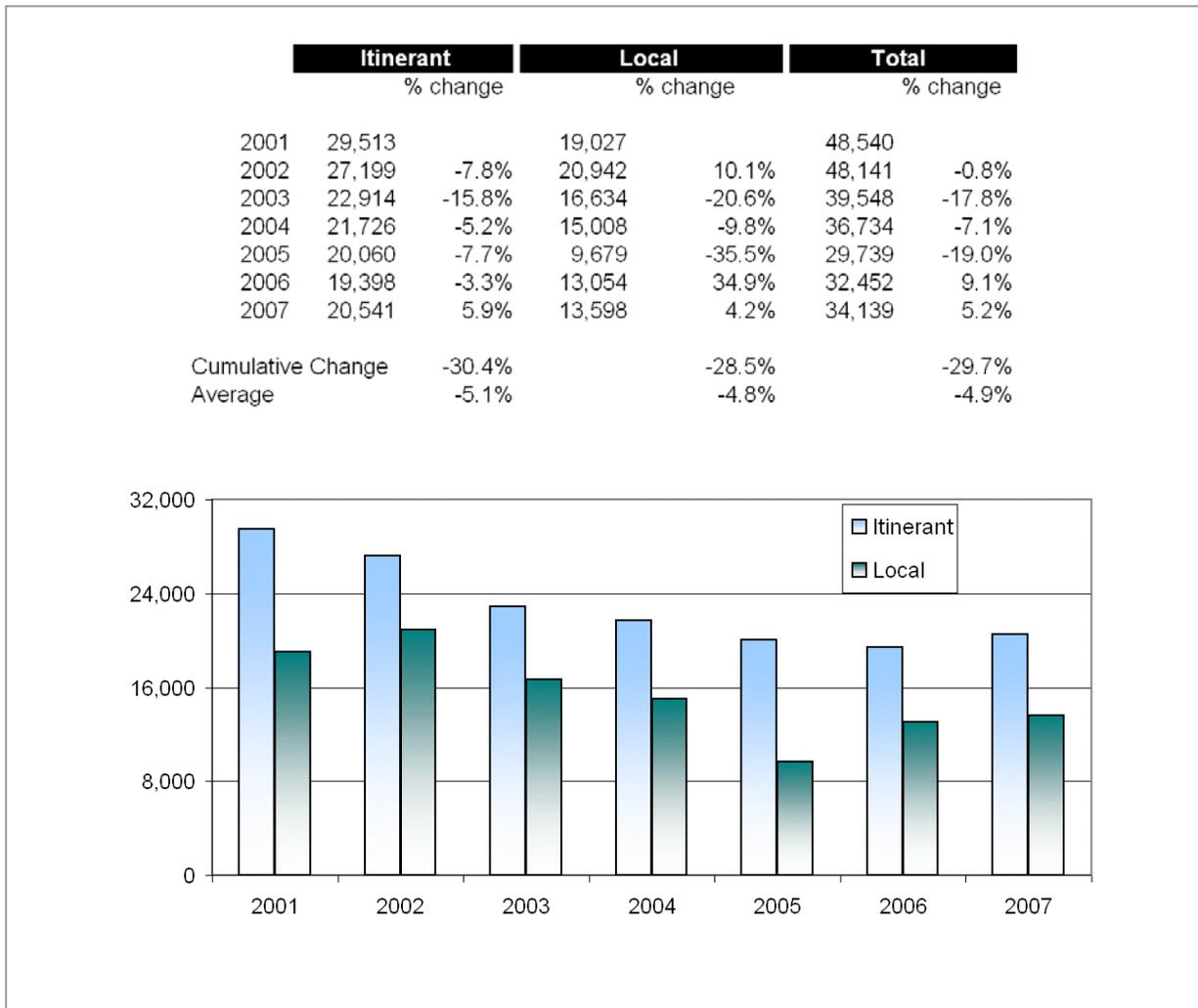
- An Airport Wildlife Management Plan was implemented in January to help us understand and minimize the safety risk associated with the presence of wildlife in the vicinity of the Airport.
- On May 26th, the Airport was the host site for the fifth annual Rolling on the Runways, an initiative of the Kingston, Frontenac, Lennox and Addington Health Unit. This outreach seeks to increase family and youth physical activity levels while increasing awareness of safe cycling practices and proper helmet use. An estimated 2,000 people participated with bicycles, roller blades, scooters and wheelchairs.
- On June 27th, the Canadian Forces Snowbird Demonstration Team performed in the skies over Kingston's Waterfront to a crowd of over 25,000 as a "Salute to Military Families".
- In August, the Kingston Airport participated in a customer satisfaction and benchmarking survey to determine how best to improve the traveling experience. Surveyors interviewed arriving and departing passengers to provide a snapshot of the airport experience.
- From September 10–13, Kingston Airport hosted the 9th combined meeting of Bird Strike Committee USA and Bird Strike Committee Canada. 286 delegates representing 27 countries attended the conference, which included classroom and field training on wildlife control at airports, and the presentation of technical papers on the latest developments in wildlife management and aviation safety.
- A comprehensive Airport Master Plan prepared by the MMM Group/InterVISTAS Project Team was approved and adopted by Committee and Council on October 2, 2007. The Master Plan provides the framework to guide the expansion and development of the Kingston Airport to meet the needs of the community through the year 2026.





Aircraft Movements

Total aircraft movements at the Kingston Airport climbed for the second year in a row, reporting a 5.2% increase in total aircraft movements for 2007. Most notable was a 5.9% rise in itinerant movements, which marks the first year of positive growth in the segment since 1999, exceeding our projections of 2.8%.



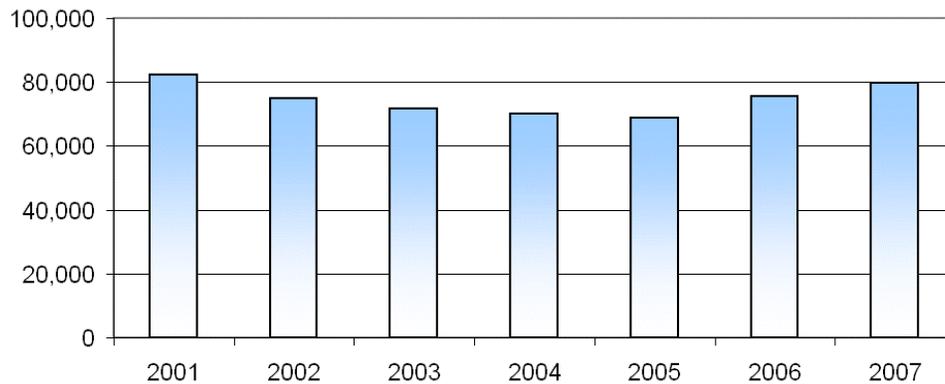


Passengers

Air Canada currently provides scheduled passenger service at the Kingston Airport. Passenger volumes show strong growth for both 2006 and 2007.

In 2007, a total of 79,890 passengers were served at the Kingston Airport, representing an increase of 5.9% over 2006.

	Arrivals		Departures		Total	
		% change		% change		% change
2001	41,159		41,023		82,182	
2002	37,281	-9.4%	37,773	-7.9%	75,054	-8.7%
2003	35,354	-5.2%	36,254	-4.0%	71,608	-4.6%
2004	34,230	-3.2%	35,965	-0.8%	70,195	-2.0%
2005	34,400	0.5%	34,495	-4.1%	68,895	-1.9%
2006	36,729	6.8%	38,683	12.1%	75,412	9.5%
2007	40,127	9.3%	39,763	2.8%	79,890	5.9%
Cumulative Change		-2.5%		-3.1%		-2.8%
Average		-0.4%		-0.5%		-0.5%





Tenant Businesses

In addition to regular scheduled air service between Kingston and Toronto Pearson International Airport, Kingston Airport also serves the general aviation sector, air charter operations, corporate air services and government aircraft operations. Kingston Airport is classified for day and night operations and the Nav Canada Flight Service Station (FSS) provides advisory services to pilots between the hours of 06:15 and 23:00 hours.

The 13 businesses and organizations currently operating at Kingston Airport directly employ a total of 123 people, as detailed below:

Golf Course (The Landings)	24	
Central Aviation Security	19	
Central Airways	16	
A.O.G. Heliservices	10	
JAZZ Air	10	
Nav Canada FSS	9	
Corps of Commissionaires	8	
Royal Canadian Air Force	6	
Ontario Fun Flyers	5	
Brian Reid s/l McGugan	5	
Kingston Flying Club	4	
Janitorial	1	
Total	123	



Economic Impact of Kingston (Norman Rogers) Airport – 2007

Total Employment (FTEs):	332
Gross Revenues:	\$42.8 million

Total Employment

During 2007, Kingston Airport supported an estimated 332 person years of employment.

Through regression analysis, the Transport Institute’s comparison of economic impact studies found a strong correlation between the total number of full-time jobs sustained by airport activities, the number of passengers handled throughout the year and the relative wealth of the community served by the airport. A total of 79,890 passengers traveled through Kingston Airport during 2007 and the average price of housing (the measure of relative wealth of the community) rose to \$222,300. According to the model, these factors indicate that a total of approximately 332 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 Kingston Airport during 2007 are estimated to be \$42.8 million.

The gross revenues generated by activities at Kingston Airport were also calculated by applying the relative wealth of the community and passenger volumes to the Transport Institute model. In addition, the revenue formula also incorporates large aircraft movements handled by the airport (for aircraft exceeding 35,000 kg). In 2007, the airport handled a total of 92 large aircraft movements. According to the economic impact model, Kingston Airport generated approximately \$42.8 million for the provincial economy during 2007. This figure represents the sum of direct, indirect and induced gross revenues.