



133 Aviation Boulevard, Suite 100
Santa Rosa, California 95403
707-526-5010
meadhunt.com

August 5, 2016

Kevin Smith, A.A.E.
General Manager
Truckee Tahoe Airport District
10356 Truckee Tahoe Airport Rd.
Truckee, CA 96161

Subject: Economic Impact Study Supplemental Questions

Dear Kevin:

This letter provides responses to the Selection Committee's supplemental questions related to the methodology in conducting the Airport Economic Impact Study from the Mead & Hunt team.

Q1. While facilitated by the airport now, what direct, indirect, and induced benefits/impacts would the community still receive anyway independent of the existence of the airport. How would your firm account for this factor?

A1. There are two ways of looking at this issue. One is as it relates to Question 3 (discussed below) – how many visitors would still visit the Truckee Tahoe area if the airport did not exist. The second way is in looking at the use of the airport property if it was not used as an airport. This would include an analysis of the highest and best use of the land on which the airport is located, including the fiscal and economic (direct, indirect, and induced) impact of this use. This analysis, however, would require a separate analysis not covered by the proposed economic impact scope. It is also important to note that since the District has received Federal Aviation Administration (FAA) Airport Improvement Program (AIP) funding this question is only theoretical as the feasibility of using the airport land for other uses is extremely limited, if not nearly impossible.

Q2. In reviewing capital spending such as FAA grants, how would your firm account for impacts of funding for projects where funding is used by out of region contractors? (Reno, Sacramento) example: Out of region contractor is issued a contract and their employees do not reside with the Airport District boundaries nor is the contractor purchasing materials within the District.

A2. It is always the objective of the economic impact analysis to focus on the local impact only. This can be achieved through a detailed analysis of airport expenditures to ensure only payments to local contractors and vendors are included in the analysis. To do this, a detailed account of all airport expenditures will be required from the Client. Another option, should this information not be available, is to use average export data by industry (estimated by input-output model) to estimate the percent

of airport expenditures made outside the area and to exclude these expenditures from the analysis. A non-local adjustment will be made to our economic impact analysis using one of these two methodologies, depending on the quality of data available from the Client.

Wages are also adjusted for pensions, insurance, and other non-local spending before they are ran through the input-output model based on the Consumer Expenditure Survey (Bureau of Labor Statistics). Retail leakage is difficult to determine without a specific survey to address shopping behaviors of residents.

Q3. If the airport did not exist, what direct, indirect, and induced economic benefit might still be generated by the traveler and business community?

A3. We would recommend including a question to the proposed survey of whether the visitor to the Truckee Tahoe area would have still visited the area had the airport not been in existence. Using this information, only data for primary visitors (those who would not have visited but for the existence of the airport) can be incorporated into the analysis.

Q4. Are survey methods considered effective to understand traveler and airport user spending behavior as it relates to Economic Impact Studies? Why? How do you account for self-selection bias particularly with web based surveys?

A4. Surveys remain the best method for collecting primary data, including visitor budgets and participation data. Surveys are relied upon by the local, state, and federal entities in collecting their data, including the US Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, visitor authorities, etc. Surveys of businesses is how the core information of input-output models are developed.

Visitor and perception surveys should employ rigorous methods for the highest accuracy. This includes intercept surveys on ground to account for randomness and self-selection. The intercept survey randomly asks every fifth participant, for example, to participate in an online survey, and if agreed to, the full survey is then emailed to the participant. Incentives to participate (ex. lottery for \$500 gift card) should be offered to increase participation rate. Results from web-based surveys without on-ground intercepts to treat for randomness and self-selection are limited in this respect. In order to address your concerns, we propose that we add budget for ground intercept surveys to our proposal. We would develop these surveys and establish our methods in conjunction with the Board (or a project-specific ad-hoc committee) prior to surveying.

Q5. What are the impacts to the community of not having an airport?

A5. The impact to the community of not having an airport would be the loss of the economic and fiscal benefits estimated in our report. These will be balanced with the information we collect in Task 3, which will ask respondents how (or if) they would get to the area if flying to Truckee Tahoe Airport was not an option.

Q6. How do you account for adverse impacts of airport that might offset economic benefits?

A6. A list of adverse impact on the community can be collected through interviews with stakeholders. Some adverse impacts, such as pollution, noise, etc. are difficult to

Mr. Kevin Smith
August 5, 2016
Page 3 of 3

monetize. Additionally, it is as difficult to quantify the benefits of certain airport use, such as the decreased impact on roads due to air travel by Truckee visitors. These impacts can be discussed in the analysis, without an amount assigned to these impacts. A literature search can be performed to determine whether estimates of adverse impacts of airports in other communities exist, if so, these impacts will be summarized in our report.

It is important to note that adverse impacts created by the Airport for some members of the community do not negate the benefits created by the Airport for other members. Both costs and benefits still exist to the society as a whole, and it is possible that those who are impacted adversely by one aspect of aviation may receive benefits from another aspect, for example, a hotel owner may live under a flight path (noise impact), but they also receive revenue from guests who fly into the Airport (financial benefit). Our report will present both the costs and benefits without bias, and leave it to the reader to decide how or if one offsets or negates the other.

We hope these responses help answer any questions the Selection Committee has on our methodology. If you or the Selection Committee has any further questions, please contact me at mitchell.hooper@meadhunt.com or Bradley Musinski at brad.musinski@meadhunt.com. We look forward to the Board's decision.

Sincerely,

MEAD & HUNT, Inc.



Mitchell Hooper, MBA



Bradley Musinski, ACIP