



**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.

**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,

- 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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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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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**

*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.*

GP/acs/sd

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