

# Lake Simcoe Regional Airport Strategic Plan



# INTRODUCTION

The intent of this Strategic Plan is to propose a vision for the development of the Lake Simcoe Regional Airport and a path into the future based on a range of opportunities that will benefit the community and our regional economy.

## Strategic Vision

To become a premier regional commercial airport that stimulates the socio-economic development of Simcoe County and the City of Barrie by improving connectivity, enhancing the competitiveness of the region and improving the quality of life for its residents.

## Mission Statement

To drive the region's economic prosperity, enhance business opportunities, increase the region's competitive position and support the travel needs of the community through increased connectivity.

# WHAT IS AN AIRPORT?



Airports in a modern global economy provide the critical connectivity to markets and knowledge-based resources that in turn represent key drivers of the economy.

Airports themselves are not the destination but a conduit that provides critical connectivity.

**“Airports play a considerable role in economic development and the most important cargo they move is people”**

— Richard Florida, Professor, Rotman School of Management, University of Toronto

# WHY NOW...

The rationale for a Strategic Plan at this point in time is because the Airport is faced with a number of opportunities and threats that were not present even two or three years ago.

They include:

- Toronto-Pearson (CYYZ) Capacity Constraints
- Southern Ontario Airport Network (SOAN)
- Corporate Aviation Constraints at CYYZ
- Commercial Aviation Trends
- Regional Travel Demand Today and in the Future





# TORONTO PEARSON CAPACITY CONSTRAINTS

Toronto Pearson has announced a strategic direction to move from a “Global Hub” to a “Mega-Hub” Airport – meaning 80% of global economy is potentially accessible by daily, non-stop, scheduled flights – resulting in capacity constraint issues at Canada’s largest airport.

Forecasted to grow 6%-7% per annum:

- **2016 – 44 million passengers**
- **2017 – 47 million passengers**
- **2018 – Expected to exceed 50 million passengers**

At current growth, Toronto-Pearson will reach its capacity of 80 million passengers within the next decade.

By 2043 air travel demand in Southern Ontario will increase to 110 million passengers and a million tonnes of cargo - compared to the 47 million passengers and 400,000 tonnes of cargo in 2017.

# SOUTHERN ONTARIO AIRPORT NETWORK (SOAN)

- SOAN - Eleven of the region's most commercially significant airports working to support the increasing demand and unlock the economic benefit growth will bring.
- The intent of SOAN is for the GTAA and the member airports to identify potential opportunities, both collectively and as individual airports, to accommodate forecasted air travel demand and improved infrastructure, and to promote community engagement and support
- Mid-2030's airports in Southern Ontario will be at capacity.
- To accommodate forecasted travel demand significant capital investment of regional airports is required



# CORPORATE AVIATION



- As a result of constraints, congestion and Toronto-Pearson's strategic direction to become a Mega Hub, corporate aviation is and will continue to face operating limitations at Toronto-Pearson.
- GTAA has begun to impose restrictions on general aviation activity that in time will likely force corporate aviation to relocate away from Toronto-Pearson.
- It is estimated the number of corporate aviation movements at Toronto-Pearson will decrease in coming years from 24,000 movements per year to 12,000 movements per year.

Source: Toronto Pearson International Airport Master Plan, 2017-2037

*Vins Plastics, based in Bradford, Ontario, utilizes a corporate jet, based at Lake Simcoe Regional Airport, to transport sales and engineering staff to client meetings all over North America. Without the corporate jet, and direct access to the regional airport, the company could not provide the speed and responsiveness necessary to succeed in a competitive global market*

# COMMERCIAL AVIATION TRENDS



- Emergence of Ultra Low Cost Carriers (ULCC) including Flair, Jetlines, Enerjet, Swoop



Airlines are more motivated to increase point to point air service that utilizes regional airports and avoids major hub airports



- Trend for leisure airlines to operate from regional airports where operating costs are lower



Airlines are more motivated to increase point to point air service that utilizes regional airports and avoids major hub airports



- Smaller regional airlines providing point to point service ( FlyGTA, Pascan)





# REGIONAL TRAVEL DEMAND

Simcoe County and the City of Barrie have reached a threshold where they can support scheduled air service, with a population of approximately 480,000. By 2031, this population is forecasted to be 667,000.



## 60 km range airport catchment area

Total Population: 471,166

Labour Force: 256,045

Average Household Income: \$95,574

Spent Last Vacation: \$1,193,092,846

Business Trips by Air / Year: 75,247



## 100 km range airport catchment area

Total Population: 1,372,915

Labour Force: 1,291,709

Average Household Income: \$109,115

Spent Last Vacation: \$3,522,495,079

Business Trips by Air / Year: 257,320

# WHY DOES THIS MATTER?



Connectivity = Economic Development

Connectivity = Increased Productivity

Connectivity = Quality of Life

Connections between cities and markets generate a catalytic economic opportunity by:

- Opening up regional, national and global markets to businesses and citizens alike. Domestic airports in Canada offer over 69 million seats with connections to 264 airports
- Expanding tourism opportunities
- Attracting and retaining businesses that rely on access to reliable air transport for efficiency and productivity (35% of trade value moves by air)
- Enhancing accessibility, convenience and reliability of connectivity for regional residents
- Direct and indirect job creation and labour force diversification

# ECONOMIC CONTRIBUTION

- “The operation of one corporate aircraft generates 6.1 person years in employment, earning approximately \$460,000 in wages. \$690,000 in direct GDP and \$1.7 million in direct economic output to the regional economy.” – CBAA - Economic Impact of Business Aviation Operations and Business Aircraft Manufacturing in Canada – Final Report - 2016
- “A three-times-daily air service with a 75 seat aircraft would generate 78 full time equivalents (FTEs) and over \$10 million in local economic output (direct, indirect and induced)”. – Lakeland Linder Regional Airport Economic Impact of Air Service Study - 2015
- “A 50% increase in air traffic growth corresponds to a 7.4% increase in real GDP over a 20 year period” - Bruce Blonigen and Anca Crista, Airports and Urban Growth - 2012
- “In the 19th century, rail was the major form of transportation. The central focus of cities was often the railway station. In the 20th century, investment in infrastructure shifted to roads, bridges, and parking garages. In the 21st century, air travel has become more common and affordable, airports now rank amongst the most visible public infrastructure projects, serving as the “front door” to the cities and regions they serve.” – Stanis Smith, Rise of the Aerotropolis - 2016

# THE STATUS QUO WON'T DO

If Lake Simcoe Regional Airport remains 'as is', it is very unlikely the Airport will be capable of serving the air travel demand that already exists in the region or capitalize on these and additional, potential opportunities.

- Current runway length and width restricts larger corporate aircraft, and together with a lack of appropriate terminal facilities, prohibits any substantial level of scheduled passenger service.
- Remaining as 'status quo' will result in activity relocating to those airports surrounding the GTA that have the infrastructure in place to accommodate this impending demand.
- The catalytic economic effect of this will be that businesses and industries, looking for locations in which to establish themselves, will select these communities over Simcoe County and the City of Barrie because of better air access and connectivity to markets.

# COMPARABLE AIRPORTS

The Region of Waterloo International Airport and Peterborough Airport are recognized as important catalysts for regional economic development by their respective municipal stakeholders and as such, receive substantial funding from their respective governments that own the facilities.

Airport	Current Activity	Infrastructure	Annual Operating Expenditure	Previous (10-year) Capital Investment* (Approx.)	Proposed 10-year Capital Budget
Lake Simcoe Regional Airport	General Aviation Business Aviation	One 6,000 ft. runway	\$0.60 Million	\$6.6 Million	None Identified
Waterloo Airport	General Aviation Scheduled Passenger Service	Two runways, one 7,000 ft. and one 4,100 ft.	\$6 Million	\$60 Million	\$28.3 Million**
Peterborough Airport	Flight Training MRO	Two runways, one 7,000 ft. and one 2,000 ft.	\$2.3 Million	\$33.2 Million	\$48 Million***
* By the local municipality. **Region of Waterloo has identified a total budget of \$474 million contingent on the airport meeting future activity milestones. *** \$7.5 million approved for 2018. \$48 million recently recommended to Peterborough City Council for further airport development.					



# COMPARABLE AIRPORTS



Airports surrounding Toronto-Pearson are already investing in their regional airports. If we wait to invest, other SOAN airports will capitalize on constraint opportunities from Toronto-Pearson, as well as other commercial aviation endeavors. It is our opportunity to lose.

# IMPLEMENTATION STRATEGY

The Airport has the potential to transition from a local community airport to a key catalyst supporting economic growth and development in Simcoe County and the City of Barrie by providing increased connectivity, access, and competitive positioning.

The long-term and phased-in, demand-based approach to development is as follows:

**Phase I** – Position Airport to Enhance Corporate Aviation

**Phase II** – Further Development of Air Service Business Case

**Phase III** – Support Sustained Mainline Scheduled Commercial Air Service

# PHASE I –POSITION AIRPORT TO ENHANCE CORPORATE AVIATION (1 TO 3 YEARS)

Elements of Phase I include:

- Undertake Airport Certification and Registered Airport Zoning Protection
- Extend Runway 10-28 from the current 6,001 ft. to 7,000 ft. and widen the runway from the current 100 ft. to 150 ft. to meet industry demand
- Enhance Electronic and Visual Aids including the installation of an approach lighting system
- Undertake a Master Servicing Plan for un-serviced Commercial Development Areas
- Enhance airport support services and related infrastructure
- Acquire additional lands

**Cost: \$27,500,000**

# PHASE II – FURTHER DEVELOPMENT OF AIR SERVICE BUSINESS CASE

Elements of Phase II include:

- Prepare Economic Impact Study for development of air service
- Enhance Charter Service Activities
- Based on research, implement business and/or tourism charter service activities
- Air Service Development Strategy
- Develop business case and resources required to enhance scheduled service (e.g. operational support or infrastructure)
- Investigate Air Service Incentives
- Prepare Project Definition Document (PDD) for new/expanded Air Terminal Building

**Cost: \$350,000**

# PHASE III – SUPPORT SUSTAINED MAINLINE SCHEDULED COMMERCIAL AIR SERVICE (DEMAND BASED)

## Elements of Phase III Include:

- Implement plan from development strategy, which may include:
- Ground Side infrastructure
- Air Terminal Building
- Expanded services and utilities for new terminal
- Airport Support Services and Related Infrastructure
- CATSA services to support scheduled service
- NAV CANADA facilities

**Cost: \$38,000,000**



# THE COST OF DOING NOTHING

- Remaining as 'status quo' will result in not only missing these current opportunities but future opportunities will follow the same path as the original growth. Our loss will be their gain today and in the future.
- Our inability to capitalize on these and other opportunities to bring jobs, diversify our workforce, and enhance our regional economy.
- Without the ability to accommodate corporate aviation, commercial air service, and overall connectivity, the region will lose some of its competitiveness to other communities that have airports that can accommodate these activities
- Without future investment in the development of Lake Simcoe Regional Airport, there is the potential that existing tenants and operators may choose to relocate to regional airports that have made investments.

# CONCLUSION

- It is important to recognize not only the potential economic and social benefit, but also the cost of non-action.
- The vision for the Airport is based on a range of business opportunities and industry trends that will benefit the communities around the Airport.
- The Airport represents a key driver of regional economic development and prosperity.
- This strategy aligns with the stakeholders strategy of better utilizing/leveraging the airport, and with the goals of the SOAN initiative.
- This vision cannot be achieved overnight. Therefore, capital investment in the Airport must be undertaken in a phased and fiscally responsible manner that responds to the tangible needs of the community and the aviation industry.
- Without these investments, the Airport will not be able to fulfill this recommended role, and will be limited in its ability to facilitate regional economic growth, connectivity and regional competitiveness.

# QUESTIONS?



“Growth is coming. The time to plan for it is now.”

- Howard Eng, CEO, Greater Toronto Airports Authority

“Smart cities prioritize airports in their growth plans.”

- Bruce Simpson, Director, McKinsey & Company