

CASE STUDY

RENO-TAHOE – REBOUNDED FROM ECONOMIC AND AIR SERVICE DECAY

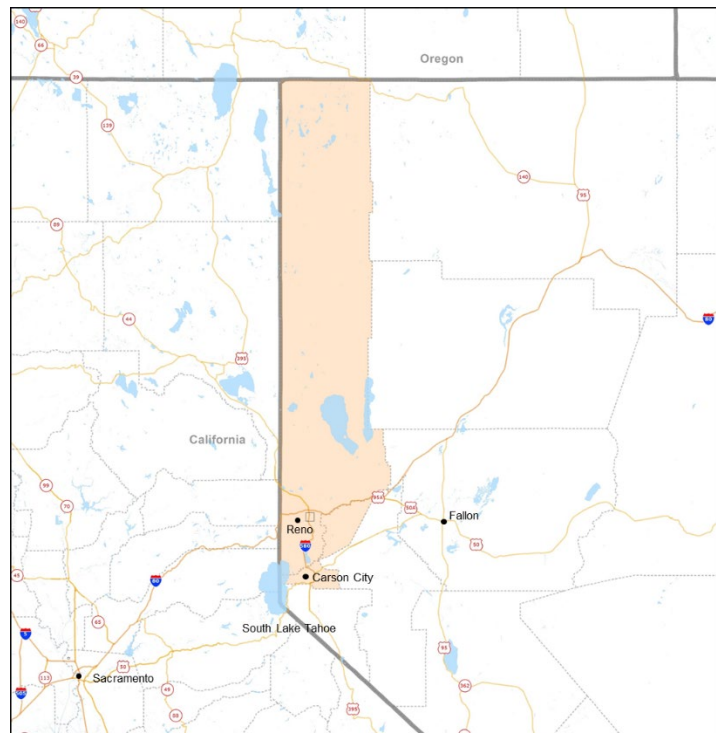
The Reno-Tahoe area in northwestern Nevada has long been associated with outdoor recreation and casinos. On the eastern side of the Sierra Nevada mountain range and 20 miles from Lake Tahoe, Reno is known as "The Biggest Little City in the World." Reno is the largest city in the region (and second largest in Nevada after Las Vegas), with a 2019 estimated population of slightly over 250,000.

Reno-Tahoe International Airport (RNO or the Airport) is the principal commercial airport in the region. The primary catchment area of RNO, which includes areas surrounding Reno, Sparks, Carson City and Lake Tahoe, has a population of 825,000. Including the secondary catchment area, the population size is 1.5 million. From 2008 through 2014, total passenger traffic at the Airport dropped by 1.2 million (25.5 percent). From then through 2019, however, traffic has nearly completely recovered, rising by 1.1 million. The Airport's 2019 traffic (4.45 million) was less than 16,000 (0.4 percent) short of its 2008 levels.

The Reno-Tahoe region is included as a case study based on the recovery of its economy and air services following the Great Recession.¹

Introduction to the Region and its Economy

The Reno–Tahoe–Fernley Combined Statistical Area ("Reno-Tahoe region" or the CSA) encompasses the northwestern corner of the state of Nevada. It includes four counties and the independent city of Carson City, Nevada's state capital. The CSA combines two Metropolitan Statistical Areas (MSAs): The Reno MSA with a 2019 population of 475,642 (ranked 115th in the nation out of 384) and the Carson City MSA, with a population of 55,916 (the smallest MSA in the nation). In addition, the CSA includes three other "micropolitan" areas.



¹ The Great Recession began in December 2007 and ended in June 2009, which makes it the longest recession since World War II. Beyond its duration, the Great Recession was notably severe in several respects. Real gross domestic product (GDP) fell 4.3 percent from its peak in 2007Q4 to its trough in 2009Q2, the largest decline in the postwar era (based on data as of October 2013). The unemployment rate, which was 5 percent in December 2007, peaked at 10 percent in October 2009. <https://www.federalreservehistory.org/essays/great-recession-of-200709>



In 2019, Reno produced \$30.4 billion current-dollar total GDP. This GDP ranked 100th among MSAs, up from its 2009 ranking of 110th. Carson City produced \$3.9 billion current-dollar total GDP, ranked 371st.

The CSA has a relatively more highly educated population than the State of Nevada on average. Of residents aged 25 and over in the CSA, 28 percent held a Bachelor's degree or higher, versus 26 percent statewide. Reno is home to the University of Nevada, with a 2019 enrollment of more than 21,000 students, and both Reno and Carson City feature business and government activity attracting employees with post-secondary educations.

The region experienced a significant loss of employment associated with the Great Recession of 2007-2009. From 2008 through 2015, total employment in the area dropped by 6,700 jobs even though population in the CSA grew by approximately 27,000 persons.

Table 1 summarizes the changes in the CSA's major socio-economic characteristics, which has undergone significant changes in population and employment since 2008.

- Combined, the CSA had an estimated 2019 population of 638,000, having grown from 574,000 persons in 2008 at a compound rate of 1.0 percent per annum. (The Airport notes that the population of the primary catchment area rose from 782,000 in 2014 to 825,000 in 2020, an increase of 5.5 percent.)
- Total employment dropped from 2008 through 2015. Since then, as the national economy and regional economies recovered from the Great Recession, the CSA added more than 50,000 new jobs between 2015 and 2019, growing to well above pre-recession levels.
- Per capita and household incomes in the CSA have seen a rise over the past 13 years. As of 2019, the region's average per capita income exceeded both state and national averages. Per capita incomes were 10 percent higher than state average and slightly higher than the national average. The Economic Development Authority of Western Nevada reported that the median household income in Washoe County rose from about \$49,000 in 2012 to nearly \$72,000 in 2019, rising an average of 5.8 percent per year.
- Between 2015 and 2019, the number of establishments (i.e., workplaces) in the CSA grew only modestly, from 19,500 in 2015 to 20,400 in 2019.² While the number of establishments only grew by 4 percent over this five year period, total employment grew by 14 percent suggesting that employment growth has been predominantly concentrated in large establishments with many employees. This trend is exemplified by the growth of manufacturing, transportation, and warehousing employment in the region.

² Data on the number of establishments in the Reno-Tahoe-Fernley CSA for 2008 is not available.



Table 1: Socio-economic Summary of the Reno-Tahoe-Fernley CSA (Figures in '000s unless otherwise noted)

	2008	2015	2019	Change 2008-15		Change 2015-19		Change 2008-19	
				#	%	#	%	#	%
Population	574	600	638	26	5%	38	6%	64	11%
Total Employment	369	362	414	(7)	-2%	52	14%	45	12%
Private Non-farm Employment	323	318	368	(5)	-2%	50	16%	45	14%
Gov't Employment	45	43	44	(2)	-4%	1	3%	(1)	-1%
Income per Capita (\$)	\$41,498	\$50,043	\$61,185	\$8,545	21%	\$11,142	22%	\$19,687	47%
Number of Establishments	N/A	20	20	N/A	N/A	1	4%	N/A	N/A

Note: Dollar (\$) figures are expressed in nominal terms. Data may be unavailable for certain years. Establishments refer to individual physical locations where business is done and with paid employees (rather than a company, for instance, which can have more than one location, or self-employed operations).

Source: BEA; U.S. Census Bureau QuickFacts, 2019; BLS.

Regional Economic Strengths

Traditionally, the Reno-Tahoe area's employment base reflected its status as the state's capital and its history with gaming. Government and government enterprises, including Nevada State University, Reno, is the largest employment category in the region. The area's gaming industry and its proximity to Lake Tahoe and resorts in the Sierra Nevada range have long made it a major tourism destination.

Since the Great Recession which negatively affected the tourism and services sectors, the region has seen a major recovery in economic activity and a great diversification. A key theme in this recovery has been the growth and expansion of new industries to the region, with a focus on advanced manufacturing, high-tech and bio-tech, transportation, warehousing, and construction driving growth. The creation of the Tahoe-Reno Industrial Center has provided a significant land base for the development of many of these new industries to the region, including distribution and warehousing centers, data centers, and Tesla's Gigafactory 1. These three industries accounted for more than half of the 48,000 net new jobs grown in the region between 2015 and 2019, as can be seen in Table 2. Each of these three industry sectors have grown by more than 33 percent over the past five years, with manufacturing employment growing by 62 percent and adding more than 13,000 jobs alone to the region.

**Table 2: NAICS Employment in the Reno-Tahoe-Fernley CSA**

Industry Sector	2008	2015	2019	Change 2015-19	
				number	%
Farm Employment	1,502	1,691	1,582	(109)	-6%
Private Nonfarm Employment	322,840	317,791	368,154	50,363	16%
Accommodation and food services	44,209	41,659	43,850	2,191	5%
Retail trade	(D)	35,794	38,221	2,427	7%
Health care and social assistance	(D)	32,075	36,878	4,803	15%
Manufacturing	22,825	21,076	34,156	13,080	62%
Real estate and rental and leasing	(D)	24,908	27,640	2,732	11%
Construction	(D)	20,229	27,264	7,035	35%
Administrative and business support services	20,529	22,747	25,158	2,411	11%
Management of companies and enterprises	(D)	4,461	5,147	686	15%
Transportation and warehousing	(D)	18,797	25,003	6,206	33%
Finance and insurance	(D)	18,796	19,599	803	4%
Other services (except government)	16,466	17,661	19,403	1,742	10%
Arts, entertainment, and recreation	12,945	11,759	13,934	2,175	18%
Arts, entertainment, and recreation	(D)	4,139	4,284	145	4%
Educational services	(D)	4,461	5,147	686	15%
Management of companies and enterprises	(D)	807	860	53	7%
Utilities	(D)	3,056	1,994	(1,062)	-35%
Mining, quarrying, and oil and gas extraction	(D)	12,173	12,600	427	4%
Wholesale trade	205,866	47,829	51,901	4,072	9%
All other private sector *	44,784	42,994	44,283	1,289	3%
Government and government enterprises	44,784	42,994	44,283	1,289	3%
Total employment (number of jobs)	369,126	362,476	414,019	51,543	14%

Source: BEA

Notes: (D) = data suppressed to protect confidentiality. * Employment in sectors with less than 10,000 employees summed into "All other private sector," which also includes employment in sectors where data were suppressed.

These key areas of job growth are driving higher incomes for new workers, with the average salary of newly added jobs to the region increasing from just under \$40,000 in 2012 to nearly \$73,000 in 2019, an 82 percent increase over a seven year period.³ The growth of higher-income jobs to the region will likely have a positive impact on aviation activity at RNO, as higher income households tend to have a higher propensity to fly both for leisure and as a function of business activity.

The growth and diversification in industry is generally expected to foster a more resilient economy and enable continued growth in the region overall. For instance, one pre-COVID (January 2019) forecast developed by community stakeholders anticipates continued growth in the region through 2023, with population and employment growing by 1.7 percent and 2.4 percent per annum, respectively.⁴

³ Economic Development Authority of Western Nevada, *Continuing Economic Vitality of the Region: 3-Year Strategic Plan*, July 2019.

⁴ Economic Development Authority of Western Nevada, "Northern Nevada Economic Planning Indicators Committee Report 2.0" (January 2019). <https://www.edawn.org/epic-report/>



This growing diversification of the regional economy helped Reno to be named #1 of the nation by multiple sources, including Forbes.⁵ Resonance Consulting highlighted the growth of the city beyond its tourism and outdoor leisure role to one attracting new residents who are more well educated than before.⁶ Drawn in by the new range of technology, manufacturing, and professional services business growth in the region, the lower cost of living (relative to coastal tech hubs in California or Washington State) is also bringing in new workers to stay in the region.

Economic Clusters

The U.S. Cluster Mapping Project's analysis of the Reno-Tahoe region also highlights its broad economic strength. A cluster is a concentration of related industries in a particular region. Clusters consist of companies, suppliers, and service providers, as well as government agencies and other institutions that provide specialized training and education, information, research, and technical support. *Traded clusters* are groups of related industries that serve markets beyond the region in which they are located and therefore require some form of transport connectivity. Examples include financial service or information technology. By contrast, *local clusters* consist of industries that serve the local market. Examples include local grocery stores or restaurants.

The area's economy features multiple tradeable clusters that are among the top performers in the country, and several are of notable strength. Those include Hospitality and Tourism, Distribution and e-Commerce, Aerospace and Defense, and Recreational Goods.

- The region's Hospitality and Tourism cluster is ranked 36th out of 917 nationally. Employing nearly 18,000 in 2018 (the latest available data), the cluster includes accommodations and related services as well as gambling which are the employment basis of the Reno-Tahoe region's tourism and leisure industries.
- Over 16,000 are employed in the Distribution and e-Commerce cluster, ranked 65th in the country. This includes warehousing and storage, electronic and catalog shopping, wholesale of electronic and electronic goods, among others.
- The region ranks 21st nationally in aerospace vehicles and defense. Subclusters include both aircraft and search and navigational equipment.
- The Recreational Goods cluster employed nearly 2,000. The region ranked 4th nationally in this sector.

Economic Activity Near the Airport

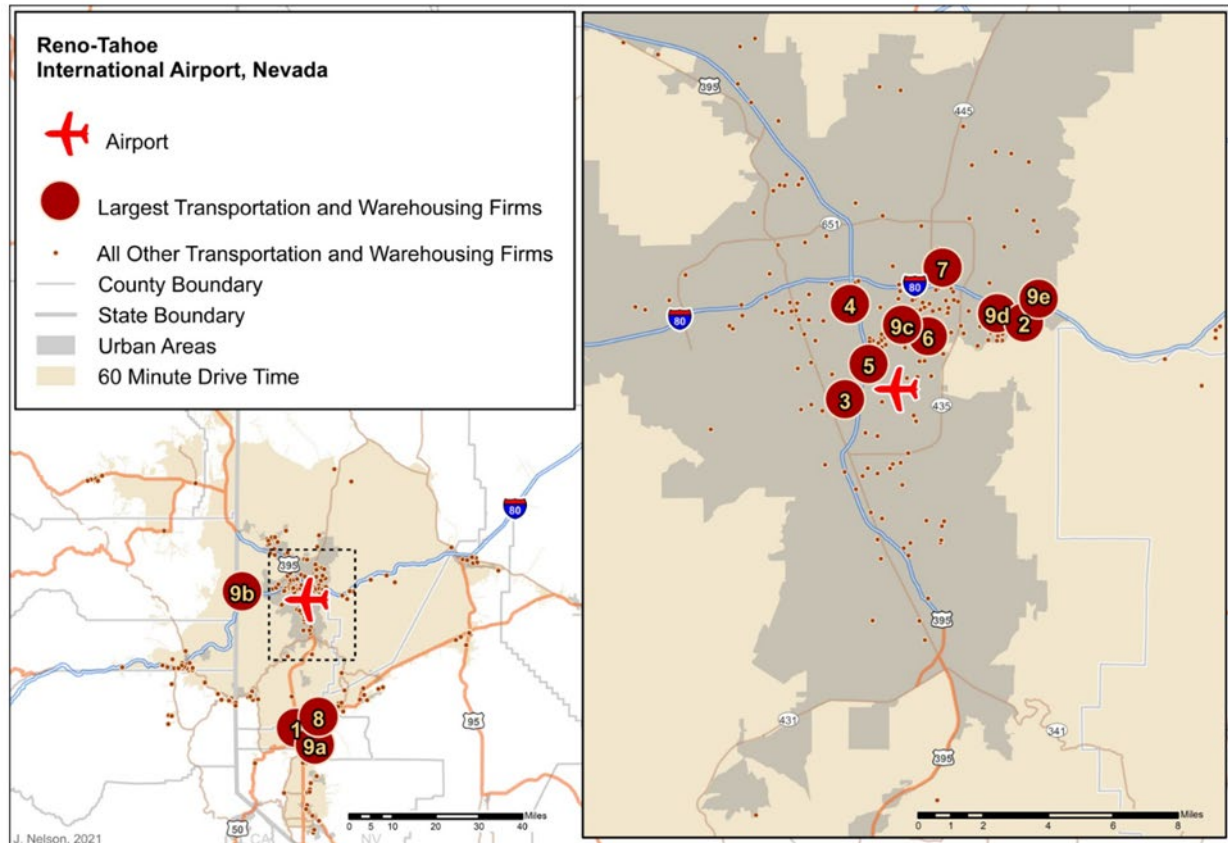
Figure 1 illustrates a 60-minute drive time around RNO and the location of Transportation and Warehousing businesses within that area. The largest are all within the urban area.

⁵ *Forbes*, The 'Biggest Little City In The World' Was Just Named The Best Small City In America, June 25, 2020; Milken Institute (Sept 2020), #1 "Best Performing Cities in Job Growth" and #4 in Best Performing; Area Development (Jan. 2020), #1 MSA for Job and 5-Year Growth, #3 for Economic Strength.

⁶ Resonance Consulting, "America's Best Small Cities", *America's Best Cities*, 2020.



Figure 1: Spatial Distribution of Transportation and Warehousing Firms (NAICS 48-49) in the RNO Airport One-Hour Drive Time Trade Area



Key highlights of socio-economic activity *within the 60-minute drive of the airport*:

- The total estimated 2019 population was 643,000. Of that, about 395,000 (61 percent) were considered “working age” (between the ages of 18 and 64).
- The region supported nearly 25,000 businesses employing nearly 320,000. In terms of major industry sectors (defined by NAICS codes), the largest based on total employment was Finance, Insurance, and Real Estate (“FIRE”) with over 20,000, followed by Professional, Scientific, and Technical Services (PST), with over 19,000, and Manufacturing (about 15,000 employees). The transportation and warehousing sector included about 400 businesses that employed 6,500.

Overview of the Airport and Its Services

Reno-Tahoe International Airport (RNO) is Nevada’s second largest commercial airport by passenger traffic, having served more than 4.3 million passengers in 2019. The Airport is located in Washoe County, Nevada just three miles southeast of Reno’s downtown center. The airport is owned and operated by the Reno-Tahoe Airport Authority (RTAA) and governed by a Board of Trustees. The RTAA operates Reno-Tahoe International and Reno-Stead airports as a self-sufficient business funded by user fees and airport operations. The RTAA does not fund the airports from local taxes.

The RTAA has pursued a strategy of developing RNO as a “low-cost airport” to airlines by pursuing a relatively low cost per enplaned passenger compared to nearby airports in the West and across the



nation.⁷ The Airport serves a primary catchment area of the Reno/Sparks MSA, Lake Tahoe, and Carson City which encompasses the primary destination draws of the leisure and entertainment draws of urban Reno and the outdoor recreation opportunities in the Lake Tahoe region.

Between 2008 and 2019, the Airport has experienced periods of both declining passenger volumes and strong growth in traffic. By 2008, RNO has experienced a ten-year trend of declining traffic volumes. The Airport reached its historical peak activity in 1997 at more than 7.2 million passengers as local carrier Reno Air built a hub at RNO and low-cost carrier Southwest built significant traffic into the region. However, by 1999 Reno Air ceased operations (after being acquired by American Airlines), leading to a downturn in traffic at the airport as the local hub carrier dissolved. The 2001 terrorism attack and economic downturn led to further declines in traffic at the Airport as air travel demand declined. While RNO did experience a period of traffic recovery between 2003 and 2005, the sharp rise in fuel prices beginning in 2006 and the onset of the Great Financial Crisis and recession in late 2008 led to further declines in traffic at the Airport as travel demand withered and airlines consolidated their networks. Between 2009 and 2014, a sluggish economic recovery and period of airline capacity rationalization, mergers, and consolidation led to a subsequent period of decline in RNO's traffic, declining to just over 3.2 million passengers in 2014.

Over the past five year (2015-2019), RNO has experienced a period of strong growth, rising from 3.2 million passengers to more than 4.3 million passengers at a compound rate of 6.0 percent per annum. This rebound in traffic has come about as the Reno-Tahoe region experienced a resurgence in economic activity, as well as a major re-introduction of seat capacity by multiple airlines and the addition of new destinations to RNO's air service network.

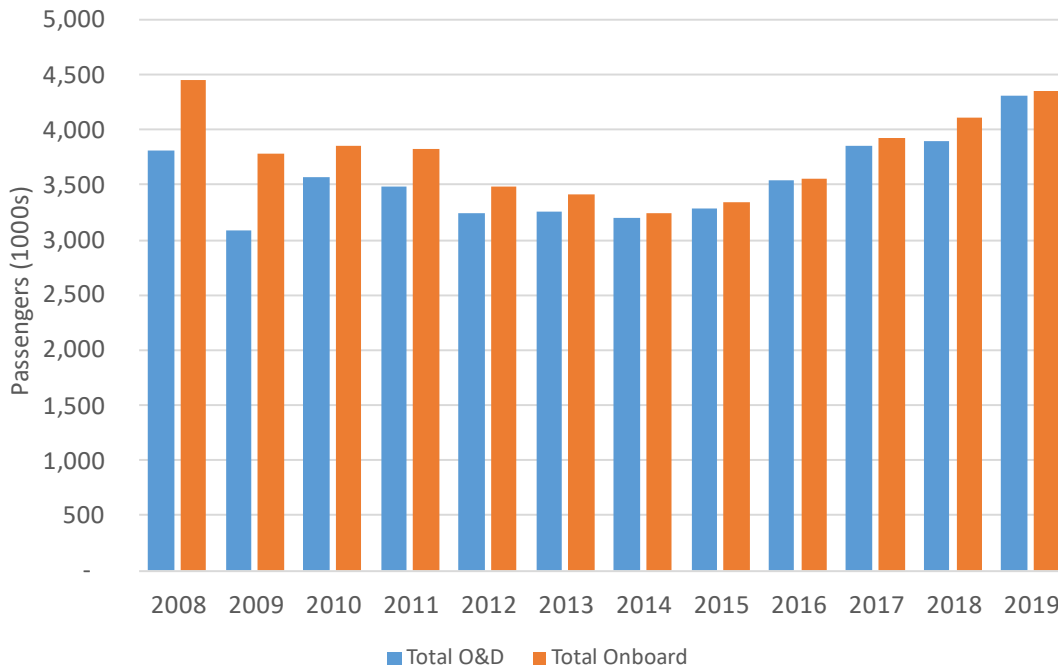
Over the past ten years, RNO has transitioned into a primarily origin-destination (O/D) airport, with only relatively small numbers of connecting (e.g., transit and transfer) passengers. This means that nearly all passengers travelling at RNO are either originating from the local catchment area or are inbound visitors travelling to the Reno-Tahoe area or Northern Nevada. As shown in Figure 2 below, while before 2013 RNO had some level of connecting activity,⁸ this has largely disappeared as airlines currently serving the airport do not use RNO as a connecting hub for their networks.

⁷ Reno-Tahoe Airport Authority, *FY 2019-2023 Strategic Plan*, 2018.

⁸ Shown as the difference between Onboard passengers and Origin/Destination (O/D) passengers.

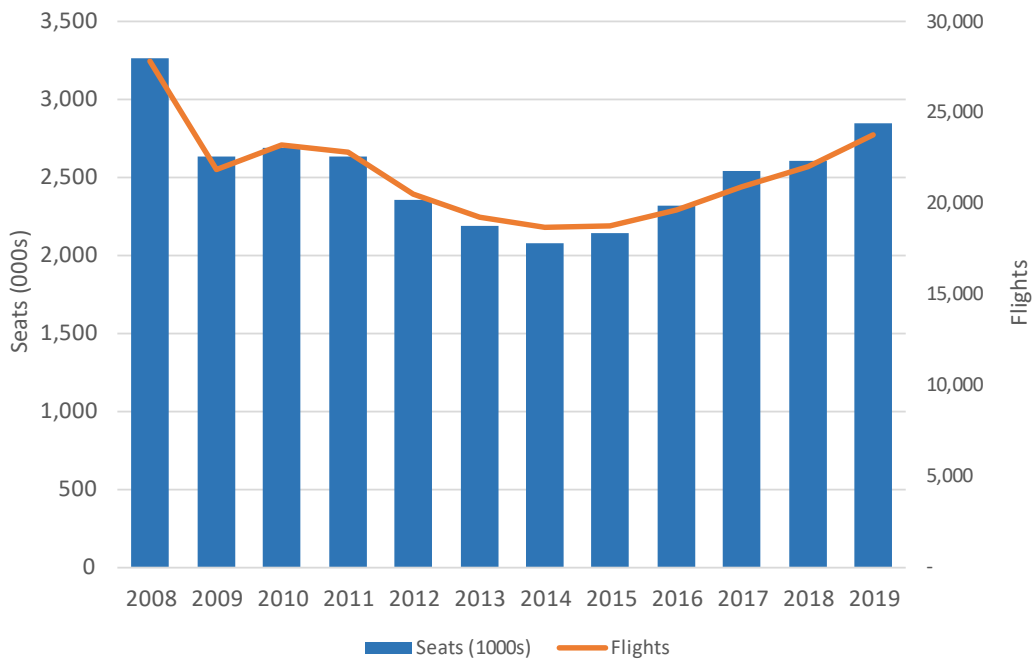


Figure 2: O&D and Onboard Passenger Activity at RNO, 2008-2019 (1000s)



Source: Sabre (O&D estimates) and T-100 data via Cirium – Diio.

Figure 3: RNO Commercial Flights and Seat Capacity, 2008-19

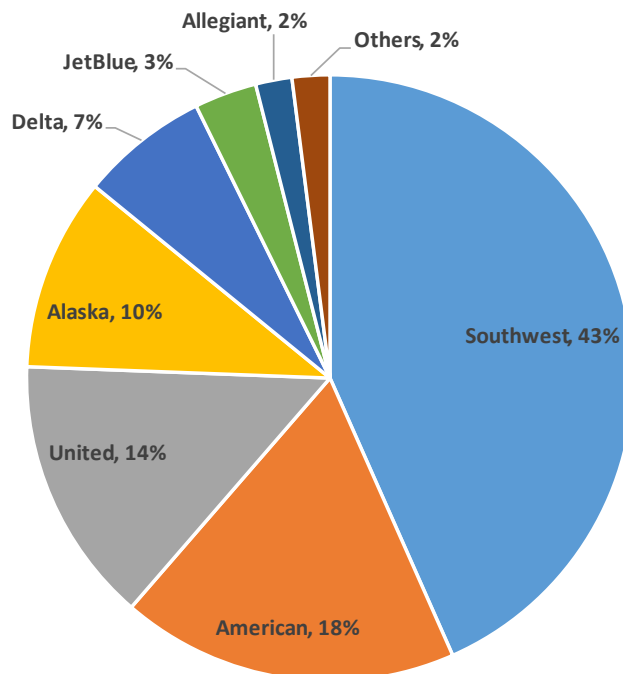


Source: T-100 data from Diio - Cirium



Passenger traffic by airline at RNO is dominated by its primary carrier Southwest which, in 2019, carried 44 percent of all passengers at the airport. While RNO is served by other low-cost (JetBlue) and ultra-low-cost carriers (Allegiant and Frontier), these airlines make up less than 6 percent of total traffic combined. The airport is served by the major network carriers (American, United, Alaska, and Delta) that connect RNO to other key hub airports and cities across the U.S. Mexican carrier Volaris has also provided non-stop international service to Guadalajara beginning in December 2014. Over the past 20 years, Southwest has remained the dominant carrier at the airport to provide low-cost service to support the local leisure and tourism industries as well as local outbound travel demand. The RTAA's strategy of creating a low-cost operating environment for airlines at RNO has likely been an important strategic choice to retain and encourage low-cost and ultra-low-cost carriers to serve RNO.

Figure 4: Seat Capacity by Airline



Source: O&D Report from Diio by Cirium

The Airport reports that it leaks relatively few passengers to other airports. Of those who live within 50 miles of RNO flying outbound, the airport captures 81 percent of all travelers. Sacramento International Airport (SMF) captures 10 percent and San Francisco International Airport (SFO) captures 6 percent. The remainder use airports in Oakland and San Jose. For inbound travelers visiting the Reno-Tahoe area, RNO captures 74 percent, SMF captures 13 percent, and SFO gets 10 percent, with Oakland and San Jose picking up the remainder.



Connectivity

High quality transportation – of all modes – is a prerequisite for sustained economic growth and competitiveness for a region. Specifically, these factors of economic development are driven by productivity growth which is underpinned by trade, foreign investment, and innovative activity – all of which are facilitated by connectivity. “Connectivity” generally means the ability to reach a wide range of places in a short amount of time. Connectivity is not simply a matter of the number of routes or number of frequencies operated. Connectivity is fundamentally about access to markets and regions. As RNO is the primary commercial service airport within the CSA then changes in connectivity out of the Airport can have notable impacts on how quickly and conveniently Reno and its catchment area can be reached, or how local residents can access outbound markets.

Connectivity can be quantitatively measured in a variety of ways; the figure below summarizes the growth in connectivity at RNO between 2008 and 2019 using a method developed by the International Air Transport Association (IATA). The IATA connectivity index estimates the quality of air service at an airport based on the degree of service to other airports with the largest and most diverse route networks, as a proxy for how accessible the local economy is to the rest of the world.⁹ The change in RNO’s connectivity index or score is charted below, by indexing the score against 2008 levels for comparison.

Connectivity at RNO in 2019 was less than one percent lower than 2008 levels. By comparison, seat capacity at the airport in 2019 was 13 percent lower than it was in 2008 indicating that RNO has retained and in some cases grown seat capacity to key national hubs such as LAX, DEN, SFO, SEA, LAS, PHX, and DFW. All else being equal, each additional seat serving routes to major hubs will yield a higher level of connectivity than smaller airports with fewer onward destinations and services. This is why, for instance, connectivity grew at its fastest rate (12 percent year-over-year) between 2018 and 2019 as capacity was added at major hubs like DFW, DEN, ORD, and SEA. In that same year, overall capacity at the airport grew by 9 percent which underscores the importance of connectivity to large airports and hubs in improving the connectivity index at an airport. While RNO may not have as many destinations in its air service network in 2019 as in 2008, the airport is relatively better connected (as measured by aggregate seat capacity by destination) to major hub airports in the U.S. which has allowed the airport to have a very similar connectivity index value in 2019 to its pre-Great Recession level.

⁹ The IATA connectivity index measures the number and size of destinations served, as well as the frequency of service to each destination and the number of onward connections available from those destinations. Service to airports with the highest total seat capacity (e.g. ATL) receive the highest weighting. Thus, the index recognises that connections to major global gateways provide greater global connectivity than connections to the same number of spoke ends.

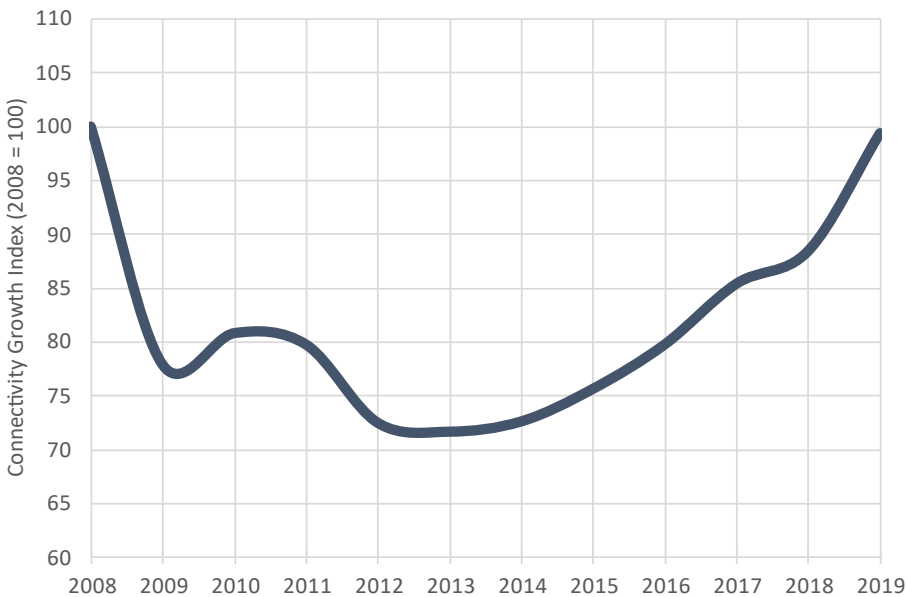
The formula for the index is calculated as follows:

$$\frac{[\text{Number of destinations} \times \text{Weekly Frequency} \times \text{Seats per flight}]}{\text{Weighted by the Size of the Destination Airport}}$$

Scalar factor of 1000



Figure 6: RNO Connectivity Growth Index (2008=100)



Note: Chart shows the IATA Connectivity Index for RNO, indexed against 2008 (2008 = 100).

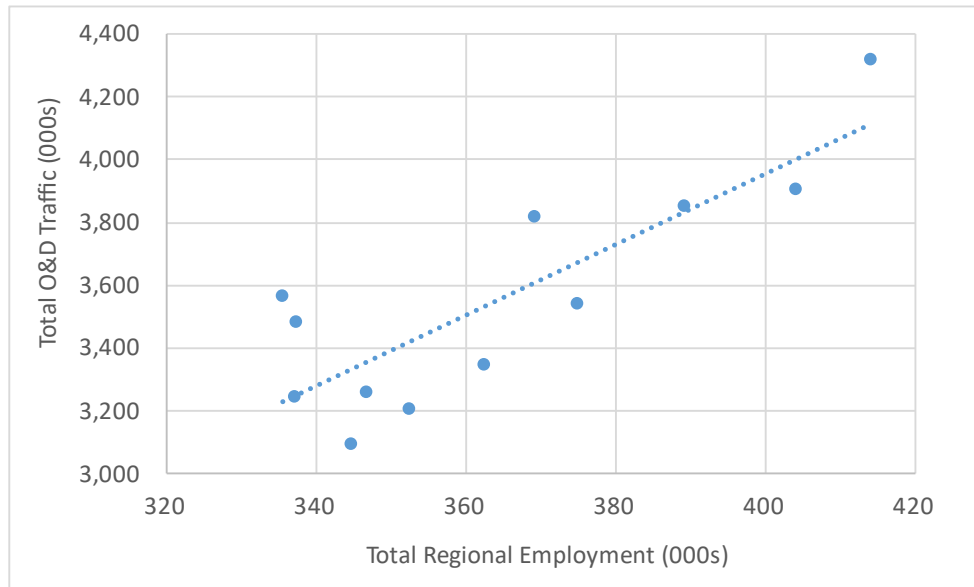
Source: InterVISTAS analysis of Innovata schedule data from Diio Mi.

Analysis of Changes in Employment and Air Service

RNO's O&D traffic is correlated with total regional employment. Figure 5 summarizes how changes in total O&D traffic have been related to changes in regional employment between 2008 and 2019. The line indicates a basic relationship between the two. As total regional employment increases generally so too does O&D traffic at the airport, demonstrating a positive relationship between the measures of employment and aviation activity. However, correlation does not establish causation. That is, it is not evident whether rising total employment levels *leads to or causes* more air traffic, or whether more air traffic *leads to or brings about* more total employment. However, O&D traffic growth at RNO is more highly correlated to regional employment than its regional population, suggesting that employment (and by extension economic activity) is more closely related to aviation traffic growth than population growth alone.



Figure 5: Relationship between Regional Employment and O&D Traffic, 2008-2019



Regional Stakeholder Input

The airport authority’s planning strategy includes incorporating regional economic development goals and mindfully developing the airport in ways that support its role as an economic driver for the region. RTAA’s strategic plan is guided by a long-term vision to operate its airports as a “source of community pride” and guide their development as “a significant contributor to the region’s economic health.”¹⁰ The authority’s strategic priorities for air service and cargo development involve a commitment to working with regional stakeholders, including partnering with local sources to identify and monitor leisure and business market demand, as well as strengthening community awareness and support for air service developments and opportunities. Additionally, RNO’s latest master plan was developed with economic development goals and RTAA’s same strategic priorities in mind; the project introduced new technical capabilities for incorporating public comments into the planning process, along with consistent and streamlined means of delivering materials and updates to all stakeholders throughout the project.¹¹

The authority draws upon several channels for collecting input from the community on planning and air service initiatives. Stakeholders in the regional economy are represented by a large ecosystem of economic development groups, chambers of commerce, destination marketing organizations, the Nevada Commission on Tourism, and multiple convention and visitor bureaus. Two prominent institutions with substantial representation as well as linkages to RNO include the Economic Development Authority of Western Nevada (EDAWN) and the Reno-Sparks Chamber of Commerce.

- The Reno-Sparks Chamber of Commerce is the largest business membership in Northern Nevada, with 2,300 members employing more than 150,000 residents throughout the region. EDAWN is a non-profit, public-private partnership and one of the region’s largest and truly “community-neutral” economic development agencies, comprised of a board of trustees that

¹⁰ RTAA, “FY 2019-23 Strategic Plan”

¹¹ <https://www.esri.com/en-us/landing-page/industry/transportation/2019/reno-tahoe-airport-case-study>



comprehensively represent all stakeholder interests in local government, education, and business, along with several “key partners” that include the airport.

- EDAWN’s work includes traditional economic development planning for the community as well as action-oriented responsibilities. For instance, EDAWN undergoes extensive community outreach including rotating monthly visits to 600 businesses identified as primary employers in the region. The goal of these regular visits is to understand local business conditions, emerging trends and needs, and opportunities for business growth in the region. They are also an important means by which EDAWN collects feedback on RNO’s air service including identifying deficiencies, requests for new routes, etc. which are then conveyed back to RTAA staff.

Air service development (ASD) at RNO is also supported through the Regional Air Service Corporation (RASC), a consortium made up of public and private entities that collects community input on ASD initiatives, including much of the private financing for ASD marketing and risk-mitigation (e.g., airline revenue guarantees for new routes). RASC provides funding for ASD work through its membership fees and donations.¹² Although RASC’s representation and ASD strategy traditionally focused on the needs of the gaming and entertainment sector, the organization’s focus has diversified over time in lockstep with the evolution of the broader regional economy. Current membership is comprised of over two dozen local partners representing a wide range of industry and community interests; this includes seats for EDAWN and Reno-Sparks Chamber of Commerce, both of which have encouraged local businesses across a variety of sectors to get involved as well.

Collective and comprehensive community involvement has helped establish commercial air service at RNO that can properly support the progress of the regional economy at large. The region’s economic development goals are outlined in EDAWN’s 5-year strategic plan and summarized in the table below.

Table3: EDAWN Economic Development Objectives for the Greater Reno-Sparks Region

Economic Development Objective	Sample of Strategic Priorities
Attract new companies paying salaries above current average	<ul style="list-style-type: none"> • Target companies in certain industries such as high-tech, advanced manufacturing, and logistics • Branding Reno as an attractive place to run a business • Schedule in-bound visits with companies
Retain & Expand existing businesses	<ul style="list-style-type: none"> • Continue interactions and strengthen EDAWN relationship with key local companies • Advocate for primary companies in policy-making
Entrepreneurial Growth that creates new companies and jobs	<ul style="list-style-type: none"> • Promotion and awareness of regional quality of life to entrepreneurs and start-ups • Facilitate connections between entrepreneurs and sources of capital • Resource and educational support services
Workforce development to meet the needs of current and future employers	<ul style="list-style-type: none"> • Research impending workforce needs • Coordination with workforce training providers and educational institutions
Community enhancement and improvements that continue to make the region an attractive place to work and live	<ul style="list-style-type: none"> • Planning for economic growth and land-use needs • Revitalization of downtown core; infrastructure improvements • <i>Continue to work with partners to improve air service</i>

¹² RASC, <https://renotahoeairservice.com/about-us/>



Source: EDawn, “Continuing Economic Vitality in the Region: 3-Year Strategic Plan” (July 2019).

Community stakeholders note that growth and improvements in air service support all these development goals in direct and indirect ways. For instance, improved air connectivity between RNO and key corporate locations like California supports efforts to attract conventions and other events to Reno and appeal to some of the largest businesses in emerging sectors to the region, while growth in air cargo service has supported the region’s logistics hub development. Similarly, the collaborative efforts of RASC across a range of business sectors showcases Reno-Tahoe as a “business-friendly” community.

However, what is most notable is that air service improvement is specifically listed as a key strategy for community development.¹³ Beyond “big business” development, the airport’s priorities around balanced air service options (from ultra-low-cost carriers to legacy network carriers) and comprehensive connectivity to nearly anywhere within the U.S. in 1-stop or less are designed to support and attract small businesses and to serve the community at large.¹⁴ The region has roughly 20,000 business establishments, and most of these are the small businesses that define the character and appeal of the community – they are the community’s own residents who are invested in developing a robust local economy and fostering a nice place to live. They generate demand for air travel – both business-related and personal – and the network of air services offered out of RNO plays a key role in attracting people who want to live here and run their business out of this community, in turn shaping the identity and vitality of the region.

In this manner, the value of air service is not simply about making it easier for corporate executives to visit the region but also contributing toward a standard of living that will attract the businesses and residents who want to see the community thrive. RNO offers a unique experience that aligns with the broader appeal of Reno as a “The Biggest Little City in the World” – that is, an airport offering a similar expanse of airlines, routes and connectivity that can be had at airports in the largest metropolitan areas but with the kind of ease, convenience, and pleasant experience that comes with a community-minded operation. Residents can take a 5-minute drive from downtown to RNO, enjoy easy parking and little congestion in the terminal, and then fly to their destination quickly and easily. Air travel can be an essential part of life for many in a community (whether they are frequent fliers or not), and air service that enables convenient and affordable travel contributes accordingly to a higher standard of living for the connected region.

Communicating the Airport and its Economic Impact

RTAA has periodically engaged the University of Nevada and supporting consultants to conduct fiscal and economic impact analysis of the two airports it operates, RNO and Reno-Stead (RTS). The most recent economic impact study was completed in 2018, specifically for 2017 operations at the airports. The study estimated the following economic impacts related to RNO:¹⁵

- Nearly 3,300 jobs directly employed at the airport and airport-related industries in the county, and a total of 7,600 jobs supported throughout Northern Nevada by airport operations and airport-related industries (including direct, indirect, and induced impacts).

¹³ EDawn, “Continuing Economic Vitality in the Region: 3-Year Strategic Plan” (July 2019).

¹⁴ RTAA, “FY2019-2023 Strategic Plan”, 2018.

¹⁵ RTAA, “Fiscal, Economic, and Industry Impacts of the Reno-Tahoe Airport Authority”, 2018. Developed in partnership with the University of Nevada, Reno’s Center for Regional Studies.



- Nearly \$1.2 billion in total economic output generated by airport operations and airport-related industries (including direct, indirect, and induced impacts).
- Additional economic impacts through capital expenditures at the airport, as well as visitor spending by non-locals who fly into the region via RNO.

The report also includes a fiscal impact analysis, which provides a more detailed look into the impacts associated specifically with the generation of tax revenues by airport operations, air service, and tourism. Airport authority staff note that the fiscal impacts are particularly important in expressing the role of the airport to the local community because RNO is operated as a business and does not receive any funding from state or local taxes. As such, airport operations only contribute positively to local government finances including, for instance, \$11 million per year to the local school district. Total annual public sector revenue related to RNO amounted to more than \$51 million in 2017. These fiscal impacts exemplify how the benefits of aviation and air service can be reinvested into the regional community.

While economic impact studies may be well understood and used by industry analysts to gather key insights, EDAWN staff note additional considerations that can be important for communicating an airport's role in regional economic development. Concise messaging and context play a role in delivering research findings to key stakeholders, including local elected officials and the general public. Large impact numbers cannot necessarily convey a message on their own and should be accompanied with benchmarks, comparisons, graphics, or any sort of context that helps an audience quickly interpret the main findings. Additionally, standard marketing strategies within the regional community can have a role in generating awareness for the airport as a driver of economic growth. Local advertisements that showcase key successes in ASD or at the airport can help generate support from the community for future initiatives.