long beach
airport

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Date: November 12, 2019

To: Thomas B. Modica, Acting City Manager

From: Cynthia Guidry, Director, Long Beach Airport

For: Mayor and Members of the City Council

Subject: **Economic Impact Report for Long Beach Airport**

Attached for your review is the latest economic impact report for Long Beach Airport (Airport). The analysis was conducted by Unison Consulting, an aviation consultancy firm, and is based on 2018 data. The report of the analysis concludes the Airport continues to be a strong economic engine for the City of Long Beach (City).

To recognize the important role the Airport plays in attracting economic vitality, the report measures the total economic impact of both the Airport and the broader Long Beach Airport Aviation Complex (Complex), including all business entities within a defined area north of Interstate 405 and south of Carson Street, bordered by Clark Avenue and Cherry Avenue. Most of the property is owned by the City.

The data demonstrates that the Airport serves as an important commercial travel hub, stimulates enterprise, attracts jobs, and provides income for households in the region. The Airport accounts for nearly $1.6 billion in economic impact and supports more than 10,000 jobs, while the Complex accounts for $8.6 billion in economic impact, supporting nearly 46,000 jobs in the region.

The Complex houses 441 businesses, a number that has grown significantly due to the development of Douglas Park and the Long Beach Exchange. Further development is expected at the former Boeing C-17 manufacturing plant, which recently sold for $200 million. At 93 acres, it represents a unique development site within an urban area. As a result, the Airport's economic impact is expected to increase over the coming years.

This is the first time the economic impact analysis measured the impact of visitor spending on the local economy. Based on numerous passenger surveys, the average commercial passenger spent $546 for off-airport accommodations, ground transportation, food, shopping, and entertainment, while general aviation

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passengers spent an average of $335. This combined visitor spending supports about 5,800 jobs.

Long Beach Airport is a self-supporting enterprise and does not receive local tax dollars. The economic activities arising from Airport operations generate tax revenues that help fund local government services and public infrastructure. The report concludes the Airport contributed an estimated $79 million from the provision and use of air transportation, and a total of $615 million from the economic activity generated by the entire Complex.

Should you have any questions about the report, please contact me at (562) 570-2605.

ATTACHMENT

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
DOUGLAS HAUBERT, CITY PROSECUTOR
REBECCA GUZMAN GARNER, ACTING ASSISTANT CITY MANAGER
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TERESA CHANDLER, INTERIM DEPUTY CITY MANAGER
ANDREW VIALPANDO, ACTING ADMINISTRATIVE DEPUTY TO THE CITY MANAGER

long beach airport
ECONOMIC IMPACT REPORT

46 46,000 jobs created

8.6 $8.6 billion in economic impact

$546 average visitor spending for commercial passengers

0 local taxpayer dollars used to fund airport

Long Beach Airport (LGB) was established in 1923 as the first municipal airport to serve Southern California. At present, the Airport covers 1,166 acres and has three runways. Long Beach Airport is somewhat unique among municipal airports in that the Airport campus includes a mix of commercial Class-A office buildings, hotels, retail, industrial facilities, and a municipal golf course.

An analysis of fiscal year 2018 data by Unison Consulting, summarized in this brochure, estimated the economic impact of LGB on the Los Angeles-Long Beach, CA, Combined Statistical Area (CSA), consisting of Los Angeles, Orange, San Bernardino, Riverside, and Ventura counties. Various economic activities take place at LGB, generating revenue for businesses, jobs for the local workforce, and income for households in the study region. Through economic multiplier effects, these economic activities create additional economic activities within the region. *More details on the study methodology can be found in the full report at lgb.org/economicimpact.*

The Long Beach Airport Complex is strategically located between downtown Los Angeles and Orange County. The ease of accessing a network of freeways facilitates air travelers, as well as tenants serving clients in Los Angeles and Orange counties.

The geographical footprint of the Long Beach Airport Complex includes the area north of Interstate 405, south of Carson Street, and bordered by Clark Avenue and Cherry Avenue. Most (but not all) of the property is owned by the City of Long Beach.

Long Beach Airport Complex

The Long Beach Airport Complex houses 441 business establishments providing employment to more than 10,000 individuals. In 2018, these businesses directly generated $456 million in earnings. The Long Beach Airport Complex also affects the economy of the Southern California region, defined as the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura. In addition to nearly 20,000 direct jobs, the economic activity within the complex indirectly supports an additional 26,000 jobs, yielding a total employment impact of nearly 46,000 jobs. These jobs generate earnings of $2.6 billion, and a total output valued at $8.6 billion

TOTAL ECONOMIC IMPACT: LONG BEACH AIRPORT COMPLEX

	Employment	Payroll	Output
Direct	19,903	$1.3 billion	$4.2 billion
Indirect & Induced	26,031	$1.3 billion	$4.4 billion
TOTAL	45,934	$2.6 billion	$8.6 billion

45,934
EMPLOYEES

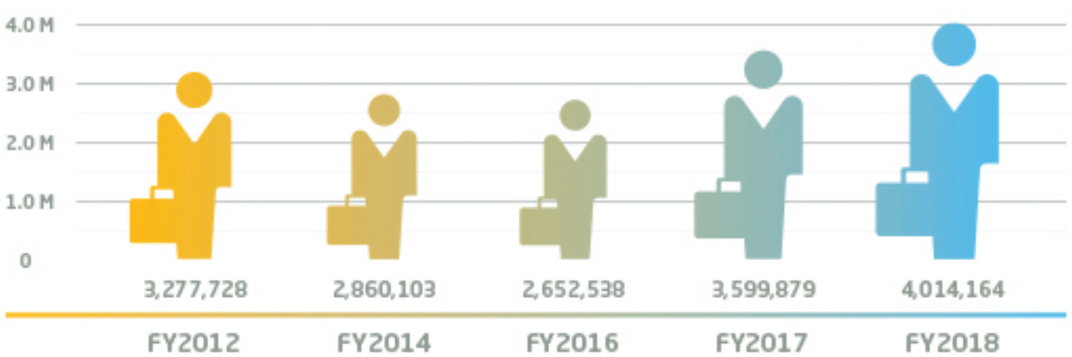
$2.6B
PAYROLL

$8.6B
OUTPUT

Long Beach Commercial and General Aviation

LGB has been ranked by Condé Nast among "Top 10 Business Travel Airports" and by the U.S. Department of Transportation as one of the five lowest-cost airports in the nation. Long Beach Airport operates within a Noise Compatibility Ordinance, which allows a minimum of 41 commercial, nine supplemental, and 25 commuter flights daily. In 2018, the Airport served just over 4 million passengers, an all-time high. In addition to the commercial industry, LGB has one of the most active and diverse general aviation operations in the nation.

LONG BEACH AIRPORT TOTAL PASSENGERS | 2012 - 2018



This study confirms that the Airport is clearly an important component of the region's economy, ensuring a quality of life and economic vitality for the citizens of Long Beach.

Survey Says: Visitor Spending Supports Local Economy

Visitors bring new money into the local economy when they stay in hotels, pay for ground transportation, eat at restaurants, shop and pay for entertainment and various other services. Visitor spending from both commercial and general aviation flights at LGB supports more than 5,800 jobs.

A recent survey of more than 1,000 visitors to LGB provides insight into how out-of-town passengers support the local economy.

VISITOR SPENDING | COMMERCIAL & GENERAL AVIATION PASSENGERS

COMMERCIAL PASSENGER	GENERAL AVIATION PASSENGER
Average off-airport spending per visitor: $546	Average off-airport spending per visitor: $335
Accommodations: $189	Accommodations: $116
Off-airport ground transportation: $36	Off-airport ground transportation: $22
Restaurant food & beverage: $103	Restaurant food & beverage: $63
Retail store purchases: $136	Retail store purchases: $84
Entertainment: $55	Entertainment: $34
Other services: $26	Other services: $16

Long Beach Airport to Spend $22 Million Annually to Maintain and Refurbish its Runways and Infrastructure

The Airport continues to invest in capital improvements that enhance the safety and security of airfield operations, as well as modernize and enhance the passenger experience. Phase II of the Terminal Airport Improvements Project (TAIP) consists of several major project components, including construction of a new ticketing lobby south of the historic terminal, relocation of rental car services, development of a consolidated baggage claim and relocation of a baggage make-up unit, and major upgrades to the historic terminal building that will include HVAC, electrical, mechanical, and structural improvements. In addition to delivering first-class improvements to keep Long Beach Airport competitive, these capital improvement projects result in high-paying construction jobs.

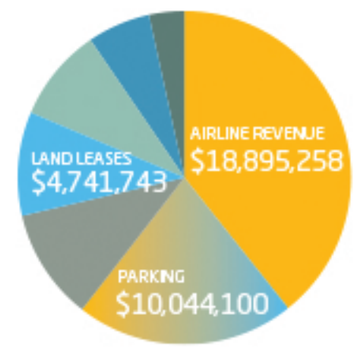
ECONOMIC IMPACT OF CONSTRUCTION EXPENDITURES | 2018 - 2024

$157.8 M	236 JOBS	$22.5 M
CONSTRUCTION EXPENDITURES	PER YEAR	ANNUALLY

Long Beach Airport Is a Self-Supporting Enterprise of the City of Long Beach

The Airport does not receive support via the City's General Fund, but instead generates its revenue via user fees and rents. In 2018, the total revenue of the Airport to support its operations was $48 million; 25 percent of these operating funds were used to purchase services from the City General Fund and other City operating units, such as Police, Fire, City Attorney and Public Works.

LONG BEACH AIRPORT ENTERPRISE REVENUE, 2018



Airline Revenue	39.5%	$18,895,258
Parking	21%	$ 10,044,100
Ground Transportation	10.6%	$ 5,061,347
Land Leases	9.9%	$ 4,741,743
Fixed Based Operations	9.7%	$ 4,656,681
Restaurants | Concessions	6.4%	$ 3,036,442
Miscellaneous	2.9%	$ 1,380,083

$47,815,654 M
TOTAL REVENUE

Long Beach Airport and its tenants generate more than **$8 billion** and just under 46,000 jobs in total economic activity to the Long Beach region, with an additional **$615 million** in tax revenue at the state and local levels.

NO LOCAL TAXPAYER DOLLARS ARE USED TO FUND LONG BEACH AIRPORT.

The economic impact study follows the general guidelines provided by the Federal Aviation Administration (FAA) for airport economic impact analysis, the U.S. Bureau of Economic Analysis (BEA) guidelines for the use of Regional Input-Output Modeling System (RIMS II) multipliers, and the theory and practice of economic impact analysis established in regional economics.

- **DIRECT** impacts result from expenditure to suppliers, employees associated with LGB and the aviation businesses at LGB, and transportation-related businesses in the area.
- **INDIRECT** impacts result from the suppliers purchasing goods and services and hiring workers to meet demand.
- **INDUCED** impacts result from the employees of LGB purchasing goods and services at a household level.

long beach airport

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CITY OF LONGBEACH

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Esta publicación también esta disponible en Español: 562-570-2678.
Ang lathalang ito ay nakasalin sa wikang Tagalog. Tumawag lamang sa 562-570-2678.
ការបោះពុម្ពផ្សាយនេះក៏មានជាភាសាខ្មែរផងដែរ: 562-570-2678.