Salina Regional Airport and Airport Industrial Center Economic Impact Study 2020

Prepared For
Salina Airport Authority
Salina, Kansas

By

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Fort Hays State University

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To facilitate Effective Public Policy Decision-Making.

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Salina Regional Airport and Airport Industrial Center Economic Impact Study 2020

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For:

Salina Airport Authority
Salina, Kansas

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Executive Summary

- The total level of economic activity generated by the private businesses, educational institutions, military units, public institutions, and other entities for 2020 was $1,297,934,889.

- The total employment associated with SLN/AIC and its clients/tenants was 7,005 jobs or 13.0 percent of the employment in Saline County.

- The private businesses located at the SLN/SAIC contributed 35.8 percent of the total economic activity for Saline County for 2020 when measured by Output, while providing 13 percent of the jobs.

- The educational institutions located in the Salina Airport Authority contributed 0.9 percent of the total economic activity for Saline County for 2020.

- The Kansas National Guard military units located at the SLN/SAIC contributed 426 jobs and approximately 0.9 percent of the total economic activity for Saline County for 2020.

- The public institutions and other entities located at the SLN/AIC contributed 845 jobs and approximately 5.1 percent of the total economic activity for Saline County for 2020.

Introduction

This report was produced for the Salina Airport Authority. It focuses on the Salina Regional Airport (SLN) and Airport Industrial Center (AIC) located at what was Schilling Air Force Base and their continuing support of the local Salina and Saline County economy. Approximately 100 enterprises are located at the AIC. SLN supports both commercial and civilian aviation, as well as military operations.

This report is the latest in a series of reports that estimates the economic impacts that are generated by the many entities that utilize either SLN or the AIC.

To note, Appendix D contains the entire contents of a report commissioned of the Docking Institute earlier by SAA and delivered in 2020. Appendix E offers planned local expenditures including labor income directly associated with environmental remediation on the site of the former Schilling Air Force Base and from this estimates the total amount of secondary labor income stemming from the direct expenditures. The Institute is pleased to offer both these appendices as additions to its typical SLN/AIC economic impact analysis, the focus of this report.

Data Sources

Data for this report was collected directly from 62 of the 96 enterprises located at the Airport Industrial Center (AIC). For the remaining enterprises, the necessary data was estimated by external data sources. These external data sources included private data sources such as Dun & Bradstreet and Implan®; public sources including company websites and Facebook® pages; and governmental sources such as the County Business Profile (CBP). For all the estimated data, the report used very conservative estimates when there was a range of values from an outside source or between sources. Outside sources of data usually have a time lag associated with collecting and presenting the data. Thus, some of this data is from 2019 rather than 2020. However, the rate of change year over year tends to be small.

The use of estimated data (because of the surveys that were not completed) results in a slightly smaller economic impact. It may be helpful in future surveys to share this report with those who will be filling out the next surveys, so that they see the level of aggregation used. For some, believing that firm specific information will be divulged may cause them to hesitate to share economic information, particularly gross sales, for competitive business reasons.

Methods

The purpose of this study is to determine the approximate magnitude of the economic impact of the Salina Regional Airport and Airport Industrial Center (SLN/SAIC) and its 96 tenants/clients (businesses and organizations) on the local economy.

This was our second use of a multimode survey consisting of online, mail (physical paper), and telephone (interviews) modes of data collection for the Salina Airport Authority. The questions and their respective answer options were identical across all three methods. Our initial contact with the clients was by mail letter/email from Shelli Swanson, SAA Director of Administration and Finance. The email contained a Web link to the survey and included a short video introducing the primary researchers on this study and the study's purpose. The initial survey email was sent on February 23rd, 2021. Two additional "waves" of emails were sent on March 2nd and March 9th. On March 11th, the Docking Institute's University Center for Survey Research (UCSR) attempted to contact the remaining non-respondents to complete the survey via telephone interview or by emailing a survey invitation if requested. Additional follow-up by emails and telephone calls were done on an "as-needed" basis.

The model used in this study is based on the work of Wassily Leontif. Leontif's input-output models attempt to quantify the interdependences between the various sectors of an economy. The model used for this analysis is the Implan® Software model. The Implan software and its

database calculates appropriate industry level multipliers at the county level.

How an economy responds to changes in economic activity can be quantified based on the buy-sell relationships among the economic agents (businesses, governmental entities, and households) located within the studied economy. Input-Output (I-O) models estimate the inter-industry relationships in an economy (or region) by measuring the distribution of inputs purchased and output sold by each industry. By using I-O models, it is possible to calculate how the impact of one dollar flows or “ripples” through a regional economy. As this economic activity (measured by the dollar) flows through the economy, it causes additional economic activity (expenditures and employment). This is the multiplier effect: a quantitative measure of the ripple effects that an initial expenditure has on its economy.

The total economic impact on an economy is the sum of the initial economy activity, the Direct Effect, plus all of the secondary effects, the Multiplier Effect. The Multiplier Effect consists of the indirect effects that are the results of business-to-business transactions indirectly caused by the direct effects. Businesses initially benefiting from the direct effects will subsequently increase spending at other local businesses. The indirect effect is a measure of this increase in business-to-business activity. Induced effects are the result of increased personal income caused by both the direct and indirect effects. Businesses that experience increased revenue from the direct and indirect effects will then increase payroll expenditures by hiring more employees, raising salaries, or increasing

payroll hours. Households will then increase spending at local businesses. The induced effect is a measure of the increase in household-to-business activity.

Basic Economic Measures

Table 1 provides basic demographic measures of the City of Salina and Saline County, Kansas. More than 86 percent of the population in Saline County lives in the City of Salina. Nearly 60 percent of the people who live in Salina are between 18 and 64 years of age. This is the likely age range for employed people. Saline County had a Gross Regional Product (GRP) for 2019 as measured by Output of over 3.05 billion dollars. The median family income in Salina was $50,490 while the average family income in Salina was $65,603. The median per capita income was $28,244.

Table 1: Basic Economic Measures, 2019

Measurement	Value
Population of Saline County	54,224
Population of Salina	46,998
Salina % of Saline County	86.7%
Salina Population Between 18 and 64 years	28,023
Percent of Salina Population Between 18 and 64	59.6%
Salina Number of Total Households	19,120
Salina Median Income	$ 50,490
Salina Average Income	$ 65,603

Source: https://data.census.gov/cedsci/table?q=Salina%20city,%20Kansas&tid=ACSDT5Y2019.B01003
Source: https://data.census.gov/cedsci/table?q=Saline%20County,%20Kansas&tid=PEPPOP2019.PEPANNRES

Table 2 provides insights into household characteristics for the City of Salina. The average household income reflects the large number of households that have two or more earners.[1] This reflects the diverse and robust economy associated with Salina as a regional center.

[1] Household as used by the Census Bureau includes all the people at a residence whether they are related or not.

Table 2: Household Characteristics, City of Salina, 2019

Measurement	Value
Total households	19,120
Average household size (persons)	2.38
Median Household Income	$ 67,221

Source: https://data.census.gov/cedsci/table?q=Salina%20city,%20Kansas&tid=ACSDT5Y2019.B01003

Tables 1 and 2 show that the City of Salina and Saline County have a strong economy that is almost fully utilizing its available workforce.

Private Businesses

The gross regional product (GRP), or the level of economic activity, for Saline County for 2019 was $3,057,429,480. The total level of economic activity generated by the businesses located at SLN/AIC facilities was $1,095,303,461. Table 3A shows the direct economic impact, the induced and the indirect economic activity, and the total economic impact for employment and output. Employment provides a measure of economic activity in terms of full time jobs. Output measures economic activity in terms of gross regional product (GRP). The private businesses located at the SLN/AIC contributed 35.8 percent of the total economic activity for Saline County in 2020 when measured by Output, but provided only 13 percent of the jobs. However, these are some of the most productive jobs in Saline County.

Table 3A: Business Impact, Saline County, 2020

Impact Type	Employment	Output
Direct Effect	2,775	$ 763,793,775
Indirect Effect	1,157	$ 177,267,638
Induced Effect	1,277	$ 154,242,048
Total Effect	5,209	$1,095,303,461

Sources: Survey, secondary sources, and Implan with additional calculations by the author

Table 3B provides an overview of where workers reside. Note that the percentage exceeds 100 percent as some respondents may have counted remote workers twice – once by place of residence and once as working remotely. The percentage of workers who live in Kansas, but outside of Saline County suggests that many workers choose to commute rather than relocate.

Table 3B: Employee Residence, Private Businesses

Residence	Percent
Employees Residing Within - Salina (inside city limits)	64.4%
Employees Residing Within - Saline County	7.0%
Employees Residing Within - Kansas	24.1%
Employees Residing Within - Outside of Kansas	3.5%
Employee(s) Working Remote	1.2%

Sources: Survey, with additional calculations by the author

Public Education Institutions

Table 4A shows the economic impacts of the educational institutions that are located at SLN/SAIC. The Indirect Effect could not be measured because the necessary data at this level was not available. However, previous research suggests that it is a little less than the Induced Effect. The total level of economic activity generated by the educational institutions located at SLN/AIC facilities was $27,066,692. The educational institutions located in the Salina Airport Authority contributed 0.9 percent of the total economic activity for Saline County in 2020. The number of jobs (524) associated with this sector is about 1.3 percent of the total jobs in Saline County. However, this analysis does not fully measure the value of these institutions and their graduates. The graduates of these institutions typically both earn more and are more productive workers, but they may not stay in the local area. This highlights one of the limitations of economic analysis – There are some factors that it does not measure.

Table 4A: Educational Institutions Impact, Saline County

Impact Type	Employment	Output
Direct Effect	456	$ 18,906,692
Indirect Effect	0	$ 0
Induced Effect	68	$ 8,160,000
Total Effect	524	$ 27,066,692

Sources: Survey, secondary sources, and Implan with additional calculations by the author

Table 4B provides an overview of where workers at educational institutions reside. Note that the percentage exceeds 100 percent as some respondents may have counted remote workers twice – once by place of residence and once as working remotely. The percentage of workers who

live in Kansas, but outside of Saline County again suggests that many workers choose to commute rather than relocate.

Table 4B: Employee Residence, Educational Institutions

Residence	Percent
Employees Residing Within - Salina (inside city limits)	57.4%
Employees Residing Within - Saline County	7.6%
Employees Residing Within - Kansas	33.2%
Employees Residing Within - Outside of Kansas	1.3%
Employee(s) Working Remote	0.4%

Sources: Survey, with additional calculations by the author

Military Units

Table 5A shows the economic impacts of the Kansas National Guard military institutions that are located at the SLN/AIC. There is no indirect effect because these are the results of business-to-business transactions indirectly caused by the direct effects. The indirect effect is a measure of the increase in business-to-business activity, which does not occur with the military. The total level of economic activity generated by the military institutions located at the SLN/SAIC facilities was $20,252,623. The military institutions located at the SLN/SAIC contributed 426 jobs and approximately 0.9 percent of the total economic activity for Saline County in 2020.

Table 5A: Military Institutions Impact, Saline County, 2020

Impact Type	Employment	Output
Direct Effect, Military	270	$ 10,479,468
Direct Effect, Non-Military	66	$ 4,986,258
Indirect Effect		
Induced Effect	90	$ 4,786,897
Total Effect	426	$ 20,252,623

Sources: Direct communication, with additional calculations by the author

Table 5B provides insight into the scale of Kansas National Guard presence in Salina and Saline County. Resources includes facilities, equipment, and inventory used by the military, primarily for training purposes. Expenditures is mostly consumable items associated with various resources. The total impact on Saline County from these expenditures was $8,036,622.

Table 5B: Military Institutions Facilities and Expenditures, Saline County, 2020

Resources	$ 471,302,528
Expenditures	$ 2,819,774

Sources: Direct communication, with additional calculations by the author

Public Institutions and Other Entities

Table 6A shows the economic impacts of the public institutions and other entities that are located at the SLN/AIC. The public institutions are units of federal, state, and local government. As was true of both the educational institutions and the military, many of the benefits provided cannot be measured in economic terms. Additionally, some of the "other" entities do not directly generate economic activity, although they improve the quality of life for some citizens. The total level of economic activity generated by these public institutions and other entities located at the SLN/AIC facilities was $155,312,113. The public institutions and other entities located at the SLN/AIC contributed 845 jobs and approximately 5.1 percent of the total economic activity for Saline County in 2020.

Table 6A: Public Institutions and Other Enterprises Total Impact, Saline County, 2020

Impact Type	Employment	Output
Direct Effect	366	$ 93,150,656
Indirect Effect	304	$ 40,901,782
Induced Effect	175	$ 21,259,675
Total Effect	845	$155,312,113

Sources: Survey, secondary sources, and Implan with additional calculations by the author

Table 6B reveals that employees tend to either live in Salina or outside of Saline County, but still in Kansas. This pattern has been seen in the other employee groups for which their place of residence was reported on the survey. Note that the percentage exceeds 100 percent as some respondents may have counted remote workers twice – once by place of residence and once as working remotely.

Table 6B: Employee Residence, Public Institutions and Other Enterprises

Residence	Percent
Employees Residing Within - Salina (inside city limits)	54.1%
Employees Residing Within - Saline County	9.0%
Employees Residing Within - Kansas	34.7%
Employees Residing Within - Outside of Kansas	0.0%
Employee(s) Working Remote	2.2%

Sources: Survey, with additional calculations by the author

Table 7 summarizes the residence for employees of private businesses, public educational institutions, and public institutions and other entities. Note that the percentage exceeds 100 percent as some respondents may have counted remote workers twice – once by place of residence and once as working remotely.

Table 7: Employee Residence, All Sectors

Residence	Percent
Employees Residing Within - Salina (inside city limits)	62.3%
Employees Residing Within - Saline County	7.2%
Employees Residing Within - Kansas	26.8%
Employees Residing Within - Outside of Kansas	2.7%
Employee(s) Working Remote	1.3%

Sources: Survey, with additional calculations by the author

Findings

Finally, Table 7 shows the total economic impact on Saline County that can be traced to the entities that are located at SLN/AIC facilities. The total level of economic activity generated by the private businesses, educational institutions, military units, public institutions, and other entities for 2020 was $1,297,934,889. Altogether, SLN/AIC and its tenants contributed approximately 42.5 percent of the total economic activity in Saline County during 2020. The total employment associated with SLN/AIC and its tenants was 7,005 jobs (17.6 percent of the employment in Saline County).

Table 7: SLN/SAIC Total Impact, Saline County

Impact Type	Employment	Output
Direct Effect	3,933	$ 891,316,849
Indirect Effect	1,461	$ 218,169,420
Induced Effect	1,611	$ 188,448,620
Total Effect	7,005	$ 1,297,934,889

Sources: Summary findings from this report

What Could Not be Measured

As was discussed earlier in the report, there were some businesses and organizations at SLN/AIC that did not provide useable responses to the survey. Although conservative estimates were generated from secondary data sources, it does mean that our estimates are likely smaller than they would have been with primary data from the non-reporting businesses and organizations.

The social benefits that are associated with the educational sector, the military sector, and the public/other sector were also beyond the scope of this project. These social benefits are generally viewed as valuable to the larger community, but it is difficult to place a monetary value on the benefits.

Finally, the perceptual benefits of a diverse and successful community when recruiting new businesses are very difficult to quantify. However, there is some evidence both from the recruitment of new businesses to SLN/AIC in the past year, the current expansion, and updating of processes at one of the largest businesses at the SLN/AIC. These events have increased both employment and output for Salina and Saline County.

APPENDIX A

Cover Letter to Respondents

SALINA Airport Authority

March 15, 2021

Dear Airport Industrial Center Business:

For over 25 years, Salina Regional Airport and Salina Airport Industrial Center businesses and organizations have helped the Salina Airport Authority determine the economic impact of the Airport and Airport Industrial Center. The current economic impact is impressive. Over one hundred businesses and organizations employ over 3,600 people at a payroll in excess of $142 million.

Current and updated economic impact data is very helpful in working with the City, County and State of Kansas to prioritize street, water, sewer and highway improvements that support all area businesses and organizations.

As with all previous economic impact surveys, your firm's information will be kept confidential. The data compiled from the questionnaires will only be reported in summary form.

This survey is conducted by the Docking Institute of Public Affairs, a nonprofit and nonbiased research organization. (For more information, please visit *https://www.fhsu.edu/docking/)*

DOCKING INSTITUTE of Public Affairs
FORT HAYS STATE UNIVERSITY

The survey begins on the back of this letter. Please complete the survey and return it to the Docking Institute by using the pre-addressed and postage paid envelope.

Thank you for your time and assistance in this important study and please feel free to call me with any questions you may have. You may also contact Luis Montelongo, Docking Institute Research Coordinator, at 785-628-5571 or *ldmontelongo@fhsu.edu* or Dr. Preston Gilson, Docking Institute Senior Policy Fellow at 417-322-5873 or *prestongilson@mac.com*.

Sincerely,

SALINA AIRPORT AUTHORITY

Michelle R. Swanson
Director of Administration and Finance

APPENDIX B

Survey Instrument

Below is the paper form of the survey that was sent to respondents who were unable to use the online survey.

Information requested is intended specifically for use in Airport and Airport Industrial Center planning and promotional activities. All replies will be **confidential** and any data to be released will only appear in an aggregate format. We are interested in the period from January 1, 2020 to December 31, 2020. If your reporting year is different, please provide its dates: _____.

To begin, which of the following best describes your organization?

- ○ Private Business
- ○ Educational Institution
- ○ Military Unit
- ○ Non-Profit or Public Entity (but not educational nor military)
- ○ Other

Which of the following describes your business? (Please select all that apply.)

- ☐ One location business
- ☐ Local business with parent corporation elsewhere
- ☐ LLC
- ☐ Other

Principle Products or Services (What does your entity do or sell?) *2020 Information*

Product _____

Service _____

NAICS (if known) _____

GENERAL INFORMATION

Local Entity Name _____

Parent Institution/Organization (if Applicable) _____

Local Address _____

Local Principal (Name) _____

Local Principal (Title/Rank) _____

Local Telephone _____

Website_____

Report Prepared by (Name) _____

Report Prepared by (Title/Rank) _____

Email Address _____

Number of **Employees**: *2020 Data*

Full-Time: _____ *Total # Employees:*

Part-Time: _____

Total # Employees: _____

If you have any comments about the number of employees, please provide them here:

_____

_____

_____

Number of **Employees** Residing in the Following Locations:

Within Salina (inside city limits): _____

Within Saline County (but outside of city limits): _____

Within Kansas (but outside of City or County): _____

Outside of Kansas: _____

Total Number of Employees: _____

(Please ensure the total matches the Number of Employees above.)

If you have any comments about employee residential locations, please provide them here:

_____

_____

_____

Number of **Students** (skip if not applicable): *2020 Data*

Full-Time: _____ *Total # Students:*

Part-Time: _____

Total # Students: _____

If you have any comments about the number of students, please provide them here:

_____

_____

_____

Number of **Students** Residing in the Following Locations (skip if not applicable):

Within Salina (inside city limits): _____

Within Saline County (but outside of city limits): _____

Within Kansas (but outside of City or County): _____

Outside of Kansas: _____

Total of Students: _____

(Please ensure the total matches the Number of Students above.)

If you have any comments about student residential locations, please provide them here:

_____

_____

_____

ECONOMIC CONTRIBUTIONS

For the twelve month period ending December 31, 2020, please **provide a dollar amount** for each of the following:

2020 Data

Gross Payroll $_____ *$*

Gross Revenue $_____ *$*

Net Sales (gross sales - returns or non-payments) $_____

Capital Expenditures $_____ *$*

If you have any comments about gross payroll, gross revenue, net sales or capital expenditures, please provide them here:

_____

_____

_____

Local Goods and Services Purchased, please **provide a dollar amounts**:

2020 Data
Total Purchases:

Within Saline County $_____

Within Kansas (but outside Saline County) $_____ *$*

Outside Kansas (but within United States) $_____

Outside United States $_____

If you have any comments about local goods and services purchased, please provide them here:

_____

_____

_____

Annual Number of Visitors (enter 0 if none):

From Saline County: _____

From Kansas (but outside of County): _____

Outside of Kansas: _____

Total # of Visitors: _____

2020 Data # Visitors:

Average Length of Visitor Stay

- ○ Less than One Day
- ○ Overnight
- ○ Less than One Week
- ○ A Week (7 days)

Thank you!

Please use the enclosed pre-addressed and postage paid enveloped to return your questionnaire.

APPENDIX C

Telephone Reminder Script

This is the follow-up call script used to contact non-responders to the online survey.

Intro

Hello, my name is _____. We are calling from the Docking Institute of Public Affairs. We have been contracted by the Salina Airport Authority to conduct a questionnaire of Businesses located in the Airport Industrial Center. May I speak with {name}, please?

If transferred to…

Hello, my name is _____. We are calling from the Docking Institute of Public Affairs. We have been contracted by the Salina Airport Authority to conduct a questionnaire of Businesses located in the Airport Industrial Center. The purpose of this call is make sure we have your correct contact information and remind you about a questionnaire we've sent the past few weeks. Could you please verify if our contact information is up to date?
Company name: {company}
Contact person: {name}
Phone: {phonenumber}
Email: {email}

Do you know your businesses' NAICS code? NAICS code
Okay, thank you. We will be sending an email to this address in the next few minutes! We really appreciate your help! If you have any questions about the questionnaire please contact Shelli Swanson or Dr. Preston Gilson. Thank you!
Shelli: 785-827-3914 or shellis@salair.org
Preston: 785-827-3914 or prestongilson@mac.com

If not,

May I please leave {contact name} a message or voicemail?

Voicemail

Hello, my name is _____. We are calling from the Docking Institute of Public Affairs. We have been contracted by the Salina Airport Authority to conduct a questionnaire of businesses located in the Airport Industrial Center. The purpose of this call is to remind you to complete the questionnaire. We sent the questionnaire to {email}. We would appreciate it if you could please fill it out! It only takes a few short minutes. If you have any questions about the questionnaire, you may contact my manager Luis, at 785-628-5571. Thank you!

APPENDIX D

An Estimate of the Expected Economic Impact from the Retention/Expansion of the Schwan's Facility Located at the Salina Airport Industrial Center

Prepared By:

Preston Gilson, Ph.D.
Senior Policy Fellow

Prepared For:

Salina Airport Authority
Salina, Kansas

Executive Summary

- The results of this analysis show that the retention of the existing workers and the planned construction and expansion of the Schwan's Company facility at the Salina Airport/Salina Airport Industrial Center (SLN/SAIC) will have a substantial long-term impact on the local economy (Salina and Saline County) and the State of Kansas.

- The 1,200 existing jobs will continue to support the 847 secondary (indirect and induced) jobs in the Salina economy. The 645 FTE temporary construction jobs will create 287 secondary jobs during the three-year construction phase. The 225 permanent new jobs following the expansion of the facility are expected to add 158 secondary jobs to the local economy.

- At the local level (Saline County and sub-county taxing entities), the long-term tax consequences are an annual increase in total tax revenues of $583,000 from the 2019 level. At the State of Kansas level, the annual increase in tax revenues is more than $1.2 million from the 2019 level.

This forward-looking report is based on information provided by the Salina Airport Authority (SAA) and Schwan's Company. IMPLAN software and data were used to estimate the secondary economic impacts that are likely to result based on the projected staffing and wage/salary levels associated with the construction of the new facilities and their operation. The report considers the construction phase separately from the operational phase because the construction phase is of limited duration, while the operational aspects of the project are continuous.

Table 1 shows the estimated dollar amounts of the improvements and upgrades to existing facilities at SLN/SAIC. The expected incentives and funding sources for the improvements and infrastructure are listed in Table 2.

Table 1: Construction Phase Expenditures

Improvements & Upgrades	Projected Amount
Land and Building	$390,000,000
Machinery and Equipment	$210,000,000
Stormwater Improvement	$4,000,000
Roadway Improvement	$3,000,000
Site Clearance and Demolition	$3,788,000
EPA Abatement	$400,000

Table 2: Expected Funding Sources

Source	Projected Amount
Schwan's Company	$604,000,000
City of Salina	$1,550,000
Salina Airport Authority	$2,252,000
State of Kansas	$162,000,000
United States	$4,000,000
Private Utilities	$6,700,000

Table 3 shows the projected employment numbers and labor income from construction activities in 2020. The indirect jobs are the result of additional hiring by businesses doing business with the construction companies. The induced jobs are the result of additional hiring by businesses affected by employee spending. The projected 221 FTE direct jobs generate 98 secondary jobs that add more than $5 million in labor income for a total of more than $19 million in labor income for the 2020 construction season.

Table 3: Expected Jobs and Labor Income, 2020 Construction Activities

Impact	Employment	Labor Income
Direct Jobs	221	$13,910,000
Indirect Jobs	36	$2,367,000
Induced Jobs	62	$2,777,000
Total	319	$19,054,000

Table 4 shows the projected employment numbers and labor income from construction activities in 2021. For the 2021 construction season, the 314 FTE direct jobs create 140 secondary jobs that add slightly more than $7.3 million in labor income for a total of more than $27 million in labor income.

Table 4: Expected Jobs and Labor Income, 2021 Construction Activities

Impact	Employment	Labor Income
Direct Jobs	314	$19,764,000
Indirect Jobs	52	$3,363,000
Induced Jobs	88	$3,946,000
Total	454	$27,073,000

Table 5 shows the projected employment numbers and labor income from construction activities in 2022 when the construction phase of this project will end. The projected 110 FTE direct jobs generate 49 secondary jobs

that add more than $2.5 million in labor income for a total of about $9.5 million in labor income for the final construction season.

Table 5: Expected Jobs and Labor Income, 2022 Construction Activities

Impact	Employment	Labor Income
Direct Jobs	110	$6,924,000
Indirect Jobs	18	$1,178,000
Induced Jobs	31	$1,382,000
Total	159	$9,484,000

The total employment for the construction phase of this project is 932 jobs that will generate $55.6 million in labor income. This is in addition to the more than $611 million in infrastructure and plant and equipment expenditures.

Tables 6, 7, and 8 show the employment and labor income associated with the retention and expansion of the Schwan's facility at the Salina Airport Industrial Center. Table 6 shows the direct, indirect, and induced jobs and labor income that are retained. The current 1,200 direct jobs generate 847 secondary (indirect and induced) jobs that add more than $44 million in labor income for a total of more than $116.4 million in labor income.

Table 6: Expected Jobs and Labor Income, 2020 Operations

Impact	Employment	Labor Income
Direct Jobs	1,200	72,226,000
Indirect Jobs	479	27,713,000
Induced Jobs	368	16,480,000
Total	2,047	116,419,000

Table 7 shows the increase in direct, indirect, and induced jobs and labor income as the new facility comes online in 2022. The 42 new direct jobs

increase labor income by $2.5 million and generate 29 new secondary jobs that add an extra $1.5 million in labor income to the economy.

Table 7: Expected Jobs and Labor Income, 2022 Operations

Impact	Employment	Labor Income
Direct Jobs	1,242	74,754,000
Indirect Jobs	495	28,683,000
Induced Jobs	381	17,057,000
Total	2,118	120,494,000

Table 8 shows the expected ending level of direct jobs and labor income for 2024. The addition of the final 183 jobs brings the total increase in employment at the Schwan's facility to 1,425. Compared to the number of retained jobs and resulting secondary jobs in 2020, the fully operational expansion as of 2024 will have added an estimated 225 new jobs and 158 new secondary jobs in the Salina economy. Total labor income from all new jobs is expected to be more than $21.8 million.

Table 8: Expected Jobs and Labor Income, 2024 Operations

Impact	Employment	Labor Income
Direct Jobs	1,425	85,769,000
Indirect Jobs	568	32,909,000
Induced Jobs	437	19,570,000
Total	2,430	138,248,000

Table 9 provides insight into the expected tax revenues from worker spending associated with the construction phase of the project at the local and the state level. Expected tax revenue includes all taxes paid by individuals, such as sales tax, income tax, payroll taxes, real estate taxes, personal property taxes, and motor fuel taxes. Labor income of both the primary workers (direct) and the secondary workers (indirect and induced)

are included in the calculation of expected tax revenues. Local tax revenues include taxes levied at both the county and the sub-county level. The heading year is the tax year, not necessarily the year the taxes are collected.

Table 9: Expected Tax Revenues*, Construction Phase

	2020	2021	2022
Kansas Tax Revenues	$ 1,020,000	$ 1,450,000	$ 508,000
Local Tax Revenues	$ 466,000	$ 662,000	$ 232,000
Total Tax Revenues	$ 1,486,000	$ 2,112,000	$ 740,000

* Expected tax revenue includes all taxes paid by individuals, such as sales tax, income tax, payroll taxes, real estate taxes, personal property taxes, and motor fuel taxes. It does not include ad valorem or real estate taxes on the plant construction.

Table 10 provides insight into the expected tax revenues from worker spending associated with the operational phase of the project at the local and the state level. Labor income of both the primary workers (direct) and the secondary workers (indirect and induced) are included in the calculation of expected tax revenues. Local tax revenues include taxes levied at both the county and the sub-county level. The heading year is the tax year, not necessarily the year the taxes are collected. Taxes are not calculated beyond the 2024 tax year but can be expected to continue into the future.

Table 10: Expected Tax Revenues*, Operational Phase

	2020	2022	2023	2024
Kansas Tax Revenues	$ 6,566,000	$ 6,795,000	$ 6,795,000	$ 7,797,000
Local Tax Revenues	$ 3,110,000	$ 3,219,000	$ 3,219,000	$ 3,693,000
Total Tax Revenues	$ 9,676,000	$ 10,014,000	$ 10,014,000	$ 11,490,000

* Expected tax revenue includes all taxes paid by individuals, such as sales tax, income tax, payroll taxes, real estate taxes, personal property taxes, and motor fuel taxes. It does not include ad valorem or real estate taxes on the plant construction.

Findings

The results of this analysis show that the retention of the existing workers and the planned construction and expansion of the Schwan's Company facility at SLN/SAIC will have a substantial long-term impact on the local economy (Salina and Saline County) and the State of Kansas.

The 1,200 existing jobs will continue to support the 847 secondary (indirect and induced) jobs in the Salina economy. The 645 FTE temporary construction jobs will create 287 secondary jobs during the three-year construction phase. The 225 permanent new jobs following the expansion of the facility are expected to add 158 secondary jobs to the local economy.

At the local level (Saline County and sub-county taxing entities) the long-term tax consequences are an annual increase in total tax revenues of $583,000 from the 2019 level. At the State of Kansas level, the annual increase in tax revenues is more than $1.2 million from the 2019 level. Expected tax revenue includes all taxes paid by individuals, such as sales tax, income tax, payroll taxes, real estate taxes, personal property taxes, and motor fuel taxes.

APPENDIX E

Environmental Remediation of the Former Schilling Air Force Base Site: Planned Major Expenditures and Types of Eventual Economic Benefits

The following quotation from the Kansas Department of Health and Environment Final Corrective Action Decision provides a broad historical background for the environmental remediation that is to occur at the former Schilling Air Force Base site. The Salina Airport Authority owns more than 80 percent of the site.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FINAL CORRECTIVE ACTION DECISION SCHILLING AIR FORCE BASE SITE SALINA, KANSAS

DECLARATION OF CORRECTIVE ACTION DECISION

SITE NAME AND LOCATION

Schilling Air Force Base Site Salina, Saline County, Kansas

STATEMENT OF BASIS AND PURPOSE

The Final Corrective Action Decision document presents the corrective action selected by the Kansas Department of Health and Environment (KDHE) for the Schilling Air Force Base Site (Site) located four miles south of the intersection of I-70 and I-135, on the southwest side of the City of Salina.
The Schilling Air Force Base was built in 1942 under the original name of Smoky Hill Airfield and was used to train heavy bomber crews for the U.S. Army Air Force. The base was renamed Smoky Hill Air Force Base in 1948, following establishment of the U.S. Air Force as an independent branch of the military. The base was deactivated in 1949 but remained Air Force property under control of Air Material Command. The base was reactivated in 1951, and the name was changed to Schilling Air Force Base in 1957. In 1966 the base was deactivated and the property transferred to the Salina Public Entities. Since 1966 the Salina Airport Authority has used the Site in operating the Salina Regional Airport; the Salina Airport Authority owns greater than 80% of the property. Other major landowners include the Kansas State University (KSU, ownership by the State of Kansas), Saline County, Schwan's Food Manufacturing, the Kansas National Guard, and USD No. 305. Over 100 businesses and organizations are currently

present at the former SAFB representing a diverse range of business and organization types. Residential housing is located directly east of Schilling; the surrounding land to the west, north, and south, and some open land inside the facility boundary, is used for agriculture. Military activities left widespread impacted soil and groundwater. Multiple large volatile organic contaminant plumes are present, with the contaminant trichloroethylene present at the highest concentrations. Other contaminants of concern for the Site include tetrachloroethylene, cis-1, 2-dichloroethylene, vinyl chloride, carbon tetrachloride, chloroform, petroleum compounds, metals, and per- and polyfluoroalkyl substances.

In November 2012, the Salina Public Entities entered into a Consent Agreement and Final Order with KDHE to conduct a site investigation and evaluate remedial alternatives.

DESCRIPTION OF THE SELECTED REMEDIAL ACTION

KDHE has determined that the selected corrective action, as described and evaluated in the Final Corrective Action Decision, meets the criteria established for selection and will be protective of human health and the environment. KDHE has selected pre-design data acquisition, five-year reviews, receptor surveys and management, land use controls, excavation, in-situ thermal treatment, directed groundwater recirculation, emplaced permeable reactive barriers, and injected permeable reactive barriers as the preferred remedy for the Site.

DECLARATION

The selected remedial actions are protective of human health and the environment; attain state, federal and local requirements that are applicable or relevant and appropriate to this corrective action; and provide cost-effective performance. The remedial actions will reduce the mass, mobility, and volume of contaminated groundwater and prevent exposure to contamination that is above applicable levels. In selecting and declaring this corrective action, KDHE believes implementation of the remedial actions will have a beneficial effect on heath and the environment.

Signed 07/29/2019
Lee A. Norman, M.D. Date
Secretary

Attachment: Final Corrective Action Decision

The remedial actions authorized over the 30 years of this project are expected to “have a beneficial effect on health and the environment” and to generate economic benefits to owners of the affected land and the local community. Table E-1 shows the remediation activities and their estimated costs. Some of these activities will have a local economic impact through the use of local businesses. Moreover, the results of these remediation activities are also likely to have further economic impacts as the land will become more economically useful after the environmental concerns have been addressed.

Table E-1: Environmental Remediation Activities and Estimated Costs

Activity	Estimated Cost
Remediation of Source Areas	$12,000,000
Control of Migration from Source Areas	$4,400,000
Remediation of Groundwater Plumes	$37,400,000
Prevention of Plume Migration	$3,500,000
Groundwater Monitoring	$5,400,000
Monitoring Well Maintenance and Repair	$800,000
Indoor Air Monitoring	$1,500,000
Database Management	$1,600,000
Reporting	$2,300,000
KDHE Oversight	$600,000
Monitoring Well Abandonment	$900,000
Community Involvement, Administration, Legal, and Insurance	$1,300,000
TOTAL	$71,700,000

The following analysis considers the portion ($57.3 million) of the construction activities ($71.0 million) through 2025 that are expected to utilize local contractors and labor. Table E-2 shows the projected total expenditures for the five years ending with 2025 and the expected number of jobs associated with this construction.

Table E-2: Projected Direct Saline County Expenditures and Jobs, 2021 - 2025

Year	Saline County Contractors	Saline County Jobs
2021	$ 1,500,000	15
2022	$ 11,500,000	125
2023	$ 21,700,000	150
2024	$ 15,500,000	150
2025	$ 7,100,000	100
Total	$ 57,300,000	540
Annual Average	$ 11,460,000	108

Table E-3 shows the estimated labor costs and other spending based on the expenditures in Table E-2. The average wage rate for infrastructure construction was used to estimate the labor costs. Other spending is a broad category covering all other fixed and variable costs associated with the construction work. The expected amounts of Other Spending vary from a low of $516,000 (2021) to a high of $13,574,000 (2023).

Table E-3: Projected Labor Costs and Other Spending, 2021 - 2025

Year	Labor Costs	Other Spending
2021	$ 983,857	$ 516,143
2022	$ 6,803,295	$ 4,696,705
2023	$ 8,125,895	$ 13,574,105
2024	$ 8,125,895	$ 7,374,105
2025	$ 5,480,696	$ 1,619,304
Total	$ 29,519,638	$ 27,780,362
Annual Average	$ 5,903,928	$ 5,556,072

Table E-4 provides an estimate of the secondary job creation that is expected to occur during this construction project based on both the number of direct employees and the level of total expenditures each year. Although the average number of secondary jobs is 24 per year, the actual number of expected secondary jobs varies from 3 to 61 in any given year.

Table E-4: Projected Employment, 2021 - 2025

Year	Direct	Secondary	Total
2021	15	3	18
2022	125	19	144
2023	150	61	211
2024	150	31	181
2025	100	5	105
Total	540	118	658
Annual Average	108	24	132

The secondary jobs are the result of both employee spending and business to business spending. If we assume that these secondary jobs are mostly entry level jobs, and perhaps temporary during the construction phase, then it is likely that the average wage will be approximately $30,000 per year. We further assume that as secondary jobs are created they continue until the end of the construction phase. ***This results in an estimated total of about $10 million in additional labor income from secondary jobs.*** Again, this is beyond the local portion of labor income expected in the $57.3 million of direct remediation expenditures.

It is important to remember that the expected economic impact of construction projects occurs during the limited time associated with the construction project. Future, ongoing economic impact is determined by the actions that follow the construction phase.

End of Report