



Contribution of the East Hampton Airport to the East Hampton/Southampton Economy

Prepared by:
EBP US

Prepared for:
The East Hampton Community Alliance



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Re: Economic Impacts of East Hampton Airport

Dear Erin:

On behalf of EBP, it is my pleasure to present the East Hampton Community Alliance with an analysis of the economic contribution that the East Hampton Airport contributes to the East Hampton/Southampton project impact area, including economic impacts of airport operations, construction projects, tenants on airport, and visitor spending in the project area. Results are shown in terms of jobs, labor income, value added (contribution to the GDP) and total business revenues in the study region(s) in the project area economy.

I will be happy to review these findings with you and/or the EHCA. It has been a pleasure working with you and hope we have the opportunity to work together again.

Sincerely,



Steven Landau
Executive Vice-President

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1. Purpose and Overview

The purpose of this analysis is to present the 2019 contribution of the East Hampton Airport (HTO) to the economies of East Hampton and Southampton.

The analysis was conducted on a multi-regional basis to separate economic activities in East Hampton and Southampton generated by HTO. For the purpose of this analysis, Sag Harbor is included as part of East Hampton.

The multi-regional analysis was conducted to capture benefits that spill over from East Hampton to Southampton and from Southampton to East Hampton. The specific communities and zip codes included for each region are shown in Table 1. The IMPLAN MRIO¹ on-line model was calibrated by zip code for the two regions for the purpose of estimating the multi-regional economic impacts.

Table 1. The analysis uses multi-regional project geography defined by zip codes.

East Hampton		Southampton	
Community	Zip Code	Community	Zip Code
Montauk	11954	Sagaponack	11962
Amagansett	11930	Bridgehampton	11932
East Hampton	11937	Watermill	11976
Wainscott	11975		
Sag Harbor	11963		

Source: The East Hampton Community Alliance provided zip codes for each region.

In total, the study area includes almost 114 square miles, a population of more than 31,000 people and an economy that supports more than 24,000 jobs. East Hampton has a significantly larger economy than Southampton, which is seen by comparing the employment, total labor income earned by workers, gross regional product and the total output generated in each community. Profiles of both regions in the study are provide in

¹ Multi-Regional Input Output.

Table 2, and is followed by definitions of key terms.

Table 2. East Hampton is the larger of the two regions for land area, demographics and economic scale, but Southampton has a higher average household income.

Regional Attribute	East Hampton	Southampton	Total
Land Area (Sq. Miles)	87.4	26.5	113.9
Population	27,613	3,504	31,117
Total Employment	18,449	5,970	24,419
Total Labor Income ¹	\$1,035,000,000	\$335,000,000	\$1,370,000,000
Gross Regional Product ¹	\$1,593,000,000	\$548,000,000	\$2,141,000,000
Average Household Income ²	\$226,478	\$283,656	\$233,020
Economic Output ¹	\$2,572,000,000	\$1,028,000,000	\$3,600,000,000

¹Dollars rounded to the nearest million

²National average is \$142,338

Source: Federal data sources, primarily the U.S. Bureau of Economic Analysis and Bureau of the Census, assembled by IMPLAN, LLC, 2018.

Key economic terms used in

Table 2 and the rest of this report, include:

- Employment - Total of all full-time and part-time jobs.
- Labor Income – Compensation paid to workers, including wages, salaries, profits and employer paid benefits.
- Gross Regional Product (or value added) – The sum of value generated by regional business net of any goods and services purchased (for example at a restaurant, value added does not include the cost food purchased by the restaurant; it only includes the mark-up for sales to customers). This is the contribution of each community to the N.Y. State Product and the U.S. Gross Regional Product.
- Economic Output – The total value of goods produced and sold, and services provided in each community.

1.1 Summary of Economic Impacts

The analysis considered economic activity generated due to airport administration, airport tenants and spending of visitors to the East Hampton/Southampton region who arrive through HTO. As shown in Table 3, the overall contribution of the airport to the study area economy in 2019 includes 872 jobs that pay workers \$34.9 million in labor income, \$49 million in value added and \$77.5 million in output (total business revenues). Note, these numbers do not include the impacts from non-aviation related businesses that rent land on airport property.

Table 3. The total economic contribution of HTO to the East Hampton/Southampton study region is 872 jobs and \$77.5 million

Impact	Employment	Labor Income	Value Added	Output
Direct	869	\$34,747,000	\$48,625,000	\$77,023,000
Spinoff	3	\$158,000	\$241,000	\$481,000
Total	872	\$34,905,000	\$48,866,000	\$77,504,000

Sources: East Hampton Town Budget, HTO Tenant Survey and Office of the East Hampton Town Clerk and the NYU Rudin Center and Appleseed, "East Hampton Airport", 2012.

The following sections of this report reviews the methodology and sources used for this study and the impacts associated with HTO administration and tenants, and with visitor spending.

2. Modeling approach

The IMPLAN 2018 online modeling application was used to develop the economic impact analysis of HTO. IMPLAN is the most widely used economic modeling package in the United States. The online version of the model was selected because it allows for multi-regional studies by zip code and is the appropriate tool for analysis of East Hampton and Southampton. All dollar values were adjusted to 2019 value using deflators in the IMPLAN model.

IMPLAN is used in two ways. First, it provides a database of employment, labor income, value added and output for industries for 207 industries in East Hampton and 176 industries in Southampton.² This feature allows direct impacts to be estimated from partial data collected. For example, based on the number of jobs, labor income, value added, and output can be calculated; and jobs, labor income and value added can be calculated based on visitor spending. When jobs, labor income and output are all provided this feature is only used to calculate value added.

Second, IMPLAN is used to calculate economic impacts across and between the two regions. Economic impacts refer to measuring streams of revenues that begin with initial spending. Examples of these initial transactions include administration of airport activities, services provided on airports to passengers, pilots and crew, and other aviation related business, and visitors who spend money to stay in hotels, eat in restaurants or engage in recreational activities. A portion of revenues from these transactions are spent by businesses as wages to employees and business profits.

Regardless of whether economic impacts are measured in terms of jobs, income or business sales, these impacts can be classified into three categories:

1. **Direct economic effects** are represented as the net increase in business activity associated with businesses on an airport or off-airport.
2. **Indirect economic effects** are the broader effects on business activity for suppliers to the directly affected businesses. This can include production, distribution and transportation for suppliers of goods and services.
3. **Induced economic effects** are further shifts in spending on food, clothing, shelter and other consumer goods and services, as a consequence of the change in workers and payroll of directly and indirectly affected businesses.

To avoid confusion between indirect and induced impacts, and to minimize “economic jargon” this analysis reports indirect and induced impacts in aggregate as “spinoff impacts”.

Total economic impacts are the sum of on-airport economic activities, off-airport spending by visitors who arrive by air, and spin-off impacts (multiplier effect). Impacts are reported for the base year of 2019.

The multi-regional approach means that the indirect supplier sales and induced effects of worker spending their income can include the transactions between both East Hampton and Southampton. With small economies, the spinoff impacts in both regions are small. As HTO is in East Hampton, most direct effects are assumed to be in that region, although visitor spending is divided at 70% in East Hampton and 30% in Southampton.

² More industries are present in larger economies. For example, 480 industries are provided for Suffolk County, NY.

3. Economic Impacts by Component

The analysis considered economic activity generated due to airport administration, airport tenants and spending of visitors to the East Hampton/Southampton region who arrive through HTO. The following sections of this report reviews the sources used for this study and the impacts associated with HTO administration and tenants, and with visitor spending.

3.1 On-Airport Impacts

On-Airport Direct Impacts represent economic activities that occur on airport grounds. Aviation related activities are those that would not occur without HTO, such as fixed base operators (FBO), government, and other tenants that provide services to passengers and pilots located at the airport. This category also includes airport management and other individuals employed directly by the airport.

3.1.1 HTO Administration

The adopted 2019 budget for HTO was the basis of direct on-airport labor income and total output, and the net annual contribution of airport operations to the economy of the East Hampton/Southampton region is about \$2.2 million.

Although, the total adopted budget was \$6.3 million, \$4.7 million is used as the basis of this analysis to account for the expenditures of airport operations in the East Hampton/Southampton region. Excluded from the impact calculations were one million dollars budgeted for outside professional help, \$32,000 for retirees and \$578,000 for financial payments. As an additional conservative measure, we applied the wholesale fuel margin associated the regions sector for Petroleum and Petroleum Products to omit the cost of fuel extraction, refinement and transportation of fuel to HTO from the local economic impact analysis.

Direct employment for airport operations includes 11 jobs. These were drawn from 5 airport administration jobs (email from East Hampton Town Clerk, 10/15/20) and 5 control tower workers (source: Robinson Aviation). Note that that all 11 workers are documented in the town budget from revenues generated by HTO. Direct labor income is expected to account for about \$835,000, for wages and benefits, of the \$2.2 million of direct output identified from the budget.

Table 4. HTO operation supports 11 jobs.

Impact	Employment	Labor Income	Value Added	Output
Direct	11	\$403,000	\$630,000	\$2,158,000
Spinoff	<1	\$6,000	\$8,000	\$16,000
Total	11	\$409,000	\$638,000	\$2,174,000

Sources: Office of the East Hampton Town Clerk. Calculations by EBP.

3.1.2 Aviation-Related Tenants

HTO hosts seven private-sector tenants that rely on aircraft operations at the airport or serve the pilots and passengers that use the airport. These tenants are identified in Table 5; however to preserve confidentiality, employment labor income, value added, and business revenues are aggregated for the seven companies and are not presented individually.

Table 5. Seven private sector tenants service aircraft, pilots and passengers at HTO

East Hampton Executive Terminal	Sound Aircraft Flight Enterprises
Hertz	NetJets
Enterprise Rent A Car	Blade
Sound Aircraft Services	

Source: HTO Tenants Survey

The tenants support 55 jobs, including 31 year-round jobs and 24 that are seasonal. The seasonal workers are counted as “.5” each for the purposes of estimating labor income, value added and output- dollar values associated with jobs. Below, Table 6 shows the contribution of these aviation-reliant tenants to the East Hampton/Southampton economy. Note that all 55 jobs are shown using the concept of “direct headcount” and are not shown as “full-time equivalents” to display that 55 people work at the airport for aviation-related tenants. However, all dollar values are based on the weighted productivity of 31 annual jobs and 24 seasonal jobs.

Table 6. Aviation-Related Tenant Impacts provide 55 jobs and contributes \$8 million to the East Hampton/Southampton Economy

Impact	Employment	Labor Income	Value Added	Output
Direct	55	\$2,844,000	\$3,750,000	\$6,528,000
Spinoff	<1	\$16,000	\$23,000	\$45,000
Total	55	\$2,860,000	\$3,773,000	\$6,573,000

Note: Direct jobs include 31 that are year-round and 24 that are seasonal.

Source: Tenants and direct employment provided from HTO Tenants Survey. Calculations by EBP using the IMPLAN multi-regional input/output model for East Hampton and South Hampton.

3.1.3 Visitor Spending

HTO serves as gateway for visitors coming to the Hamptons. These visitors support the local economy by bringing and spending dollars from metropolitan New York, elsewhere in New York State and from out of state. The extent of visitor spending is estimated from the number of visitors using HTO and the average amount of money spent by each visitor.

Visitor Count. The number of visitors is calculated as follows:

$$\text{Number of Transient Operations (True Visitors)} \times \text{Estimated Passengers per Operation} \times .5 \text{ (because an arrival and departure equal two operations, and we want to count each visit one time)}$$

Visitors to the region in 2019 who arrived through HTO was almost 46,000:

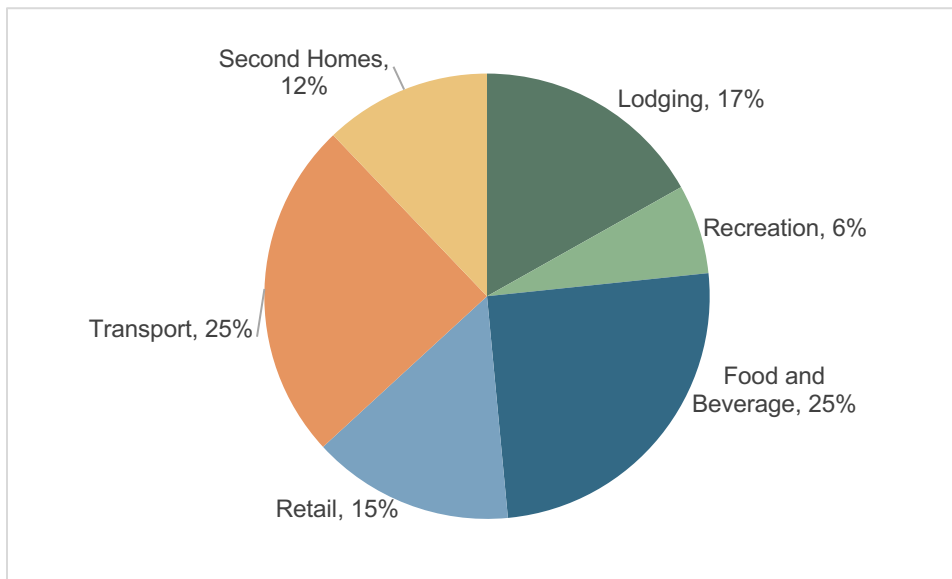
- Number of Transient Operations: 22,866 (source: East Hampton Town Clerk’s Office)
- Estimated Passengers per operation: 4 (source: East Hampton Town Clerk’s Office)
- Calculation by EBP: $22,866 \times 4 \times .5 = 45,732$ visits

Spending by Visitor. The amount of spending by visitor was adapted from the previous economic study of HTO, conducted in 2012 by the Rudin Center of New York University.³ That study estimated that the average spending by visitors was \$500 per day over an average of three days, or \$1,500 per visit. Applying the U.S. Consumer Price Index (from the U.S. Bureau of Labor Statistics) to this finding yield an estimate an average spending per visit of \$1,703 in 2019 value.

The total estimate of spending by visitors arriving through HTO in 2019 is \$77.9 million, which is calculated as: $47,732$ visitors \times \$1,703 spending per visit.

Spending Patterns. The Project team interviewed staff of Discover Long Island, the official destination marketing and tourist agency Suffolk and Nassau counties. While spending data are limited to countywide tourism and are not reported by mode of travel, let alone by specific airport used, Suffolk County data were used to govern levels of expenditures by visitors among lodging, recreation, food & beverage, retail, transport and upkeep of second homes. The breakdown of sending by category is illustrated by Figure 1. Separating these categories are important because jobs, earned labor income and multiplier effects are different for each type of expenditure.

Figure 1



Source: “The Economic Impact of Tourism in New York, 2018 Calendar Year: Long Island Focus”, by Tourism Economics and provided by Discover Long Island.

³ NYU Rudin Center doe Transportation Policy & Management and Appleseed, “East Hampton Airport.”

From the interview, Discover Long Island staff suggested that a reasonable approach to visitor spending facilitated by HTO is to assume that 70% of spending is conducted in East Hampton and 30% is in Southampton. Table 7 presents total visitor expenditures by category in East Hampton, Southampton and the total study area.

Table 7. Visitor Spending facilitated through HTO is estimated to be \$54.5 million in East Hampton and \$23.4 million in Southampton for 2019

Category	Total 2 Regions	East Hampton	Southampton
Lodging	\$13,122,000	\$9,185,000	\$3,937,000
Recreation	\$5,060,000	\$3,542,000	\$1,518,000
Food and Beverage	\$19,592,000	\$13,715,000	\$5,878,000
Retail	\$11,427,000	\$7,999,000	\$3,428,000
Transport	\$19,229,000	\$13,460,000	\$5,769,000
Upkeep of Second Homes	\$9,451,000	\$6,616,000	\$2,835,000
TOTAL	\$77,882,000	\$54,517,000	\$23,364,000

Dollars are rounded to the nearest thousand. Columns and rows may not add due to rounding.

Sources: Discover Long Island, Office of the East Hampton Town Clerk, NYU Rudin Center. Calculations by EBP.

Modeling Visitor Spending. Twenty-five sectors from the IMPLAN models for East Hampton and Southampton were used to model visitor spending. For example, “Lodging” includes two sectors, *hotels and motels* as well as *other accommodations* such as online short-term rentals or houses. Table 8 maps the 25 IMPLAN sectors used to match the broader six visitor spending categories shown above in Table 7 and identified in the Long Island tourism report.

Spending for each sector is assumed to be commensurate with total output in each of the two regions. For example, the relative output totals for accommodations show a dramatic difference between East Hampton and Southampton, and accommodations expenditures were split accordingly for purposes of modeling economic impacts:

- East Hampton - Hotel and Motel at 78%, Other Accommodations at 22%
- Southampton - Hotel and Motel at 13%, Other Accommodations at 87%

This approach was used for all sectors to model visitor expenditures. For car rental, however, marked in red in Table 8, approximately \$3 million were removed from the Local Transportation sector to avoid double counting with car rental companies located on HTO and counted in the analysis of airport tenants0-.

Table 8. Economic modeling is based on 24 sectors in East Hampton and Southampton that are identified in the IMPLAN Modeling Application

Category	Sector Modeled
Lodging	Hotels and motels, including casino hotels
	Other accommodations
Recreation	Independent artists, writers, and performers
	Museums, historical sites, zoos, and parks
	Other amusement and recreation industries
	Fitness and recreational sports centers
Food and Beverage	Full-service restaurants
	Limited-service restaurants
	All other food and drinking places
Retail	Electronics and appliance stores
	Food and beverage stores
	Health and personal care stores
	Gasoline stores
	Clothing and clothing accessories stores
	Sporting goods, hobby, musical instrument and bookstores
	General merchandise stores
	Miscellaneous store retailers
Transport	Transit and ground passenger transportation
	Scenic and sightseeing transportation and support activities for transportation
Second Homes	Services to buildings
	Maintenance and repair construction of residential structures

Source: EBP using IMPLAN

In total, spending of visitors who arrive in the East Hampton/Southampton region generate over 800 jobs that pay local workers \$31.2 million in total labor income. Net output after removing rental car expenditures and accounting for margining of retail sales is almost \$69 million.⁴ Visitor spending impacts for East Hampton and South Hampton are shown below. Tables 8, 9, and 10 show visitor spending impacts in East Hampton, Southampton and across the entire two-region study area, respectively.

⁴ Retail sales are margined to distinguish actual economic impacts from purchases of goods that are resold to local customers. What this means is that the cost of retail goods purchased for resale is not counted. For example, if a store in East Hampton sells a doll manufactured in China, the cost paid for the doll to a Chinese firm and transportation from China to East Hampton does not support the revenues earned by the East Hampton store. The East Hampton retailer earns income only by the difference between the cost it pays for the doll and the sales price to a consumer. Margined revenues are what enables the retailer to hire and pay workers, pay rent, and earn profit. In this example, the margined revenue represents the contribution of the retailer to the East Hampton economy.

Table 9. Visitor spending Impacts in East Hampton support more than 500 jobs and account for more than \$47.3 million in output.

Impact	Employment	Labor Income	Value Added	Output
Direct	537	\$20,827,000	\$29,441,000	\$47,018,000
Spinoff	2	\$109,000	\$163,000	\$317,000
Total	539	\$20,936,000	\$29,603,000	\$47,335,000

Dollars are rounded to the nearest thousand. Columns may not add due to rounding.

Sources: Discover Long Island, Office of the East Hampton Town Clerk, NYU Rudin Center. Calculations by EBP using the IMPLAN MRIO model calibrated for East Hampton and Southampton.

Table 10. Visitor spending Impacts in Southampton support almost 300 jobs and account for more than \$21.4 million in output.

Impact	Employment	Labor Income	Value Added	Output
Direct	266	\$10,242,000	\$14,373,000	\$21,319,000
Spinoff	1	\$28,000	\$48,000	\$106,000
Total	267	\$10,270,000	\$14,421,000	\$21,425,000

Dollars are rounded to the nearest thousand.

Sources: Discover Long Island, Office of the East Hampton Town Clerk, NYU Rudin Center. Calculations by EBP using the IMPLAN MRIO model calibrated for East Hampton and Southampton.

Table 11. Visitor spending impacts across the full study area support more than 800 jobs and account for almost \$69 million in output.

Impact	Employment	Labor Income	Value Added	Output
Direct	803	\$31,069,000	\$43,814,000	\$68,337,000
Spinoff	3	\$137,000	\$211,000	\$423,000
Total	806	\$31,206,000	\$44,024,000	\$68,760,000

Dollars are rounded to the nearest thousand. Columns may not add due to rounding.

Sources: Discover Long Island, Office of the East Hampton Town Clerk, NYU Rudin Center. Calculations by EBP using the IMPLAN MRIO model calibrated for East Hampton and Southampton.

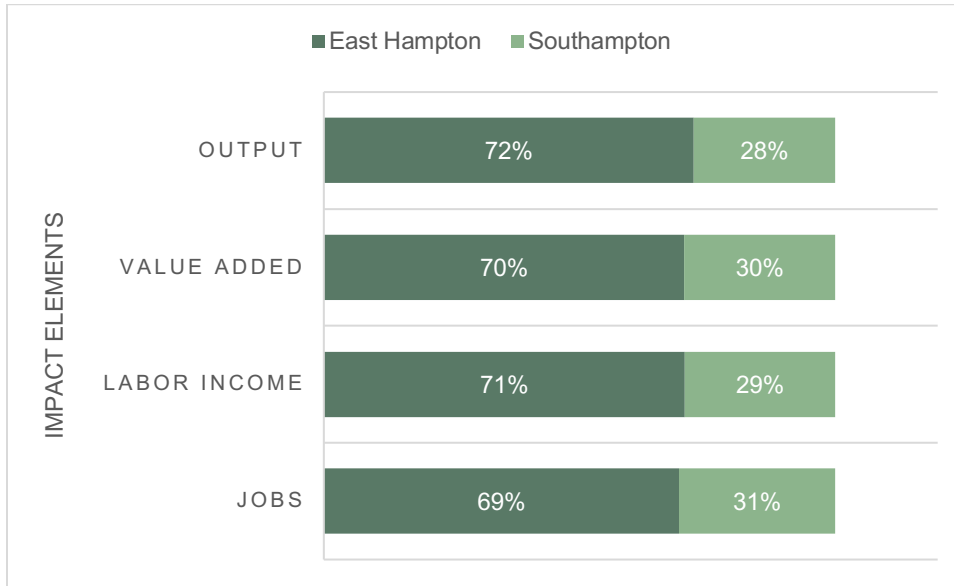
4. Total Impacts

Based on 2019 aviation activity at East Hampton Airport, the total impacts (output) generated by operation of HTO, aviation-reliant tenants on the airport and visitor spending approaches \$80 million in East Hampton and Southampton. The output supports 872 jobs in the two regions that provide almost \$35 million in compensation to area workers. In addition, this economic activity generates about \$49 million in value added, which is part of the New York State Product and national GDP.

About 70% of total economic impacts are in the East Hampton region, which is where the airport is located. The 30% of the total impacts estimated in Southampton are almost all associated with

visitor spending. The breakout of impacts between East Hampton and Southampton is displayed by Figure 2.

Figure 2. Approximately 70% of impacts for jobs, labor income, value added, and output are in the East Hampton region.



Sources: HTO Tenants Survey, Discover Long Island, Office of the East Hampton Town Clerk, NYU Rudin Center. Calculations by EBP using the IMPLAN MRIO model calibrated for East Hampton and Southampton.

Tables 11 and 12 show the breakdown of impacts of jobs, labor income, value added and output in East Hampton (Table 12) and Southampton (Table 13), and Table 14 displays the total contribution of East Hampton Airport to the full East Hampton/Southampton study region.

Table 12. HTO supports 600 jobs in East Hampton and generates more than \$56 million in output.

Impact	Employment	Labor Income	Value Added	Output
Direct	603	\$24,505,000	\$34,252,000	\$55,704,000
Spinoff	3	\$127,000	\$186,000	\$361,000
Total	605	\$24,632,000	\$34,438,000	\$56,065,000

Dollars are rounded to the nearest thousand. Columns may not add due to rounding.

Sources: HTO Tenants Survey, Discover Long Island, Office of the East Hampton Town Clerk, NYU Rudin Center. Calculations by EBP using the IMPLAN MRIO model calibrated for East Hampton and Southampton.

Table 13. HTO supports over 260 jobs and generates \$21.4 million in output in the Southampton economy.

Impact	Employment	Labor Income	Value Added	Output
Direct	266	\$10,242,000	\$14,373,000	\$21,319,000
Spinoff	1	\$31,000	\$55,000	\$120,000
Total	267	\$10,273,000	\$14,428,000	\$21,439,000

Dollars are rounded to the nearest thousand.

Sources: Discover Long Island, Office of the East Hampton Town Clerk, NYU Rudin Center. Calculations by EBP using the IMPLAN MRIO model calibrated for East Hampton and Southampton.

Table 14. HTO supports almost 900 jobs, \$35 million in labor income and \$78 million of output in the East Hampton/Southampton study region.

Impact	Employment	Labor Income	Value Added	Output
Direct	869	\$34,747,000	\$48,625,000	\$77,023,000
Spinoff	3	\$158,000	\$241,000	\$481,000
Total	872	\$34,905,000	\$48,866,000	\$77,504,000

Dollars are rounded to the nearest thousand.

Sources: East Hampton Community Alliance, Discover Long Island, Office of the East Hampton Town Clerk, NYU Rudin Center. Calculations by EBP using the IMPLAN MRIO model calibrated for East Hampton and Southampton.

5. Subsequent Commentary

This Report shows that the East Hampton Airport contributes over \$77.5 million into the local economy and generates over 870 jobs. The airport would create even more economic benefit including well-paying local jobs if the Town of East Hampton treated the airport as the valuable asset that it is and utilized the capital created by investing accordingly. HTO has apparently been starved of necessary repairs, maintenance and most importantly, vision for years. That vision could have supported local youth with education programs, career paths, after-school learning programs and so much more. The local residents have suffered from the Town's campaign to drive the airport into the ground and wait out the clock on federal grant assurances. One conclusion could be that the story of East Hampton Airport is really one of missed economic opportunities.