

MMU



MORRISTOWN MUNICIPAL AIRPORT

Economic Impact Assessment Executive Summary



Morristown Municipal Airport Generates an Annual Regional Economic Impact that supports:

1,150 Jobs

\$72.3 Million in Income

\$243.6 Million in Total Economic Impact

\$13.3 Million in State & Local Taxes

A snapshot of the overall value of the Airport to the community would include the annual economic output of \$243.6 million plus the existing value of the airport itself of \$167.1 million, which totals **\$410.7 million**.

Welcome to Morristown Municipal Airport

Morristown Municipal Airport (MMU) encompasses 637 acres and is a designated General Aviation Reliever for Newark Liberty International Airport located 17 miles away. The Airport is 27 stoplight-free miles from New York City. Many of the based tenants have their corporate headquarters nearby and have located to the area because of the availability of MMU. Located in Hanover Township, but owned by the Town of Morristown, MMU has been privately managed since 1982 by DM Airports, LTD. (formerly D.M. Airport Developers, Inc.)



This report documents the economic impact and contribution of Morristown Municipal Airport (MMU) to the local economy. It is important that the public and its representatives understand the direct economic contribution to the community and to area businesses that the Airport provides. This analysis demonstrates the economic effects of airport and aviation use within the Morristown/Hanover area and Morris County by tracing the movement of expenditures through the various economic sectors until the money is exported incrementally from the County through purchases of outside goods and services.



Definitions

- **Direct Spending:** Includes on-airport spending on employment, operations, and capital projects. It also includes off-airport spending by air travelers for rental cars, hotels, restaurants, etc. Thus, direct spending is associated with both the providers and the users of airport services.
- **Induced Benefits:** Impacts above the original direct spending created by the successive rounds of spending in the local economy until the original direct impact has been incrementally exported from the local area.
- **Jobs and Income:** Quantify the income generated by aviation and the number of jobs supported by the Airport.
- **Total Output in Dollars:** The combined impacts of direct and induced spending.
- **Taxes:** Tax revenue contribution of the aviation industry to local and State units of government in New Jersey.

Economic Setting

Morris County enjoys a diverse economy that has followed general economic shifts toward service-related industries and high-technology growth in pharmaceuticals, health care, and financial services. With a population of 488,500 in 2007, Morris County has enjoyed steady population growth at a higher rate than the State of New Jersey since 1970. The County is projected to continue to outpace Statewide population growth through 2012, moving from the 10th to 8th most populous County in the State. The County also features more than 50 members of the Fortune 500 with major facilities or headquarters. Top employers include some of the most recognizable names in business today, including ADP, United Parcel Service, Verizon, Johnson & Johnson, Kraft Foods, BASF, Deloitte, and Pfizer.

Employment levels are projected to increase in a number of service-related industries through 2012, including professional and technical services, administrative and support services, ambulatory health care services, and merchant wholesalers of both nondurable and durable goods. Morris County is also expected to experience continued growth in nursing and residential care facilities and social assistance services, which are employment sectors on the rise nationally as the baby-boomer population continues toward retirement age. Employment projections for the County indicate that annual job growth will increase by more than 12,700 through 2012.



Survey

Aircraft user and business surveys were conducted via mail and phone for purposes of evaluating the local area business use and economic impact of Morristown Municipal Airport. A total of 205 user and business surveys were mailed to aircraft owners and businesses that are known to have used the Airport. A total of 66 responses were received for a response rate of 32.2 percent, which is just above the normal response range of between 18 percent and 28 percent. Two key findings from the survey include:

- A total of **\$13,031,782** was spent by 26 Morristown Municipal Airport users on their aircraft in 2007.
- In 2007 based jet aircraft owners spent an average of **\$1,021,900** per jet while based single and multi-engine owners spent an average of **\$14,520** per aircraft.

Visitor Spending

It was conservatively estimated that visitors using MMU spend an average of \$417 while on their trips to the area. This amount includes expenditures by visitors who spend money at local hotels, restaurants, travel agencies, and other businesses during their trips. This estimate was multiplied by the estimated number of true visitors flying into Morristown Municipal Airport. Given an estimated 16,525 air visitors in 2007, it was estimated that \$6,890,000 was expended in 2007 by these visitors.

Regional Economic Multipliers

Induced economic impacts are the multiplied effects of the direct spending impacts. Induced impacts are created by the successive rounds of spending in the local economy until the original direct impact has been incrementally exported from the local area. The flow of money from one sector to another in Morris County's economy is incorporated in economic input-output modeling (IMPLAN software). Regions that are more economically self-sufficient have higher respending "multipliers" than do regions that are more dependent on regional imports since less of the money is siphoned out of the community for goods and services.

The economic impact methodology first identified the direct spending and employment at Morristown Municipal Airport (called direct impacts) and included the direct spending of air visitors at off-airport sites such as hotels and restaurants. Armed with this information, regional respending multipliers derived from IMPLAN software were applied to the data to determine the multiplied impacts of direct spending (called induced impacts). Table 1 presents a summary of Morristown Municipal Airport's direct and induced economic impacts.

Table 1 - Direct and Induced Economic Impacts: Morristown Municipal Airport

ITEM	AMOUNT
Direct Impacts	
Airport-related Income*	\$38,032,200
On-Airport Expenditures (Total including capital costs)	\$151,698,100
Estimated State/Local Taxes	\$13,349,000
Airport-related Employment (Total)	598 Jobs
Induced Impacts	
Induced Direct Impacts	\$91,921,500
Total Induced Employment Impacts	560 Jobs
Grand Total Dollar Impacts	\$243,619,600
Grand Total Income Impacts*	\$72,270,000
Grand Total Employment Impacts	1,158 Jobs



* Includes indirect incomes from visitor spending and capital development.

This is a subset of the total impacts and is already included in the output number.

As shown, Morristown Municipal Airport supports over **1,150 Jobs** and **\$243.6 million in Annual Economic Impact**. The Airport generates over **\$13.3 million in State and Local Taxes** and provides **Incomes** in excess of **\$72 million** to New Jersey residents.

Airport/Community Value

At MMU, a significant value of the facility is related to its current asset worth. To estimate the current value of the facilities, the replacement values of Airport facilities were decreased in proportion to their expected lifespans. From this analysis, the replacement costs for the Airport would total approximately \$245.0 million, while the current value of the Airport, considering the useful life of facilities is estimated at \$167.1 million. This value represents the asset portion or "balance sheet" value of the Airport, while the IMPLAN analysis can be likened to the "income statement" portion of the overall value. Together, the annual economic impact and the existing asset value of the Airport approximate \$410.7 million.

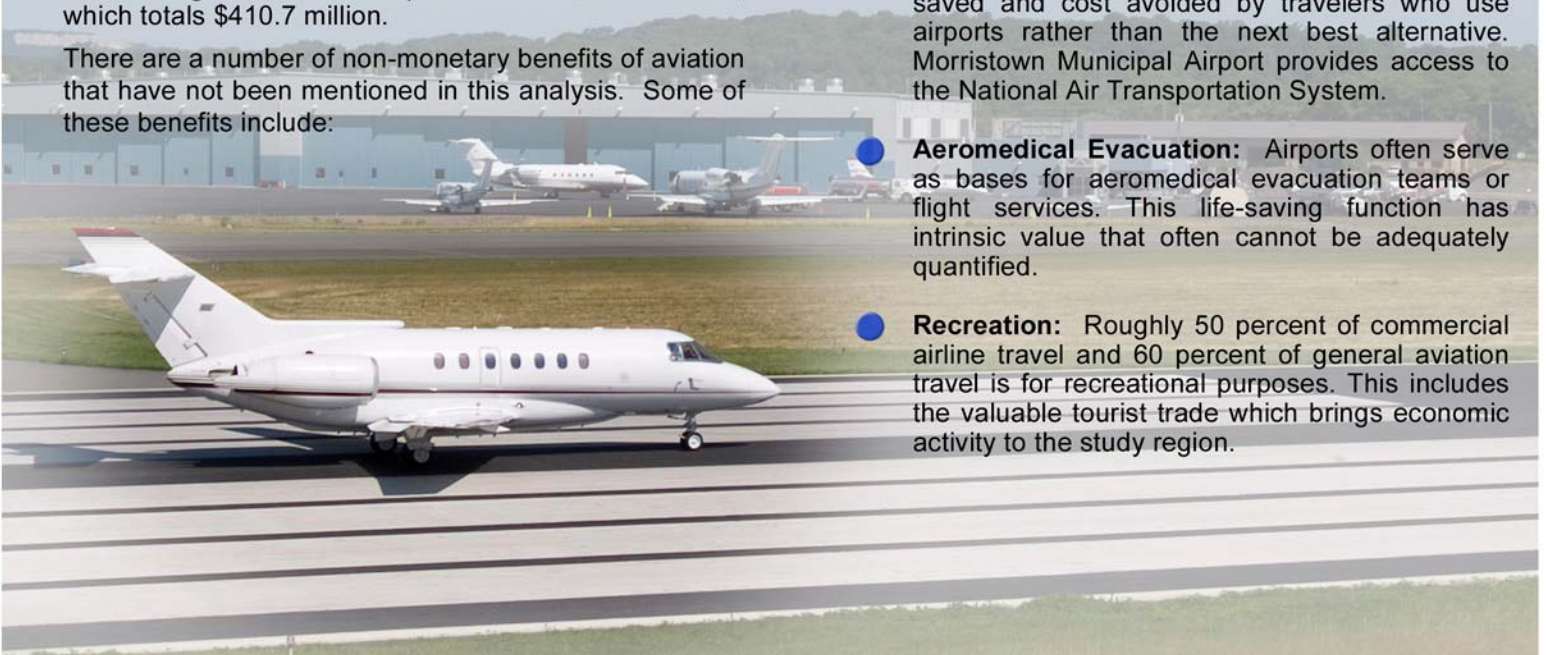


Summary & Findings

In summary, Morristown Municipal Airport supports over 1,150 jobs and \$243.6 million in annual economic impact. The Airport generates over \$13.3 million in State and local taxes and provides incomes in excess of \$72 million to New Jersey residents. The Airport's replacement value has been estimated at \$245.0 million, while its current value is estimated to be \$167.1 million. Thus, a snapshot of the overall value of the Airport to the community would include the annual economic output of \$243.6 million plus the existing value of the airport itself of \$167.1 million, which totals \$410.7 million.

There are a number of non-monetary benefits of aviation that have not been mentioned in this analysis. Some of these benefits include:

- **Stimulation of Business:** Airports have been shown in other studies to be an important factor in the attraction and siting of new businesses in a community. This is particularly true for businesses with over 100 employees. For example, the NY Jets relocated their administration building and practice fields to Florham Park because of the site's proximity to MMU.
- **Transportation Benefits:** Defined as the time saved and cost avoided by travelers who use airports rather than the next best alternative. Morristown Municipal Airport provides access to the National Air Transportation System.
- **Aeromedical Evacuation:** Airports often serve as bases for aeromedical evacuation teams or flight services. This life-saving function has intrinsic value that often cannot be adequately quantified.
- **Recreation:** Roughly 50 percent of commercial airline travel and 60 percent of general aviation travel is for recreational purposes. This includes the valuable tourist trade which brings economic activity to the study region.



All of these factors point to a value of an airport that is not easily quantified. The impacts that were estimated within the body of this report - direct, indirect, and induced - are only one facet of the overall picture. Morristown Municipal Airport is much more than these numbers can estimate. It is part of a scarce resource that needs support, protection, and appreciation from all the citizens it benefits both directly and indirectly.