

**THE ECONOMIC AND FISCAL IMPACT OF
CHICAGO EXECUTIVE AIRPORT AND ASSOCIATED
ACTIVITIES ON THE COOK COUNTY ECONOMY**

A Report to

CHICAGO EXECUTIVE AIRPORT

from

GRUEN GRUEN + ASSOCIATES

Urban Economists, Market Strategists & Land Use/Public Policy Analysts

April 2019

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CHAPTER I

INTRODUCTION, FINDINGS AND CONCLUSIONS

INTRODUCTION

The Chicago Executive Airport (“CEA” or “Airport”) engaged Gruen Gruen + Associates (“GG+A”) to estimate the economic and fiscal impacts that CEA Airport operations and associated activities on Airport property generate for the Cook County economy. This report presents the results of research and analysis undertaken to estimate the economic and fiscal impacts generated by the operations and associated activities of the CEA.

The CEA generates economic impacts from two primary sources:

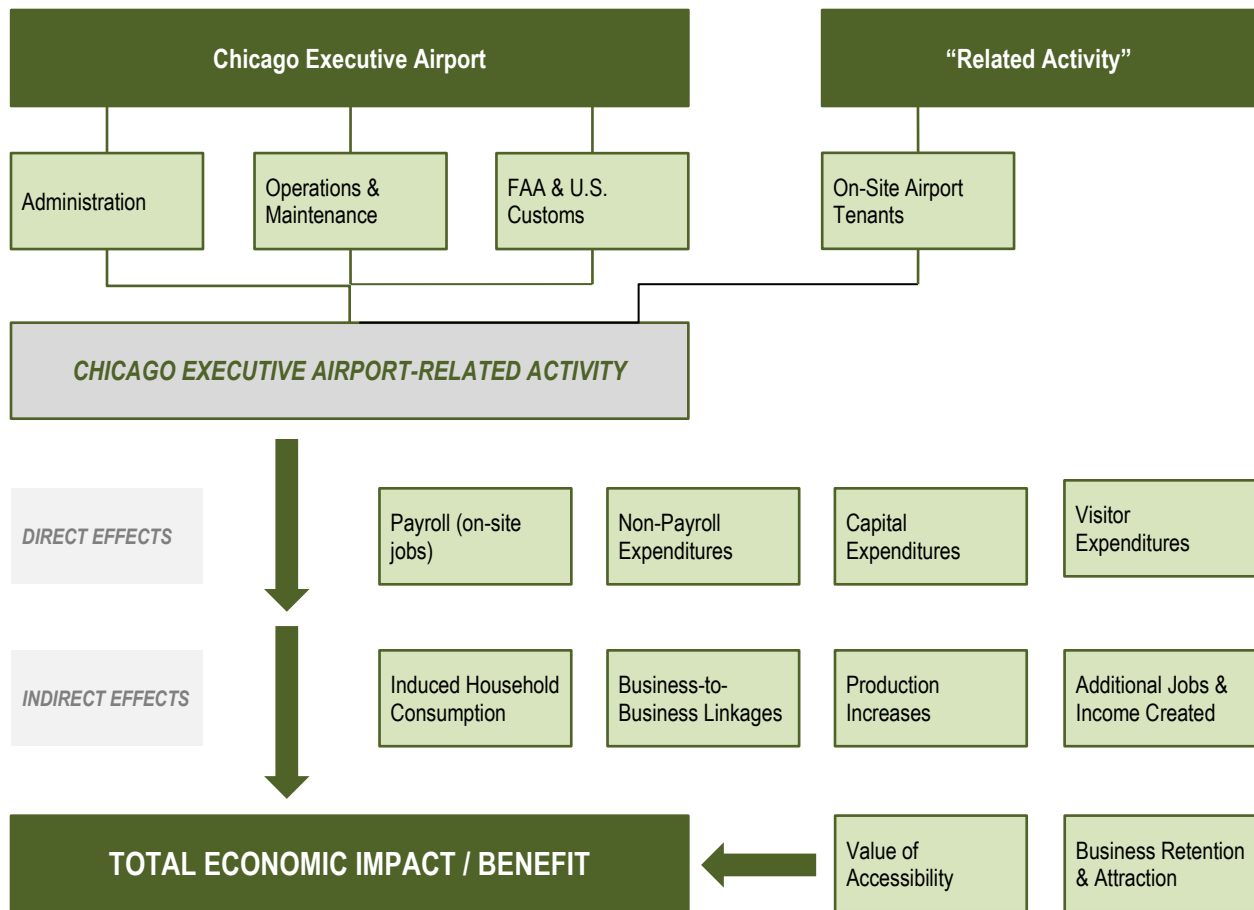
- Expenditures on operations, payroll, and capital improvements for the Airport, including the on-site or within area of influence airfield support businesses, maintenance and avionics and other aviation-related businesses as well as governmental entities; and
- Expenditures of Airport visitors.

The CEA attracts dollars from outside of Cook County and spends many of these dollars locally on operations, capital improvements, and payroll. Visitor expenditures, in addition to expenditures on operations, increase the purchase of goods and services in Cook County, and as the dollars spent locally circulate through the economy, local incomes expand. The direct expenditures of the Airport and associated activities - and to some degree, the demand that results from the secondary or induced effects of these initial dollars - ripple through the economy creating more activity, jobs, and income.



AIRPORTS POSITIVELY INFLUENCE REGIONAL ECONOMIC DEVELOPMENT

As illustrated below, the CEA contributes in many ways to economic development in Cook County.



Airports serve as essential infrastructure for the attraction, retention, and growth of businesses that value accessibility to airports and high levels of air connections for passenger travel and cargo delivery. The transportation access provided by proximity to airports with adequate air service capacity affects the structure, size, and growth of the economic base of regions. Regions with high-quality and sufficient capacity of airport infrastructure are more successful in attracting, retaining, and fostering growth of businesses that value airport accessibility, particularly the primary drivers of economic growth or transition from old-line manufacturing to high-order service industries. Boeing and Caterpillar relocated to the Chicago metropolitan region (Boeing to Downtown Chicago and Caterpillar to Deerfield) in part because of superior aviation infrastructure.¹

Air passenger facilities are essential to many service-type businesses and industries, while certain goods-producing industries depend upon air-cargo facilities. Advertising, computer and data processing, accounting and auditing, management/public relations and legal services, for example, are

¹ <https://hbr.org/2001/10/inside-boeings-big-move>; <https://www.chicagotribune.com/business/ct-caterpillar-headquarters-deerfield-0420-biz-20170419-story.html>



The Economic and Fiscal Impact of the Chicago Executive Airport and Related Activities on the Cook County Economy

concentrated in metropolitan areas such as Chicago, Cook County which have excellent air connections. The greater concentration of service sector and finance, insurance and real estate sector industries in metropolitan areas with high-quality airports suggest that excellent air travel connections are a critical location factor for businesses which export their services (i.e., send out service agents or bring in customers by air travel, because they provide their services to customers outside of their region of domicile). Similarly, indirect jobs related to the convention/tourism industry are clearly linked to wide-ranging, frequent and low-priced air travel connections. The Chicago Executive Airport contributes to the supply of air service available in the Chicago region.

The rapid growth of aviation has served as an economic development catalyst.² Just as the growth of the railroad industry facilitated connections and encouraged interdependencies between urban and rural markets, the aviation industry has been a key factor behind globalization and shifts to just-in-time manufacturing and inventory techniques. The ability to quickly vary or customize goods and services to the specifications of the customer base is one of the principal requirements for business success today. Flexibility and speed are key comparative advantages which superior air connections permits firms to exploit. Proximity of an airport is frequently an important factor in site location decisions.³ Communities with access to adequate airport capacity have stronger economic growth and rising incomes than communities without such access.

² Air travel, for example, transformed Phoenix. “Airline travel is a force of concentration on urban form So air travel had the effect of concentrating business activity in fewer, larger cities with substantial airports. Those cities became dominant centers of regional areas, with the big airport being the hub of other transportation modes.” Grady Gammage Jr., *Phoenix in Perspective*, 1999, pg. 33. See also for example: <https://sites.duke.edu/urbaneconomics/?p=1248>.

³ See for example: <https://www.sciencedirect.com/science/article/pii/S0966692317300947>; and <http://www.areadevelopment.com/LocationUSA/2015-US-inward-investment-guide/international-location-decision-issues-to-consider-2727261.shtml>.



Chicago Executive Airport Enhances Accessibility and Benefits Area Companies

While vying between Denver, Dallas and Chicago to locate its world headquarters, Boeing selected Chicago because of its business culture, location, and its air transportation infrastructure.⁴ The Chicago Executive Airport enhances the accessibility advantages companies in Cook County and Lake County enjoy. **The Chicago Executive Airport, for example, serves at least 80 corporate flight departments.** These firms use the Airport to transport personnel and customers. The proximity of the Airport to their corporate offices is a benefit to these companies. As described in this report, the direct operations of the Airport and related on-site activities serve to increase employment and income opportunities, both directly and indirectly.

⁴ Paul O'Connor, Executive Director of World Business Chicago as stated in Ron Starner and Mark Arend "Behind Boeing's Flight Plan: Why the New Chicago Headquarters is Just Part of the Story", Site Selection Magazine. (Electronic Edition), September 2001. Accessed on July 27, 2006 from <http://www.siteselection.com/issues/2001/sep/p572/>.



FINDINGS AND CONCLUSIONS

2019 Economic Impact on Cook County

Table I-1 summarizes the total annual economic impact of the CEA, including the Airport and on-site businesses on the Cook County economy in 2019.

| TABLE I-1 | | | |
|---|----------------------|----------------------------|------------------------------|
| On-going Annual Economic Impact of the Chicago Executive Airport, On-site Businesses and Visitor Spending on the Cook County Economy in 2019¹ | | | |
| | Output \$ | Labor Income \$ | Employment # Jobs |
| Direct | 196,778,500 | 62,003,200 | 627.6 |
| Indirect | 196,534,800 | 68,595,700 | 1,281.2 |
| Total | 393,313,300 | 130,599,000 | 1,908.7 |
| Multiplier | <i>2.00</i> | <i>2.11</i> | <i>3.04</i> |
| ¹ Figures area rounded. | | | |
| Sources: Chicago Executive Airport; RIMSII, Regional Production Division, Bureau of Economic Analysis; Gruen Gruen + Associates. | | | |

The total direct and indirect employment impact of the Airport and related activities on the Cook County economy is estimated at 1,909 jobs. The total direct and indirect annual labor income impact is estimated at \$130.6 million, or approximately \$68,400 per job. The total output impact – that is, the total volume of economic activity supported – is estimated at \$393.3 million annually within Cook County.

Expenditures made by the CEA, on-site businesses, and Airport visitors directly support 628 jobs within Cook County. These expenditures directly generate \$62.0 million of additional income within Cook County, or approximately \$98,800 of income per job. Total direct annual output associated with the Airport and related activities is estimated at \$196.8 million.

Indirectly, Airport-related spending supports an additional 1,281 jobs within Cook County and \$68.6 million of labor income (approximately \$53,500 of labor income per indirect job supported). The employment and income multipliers are 3.04 and 2.11 respectively, indicating that for every 10 directly-supported jobs, an additional 20 jobs are supported indirectly within Cook County; and for every \$10 in direct income, an additional \$11.00 is created indirectly.



The Economic and Fiscal Impact of the Chicago Executive Airport and Related Activities on the Cook County Economy

Table I-2 summarizes the total one-time economic impact of construction activities of the CEA, including the Airport and on-site businesses on the Cook County economy in 2019.

| TABLE I-2 | | | |
|--|-------------------|--------------------|----------------------|
| One-Time Annual Economic Impact of Construction Activities of the Chicago Executive Airport and On-site Businesses on the Cook County Economy in 2019 | | | |
| | Output \$ | Labor Income \$ | Employment # Jobs |
| Direct | 9,281,900 | 3,020,900 | 47.9 |
| Indirect | 7,053,900 | 1,475,100 | 32.8 |
| Total | 16,335,800 | 4,496,000 | 80.7 |
| Multiplier | <i>1.76</i> | <i>1.49</i> | <i>1.68</i> |
| Sources: Chicago Executive Airport; RIMSII, Regional Production Division, Bureau of Economic Analysis; Gruen Gruen + Associates. | | | |

For the one-time construction impacts of the planned construction activities of the CEA and on-site tenants, the total (direct and indirect) annual employment impact on the Cook County economy is estimated at nearly 81 jobs. This is full- and part-time jobs, not “full time equivalent” estimates. The total (direct and indirect) income impact on the County is estimated at approximately \$4.5 million, or approximately \$55,700 per job. The total output impact – or the total volume of economic activity supported – is estimated at \$16.3 million.

2019 Fiscal Impact on Taxing Entities

The CEA, including the Airport and on-site businesses, directly generates the following sources of local and state tax revenue:

- Property and Leasehold Property Taxes;
- Sales Taxes;
- Hotel Taxes; and
- Telecommunication Taxes.



The Economic and Fiscal Impact of the Chicago Executive Airport and Related Activities on the Cook County Economy

As summarized below in Table I-3, activity associated with the Chicago Executive Airport is estimated to generate approximately \$2.25 million of annual tax revenue for state and \$3.25 million for local taxing entities.

| TABLE I-3 | | |
|--|----------------------------------|---------------------|
| Estimated Total Annual Revenues Induced by the Chicago Executive Airport and On-site Businesses for Local and State Taxing Entities | | |
| | 2019 Local ¹ \$ | 2019 State \$ |
| Property and Leasehold Property Tax | 1,753,400 | 0 |
| Sales Tax (Direct) | 1,148,900 | 1,915,000 |
| Hotel Tax | 334,900 | 314,800 |
| Telecommunication Tax | 17,600 | 20,600 |
| TOTAL | 3,254,800 | 2,250,400 |
| ¹ Includes local entities such as municipalities within Cook County, the county itself, local school districts, as well as some regional entities collecting taxes such as the RTA. | | |
| Source: Gruen Gruen + Associates | | |

Sales taxes generated by Airport-related activity, including visitor spending, are estimated to comprise the largest source of local revenue at approximately \$3.0 million. Property taxes, including leasehold property taxes, generated by Airport-related activity comprise the second largest source of revenue at over \$1.7 million. Hotel taxes comprise the third largest source of tax revenue, estimated at approximately \$649,700 for 2019. Telecommunication provide an additional \$38,200 of total tax revenue.



CHAPTER II

METHODOLOGY AND DATA INPUTS FOR ECONOMIC IMPACT ANALYSIS

METHODOLOGY

The economic impacts presented in this report are presented in terms of:

1. Employment (both full-time and part-time jobs);
2. Labor Income (wages and salaries and proprietors' income); and
3. Output (value of all goods and services produced).

The economic impacts attributable to operating and capital expenditures of the CEA, on-site businesses, and visitors are estimated using RIMS II multipliers obtained from the Bureau of Economic Analysis, a provider of custom input-output data for local economies. Regional I-O multipliers are constructed from a detailed set of industry accounts which measure the commodities produced by each industry and the use of these commodities by other industries and final users. The multipliers provide a way to estimate economy-wide effects that an initial change in economic activity has on a particular economy – in this case, Cook County.

When one sector of the economy increases its production because of increased demand for its goods or services, firms and institutions in related industries will also experience increased demand for their products. This is referred to as the “multiplier effect” and is represented by a multiplier coefficient. The magnitude of the multiplier depends upon the extent to which firms purchase their inputs from other firms located in the same region, as contrasted with the purchase of inputs from those located outside the region. Multipliers vary among industries and among regions. For example, larger and more diverse regions will tend on average to have larger industry multiplier effects because of a greater likelihood of tighter linkages within the region, or in other words, that an industry’s inputs will be provided by other businesses within the region.

RIMS II provides measures of change in total economic activity that can be estimated – gross output, value added, earnings, and employment. The following explains the three multiplier effects of these measures:

1. “Direct” effects are those that result from the expenditures made by CEA and related activities directly for its operations and maintenance activities and capital improvements and from the spending of visitors;
2. “Indirect” effects are the new economic activities that occur due to the direct expenditures of the CEA and its associated activities. These effects are primarily due to the spin-offs in industry sector-to-industry sector demands that follow from the initial direct spending; and
3. “Induced” effects are the results of spending on wages and salaries for employees, capital outlays, visitor spending, and other non-payroll expenditures that generate new household



The Economic and Fiscal Impact of the Chicago Executive Airport and Related Activities on the Cook County Economy

income and associated proportionate re-spending and employment. These are industry sector-household spending effects.

The multiplier is the coefficient that relates the magnitude of a direct economic impact to a total economic impact that includes both direct and indirect (including induced) impacts. An employment multiplier of 1.3, for example, indicates that for every ten (10) jobs directly supported by an activity or event; an additional three (3) jobs are created elsewhere in the local economy due to industry-to-industry purchases and the re-circulation of wages and salaries paid to employees.

We present our findings of the economic impacts of Chicago Executive Airport in 2019; the figures presented in this report are in 2019 dollars.

DATA INPUTS FOR IMPACT ANALYSIS

This section summarizes the direct inputs or sources of economic or fiscal impact, including direct construction costs estimated to be associated with CEA capital facility and major maintenance improvements.

Direct Output, Employment, and Payroll for the Chicago Executive Airport

Table II-1 summarizes the gross revenues, number of the employees, and associated payroll at the Chicago Executive Airport including on-site tenants.

| TABLE II-1 | |
|--|---------------------------------|
| Gross Revenues, Direct Employment, and Payroll Expenditures for Chicago Executive Airport: 2019 | |
| | CEA Administration & Operations |
| Budgeted Gross Revenues | \$4,342,434 |
| Total Payroll | \$1,396,556 |
| Total Employment | 13.82 |
| Sources: Chicago Executive Airport FY 2019 Annual Budget; Gruen Gruen + Associates. | |

In 2019, an estimated 13.82 (full-time equivalent) workers are directly employed at the Chicago Executive Airport. Annual payroll in 2019 is estimated at nearly \$1.4 million. Payroll expenditures made by the CEA stimulate the local economy as a portion of these dollars get recirculated in the form of personal consumption. The extent to which this income gets recirculated, producing induced economic impacts, largely depends on: (1) the proportion of wage and salary payments that become income to local households (i.e., households who reside in Cook County), as opposed to non-local households; and (2) the magnitude of leakage, or purchases of goods and services made outside of the local area, in this case Cook County. Gross revenues for the CEA are estimated to total \$4.3 million in 2019.



The Economic and Fiscal Impact of the Chicago Executive Airport and Related Activities on the Cook County Economy

Direct Output, Employment, and Payroll for the On-site or within Airport Influence Area Businesses

Table II-2 summarizes estimates of gross revenues, employment, and payroll expenditures for on-site businesses in 2019. Non-payroll operating expenditures for various goods and services - such as supplies, utilities and telecommunications, materials, advertising and public relations, travel, office-related expenses, professional services, insurance, and maintenance operations - increase final demand of the affected industries or businesses for those goods and services produced within Cook County. Purchases by businesses operating on or near CEA property induce multiplier effects when suppliers of goods and services purchase additional inputs from “upstream” suppliers; and when all affected suppliers hire employees, who in turn make consumer purchases.

| TABLE II-2 | |
|--|---------------------|
| Gross Revenues, Direct Employment, and Payroll Expenditures for On-site or Within Airport Influence Area Businesses: 2019¹ | |
| | On- Site Businesses |
| Estimated Gross Revenues | \$185,603,300 |
| Total Payroll | \$58,829,700 |
| Total Employment | 559 |
| ¹ Direct employment and payroll estimates are based on survey and interviews of on-site and within airport influence area businesses. | |
| On-Site Tenant Survey and Interviews; Chicago Executive Airport; Gruen Gruen + Associates. | |

In 2019, an estimated 559 (full-time equivalent) workers are directly employed by on-site tenants at the Chicago Executive Airport. Annual payroll in 2019 is estimated at \$58.8 million. On-site tenants purchase fuel directly from the Airport’s three FBO’s, which in turn purchases fuel within Cook County. Estimates of gross revenues for the on-site tenants is approximately \$185.6 million in 2019.

Capital Expenditures

Table II-3 presents the estimated capital and major maintenance expenditures budgeted for 2019.

| TABLE II-3 | | |
|--|----------------------------|--|
| 2019 Budgeted Capital Improvements and Major Maintenance for the Chicago Executive Airport and On-Site Businesses | | |
| | Total Capital Expenditures | Estimated Local ¹ Expenditure Share |
| | \$ | % |
| CEA Admin & Operations | 2,574,400 | 100 |
| On-Site Tenants ² | 6,708,000 | 100 |
| TOTAL | 9,282,400 | |
| ¹ Share of expenditures made within Cook County. | | |
| ² Estimate based on results of on-site tenant survey and include businesses within area of influence. Estimate is an average of actual 2018 expenditures and anticipated 2019 expenditures. | | |
| Sources: On-site Tenant Survey; Chicago Executive Airport; Gruen Gruen + Associates. | | |



The Economic and Fiscal Impact of the Chicago Executive Airport and Related Activities on the Cook County Economy

The CEA estimates capital project expenditures for 2019 will total nearly \$2.6 million. The CEA building expenditures primarily relate to construction of a new U.S. Customs and Border Protection facility of approximately \$2,246,000. The results of the on-site tenant survey indicate that nearly 40 percent of tenants surveyed expect to make (or have already made) a major capital expenditure in 2018 and 2019 (primarily on construction expenditures). Total annual capital spending from on-site tenants is estimated at \$6.7 million.

Visitor Expenditures

Visitors generate economic and fiscal impacts through their expenditures made on lodging, retail goods, and dining. Table II-4 presents estimates of visitor expenditures within Cook County in 2019.

| TABLE II-4 | |
|--|--------------------|
| 2019 Visitor Expenditures Made Within Cook County | |
| | 2019 Total # |
| Airport Visitors (Estimate of Overnight Visitors) | 11,725 |
| Room Night Generation ¹ | 39,865 |
| Retail and Dining Expenditures ² | \$1,993,000 |
| Hotel Expenditures ³ | \$5,581,000 |
| ¹ Assumes overnight visitors stay an average of 3.4 nights. ² Daily retail and food expenditures of \$50. ³ Average daily room rate of \$140. | |
| Sources: On-site Tenant Survey; Chicago Executive Airport; Gruen Gruen + Associates. | |

Estimated visitation in 2018 was approximately 11,700 overnight visitors. This estimate is based on the on-site survey of CEA businesses and therefore is a conservative estimate because it does not reflect visitation induced by tenants that did not participate in the survey. We assume that visitors will stay overnight for an average stay of 3.4 nights resulting in total room nights of 40,400.

We assume an average daily hotel rate of \$140.⁵ Retail and dining expenditures made within the local area are assumed to total \$50 per night. Accordingly, annual visitor-related expenditures are estimated at nearly \$7.6 million.

⁵ <https://therealdeal.com/chicago/2018/10/01/booming-tourism-keeps-chicago-area-hotel-occupancy-steady-report-says/>



CHAPTER III
THE ECONOMIC AND FISCAL IMPACT OF THE
CHICAGO EXECUTIVE AIRPORT AUTHORITY AND
ASSOCIATED ACTIVITIES ON THE COOK COUNTY ECONOMY

INTRODUCTION

As described above, the operation of the Chicago Executive Airport and associated activities directly and indirectly support jobs, income, and economic activity within Cook County. Based on the current operational characteristics of the CEA and on-site and within area of influence businesses, this chapter presents an estimate of the economic impact of Airport-related activities on the Cook County economy.

The CEA and on-site tenants also generate a broad variety of taxes and fees that accrue to local taxing entities. In this chapter, we focus specifically on the increased sources of tax revenue that, due to Airport-related activities, benefit Cook County and local districts and municipalities within Cook County. Because of the inherent difficulty in estimating *indirect* sources of fiscal benefit – such as property value enhancement to nearby industrial and commercial uses or taxes paid by off-site businesses located in the County which utilize the Airport – we primarily focus on the direct tax revenues resulting from Airport-related operations.

2019 CONSTANT DOLLARS

All income, output, and tax revenue estimates in this Chapter are expressed in constant 2019 dollars. That is, the possible effects of inflation or deflation are not considered.

TOTAL 2019 ECONOMIC IMPACT OF THE
CHICAGO EXECUTIVE AIRPORT AND RELATED ACTIVITIES

Table III-1 summarizes the total direct and indirect economic impacts on the Cook County economy of all entities at the CEA including the Airport and on-site or within area of influence businesses and visitor spending. The total economic impacts encompass those related to payroll, non-payroll, capital, and visitor spending. Appendix A presents the impacts in more detail.



**The Economic and Fiscal Impact of the Chicago Executive Airport
and Related Activities on the Cook County Economy**

| TABLE III-1 | | | |
|---|--------------------|--------------------|----------------------|
| On-going Annual Economic Impact of the Chicago Executive Airport, On-site Businesses and Visitor Spending on the Cook County Economy in 2019¹ | | | |
| | Output \$ | Income \$ | Employment # Jobs |
| Direct | 196,778,500 | 62,003,200 | 627.6 |
| Indirect | 196,534,800 | 68,595,700 | 1,281.2 |
| Total | 393,313,300 | 130,599,000 | 1,908.7 |
| Multiplier | <i>2.00</i> | <i>2.11</i> | <i>3.04</i> |
| ¹ Figures are rounded. | | | |
| Sources: Chicago Executive Airport; RIMSII, Regional Production Division, Bureau of Economic Analysis; Gruen Gruen + Associates. | | | |

The total direct and indirect employment impact of the Airport and related activities on the Cook County economy is estimated at 1,909 jobs. The total direct and indirect annual labor income impact is estimated at \$130.6 million, or approximately \$68,400 per job. The total output impact – that is, the total volume of economic activity supported – is estimated at \$393.3 million annually within Cook County.

Expenditures made by the CEA, on-site businesses, and Airport visitors directly support 628 jobs within Cook County. These expenditures directly generate \$62.0 million of additional income within the county, or approximately \$98,800 of income per job. Total direct annual output associated with the Airport and related activities is estimated at \$196.8 million.

Indirectly, Airport-related spending supports an additional 1,281 jobs within Cook County and \$68.6 million of labor income (approximately \$53,500 of labor income per indirect job supported). The employment and income multipliers are 3.04 and 2.11 respectively, indicating that for every 10 directly-supported jobs, an additional 20 jobs are supported indirectly within Cook County; and for every \$10 in direct income, an additional \$11.00 is created indirectly.



**FISCAL IMPACT OF THE CHICAGO EXECUTIVE AIRPORT AND RELATED
ACTIVITIES**

SOURCES OF REVENUE

The Airport, including on-site businesses, directly generate the following sources of local tax revenue⁶:

- Property and Leasehold Property Taxes;
- Sales Taxes;
- Hotel Taxes; and
- Telecommunication Taxes.

PROPERTY TAXES

Sources of property tax revenue include privately owned buildings/hangars on Airport property and the leasing of hangar space to commercial tenants. Table III-2 presents an estimate of 2018 property tax revenues generated by these sources.

| TABLE III-2 | |
|--|----------------------------------|
| Estimate of 2018 Property Tax Revenues Directly Generated by Airport Activities¹ | |
| Source | 2018 Property Tax Revenues \$ |
| On-Airport Parcels | 411,800 |
| On-Site Tenants (Leasehold Property Tax) ² | 1,341,600 |
| Total | 1,753,400 |
| ¹ Figures are rounded. | |
| ² Taxes for fiscal year 2017. | |
| Source: Chicago Executive Airport Comprehensive Annual Financial Report Fiscal Year Ended April 30, 2018; Cook County Assessor; Gruen Gruen + Associates. | |

Property taxes associated with four buildings/hangars on Airport property are projected to total \$411,800 in 2018. Leasehold properties⁷ at the Airport generated property tax revenues of \$1,341,600 in fiscal year 2017. In total, Airport-related property tax revenues are estimated at approximately \$1,753,400 for 2018.

⁶ Includes local entities such as municipalities within Cook County, Cook County itself, local school districts, as well as some regional entities collecting taxes such as the RTA.

⁷ A leasehold estate is created when the CEA leases property to a private entity for commercial use. Leasehold estates, although situated on otherwise tax-exempt property, are subject to property taxes.



SALES TAXES

Sales Tax Revenues Directly Generated

Sources of sales tax revenue attributable to the CEA include visitors who generate sales tax revenue from their expenditures on food, rental cars, gasoline, and other goods, and some on-Airport tenants remit sales taxes due to their business activities at the Chicago Executive Airport. Table III-3 summarizes the estimated sales tax revenues generated by these activities associated with the operations of the Airport.

| TABLE III-3 | |
|---|--------------------------------------|
| Estimate of Total Sales Tax Revenue Directly Generated by Airport Activities: 2019 | |
| Sources | Total Direct Sales Tax 2018 \$ |
| Visitor Spending | 199,300 |
| On-Site Tenants ¹ | 2,864,300 |
| TOTAL | 3,063,600 |
| ¹ Based on tenant survey results | |
| Sources: Illinois Department of Revenue; Chicago Executive Airport; Gruen Gruen + Associates. | |

Total sales tax revenues directly generated by Airport activity are estimated at more than \$3.0 million for 2019. On-site tenant activities including fuel sales is the largest source of sales tax revenue, which are estimated to approximate nearly \$2.9 million. Visitors to the Airport are estimated to generate approximately \$199,300 of total sales tax revenues. State sales taxes are estimated at approximately \$1,915,000. Local sales taxes are estimated at approximately \$1,148,900.

HOTEL TAXES

Given the estimates of Airport-related visitation and visitor expenditures previously summarized in Chapter II, Table III-4 summarizes an estimate of hotel tax revenues generated by Airport visitation.

| TABLE III-4 | |
|---|------------------|
| Estimate of Hotel Tax Revenue Generated by Airport Visitation | |
| | 2019 |
| Room Nights Generated in Cook County | 39,865 |
| Average Daily Rate | \$140 |
| Total Cook County Hotel Revenue | \$5,581,100 |
| Hotel Tax Revenues: | |
| State ¹ | \$314,800 |
| Local ² | \$334,900 |
| ¹ The State of Illinois imposes a six percent hotel operator occupation tax based on 94 percent of gross receipts. | |
| ² Assumes an average municipal hotel tax rate within Cook County of six percent. | |
| Source: Gruen Gruen + Associates | |



The Economic and Fiscal Impact of the Chicago Executive Airport and Related Activities on the Cook County Economy

Based on an average daily hotel rate of \$140, Airport visitation is estimated to support approximately \$5.6 million in Cook County hotel revenue. The State of Illinois imposes a six percent Hotel Operator Occupation tax. This tax applies to 94 percent of gross room revenues. Municipal hotel tax rates in Cook County generally range from three to six percent; we use an average hotel tax rate of six percent of gross receipts.⁸ We estimate that local hotel tax revenue generated by visitors in 2019 will approximate nearly \$335,000. State hotel tax revenues are estimated at nearly \$315,000.

TELECOMMUNICATION

Taxes on the consumption of telecommunications services are imposed at the rate of six percent of the cost of such services by the Village of Wheeling and at a rate of seven percent by the State of Illinois. Thus, the combined telecommunications tax rate in Wheeling is 13 percent. According to the 2019 CEA Budget, telecommunication expenses associated with the operations of the Airport are expected to total approximately \$14,000. This equates to approximately \$1,000 per employee. Accordingly, total telecommunication expenditures related to all Airport activity (including on-site businesses) are estimated to total approximately \$294,000. Table III-5 presents an estimate of telecommunication tax revenue generated by Airport activities.

| TABLE III-5 | |
|---|-----------------|
| Estimate of Direct Telecommunication Tax Revenue Generated by Airport Activities | |
| | 2019 |
| Total On-Site Employment at Airport | 294 |
| Telecommunication Expenses per Employee | \$1,000 |
| Total Telecommunication Expenditures | \$294,000 |
| Telecommunication Tax Revenues: | |
| State | \$20,600 |
| Local | \$17,600 |
| Source: Gruen Gruen + Associates | |

Total State and local telecommunication tax revenues are estimated at \$38,200 for 2019.

⁸ The hotel tax rate imposed by the Village of Wheeling, for example, is six percent of gross receipts.



APPENDIX A

DETAILED ECONOMIC IMPACT ESTIMATES

| TABLE A-1 | | | |
|---|--------------|--------------|----------------------|
| On-going Annual Economic Impacts on Cook County Economy by Component of Airport-related Activity: 2019 ¹ | | | |
| | Output \$ | Income \$ | Employment # Jobs |
| CHICAGO EXECUTIVE AIRPORT: | | | |
| Direct | 4,342,400 | 1,396,600 | 13.8 |
| Indirect | 4,405,000 | 1,562,300 | 29.6 |
| Total | 8,747,400 | 2,958,700 | 43.5 |
| <i>Multiplier</i> | <i>2.01</i> | <i>2.12</i> | <i>3.15</i> |
| ON-SITE OR WITHIN AIRPORT INFLUENCE AREA TENANTS: | | | |
| Direct | 185,603,300 | 58,828,700 | 559.0 |
| Indirect | 186,650,200 | 65,806,100 | 1,224.5 |
| Total | 372,253,485 | 124,634,800 | 1,783.5 |
| <i>Multiplier</i> | | | |
| VISITOR SPENDING: | | | |
| Direct | 6,832,900 | 1,777,900 | 54.8 |
| Indirect | 5,479,600 | 1,227,500 | 27.0 |
| Total | 12,312,400 | 3,005,400 | 81.8 |
| <i>Multiplier</i> | <i>1.80</i> | <i>1.69</i> | <i>1.49</i> |
| TOTAL: | | | |
| Direct | 196,778,500 | 62,003,200 | 627.6 |
| Indirect | 196,534,800 | 68,595,700 | 1,281.2 |
| Total | 393,313,316 | 130,599,000 | 1,908.7 |
| <i>Multiplier</i> | <i>2.00</i> | <i>2.11</i> | <i>3.04</i> |
| ¹ Figures are rounded. | | | |
| Sources: Chicago Executive Airport; RIMSII, Regional Production Division, Bureau of Economic Analysis; Gruen Gruen + Associates. | | | |



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