[MS-0398.030.015.014]

CITY of SAN DIEGO

MEMORANDUM

FILE NO.: Koerper-doc.

DATE : July 8, 1991

TO : Jack Koerper, Director, Special Projects

FROM : Deputy Director Airports Division

SUBJECT: Economic Impact of Large Air Carrier Airports

Jack, following is some of the information I have been able to gather thus far. More will be sent to you as I receive it.

1. "Regional Impact of Sacramento Airports has been calculated at $1.1 billion in 1989."

2. "Louisville, Kentucky airport systems economic impact was calculated to be $681.7 million in 1990."

3. "Phoenix Sky Harbor and its two general aviation reliever airports (Deer Valley and Litchfield Park) have a combined economic impact of $11.7 billion per year (1988)."

4. "The Pennsylvania Bureau of Aviation concluded that aviation had a $9.8 billion impact on the state economy in 1988. Payroll alone for the 153,000 employees was over $3.5 billion."

5. "Minneapolis St. Paul's economic impact is calculated to be at $2.6 billion annually and is responsible for 84,000 jobs."

6. "O'Hare International Airport generates about 10% of Chicago's gross urban product and directly accounts for 50,000 jobs."

The reason for the quotations is to call attention to the fact that this is the wording taken from the various journals and intelligence reports I receive. It is important to note subtle differences such as local versus regional impact. For example, the economic impact of Scottsdale Municipal Airport on the City of Scottsdale was $389.3 million in 1985 -- the regional impact however, was $973 million.

Peter Soderquist

PS:ph

cc: General Services Director

FORM CD-160

Bruce,

Some additional points.

The County requested that SANDAG nominate a member of the exploratory committee at its July meeting. The County's exploratory committee is already perceived as a "turf" or spoiling action. Could be countered perhaps by:

a) getting a group of "independent" SANDAG Council members to move the resolution, and

b) preceding the July SANDAG meeting with the announcement of other exploratory committee members. If (b) are people of recognized regional stature, it will help and leave SANDAG with the last place to fill, i.e., SANDAG can enfranchise or disenfranchise the remainder of their municipal members.

Membership of the exploratory committee might also serve the purpose of co-opting representatives from other "stakeholders" (public and private) in the new airport.

Action to give credibility to the exploratory committee is needed. In addition to appointments, the County could issue a draft scope of work, which more than any rhetoric could be used to demonstrate the need for the exploratory committee's activity to precede in parallel with the final stages of the SANDAG site selection process.

Collectively naming members to the committee and creating a scope of work could be used to generate some momentum and to dilute the dialogue on site selection by giving the press some other news to write about.

I cannot stress enough the need for the three activities described in the attached letter to move forward in parallel. They are interlinked. Site selection without an agency to move the project forward is a fruitless exercise and neither can work without a regional consensus.

An independent Task Force can take the high ground of economic prosperity for the region. Using that method, the mayoral candidates can react to the need rather than making it their own personal election platform. When politicians strongly endorse sensible regional initiatives, sensible things can happen. However, when the baby is conceived out of electoral politics, you can end up with a deformed child whose fatal flaws will dog the region for decades.

The funding issue also is crucial. Airports are reasonably easy to finance given the strong revenue stream they usually produce. The U.S. is in for a wave of airport building, and the financial community is beginning to take serious interest. The way in which an airport authority is structured, its harmony with its local region, and its growth potential effect not only the ability to finance the project, but also the interest rate you can obtain for the bonds issued. Denver, for example, is suffering from a high, almost junk bond, interest rate, while Washington has an extremely low rate.

Once a site selection is made, the project needs to move rapidly forward. Any delay in creating an authority, or wondering about fundability, will merely give opponents an opportunity to revisit site selection. A good way to beat the "problem for every solution" mentality is to act faster than others can dither, and to have an independent support group cheering you on.

Whether decisions are seen as good or bad very often depends on the first comments made to the press. A task force provides a positive voice and approach which can be helpful in ensuring that decisions are seen as progress, and not just another round of political debate.

2413W