

Economic Impact Study

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Lac du Bonnet Airport

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Lac du Bonnet Airport Economic Impact Study

Methodology: This study has been undertaken to measure the total contribution made by Lac du Bonnet Airport to the local and provincial economy. To calculate 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. 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 Lac du Bonnet 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.

An Overview of the Lac du Bonnet Area

Location: Located on Highway 11 in North Eastern Manitoba, the town of Lac du Bonnet is strategically positioned in the gateway to cottage country, placing more than 40,000 consumers within a 75 Kilometer radius of Lac du Bonnet

Population: In 2006, the population of the North Eastman Region reached 40,258, representing a total increase of 3.7% since 2001. (per Stats Canada)

Industry and Labor Force:

Historically, Lac du Bonnet's economy was firmly based on the aviation, tourist, construction, natural resources, mining, hydro, atomic energy and agriculture industry.

Regional Employment by Industry –

Lac du Bonnet Region % Contribution to Total Service 48.2%

Wholesale & Retail Trade 11.5%

Construction 7.9%

Manufacturing 8.4%

Agriculture 12%

Finance & Real Estate 3.7%

Health Care 11.7%

Education 7.3%

Business Services 14.4%

Misc 22.6%

An Overview of Lac du Bonnet Airport Location:

Constructed during the early 20s by the Federal Government as an RCAF base, the site for the Lac du Bonnet airport was selected due to its optimum flying weather and its wide open skies. In the mid 70s the airport was turned over to the Provincial government and in 1993 the airport was leased to the RM of Lac du Bonnet which subsequently leased it to the Lac du Bonnet Airport Authority for a 20 year period ending in 2013. Today, the airport operates from its original location, just five kilometers north of the town of Lac du Bonnet, and two kilometers west of Highway 11. The site is 125 km by road to the north east of Winnipeg International Airport

In 1993, the Lac du Bonnet Airport Authority began operating the airport on behalf of RM of Lac du Bonnet. Lac du Bonnet Airport has been operating as a general aviation facility for most of its history, serving both private and commercial helicopter and fixed wing aircraft.

The following facilities and services are available at Lac du Bonnet Airport:

- Flying Club Terminal building
- One runway (measuring 3,600 x 75' asphalt) Lit with low intensity lights and Pappi
- Electronic Navigational Aids GNNS (GPS) is in the planning and the "now defunct" NDB. Advisory frequency is available for the airport as well.
- Hangar Lot Leasing

Airport Infrastructure:

- Refueling operated by commercial operator
- Aircraft maintenance

Aircraft Movements:

Total aircraft movements at Lac du Bonnet Airport can fluctuate dramatically from year to year. A percentage of the local traffic is driven by itinerant flight training activities and itinerant movements depend largely on local business demand. Local commercial traffic varies by season but does operate year around.

2008 - 858 for Jan to April not including local commercial or itinerant training traffic.

2009 - 625 for Jan to April not including local commercial or itinerant training traffic.

Average monthly movements are 185.3/month without itinerant training

Tenant Operations and Airport Activities:

The businesses and organizations located at Lac du Bonnet Airport offer a variety of general aviation services:

- Aircraft storage
- Aviation consulting for fixed/rotary wing aircraft
- Fixed wing aircraft maintenance
- Flight training,
- Forest fire control
- Fueling

- Helicopter charter
- Helicopter maintenance

Lac du Bonnet Airport Commercial Tenants directly employ 20 FTE (fulltime equivalent) people.

- 1) Adventure Air
- 2) Provincial Helicopters

Government Agency:

Manitoba Government Air Services

Private Tenants include:

Lac du Bonnet Flying Club
11 Privately owned hangars

Employment:

During the year 2008, Lac du Bonnet Airport supported Primary and Secondary directly and indirectly an estimated 81 person years of employment. (see attached spread sheet). 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 the average price of housing as the benchmark). As Lac du Bonnet is an established general aviation facility, the model has been adapted to take into account the economic impact of all commercial activities, including those which do not depend on passenger volumes. The model found that a total of approximately 81 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. Total gross revenues generated by activities at Lac du Bonnet Airport during 2008 are estimated to be \$6 million. The gross revenues generated by activities at Lac du Bonnet 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, Lac du Bonnet Airport generated approximately \$7 million for the provincial economy during 2008. This figure represents the sum of direct, indirect and induced gross revenues.

Employment: 81

Gross Revenues: \$7 million

Lac du Bonnet Airport Economic Activity - Employment (person Years)

<u>Primary Linkage</u>			Induced and	
Organizations	Direct	Multiplier	Indirect	Total
General Aviation	20	2.039	15.585	40.78
Air Support		6.004	0	0
Airport Admin & Ops	0.25	2.039	0.25975	0.50975
Sub-Total	20.25		15.84475	41.28975
<u>Secondary Linkage</u>				
Organizations				
Commercial Services	3	1.930	2.79	5.79
Ground Transportation		1.939	0	0
Tourism/Travel/Hotels	25	1.389	9.75	34.725
Sub-Total	28		12.54	40.515
Total	48.25		28.38475	81.80475
Town of LdB in workforce	460			460
RM of LdB in workforce	1475			1475
Total	1935			1935
Airport as % of total RM & Town Workforce	2.49			4.23

Lac du Bonnet Airport Economic Activity - Labour Income

<u>Primary Linkage</u>				
Organizations	Direct	Multiplier	Induced and Indirect	Total
General Aviation	\$ 1,500,000.00	1.575	\$ 862,500.00	\$ 2,362,500.00
Air Support		3.831		
Airport Admin & Ops	\$ 7,200.00	1.575	\$ 4,140.00	\$ 11,340.00
Sub-Total	\$ 1,507,200.00		\$ 866,640.00	\$ 2,373,840.00
<u>Secondary Linkage</u>				
Organizations				
Commercial Services	\$ 75,000.00	2.28	\$ 96,000.00	\$ 171,000.00
Ground Transportation		1.66	\$ -	\$ -
Tourism/Travel/Hotels	\$ 500,000.00	1.646	\$ 323,000.00	\$ 823,000.00
Sub-Total	\$ 575,000.00		\$ 419,000.00	\$ 994,000.00
Total	\$ 2,082,200.00		\$ 1,285,640.00	\$ 3,367,840.00

Lac du Bonnet Airport - Gross Economic Output

Primary Linkage

Organizations		Direct Economic Output
General Aviation	\$	6,000,000.00
Air Support		
Airport Admin & Ops	\$	14,750.00
Sub-Total	\$	6,014,750.00

Secondary Linkage

Organizations		
Commercial Services	\$	18,000.00
Ground Transportation		
Tourism/Travel/Hotels	\$	745,500.00
Sub-Total	\$	763,500.00
Total	\$	6,778,250.00

Lac du Bonnet Airport - Movements

Year	Winter Movements	
2008	858	Not Including itinerant training traffic
2009	625	Not including itinerant training traffic