


TO: GENERAL COMMITTEE

SUBJECT: LAKE SIMCOE REGIONAL AIRPORT – STRATEGIC DEVELOPMENT PLAN RECOMMENDATION

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SUBMITTED BY: H.KIROLOS, DIRECTOR STRATEGY AND ECONOMIC DEVELOPMENT 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the Lake Simcoe Regional Airport Inc. Strategic Development Plan dated May 2011, be adopted.

PURPOSE & BACKGROUND

2. The purpose of this staff report is to seek Council approval to adopt the LSRA Strategic Development Plan dated May 2011, as carried by the LSRA Board of Directors at the board meeting of September 6th, 2011.
3. Lake Simcoe Regional Airport Inc. was created as a municipal services corporation on May 6th, 2010 by Articles of Incorporation and is a share capital corporation under the Ontario Business Corporations Act. The LSRA was incorporated to manage, operate, maintain and improve the airport which is located in Oro-Medonte.
4. The shareholders of the LSRA are the Corporation of the City of Barrie and the Corporation of the Township of Oro-Medonte. Barrie owns 80 common shares and Oro-Medonte owns 20 common shares of the LSRA.
5. The shareholders entered into a governance agreement dated May 13th, 2010 which in part provides for the following:
 - a) Matters reserved for approval by the shareholders (e.g. **business plans**);
 - b) The composition of the Board;
 - c) Financial matters including management and disposition of monies;
 - d) Disposition of airport lands.
6. The Board of Directors is entrusted with the management of the LSRA. The Board consists of 7 members: 5 from Barrie and 2 from Oro-Medonte.
7. The Board of Directors hired a consulting firm (Genivar) to complete a strategic development plan for the airport, and on May 11, 2011 the final report was presented to the Board.
8. The LSRA strategic plan is also going to be presented to the Oro-Medonte Council for approval on October 26th, 2011.

ANALYSIS

9. The Strategic Plan makes recommendations based on the following key elements:
 - a) A review of the Airport's roles.
 - b) Aviation activity forecasts.
 - c) The assessment of potential demand for scheduled air services and the identification of potential routes and target airlines.
 - d) Commercial development strategy.
 - e) An Airport Land Use Plan.

Airport Roles:

10. As noted in the executive summary of the strategic development plan, the role of the airport was ".....recommended that Lake Simcoe Regional Airport continue in its primary role as a general aviation airport supporting the surrounding communities and businesses. And with the recent infrastructure improvements completed in 2011, the Airport has the flexibility and capability to expand upon and diversify this role as other air service demands and business opportunities present themselves including cargo, air passenger and aviation support services."

Activity Forecasts:

11. Aviation activity forecasts take into account the base scenario and several potential growth forecasts. The growth forecast scenarios considered the impact of a flight training school operating out of LSRA, the initiation of a limited regional air service and the potential increase of corporate and business aviation activity. All forecasts anticipated growth with projected 'annual aircraft movements' increasing from approximately 5% to greater than 70% when all three activities were grouped together. As noted in the pro forma financial analysis of the report, the recent capital improvements will more than adequately accommodate even the most aggressive activity forecast.

Air Services:

12. A travel demand study was undertaken by the consultant in order to determine the potential demand for air service from the LSRA catchment area. The analysis determined that approximately 144,000 air trips are generated annually from LSRA, and that the majority of these trips originate from Toronto-Pearson International Airport. The most popular business destinations include Montreal, Ottawa, New York, Chicago and Boston.
13. A possible scenario for LSRA air services is that the airport would become an intermediate stop via flights that originate west of Barrie and terminate east of Barrie. Given the current LSRA terminal facilities the provision of CATSA security screening of passengers and bags would not be possible and flights would then have to operate in a non-secure manner. As a result CATSA screening of passengers and baggage would need to be accommodated in order to have scheduled passenger services.
14. The consultant's report makes several recommendations:
 - a) The LSRA Board create a focus group comprised of various groups (airport, municipal officials, economic development, local businesses, etc) to actively promote and attract scheduled air service to LSRA.
 - b) That the Airport meet with targeted airlines to better understand market requirements and identify potential infrastructure and operational needs.

- c) The Airport Board meet with representatives from CATSA to determine security requirements and the provision of screening services.

Commercial Development Strategy:

- 15. The LSRA has approximately 58 hectares (142 acres) available for development. The commercial development strategy as set out in the Strategic Development Plan, provides a number of recommendations through airport land use planning and land development policies in order to properly guide the commercial development of the lands. The key element for airport development rests with the decision on whether to lease and/or sell the lands and under what conditions. The industry norm is to lease and not to sell unless it is deemed surplus to the airports immediate and long term needs. Overall the key recommendations are as follows:
 - a) The sale of airport land should be limited to the area located in the northeast quadrant which directly abuts the 7th Line and has access to municipal services. All other land sales should be discouraged and development transactions should focus on leasing.
 - b) The Southwest Commercial Area be developed for corporate general aviation and aviation business related functions.
 - c) The Southeast Commercial Area should cater to the hangarage of light general aviation and private recreational aircraft.
 - d) An Airport Business Park be created in the northeast quadrant of the Airport, and development here should focus on larger scale aviation-related businesses such as aircraft maintenance repair and overhaul (MRO) facilities.
 - e) That Airport management take responsibility for the development review and approval process for all developments and the Township of Oro-Medonte be responsible for the Building Permit application and review process.
 - f) That the responsibility for managing and updating the Airport Land Use Plan reside with LSRA.
 - g) That the Airport prepare development/site planning guidelines for airport lands.
 - h) That land lease rates for the LSRA be sustainable and represent the true market value of the land. More specifically that (current) unserviced land lease rates be set at \$0.138/ft² and (current) serviced land lease rates be set at \$0.31/ft².
 - i) That an Airport Maintenance Charge (AMC) be applied to all airport properties including leased lands, and that the AMC be recalculated every 5 years with an annual CPI increase.
 - j) That an Airport Development Service Fee, based on the applicable building area, be applied to all new development on airport lands.
 - k) That new development be charged an Airport Development Fee equivalent to the Township of Oro-Medonte's development fee. This fee should exclude building areas which are used exclusively for aircraft storage.
 - l) A water/sewer connection charge be applied for those developments on lands which need servicing and that a fee of \$20,000 be considered.

- m) A fire service connection charge be applied for those developments on lands which require it, and that a fee of \$2,500 be considered.
- n) A "Through the Fence Licence" be implemented which would apply to all off-airport lands which require airside access and utilize airport infrastructure.
- o) That the Airport complete an appraisal of land values every 5 years.

Land Use Plan:

- 16. Key considerations in developing the land use plan were derived from the commercial development and air services components of the Strategic Plan and take into consideration the following:
 - a) Protect for the safe and efficient operation of aircraft.
 - b) Protect for potential expansion of the runway.
 - c) Optimize the use of airport lands.
 - d) Optimize opportunities for the phased development of commercial lands.
 - e) Provide for varying scales and types of commercial development.
 - f) Provide for the potential expansion of airport terminal facilities to accommodate opportunities for scheduled air service.
- 17. The recommendations developed within context of the Land Use Plan are as follows:
 - a) The runway should be protected for possible future expansion to 2,286 meters as this would permit opportunities for future air service.
 - b) The current runway has considerable capacity and as such a second crosswind runway has not been contemplated nor protected for under the Land Use Plan.
 - c) The City of Barrie lands north of Runway 10-28 should be reserved for future airport uses.
 - d) A dedicated de-icing facility should be provided adjacent to the main terminal for future needs and in the short term an area on the existing apron should be accommodated.
 - e) Taxiway Delta should be extended to the threshold of Runway 28 in order to improve the efficiency of the airside system (long term).
 - f) Surrounding land uses need to be considered in light of the airports growth. This would contemplate restrictions on residential development and controlling height of land uses.
 - g) The Airport Land Use Plan does make provision for an air traffic control facility (ATCT), which would be required once traffic reaches 60,000 movements per year.
 - h) An acquisition strategy should be implemented for lands west of the airport.
 - i) The Township of Oro-Medonte should implement amendments to the official plan and zoning bylaw which would control the height of lands surrounding the airport.
 - j) Consideration should be given to undertaking the federal/provincial process to implement registered airport zoning regulations for LSRA.
- 18. As a final consideration, it is recommended that the Strategic Development Plan be reviewed every 2-5 years and amended as needed, and that the LSRA hire a Business Development Coordinator who would oversee the promotion and marketing efforts of the airport.

ENVIRONMENTAL MATTERS

19. There are no environmental matters related to the recommendation.

ALTERNATIVES

20. There is one alternative available for consideration by General Committee:

Alternative #1 General Committee could refuse to adopt the LSRA Strategic Development Plan.

This alternative is not recommended as there are a number of projects and tasks that need to move forward subsequent to the Strategic Plan being adopted by Council. Additionally the Strategic Plan is an important tool which provides guidance for the Board to fulfill its mandate in the management of the airport.

FINANCIAL

21. There are no direct financial implications resulting from the recommended motion. Any actions with significant financial implications described in this report would only be taken after the business case has been presented to the LSRA Board and included with the City budget, which continues to be subject to Council's review and approval.

LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

22. The recommendation included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:
- Direct and Manage Economic Development