

## 1.0 OKLAHOMA CITY – WILL ROGERS WORLD AIRPORT

### 1.1 Overview

Will Rogers World Airport (OKC or the Airport) is located ten miles southwest of downtown Oklahoma City, the capital of Oklahoma. Will Rogers World Airport has nonstop service to 23 destinations including Atlanta, Chicago, Dallas, Denver, Houston, Los Angeles, New York, Phoenix, San Francisco, Seattle, and Washington, D.C. It has six airlines: Alaska, Allegiant, American, Delta, United, and Southwest serving a market area of over 1.3 million people. OKC had 119,521 operations in 2016 and had 55 aircraft based. All passenger carriers, except Allegiant, provide air cargo service. FedEx Express, UPS, and DHL all provide domestic and international express cargo service at OKC.

Will Rogers World Airport has four runways, four published precision instrument approaches, and approach lighting systems on the primary runways. The Airport covers 8,081 acres. There are two fixed-base operators on the property: AAR Aircraft Services and Atlantic Aviation. Services include aircraft fueling, parking, maintenance, and rental cars.

The State of Oklahoma establishes public trusts for municipalities and counties in the state. The Oklahoma City Airport Trust (Trust) was created in 1956 and oversees the financial management of Will Rogers World Airport, Wiley Post Airport, and Clarence E. Page Airport. Additionally, the Trust oversees the management of the land and facilities at the FAA's Mike Monroney Aeronautical Center, Oklahoma City's fourth largest employer. The City of Oklahoma City is the beneficiary of the Trust.

### 1.2 Administration

The Trust consists of five voting members: the Mayor, the City Manager, one City Council member and two independent trustees who are citizens and residents of the City and are appointed by the Mayor. The Mayor and City Manager each have designated surrogates. The Director of Airports is appointed by the City Manager and serves as General Manager of the Trust.

Capital projects at the City's three airports are funded through the Trust. The Trust's fiscal year 2017 capital budget is \$68,300,650. Capital projects are listed in the budget with the estimated project life begin and end years, estimated costs for the budget year, and an estimated total project cost. Sources of funds to purchase, construct, and improve these capital assets come from federal grants, revenue bond proceeds, oil and gas revenues, and operating revenues.

The FY2017 budgeted amounts for capital projects at OKC include: (1) The realignment of Portland Avenue for \$3,350,000, (2) the early site development for terminal expansion for \$2,681,000, (3) terminal expansion for \$10,000,000, (4) roadway and garage signage replacement for \$3,000,000, (5) parking revenue control system for \$3,700,000, (6) new surface parking lot for \$2,000,000, (7) purchase various equipment for \$2,970,000, and (7) various other improvements for \$10,025,000.

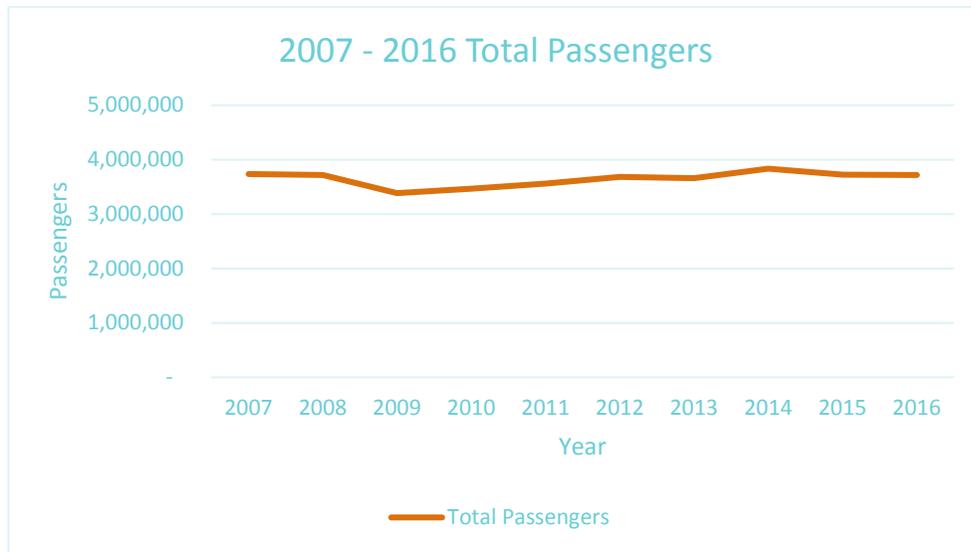
The overall cost of the OKC Terminal Expansion project will fall just under \$90 million and is projected to be completed in 2019. This project will add four new airline gates, create a centralized security checkpoint and improve public circulation areas.

The Airport has designated 1,000 acres on the east side of its property for business development. The area provides logistical opportunities for businesses that require airfield access as well as opportunities for the development of aviation support, industrial, office and retail businesses.

### 1.3 Activity

Over the past 10 years, commercial operations and enplanements at OKC have remained steady while freight activity has declined, as shown in **Figure 1-1**, **Figure 1-2**, and **Figure 1-3**.

FIGURE 1-1 – OKC 2007-2016 TOTAL PASSENGERS



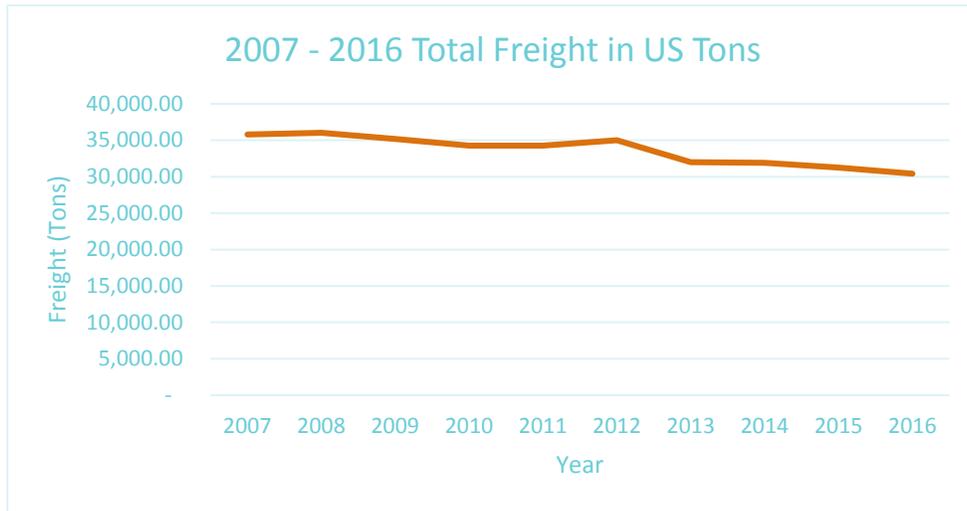
Source: OKC Airport Records, December 2016

FIGURE 1-2 – OKC 2007-2017 AIRCRAFT OPERATIONS



Source: OKC Airport Records, December 2016

FIGURE 1-3 – OKC 2007-2016 TOTAL FREIGHT IN US TONS



Source: OKC Airport Records, December 2016

## 1.4 Employers and Key Tenants

There is a diverse range of employers in the Oklahoma City metro area, many of which rely on the accessibility and infrastructure that the Airport provides. Some of Oklahoma City’s largest employers are local, state, and federal government. The aerospace, energy, education, technology, and healthcare sectors are also significant and reflect the increasingly diversified and growing economy in the area. Some of the top employers are shown in **Table 1-1**.

TABLE 1-1 – 2016 TOP EMPLOYERS IN AIR TRADE AREA

Employer	Total Employees
Local Governments	54,400
State Government	45,700
Federal Government	27,700
Tinker Air Force Base	24,000
Oklahoma University – Norman	12,700
FAA Aeronautical Center	7,000
Integrus Health	6,000
Hobby Lobby	5,100
Oklahoma University Health and Science Center	5,000
Oklahoma City, City Government	4,700
The Boeing Company	2,600
Devon Energy	2,500
Sonic Corporation	2,460

Source: OKC Comprehensive Annual Financial Report, June 30, 2016

The Airport is home to numerous businesses that have a regional or national presence and which make significant contributions to the local economy. For many of these airport tenants, OKC is a vital part of their operation and is essential to their mission in the region. The following provides an overview of some of the key airport tenants.

#### **1.4.1 U.S. Customs and Border Patrol Training**

The U.S. Customs and Border Protection (CBP) conduct flight training and maintenance operations at their air-training facility at OKC. A 67,500 square-foot hangar houses a training center, maintenance facility, and small fleet of general aviation aircraft and surveillance helicopters. This CBP field office enhances the standardization of CBP Air and Marine pilot training and flight operations through the training of more than 650 aviators that come each year for three days of intense one-on-one recurrent flight training. Some students also receive training in survival, ground tactics, and sensor operations. These skills help protect against terrorism, human and drug smuggling, and illegal entry to our country. CBP training conducted at OKC facilities contributes to the national mission of CBP which secures nearly 7,000 miles of land border, more than 2,000 miles of coastal waters and 300 ports of entry.

#### **1.4.2 U.S. Federal Bureau of Prisons Transfer Center**

The Federal Transfer Center (FTC) is located on the southwest edge of OKC and is the bureau's only transfer facility in the nation. The primary mission of the center is to process and temporarily house federal prisoners as they are moved to more permanent locations in the federal prison system. The 544,200 square-foot facility has its own jet bridges which are used by the U.S. Marshal Service's MD83 aircraft. Approximately 85,000 prisoners are processed annually through the prison.

#### **1.4.3 Southwest Airlines Customer Support and Service Center**

The Southwest Airlines' Customer Support and Service Center provides its customers with assistance making airline reservations as well as providing customer service training for Southwest employees. Oklahoma City has been home to the Southwest reservation center since 1995. Employees at this location contribute to the experience of local and regional passengers as well as the service found throughout Southwest Airlines system. The OKC center is one of seven national centers including Atlanta, Albuquerque, Chicago, Houston, Phoenix, and San Antonio.

#### **1.4.4 FAA Tower**

Will Rogers World Airport has an Air Traffic Control Tower (ATCT) that provides the vital public service of guiding pilots within the immediate area of the Airport. The ATCT oversees departing aircraft from the time the plane begins taxiing until it is safely transitioned from the immediate airspace. It also oversees arriving aircraft, coordinating with approach control and pilots to separate aircraft for landing. OKC's ATCT is a part of the Central Service Center and contributes to the National Airspace System that serves 2.2 million daily passengers.

#### **1.4.5 AAR Aircraft Maintenance – Oklahoma City**

This OKC facility is designated by the FAA as a Class IV Repair Station and specializes in the maintenance and repair of Boeing narrow-body airframes as well as Bombardier and Embraer airframes. The facility has seven hangar bays encompassing 300,000 square feet and can accommodate up to 12 aircraft. AAR has been a tenant at OKC for nearly 50 years.

#### **1.4.6 Field Aerospace**

Field Aerospace at OKC is a local company that provides aircraft modification, integration/maintenance services, and logistical capabilities. Their specialized capabilities support the Department of Defense and government, commercial, business, and private customers. Aircraft specializations are key for private customers flying Bombardier, Viking, and Beechcraft King Airs. Additionally, military branches and allied nation aircraft benefit from work performed on aerial refueling aircraft, mobility command tanker and cargo aircraft, as well as tactical and airlift mission aircraft. Hangars at the Airport are a part of over 350,000 square feet of facilities that connect the Oklahoma which supplement Field Aerospace business activity with their facilities in Toronto and their aerospace parts manufacturing facility in Calgary, Alberta.

#### **1.4.7 FAA Mike Monroney Aeronautical Center**

Mike Monroney Aeronautical Center is one of the Department of Transportation's largest facilities outside the Washington, DC area, and one of the 10 largest employers in the Oklahoma City metro area. It consists of the FAA Logistic Center, FAA Academy, and the Enterprise Services Center. Other entities at the Center include the Civil Aerospace Medical Institute (CAMI), the Media Solutions Division, and the Office of Acquisition Services. The Academy offers FAA staff training courses utilizing the latest instructional systems and techniques that duplicate or simulate operational facilities and airports. The Academy has approximately 1,000 students in attendance on a typical day consisting of FAA students and FAA staff from around the U.S, and students and aeronautical staff from other nations.

The FAA Academy provides technical and managerial training and development for its workforce and the aviation community.

Whether it's hurricanes, typhoons, tsunamis, real estate problems, or equipment failure, the FAA Logistics Center (an ISO 9001:2000-certified organization) is prepared to support the National Airspace System (NAS) 24 hours a day, 7 days a week. The FAA Logistics Center provides consulting, engineering, repair, distribution, and technical support for air traffic control services in the United States and 44 different countries. Nationally, it provides services to more than 45,000 different facilities at 28,000 different locations.

#### **1.4.8 Additional Activity - Sports Teams Charters**

Professional and collegiate sports team charters are a common occurrence at OKC. NBA teams playing away games in Oklahoma City charter private and commercial jets. These aircraft utilize the passenger terminal or the general aviation side of the Airport depending on the needs of the carrier. In 2016, collegiate football team Ohio State University spent two nights at Oklahoma City while in town to play University of Oklahoma and used commercial aircraft to transport student athletes, coaching staff, and equipment. Local charter businesses based at OKC also charter for local collegiate teams carrying athletes and coaching staff to away games. Additionally, college coaches fly charters into and out of OKC to recruit high school athletes.

### **1.5 Economic Impact**

The Oklahoma Aeronautics Commission (OAC), in partnership with the FAA and Will Rogers World Airport, undertook steps to estimate the Airport's annual economic impacts. Details of the study can be obtained on the Commission's website: <http://oac.ok.gov>

#### **1.5.1 Summary of Study Results**

OAC's Statewide Aviation and Aerospace Economic Impact Study measured economic impacts associated with three key contributors: 109 public general aviation and commercial airports, off-airport employers

engaged in aviation/aerospace activities, and military aviation. Total annual statewide economic impacts for each of these three groups are shown in **Table 1-2**.

**TABLE 1-2 – TOTAL ANNUAL STATEWIDE ECONOMIC IMPACTS**

	Employment	Payroll	Spending	Economic Activity
All 109 Study Airports	74,002	\$3.6 B	\$7.0 B	\$10.6B
Off-Airport Aviation/Aerospace Employers	58,958	\$3.4B	\$10.5B	\$13.9B
Military Aviation	72,648	\$4.7B	\$14.6B	\$19.3B

The following summary of the study approach provides an overview of the process used to estimate economic impacts and highlights specific annual economic impacts for OKC.

**1.5.2 Approach to Estimating Economic Impacts**

Economic impact studies such as this reflect a “snapshot” of conditions that exist at the time the study is conducted. The aviation industry is dynamic and constantly changing, and economic impacts fluctuate with changes in the industry and the community. The Airport’s annual economic impacts were estimated using four measures: employment, payroll, spending, and economic activity. Annual economic activity is the sum of annual payroll and spending.

For each of the impact measures (employment, payroll, spending, and economic activity), the first step in the process was to collect direct impacts. Direct impacts were collected through face-to-face and phone interviews as well as through a variety of written surveys.

IMPLAN, an FAA recognized input/output econometric model, was used to estimate indirect and induced impacts. As direct impacts from the employment, payroll, spending, and total economic activity categories enter the state’s economy, direct impacts re-circulate, generating additional indirect and induced impacts through a multiplier effect. Direct impacts, added to indirect and induced impacts, equal total annual economic impacts for the measures considered in this research.

**1.5.3 Annual Economic Impacts for Will Rogers World Airport**

Annual economic impacts were estimated for the following five categories:

- Airport management
- Airport tenants
- Spending for capital projects
- Spending from visitors arriving on general aviation aircraft
- Spending from visitors arriving on scheduled commercial airline flights

The following sections provide information on total annual economic impacts in each of these five categories for Will Rogers World Airport.

*Total Annual Economic Impacts from Airport Management*

Airport management includes categories such as administration, maintenance, human resources, grant administration and finance, properties, legal services, security, and other. In this study, for employment in all impact categories, part-time and seasonal jobs were converted to full-time equivalent jobs. This conversion

was accomplished by considering either the number of hours worked or the annual compensation for the less than full-time positions.

**Table 1-3** shows all annual impacts identified for the airport management function at OKC. Annual economic activity represents total annual airport spending for goods and services to operate the Airport, plus annual payroll for this impact category. Indirect and induced impacts were estimated using the IMPLAN model.

TABLE 1-3 – OKC ANNUAL ECONOMIC IMPACTS AIRPORT MANAGEMENT

	Direct	Indirect/Induced	Total
Employment	141	109	250
Payroll	\$7,097,934	\$5,877,911	\$12,975,845
Spending	\$19,083,018	\$20,627,636	\$39,710,654
Economic Activity	\$26,180,952	\$26,505,547	\$52,686,499

*Total Annual Economic Impacts from Airport Tenants*

The Airport has a wide range of on-airport aviation tenants; key aviation-related tenants, at the time this study was conducted, are shown in **Section 1.4**. Examples include, but are not limited to, aircraft maintenance, commercial airlines, concessionaires, and state and federal entities. Some tenants only employ one or two individuals, while others employ thousands.

As part of the OAC study, each Airport tenant was contacted to gather information on activities; this information was used to estimate the annual economic impact of each tenant. Total annual economic impacts for all tenants operating at OKC are shown in **Table 1-4**.

TABLE 1-4 – TOTAL OKC ANNUAL ECONOMIC IMPACTS - AIRPORT TENANTS

	Direct	Indirect/Induced	Total
Employment	9,012	7,598	16,610
Payroll	\$727,097,233	\$344,585,975	\$1,071,683,208
Spending	\$758,296,905	\$803,635,259	\$1,561,932,164
Economic Activity	\$1,485,394,138	\$1,148,221,234	\$2,633,615,372

*Total Annual Economic Impacts from Capital Investment*

Each year through federal, airport, and private investment, OKC undertakes various capital improvement projects. These projects range from minor investments needed to accomplish runway maintenance to significant investment to build new runways and terminal buildings. When goods, materials, and services are purchased to implement capital projects, this spending supports employment and the payroll associated with this employment.

Economic impacts in this category have the propensity to change, as capital investment spending often varies significantly year-to-year. The Airport might complete a major project and then not undertake a project of similar magnitude for several years. If the economic impact snapshot takes place in a time of high capital investment, economic impacts will be higher than in a period where limited investment occurs.

To account for changes in annual capital investment, the OAC study considered the Airport’s average annual spending for the past five years. Five-year average annual spending was used to estimate economic impacts

in this category. After establishing the Airport’s average annual capital investment, the IMPLAN model provided ratios for estimating employment and associated payroll supported by capital investment. The annual impacts at OKC in this category are shown in **Table 1-5**.

**TABLE 1-5 – TOTAL OKC ANNUAL ECONOMIC IMPACTS - CAPITAL INVESTMENT**

	Direct	Indirect/Induced	Total
Employment	527	443	970
Payroll	\$20,335,928	\$20,600,595	\$40,936,523
Spending	\$65,327,403	\$53,564,259	\$118,891,662
Economic Activity	\$85,663,331	\$74,164,854	\$159,828,185

### *Total Annual Economic Impacts from General Visitor Spending*

This study estimates that approximately 439,600 visitors to Oklahoma arrive each year on general aviation aircraft; approximately 55,800 of these general aviation visitors arrive via Will Rogers World Airport. This estimate of annual general aviation visitors was derived from information supplied by the Airport, Aircraft Owners and Pilots Association (AOPA), and OAC. Visitors come to Oklahoma City for many reasons, including business or personal/leisure travel. Many visitors travel on general aviation aircraft for sporting events, including the teams themselves.

For the OAC study, surveys were distributed to visitors who arrive on general aviation aircraft. General aviation visitors to the Oklahoma City metropolitan area stay longer and spend more than their counterparts visiting other areas of the state. Study surveys also confirmed that many visitors, who arrive on general aviation aircraft, stay only for the day or even a few hours. These shorter trips limit spending associated with visitors, but day trips are often vital to a company’s ability to ensure efficient business travel.

For those visitors who do stay overnight, most have expenditures for lodging, food, ground transportation, entertainment, and retail purchases. Visitor spending helps to support many jobs and the payroll associated with these jobs in the state’s hospitality industry. Once annual general aviation visitor spending is estimated, the IMPLAN model provides information for estimating the number of jobs and the payroll this spending supports. OKC’s annual economic impacts from general aviation visitor spending are shown in **Table 1-6**.

**TABLE 1-6 – TOTAL OKC ANNUAL ECONOMIC IMPACTS - GENERAL AVIATION VISITOR SPENDING**

	Direct	Indirect/Induced	Total
Employment	302	108	410
Payroll	\$6,700,144	\$4,785,471	\$11,485,615
Spending	\$18,687,467	\$9,444,887	\$28,132,354
Economic Activity	\$25,387,611	\$14,230,358	\$39,617,969

### *Total Annual Economic Impacts from Commercial Visitor Spending*

For 2016, Airport records indicated that the Airport had a total of 1.85 million boarding passengers or enplanements. Some of these enplanements are residents and some are visitors. The U.S. Department of Transportation (USDOT) collects information for all commercial airports that indicates which portion of the airport’s enplanements are related to residents versus visitors; this information was used in this study. Based on airport and USDOT data, it is estimated that more than 815,100 of the Airport’s 2016 enplanements were visitors to Oklahoma.

Information presented previously discussed how data was collected from visiting passengers, as well as length of stay and spending patterns for visitors arriving on a commercial airline flight. The IMPLAN model was used to identify jobs and payroll in hospitality, entertainment, and retail industries supported by spending associated with visitors who arrive on a commercial airline flight. Total estimated annual economic impacts associated with the Airport’s commercial airline visitors are shown in **Table 1-7**.

TABLE 1-7 – TOTAL OKC ANNUAL ECONOMIC IMPACTS - COMMERCIAL VISITOR SPENDING

	Direct	Indirect/Induced	Total
Employment	8,428	3,292	11,720
Payroll	\$196,529,302	\$147,298,429	\$343,827,731
Spending	\$537,018,114	\$303,185,015	\$840,203,129
Economic Activity	\$733,547,416	\$450,483,444	\$1,184,030,860

*Summary of the Airport’s Total Annual Economic Impacts*

The Airport has economic impacts associated with the following categories: airport management, airport tenants, capital investment, general aviation visitor spending, and/or commercial visitor spending. Information here shows total annual economic impacts for all five impact categories at Will Rogers World Airport, indicating the portion of each impact that is attributable to a direct impact or to an indirect/induced impact. As reflected, when direct and indirect/induced impacts for all categories are considered, the Airport supports:

- A total of 29,960.5 jobs
- Annual payroll of \$1.5 billion
- Annual spending estimated at \$2.6 billion
- Total annual economic activity (payroll plus spending) estimated at \$4.1 billion

*Annual Tax Revenues from Airport Supported Activities*

As documented in the study, airports throughout the state contribute significantly to state and local governments. This impact is estimated at \$497.8 million. The Airport and activities it supports are important contributors to tax revenues. Aviation-related tax revenues are associated with sales tax events and state income tax payments. Taxable events are related to the following:

- When visitors come by air, they pay sales tax on their spending for lodging, food, rental cars, entertainment, and retail purchases.
- The Airport and its tenants have annual purchases for supplies to operate their businesses; some of these annual purchases contribute to sales tax revenues.
- When capital improvement projects are implemented, purchases made for construction materials are subject to a sales tax.
- The Airport supports a total of 18,410 direct jobs. Each year, these employees spend a portion of their income on items subject to sales tax.
- The direct jobs supported by the Airport pay state income tax.

When these taxable events are considered, it is estimated that OKC and activities it supports contribute almost \$197.4 million in annual tax revenues—this estimate is based only on direct impacts estimated in the OAC study.

## *Economic Impacts from Off-Airport Aviation & Aerospace Employers in Oklahoma City Metropolitan Statistical Area (MSA)*

Oklahoma’s airports and military airfields have attracted other aviation and aerospace companies to the state. Following World War II, Oklahoma emerged as a center for aviation activity. Since that time, Oklahoma has continued its upward trajectory, attracting the nation’s most sophisticated aviation/aerospace developers, maintainers, and suppliers. As part of the OAC study, additional research was undertaken to identify other aviation and aerospace employers in Oklahoma who are not located at an airport.

Impacts presented in this section are those associated with aviation and aerospace companies that operate in the Oklahoma City MSA but are not at OKC—these impacts are in addition to those identified previously. Research conducted as part of this study indicates that over 300 businesses in the Oklahoma City MSA engaged in some facet of aviation or aerospace as their core or primary business. These aviation and aerospace businesses have a significant economic impact to the region. Annual economic impact from these employers is summarized in **Table 1-8**.

TABLE 1-8 – TOTAL OKLAHOMA CITY MSA ANNUAL ECONOMIC IMPACTS - OFF-AIRPORT AVIATION/AEROSPACE BUSINESSES

	Direct	Indirect/Induced	Total
Employment	6,930	6,238	13,168
Payroll	\$389,529,090	\$333,146,833	\$722,675,923
Spending	\$853,053,847	\$564,384,793	\$1,417,438,640
Economic Activity	\$1,242,582,937	\$897,531,626	\$2,140,114,563

### *Summary of On- and Off-Airport Annual Economic Impacts*

The OAC study concluded that when the Airport’s impacts from airport management, airport tenants, CIP investment, general aviation visitor spending, commercial visitor spending and off-airport aviation and aerospace employers in the MSA are combined, OKC’s total annual economic impacts are as follows:

- 43,129 Jobs
- \$2.2 billion in annual payroll
- \$4.0 billion in annual spending
- \$6.2 billion in economic activity

These estimates include all direct, indirect, and induced economic impacts identified in the OAC study. The OAC study has clearly shown that all facets of aviation and aerospace supported by Will Rogers World Airport are significant contributors to Oklahoma’s economy. Combined, all categories examined in this study are contributing almost \$6.2 billion each year to the state and local economy.