

# Twin County Airport Economic Impact Analysis — Detailed Report

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## Introduction

During late 1995, the Twin County Airport Commission requested that the UW-Extension complete a economic impact report of the airport. The Airport Commission members explained that the purpose of the analysis would be to gain a general idea of the economic impact the airport has in Marinette and Menominee Counties. In 2006, the Airport Commission requested an update of the same study. The following report includes a summary of the 2007 analysis and a comparison, where appropriate, with the data collected in 1995.

In 2007, Twin County Airport and businesses located at or dependent on the airport were directly responsible for 120 jobs, \$457,908 in wage and non-wage income, and more than \$78,000 in annual tax and lease revenues. Additionally, they indirectly influence the creation or retention of over 28 jobs and \$1,353,141 in annual income. Finally, anticipated 5-year capital improvement projects may result in the retention of 46 jobs with another 21 created indirectly from the \$3.37 million in planned improvements.

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## Twin County Airport

Twin County Airport is located on 630 acres in the northwest corner of Menominee, Michigan, (southern border of the Upper Peninsula) across the river from Marinette, Wisconsin. Twin County Airport is home to several businesses including Enstrom (manufacturer of light piston and turbine powered helicopters) and a flight school.



The airport consists of two runways and associated taxi ways. One runway is 5,100 feet long and the other 6,000 feet. The runways can accommodate turbo prop airplanes and mid-size turbo jets.

Other facilities include the main terminal building, maintenance garage, a warehouse building that is rented to Enstrom Helicopter, and an 81'x102" hangar that was rented to a fixed based operator. The terminal building includes the manager's office, counter space that was rented to a commuter airline, and a small office for pilot briefings which includes the weather computer and automated weather observation system. Tenant hangars are not owned by the airport. The tenants construct the hangars and are responsible for their own maintenance and utilities. They pay rent to the airport for the use of the airport land. They also pay property taxes on the hangar building. There are 40 aircraft based at the airport.

## Methodology

Over the course of several months, employment, income (i.e., wages) and non-wage expenditure, taxes and lease payment data for calendar years 2006 or 2005 were gathered through surveys and telephone and personal interviews. Input-output data analysis was completed in February, 2007 using a regional economic model called a Social Accounting Matrix (SAM). While the use of the economic modeling program is new, polling users for their type & frequency of use was identical to the original Twin County Airport Report conducted in 1995.

The following report represents a "partial" analysis in that only two economic indicators (employment and income) are analyzed in detail. The airport has numerous other impacts not covered in this simple analysis.

For example, the employment and income created add to the tax-base of the local communities as well as place demands on the services of local governments. The analysis does not attempt to address either the magnitude of such impacts or the balance between them (i.e., whether or not fiscal benefits are greater or less than the demand on local services). The Twin County Airport also affects local retail markets (in terms of actual sales levels), housing markets, unemployment levels, and commuting patterns. This analysis also does not consider the contribution to the regional overall transportation infrastructure (i.e., ability of a manufacturer to fly parts or staff on short notice). The analysis reported here does not address or shed light on any of these policy questions.

## Twin County Airport Economic Impact

**Table 1** reports the impact on employment annual income, and non-wage expenditures associated with the airport and its tenants. This is the **initial impact** that businesses reported on a written survey in addition to wage data supplemented from the Quarterly Census Employment and Wages, June 2006. More businesses were located at the Twin County Airport and therefore surveyed.

Twin County Airport businesses were asked to list the other businesses they patronize with their non-wage expenditures (i.e., supplies, contracts, etc.) Appendix A consolidates the survey responses into a complete list of businesses who have used the airport at least once during the last five years.

**Table 2** reports the **multiplier impacts** resulting from expenditures associated with the airport. Multiplier effects are calculated using the SAM model and are based on the idea that employment of one additional person causes ripple effects resulting from this person's consumption of retail, real estate, and other goods in the economy. The implicit (i.e., overall) "income multiplier" used for this analysis was 1.21, meaning that for every \$1.00 of wages paid another \$0.21 was created elsewhere.

<b>Table 1. Initial Impact: Jobs, wages and Non-wage expenditures</b>	
	<b>2007 Survey*</b>
Number of Jobs	120
Annual Wages Paid**	\$4,546,080
Non-wage expenditures	\$31,828
<b>Total wage and Non-wage expenditures</b>	<b>\$457,908</b>
*Note that "airport user" survey conducted in 2007 was used to adjust the model that uses 2003 data. **Supplemental data was derived from Bureau of Workforce Information Quarterly Census Employment and Wages, June 2006.	

The implicit "employment multiplier" used for this analysis was 1.2, meaning that for every 10 jobs at the airport, another 2 were created elsewhere in the county. It is important to note that in SAM employment is not full time equivalent, but rather a mixture of full and part-time jobs. Some of the employment impacts are then likely to be part-time in nature and must be considered when interpreting the results.

An examination of the impacts reveals that the manufacturing and transportation industries have the most affect. **Table 2** summarizes the **initial** and **detailed multiplier impacts** resulting from expenditures associated with the airport and its tenants.

<b>Table 2 - Industry Created</b>	<b>Income Impacts</b>	<b>Jobs Created</b>
Manufacturing	<b>\$537,874</b>	<b>12</b>
Transportation & Warehousing	<b>\$217,275</b>	<b>6</b>
Accommodation & Food Services	<b>\$19,066</b>	<b>2</b>
Retail trade	<b>\$32,334</b>	<b>2</b>
Health & Social Services	<b>\$53,270</b>	<b>1</b>
Wholesale Trade	<b>\$23,067</b>	<b>1</b>

**In 2007 the Twin County Airport was responsible for over \$948,775\* in increased income and creation of 28\* jobs in Marinette and Menominee County.\***Sum is higher as not all income impacts were listed in Table 2.

The initial impact is due to the entire airport operation (**Table 3**), including businesses at it or directly relying on it, which employs the equivalent of 120 persons with an income of over \$4,546,080. Note that this includes the airport itself and all businesses that operate directly on the airport, such as Enstrom Helicopter. Were it not for the airport, the case could be made that these businesses would suffer some financial burden without the airport services. This is the **direct** multiplier effect shown (**Table 4**). Three smaller tenants reported that their business requires an airport and that they may relocate if the airport were to close.

<b>Table 3 - Summary of Initial and Multiplier Effect</b>		
	<b>Income Paid</b>	<b>Jobs</b>
Initial	\$ 4,546,080	120
Multiplier Effects*	\$ 948,775	28
<b>Total</b>	<b>\$ 5,494,855</b>	<b>148</b>
*Sum is higher as not all income impacts were listed in Table 2.		

In **Table 4**, the multiplier impacts have been aggregated into general categories of impact source (in Table 2 they were reported per economic sector). The “indirect” impact captures the effect of non-wage expenditures (e.g., fuel, office supplies, etc.) associated with the airport. The indirect impact is about \$135,433. The “induced” impact (sometimes called the wage impact) captures the multiplier effect associated with employees spending in the local economy. The induced impact is about \$142,862.

	<b>Jobs</b>	<b>Income Paid</b>
Initial-Survey	120	\$4,546,080
Multiplier Effect		
Direct	16	\$670,480
Indirect	5	\$135,433
Induced	7	\$142,862
<b>Total</b>	<b>148</b>	<b>\$5,494,855</b>

### **Fiscal Impacts**

Other major fiscal impacts important to the local economy include expenditures related to *capitol improvements* such as new and proposed construction projects on the airport. An example of such a development was recently completed. A ramp overlay contract was awarded to a local construction company for a *sum of nearly \$230,000*. 95% of this cost was paid for by a Federal Aviation Administration Grant program. The *initial impacts* of these contracts resulted in the *retention of more than 3 jobs*, and as result of the multiplier effect, that *created another estimated 3 jobs and more than \$137,000*. Over the next five years, more than *\$3.37 million dollars* in additional airport improvements are *planned*. The initial impact of these anticipated contracts may result in the *retention of over 46 jobs*. These *anticipated expenditures* would also be paid in large through Federal and State grant programs resulting in the *additional creation of over 21 jobs and \$1.4 million dollars* due to multiplier effects.

Twin County Airport adds to the Marinette and Menominee Counties and City of Menominee tax base through, for example, personal property and real estate taxes. The airport also utilizes public funds and real estate as part of its operation. As mentioned before, this “partial analysis” did not thoroughly examine the airport’s fiscal impact. The tax impacts capture all state and local public revenues (taxes plus fees and charges and other sources of public revenue) generated by the economic activity associated with the Airport. The businesses located at Twin County Airport pay more than \$50,000 in personal property and real estate taxes. Additional taxes collected through the multiplier effect totals about \$209,352 for a *total tax impact of \$259,352*. In addition, \$28,000 is collected by the airport for hangar leases and rental payments.

### **Airport Survey Results**

In early 1995, input was sought from local industries and businesses in two ways - a mail survey of area industries and interview with industries who were the most extensive users of the airport. Two surveys were conducted. One by the Marinette Area Chamber of Commerce as part of a larger industry retention survey, the other by UW Extension which surveyed Menominee area industries that had used the airport in the past. The Chamber mailed a three-question survey to 43 major manufacturing firms in Marinette County with a return of 24 surveys. UW Extension also mailed a three-question survey to 18 industries/businesses with 14 surveys being returned.

In early 2007, 89 surveys were mailed, with 30 surveys being completed and returned.

	<b>1995 Surveys Responses (a)</b>	<b>2007 Survey Responses (b)</b>
<i>Loss of customers</i>	2	6
<i>Loss of employees</i>	0	5
<i>Loss of facility</i>	1	3
<i>Increased travel cost</i>	4	8
<i>No effect</i>	20	11

Following is a comparison of the 1995 Chamber/UWEX surveys and the 2007 survey regarding the question: If Twin County Airport did not provide air service to the area, what impact would it have on your firm?

**(a) Comments from 1995 Surveys:**

- Loss of facility: Would not close facility. However, it would affect decisions about future expansion.
- Increased travel and inconvenience.
- Increased cost to use Green Bay.
- Would effect plant operations. Probably would use Oconto Airport, which has a shorter runway and lacks navigational equipment. Would add drive time to all trips.
- Loss of efficiency, time, etc. Most of our travel is to Lansing. We would have to fly from Green Bay or Escanaba.
- Much of the loss would be time related.
- Corporate plane would have to land in Green Bay.
- Personal mobility loss.
- Visitations by corporate personnel would probably be by car and might not be as often.
- An important community/business asset that should be preserved.
- As a newcomer, personally, to this area I have to judge the existing service as poor at best, such that it adds no evident value to our business. It should either be upgraded (service) to make it worthwhile, or abandoned. I can't support any action that is based on a perceived need to keep it just because it is there.
- Much of our use is tied to the benefits and needs of Fairway Foods/Holiday Companies use of a private aircraft and the ability to land here.
- Corporate plane would land in Green Bay.
- Fabtek has just completed a \$25,000 hangar facility for our corporate aircraft and purchases up to \$1,000.00 per month in fuel during summer months.
- We use UPS and airline for air freight. Would hurt us on incoming shipments.
- My firm books my travel out of Green Bay.

**(b) Comments from 2007 Survey:**

An active FBO should be able to provide - flight instruction, fuel service, maintenance, charter service, hanger space, car rental, and possible, airport management.

With no FBO, it is difficult to provide the above services.

The airport is a very important business asset in our area but it is not utilized or managed for the best economic future at present.

We contract with several major local businesses. These businesses rely heavily on the airport for their employees and clients. If the airport were to close, it would be detrimental to the community.

## **Appendix A - List of Businesses Twin County Airport Services “Users”**

**ABC Printers  
Active Air  
Air Race Classic Inc  
Air-Cooled Engine Company  
Airgas  
Anchor Coupling  
Anderson, Tackman & Co  
Angeli's County Market  
AOPA  
BP Aviation Services, Epic Aviation LLC  
Bergstrom Electric  
CAVU Aviation  
Coca Cola Company  
Coleman Machine HID Corp  
DBA Marinette Super 8 Motel  
DDT Construction  
Eagles Flying Club  
Econo Lodge  
Enstrom Helicopter Corporation  
Experimental Aircraft Assoc. Chapter 535  
Fahrner Asphalt Sealers Inc.  
Fortress Fence  
Francour Oil Company  
Freight Runners  
Gee Asphalt Systems Inc  
Graybar Electric  
Green Bay Packaging Inc  
Halron Oil Co Inc.  
Harris Corporation  
J. R. Howell Airport Lighting Inc.  
Karl Schmidt UNISIA Inc.  
K-Mart  
Kenmark Inc.  
L. E. Jones  
Lockheed-Martin  
M & M Trucking Inc.**

**Marinette Marine  
Marinette/Menominee Chamber of Commerce  
MAXAIR Inc.  
Menominee County Emergency Services  
Menominee Hangar Corporation  
Menominee Paper Company  
MI Association of Airport Executives  
Midwestern Wheels, Inc. AVIS  
Moraine Ridge Sr. Retirement Home  
Northern Coating and Chemical  
Northern Fire Protection  
Nygren Insurance Agency  
Oil Equipment Inc.  
Plutchak Fabricating Inc.  
Rennes Health Care  
Riverfront Inn (Best Western)  
State of MI Dept of Natural Resources  
Stephenson National Bank and Trust  
T-34 Association Inc  
The Insurance Works Agency Inc.  
The Manitowoc Company  
Twin County Composite Squadron - Civil Air Patrol  
UP Group 700 Commander MI Wing  
URS Corporation  
US Fish & Wildlife Service  
US Lamp Inc  
Wagner-Casper Insurance Agency  
Waste Management  
Waupaca Foundry  
Western Bay Inc.  
Winging It, Inc.  
Wisconsin DNR  
Yunker's  
Zeratsky Refrigeration**