



St Thomas Municipal Airport

Economic Impact Study

*Final Report
February, 2007*

Prepared by:

Jocelyn Purcell, Executive Director
Inside Canadian Airports

1070 Aubeneau Crescent
West Vancouver, B.C.
V7T 1T5

Phone: (604) 916-8170

Fax: (604) 922-9166

jocelyn@insidecanadianairports.com



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The Economic Impact of Prince Rupert Airport

Methodology

This study has been commissioned to calculate the total impact of St. Thomas Municipal Airport on the regional economy. To determine the impact of an airport, economists measure three economic effects (direct, indirect, and induced), the sum of which 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.

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 St. Thomas 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.

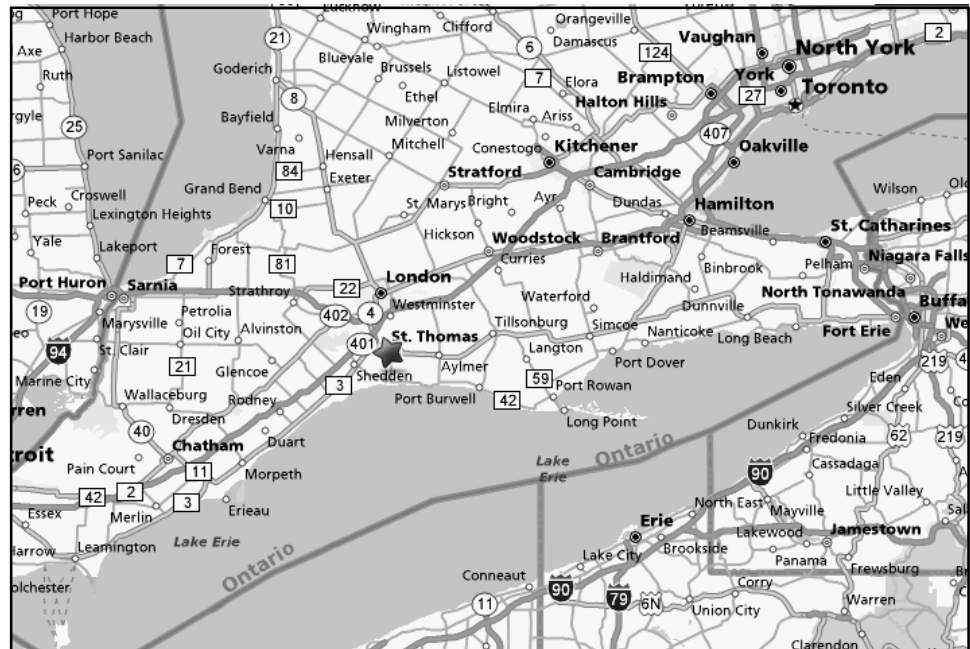
The outputs of the model are estimates of the total revenues, or economic output, and employment generated throughout the province by the commercial activity conducted by the airport operator, its tenants and others at the airport. These estimates represent the sum of the direct, indirect and induced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



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An Overview of the St. Thomas Area

Location:



www.mapquest.com

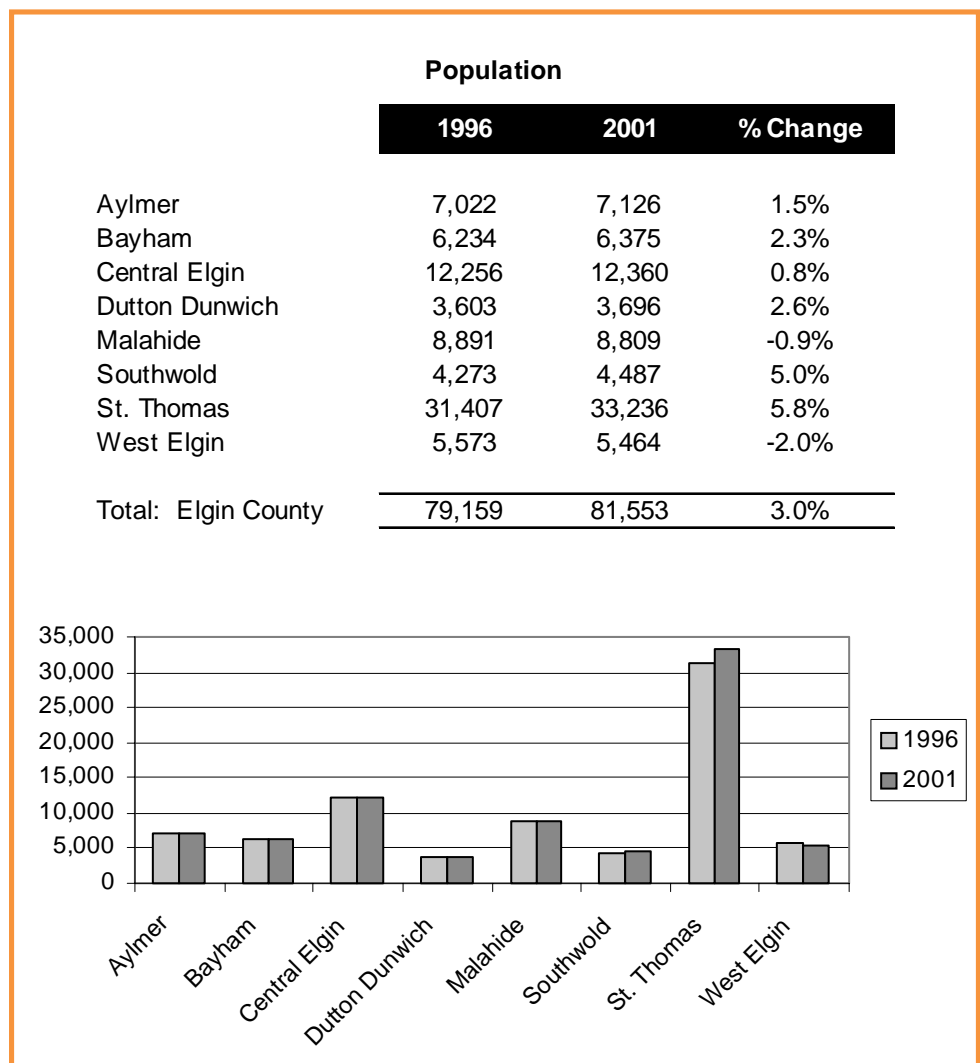
The largest municipality in Elgin County in Southwestern Ontario, the City of St. Thomas is located just minutes from Lake Erie. In addition to St. Thomas, the county includes the municipalities of Central Elgin, Aylmer, Bayham, Malahide, Southwold, West Elgin and Dutton-Dunwich.

Approximately 25 kilometres south of London Ontario, St. Thomas is strategically positioned in the heart of the Great Lakes basin, with access to major highways, railways, and the Port Stanley deep water harbour and shipping facilities. Toronto, Detroit, New York, and Chicago are all comfortably within the catchment area of St. Thomas, and an estimated 150 million consumers are within a day's drive of the city.



Population :

In recent years, the City of St. Thomas reported the largest rate of growth in Elgin county. The current population of Elgin County is estimated to be 89,100 (*Source: Ontario Ministry of Finance, Ontario Population Projections Update, 2005–2031*), and the official forecast predicts that the population in the county will reach 105,200 by the year 2031, increasing a further 9.5%.



Source: Statistics Canada



Industry and Labour Force:

Historically, the economy of the City of St. Thomas was driven by the railway industry, and today the city is still known as the “Railway Capital of Canada”. At one point more than 100 trains per day operated through the city, providing a strong economic base for the growing community.

Today, the economy of St. Thomas is more diversified, with a greater emphasis on manufacturing, particularly in the automotive field. A list of the major employers in St. Thomas is shown below.

Top Employers

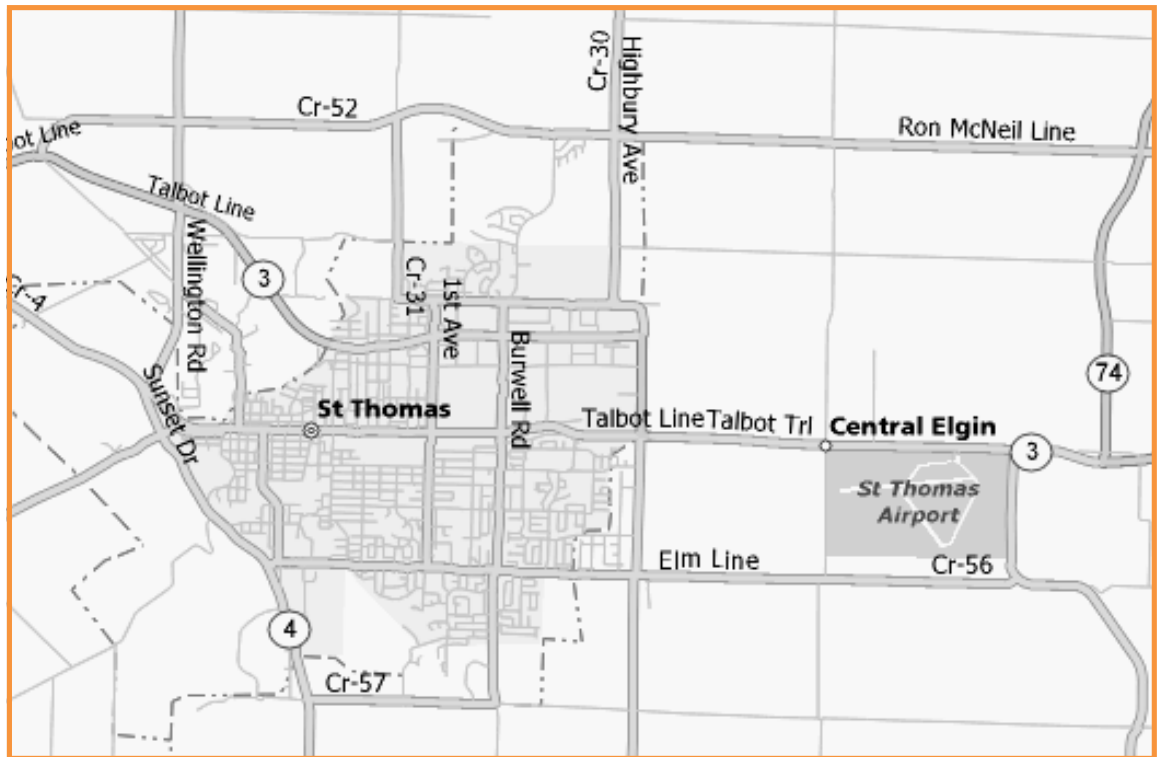
Ford Motor Company	Automobile Assembly	2892
Sterling Trucks	Assembly of Heavy Trucks	2200
Formet Industries	Frame Assembly Plant	1500
Presstran Industries	Automotive Stampings and Welding	750
Therm-o-Disk Canada	Temperature Control Switch Manufacturing	400
Lear Corporation of Canada	Automotive Seat Assembly	312
Timken Canada	Automotive Seat Assembly	350
Starwood Worldwide Hotels	Hotel Reservation Centre	400
GKN Sinter Metals	Powder Metal and Forge Components	211
L.E. Walker Transport	Transport Trucking	300
Unimotor	Motor manufacturing	194
Brass-Craft Canada	Plumbing and fittings Manufacturer	170
Contran Manufacturing	Racking and Handling Equipment	157
A Schulman Canada	Plastics Engineering	134
Emerson Network Power	Telecommunications equipment manufacturing	185
Steelway Building Systems	Manufacture of pre-engineered building systems	110

Source: St. Thomas Economic Development Corporation



An Overview of St. Thomas Municipal Airport

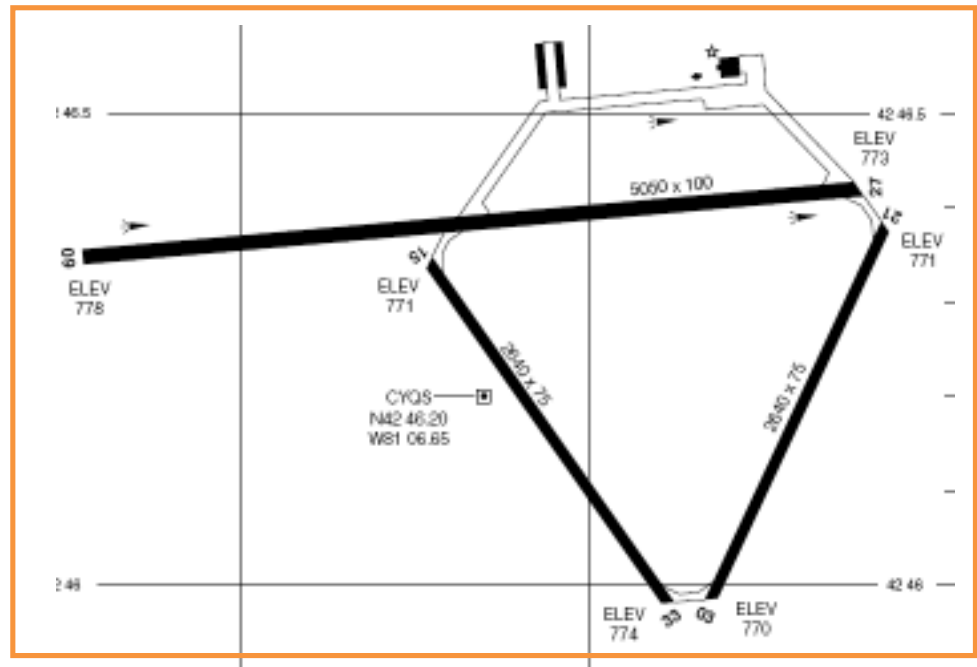
Location: Originally constructed in 1940 for the British Commonwealth Air Training Plan, the St. Thomas Municipal Airport is located 4 kilometres east of the City of St. Thomas in the Municipality of Central Elgin. The airport covers 685 acres along Highway 3 and has been operated by the City of St. Thomas since 1945.



www.mapquest.com



Airport
Infrastructure:



The following facilities and services are currently provided at St. Thomas Municipal Airport:

- 5,050 foot main runway
- 4 IFR approaches
- Full fuel service including jet fuel
- Fixed-wing single & multi-engine charters
- Flight school, professional/commercial/private license training
- Aircraft maintenance and repair facilities
- Canada Customs & Immigration services
- 2,400 square foot maintenance garage
- Over 29 privately owned hangars
- Base for approximately 100 aircraft including homebuilt and ultralight
- Flight testing

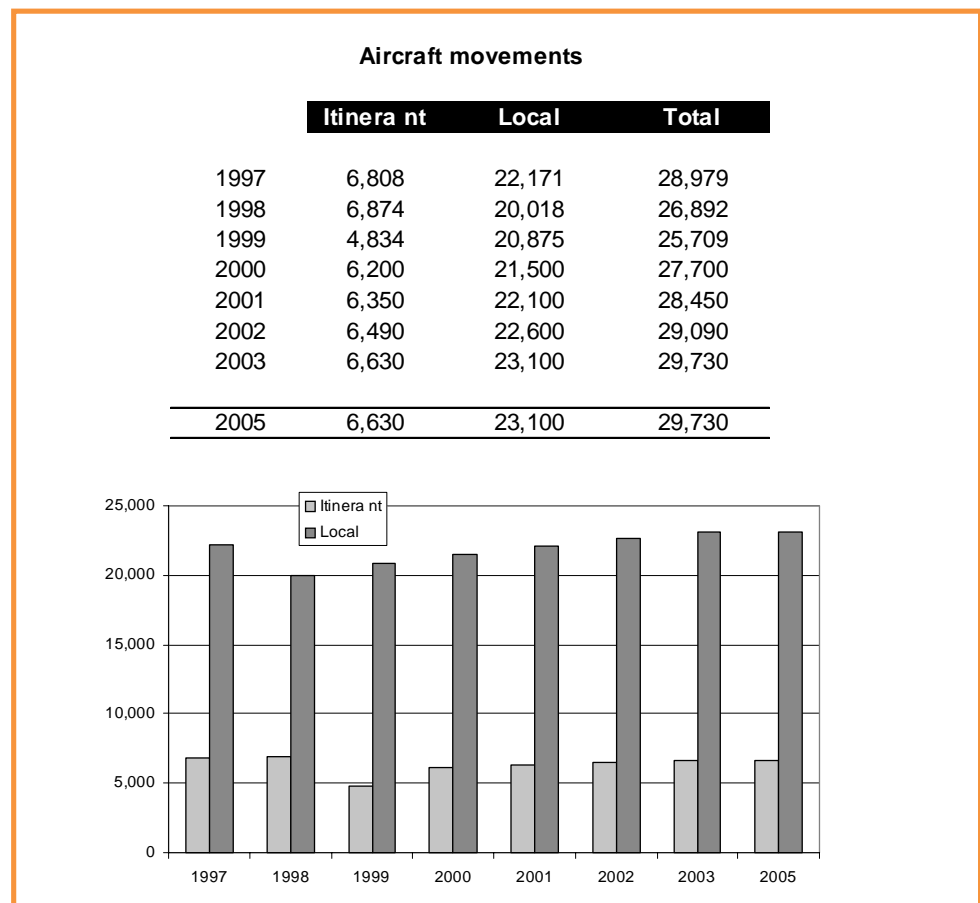


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Passengers: An average of 1,000 people travel through St. Thomas Municipal airport each month on corporate or charter flights. Over the course of 2005 an estimated total of 12,000 enplaning and deplaning passengers used the airport.

Other Key Airport Users: As illustrated in the breakdown of itinerant and local activity below, St. Thomas Municipal Airport handles an average of almost 2,000 local aircraft movements per month. Local activities such as flight training and crop dusting and recreational flying attract hundreds of people to the airport each month, including instructors, students and pilots.

Aircraft Movements: Aircraft movements at St. Thomas Municipal Airport have fluctuated over the years, reaching a peak of over 50,000 total movements in 1993. Following a period of decline in the late 1990s, airside activity has been on the rise since 2000, and the airport recorded 29,730 take-offs and landings during 2005.





Tenant Operations:

St. Thomas Municipal Airport currently has 4 tenants which, together with the airport operator employ a total of 40.5 full-time employees.

The tenants and licenced operators currently conducting business at the airport include:

Name	Type of Business	Employees
St. Thomas Flight Centre	Flight training and sightseeing, aerial photography	6.0
Supermarine Aircraft	Aerial applicators/maintenance	23.5
Central AG Air	Aerial applicators/maintenance	3.0
Cab-Du-Air	Aircraft maintenance	3.0
City of St. Thomas	Airport operations	5.0
	Total	40.5

St. Thomas Flightlines (social flying club) hosts social events such as barbeques, fly-ins and an airshow which can attract up to 80 aircraft and non-aviation participants.

The airport is home to about 30 privately owned hangars, and approximately 100 aircraft are based at the airport (including homebuilt and ultralight aircraft).

Diamond Aircraft of London, Ontario frequently uses St. Thomas Municipal Airport for flight testing its 2-seater training aircraft.

Military air traffic is primarily related to search and rescue operations, as St.



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Thomas is centrally located along Lake Erie.

Major industrial/commercial users of St. Thomas Municipal Airport include:

Alcoa Fujikura
Canada Coast Guard
Canadian Armed Forces
Elgin General Hospital
Emerson
Flex Alloy
Ford
General Motors
Gorman – Rupp
Government of Ontario
Hospitals St. – Thomas Aylmer
I.T.T.
Imperial Tobacco
J.W. Childes and Associates
Lear Seating
Magna
Marwood Industries
Meridian
Ministry of Health Ambulance
Ontario Hydro
Red Tail Golf and Country Club
Shulman Canada
Sinter Metals
Sterling
Therm-O-Disc
Timken
Transport Canada
Union Gas
U.S. Coast Guard



Economic Impact of St. Thomas Municipal Airport

Economic Impact of St. Thomas Municipal Airport – 2005

Employment:	65.8
Gross Revenues:	\$12 million

Employment: During 2005, St. Thomas Municipal Airport supported an estimated 65.8 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). A total of 12,000 passengers are estimated to have used St. Thomas Airport during 2005 and the average price of housing was \$161,821 for the year. According to the model, these factors indicate that a total of approximately 65.8 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 St. Thomas Airport during 2005 are estimated to be \$12 million.

The gross revenues generated by activities at St. Thomas Municipal 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 2005, St. Thomas handled a total of 190 large aircraft. According to the economic impact model, St. Thomas Municipal Airport generated approximately \$12 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.

To date, the econometric model has been used to calculate the economic impact of the following airports:

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



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Jocelyn Purcell - Biography

The founder and Executive Director of Inside Canadian Airports, Jocelyn Purcell is an independent business consultant with more than twenty years of experience providing marketing and communications expertise to both public and private sector organizations, including all levels of government. Jocelyn's strong background in community relations management, marketing research, economic analysis and communications have helped her to build a successful consulting business with clients from Prince Rupert, B.C. to Charlottetown, P.E.I.

Jocelyn's background and experience include the successful completion of the following projects :

- Created and implemented the Inside Canadian Airports information network to provide effective and affordable airport marketing, benchmarking, and analysis services to Canadian Airports
- Calculation and analysis of economic impact estimates for airports across Canada using either a statistical model or detailed survey approach
- Development and implementation of the communication/consultation program for airports throughout the Pacific Region on behalf of Transport Canada
- Development and implementation of special events, publications, and promotional events in support of marketing initiatives for B.C. airports
- Research and analysis of consumer attitudes and behaviour for BC credit unions, Chevron Canada, BC Hydro, and Transport Canada
- Chaired consultation meetings with First Nations groups across BC on behalf of Transport Canada
- Official spokesperson representing the Minister of Transport concerning regional airport issues
- Research and development of marketing plans for airports across British Columbia in response to a federal government shift in policy towards revenue generation, cost recovery and zero deficit budgets
- Commissioned by airport operators across Canada to conduct economic impact studies to measure the total revenues and employment generated by commercial activities at their locally owned airports
- Development of credit union marketing plans, including user profiles, membership analysis, competition profiles, pricing reviews, recommendations and implementation planning
- Research and development of new airport products and services to improve customer service and increase revenues
- Evaluation of private sector business plans for proposed airport concessions
- Design and implementation of market tests for new airport services
- Development of criteria to reduce ICBC auto insurance broker distribution costs by \$20 million annually
- Research and analysis of new competitors in British Columbia's \$1 billion per year optional auto insurance market