

Airport Economic Development Strategies

Best Practices for Attracting Jobs and
Investments

Virginia Aviation Conference

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Classic Economic Development



Economic Development Opportunities for Airports

- Continued growth of global air travel
- All international air manufacturers want a U.S. presence
- Increased opportunities for suppliers
- MRO
- Aviation training (particularly for foreign allies)
- Research and development
- Changeover in major defense aviation platforms
- Southeast US emerging as the new center for US aviation manufacturing

What Prospects Want

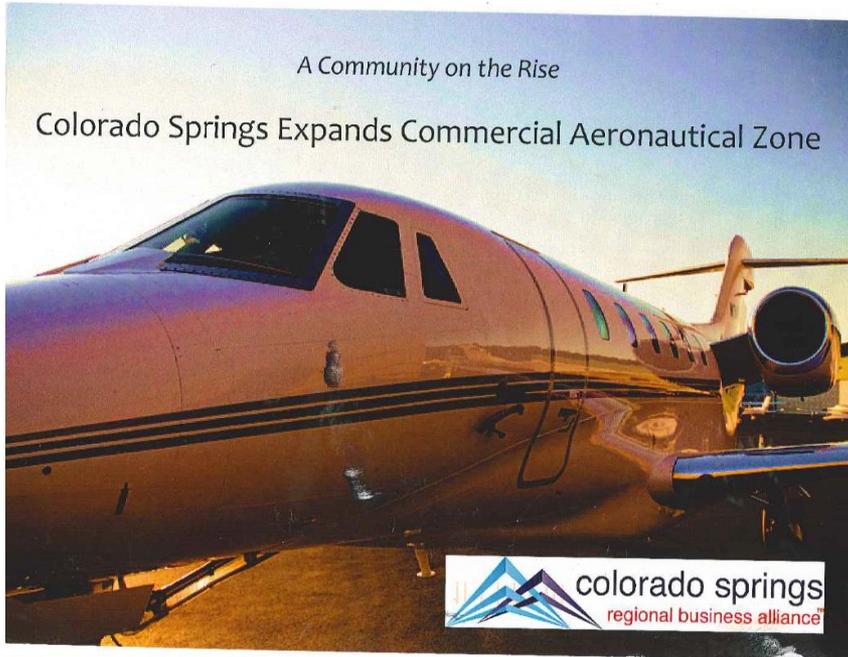
- Pro-business real estate policies
- Interstate (and perhaps rail) access nearby
- Ability to access multiple manufacturers and suppliers
- Trained workforce along with continuing education opportunities
- Favorable tax climate
- Few conflicting operational issues
- Opportunities for “through the fence” activities

Project ALPHA

Improving your Economics

- Subsidize cost of land
- Invest in workforce training
- Site readiness and certification
- Reduced taxes on fuel, parts
- Aviation focused incentives

Aviation Incentives



 **colorado springs**
regional business alliance
102 S. Tejon Street, Ste. 430 | Colorado Springs, CO 80903

Effective September 1, 2015, Colorado Springs City Council expanded the Commercial Aeronautical Zone (CAZ) that incorporates the Colorado Springs Airport and surrounding properties. As defined by city ordinance, sales and use taxes from the City of Colorado Springs, El Paso County and Pikes Peak Rural Transportation Authority are abated for businesses located in the CAZ and specifically engaged in a variety of aeronautical activities.

Exempt under this City Tax Code:

- The sale, purchase, lease, rental, use, storage, distribution or consumption of any aircraft, aircraft parts or supplies, equipment, tooling, solvents and/or paints used or consumed in the manufacture, maintenance, repair or overhaul of aircraft within the CAZ.
- Purchase or lease of equipment directly and exclusively used or consumed in the manufacture, maintenance, repair or overhaul of aircraft within the CAZ.

For more information on the Colorado Springs CAZ visit: www.csrba.com, or call or email me:

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Getting Noticed

- Is your site on Virginia Scan at www.yesvirginia.org?
- Have you given state/regional/local economic developers a tour of your airport?
- What signage is there at your terminal about business opportunities in your community?
- Do you make regular presentations to your local/state elected officials about business opportunities at your airport?
- Have you completed studies about the environmental/historic resources conditions at the airport?
- Are utilities in place, and if not, is there a plan to get them there?

Case Study – Ogden, UT



- Private investors build jet center
- Public private partnership develops space for Northrop Grumman
- New hanger for Borsight
- Allegiant flight to PHX

Honda Aircraft Company – Greensboro, NC



\$178 million investment
1000+ full time jobs

GTCC training partnership
Significant local investment

Honda Aero – Burlington, North Carolina



\$27 million investment
30 full time jobs

Large local commitment
Leveraged LabCorp

How Does Virginia Rank?

2016 Aerospace Manufacturing Attractiveness Rankings

July 2016

Geographic manufacturing
attractiveness index and
analysis for the commercial
aircraft industry



pwc

How Does Virginia Rank?

Appendices

PwC 2016 global aerospace manufacturing attractiveness index

Methodology for country rankings

PwC's analysis was based on a weighted average of three major categories: costs (taxes, manufacturing wages, and productivity), industry size (number of existing suppliers), and infrastructure/stability/workforce (including quality of electrical and transportation infrastructure, regulatory/legal/corruption rankings and enrollments in, and quality of, engineering programs). To increase the accuracy of the pay and productivity sub-category, this year's analysis was based on data from Oxford Economics and included unit wage, manufacturing, and nominal costs rather than

self-assessment data from the World Economic Forum Global Competitiveness Report. Oxford data will allow the rankings to be more consistent going forward. Data is only available for the largest countries so anything without a metric in Oxford Economics (e.g., Nigeria) is ranked as tied for last (142).

The following chart provides a view of category breakdowns and weighting percentages:

	2015 Methodology		2014 Methodology	
Overall	Total cost	33%	Total cost	33%
Overall	Total industry	33%	Total industry	33%
Overall	Total infrastructure	33%	Total infrastructure	33%
	Total ranking	100%	Total ranking	100%
Cost	Total tax rate (TTR)	50%	Total tax rate (TTR)	50%
Cost (see methodology above)	Pay and productivity	50%	Pay and productivity	50%
	Total cost	100%	Total cost	100%
Industry	Aerospace suppliers	100%	Aerospace suppliers	100%
	Total industry	100%	Total industry	100%
Infrastructure	Infrastructure*	33%	Infrastructure	33%
Infrastructure	Stability**	33%	Stability	33%
Infrastructure	Workforce***	33%	Workforce	33%
	Total infrastructure	100%	Total infrastructure	100%

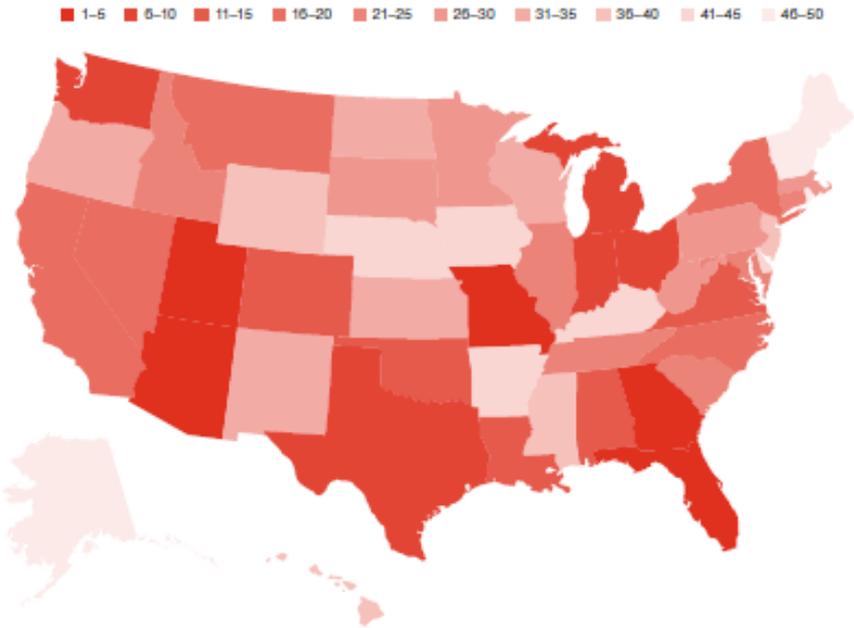
*Infrastructure – Quality of railroads and electric supply

**Stability – Regulations, rule of law, and control of corruption

***Workforce – Quality of math and science education, availability of research and training services, and quality of scientific research

How Does Virginia Rank?

State rankings and commentary



Top 10 US states by rank for aerospace manufacturing attractiveness

State	Tax rank	Opex rank	Industry rank	Education rank	Overall rank
Arizona	8	12	6	20	1
Florida	4	29	5	13	2
Georgia	19	19	10	14	3
Utah	3	10	24	25	3
Missouri	2	12	29	2	5
Indiana	6	17	15	28	6
Texas	38	18	2	10	7
Michigan	26	25	2	17	8
Ohio	16	33	4	17	8
Washington	29	24	13	11	10

Sources: PwC analysis; "Capital IQ Company Screening Report", GfK Global Market Intelligence; "State Corporate Income Tax Rates", Tax Foundation; "American Community Survey", United States Census Bureau; "Occupational Employment Statistics", United States Department of Labor; Bureau of Labor Statistics; "Electric Power Monthly", U.S. Energy Information Administration.
 Note: Please find complete study results in appendix.

How Does Virginia Rank?

- Tax rank – 14th
- OpEx rank – 42nd
- Industry rank – 23rd
- Education rank – 4th
- Overall rank – 13th

Surprising Competitors to Virginia

- Montana – 11th
- Hawaii – 8th
- South Dakota – 10th
- Wyoming – 13th

What Were They Thinking?

- South Carolina – 21st
- Alabama – 22nd
- Connecticut – 39th
- Georgia – 19th
- Kansas – 30th
- Washington – 29th
- Maryland – 26th

Improving Virginia's Competitive Position

- Reducing tax barriers to aerospace investment (particularly sales tax on aircraft parts)
- Closer integration on workforce with VCCS (particularly the new credentialing effort)
- Additional funding vehicles for capital improvements
- Aviation-focused R&D at Virginia's universities that has commercial application
- Raising market awareness of Virginia's aviation assets
- Pursue mega-site development funds
- Better integration of airports into surface transportation funding prioritization program

Questions or Comments?

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