North Carolina

Soaring High
The Growing Economic Impact of Airports
When Darlene Waddell walks from the parking lot to her office, she sees the importance an airport has to prospects looking to open new businesses in an area.

Waddell is executive director of the North Carolina Global TransPark Authority, the economic development entity located halfway between the capital and Atlantic Beach. Her office is in the terminal of the Kinston Regional JetPort where, 18 months ago, Delta Airlines began three daily flights to its hub in Atlanta.

Since then, five major companies have decided to locate at the park, many of them related to aviation, both for civilian and military aircraft. In addition, low-cost carrier Allegiant Air earlier this month began offering flights between Kinston and Orlando.

“I can remember a potential customer looking at a building—amazed at the building itself—but the fact it was located right on an airport, that he could fly his own airplane in, that was a major benefit,” Waddell says.

The activity at the transpark is but one example of the growing importance of airports, which are now considered a keystone of economic development. The state’s 11 commercial and 63 general aviation airports contribute nearly $12 billion a year to the economy, an increase of 30 percent from a decade ago, according to a study released this month by the Aviation Division of the state Department of Transportation.

**Airports help build communities**

“There’s a front door to every community, and for business people that door increasingly is the airport,” says Nancy Stallings, a private pilot and executive director of the Global TransPark Foundation.

Stallings credits strong general aviation airports for much of the success rural communities have enjoyed in attracting
and growing businesses. “There’s a whole new avenue of opportunities in aviation . . . that we’ve never seen before,” she says.

Much of the growth has come at the state’s general aviation airports that do not offer commercial flights. Ten years ago, these smaller airports contributed $808 million to the economy, equaled 10 percent of the total aviation industry and employed 10,000 people. Today, their economic contribution is $1.8 billion, equals 16 percent of the aviation industry and employs 15,000 people.

“Business people, whose time is money, are finding more efficient ways to travel and it benefits smaller communities that have airports,” says Dave Thomas, the aviation division analyst who led the study. “The smaller airports are becoming more important to economic development and we don’t see that trend changing.”

He cites Lowes Home Improvement, which has its own hangar at the airport in Statesville; the relocation of the airport in Lee County to accommodate the needs of businesses; and the lengthening of runways in Harnett and Brunswick counties to accommodate business people and tourists.

A dozen years ago, fuel sales at Brunswick Municipal Airport totaled $74,000. This year, sales will total $200,000. Most are tourists; in fact the terminal has a bait and tackle shop to accommodate anglers visiting the ocean-side area.

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The technology that pilots and air traffic controllers use to keep air travel safe is set to change as new navigational technologies are installed in cockpits and control towers. That also means aviation professionals in the air and on the ground will need training on how to incorporate new systems and procedures into their work. This could spell opportunities for North Carolina and its educational providers, according to Bill Williams, director of the Aviation Division of the North Carolina Department of Transportation.

North Carolina is among the first states to roll out a new technology known as Automatic Dependent Surveillance—Broadcast, also known as ADS-B.

The premise is simple. Instead of weather conditions and traffic information gathered by controllers and transmitted by voice to pilots, ADS-B broadcasts a regular message regarding aircraft positions, speed and conditions that other aircraft can interpret on a more or less real-time basis. It amounts to a conceptual breakthrough in air traffic control.

“The technology is leading the way,” says Williams, who is working to position North Carolina as a leader in ADS-B implementation. “We’re posturing ourselves to be involved in the training opportunities that will necessarily come out of the new technologies.”

North Carolina’s colleges and universities are quietly adding new programs aimed at meeting increasing demand for qualified aviation professionals of all kinds.

Last year, with the help of Williams and his colleagues, Robeson Community College embarked on a partnership with the University of North Dakota’s School of Aerospace Science to offer a bachelors degree-level aviation curriculum. Students can complete course work in commercial aviation, flight education, air traffic control, aviation systems management, aviation management or airport management.

“It’s about the hottest thing we’ve been working on,” says Charles Crestman, president of the college and a licensed private pilot.

The partnership, which accepted 11 students in its maiden class last fall, is a “2+2” program whereby students complete their first two years of course-work in Lumberton before moving to Grand Forks, N.D., for their upper level training.

“We have great air space to do training in and we’re very affordable,” Crestman says.

The curriculum is ideal for those wishing to pursue career paths involving small regional jets, which are now a fast-growing segment of commercial air travel. “Our goal for next year is 15 students, and we think we’ll make that,” says Crestman, who himself has been taking classes under the new program.

In May, the two institutions took their partnership to a second phase by adding a “1+3” air traffic control curriculum. Upgrades are also underway at Lumberton Municipal Airport, where the training is held.

In Greensboro, Guilford Technical Community College maintains an agreement with Florida-based Embry-Riddle Aeronautical University to offer associates degrees in aviation management and pilot technology, and in aviation system technology. Courses include fundamentals of flight, aerodynamics, aircraft performance, meteorology, navigation, federal regulations and commercial ground training. Most graduates find employment as pilots, airport managers, aircraft inspectors, aviation mechanics and flight dispatchers.

In Wilmington, Cape Fear Community College is offering “Aviation Ground School for Pilots.” The course is designed to provide ground training for people interested in flying or working as a tower operator.

At Elizabeth City State University’s Department of Technology, students may pursue any of three concentrations leading to a bachelor’s degree in aviation science. The university offers Federal Aviation Authority-certified courses in computing, business administration and electronics as they relate to aviation. While obviously leveraging the campus’s close proximity to the sprawling Coast Guard Air Station at Elizabeth City, the program serves as an important statewide aviation education resource.

“Bringing the University of North Dakota to the state and promoting the program at Elizabeth City State University will go a long way in cultivating interest by young people in aviation-related careers,” Williams says. “There are great career opportunities and they pay very well.”

—Lawrence Bivins
“It’s not uncommon for me to be sitting here at 5:30 in the afternoon and I’ll get a call from Traverse City, Mich., then Jacksonville, Wyo., then Montgomery, Ala., to ask about the area,” says airport director Howard Franklin, the former chief steward on Air Force One for presidents Ford, Carter, Reagan, Bush and Clinton, who also served as the immediate past president of the North Carolina Airport Association.

“They used to go to Naples, Fla. They come for the sand, the saltwater and the sun.”

With the long lines and frayed nerves that have accompanied beefed-up security at commercial terminals, businesses now rely more and more on general aviation facilities to fly executives in and out on charter aircraft, corporate jets and air taxis. But even prior to 9/11, commercial airlines had begun rolling back their service to small and mid-sized communities.

General aviation offers benefits even for the majority of people whose only experience in the skies is on commercial airlines. Hospitals routinely fly physicians to rural communities on private planes, and the organ donation network relies heavily on rapid air delivery of newly harvested body parts to patients awaiting transplants. “General aviation enables health providers to save lives,” says Jon Rosborough, airport director at Wilmington International Airport, where general aviation operations are the fastest growing component of airport activity.

Growing tax bases and jobs

General aviation creates jobs in maintenance, training, fueling services and other tasks performed by “fixed-based operators,” firms that provide the full complement of support to non-commercial aircraft. Rosborough’s facility, for example, relies on two fixed-based operators to fill the needs of the 141 aircraft permanently based there. Complementing the employment associated with looking after the $87 million worth of aircraft there is the value those assets add to the New Hanover County tax base. “That’s close to $600,000 in property tax revenue for the county,” Rosborough says.

Airports can indeed provide a healthy revenue stream for communities, one that comes with few demands in-kind and little adverse impact. “It’s a very lucrative way for a county to boost its tax structure,” Thomas says. “And they are an asset that doesn’t require new roads, schools or water lines.”

The surge in general aviation activity at North Carolina airports, however, hasn’t come at the expense of commercial service, which is showing its own resurgence and remains a potent force in industrial recruitment. In the past decade, the annual economic impact of commercial aviation increased by 20 percent to $9.9 billion.

Five years after terrorists turned jetliners into makeshift cruise missiles, the nation’s airlines have recovered from the cataclysm that shook their industry in the weeks and months following September 11, 2001. “Since 9/11 and even before then, North Carolina has capitalized on commercial air service,” Thomas says. Specifically, the entry of “low cost” carriers such as Southwest, JetBlue and America West has helped make airfares more competitive in places like Charlotte and RDU. In addition to starting flights in Kinston, Allegiant Air also is starting service to Orlando at Fayetteville Regional Airport and the airline Fly First Class will offer continued
flights between Wilmington and both Bermuda and England.

Yet, as the airline industry adjusts to new economic realities, airport authorities have had to become similarly creative about their own business models. “Airlines have cut back on their personnel and reduced contracting expenses,” Rosborough says. “Now they want us to lower our costs.”

In slashing the fees it charges for things like office space and passenger gates, the airport strains its $4.3 million budget and forces Rosborough to seek new revenue sources.

“We’ve got to think outside the box, and for us that means land,” he says. Two years ago, Wilmington airport officials worked with local and state economic developers in readying a 240-acre office park that it is ready to lease to private industry.

“We’re saying, ‘we’ll put your corporate jet right next to your office’,” says Rosborough.

Concord Regional Airport—which is used by almost every NASCAR team in the state—is now becoming a key selling point for the Oakmont Business Park. The park’s developers are planning to build a taxiway directly from the 14-acre site to the airport.

**Charlotte reaps airport benefits**

When it comes to enticing companies with offers of convenient air service, Charlotte is an obvious winner. With 587 daily departures to 123 destinations, Charlotte Douglas International Airport leads the state in passenger service and ranks 18th nationwide.

Those figures put the wind at the back of local business recruiters like Kati Hynes, the vice president for economic development at the Charlotte Chamber of Commerce. “Charlotte Douglas is one of our strongest economic development tools,” says Hynes. “For client companies who will have customers coming in to see them, the airport becomes very important.”

For General Dynamics Armament and Technical Products, proximity to abundant commercial flights was the pivotal factor in the decision to relocate corporate operations to Charlotte in 2003.

“The airport was the one central reason we came to Charlotte,” says Tom Suttle, a spokesman for the company. The unit of the defense and aerospace giant had previously based its headquarters in Burlington, Vermont, a location that offered little convenience to the eight locations the firm maintains across seven states. “We had a ton of
selection criteria, but air service was an immediate priority,” Suttle recalls. After considering a number of cities with “hub” airports, General Dynamics was swayed by the Queen City’s central geography and strong aviation infrastructure. “Air travel is the lifeblood of commerce,” he says, “and Charlotte just blew away the competition.” These days, the company employs a workforce of about 300 there, about a quarter of whom travel regularly to destinations in the United States, Europe, Asia and the Middle East.

Other companies seek locations near airports in order to move raw materials in or finished products out. A few may do both.

In the Piedmont Triad, excitement abounds for the potential the Piedmont Triad International Airport has in facilitating the movement of cargo in and out of the region. Much of the energy stems from the massive FedEx sorting hub that is set to open its new facility in 2009. In preparation for the sorting hub, the airport is constructing a third runway and a new taxiway, and rerouting Bryan Boulevard, its primary vehicular access road. But the investment will be worthwhile as projections call for as many as 20,000 new jobs in the region created by or because of FedEx.

“We are beginning to see companies locate in the Triad in part because of the FedEx hub,” says Don Kirkman, president of the Piedmont Triad Partnership, which coordinates regional marketing across a 12-county region. In addition to a top-notch airport, the Triad boasts two other key ingredients for success in the global logistics and air freight industries. “Our distinction is that we have not only a great airport, but also strong ground transportation systems and a central location,” Kirkman says.

The new FedEx hub, for instance, was on the short list of attractions that brought Germany’s MWG-Biotech to High Point, where the maker of customized genomics services and instruments pledges delivery of its “sequences” inside a 30-hour window. Similar reasoning accounts for the presence of Cedarlane Laboratories in Burlington, where the Toronto-based provider of cell separation solutions maintains sales and distribution operations.

In the Triangle, Raleigh Durham International Airport has helped spur growth in Research Triangle Park and surrounding communities, with companies such as Fidelity Investments, Credit Suisse, MeadWestvaco, Novartis, Lenovo, GlaxoSmithKline and United Therapeutics either expanding or relocating in the region.

“We recognize that RDU’s impact is significant, yet the airport is only one of several major forces supporting the region’s past, present and future economic prosperity,” says Teresa Damiano, director of marketing for the RDU Airport Authority. “The diverse economic sectors in our region create and support the demand for air services and we are part of the infrastructure that supports a dynamic economy.”

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Major factor in tourism industry

North Carolina’s commercial airports also go far in supporting another of the state’s key industries: tourism. About half the 625,000 passengers arriving at Asheville Regional Airport last year, for instance, were leisure travelers. The facility, which sees 26 daily nonstop flights to eight hub cities, has undergone dramatic growth in recent years, driven in part by new tourism product in western North Carolina and the marketing that has accompanied it.

“One hand washes the other,” says Patti Michel, marketing and public affairs director for the Asheville Regional Airport Authority. “We meet with airlines each year and show them our top destinations and assure them we can fill their planes.” On the flip side, the airport authority promotes the region’s tourism attractions to the other half of arriving passengers who come to Asheville on business. “We’re all part of the same economy,” Michel says.

John Kasarda, director of Kenan Institute of Private Enterprise at the University of North Carolina at Chapel Hill and a sought-after expert on the aviation industry, says North Carolina’s airports connect businesses of all kinds here to opportunities around the world.

“In the new world of business connectivity, speed is key,” Kasarda says. He is encouraged by the entry of new passenger carriers into key commercial markets, and by the arrival of supply chain management and distribution operations in and around many of the state’s general aviation airports and commercial terminals. Municipal and county governments have shown an impressive willingness to support their airports with investments in new navigational gear, hangars, runways and terminal facilities.

“The 21st century is quickly becoming an aviation century,” says Kasarda, pointing out that airports conduct 40 percent of the total value of global trade. The figure is higher still for high tech industries, Kasarda says. “If we’re to compete in the 21st century, we could do nothing better than improve the quality of our airports.”

The state of our airports is a first impression many outsiders form about North Carolina, Kasarda says. “They’re the first thing people see when they come here and the last thing they see when they depart.” Fairly or not, they are a clear reflection of the quality of our business environment, Kasarda adds. “They are the handshake and the calling card for the state.”

—Stephen Wissink contributed to this report