

Appendix C

VERNON REGIONAL AIRPORT ECONOMIC IMPACT

1. Introduction

Vernon Regional Airport is an economic contributor to Vernon and the region. As an aviation hub for Vernon and the North Okanagan, the airport is home to industrial and commercial based business in the aviation sector, as well as a base for corporate and general aviation activity.

The economic impact assessment presents the economic contribution of Vernon Regional Airport to the community and analyzes and examines the effect of aviation sector activity and future airport development on the city and the region.

2. The Economic Impact of Airports

Economic impact is a measure of the effect of spending and employment associated with an economic sector. Economic impact can be measured in two ways, by output dollar value of activity and by employment generated by the activity.

The economic framework within which airports provide economic benefits is as follows:

- Airports provide direct and indirect benefits. Direct benefits include employment and income wholly or largely related to the operation of airports. This in turn prompts indirect benefits for employment and income generated by the chain of supplies of goods and services to direct suppliers.
- Airports generate further economic activity in the form of induced and catalytic benefits. Induced benefits arise from employment and income generated by the spending of incomes earned through direct and indirect services.
- Most importantly, there is the catalytic action whereby employment and income are generated in the economy of the region by the wider role of the airport in improving the productivity of business and in attracting economic activities such as inward investment and inbound tourism.

While airports play an important role in terms of their direct and indirect contribution, their most important function is in stimulating the generation of wealth from other industries.

Efficient transport is crucial for economic competitiveness. A region cannot be marketed as a centre for attracting major new investment unless it has efficient air transport infrastructure, or it will never attract major investment.

Growth in air services can enhance the potential growth of a region, leading in turn to further demand for air transport both for people and goods.

The effect of airports on company location and business are therefore critical factors in the following:

- New investment: attracting new inward investment from national and international companies
- Retention of businesses: retaining existing companies, whether they had previously been inward investors or indigenous operations
- Expanding existing companies: assisting and supporting the expansion of existing companies in the face of competition from other areas
- Promoting success: promoting the export success of companies located in the area by the provision of passenger and freight links to key markets through marketing initiatives and the provision of suitable facilities
- Enhancing competitiveness: enhancing the competitiveness of the economy, and the companies in it, through the provision of fast, efficient and cost effective passenger and freight services
- Providing a focal point: acting increasingly as a focal point for “clusters” of business development

These dynamics act as strong regional drivers and form the basis of airports being a fundamental catalyst of business dynamics and growth. Somewhat separate but of significant importance is the fact that airports attract inbound tourism with the consequent development of the tourism sector generating growth, income and employment.

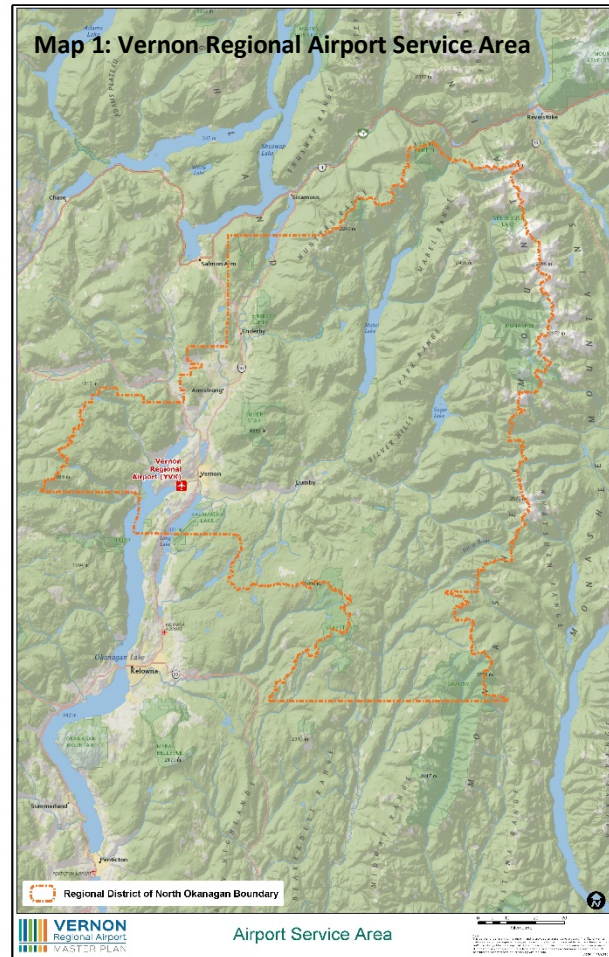
3. Vernon Regional Airport Service Area Socioeconomic Review

The service area for the Vernon Regional Airport is mainly defined by the boundaries of the Regional District of North Okanagan, which include six municipalities - Armstrong, Coldstream, Enderby, Lumby, Spallumcheen, Vernon and the five electoral areas (B, C, D, E and F).

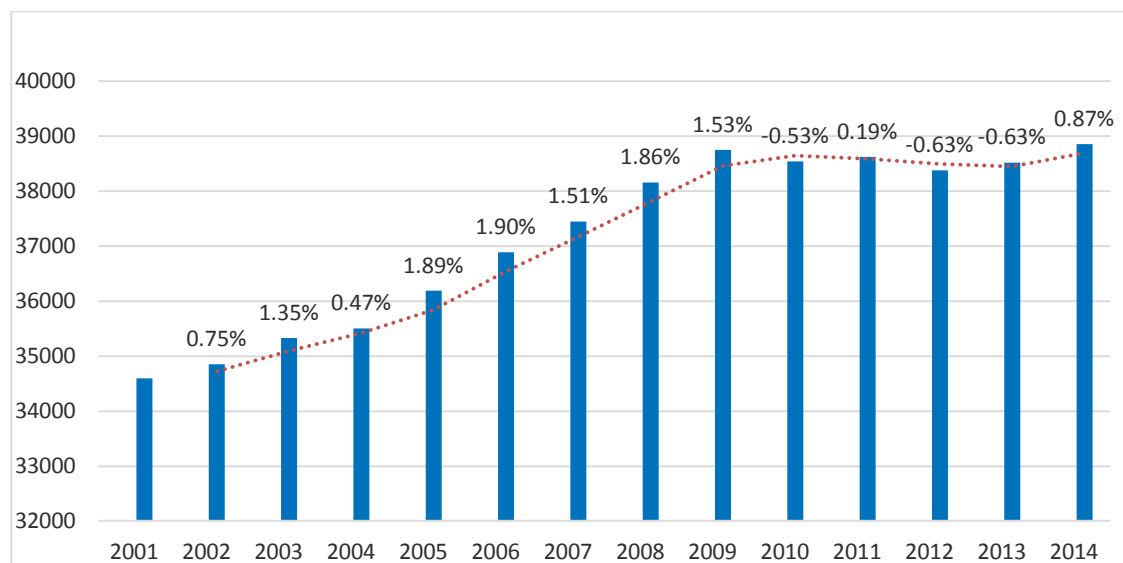
In addition to the Regional District of North Okanagan boundaries, the Vernon Regional Airport also serves and functions as a centre for general aviation users from Kelowna to and Revelstoke. Map 1 shows the one and two hour drive time from the airport. Within a one hour drive, the airport could serve users from West Kelowna, Kelowna and the Central Okanagan throughout Salmon Arm.

3.1 Population: 2001 – 2014

Vernon’s population was estimated at 38,861 in 2014 (Graph 1). The average annual population growth between the years 2001 – 2014 was 0.9%, with an approximate addition of 4,266 persons. However, much of the growth took place between 2005 – 2008. From 2011-2013, the population showed a slight decline in growth of 0.6% per year, and returned to a positive growth rate in 2014.



Graph 1: Vernon Population 2001-2014



Source: Population Estimates in Municipalities, Regional Districts and Development Regions, BC Stats (2015).

Table 1 shows the population in Greater Vernon and the North Okanagan for 2001, 2006 and 2011 (Statistics Canada Census). The 2011 Census showed a Greater Vernon population of 58,055, which reflects an 11.16% growth rate since the 2001 Census. In 2011, the Regional District of North Okanagan population was estimated at 81,237, with a growth rate between 2001 – 2011 of 9.86%.

Table 1: Greater Vernon and North Okanagan Population Growth 2001, 2006, 2011

Jurisdiction	2001 Census	2006 Census	2011 Census	% Change
City of Vernon	33,542	35,944	38,150	12.08%
District of Coldstream	9,106	9,471	10,314	11.71%
Electoral Areas B & C	6,694	7,158	6,918	3.24%
Okanagan Indian Band Reserve No. 1 & No. 6	2,236	2,845	2,673	16.35%
Total Greater Vernon	51,578	55,418	58,055	11.16%
Regional District of North Okanagan	73,227	77,301	81,237	9.86%

Source: 2001, 2006, 2011 Census Profiles, Statistics Canada.

3.2 Employment and Income

Employment and income in Greater Vernon, as well as understanding the economic vitality of the area, are key factors in future activity and growth of the airport. The most recent Census information for personal, household and family unit income is available from the 2011 National Housing Survey, by Statistics Canada.

Table 2 presents the average and median personal and household income levels in the airport service area. In 2010, personal income for Vernon was \$35,305, slightly lower from the Greater Vernon average personal income of \$36,692.

Table 2: Average and Median Income for Private and Household, 2011

	Personal Income		Household Income	
	Average (\$)	Median (\$)	Average (\$)	Median (\$)
Vernon (City)	35,305	26,862	64,396	50,664
Greater Vernon	36,692	27,756	69,450	55,542
North Okanagan	35,325	26,471	67,440	53,647

Source: Statistics Canada, National Household Survey Profiles, 2011.

Table 3: Employment and Income, 2001, 2006, 2011

	Vernon (City)		Greater Vernon		North Okanagan	
	# Persons 15+ with Income	Personal Median Income (\$)	# Persons 15+ with Income	Personal Median Income (\$)	# Persons 15+ with Income	Personal Median Income (\$)
2011	29,945	26,682	46,235	27,756	64,450	26,471
2006	28,495	22,144	43,765	23,308	61,130	22,608
2001	26,025	19,050	39,925	19,974	56,240	19,094
% Change per Year	1.51%	4.01%	1.58%	3.90%	1.46%	3.86%

Source: Statistics Canada, Census of Canada and National Household Survey Profiles Community Profiles, 2001, 2006, 2011.

Table 3 presents the size of the labour market and median personal income during the last three Census periods. Between 2001-2011, the employment in Vernon has grown on average of 1.5% a year, and the median income was 4% a year. Similar growth has also occurred in Grater Vernon and the North Okanagan Regional District. According to the British Columbia 2022 Labour Market Outlook, employment in the Okanagan region will continue to grow by 0.7% annually.

3.3 Economic Development

The Vernon area has a diversified economy with a mix of resource activities, manufacturing, tourism, government, professional services and retail. The industrial base in the area combines traditional industries such as forestry and agriculture with new opportunities in technology, aviation and agri-tourism. Table 4 presents the distribution of the Vernon labour force by sector in 2001 and 2011.

Table 4: Distribution of the Vernon Labour Force by Industry, 2001, 2011

Industry	% Labour Force 2001	% Labour Force 2011
Agriculture, Forestry and Mining	2.8	3.3
Utilities	1.4	1.3
Construction	6.6	7.7
Manufacturing	11.3	6.7
Wholesale and retail Trade	17.8	20.7
Transportation	3.8	3.7
Finance, Insurance and Real Estate	5.3	5.0

Professional and Technical Services	4.2	5.3
Education	5.4	5.9
Health	12.1	12.7
Accommodation and Food	9.8	9.4
Public Administration	3.4	4.2
Other	16.1	14.0

Source: Statistics Canada

Between 2001 and 2011, there was considerable growth in the construction and wholesale and retail trade sectors of the economy. During this time, the manufacturing sector has experienced the highest decline of 4.6%.

The generally favourable economic environment in Vernon is characterized by a steady increase in the value of residential building permits issued. As a result of major institutional development in Vernon, the value of non-residential building permits issued had huge jump between 2010 and 2011, then experienced a decline the year after (Table 5). As of December 2015, building permit revenue continues to climb from the low in 2012.

Table 5: Value of Building Permits (\$000s)

Year	Residential	Non-Residential	Total
2010	55,980	17,293	73,273
2011	42,017	81,898	123,915
2012	40,981	21,111	62,092
2013	44,095	7,808	51,903
2014	65,455	27,171	92,626

Source: City of Vernon

4. Vernon Regional Airport Economic Impact

The economic impact study for the Vernon Regional Airport estimates the direct employment base related to aviation at the airport, as well as the indirect and induced employment supported or related to airport activity. By using Statistics Canada economic multipliers, an estimate of economic output and Gross Domestic Product (GDP) can be generated.

4.1 Direct Economic Impact

This section highlights the direct aviation related employment anticipated in the Vernon Regional Airport area. Figure 1 and Table 6 illustrate the total employment by type and direct income associated with airport related jobs. In 2014, 97 employees worked at the airport area in several aviation sectors. The income generated by these jobs totaled \$6.5 million.

Figure 1: Direct Aviation Related Employment and Wages at the Vernon Regional Airport, 2014

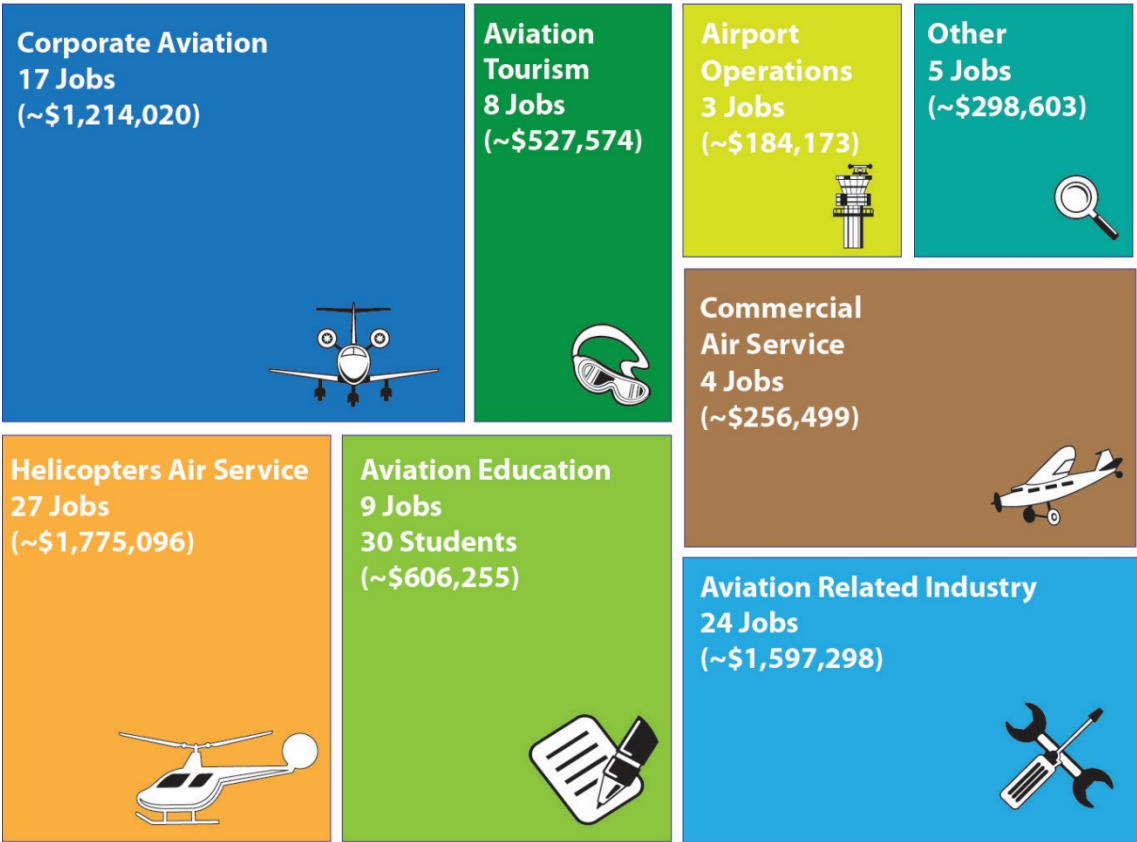


Table 6: Direct Aviation Related Employment and Wages at the Vernon Regional Airport, 2014

Total Direct Employment	Full Time	Part Time	Total Wages and Benefits (\$ Millions)
97	78	19	\$6.5

4.2 Indirect Employment and Income

Indirect employment and income is generated at the Airport through non-airport industries that supply and/or provide services to direct employers. To assess the impact of these activities, BC employment multipliers were used. Using the BC multipliers, the total number of indirect jobs

generated by economic activity at the airport in 2014 was 361. The income generated by these jobs totaled \$13.2 million.

4.3 Induced Employment and Income

Induced employment occurs as a result of expenditures directly and indirectly by the economic activity occurring at the airport. In 2014, induced employment stood at 325 jobs and generated \$12.0 million in income.

4.5 Summary of Vernon Regional Airport Economic Impact

In total, the economic activity occurring at the Vernon Regional Airport in 2014 generated 783 jobs and \$31.6 million dollars in revenue in the regional economy through direct, indirect and induced effects. In addition to this, the airport has an impact of \$57.5 million on the overall GDP of the province of British Columbia (Table 7).

Table 7: Economic Activity at YVK, 2014

	Employment	Income (\$millions)	GDP (\$millions)
Direct	97	6.5	11.1
Indirect	361	13.2	26.4
Induced	325	11.9	20.0
Total	783	31.6	57.5