



## City of Hamilton AIRPORT SUB-COMMITTEE

**Meeting #:** 18-001  
**Date:** May 3, 2018  
**Time:** 9:30 a.m.  
**Location:** Room 830, 8th Floor, City Hall  
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 Ext. 5987

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1. APPROVAL OF AGENDA	
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**8. DISCUSSION ITEMS**

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| 8.1 | 2018 - 2019 John C. Munro Hamilton International Airport - City of Hamilton Joint Marketing Initiatives (PED18110) (City Wide) | 25 |
| 8.2 | 2018 - 2019 Capital Expenditure Request for John C. Munro Hamilton International Airport Update (PED18111) (City Wide)         | 30 |

**9. MOTIONS****10. NOTICES OF MOTION****11. GENERAL INFORMATION / OTHER BUSINESS****12. PRIVATE AND CONFIDENTIAL**

- 12.1 November 9, 2017 - Closed Minutes (Distributed under separate cover)
- Pursuant to Section 8.1, Sub-section (c) of the City's Procedural By-law 14-300, and Section 239(2), Sub-section (c) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to a proposed or pending acquisition or disposition of land for City purposes

**13. ADJOURNMENT**



# Hamilton

## AIRPORT SUB-COMMITTEE MINUTES 17-002

9:30 a.m.

Thursday, November 9, 2017

Council Chambers

Hamilton City Hall, 71 Main Street West

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**Present:** Councillors L. Ferguson (Chair), M. Pearson (Vice Chair)  
B. Johnson

**Absent with  
Regrets:** Councillor C. Collins - Personal, and T. Whitehead – City Business

**Also Present:** Warren Askew, Director of Operations, TradePort International  
Corporation, Peter Tice, Ross & McBride LLP

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### THE FOLLOWING ITEMS WERE REFERRED TO THE GENERAL ISSUES COMMITTEE FOR CONSIDERATION:

1. **John C. Munro Hamilton International Airport Head Lease Negotiations  
Update (PED17214) (City Wide) (Item 12.1)**

**(Pearson/B. Johnson)**

**(a) *That staff follow the direction provided in camera for Report  
PED17214, respecting John C. Munro Hamilton International Airport  
Head Lease Negotiations Update;***

(b) That an agreement in a form satisfactory to the City Solicitor and signed by  
the Mayor and City Clerk be prepared to carry out the above; and,

(c) That Report PED17214, respecting John C. Munro Hamilton International  
Airport Head Lease Negotiations Update including its appendices, be  
approved and remain confidential.

**Main Motion as Amended, CARRIED**

**FOR INFORMATION:****(a) CHANGES TO THE AGENDA (Item 1)**

There were no changes to the agenda.

**(Pearson/B. Johnson)**

That the Agenda for the November 9, 2017 meeting of the Airport Sub-Committee be approved, as presented.

**CARRIED**

**(b) DECLARATIONS OF INTEREST (Item 2)**

There were no declarations of interest.

**(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)****(i) March 9, 2017 (Item 3.1)****(B. Johnson/Pearson)**

That the Minutes of the March 9, 2017 meeting of the Airport Sub-Committee be approved, as presented.

**CARRIED**

**(d) MOTION (Item 9)****(i) Reserve Fund for the Village of Mount Hope (Added Item 9.1)****(B. Johnson/Pearson)**

That TradePort International Corporation and City of Hamilton staff meet to devise a new reserve fund to address benefits for the community of the Village of Mount Hope, with a report back to a future Airport Sub-Committee meeting.

**CARRIED**

**(e) NOTICE OF MOTION (Item 10)**

Councillor B. Johnson introduced a Notice of Motion respecting a Reserve Fund for the Village of Mount Hope.

**(Pearson/B. Johnson)**

That the Rules of Order be waived to allow for a Motion respecting a Reserve Fund for the Village of Mount Hope.

**CARRIED**

For disposition of this matter, refer to Item (d)(i)

(f) PRIVATE AND CONFIDENTIAL (Item 12.1)

(i) John C. Munro Hamilton International Airport Head Lease Negotiations Update (PED17214) (City Wide) (Item 12.1)

**(Pearson/B. Johnson)**

That Committee move into Closed Session at 9:39 a.m., respecting Item 12.1, pursuant to Section 8.1, Sub-section (c) of the City's Procedural By-law 14-300, and Section 239(2), Sub-section (c) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to a proposed or pending acquisition or disposition of land for City purposes.

**CARRIED**

**(Pearson/B. Johnson)**

That Warren Askew, Director of Operations, TradePort and Peter Tice of Ross McBride LLP be permitted to attend the closed session meeting.

**CARRIED**

Staff were provided direction in closed session.

Committee reconvened in Open Session at 10:40 a.m.

**(B. Johnson/Pearson)**

That sub-section (a) of Report PED17214, respecting John C. Munro Hamilton International Airport Head Lease Negotiations Update, be deleted in its entirety, and replaced with the following:

~~(a) That the City of Hamilton agree to the terms proposed by TradePort International Corporation dated September 22, 2017 and attached as Appendix "C" to Report No. PED17214;~~

**(a) That staff follow the direction provided in camera for Report PED17214, respecting John C. Munro Hamilton International Airport Head Lease Negotiations Update;**

(b) That an agreement in a form satisfactory to the City Solicitor and signed by the Mayor and City Clerk be prepared to carry out the above; and,

(c) That Report PED17214, respecting John C. Munro Hamilton International Airport Head Lease Negotiations Update including its appendices, be approved and remain confidential.

**CARRIED**

For disposition of this matter, refer to Item 1.

**(g) ADJOURNMENT (Item 13)**

**(Pearson/B. Johnson)**

That, there being no further business, the Airport Sub-Committee, be adjourned at 10:42 a.m.

**CARRIED**

Respectfully submitted,

Councillor L. Ferguson, Chair  
Airport Sub-Committee

Loren Kolar  
Legislative Coordinator  
Office of the City Clerk



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Growth Management Division**

<b>TO:</b>	Chair and Members Airport Sub-Committee
<b>COMMITTEE DATE:</b>	May 3, 2018
<b>SUBJECT/REPORT NO:</b>	2017 Annual Auditor's Report on the Annual Schedule of Percentage Rent Computation Regarding the John C. Munro Hamilton International Airport (PED18109) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Guy Paparella (905) 546-2424 Ext. 5807
<b>SUBMITTED BY:</b>	Tony Sergi Senior Director, Growth Management Division Planning and Economic Development Department
<b>SIGNATURE:</b>	

### RECOMMENDATION

That Report PED18109 respecting the 2017 Annual Auditor's Report on the Annual Schedule of Percentage Rent Computation regarding the John C. Munro Hamilton International Airport be received for information.

### EXECUTIVE SUMMARY

The City's external Auditor, KPMG, has been authorized by Council to conduct an audit on the annual percentage rent computation in the Lease Agreement with TradePort International Corporation (TIC) for the operation of the John C. Munro Hamilton International Airport (HIA). The Auditor conducted the audit and review in accordance with the standards of the Canadian Institute of Chartered Accountants. It is the Auditor's opinion that as of December 31, 2017, TIC was in compliance with the criteria established by the relevant sections of the Lease Agreement for the annual percentage rent computation. The annual total rent paid to the City of Hamilton in 2017 was \$532,356.

### *Alternatives for Consideration – Not Applicable*

### FINANCIAL – STAFFING – LEGAL IMPLICATIONS

**Financial:** N/A

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*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

**SUBJECT: 2017 Annual Auditor's Report on the Annual Schedule of Percentage Rent Computation Regarding the John C. Munro Hamilton International Airport (PED18109) (City Wide) - Page 2 of 3**

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**Staffing:** N/A

**Legal:** N/A

## **HISTORICAL BACKGROUND**

KPMG, the City's Auditor, has been retained to conduct the annual audit of TIC including the annual rent payments to the City of Hamilton. The work commenced upon completion of the 2017 year-end financial statements of TIC in the first quarter of 2017. The audit and review is now complete and the final report is attached (see Appendix "A" to Report PED18109) for the consideration of the Airport Sub-Committee and Council, and for further direction, if necessary.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

- Head Lease between the City of Hamilton and TradePort International Corporation; and,
- 2016 – 2025 Corporate Strategic Plan.

## **RELEVANT CONSULTATION**

- TradePort International Corporation.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Staff has reviewed the Terms of Reference for the work conducted by KPMG. Staff is of the opinion that the Auditor has completed the task in accordance with our view of what is contained in the Terms of Reference, the Lease Agreement and the direction of the Airport Sub-Committee and Council.

## **ALTERNATIVES FOR CONSIDERATION**

N/A

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Economic Prosperity and Growth**

*Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.*

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*OUR Vision: To be the best place to raise a child and age successfully.*

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**SUBJECT: 2017 Annual Auditor's Report on the Annual Schedule of Percentage Rent Computation Regarding the John C. Munro Hamilton International Airport (PED18109) (City Wide) - Page 3 of 3**

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**Built Environment and Infrastructure**

*Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.*

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report PED18109 – KPMG Statement of Rent – TradePort International Corporation

GP/acs/sd

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*OUR Vision: To be the best place to raise a child and age successfully.*

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Statement of Rent

**TRADEPORT  
INTERNATIONAL  
CORPORATION**

For the twelve months ended December 31, 2017



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton Ontario L8P 4W7  
Canada  
Telephone (905) 523-8200  
Fax (905) 523-2222

## INDEPENDENT AUDITORS' REPORT

To the Directors of TradePort International Corporation

We have audited the accompanying financial information of TradePort International Corporation (the "Company"), which comprises the Company's calculations of gross revenue, base revenue, ground rent and percentage rent for the twelve months ended December 31, 2017 (the "financial information"). The financial information has been prepared by management of the Company based on the airport lease agreement dated July 19, 1996 between the Company and the City of Hamilton.

### *Management's Responsibility for the Financial Information*

Management is responsible for the preparation of the financial information in accordance with the airport lease agreement dated July 19, 1996 between the Company and the City of Hamilton, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial information based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial information of TradePort International Corporation for the year ended December 31, 2017 is prepared, in all material respects, in accordance with the airport lease agreement dated July 19, 1996 between the Company and the City of Hamilton.

*Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to the certification of the financial information, which describes the basis of accounting. The financial information is prepared to assist the Company to comply with the airport lease agreement dated July 19, 1996 between the Company and the City of Hamilton referred to above. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for TradePort International Corporation and the City of Hamilton and should not be distributed to or used by parties other than TradePort International Corporation or the City of Hamilton.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
March 7, 2018

# 2017

YEAR IN REVIEW

John C. Munro Hamilton International Airport  
9300 Airport Road, Suite 2206  
Mount Hope, Ontario L0R 1W0  
flyhamilton.ca



 @flyyhm     flyyhm     facebook.com/HamiltonInternationalAirport

John C. Munro  
**HAMILTON**  
INTERNATIONAL AIRPORT

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Photo: Entrance to John C. Munro Hamilton International Airport

# LETTER FROM CHAIRMAN OF THE BOARD & PRESIDENT AND CEO

John C. Munro Hamilton International Airport celebrated many noteworthy achievements in 2017. Building on the momentum from 2016, passenger traffic grew by 80% with 599,146 passengers flying from Hamilton International making it the fastest growing airport in Canada.

As Canada celebrated its 150th birthday, 2017 was a great year to “Discover Canada” and explore destinations coast to coast with the ease and convenience of flying from Hamilton International.

In May, WestJet began non-stop seasonal service from Hamilton to Vancouver. The route initially launched with four weekly flights before expanding to daily service on Canada Day. In July, Flair Airlines (now known as Flair Air) officially purchased NewLeaf Travel Company assets, establishing Flair Air as a low-cost airline in Canada. The movement in Canada toward low-cost carriers that are well suited to operate from Hamilton International means that the Airport is positioned to provide Canadian consumers with affordable travel options. Services from these carriers, as well as Air Canada’s twice daily service to Montreal, meant customers could fly from Hamilton to domestic destinations across the country and to Europe via Air Canada’s Montreal hub. The 2017/18 winter program also saw the return of a seasonal program to various sun destinations operated by WestJet, Sunwing, Air Transat and Celebrity Cruises.

Hamilton International’s cargo business also experienced growth in 2017 with a 14% increase in cargo activity. This allowed the Airport to maintain its position as Canada’s largest overnight express cargo airport and hub for e-commerce in Canada, facilitating the movement of goods from coast to coast and beyond to global markets in Europe and South America. As cargo traffic at Hamilton International continues to grow steadily each year, the Cargo Centre continues to play a key role in facilitating e-commerce and expanding general cargo activity.

This growth would not be possible without the support of the Airport’s exceptional Operations department which successfully completed several capital projects in 2017. Improvements and upgrades to facilities included airfield rehabilitations and road resurfacing, construction of an international walkway, Terminal Building renovations, upgraded automated pay stations and a renovated Duty Free shop.

We are extremely grateful to Airport employees, partners, customers and community stakeholders for making Hamilton International Airport the fastest growing airport in Canada and consequently, an economic engine for the City of Hamilton. We look forward to continuing this momentum in 2018.

Sincerely,



Ron Foxcroft  
Chairman of the Board



Cathie Puckering  
President and CEO



**Ron Foxcroft**  
Chairman of the Board



**Cathie Puckering**  
President and CEO



# CORPORATE GOALS & GOVERNANCE

## Mission

As an international gateway in Southern Ontario facilitating the efficient movement of people and goods, we are an economic engine and a responsible community partner.

## Vision

Recognized by the world as the best global gateway in Canada for affordable travel and goods movement.

## Values

To our passengers, partners and people we value:

**Safety and Security.** Taking immediate action to ensure we achieve the highest standards.

**Quality and Operational Excellence.** Constantly striving to exceed expectations by providing high quality airport services and infrastructure.

**Respect and Integrity.** Embracing a culture of integrity and accountability for our actions.

**Improvement and Innovation.** Committing to grow our business through continuous learning to achieve cost leadership and to deliver winning results.

**Teamwork and Recognition.** Creating a positive experience everyday by being friendly, having fun and recognizing achievements.

## Governance

John C. Munro Hamilton International Airport's Board of Directors is a team of professionals connected to the local community or aviation industry. The Board of Directors meet four times a year providing governance for the Airport. Hamilton International Airport's Executive Management Team reports directly to the Board of Directors.

Photo: Entrance to the Terminal Building





Photo: Passengers collecting their bags in the Arrivals Hall

# ABOUT VANTAGE AIRPORT GROUP

Passionate about people, performance and place, Vantage Airport Group is a leading developer, investor and manager of airports around the world. Since 1994, the company has been actively involved in making 31 airports better and in taking 20 from public to private management. Vantage develops, implements and hones best practices at airports around the world, which results in financially stronger, more sustainable, better connected airports for the communities and businesses they serve. Its current network is made up of ten airports around the globe, including LaGuardia Central Terminal B in New York and Chicago Midway International. Together, Vantage airports served more than 56 million passengers in 2017, travelling on 135 different airlines.



# 2017 HIGHLIGHTS



Photo: A family arrives for their flight

  
**OVER 2,800**  
 total jobs created through Airport activity at Hamilton International

  
**OVER 90%**  
 of passengers reported a positive Airport experience

**OVER 226 hours**  
 contributed by Airport staff to community organizations and events

  
**262.3M**  
 in direct financial benefit to the City of Hamilton since 1996

  
**499,211,000kg**  
 in total landed cargo aircraft billable weight

  
**599,146**  
 passengers flying to and from Hamilton International



Photo: Passenger Lounge in the Terminal Building

# PASSENGER OPERATIONS

Thanks to the combined efforts of the Airport’s airline partners, Hamilton International saw an 80% growth in passenger traffic in 2017.

WestJet’s year-round service from Hamilton to Winnipeg, Calgary, Edmonton and Halifax continued in 2017 along with seasonal service from Hamilton to Orlando and Hamilton to Vancouver. In October, WestJet announced it would begin non-stop service between Hamilton and Las Vegas, twice weekly from December until April.

Air Canada continued flying twice daily between Hamilton and Montreal, serving the needs of business and leisure passengers and providing connections to Atlantic Canada and Europe via the airline’s Montreal hub.

In June, Flair Airlines announced the purchase of NewLeaf Travel Company assets, consolidating the company and coinciding with one year of operation for the partnership with service from Hamilton to Winnipeg, Edmonton and Abbotsford.

Air Transat operated winter seasonal flights from Hamilton to Cayo Coco, Cancun, Puerto Plata, Punta Cana and Varadero from December to April.

Sunwing continued offering passengers service to warm weather destinations, including Montego Bay, Punta Cana and Varadero during the winter season.

Celebrity Cruises once again returned to Hamilton International with its all-inclusive program, providing passengers with the option of either an eastern or western Caribbean cruise package beginning in February.

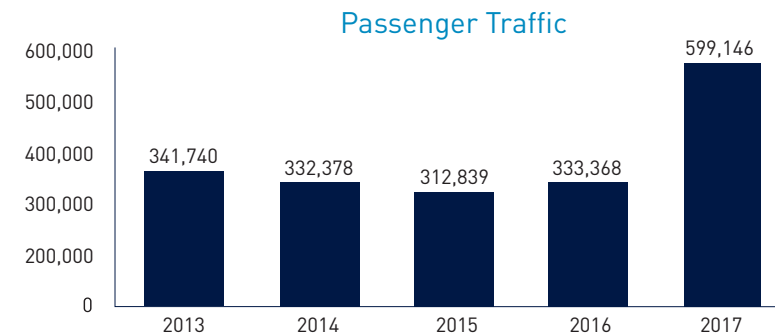




Photo: Special delivery at the Cargo Centre; photo credit Tom Podolec

# CARGO OPERATIONS

The Cargo Centre continued to grow in 2017 with a 14% year-over-year increase in aircraft landed weight. Hamilton International remains Canada's largest overnight express cargo airport by maintaining its position as a strategic gateway for facilitating goods movement from coast to coast and across the globe.

Cargo airline partners include Cargojet, Purolator, Canada Post, DHL and UPS. This comprehensive network serves markets in Canada, Europe and South America.

In late 2017, Hamilton International welcomed Aeroship Handling Ltd. to the Cargo Centre for general cargo handling. Aeroship is responsible for handling services within the Cargo Centre and provides bonded, e-commerce and temperature controlled air cargo handling services, as well as cross-docking and end of runway cargo services.

Cargo Aircraft Billable Weight (000's kg)

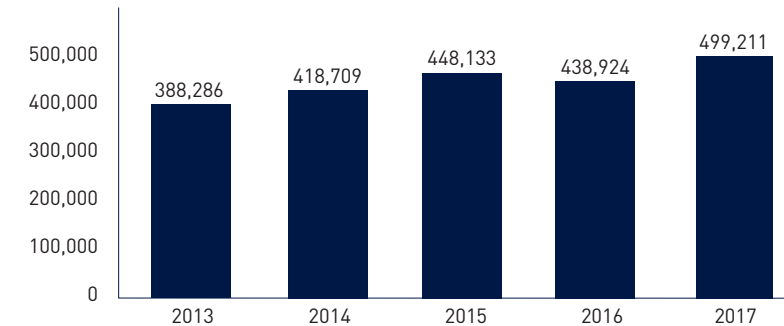




Photo: Customers pick up their coffee before their flight

# PASSENGER EXPERIENCE

Hamilton International continuously makes improvements to its services and facilities to deliver an excellent Airport experience for its passengers.

## Customer Service

The Hamilton International Airport Ambassador Program continued for its twelfth consecutive year and continues to offer customer service and assistance throughout the terminal with a warm and cheerful smile. The Airport received a satisfaction rating of over 90% from passengers in 2017.

## Terminal Partners

The Airport continued to work with partner Tim Hortons to provide passengers with food and beverage options both pre and post-security. In addition, J&A's Bar offered passengers an improved menu at its location in the boarding lounge. In the summer, Hamilton International Duty Free and Departures retail convenience store completed store renovations, providing an enhanced experience for its customers.

## Terminal Updates

Throughout 2017, Hamilton International continued to invest in infrastructure. In November, the Airport officially celebrated the grand opening of the new international walkway. The walkway is covered and can be heated or cooled ensuring passengers returning from international destinations are protected from inclement weather. Later in the year, the Airport underwent a renovation of restrooms to enhance accessibility. This ongoing commitment to improving facilities is designed to ensure passengers enjoy a convenient and comfortable travel experience.

## Sense of Place

Working with the Art Gallery of Hamilton, the Airport continues to showcase its existing Art Installation program as part of its 'Sense of Place' theme, linking Hamilton International to its local surroundings.



## GIVING BACK

Hamilton International is a responsible community partner and continues to support its neighbours, passengers and partners to better serve the city and surrounding region.

### Direct Benefit to the City

Hamilton International is committed to investing in its operations and infrastructure to support Airport growth. Since 1996 TradePort and its partners have invested \$219.1 million, which in turn has created \$262.3 million in direct financial benefit to the City of Hamilton.

### Growing the Economy

Through Airport activity, Hamilton International and its partners contribute \$284 million in gross domestic product (GDP), produce an economic output of \$644 million\*, and create over 2,800 person years of employment for Hamilton and the surrounding region.

### Community Investment

Hamilton International is proud to support several community organizations and events through donations, sponsorships and gifts in kind, with a focus on the Airport's Community Investment Pillars of: Aviation Education, Sense of Place and Employee-Driven Giving.

Hamilton International supported several organizations and initiatives in 2017 through its Community Investment Program including:

**McMaster Children's Hospital • Sunshine Foundation's DreamLift • City Kidz • The Great Canadian Shoreline Cleanup • Liberty for Youth • Mohawk College • Hamilton Tiger-Cats • Supercrawl • Epilepsy Canada • United Way • Movember • Hope Air • Canadian Warplane Heritage Museum**

\*Source: Hamilton International Economic Impact Study, InterVISTAS (2013)

Photo: 2017 Sunshine Foundation DreamLift

# AIRPORT OPERATIONS

Hamilton International Airport is committed to protecting the environment and to safeguarding the health and safety of its employees, business partners and the general public.

## Safety

In 2017, Hamilton International participated in a number of training activities and exercises including Canadian Airport Safety Week (CASW) along with 29 other Canadian airports. In October, the Airport conducted a full-scale live training exercise with Hamilton Police Service, Hamilton Fire Department, and Hamilton Paramedic Service, and conducted a live security exercise in conjunction with our partners and Hamilton Police Service. Hamilton International also facilitated the Royal Canadian Air Force's National Search and Rescue Exercise (SAREX).

## Community

Hamilton International continued to seek opportunities for improvement of the Airport's environmental stewardship, social engagement and contribution to the regional economy. As part of Hamilton International's evolving Sustainability Plan, the Operations team continued to work with Sustainable Hamilton Burlington (SHB).

## Efficiency

With the goal of ensuring aircraft, people and goods move efficiently through the Airport, a number of capital projects were completed. This includes the installation of upgraded automated parking systems, the purchase of new snow clearing equipment, resurfacing runways, taxiways and roadways, apron rehabilitation and an upgraded WIFI system.

## Quality

Many of the capital projects completed in 2017 were done to increase the quality of the passenger experience at Hamilton International. These projects included upgrades inside the boarding lounge to offer passengers additional food and beverage options while they wait to board their aircraft as well as the new international walkway which is covered and can be heated or cooled depending on the weather. These projects show a commitment to improving the Airport's infrastructure and enhancing the customer experience at Hamilton International.

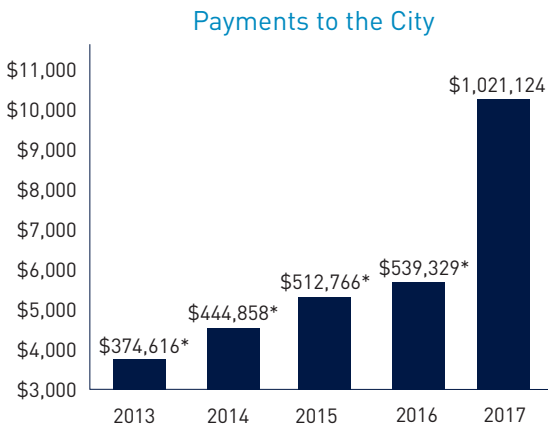


Photo: Hamilton International emergency response vehicles with a Volga-Dnepr Ilyushin IL-76 cargo plane; photo credit Tom Podolec

# FINANCIAL HIGHLIGHTS

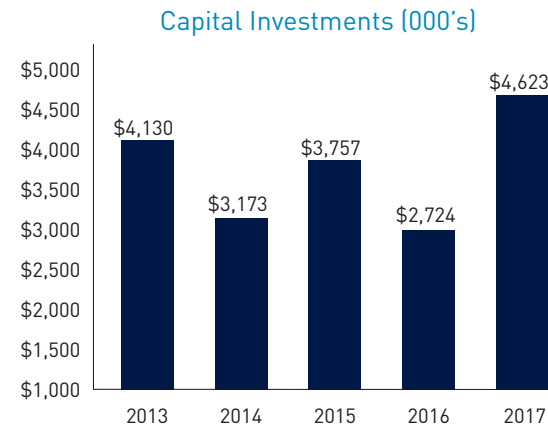
Passenger traffic growth, along with a continued focus on safety, security and compliance with regulations were key drivers in 2017 for the Airport in reaching its performance targets. Financial results continue to be positive with revenues exceeding operating expenses by over \$8 million.

The Airport continues to reinvest in infrastructure through its sustaining and expansionary capital program to update, maintain and expand its onsite facilities.

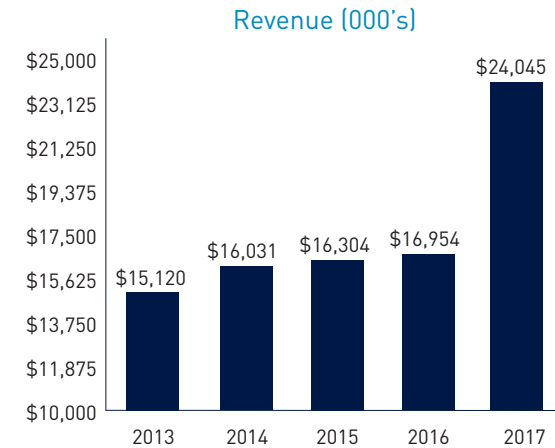


Under the operating lease agreement with the City of Hamilton, TradePort is required to pay rent based on a formula of revenue and operating income for each fiscal year. For the year ending December 31, 2017, rent to the City and assessment tax and other fees was \$1,021,124; an 89% increase over prior year.

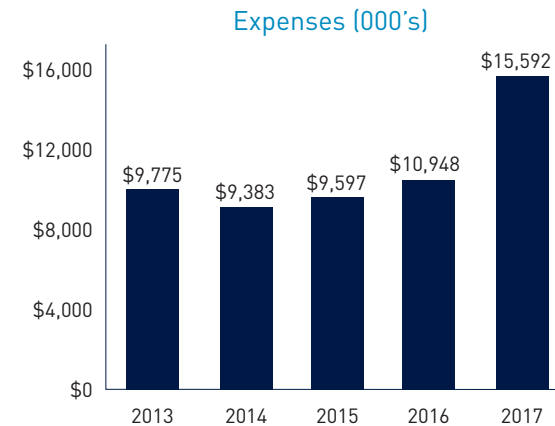
\*Inclusive of Rent paid to the City and Assessment Tax Fee



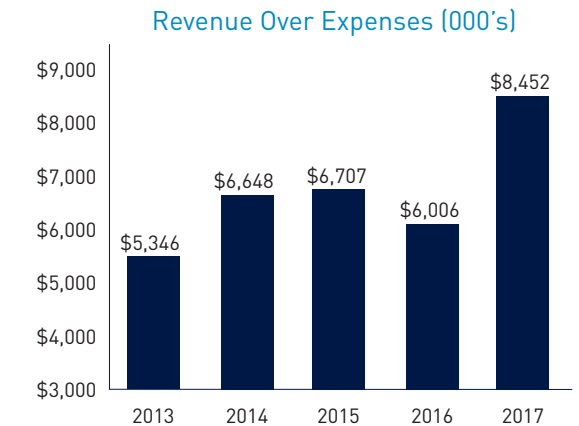
\$4.6 million was invested in both sustaining and expansionary capital. 2017 investments include: international walkway, upgraded automated parking systems, purchase of new snow clearing equipment, resurfacing runways, taxiways and roadways and apron rehabilitation.



The Airport's three main revenue sources are passenger operations, cargo operations and commercial property rents. Revenues were 42% higher in 2017 due to increased cargo and passenger traffic.



Expenses consist of amounts incurred in the normal course of operations and include amortization, interest cost associated with long-term debt and income tax. Expenses were \$15.6 million in 2017, an increase of 42% over 2016.



Total excess of revenue increased by 41%, or \$2.4M over 2016's results due to increased cargo and passenger traffic.





**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Growth Management Division**

<b>TO:</b>	Chair and Members Airport Sub-Committee
<b>COMMITTEE DATE:</b>	May 3, 2018
<b>SUBJECT/REPORT NO:</b>	2018-2019 John C. Munro Hamilton International Airport - City of Hamilton Joint Marketing Initiatives (PED18110) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Guy Paparella (905) 546-2424 Ext. 5807
<b>SUBMITTED BY:</b>	Tony Sergi Senior Director, Growth Management Division Planning and Economic Development Department
<b>SIGNATURE:</b>	

### RECOMMENDATION

That the City of Hamilton allocates \$160,000 from the Airport Joint Marketing Reserve Fund No. 112217 as the City's contribution to the 2018-2019 John C. Munro Hamilton International Airport – City of Hamilton Joint Marketing Initiatives outlined in Report PED18110.

### EXECUTIVE SUMMARY

In accordance with Section 34 of the John C. Munro Hamilton International Airport (HIA) Lease Agreement between the City of Hamilton and TradePort International Corporation (TIC), the City is obliged to allocate monies to the HIA Joint Marketing Initiatives on an annual basis or as necessary. TIC has requested funding for four projects for the 2018-2019 project year.

### ***Alternatives for Consideration – Not Applicable***

### FINANCIAL – STAFFING – LEGAL IMPLICATIONS

**Financial:** As of December 31, 2017, there was a balance of \$239,428 in the Airport Joint Marketing Reserve Fund No. 112217. There are more than sufficient funds to allocate the \$160,000 recommended for the 2018-2019 Joint Marketing Initiatives in this Report.

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*OUR Vision: To be the best place to raise a child and age successfully.*

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**SUBJECT: 2018-2019 John C. Munro Hamilton International Airport - City of Hamilton Joint Marketing Initiatives (PED18110) (City Wide) - Page 2 of 5**

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**Staffing:** N/A

**Legal:** Approval of the Joint Marketing Initiatives fulfils one of the City's obligations under the Head Lease Agreement with TIC for the HIA.

## **HISTORICAL BACKGROUND**

The Regional Municipality of Hamilton-Wentworth (Region) leased the HIA from Transport Canada in 1987. On July 19, 1996, the Region entered into a 40-year Sub-Lease Agreement with TIC (to be converted to Lease upon transfer) to operate the HIA on its behalf. In December 1996, ownership of the HIA was transferred from Transport Canada to the Region.

Section 4.04 of the Lease Agreement provides for revenue sharing amongst the City and TIC which commenced in 2006. Pursuant to Sections 34.01, 34.02, 34.03 of the Agreement, the City agrees on an annual basis to dedicate no less than 25% of all Percentage Rent received by the City to match but not exceed marketing expenditures of the HIA in the immediately preceding year. In addition, the City agrees on an annual basis to dedicate a further 25% of all Percentage Rent received by the City to fund Capital expenditures for municipal services in, on and around the HIA.

To comply with the HIA Lease Agreement, enable efficient use of HIA revenues, and maintain effective review procedures, staff recommended the establishment of separate HIA reserves for the revenues generated by the HIA Lease Agreement, Report PED07077 approved by Council February 28, 2007.

On December 31, 2017, staff was advised by Finance that there was \$239,428 in the Airport Joint Marketing Reserve Fund No. 112217. Therefore, staff is requesting approval for financial support of the proposed 2018-2019 joint marketing initiatives from same. Future requests for the remaining marketing reserve funds will be forthcoming to Council for approval.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

- John C. Munro Hamilton International Airport Head Lease Agreement; and,
- Corporate Strategic Plan 2016-2025.

## **RELEVANT CONSULTATION**

- Planning and Economic Development Department, Economic Development Division;
- Corporate Services Department, Finance and Administration Section; and,

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**SUBJECT: 2018-2019 John C. Munro Hamilton International Airport - City of Hamilton Joint Marketing Initiatives (PED18110) (City Wide) - Page 3 of 5**

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- TradePort International Corporation.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

### **1. Marketing & Communication Awareness Campaign:**

**UPDATE:** To support commercial passenger service, Airport Awareness Campaigns which promote the destinations available from the Airport were executed. Two campaigns were created, one for the spring / summer program, which began in April and runs through to September, and another for the winter program, which began in October and runs through to March (times are approximate). The Airport worked closely with an agency to develop a creative platform and marketing plan; several marketing mediums were used to promote the Airport throughout the 2016 summer and 2016 / 2017 winter programs, including: digital (online), radio and transit shelter ads, as well as outdoor billboards. Campaigns were focused on the central Hamilton region and extend into surrounding cities, including: Burlington, Niagara and Brantford.

#### **TIMING:**

- Summer Campaign (approximate)
  - Campaign Development: February 2016
  - Campaign Duration: April 2016 to September 2016
- Winter Campaign (approximate)
  - Campaign Development: August 2016
  - Campaign Duration: October 2016 to March 2017

#### **COST:**

- Summer Campaign: Total Cost = \$295,633
  - Airport Contribution = \$245,633
  - City Contribution = was \$50,000
- Winter Campaign: Total Cost = \$298,097
  - Airport Contribution = \$248,097
  - City Contribution = was \$50,000

#### **AGENCY: Lakestreet Communications**

In 2013, HIA selected Lakestreet Communications as the agency to partner with on marketing and communication activities. The partnership with Lakestreet has been successful for both parties and continues for the 2018 year.

This project meets in part the City's obligations as joint marketing initiatives defined in Section 34 of the Head Lease Agreement to promote economic growth and development for the HIA. A total of \$100,000 is being requested by TIC for the City's consideration. This project has been approved for the last five years. TIC has advised

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**SUBJECT: 2018-2019 John C. Munro Hamilton International Airport - City of Hamilton Joint Marketing Initiatives (PED18110) (City Wide) - Page 4 of 5**

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that should the total cost of this project increase beyond the estimated cost, the City contribution would not be affected.

**2. Strategic Marketing and Economic Growth Initiatives:**

**BRIEF OVERVIEW:** TIC intends to retain third party partners to assist with studies that will help drive decisions toward continued strategic planning and growth for the Hamilton International Airport (HIA). Planning for the next five to ten years, these proposed studies will help HIA take strategic steps to support its overall marketing and business attraction, strengthen airline partnerships, and continue to develop HIA land for future growth.

**a) Economic Impact Study:** The HIA has engaged ICF, a global professional, technology and marketing services firm to assist with the compilation of an Economic Impact Study and analysis. Engagement with ICF will commence in 2018 and will deliver a report that captures the key findings of the impact study, including per-tonnage and per-passenger multipliers that can be used by the HIA for projecting future impacts. The report will include a discussion of methodology and an appendix of detailed findings. Additionally, ICF will compare HIA's direct and total employment to regional metrics, such as the Top 10 Employers.

**b) WestJet / Swoop Headquarters Location Engagement:** TIC has engaged KPMG, LLP to assist with the compilation of a bid proposal for Swoop Airline, the new ultra-low-cost airline of WestJet. Swoop will commence air service June 20, 2018 and has narrowed its search for a head office location to Hamilton, Abbotsford or Calgary. The engagement for services will include preparation of financial proposals for headquarter options and coordination of the production of a promotional video for John C. Munro Hamilton International Airport. Existing footage from City of Hamilton promotional videos will be utilized to emphasize the value of the City of Hamilton to Swoop employees and to outline the economic benefit to the region. By the end of 2019 the carrier plans to provide 750 local jobs that include 150 administrative staff located in the headquarters office and 600 operational staff to serve its fleet of aircraft.

**c) Traffic Forecast/Strategic Planning:** TIC has engaged ICF, a global professional, technology and marketing services firm to assist with the compilation of a traffic forecast and strategic plan. Consultation commenced in 2018 and ICF will deliver a report that includes: a market assessment and review of the Greater Toronto catchment area; a summary of long-term trends in the Canadian air transport market and its impact on the Greater Toronto area airports, in particular HIA; a summary of potential opportunities to grow the traffic base at HIA; a qualitative and quantitative assessment of potential impacts of various scenarios

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**SUBJECT: 2018-2019 John C. Munro Hamilton International Airport - City of Hamilton Joint Marketing Initiatives (PED18110) (City Wide) - Page 5 of 5**

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that could negatively impact traffic for a period of time at HIA; and forecast results, assumptions and methodology for the base case and all scenarios. ICF will also prepare and deliver a 25-year forecast through 2041, including passengers, aircraft movements, and cargo tonnage.

**ESTIMATED COST:** TIC is requesting that the City authorize the use of the Joint Marketing Initiatives Fund and contribute 50% or \$60,000 for 2018-2019 engagement costs, TIC will also contribute 50% or \$60,000.

- **Economic Impact Study:** \$50,000 (City Contribution - \$25,000; TIC Contribution \$25,000);\*
- **WestJet / Swoop Head Quarters Location Engagement:** \$20,000 (City Contribution - \$10,000; TIC Contribution \$10,000); and,\*
- **Traffic Forecast/Strategic Planning:** \$50,000 (City Contribution - \$25,000; TIC Contribution \$25,000).\*

*\*Should total cost increase, City contribution level would not be affected.*

#### **ALTERNATIVES FOR CONSIDERATION**

N/A

#### **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

##### **Economic Prosperity and Growth**

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##### **Built Environment and Infrastructure**

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**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Growth Management Division**

<b>TO:</b>	Chair and Members Airport Sub-Committee
<b>COMMITTEE DATE:</b>	May 3, 2018
<b>SUBJECT/REPORT NO:</b>	2018 - 2019 Capital Expenditure Request for John C. Munro Hamilton International Airport Update (PED18111) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Guy Paparella (905) 546-2424 Ext. 5807
<b>SUBMITTED BY:</b>	Tony Sergi Senior Director, Growth Management Division Planning and Economic Development Department
<b>SIGNATURE:</b>	

### RECOMMENDATION

That the City of Hamilton approve and allocate \$266,000 from the Municipal Capital Expenditures Reserve Fund No. 108043 for the 2018 - 2019 Capital Expenditure Request for John C. Munro Hamilton International Airport in Report PED 18111.

### EXECUTIVE SUMMARY

In accordance with Section 34 of the John C. Munro Hamilton International Airport (HIA) Head Lease Agreement between the City and TradePort International Corporation (TIC), the City is obliged to allocate funds to the HIA for certain capital expenditures for municipally-related services, as necessary. TIC has requested \$266,000 for the 2018-2019 project year.

### ***Alternatives for Consideration – Not Applicable***

### FINANCIAL – STAFFING – LEGAL IMPLICATIONS

**Financial:** As of December 31, 2017, there is \$443,595 in the Municipal Capital Expenditures Reserve Fund No. 108043. There are sufficient funds to allocate the \$266,000 being requested for the projects outlined in Report PED18111.

**Staffing:** N/A

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**SUBJECT: 2018 - 2019 Capital Expenditure Request for John C. Munro Hamilton International Airport Update (PED18111) (City Wide) - Page 2 of 8**

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**Legal:** Approval of the subject capital expenditures helps fulfil one of the City's obligations under the Head Lease Agreement with TIC.

## **HISTORICAL BACKGROUND**

The Regional Municipality of Hamilton-Wentworth (Region) leased the HIA from Transport Canada in 1987. On July 19, 1996, the Region entered into a 40-year Sub-Lease Agreement with TIC (to be converted to Lease upon transfer) to operate the HIA on its behalf. In December 1996, ownership of the HIA was transferred from Transport Canada to the Region.

Section 4.04 of the Lease Agreement provides for revenue sharing amongst the City and TIC which commenced in 2006. Pursuant to Sections 34.01, 34.02, 34.03 of the Agreement, the City agrees on an annual basis to dedicate no less than 25% of all Percentage Rent received by the City to match but not exceed marketing expenditures of the HIA in the immediately preceding year. In addition, the City agrees on an annual basis to dedicate a further 25% of all Percentage Rent received by the City to fund Capital expenditures for municipal services in, on and around the HIA.

To comply with the HIA Lease Agreement, enable efficient use of HIA revenues, and maintain effective review procedures, staff recommended the establishment of separate HIA reserves for the revenues generated by the HIA Lease Agreement, Report PED07077 approved by Council February 28, 2007.

In 2014, City Council approved Report PED14082, the expenditure of \$275,000 from the Airport Capital Expenditure Reserve Fund for the purpose of installing Water Back-Flow Prevention Valves in accordance with the City's new By-law No. 10-103. In 2015, City Council approved Report PED15047, the expenditure of \$328,000 from the Airport Capital Expenditure Reserve Fund for the purpose of installing a Storm Water Management Facility at the HIA. This Report outlines project updates and additional project funding requests.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

- John C. Munro Hamilton International Airport Head Lease Agreement; and,
- 2016-2025 Corporate Strategic Plan.

## **RELEVANT CONSULTATION**

- TradePort International Corporation (TIC); and,
- Corporate Services Department, Financial Planning and Policy.

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**SUBJECT: 2018 - 2019 Capital Expenditure Request for John C. Munro Hamilton International Airport Update (PED18111) (City Wide) - Page 3 of 8**

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**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The following capital project expenditures are being requested by TIC for the 2018-2019 project year:

**a) Creek Flow Meters:**

**BRIEF OVERVIEW:** As the operator of John C. Munro Hamilton International Airport, TradePort is required to measure water quantity throughput at major creeks attached to Airport property as per the Environmental Compliance Certificate held with the Ministry of the Environment.

Current Airport equipment is at the end of its useful life, causing increased maintenance and poor quantity readings from the creeks.

The objective of this request is to replace current flow meters and upgrade current software to improve current quantity reporting processes.

The benefits of such an initiative would be to increase accuracy of water output records from Airport lands, allowing the Airport to accurately monitor discharges.

TradePort is currently obtaining quotes from Envirosystems Inc., Hoskin Scientific or Tradewind Scientific to install four (4) upgraded creek flow meters for all major creeks which connect from Airport lands into local water tables as well as upgrading current monitoring software. By upgrading flow meters, it will provide an accurate quantity of water that is discharged from Airport lands, including all pond or tank discharges to sanitary as per the agreement with the MOECC.

**TIMING:** Summer 2018

**ESTIMATED COST:** The expected cost for the creek flow meters is approximately \$40,000 (\$40,000 City contribution and \$0 TradePort contribution) and it is expected that TradePort will be unable to generate sufficient revenues from existing and future Airport occupants to recover the capital costs associated with the project for these municipal services.

**b) Sanitary Sewer Flow Meters:**

**BRIEF OVERVIEW:** As the operator of John C. Munro Hamilton International Airport, TradePort has committed to provide a first-class facility for all stakeholders. This includes having appropriate infrastructure to maintain and monitor sanitary water discharge from Airport lands to City of Hamilton infrastructure. As per current

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overstrength agreements, the Airport is allowed to discharge water held in ponds or underground tanks into the City of Hamilton's sanitary sewer system.

All Airport lands require sanitary sewer connections to the City of Hamilton infrastructure; however, current water discharge into the City's sanitary sewer system is estimated and does not provide an accurate means of measuring water output from Airport lands.

The main objective is to find a solution to measure water output from Airport lands into the City of Hamilton sanitary sewer system using cost effective monitoring equipment.

The benefits of the initiative would be to increase accuracy of water output records from Airport lands, allowing the Airport to accurately monitor discharge as well as increase accuracy of billings from the City of Hamilton.

TradePort is currently obtaining quotes from TBD, WSP or W.M. Groves to install three (3) sanitary flow meters for all sanitary lines which connect from Airport lands into City of Hamilton infrastructure. Note that this does not include the Canadian Warplane Heritage Museum's sanitary sewer system as the Airport is not responsible for this sanitary sewer line. By installing sanitary flow meters, it will provide an accurate quantity of water that is discharged from Airport lands, including all pond or tank discharges to sanitary as per the overstrength agreement.

TIMING: Summer 2018

ESTIMATED COST: The expected cost for the sanitary sewer flow meters is approximately \$50,000 (\$50,000 City contribution and \$0 TradePort contribution) and it is expected that TradePort will be unable to generate sufficient revenues from existing and future Airport occupants to recover the capital costs associated with the project for these municipal services.

**c) Storm Water Management Facility:**

BRIEF OVERVIEW: In 2015, City Council approved Report PED15047, the expenditure of \$328,000 from the Airport Capital Expenditure Reserve Fund for the purpose of installing a Storm Water Management Facility at the HIA. In 2015-2016, TIC continued with the detailed design work and fabrication of its storm water management facility (Project). The Project is intended to provide sustainable on-site treatment of collected water, provide for discharge to natural bodies of water with adherence to permitted discharge standards and reduce large volumes of water to the City sewer system.

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TIC and its consultant Stewart Environmental, LLC met with delays during tendering for the fabrication of the Project. In November 2015 HOAD, Inc. was awarded the fabrication contract and the fabrication of the Project commenced in the Spring of 2016.

UPDATE: In late 2016, TradePort determined that its contractors, Sustainable Water Technologies, Stewart Environmental Consultants, LLC and HOAD, Inc. would be unable to complete the fabrication of its storm water management facility (Project). The Project had encountered many delays and the vendor failed to deliver a system within the agreed to terms. The Project was to provide sustainable on-site treatment of collected water, provide for discharge to natural bodies of water with adherence to permitted discharge standards and reduce large volumes of water to the City sewer system. In 2017, TradePort obtained external consultation on potential solutions for the Airport with the intent to issue a Request for Proposal (RFP). The report was received in early 2018 which identified different technologies TradePort could use for the RFP process, with this cost not being shared with the City of Hamilton.

NEXT STEPS: In 2018, TradePort will retender for the selection of a new contractor for the storm water management facility solution, with implementation planned for 2019. This tendering process is to be managed by an environmental consultant being engaged in 2018.

TIMING: RFP process during summer 2018, with installation schedule based on received proposals but planned for 2019.

ESTIMATED COST: The expected total cost for the storm water management facility is currently undetermined. However, the City of Hamilton has committed \$328,000 in 2015 that has not been drawn. TradePort is requesting an additional \$50,000 from the City for consultancy costs to support the RFP and project management components of the initiative.

The cost for the Project to the City of Hamilton remains at a new total of \$378,000.

**d) PFOS Workplan Request:**

BACKGROUND: In 2011, Hamilton International Airport (HIA) was identified as having **Perfluorooctane Sulfonate (PFOS)** contaminated land in a fire training area. This was a result of aqueous film-forming foam (AFFF) used by Transport Canada during its regional fire-fighting training programs prior to the Airport being transferred to the Region (now the City) and being operated by TradePort International Corporation (TradePort).

TradePort has continued to engage in discussions with all levels of government, on a without prejudice basis, to develop a remediation plan for the site to mitigate any

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adverse off-site impacts. Containment actions were implemented in 2011 to protect surface water movement of PFOS at the Airport and this was effectively monitored until 2015. The City of Hamilton previously approved funding for this project in the amount of \$40,000 towards study work and containment efforts in 2011, on a cost sharing basis with the Airport and without prejudice to the rights of the City and HIA, for the initial risk assessment and report for the purpose of PFOS related remediation.

In 2015, Transport Canada officials committed to proceed with a risk assessment to review off-site PFOS contamination. It will fully fund the risk assessment off-site, on a without prejudice basis, and will engage with the City of Hamilton and HIA when the results are complete in late 2018 / early 2019.

The Provincial Ministry of the Environment and Climate Change (MOECC) understands that the Airport situation was created through the federal government's use of Airport lands prior to the transfer of ownership and management and MOECC will work with Transport Canada and HIA toward a solution that will be beneficial to the environment. TradePort has always taken the position that it is not responsible for the situation but that it will partner, on a without prejudice basis, with all concerned to assess the issue, as a starting point.

ISSUE: The MOECC recently requested that TradePort engage a "Qualified Person", being a person with that designation under the legislation, to monitor onsite PFOS and to provide a workplan by April 30, 2018. This engagement will specify containment and monitoring activities to prevent further surface water discharges of PFOS contamination and to provide an annual report on monitoring activities. This request for monitoring activities is for the unforeseen future.

NEXT STEPS: In 2018, TradePort engaged Dillon Consulting, an environmental consultant, to evaluate and report on monitoring activities, to provide risk management reporting and to develop a work plan to satisfy the recent MOECC request. The consultant will develop and prepare a work plan for the Airport for its submission to the MOECC and it will advise on the most effective and efficient options for the Airport and its owner, the City of Hamilton.

ESTIMATED COST: HIA is requesting that the City authorize the use of the Capital Reserve Fund and contribute \$98,000 for 2018-2019 costs on a without prejudice basis to the rights of the City of Hamilton and Hamilton International Airport Limited and TradePort International Corporation.

Costs are estimated as follows:

- Consultant cost and a qualified person to deliver the risk management report, work plan and response to the MOECC is \$6,000;

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**SUBJECT: 2018 - 2019 Capital Expenditure Request for John C. Munro Hamilton International Airport Update (PED18111) (City Wide) - Page 7 of 8**

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- Current and continued government relations and public relations initiatives with all levels of government are \$70,000 (\$48,000 paid in 2017 and \$24,000 expected for 2018);
- Ongoing monitoring and reporting is expected to be \$12,000 per annum; and,
- Storage containerization of PFOS materials is \$8,000 in fixed costs.

**e) Mount Hope Community Investment Fund:**

At the November 3, 2017 Airport Sub-Committee, there was some informal discussion initiated by Councillor Brenda Johnson about a form of corporate financial contribution by TIC to the Mount Hope community since the HIA has such a significant influence on the area residents. This financial contribution would be made available for community projects such as parks or community centres and other community related initiatives to benefit the residents of Mount Hope. This discussion was taken as direction to City staff and TIC to propose ideas.

As such, TIC has suggested the formulation of a Mount Hope Community Investment Fund which would be funded annually from the Airport Capital Expenditure Reserve Fund. The initial contribution is suggested to be \$30,000. In addition, City staff are suggesting 5% of the Annual Percentage Rent allocated to the Airport Capital Expenditure Reserve Fund be dedicated to the newly formulated Mount Hope Community Investment Fund. Therefore, as an example, if the Annual Percentage Rent paid to the City by TIC is \$600,000, \$150,000 would be allocated to the Airport Capital Expenditure Reserve Fund as per the Head Lease, and \$7,500 would then be dedicated to the Mount Hope Community Investment Fund. This is an item which will be part of the City's proposal for the Lease negotiations later this year.

The grand total of all capital expenditure requests above is \$266,000 for the project year 2018-2019. As there are sufficient funds in the dedicated Reserve Fund and all projects improve and protect the infrastructure assets of the City-owned airport, staff is recommending approval of TIC's requested funding.

**ALTERNATIVES FOR CONSIDERATION**

N/A

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Economic Prosperity and Growth**

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**SUBJECT: 2018 - 2019 Capital Expenditure Request for John C. Munro Hamilton  
International Airport Update (PED18111) (City Wide) - Page 8 of 8**

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