THE ECONOMIC IMPACT OF

Blue Grass Airport
Market Area

Blue Grass Airport is located in Lexington, Kentucky’s second largest city and the county seat of Fayette County. The airport is an important component of the region’s and commonwealth’s economy. Blue Grass Airport is the primary scheduled air carrier service provider for central and eastern Kentucky, serving 54 counties. Seven major airlines fly non-stop to 15 hub cities throughout the U.S. More than 1.1 million passengers flew in and out of the airport in 2010.
Economic Impact of Blue Grass Airport

Blue Grass Airport provides a multitude of benefits to the economies of Lexington and Kentucky. In order to quantify the economic benefits of the airport, the Lexington-Fayette Urban County Airport Board commissioned an economic impact study of Blue Grass Airport.

Without Blue Grass Airport, companies “... would put in a lot more time, effort and expense to realize the same results.” – Bluegrass region business

Economic impacts are measured in terms of:

**Employment** – the number of full-time equivalent jobs related to aviation activity, where two part-time jobs are counted as a single full-time job.

**Payroll** – the annual wages, salaries, and benefits paid to all employees who have jobs that depend upon airport activity.

**Economic Activity (Output)** – the value of goods and services related to aviation activity at Blue Grass Airport.
Role in the Economy

The airport plays a key role in supporting the equine industry of Lexington. Keeneland Association, Inc., located across the street from the airport, is famed for both its Spring and Fall Thoroughbred racing events and four annual horse auctions. The airport plays such an integral part in Keeneland’s operations that there is an air cargo operation – H.E. “Tex” Sutton Forwarding Company – dedicated solely to transporting horses. Using a Boeing 727 specifically outfitted for horses, the company can ship up to 21 horses at a time. The airport served as a gateway for spectators and athletes (both human and horse) attending the 2010 Alltech FEI World Equestrian Games. Held every four years, Lexington was the first location outside of Europe to host the competition.

Lexington is the home of the University of Kentucky, making Lexington a center for higher learning and research. Blue Grass Airport supports this university as well as Transylvania University, Centre College, Eastern Kentucky University and others by providing airline flights and charter service for the school’s students, faculty, and sports teams.

The high-tech field and healthcare industry also benefit from the airport. Companies like Lexmark International, headquartered in Lexington, capitalize on the outstanding access to the national air transportation system. Lexington is home to numerous large hospitals, such as Central Baptist Hospital, St. Joseph Health System, and University of Kentucky Healthcare that employ thousands. Healthcare facilities make use of Blue Grass Airport in numerous ways, including the transport of patients and the rapid shipment of organs for use in transplants.

Lexington area companies rate quality of life as the number one criteria affecting business relocation or expansion decisions.
Impacts

The economic impact of Blue Grass Airport was estimated using an FAA-approved methodology that has been successfully applied at airports throughout the United States. The Impact Analysis for Planning economic model was used to estimate multiplier impacts, using parameters specific to Kentucky.

DIRECT IMPACTS

The economic benefits that first enter the economy at the airport are called direct economic impacts. These include all of the jobs found on the airport or related to airport activity, the payroll and benefits tied to those jobs, and the economic output those workers and their companies generate. These direct impacts can be broken down into several subcategories.

On-Airport Impacts – Businesses and government organizations that operate from the airport support jobs and economic activity that could not happen without Blue Grass Airport. This includes airlines, air traffic controllers, ground handling companies, fixed base operators, corporate flight departments, rental car companies, concessionaires in the terminal, air taxis, air cargo companies, and any other business whose employees owe their livelihood to the airport. On-airport direct impacts consisted of 481 jobs, a payroll of more than $23 million, and output of more than $83 million.

Capital Improvement Projects – Companies and the airport invest in capital improvement projects (CIP) to increase operational efficiencies and expand business, resulting in economic benefits to the region. For example, the relocation of the crosswind runway at Blue Grass Airport was a multillion dollar project that supported a significant number of planning, engineering, and construction jobs. Since these projects can vary substantially in scope and cost from year to year, a three-year average of CIP expenditures was used to estimate the economic impacts. All of the airport and business CIP activity resulted in more than $36 million in economic output. These projects supported 239 jobs and a payroll of more than $7 million.

Visitors – Nearly 300,000 visitors to the Lexington region pass through Blue Grass Airport. The majority arrives by schedule commercial airline, but a substantial number make use of the advantages of general aviation. No matter how they arrive, they spend money in the Lexington region when they pay for hotel accommodations, restaurant meals, entertainment, and other goods and services during their stay. The visitor category generates more economic impact in terms of employment, payroll, and output than any other category, with estimated annual spending exceeding $103 million by all visitors. This economic output supported 1,398 employees with a payroll of more than $28 million.

Blue Grass Airport supports total direct impacts consisting of 2,118 jobs with a combined payroll of $50 million. The airport is responsible for more than $224 million in direct economic output.

In 2010, more than one million passengers flew on airlines at Blue Grass Airport.
MULTIPLIER IMPACTS

Direct impacts generate follow-on impacts when money re-circulates in the economy. These follow-on impacts are called indirect and induced impacts. Indirect impacts are those impacts that result from the re-spending by on-airport businesses when they purchase goods and services within Kentucky. Induced impacts come from aviation-related employees spending their earnings on goods and services in Kentucky. When this money re-circulates in the economy, it supports additional employment, payroll, and output. The impacts from this re-circulation of money are commonly referred to as multiplier impacts.

TOTAL IMPACTS

Total impacts are the combination of direct impacts and multiplier impacts. The total economic impacts of Blue Grass Airport consist of 3,478 jobs, payroll of $104 million, and economic output of $370 million.

TOTAL ECONOMIC IMPACTS OF BLUE GRASS AIRPORT

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