NYC 9/11 Public Portal Document

CRAIN'S, NOVEMBER 4-10, 2001

Job losses at NY airports hurt economy

Dearth of passengers has a domino effect; cargo holding steady

BY TOM FREDRICKSON

At the U.S. Airways shuttle terminal at La Guardia Airport, fliers were so scarce back in September that Jairo Amarante had his workweek chopped in half.

Now, Mr. Amarante, the supervisor of the Coffee Beanery outlet at the terminal, is almost back to a full workweek, but he says that business is weaker than diner coffee.

"I used to have to make my second batch of coffee in the morning after 20 minutes," Mr. Amarante says. "Now, I don't have to make it for 35 or 40 minutes."

The estimated 40% cumulative plunge in passengers at La Guardia and at JFK International Airport, and a smaller decline in air cargo, have triggered layoffs and reduced workweeks not just at airlines but also at airport shops and service companies ranging from lavatory cleaners to freight forwarders.

Worse, the steep declines in business at the airports are sending ripples of economic distress across the city that are being felt by everyone from taxi-fleet owners in the Bronx to travel agents in Manhattan. All told, the sudden slump in airport traffic will cost 10,000 New Yorkers their jobs this year.

"We are seeing the most dramatic impact at anything connected to passenger flights," says Marie Nahikian, executive director of the Queens County Overall Economic Development Corp.

As a direct result, the airlines already have announced job cuts averaging 15%. By the time those cuts are completed, air carriers will have eliminated 5,000 of their 32,000 jobs at JFK and La Guardia. For the airlines, it will add up to a payroll savings of more than $225 million annually. Unfortunately, it will come straight out of the hide of the New York economy in the form of lost tax revenues and lower retail sales.

> The airport traffic slump will cost New York 10,000 jobs

Cutbacks are also coming among the hundreds of companies providing support and services at the Queens airports. Industry sources estimate that airport service jobs nationally have been cut 15%. With 18,000 of those jobs at JFK and La Guardia alone, that translates to 2,700 local layoffs.

"It's having a drastic effect," says Dolores Hoffman, manager of the Queens Airport Services Develop-

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ment Office, the arm of the Port Authority of New York & New Jersey that helps Queens companies land contracts at the airports. She describes the situation as being like a chain reaction. "If fewer planes are flying, and there aren't as many people as before, then demand is reduced."

Some of the hardest-hit companies have been those that supply in-flight meals for the airlines. Not only are fewer planes flying, but some airlines have all but eliminated food service on their domestic flights as a further cost-cutting move. LSG Sky Chef, one of the biggest airline suppliers, has laid off 198 people at JFK and La Guardia.

Massive cutbacks like these are being felt far beyond the airports. For every 1,000 air-transport jobs that are lost, Queens alone loses an additional 470 jobs in related fields, estimates the QCOEDC. Those cutbacks are taking place not just at travel agencies and restaurants, but also at computer retailers and data processing companies. That effect could cost the borough another 2,400 jobs.

Industrial sales outfit Docks & Doors Inc. of Belrose, Queens, has yet to lay off anyone, but it has been hurt. Although only 20% of its sales are tied to the airports, that lucrative slice of its business barely exists anymore.

Hold the doors

In the immediate aftermath of Sept. 11, the three-person operation lost a $10,500 sale to LSG Sky Chefs for three "traffic doors," the double-hinged portals that bang open when workers hustle out with carts.

"There is a general malaise in the business," says Docks & Doors President John O'Connor. "It's really slacked off."

Airport area businesses that cater to passenger needs, such as parking lots and hotels, also have suffered. "We are very slow," says Paul Klisuris, manager of Air Park at La Guardia.

Air Park lost 80% of its customers in September, and its business is still down 40%. Mr. Klisuris has laid off two employees and cut the hours of several of the remaining 13.

Signs of life

Meanwhile, revenues at the 60-room Airway Motor Inn near La Guardia are down 30%. That, however, is still far better than the 70% loss of income the motel was suffering a few weeks ago. "I think it's starting to pick up," says Manager Adel Asouti.

On the other hand, air freight companies report that their business has fared better than the passenger side. They cite two key factors: Packages aren't afraid to fly; and there's pent-up demand from September, when freight deliveries ended for nearly a week. That simply pushed a lot of volume into October.

At Air Group Inc., for example, executives say last month's numbers, when completed, should actually turn out to be better than August's. Revenues for the company, which picks up imported goods at the airports and trucks them to upstate New York, averaged $38,000 a week in September. That was down 24% from August, when revenues averaged $50,000 a week.

"We cut hours, but we did not lay anybody off," an Air Group administrator says. "Believe it or not, we even hired a few people."

Unfortunately, at the massive passenger terminals of La Guardia and Kennedy, employment trends are still strongly running in the opposite direction. ■

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