



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Growth Management Division

TO:	Chair and Members Airport Sub-Committee
COMMITTEE DATE:	April 15, 2021
SUBJECT/REPORT NO:	2021-2022 John C. Munro Hamilton International Airport (HIA) - City of Hamilton Joint Marketing Initiatives (PED21083) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tony Sergi (905) 546-2424 Ext. 2274
SUBMITTED BY:	Tony Sergi Senior Director of Growth Management Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That the City of Hamilton approve and allocate \$400,312 from the Airport Joint Marketing Reserve Fund No. 112217 as the City's contribution to the 2021-2022 John C. Munro Hamilton International Airport – City of Hamilton Joint Marketing Initiatives outlined in Report PED21083.

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 three programs for 2021-2022.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As of March 30, 2021, there was a balance of \$400,312 in the Airport Joint Marketing Reserve Fund No. 112217. As the requested funding of \$430,000 exceeds the available funding the City will only commit to the

upset limit of \$400,312 for the 2021 Joint Marketing Initiatives in Report PED21083.

Staffing: Not Applicable

Legal: Approval of the Joint Marketing Initiatives fulfils one of the City's obligations under Section 34 of 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 March 30, 2021 staff was advised by Finance Division that there was \$400,312 in the Airport Joint Marketing Reserve Fund No. 112217. Therefore, staff is requesting approval for financial support of the proposed 2021 Joint Marketing Initiatives from same.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

John C. Munro Hamilton International Airport Head Lease Agreement between TIC and the City of Hamilton.

RELEVANT CONSULTATION

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

ANALYSIS AND RATIONALE FOR RECOMMENDATION

There are three project/programs totaling \$870,000 with 50% funding request of \$430,000 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 has advised that these are estimates only as the programs have not commenced. TIC has advised that should the total cost of any project increase beyond the estimated cost; the City contribution would not be affected as it is capped at \$400,312 based on the available funds in the reserve.

Project: John C. Munro Hamilton International Airport Land Use Plan Update

Basis of Funding Request:

- The City is obliged to allocate funds for growth projects at the Airport and these funds may be used for the purposes of attracting employment opportunities to Hamilton, along with developing a joint marketing plan for lands surrounding the Airport intended to attract Airport related development.

Background and Proponent:

- COVID-19 has decimated passenger travel globally and specifically at the John C. Munro Hamilton International Airport. TradePort is requesting through the Joint Marketing Fund to establish a targeted marketing in the Greater Toronto Hamilton Area and establish a fixed price/rent guarantee to reduce airline cost while passenger demand is negatively impacted by travel restrictions and quarantine rules.

Scope and Cost:

- The Price Guarantee program will be focused on promotional programs to attract and provide growth incentives – projected budget \$360,000;
- The Rent Guarantee program will be applied to the Air Terminal occupancy charge waiver – projected budget \$245,000; and,

- The summer Marketing Campaign will entail website development, data analysis, marketing expenses to support and develop air carrier and passenger destination programs – projected cost \$265,000.

Total expected cost is \$870,000, which the Airport is requesting 50% from the Airport Joint Marketing Reserve Fund \$430,000. The City's commitment will be capped at \$400,312 based on the available funds in Joint Marketing Reserve.

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

Staff are recommending that the City of Hamilton approve and allocate \$400,312 from the Airport Joint Marketing Reserve Fund No. 112217 as the City's contribution to the John C. Munro Hamilton International Airport Land Use Plan Update project outlined in Report PED21083.

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

TS/sd