

Hurononia Airport

Business Review 2019



Agenda

- Project Overview
- Summary of Recommendations and Growth Opportunities
- Airport Background and Overview
- Findings
- Governance Review and Recommendations
- Economic Review and Impact
- Foreign Investment Review
- Strategic Positioning
- Growth Opportunities
- Questions

Project Overview

- Collect and review of relevant background information including stakeholder consultations and public survey
- Regional economic review and economic impact assessment of the Huronia Airport
- Infrastructure and commercial inventory review
- Overview of current and potential governance options
- Foreign investment review
- Opportunity costs, value add proposition and costs estimate for the future development of the airport
- Strategic positioning for Huronia Airport
- Passenger activity forecasts and overall growth outlook and projections
- Should Huronia Airport continue to operate? Does North Simcoe benefit from an airport?

Airport Background

- Runway - 3996 feet
- Private and Publicly Owned Hangar and Aircraft Storage
- Onsite Private Maintenance Facility
- Adjacent business Zenair (aircraft kit manufacturer)
- Full service fueling
- Services for medical emergency including air ambulance
- Air travel for business community (private)

Summary of Recommendations and Growth Opportunities

Require the creation of mission, goals and tactics to identify specifically how the airport is going to grow and earn revenue

- Focus on General Aviation and Pilot Training
- Connecting with regional tourism initiatives and events

Economic impact to region yields positive ROI with current investment at the airport

Airport governance would be improved with

- Municipal staff involvement on annual operations budget and capital project planning
- Improved ongoing updating and reporting to council
- Expertise of aviation contractor on long-term basis

Findings

(Stakeholder Consultations & Survey Themes)

- Internet access is very poor
- Lack of awareness of airport activities, events and overall benefit to community
- Disconnected from tourism offerings and attraction guides, not identified in regional economic strategy
- Data collection on users, transient traffic and purpose of flights would be beneficial to strategy
- Current airport users are generally happy, enjoy low cost fuel, friendly staff, relaxed atmosphere
- Streamlined building approvals would reduce the overall cost of investment for hangar owners
- Card-lock fuel system would be helpful for after hours and early morning flights (support the use of the airfield for business travel)
- Operational equipment breakdowns have caused interruptions during winter storms

Findings

(Infrastructure Review)

- Urgency for Fuel System Replacement (project out for RFP)
- Instrument Approach has been reinstated (August 2019)
- Slope in runway a significant hazard
 - Because the runway is primarily used by local traffic, incidents have been avoided, the addition of a flight school or increased transient traffic could be reason for higher concern
- Runway Lighting, Visual Approach Slope Indicators and airfield guidance signs should also be considered for upgrades or replacement when preparing future capital budgets
- Runway and taxiway surface could benefit from crack sealing
- Conduct a survey that will identify trees that could penetrate obstacle limitation surfaces

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Low cost (fuel, lease, tie down, landing fee, tax rate) • Proximity to tourism destinations • Adequate infrastructure (length of runway, terminal building, onsite natural gas and hydro) • Room to grow (300+ acres), development land prepared • Aerospace manufacturing business (Zenair) • Streamlined construction process 	<ul style="list-style-type: none"> • Internet access is limited • Runway is sloped • *Slow and outdated fuel system • *Website is lacking information and not user friendly • Aging operations equipment • *Instrument approach is currently unavailable • Marketing and communication gaps
Opportunities	Threats
<ul style="list-style-type: none"> • Improve communications about events and general info through social media and community agencies • Sight seeing tours for visitors • Charter flights (connecting QC demand and great lakes cruises) • Development lands prepared for commercial business 	<ul style="list-style-type: none"> • Strict environmental regulations to remove older in ground fuel tanks • Airport has higher than average snowfall • Competitive area for general aviation traffic

Governance Review

- Airport Commission
 - Comprised of councillor from each municipality and 4 community representatives
- Monthly Commission Meetings
- Annual Budget Presentation to Council
- Oversee the Annual Operations Budget
- Propose Capital Projects

Governance Recommendation

Recommended Revisions

- Airport Board or Committee (Skills based)
 - Comprised of Municipal Staff (director level or above) from each municipality
 - Aviation community members and airport users
- Explore option to outsource airport management function
- Increase the frequency of status reports to councils
- Review and advise on strategic planning
- Advise on the annual operations budget
- Advocate for airport growth and initiatives

Governance Recommendation

Recommended Revisions

- Revised airport management accountabilities
 - Daily budget and expense oversight
 - Executing on revenue opportunities
 - Planning for airport development and expansion
 - Working with community agencies to support economic development and tourism initiatives
- Accountable for Airport Operations and Compliance
 - Obstacle Limitation Surface
 - Maintaining instrument approaches
 - Airport Operations Manual
 - Emergency Response Plans
 - Safety Management System, Airport Operation and TP312 Regulations

Governance Recommendation

Current Subsidy Breakdown

Township	Subsidy	Percentage	Population	per capita subsidy
Midland	\$57,668.50	50%	16,864	\$3.42
Penetanguishene	\$32,294.36	28%	8,962	\$3.60
Tiny	\$25,374.14	22%	11,787	\$2.15
<u>Current</u>	\$115,337.00		37,613	\$3.07 average subsidy

Governance Recommendation

(Potential of Partnering with Tay Township)



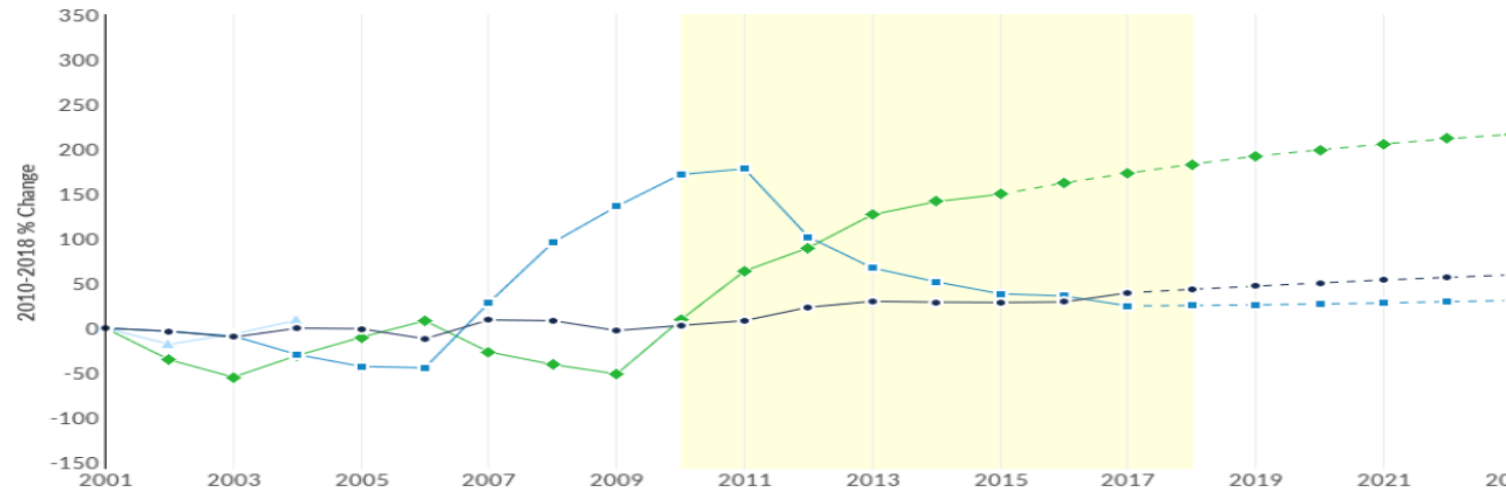
- Existing Synergies in North Simcoe
 - EDCNS, Heart of Georgian Bay, Heads of Council for North Simcoe
 - Integrated policy decision making, leveraging all assets in North Simcoe Region
- Share the costs across a larger stakeholder group
- Airports inherently have regional benefits that spread beyond municipal borders

Township	Population	Percentage	Subsidy	per capita subsidy
Midland	16,864	35%	\$40,367.95	\$2.39
Penetanguishene	8,962	19%	\$21,914.03	\$2.44
Tiny	11,787	25%	\$28,834.25	\$2.44
Tay	10,033	21%	\$24,220.77	\$2.41
Combined	47,646		\$115,337.00	\$2.42

hypothetical scenario to calculate subsidy using percentage of regional population including Tay Township

Economic Review

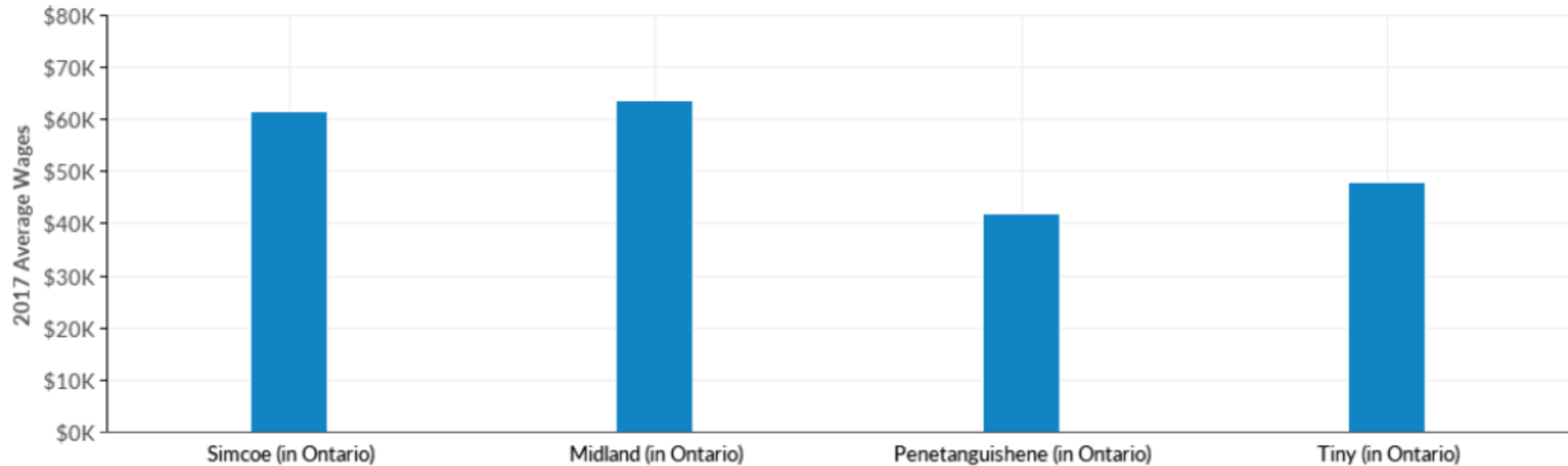
(Aviation and Aerospace Sector)



Region	2010 Jobs	2018 Jobs	Change	% Change
● Simcoe (in Ontario)	1,258	1,752	494	39%
■ Midland (in Ontario)	87	40	-47	-54%
▲ Penetanguishene (in Ontario)	12	4	-8	-67%
◆ Tiny (in Ontario)	11	58	47	427%

Economic Review

(Regional Aviation and Aerospace Wage Comparison)



Economic Impact

Methodology

- Assuming 50% of expenditures are local
- Using the accepted multiplier of 2 for the aviation sector
- Using the estimated value per job of \$111,334
- Using operational budget of \$348,764 and Fuel Tank Replacement Budget of \$450,000
- **Reported Jobs At Huronia Airport (24 FTE)**
 - Airport Staff – 2FT and 1PT
 - Zenair – 18 FT
 - Duker Aviation – 2 FT
 - Aircraft Sales – 1 FT and 1 PT

Economic Impact (Huronia Airport)

	Total	Job Equivalents (FTE)
Impact from Airport Operations	\$348,764	3
Capital Project	\$450,000	4
Airport Employment	\$2,338,014	21
Total Airport	\$3,135,000	28
Tourism Impact (TREIM) (assuming reported 3000 visitors per year)	\$200,000	2
Total Including Tourism	<u>\$3,335,000</u>	<u>30</u>

Foreign Investment Review

Canadian Aerospace Sector

- National Aerospace Economic Impact of \$31B and over 213,000 jobs nationwide
- Positive year over year growth in revenue, GDP and jobs
- Canadian Aerospace ecosystem is interlinked with the defence sector and 70% of the industry's activity (GDP) is dedicated to manufacturing

Ontario Aerospace Sector

- National Aerospace Economic Impact of \$6B and over 21,000 jobs provincially
- Leaders in turboprop, business jet, turbine engines, landing gears systems, avionics

Foreign Investment Review

- EDCNS Initiatives
 - Focused on Manufacturing, Agribusiness, Healthcare and Tourism
 - Review investment readiness of the airport
- Simcoe County
 - Utilize work being done by the county in aerospace and aviation
 - The County priority is Lake Simcoe Regional Airport
 - Huronia Airport and North Simcoe has a labour price advantage and unique tourism destination
- Southern Ontario Airport Network (SOAN)
 - Gaining momentum and taking a global approach to grow the aviation, aerospace and air travel sectors in Ontario

Strategic Positioning

Currently serving General Aviation (GA) sector

Recommendation

Develop a Mission and Vision statement

Full Service GA airport

- Maintenance and Repair
- Pilot Training and Flight School

Destination Airport

- Charter flights for cottaging and tourism
- Charter flights to connect to Great Lakes Cruises

Growth Opportunities

Aviation Related Opportunities	
High Prospect	Medium to Low Prospect
Private Hangar Development	Fixed Based Operator
Public Owned T-Hangar	
Inbound Charter Flights	
Fly-In Packages for General Aviation Pilots	
Flight Training School	
Attracting Aviation/ Aerospace Businesses	

Growth Opportunities

Non-Aviation Related Opportunities	
High Prospect	Medium to Low Prospect
Special Event Space	Government Agencies
Self-Storage and Outdoor Storage	Builders and Construction Contractors
Professional Service Offices	Restaurant
Recreational Facility	
Warehousing and Logistics Centre	
Professional Business Offices	

Recommendations

(Infrastructure)



Timeline	Goals/Tasks	Estimated Cost (\$ Thousands)
Short-Term 2019-2024	<ul style="list-style-type: none"> • Improve internet connectivity • Fuel tank upgrade • General maintenance of runway and taxiway surfaces • Identify major risks • Operational preparedness 	<p style="text-align: center;">\$475 - \$705</p>
Medium-Term 2025-2030	<ul style="list-style-type: none"> • Extend current taxiway • Construct revenue generating hangars • Airfield lighting and signage • Tree removal • Access road connection 	<p style="text-align: center;">\$760 - \$1,200</p>
Long-Term 2031-2040	<ul style="list-style-type: none"> • Runway extension and resurfacing • Removing slope hazard • Regrade the sloping property • Construct Airfield Maintenance Building 	<p style="text-align: center;">\$10,600 - \$13,200</p>

Questions

