



Information Item

Date: October 2, 2014

To: Mayor and City Council
From: Martin Pastucha, Director of Public Works/Airport Director
Subject: Summary of the HR&A Study on the Economic and Fiscal Impact of the Santa Monica Airport Campus

Introduction

This information item provides a summary of City consultant HR&A's finding on the economic impacts related to the use of the Santa Monica Airport Campus.

Discussion

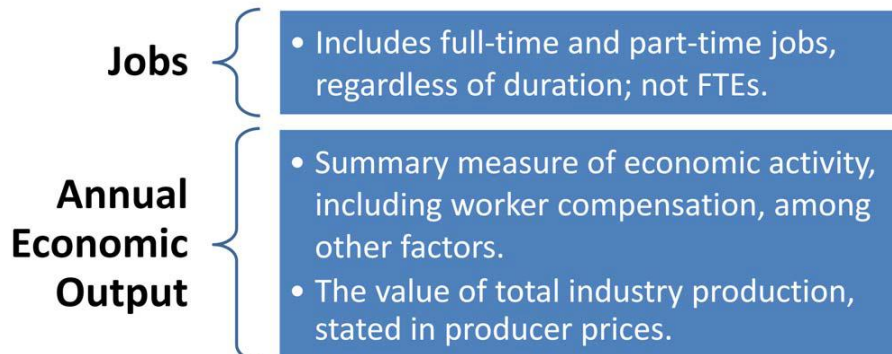
The Visioning Process for the future of Santa Monica Airport began with Council authorizing professional service contracts with consultants to assist with Phase I. City's consultant HR&A performed a limited analysis of the economic and fiscal impacts of the operations at the Airport Campus. The Airport Campus is defined as the 227 acres of land that comprise the Santa Monica Airport and includes aviation and non-aviation businesses. The findings were reported to Council on October 4, 2011.

HR&A was tasked with looking at the Airport Campus, which included all (aviation and non-aviation related) businesses on aviation and non-aviation land. Primarily, this work established a baseline of economic data for the entire Airport by providing an estimate of the contribution that the Airport makes to the City's economy. Because this model does not segregate the impacts of aviation and non-aviation businesses, it is difficult to quantify the total economic impact from each sector.

The economic model used is known as IMPLAN, which includes metrics as outlined below.

Overview of the Santa Monica IMPLAN Economic Model

IMPLAN Models Measure Economic Impacts in Terms of Jobs, Annual Economic Output and Other Metrics



The IMPLAN model identifies direct economic impacts and the corresponding multiplier effect. The multiplier effect measured from direct impacts helps to explain how economic activity at the Airport Campus ripples through the City's economy in complex ways. It measures the total scope of these impacts in three layers:

1. **Direct Impacts:** In this case, the jobs and economic activity (private and public sectors) that occurs directly at the Airport Campus, plus the jobs and output impacts captured within the City from visitor expenditures by arriving air passengers.
2. **Indirect Impacts:** The jobs and output associated with businesses located elsewhere in the City that supply goods and services to meet the needs of activity at the Airport Campus.
3. **Induced Impacts:** The jobs and output associated with household expenditures in the City made by direct and indirect workers.

Indirect + Induced Impacts = “Multiplier Effect” from Direct impacts

Based on HR&A’s research and use of the IMPLAN model, it was estimated that the Airport Campus features:

894 Direct Jobs, of which 39% are located on non-aviation land and 61% on aviation land.

593 Multiplier Effect Jobs – i.e., another 0.66 jobs are supported elsewhere in the City for every job located at the Airport Campus, based on IMPLAN model analysis.

This results in an estimate of 1,487 total jobs in the City’s economy from all operations on the Airport Campus.

In terms of total jobs impact by industry sector, the sectors with the most jobs supported by operation of the Airport Campus include:

178 - Transport by air

139 - Restaurants and bars

113 - Legal services

72 - Scientific research and development

62 - Motion picture and video industries

Measured in terms of annual economic output, the current operation of the Airport Campus produces:

\$187.5 million in direct output, based on the IMPLAN model analysis.

\$87.7 million in output “multiplier effect” – i.e., another \$47 in additional output supported elsewhere in the City’s economy for every \$100 in output generated at the Airport Campus, based on IMPLAN model analysis.

Therefore, \$275.2 million in total annual economic output in the City's economy is estimated from current operation of the Airport Campus.

In terms of total economic output, by industry sector, the sectors with the largest output impact that are supported by operation of the Airport Campus include:

1. Transport by air (\$54 million)
2. Legal services (\$24 million)
3. Motion picture and video industries (\$22 million)
4. Independent artists, writers & performers (\$17 million)
5. Scientific research and development (\$12 million)

In summary, at the time HR&A released their report, economic activity at the Airport Campus was spread across 42 different industry sectors and 177 individual businesses. The Airport Campus accounted for a total of 1,487 total jobs in the City's economy, of which 894 resulted from on-site activity and local visitor spending by arriving passengers. This was reported to support \$275.2 million in total annual economic output in the City's economy, of which \$187.5 million occurred directly on-site and in local visitor spending venues.

However, the measured economic activity can not be said to be a direct result of aviation use of the Airport. It is impossible to measure the jobs directly related to aviation activity. In reviewing the data there are 178 jobs directly related to "transport by air" generating \$54 million in economic output. But these are not only aviation related jobs, as jobs in other industry sectors may be directly related to aviation activity. And it is also inaccurate to conclude that all 1,487 jobs and \$275.2 million in economic output are related to aviation use.

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