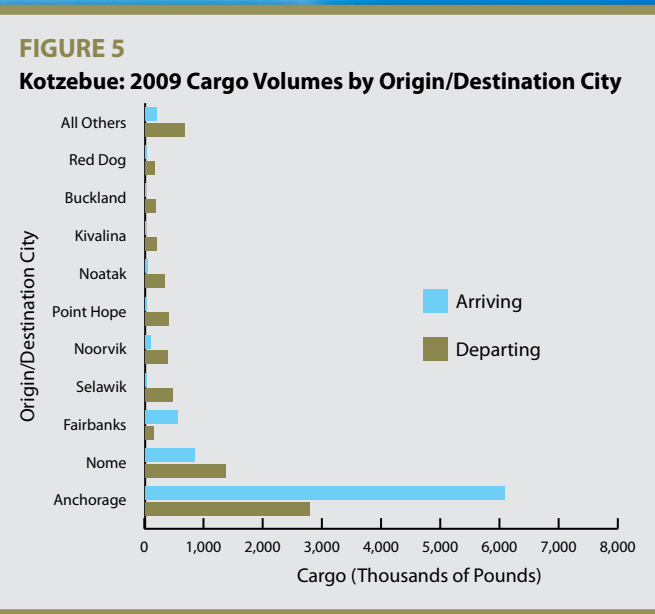
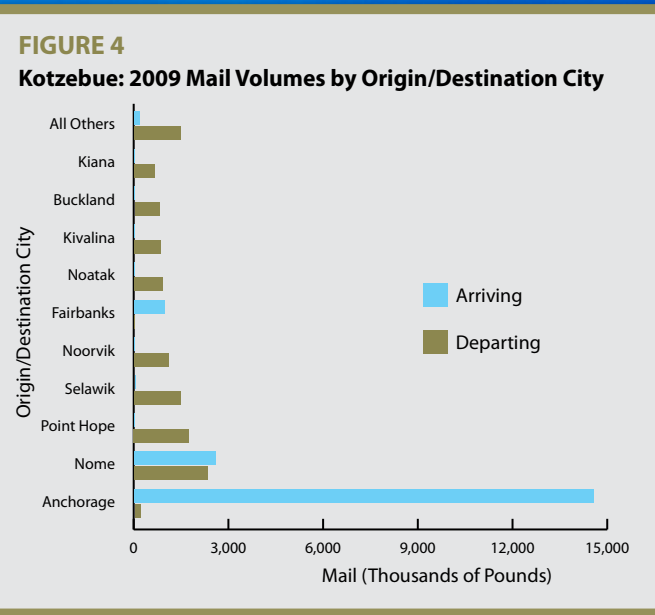


Except for the Bethel Airport, OTZ has the highest total volume of mail traffic of all the airports in this study.

OTZ received almost 15 million pounds of cargo in 2009. The total volume of air cargo is about half of the total volume of mail transported through OTZ, which reflects the importance of the bypass mail program and the role of OTZ as a hub point. As with mail volumes, most of the incoming cargo was transported from Anchorage, and some from Nome



and Fairbanks, through OTZ to other rural villages in the region (see Figure 5).

The study estimates that the total initial (first retail) expenditures related to domestic passengers, mail, and cargo transported through OTZ were approximately \$52.6 million in 2009 (see Figure 6). This amount is a conservative estimate of the value of "first retail" equivalent expenditures (i.e., what people and organizations spent to move goods and people to and from OTZ) and does not include other expenditures such as baggage fees, dining, or other expenses incurred during travel.

FIGURE 6
Air Transport Expenditures, 2009

Expenditures Category	Segment Volume	Enplaned Volume	Enplaned Expenditures (\$Millions)
Passengers (Number)	151,256	112,645	21.7
Mail (Pounds)	29,851,582	25,469,853	22.0
Cargo (Pounds)	14,899,475	11,623,833	8.9
Total			52.6

The Alaska Aviation System Plan

The Alaska Aviation System Plan (AASP) sets the vision for aviation in Alaska. It documents the existing aviation network, identifies needed airport improvements, sets funding priorities, and proposes aviation policy. The AASP has prepared special studies of important aviation issues, such as this document and 2009's *The Economic Contribution of the Aviation Industry to Alaska's Economy*.

The purpose of this special study is to document the economic contribution and social importance of a diverse set of Alaska airports to their communities. The study can be found at www.alaskaasp.com/documents.aspx

This Alaska Aviation System Plan was conducted in accordance with FAA Advisory Circular 150/5070-7: The Airport System Planning Process. The economic analysis described in this brochure was conducted pursuant to Section 101.a(3) of that document. This report was prepared by Northern Economics, Inc. For more information please call ADOT&PF Aviation Division at (907) 269-0730. www.dot.state.ak.us



Economic Contributions of Alaska Airports
THE KOTZEBUE AIRPORT

Aviation: Critical to Alaska

Aviation is a critical component of the state's economy and the vitality of Alaska's communities. Kotzebue's Airport (OTZ) serves as a primary transportation hub for the Northwest Arctic Borough (NWAB), providing food, healthcare, and school supplies to 28 communities relying on air delivery of these goods and services. Additionally, economic activity generated at the airport creates significant employment in the region and around the state. The Alaska Department of Transportation & Public Facilities (ADOT&PF), Division of Statewide Aviation recently embarked on updating the Alaska Aviation System Plan (AASP). As part of this effort, ADOT&PF and the Governor's Aviation Advisory Board established a goal of documenting the value and contribution of the aviation industry at 12 selected airports around the state to the state's economy and local communities. OTZ is one of the airports selected for this analysis.

In late 2010 and early 2011 contractors for ADOT&PF conducted an extensive survey and interview effort targeting on-site leaseholders at

selected airports, ADOT&PF airport managers, and local community leaders. This brochure documents the results of this effort and the importance of OTZ to the city of Kotzebue and the Northwest Arctic Borough.

Generating Employment in the NWAB

ADOT&PF contractors surveyed on-site leaseholders and airport managers at OTZ to document as much of the economic activity occurring on-airport as possible. On-site economic activity at airports has far-reaching consequences. The direct spending by on-site businesses and their employees, as well as the money spent operating and maintaining the airports, creates additional employment and income throughout the economy. When one employee brings home a paycheck and spends their wages on food, housing, and entertainment their spending creates more economic activity. The name for this phenomenon is the "multiplier effect." This study estimates that the on-site operations at OTZ by leaseholders and ADOT&PF airport operations resulted in 186 direct on-site jobs in 2009. In addition, leaseholders and airport operators spent approximately \$7.5 million on wages and benefits, over \$4 million on capital expenditures, and over \$26 million on other operating expenditures such as fuel, food, office supplies, utilities, and other services vital to running their businesses and the airport (see Figure 1).



Photo courtesy of Heather Kasper



Photo courtesy of Heather Kasper

FIGURE 1
Leaseholder and Airport Operation Expenditures Summary 2009

	Number of Jobs	Wages & Benefits	Capital Expenditures	Other Operating Expenditures	Total Expenditures
		(\$Millions)			
Leaseholder	180	6.9	3.0	24.8	34.7
Operations	6	0.6	1.2	1.3	3.1
Total	186	7.5	4.2	26.2	37.8

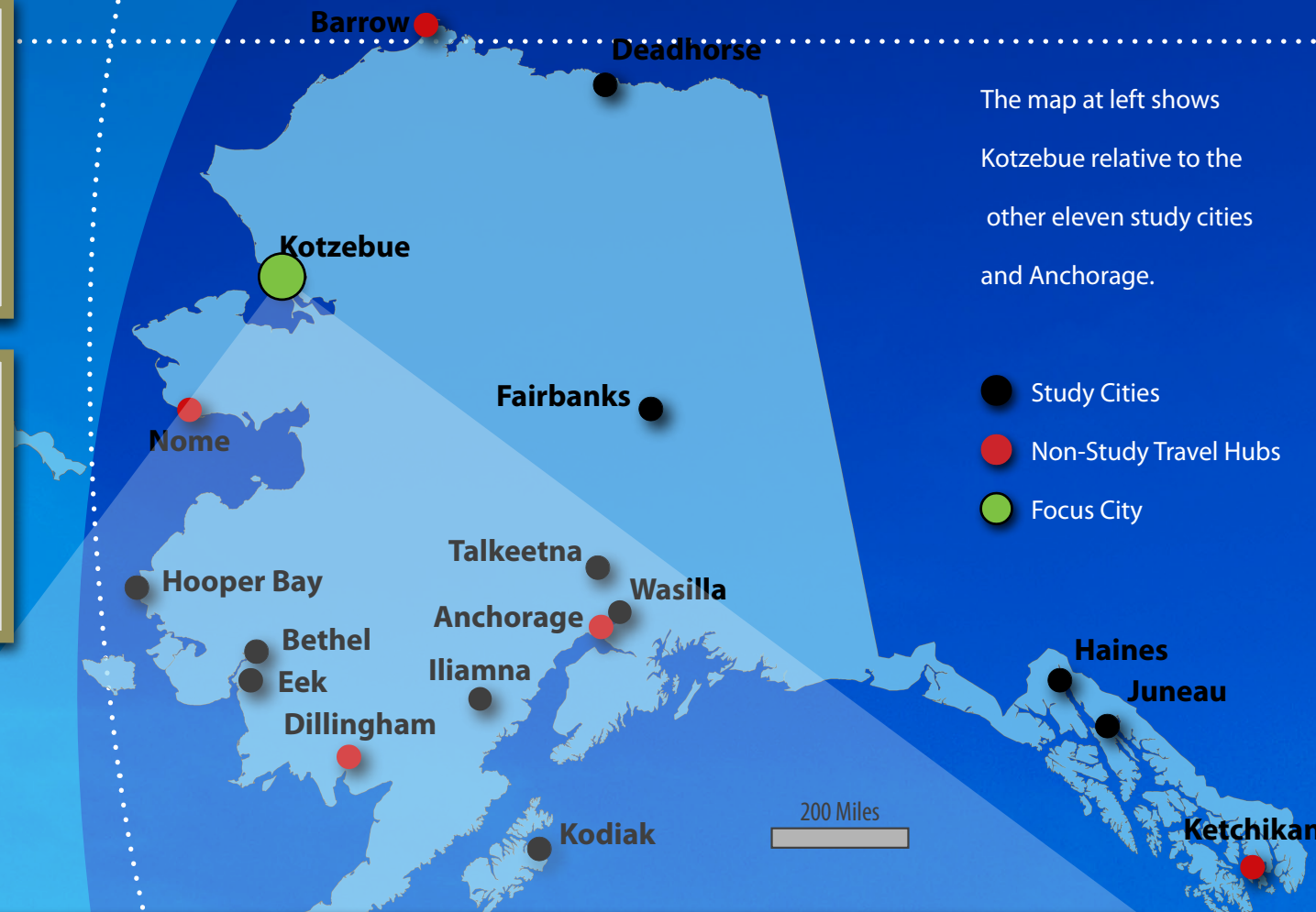
FIGURE 2
Kotzebue Airport's Direct, Indirect, and Induced In-State Economic Effects, 2009

Category	Number of Jobs		Labor Income (\$Millions)		Total Output (\$Millions)	
	In-Borough/Census Area	Other Alaska	In-Borough/Census Area	Other Alaska	In-Borough/Census Area	Other Alaska
By Area	210	80	8	4	11	13
Total In-State Effect	290		12		24	

As these expenditures flowed through the local and state economies, they created additional jobs, both locally and across Alaska. The study estimates that when the 186 direct on-site jobs are combined with the study's estimates of the associated multiplier effects, on-site operations at OTZ in 2009 resulted in roughly 290 total jobs statewide including approximately 210 direct, indirect, and induced jobs in the Northwest Arctic Borough, and 80 direct, indirect, and induced jobs throughout the rest of the state (see Figure 2). These jobs generated \$12 million in in-state labor income, contributing to \$24 million in economic output.



Photo courtesy of Northern Economics



The map at left shows Kotzebue relative to the other eleven study cities and Anchorage.

- Study Cities
- Non-Study Travel Hubs
- Focus City

A Vital Hub for the Northwest Arctic Borough

The Northwest Alaska Transportation Plan identifies Kotzebue as the hub for the NWAB subregion. The lack of road access and the challenges for waterborne transportation mean that other villages rely heavily on OTZ for access to goods and services. In 2009, the Bureau of Transportation Statistics documented more than 151,000 passenger segments related to OTZ (see Figure 3). Passengers traveling to/through Anchorage and Nome accounted for about 58 percent of the traffic with the remaining traffic heading to and from other communities in the region.

In rural Alaska, mail means more than just letters, bills, and catalogs; the United States Postal Service's Bypass Mail Program allows for the timely delivery of food and supplies via the mail system at a reduced cost to the sender. For many communities, this program is the quickest and least expensive way of receiving fresh food the majority of the year. OTZ operates as the regional postal hub and most of its mail traffic is likely goods moved through the bypass mail program. Mail volumes moving through OTZ in 2009 reached almost 30 million pounds (see Figure 4).

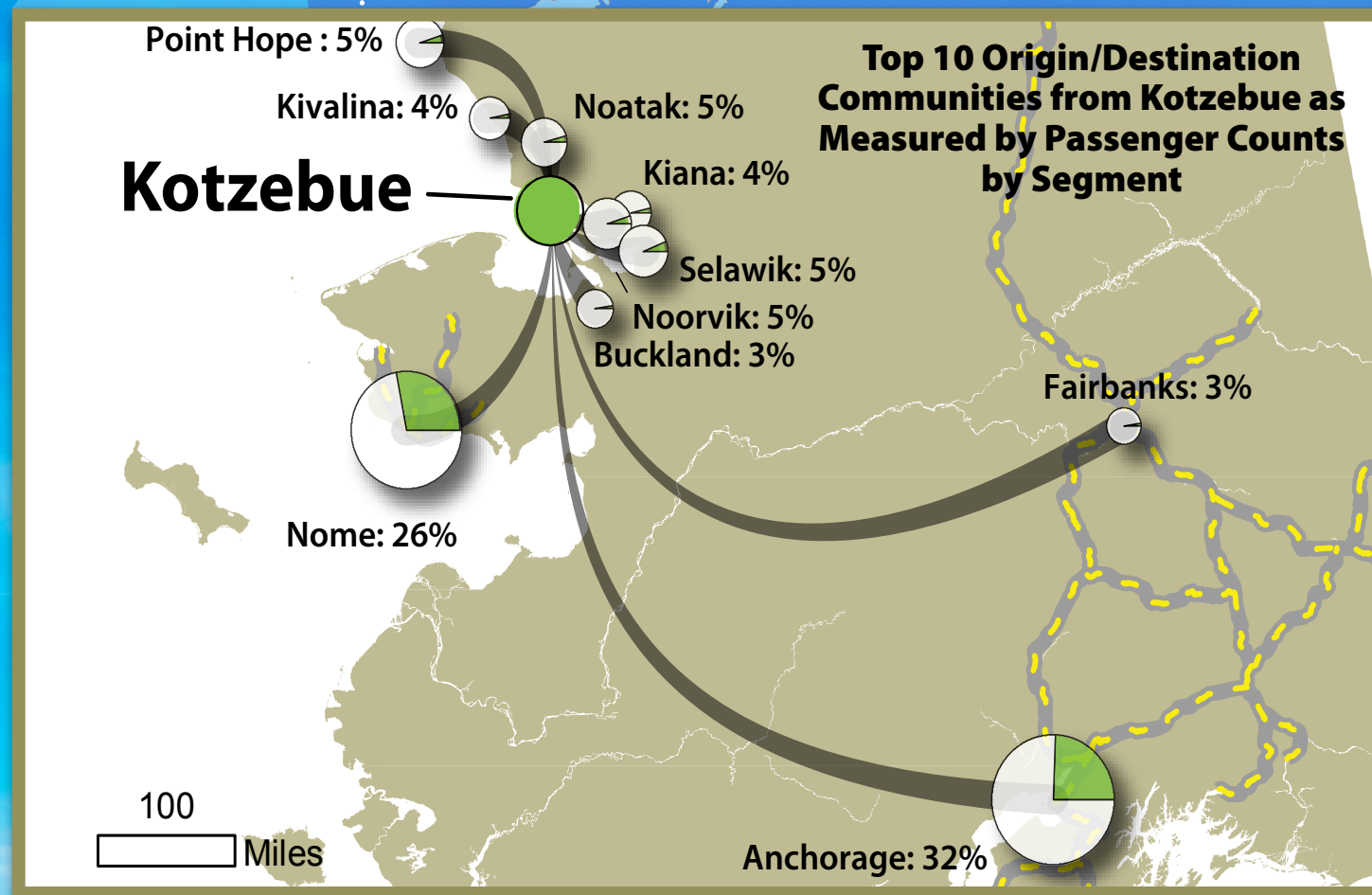


FIGURE 3
Kotzebue: 2009 Passenger Segments by Origin/Destination City

