

SEPTEMBER 2014

AIRPORT REPORT

AIRPORT CONTINUES TO FLY HIGH IN 2014

By Iftikhar Ahmad, Director of Aviation

The Louis Armstrong New Orleans International Airport contributes to the prosperity of the city and region by linking our community to the rest of the world by air. A recent study by local economist and former chancellor of the University of New Orleans, Dr. Timothy Ryan, reveals that the Airport has a \$5.3 Billion total economic impact and sustained more than 53,300 jobs in the Greater New Orleans regional economy – almost 5 times the amounts of the economic impact study completed in 2004!

The new study measured the economic benefits created by passenger, air cargo, and general aviation activities at the Airport. It included the impact of businesses that rely directly on the Airport, such as concessionaires in the terminal, nearby hotels, and construction firms that perform capital improvements at the Airport. It also considered the impact of tourism spending from visitors to New Orleans who arrive via air travel. Based upon data published by the New Orleans Convention and Visitors Bureau, 46% of visitors to the New Orleans area arrived by plane in 2013. The study estimated that the tourism impact due to the Airport represents about \$2.8 billion in direct spending.

According to the new study, the impact from the Airport also generated over \$2 billion in total earnings, \$206 million in state tax revenue and \$279 million in local tax collections, for a combined total of \$485 million in taxes annually. It also shows that the Airport's total economic impact will grow to more than \$6.3 billion with job projections exceeding 64,400 after the new terminal is completed in 2018.

Additionally, the analysis provided a parish-by-parish breakdown of the Airport's impact in the region, as well as the estimated impact the Airport has on the City of Kenner (over 7,000 jobs and \$32.8 million in tax revenues), where the Airport is located. Based upon results from the study, the completion of the North side terminal program is projected to increase the Airport's impact on the regional economy approximately 21% by the year 2023, after operations have fully stabilized.

Another important review of the financial health of the Airport was also recently completed with the annual audit of period ending December 31, 2013. The audit was performed by the professional accounting corporation Postlethwaite & Netterville (P&N). P&N audited the compliance of our Airport with the requirements described in the Passenger Facility Charge (PFC) Audit Guide for Public Agencies, issued by the Federal Aviation Administration (FAA), for its PFC program. The results of the audit confirmed that the Airport complied in all material respects. For those readers not familiar with the PFC program, let me explain. It allows the airport to collect a PFC fee of up to \$4.50 for every boarded passenger at commercial airports. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. Some of the audit highlights are as follows:

- Total Non-Airline Revenues increased from \$28.2M to \$32.7M, an improvement of \$4.5M or 16%;
- Total Airline Revenue requirement decreased from \$46.5M to \$40.8M, an improvement of \$5.7M or 12%;
- Total Revenues increased from \$107.2M to \$113.8M, an improvement of \$6.6M or 6.1%;
- Total Current Liabilities declined from \$55.8M to \$41.2M, an improvement of \$14.6M or 26%;
- Total Non-Current Liabilities declined from \$366.7M to \$353.1M, an improvement of \$13.6M or 3.7%; and the
- Cost Per Enplaned Passenger (CPE) for signatory carriers fell from \$8.49 to \$8.18 and the CPE for all airlines fell from \$8.70 to \$8.38.

The results of each of these reports are very good news for the Airport and our community and indicate that our Strategic Business Plan, adopted by the New Orleans Aviation Board, is working.

This Airport is an economic asset in our region and these reports show just how important the Airport is to the New Orleans area economy, and how the new North Terminal will bring even more jobs and positively impact the New Orleans region. The full financial audit and Economic Impact Study may be viewed on our website at www.flymsy.com.