



City of Hamilton

AIRPORT SUB-COMMITTEE

Meeting #: 19-002
Date: March 29, 2019
Time: 11:00 a.m.
Location: Canadian Warplane Heritage Museum
9280 Airport Rd
Mount Hope, ON
L0R 1W0

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

	Pages
1. APPOINTMENT OF CHAIR AND VICE CHAIR	
2. APPROVAL OF AGENDA	
3. DECLARATIONS OF INTEREST	
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9. STAFF PRESENTATIONS

- 9.1 Cathie Puckering, President and CEO, John C. Munro Hamilton International Airport - 2018 Year in Review Report respecting the John C. Munro Hamilton International Airport 15

10. DISCUSSION ITEMS

- 10.1 2019 - 2020 John C. Munro Hamilton International Airport (HIA) - City of Hamilton Joint Marketing Initiatives (PED19086) (City Wide) 27

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

- 14.1 2019 - 2030 Capital Expenditure Request for John C. Munro Hamilton International Airport (HIA) (PED19083) (City Wide) (Distributed under separate cover)

Pursuant to Section 8.1, Sub-sections (i) and (k) of the City's Procedural By-law 18-270; and, Section 239(2), Sub-sections (i) and (k) of the *Ontario Municipal Act, 2001*, as amended, as the subject matters pertain to a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization; and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

- 14.2 Tradeport / City Lease Negotiation Information Report (PED19084) (City Wide) (Distributed under separate cover)

Pursuant to Section 8.1, Sub-section (k) of the City's Procedural By-law 18-270; and, Section 239(2), Sub-section (k) of the *Ontario Municipal Act, 2001*, as amended, as the subject matters pertain to a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

15. ADJOURNMENT



Hamilton

AIRPORT SUB-COMMITTEE

MINUTES 18-001

11:00 a.m.

Thursday, May 3, 2018

Room 830

Hamilton City Hall, 71 Main Street West

Present: Councillors L. Ferguson (Chair), C. Collins and T. Whitehead

Absent with

Regrets: Councillors M. Pearson (Vice Chair) - Personal, and B. Johnson – Personal

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

1. **2017 Annual Auditor's Report on the Annual Schedule of Percentage Rent Computation Regarding the John C. Munro Hamilton International Airport (PED18109) (City Wide) (Item 5.1)**

(Whitehead/Collins)

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.

CARRIED

2. **2017 Year in Review Report respecting the John C. Munro Hamilton International Airport (Item 7.1)**

(Whitehead/Collins)

That the 2017 Year in Review Report respecting the John C. Munro Hamilton International Airport, be received for information.

CARRIED

3. **2018 - 2019 John C. Munro Hamilton International Airport - City of Hamilton Joint Marketing Initiatives (PED18110) (City Wide) (Item 8.1)**

(Collins/Whitehead)

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.

CARRIED

4. 2018 - 2019 Capital Expenditure Request for John C. Munro Hamilton International Airport Update (PED18111) (City Wide) (Item 8.2)

(Collins/Whitehead)

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.

CARRIED

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 1)

The Clerk advised of the following change to the agenda:

7. PRESENTATIONS

7.1 Cathie Puckering, President and CEO, John C. Munro Hamilton International Airport - 2017 Year in Review Report respecting the John C. Munro Hamilton International Airport

That Item 7.1 be moved up on the agenda to be addressed immediately follow Item 3.1.

(Whitehead/Collins)

That the Agenda for the May 3, 2018 meeting of the Airport Sub-Committee be approved, as amended.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) November 9, 2017 (Item 3.1)

(Collins/Whitehead)

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

CARRIED

(d) PRESENTATIONS (Item 7)

- (i) Cathie Puckering, President and CEO, John C. Munro Hamilton International Airport - 2017 Year in Review Report respecting the John C. Munro Hamilton International Airport (Item 7.1)**

Cathie Puckering, President and CEO of John C. Munro Hamilton International Airport, addressed the Committee respecting the 2017 Year in Review Report for the John C. Munro Hamilton International Airport, with the aid of a presentation.

(Collins/Whitehead)

That the presentation from Cathie Puckering, President and CEO of John C. Munro Hamilton International Airport, respecting the 2017 Year in Review Report for the John C. Munro Hamilton International Airport, be received.

CARRIED

A copy of the presentation is available at www.hamilton.ca.

For disposition of this matter, refer to Item 2.

(f) PRIVATE AND CONFIDENTIAL (Item 12)

- (i) Closed Session Minutes – November 9, 2017 (Item 12.1)**

(Whitehead/Collins)

- (a) That the Closed Session Minutes of the November 9, 2017 Airport Sub-Committee, be approved as presented; and
- (b) That the Closed Session Minutes of the November 9, 2017 Airport Sub-Committee, remain confidential.

CARRIED

(g) ADJOURNMENT (Item 13)

(Collins/Whitehead)

That, there being no further business, the Airport Sub-Committee be adjourned at 12:28 p.m.

CARRIED

Respectfully submitted,

Councillor L. Ferguson, Chair
Airport Sub-Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Growth Management Division

TO:	Chair and Members Airport Sub-Committee
COMMITTEE DATE:	March 29, 2019
SUBJECT/REPORT NO:	Annual Auditor's Report on the Annual Schedule of Percentage Rent Computation regarding the John C. Munro Hamilton International Airport (PED19082) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Guy Paparella (905) 546-2424 Ext. 5807
SUBMITTED BY:	Tony Sergi Senior Director, Growth Management Division Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That Report PED19082 respecting the 2018 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, 2018, 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 2018 was \$596,416.

Alternatives for Consideration – Not Applicable

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: Annual Auditor's Report on the Annual Schedule of Percentage Rent Computation regarding the John C. Munro Hamilton International Airport (PED19082) (City Wide) - Page 2 of 3

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: N/A

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 2018 year-end financial statements of TIC in the first quarter of 2019. The audit and review is now complete and the final report is attached (see Appendix "A" to Report PED19082) 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(S)

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

SUBJECT: Annual Auditor’s Report on the Annual Schedule of Percentage Rent Computation regarding the John C. Munro Hamilton International Airport (PED19082) (City Wide) - Page 3 of 3

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.

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” – KPMG Statement of Rent – TradePort International Corporation

GP:as

Year-End Rent Statement

**TRADEPORT
INTERNATIONAL
CORPORATION**

For the twelve months ended December 31, 2018



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

Opinion

We have audited the accompanying Year-end Rent Statement of TradePort International Corporation (the "Company") for the twelve month period ended December 31, 2018, and notes, comprising a summary of significant accounting policies and other explanatory information (Hereinafter referred to as the "rent statement").

In our opinion, the accompanying rent statement for the twelve month period ended December 31, 2018 of the Company is prepared, in all material respects, in accordance with the financial reporting provisions of Article 4 of the lease agreement dated July 19, 1996 between the Company and the City of Hamilton.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Rent Statement***" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the rent statement in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1 in the rent statement, which describes the applicable financial reporting framework.

The rent statement is prepared to assist the Company to meet the requirements of the financial reporting provisions of Article 4 of the lease agreement dated July 19, 1996 between the Company and the City of Hamilton. As a result, the rent statement may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.



Other Matter – Restriction on Use

Our report is intended solely for the Company and the City of Hamilton and should not be used by other parties.

Responsibilities of Management and Those Charged with Governance for the Rent Statement

Management is responsible for the preparation of the rent statement in accordance with the financial reporting provisions of Article 4 of the 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 the rent statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Rent Statement

Our objectives are to obtain reasonable assurance about whether the rent statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the rent statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the rent statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
February 15, 2019

TRADEPORT INTERNATIONAL CORPORATION YEAR-END RENT STATEMENT

Notes to the Rent Statement

For the twelve month period ended December 31, 2018

1. Basis of accounting:

The accompanying Year-End Rent Statement (the "rent statement") of TradePort International Corporation (the "Company") represents the Company's calculations of gross revenue, base revenue, ground rent and percentage of rent for the twelve month period ended December 31, 2018. The rent statement has been prepared in accordance with the financial reporting provisions of Article 4 of the lease agreement dated July 19, 1996 between the Company and the City of Hamilton (the "Guidelines").

2. Significant accounting policies:

The significant accounting policies are as follows:

(a) Revenue:

Revenue is recognized on the accrual basis of accounting.

(b) Operating expenses:

Operating expenses are recognized using the accrual basis of accounting, which recognizes expenditures as incurred and measurable as a result of goods or services and the creation of a legal obligation to pay.

(c) Use of estimates:

The preparation of the rent statement in accordance with the Guidelines requires management to make estimates and assumptions that affect the reported amounts of revenue and operating expense during the period. Actual results could differ from those estimates.

2018

YEAR IN REVIEW

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

A member of
VANTAGE
AIRPORT GROUP



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Photo: Entrance to the Terminal Building

LETTER from Chairman of the Board & President and CEO

John C. Munro Hamilton International Airport celebrated several achievements in 2018. Building on the momentum in 2017 when the Airport was named North America's Fastest Growing Airport, passenger traffic is continuing to grow as more customers choose to fly from Hamilton. Last year 725,630 passengers travelled through Hamilton International representing a 21% growth in passenger traffic compared to 2017 and more than doubled passenger traffic with 118% growth compared to 2016.

In June, Swoop officially took to the skies and celebrated the debut of its ultra-low-cost service in Canada from its eastern base in Hamilton. Swoop's very first flight was from Hamilton to Abbotsford essentially providing Canadians a transcontinental route connecting Greater Toronto to Greater Vancouver with affordable fare options. Following the success of its domestic program, Swoop added flights from Hamilton to Fort Lauderdale, Las Vegas, Orlando and Tampa Bay. Swoop continued to expand service offerings from Hamilton to include Montego Bay, Jamaica and Cancun and Puerto Vallarta in Mexico.

WestJet continued its daily service to Calgary and Air Canada provided double daily service to Montreal, meaning customers had the ability to fly coast to coast in Canada from Hamilton. Seasonal carriers Air Transat and Sunwing returned to Hamilton for their winter programs with services to various points in Cuba, Jamaica, Mexico and the Dominican Republic. These popular sun destinations offer a much-needed escape from the cold winter weather with the ease and convenience of travelling Hamilton International.

In addition to the growth being enjoyed on the passenger side of the business, Hamilton International is also able to celebrate continued growth in its cargo business. In 2018, the Airport saw cargo activity increase by 5% compared to 2017 and 20% compared to 2016. This steady growth is thanks to great partners like Cargojet, DHL, Purolator, UPS and Canada Post and allows the Airport to maintain its position as Canada's largest overnight express cargo airport. The Airport continues to be a global gateway for facilitating goods movements across Canada and the world.

Ontario is home to a thriving e-commerce industry and Hamilton International is well positioned to support this booming industry thanks to its large cargo facility, uncongested operations and its 24/7 operating capabilities.

In the last two years, the Airport has enjoyed unprecedented growth in both the passenger and cargo segments of the business. This is leading to commercial land development opportunities and aviation related services for existing partners and new customers who have chosen Hamilton for expansion. Specifically, partners like KF Aerospace specializing in MRO (Maintenance, Repair and Overhaul) operations continue to play a key role in servicing the needs of various passenger and cargo carriers. The support received by our partners, customers, community and employees is key to growth being felt at the Airport and for that we are extremely grateful. With new services on the horizon including seasonal non-stop service to Dublin with Norwegian Air, 2019 looks to be a third straight year of exciting growth at Hamilton International and will enable the Airport to continue its focus on being a global gateway in Canada for affordable travel and goods movement.

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 and with Vantage Airport Group to the 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: Hamilton International staff

ABOUT VANTAGE AIRPORT GROUP

Passionate about people, performance and place, Vantage Airport Group is a leading investor, developer and manager of airports around the world. Since 1994, Vantage has been making airports more efficient, profitable, sustainable and connected to the communities they serve. Vantage has lent its expertise to more than 30 airports in its 25-year history, taking 20 from public to private management. Its current network is composed of 10 airports, including LaGuardia Terminal B in New York and Midway International Airport in Chicago. Vantage is also JetBlue Airways' preferred development partner for the airline's international terminal redevelopment project at New York's John F. Kennedy International. Together, Vantage airports served more than 57.7 million passengers in 2018, travelling on 150 different airlines.

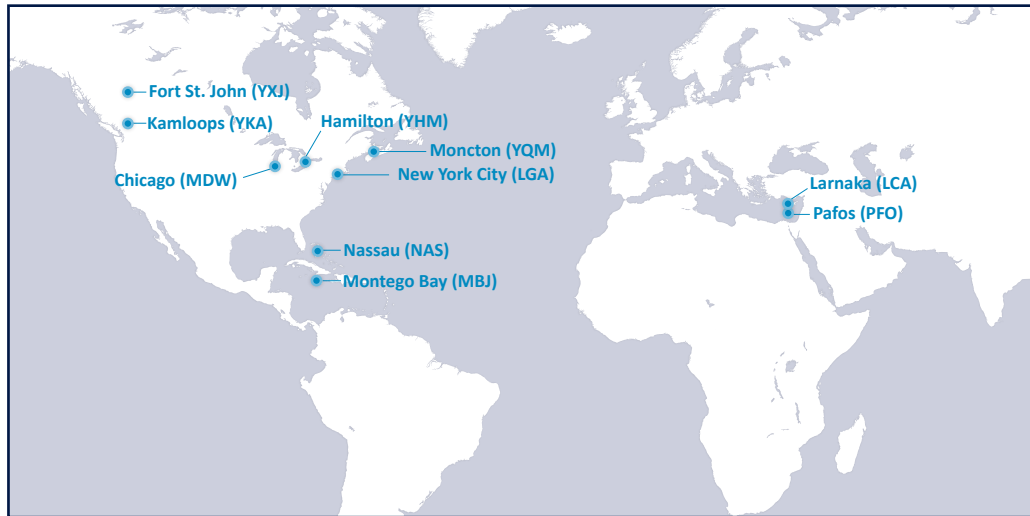


Photo: Domestic Arrivals Hall

**DO NOT FOLLOW
WHERE THE PATH MAY LEAD.
GO INSTEAD WHERE THERE
IS NO PATH AND LEAVE
A TRAIL.**

BENJAMIN DISRAELI

Photo: Departures Lounge

2018 HIGHLIGHTS



725,630
passengers flying to and
from Hamilton International



525,161,000kg
in total landed cargo aircraft billable weight



\$270.6M
in direct financial benefit to
the City of Hamilton since 1996



**NEARLY
3,500**

total jobs created through
Airport activity at Hamilton
International, creating \$243
million in salaries and wages,
\$386 million in GDP, \$1.2
billion in total economic
output for the region



**OVER
90%**

of passengers
reported a positive
Airport experience

**OVER
95 hours**

contributed by Airport staff to
community organizations and events

TO TRAVEL IS
TO TAKE A JOURNEY
INTO YOURSELF.

DANNY KAYE



Photo: Departures Lounge

PASSENGER OPERATIONS

Hamilton International Airport saw tremendous growth for the second year in a row. Last year 725,630 passengers travelled through Hamilton International representing a 21% growth compared to 2017 and a 118% growth in just two years compared to 333,368 passengers in 2016.

WestJet continues to offer daily service from Hamilton to its hub in Calgary, offering fantastic connection options for travellers from Hamilton to destinations such as California, Asia and Hawaii.

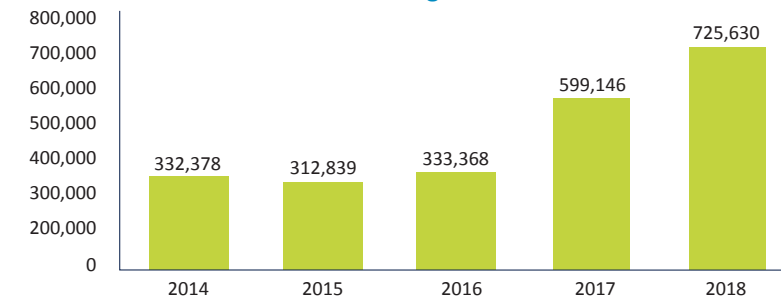
Air Canada continued flying twice daily from Hamilton to Montreal, increased to three times daily frequency during the fall. This service catered to the needs of business and leisure travel to Montreal and beyond.

In June, Swoop Airlines took to the skies with domestic destinations from coast to coast. From Hamilton travellers can fly direct to Halifax, Winnipeg, Edmonton and Abbotsford. Swoop's early success led the airline to expand its routes from Hamilton to include: Fort Lauderdale, Las Vegas, Orlando, Tampa Bay and Montego Bay. This successful start-up contributed greatly to the growth experienced in 2018 at Hamilton International.

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

Sunwing continued to build its vacation offerings from Hamilton International to Montego Bay, Punta Cana and Varadero on a seasonal basis.

Passenger Traffic



CARGO OPERATIONS

Hamilton International remains Canada’s largest overnight express cargo airport with 5% growth in 2018 compared to 2017 and 20% growth compared to 2016. This steady growth confirms that Hamilton is a global gateway for facilitating goods movements across Canada and around the globe, thanks to solid partnerships with Cargojet, DHL, UPS, Canada Post and Purolator.

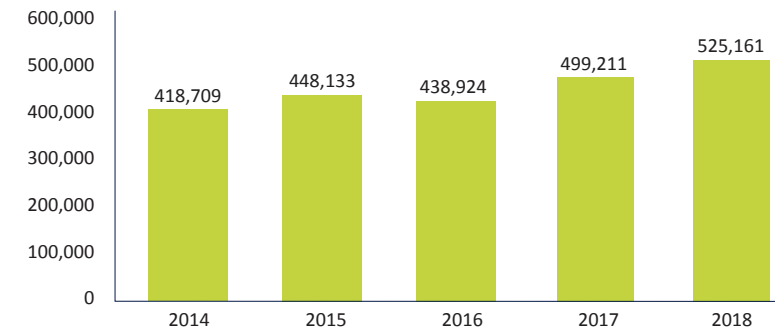
A significant amount of air cargo activity arriving at the Airport originates at or is destined for the Hamilton and Southern Ontario region. Hamilton International is also a critical waypoint facilitating the movement of goods across the country and into remote northern communities, across the border and to global markets. The Airport’s cargo operations are largely supporting local manufacturers, suppliers and businesses that rely on air cargo transportation services, particularly for commodities that are higher value or time sensitive, such as medical devices, pharmaceuticals or perishables.

Ontario, as well as the rest of Canada, is the home of a strong and rapidly growing e-commerce industry. E-commerce retail spending in the country is predicted to represent 10% of total retail spending by 2019, resulting in \$50 billion spent annually. Hamilton International is well positioned to support this booming industry with its large cargo facilities that operate 24/7, enabling companies to meet the tight deadlines that e-commerce demands.



Photo: Front of the Hamilton International Airport Cargo Centre

Cargo Aircraft Billable Weight (000's kg)



PASSENGER EXPERIENCE

Hamilton International continues to make improvements to its facilities in order to deliver the excellent experience that passengers have come to expect from the Airport.

Customer Service

The Hamilton International Airport Ambassador Program continued for its 13th consecutive year and continues to offer customer service and assistance throughout the Airport with a warm and cheerful smile. The Airport once again received a 90% satisfaction rating from passengers in 2018.

Terminal Partners

The Airport continued to provide passengers with food and beverage options both pre and post-security to provide passengers the opportunity to purchase grab'n'go selections prior to their flight. In 2018, the Airport welcomed a third car rental operator and introduced a vending machine stocked with the latest technology for travelers.

Terminal Updates

The Airport continued to invest in infrastructure both airside and groundside, which included major improvements to Runway 06-24 and reconfiguration of the Apron to accommodate additional aircraft. The Airport repaved and reconfigured the vehicle parking facilities which resulted in additional capacity. A new public address system, improved parking system and additional CCTV surveillance cameras were implemented to improve the customer experience while maintaining a safe and secure Airport.

Sense of Place

In 2018, the Airport refreshed the terminal both airside and groundside. This revitalized look reflects the exciting growth happening both at the Airport and throughout the City of Hamilton. The makeover reinforces the brand identity of the Airport and is designed to excite and inspire passengers as they embark on their journeys.



Photo: Retail shopping available in the Departures Lounge

GIVING BACK

Hamilton International is a responsible community partner and economic engine that 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 continually investing in operations and infrastructure to support Airport growth; since 1996 TradePort and its partners have invested \$224.2 million, which in turn has created \$ 270.6 million in direct financial benefit to the City of Hamilton.

Growing the Economy

Through Airport activity, Hamilton International and its partners contribute \$385.7 million in gross domestic product (GDP), produce an economic output of \$1.2 billion, and create nearly 3,500 jobs 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. In 2018, Hamilton International contributed over \$100,000 to various community partners and charities. Some of the community organizations supported by the Airport in 2018 include:

McMaster Children's Hospital • City Kidz • Epilepsy Canada • Liberty for Youth • Mohawk College • Supercrawl • Hamilton Tiger Cats • Collective Arts Brewery • Niagara Peninsula Conservation Authority • Hamilton Chamber of Commerce • United Way Hamilton & Halton • Hope Air • Mount Hope Community Fund • Great Canadian Shoreline Cleanup

*Source: 2017 Hamilton International Economic Impact Study, ICF (commissioned in 2018)



Photo: Hamilton International Airport staff at charity plane pull

AIRPORT OPERATIONS

Hamilton International Airport is committed to providing a safe and efficient experience for all passengers, operators and staff while ensuring minimal environmental impact to the public.

Safety

In 2018, Hamilton International participated in several training activities and exercises. In September, Hamilton International participated in Canadian Airport Safety Week (CASW) alongside 29 other Canadian Airports. The Airport also added additional CCTV cameras and consistently participates in table-top training exercises with Hamilton Police, Fire and Paramedics.

Community

Hamilton International is a responsible community partner and remains focused on seeking opportunities for continuous improvement of the Airport's environmental stewardship, social engagement and contribution to the regional economy. Hamilton International remains committed to its Sustainability Plan and continues to work with Sustainable Hamilton Burlington (SHB).

Efficiency

The Operations team was very busy throughout 2018 with a number of capital projects including improved parking system, new airside equipment, major improvements to Runway 06-24, reconfiguration of the Apron to accommodate additional aircraft and reconfigured the vehicle parking facilities which resulted in additional capacity.

Quality

Many of the capital projects completed in 2018 were done to increase the quality of the passenger experience at Hamilton International. These projects included resurfacing of the main road in front of the terminal, repaving one of two runways and upgrades inside the boarding lounge to offer passengers an improved environment while they wait to board their aircraft, including a welcoming kids zone to entertain the Airport's younger passengers.

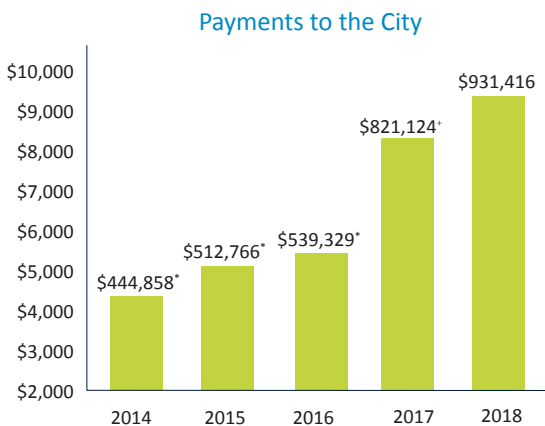


Photo: Hamilton International emergency response vehicles with a Volga-Dnepr Llyushin IL-76 cargo plane; photo credit Tom Podolec

FINANCIAL HIGHLIGHTS

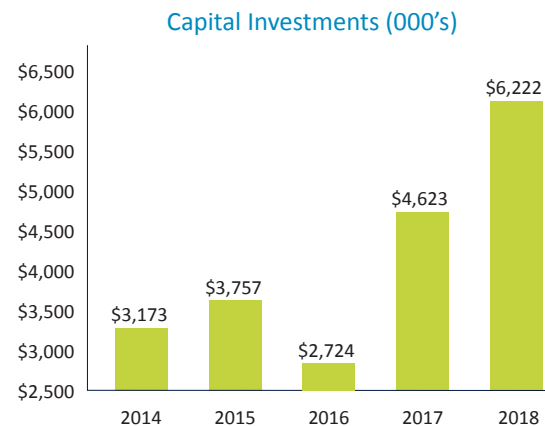
Passenger and cargo growth, along with the continued focus on safety, security and compliance with regulations were key drivers in 2018 for the Airport in reaching its performance targets. Financial results continue to be positive, with revenues exceeding operating expenses by over \$8.9 million.

The Airport continues to reinvest, maintain and grow its infrastructure through its sustaining capital program, and expand its facilities and capabilities through its expansionary capital program.

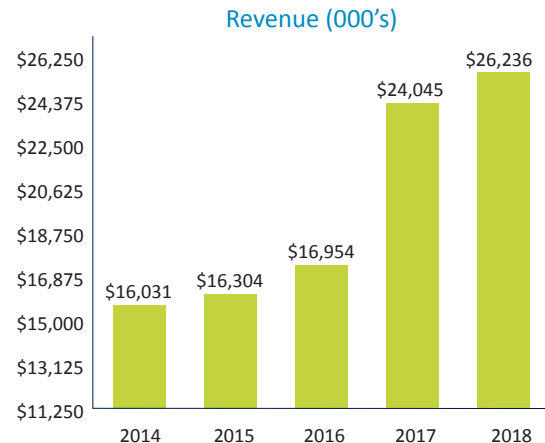


Under the operating lease agreement with the City of Hamilton, TradePort is required to pay rent based on a formula of revenue and operating income for each fiscal year. For the year ending December 31, 2018, rent to the City, assessment tax and other fees was \$931,416.

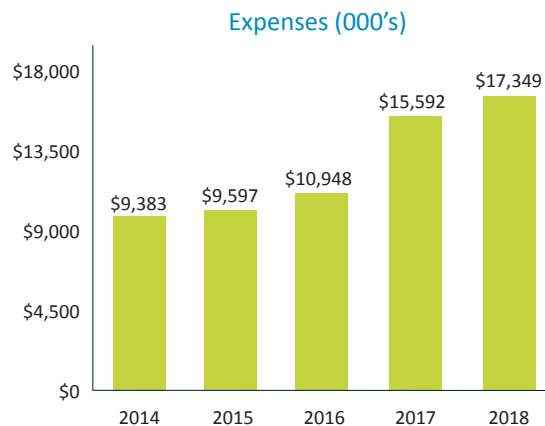
*Inclusive of Rent paid to the City and Assessment Tax Fee
 + Not included in this figure was a one-time additional payment of \$200,000.



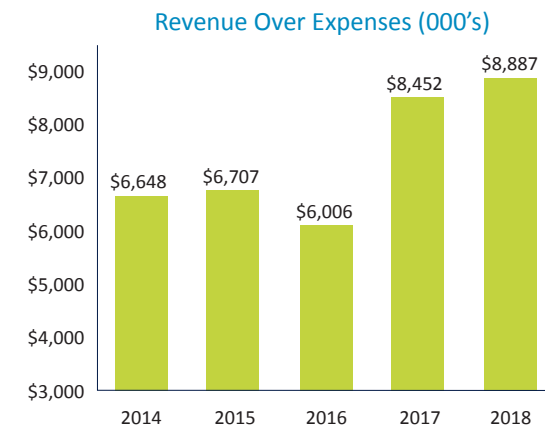
\$6.2 million was invested in sustaining capital. 2018 investments included: 06-24 runway rehabilitation, purchase of airside equipment, terminal equipment upgrades, parking lot enhancements, road resurfacings and terminal rehabilitation.



The Airport's three main revenue sources are passenger operations, cargo operations and commercial property rents. Revenues were 9% higher in 2018 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 increased of 11% over 2017.



Total excess of revenue increased by 5%, or \$435,000 over 2017's results due to increased cargo and passenger traffic.



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Growth Management Division

TO:	Chair and Members Airport Sub-Committee
COMMITTEE DATE:	March 29, 2019
SUBJECT/REPORT NO:	2019-2020 John C. Munro Hamilton International Airport (HIA) - City of Hamilton Joint Marketing Initiatives (PED19086) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Guy Paparella (905) 546-2424 Ext. 5807
SUBMITTED BY:	Tony Sergi Senior Director of Growth Management Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That the City of Hamilton approve and allocate \$100,000 from the Airport Joint Marketing Reserve Fund No. 112217 as the City's contribution to the 2019-2020 John C. Munro Hamilton International Airport (HIA) – City of Hamilton Joint Marketing Initiatives outlined in Report PED19086.

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 one project for the 2019-2020 project year.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As of December 31, 2018, there was \$380,664 in the Airport Joint Marketing Reserve Fund No. 112217. There are more than sufficient funds to allocate the \$100,000 recommended for the 2019-2020 Joint Marketing Initiatives in this Report.

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: 2019-2020 John C. Munro Hamilton International Airport (HIA) - City of Hamilton Joint Marketing Initiatives (PED19086) (City Wide) - Page 2 of 4

Staffing: Not Applicable

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, 2018, staff was advised by Finance Division that there was \$380,664 in the Airport Joint Marketing Reserve Fund No. 112217. Therefore, staff is requesting approval for financial support of the proposed 2019-2020 Joint Marketing Initiatives from same.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

John C. Munro Hamilton International Airport Head Lease Agreement

RELEVANT CONSULTATION

- Planning and Economic Development Department, Economic Development Division;
- Corporate Services Department, Finance and Administration Section; and,
- TradePort International Corporation (TIC).

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SUBJECT: 2019-2020 John C. Munro Hamilton International Airport (HIA) - City of Hamilton Joint Marketing Initiatives (PED19086) (City Wide) - Page 3 of 4

ANALYSIS AND RATIONALE FOR RECOMMENDATION

There is only one project totaling \$100,000, for the City's consideration as Joint Marketing Initiatives as defined in Section 34 of the Head Lease Agreement to promote economic growth and development for the HIA. TIC or the City have not yet awarded any project listed, consultants have not been retained, and costing amounts are estimates only. TIC has advised that should the total cost of any project increase beyond the estimated cost, the City contribution would not be affected.

General Marketing and Awareness Campaign

To support commercial passenger service, Airport Awareness Campaigns promote the destinations available from the HIA. Two campaigns are created, one for the summer program, which begins in April and runs through to September, and another for the winter program, which begins in October and runs through to March. The HIA works closely with an agency to develop a creative platform and marketing plan. A number of marketing mediums are used to promote the HIA, some of which include online, television and radio ads, outdoor billboards and bus shelters. Campaigns are focused on the central Hamilton area, but may extend to surrounding cities such as Burlington, Brantford and Niagara Region.

Timing

Summer Campaign (approximate):

Campaign Development: March 2019
 Campaign Duration: April 2019 to September 2019

Winter Campaign (approximate):

Campaign Development: September 2019
 Campaign Duration: October 2019 to March 2020

Estimated Cost*

Summer Campaign:

Total Cost	= \$300,000
Airport Contribution	= \$250,000
City Contribution	= was \$50,000

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SUBJECT: 2019-2020 John C. Munro Hamilton International Airport (HIA) - City of Hamilton Joint Marketing Initiatives (PED19086) (City Wide) - Page 4 of 4

Winter Campaign:

Total Cost	= \$250,000
Airport Contribution	= \$200,000
City Contribution	= \$50,000

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

ALTERNATIVES FOR CONSIDERATION

Not Applicable

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.

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

Not Applicable

GP/acs/sd