



# ECONOMIC BENEFIT STUDY

## EXECUTIVE SUMMARY



**PHOENIX-MESA GATEWAY AIRPORT** is a vital contributor to the dynamic economy of not only the East Valley area but also the entire Phoenix Metropolitan Region. Phoenix-Mesa Gateway Airport is operated and maintained by the Williams Gateway Airport Authority (WGAA), a Joint Powers Airport Authority comprised of the Cities of Mesa and Phoenix, the Towns of Queen Creek and Gilbert, and the Gila River Indian Community. The Airport Authority was formed to develop, reuse, operate, and maintain the airport property and facilities at the former Williams Air Force Base, which closed in September 1993.

The Joint Powers Airport Authority Agreement was signed on May 19, 1994 between Mesa, Gilbert, and Queen Creek, providing the formation of the Airport Authority. This Agreement was amended on December 14, 1995 to include the Gila River Indian Community, and again in 2006 to add Phoenix.

Initially operated as a general aviation reliever airport, Phoenix-Mesa Gateway Airport now provides regularly scheduled commercial passenger air service in its own right. In this capacity, the airport provides a much needed alternative for passengers who might otherwise have to utilize busy Phoenix Sky Harbor International Airport.

The Economic Benefit Study, conducted in concert with the Airport Master Plan Update, provides an analysis of the economic benefits of the Phoenix-Mesa Gateway Airport for the 2007/2008 timeframe. The economic benefits impact the airport service area which includes

Maricopa and Pinal Counties centered on the rapidly-developing East Valley portion of the Greater Phoenix Metropolitan Area.

### Expenditures in the Community

#### DIRECT BENEFITS

*Airport Operations*



#### INDIRECT BENEFITS

*Visitor Spending*



#### INDUCED BENEFITS

*Multiplier Effects*



#### TOTAL ECONOMIC BENEFITS



### PHOENIX-MESA GATEWAY AIRPORT ECONOMIC BENEFITS

The presence of the airport creates both tangible and intangible benefits for the airport service area. The airport supports a diverse range of aviation activity including scheduled passenger service, charter service, and general aviation services, including significant business jet activity, pilot training, and numerous other aviation-related businesses. The airport brings essential services to the region including air ambulance service and support for law enforcement and fire control. These services raise the quality of life for residents and maintain a competitive environment for economic development.

Increasingly, airports are also considered prime locations for businesses not directly related to aviation. Industrial parks, logistics facilities, and office buildings are increasingly found on or immediately adjacent to airports. Phoenix-Mesa Gateway Airport is well positioned to support these economic trends.

Although qualitative advantages created by the presence of the airport are important, they are often difficult to measure. In studying airport benefits, regional analysts have emphasized indicators of economic activity that can be quantified, such as dollar value of output, number of jobs created, and earnings of workers and business operators. These quantifiable economic benefits (revenues, employment, and earnings, respectively) are created when economic activity takes place both on and off the airport. The economic benefits of Phoenix-Mesa Gateway Airport are summarized below:

#### DIRECT BENEFITS:

Created by suppliers of aviation services located on the airport.

- \$201.3 Million Revenues
- \$73.4 Million Earnings
- 1,251 On-Airport Jobs

#### INDIRECT BENEFITS:

Created by air visitors utilizing Phoenix-Mesa Gateway Airport.

- \$36.6 Million Revenues
- \$13.3 Million Earnings
- 527 Off-Airport Jobs



### MEASURING ECONOMIC BENEFIT

The study of economic benefit is synonymous with measurement of economic performance. The methodology was standardized in the publication by the Federal Aviation Administration (FAA), Estimating the Regional Economic Significance of Airports, Washington, D.C., 1992. Utilization of this prescribed methodology allows comparisons of economic benefit between different airports.

Following the FAA methodology, the economic benefit study views Phoenix-Mesa Gateway Airport as a source of measurable economic output (the production of aviation services) that creates revenues for businesses, and employment and earnings for employees both on and off the airport.

Business spending on the airport injects revenues into the community when companies buy products from suppliers and again when employees spend wages throughout the community. In addition, spending by air visitors produces revenues and generates spending by businesses in non-aviation related industries such as hospitality, food service, and recreation.

#### INDUCED BENEFITS:

Created by multiplier effects as spending reticulates within the regional economy.

- \$296.7 Million Revenues
- \$112.5 Million Earnings
- 2,297 Jobs

#### TOTAL ECONOMIC IMPACTS:

The sum of Direct, Indirect, and Induced Impacts.

- \$534.6 Million Revenues
- \$209.2 Million Earnings
- 4,074 Jobs



Much of the data collection for the Economic Benefit Study involved mail surveys and interview follow-ups with both suppliers and users of aviation services at the airport. A sampling of airport businesses, based aircraft owners, and owners of visiting aircraft was asked to complete surveys. Additional interviews were conducted both in-person and by phone. The results of this data collection process led to the direct and indirect economic measures.

The multipliers used for this study were from the IMPLAN input-output model which is based on data from the Arizona Department of Commerce and the U.S. Bureau of Economic Analysis. Using the IMPLAN generated coefficients allows the ability to compare the economic benefit of airports with each other and over time.

An Economic Benefit Study utilizing this methodology was conducted in 1998. The dollar figures were adjusted from 1998 to 2008 values so that changes in dollar values would represent real growth. Total benefits of Phoenix-Mesa Gateway Airport have more than doubled during the past decade. Revenues are 2.7 times greater in 2008 and earnings of workers are now 3.0 times greater. Employment associated with the presence of the airport is 2.5 times greater.

### **THE FUTURE**

Utilizing the forecasts of aviation demand from the Airport Master Plan, forecasts of the economic benefit of the airport have been made for 2012, 2017, and 2027. Forecasts of enplanement (passenger boarding) growth are the driver of increases in revenue, employment, and earnings. Visitor spending is projected to grow at the rate of enplanement growth. Direct benefits are

| Year      | Revenues        | Earnings        | Employment |
|-----------|-----------------|-----------------|------------|
| 2007/2008 | \$534,613,000   | \$209,182,000   | 4,074      |
| 2012      | \$683,482,000   | \$235,620,000   | 5,437      |
| 2017      | \$1,389,623,000 | \$483,617,000   | 11,554     |
| 2027      | \$3,039,570,000 | \$1,069,085,000 | 26,507     |

Source: Phoenix-Mesa Gateway Airport Economic Benefit Study. 2008 Dollars.

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PhxMesa **Gateway** Airport



forecast to increase at a somewhat slower pace than enplanements since they also relate to factors such as general aviation demand and available sites for facilities.

Total economic benefit in 2012 is forecast to be \$683.5 million in revenue, \$235.6 million in earnings, and 5,437 jobs. By 2017, the total revenues are forecast to reach \$1.4 billion, with \$483.6 million in earnings, and 11,554 jobs supported. By the long term planning horizon (2027), revenues may reach \$3.0 billion with more than \$1.1 billion in earnings and more than 26,500 jobs supported.