



Hamilton

**AIRPORT IMPLEMENTATION TASK FORCE
REPORT 12-001**

Wednesday, May 30, 2012

9:30 a.m.

Room 264, 2nd Floor

Hamilton City Hall, 71 Main Street West

Present: Chair L. Ferguson, Vice-Chair M. Pearson
Councillors B. Johnson, T. Whitehead, C. Collins

Also Present: C. Murray, City Manager
T. Sergi, Senior Director of Growth Management
G. Paparella, Director of Growth Planning
J. Spiler, Manager of Capital Budgets & Development
N. Schleeahn, Manager, Business Development
F. Scremin, President CEO; L. Yacksich Manager, Marketing
& Communications, Hamilton International Airport
M. Dugard, Grant Thornton
A. Grozelle, Legislative Co-ordinator City Clerk's Office

**THE AIRPORT IMPLEMENTATION TASK FORCE PRESENTS REPORT 12-001 AND
RESPECTFULLY RECOMMENDS:**

- 1. Independent Auditor's Report on the Annual Schedule of Percentage Rent Computation regarding TradePort International Corporation (PED12087) (City Wide) (Item 4.1)**

That Report PED12087 respecting Independent Auditor's Report on the Annual Schedule of Percentage Rent Computation regarding TradePort International Corporation, be received.

- 2. TradePort International lease Compliance Audit and Performance Review (PED12014)(City Wide) (Item 4.2)**

That Report 12014 respecting TradePort International lease Compliance Audit and Performance Review, be received.

3. Reporting Requirements for Hamilton International Airport (December 2011 Semi-Annual Report) (Item 5.1)

That the Reporting Requirements for the Hamilton International Airport (December 2011 Semi-Annual Report), be received.

4. Status Update on John C. Munro Hamilton International Airport – Federal Zoning Regulations (PED12088)(City Wide) (Item 6.1)

That Report PED12088 respecting Status Update on John C. Munro Hamilton International Airport – Federal Zoning Regulations.

FOR THE INFORMATION OF THE COMMITTEE:

(a) CHANGES TO THE AGENDA

The Clerk advised of the following change to the agenda:

- (i) A revised Appendix 'D' to Report PED12088 was distributed to the Task Force as the version included in the agenda was missing a page.

The agenda was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

None

(c) Minutes (Item 3)

- (i) **July 20, 2011(Item 3.1)**

The Minutes of July 20, 2011, were approved as presented.

(d) PRESENTATIONS (Item 4)

- (i) **Independent Auditor's Report on the Annual Schedule of Percentage Rent Computation regarding TradePort International Corporation (PED12087) (City Wide) (Item 4.1)**

Melanie Dugard of Grant Thornton addressed the Committee respecting the Annual Schedule of Percentage Rent Computation.

- Indicated that the Annual Schedule of Rent Computation amounted to \$168,535 in 2011.

The presentation by Melanie Dugard respecting the Report PED12087, was received.

For disposition on this matter refer to item 1.

(ii) TradePort International lease Compliance Audit and Performance Review (PED12014)(City Wide) (Item 4.2)

Melanie Dugard of Grant Thornton addressed the Committee respecting TradePort International lease Compliance Audit and Performance Review.

- Discussed the two year cycle of compliance audits.
- Indicated that the audit showed compliance with the lease.
- Committee members asked about the tax free status to the Airport
- Staff indicated that more details respecting this issue will come further in the next several months as the term laid out in the original tax free agreement will expire in 2013, at which time the taxation would be around \$100,000. Staff indicated that these calculations depend upon many factors, one of which being the degree they use the London airport as a comparison.
- Chair Ferguson drew attention to the \$202.9 million in total financial benefits to the City for the beginning of privatization to the end of 2010 and asked for further verification of this number.
- Committee members asked if the Airport was in danger of losing its International Status
- Frank Scremin, CEO and President, Hamilton International Airport indicated that it was not.
- Committee members discussed the issues created through not having a permanent structure on site for the supply of aviation fuel.
- Mr. Scremin indicated that they are looking at options to introduce this in the future.

The presentation by Melanie Dugard respecting the Report PED12014, was received.

For disposition on this matter refer to item 2.

(iii) Invitation to Representatives of the John C. Munro/Hamilton International Airport to provide a presentation respecting the future of the Airport relative to the strategic investments made by the City. (Item 13 General Issues Committee Report 12-007) (Item 4.3)

Frank Scremin, CEO and President Hamilton International Airport addressed the Task Force with the aid of a Power Point Presentation. A copy of the Presentation has been included in the official record.

- Discussed the challenges and successes seen in 2011
- Discussed that 2011 saw a decrease in passenger traffic due to a reduced frequency of WestJet flights. He also mentioned the positive results of trial routes flown by WestJet and Air Transat

- Committee members inquired about the possibility of introducing loading bridges for passengers
- Mr. Scremin indicated that they would need to build a business case with passenger traffic before proceeding with building loading bridges as the project would require a second floor to be built on the terminal which could cost around \$30 million.

- Mr. Scremin indicated that 2011 was the fifth consecutive year of growth in terms of cargo. He discussed that there has been some decline in cargo in 2012 as a result of the global decline in this area.
- He indicated that Hamilton is the largest Multi-modal cargo airport in Canada, meaning that they don't deal with the largest amount of cargo traffic but they have the largest amount of traffic that goes straight to market
- Discussed the introduction of the flight school, Golden Horseshoe Aviation and the benefits of the Mohawk College and their aviation Aviation Maintenance Technician Program, Aircraft Structure Program (Sept 2012) and Avionics Program (Sept 2013)

- Committee members asked about Ornge and their involvement with the airport
- Mr. Scremin indicated that Ornge rent a hanger from Cargo Jet. He indicated that they would have a better idea of Ornge's future plans in late June.

- Committee members asked for a percentage of the airport land mass that is used up by the tenants.
- Mr. Scremin indicated that it was likely around 10-15% of the overall land mass.

- Mr, Scremin Discussed the infrastructure challenges of not having a shared cargo space, the needed runway extension, and terminal expansion for additional capacity.
- Committee members asked how the application for funds to the federal government for a runway expansion are proceeding
- Mr. Scremin discussed how this is a difficult process since the Build Canada Fund is finished. He indicated that they are asking to the Federal government to fund the project on the basis of job growth and development.
- Committee members asked if there is a requirement for the runway extension to occur.
- Staff indicated there is a requirement under the lease agreement for the completion of a runway extension and the Airport Master Plan gives the target date of 2016. While 2016 is the target date it was clarified that TradePort would technically have until the end of the lease, 2036, to finish the extension.
- Mr. Scremin discussed possible expansion of routes to business travel locations like Ottawa and Montreal.
- He outlined the opportunities to look at flights into U.S hub Cities and even possibly resuming offering weekly flights to the U.K when the European economy improves.

The presentation respecting the strategic investments of the City around the Hamilton International Airport, was received.

(e) DISCUSSION ITEMS (Item 6)

(i) Status Update on John C. Munro Hamilton International Airport – Federal Zoning Regulations (PED12088) (City Wide) (Item 6.1)

Guy Paparella, Director of Growth Planning, addressed the Committee respecting Report PED12088.

- Committee members asked about the impact of the airport on the neighbouring property.
- Mr. Scremin indicated that they have had a lot of success in the past with lowering noise levels. He indicated that the lighting issue recently raised is a more difficult as much of the light exposure is simply background lighting. He did indicate that he would discuss this with the tenants engineers to see what can be done. Mr. Scremin indicated that steps have already been taken towards reducing the noise impacts of these tenants.

- Committee members asked about the 24 hour nature of the airport
- Mr. Scremin indicated there is a perception that Toronto does not flights after midnight; however this is not true as they actually have more traffic at night than Hamilton. He discussed the competitive advantage the airport has because of night cargo, he also indicated that provisions for night traffic were included in the terms of the lease.
- Chair Ferguson asked for the complaint trend information to come forward at a future meeting as it is important to illustrate the downward trend in the number of noise complaints seen over the years.
- Committee members asked questions of the federal changes to public notification and consultation respecting Airport Zoning Regulations (AZR)s.
- Staff indicated that there has been a federal change in the notification for AZR's so that they no longer need to be advertised locally but will be advertised in the Canada Gazette (Hansard). Staff indicated that public meetings are not required unless they are part of an Environmental Assessment process.

For disposition on this matter refer to Item 4.

(f) Adjournment (Item 8)

There being no further business, the meeting adjourned at 11:20 a.m.

Respectfully submitted

Councillor Lloyd Ferguson, Chair
Airport Implementation Task Force

Andy Grozelle
Legislative Co-ordinator
May 30, 2012