



hamilton  
international



# **John C. Munro**

# **Hamilton International Airport**

**2010 Annual Report to Hamilton City Council**  
**General Issues Committee**

**October 11, 2011**

# Agenda

- Introduction
- Air Carrier Activity
- Operations
- Our Corporate Social Responsibility
- Financial Review
- Summary



# 2010 Overview

- Cautious optimism returning to the market after the worst recession since the 1930's
  - Opportunity to build on solid groundwork laid by the hi team
  - Continue developing our many strong partnerships within the industry
- In 2010, hi continued to build its business
  - Increased cargo activity
  - Continuation of cargo flights to Poland plus new cargo destinations of Iceland and Bermuda
  - New flights to Cuba during the winter from Hola Sun and CanJet
  - Secondary zoning plan for Airport Employment Growth District (AEGD) was approved by the City
  - Commitment by ORNGE Air Ambulance to locate its Transport Medicine Centre of Excellence at hi



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# 2010 Destinations from hi

## Non-Stop Destinations, Summer

- Calgary
- Edmonton
- Halifax
- Moncton
- Winnipeg

## Non-Stop Destinations, Winter

- Calgary
- Orlando
- Cancun
- Cayo Coca
- Holguin
- Punta Cana

## Connecting Canadian Destinations

- Abbotsford • Comox
- Fort McMurray
- Grande Prairie
- Kamloops • Kelowna
- Prince George • Regina
- Saskatoon • St. George
- St John's • Vancouver
- Victoria • Yellowknife

## Connecting US Destinations

- Honolulu, Oahu • Kahului, Maui
- Kona, Big Island
- Las Vegas • Lihue, Kauai
- Los Angeles • Orange County
- Palm Springs • Phoenix
- San Diego • San Francisco

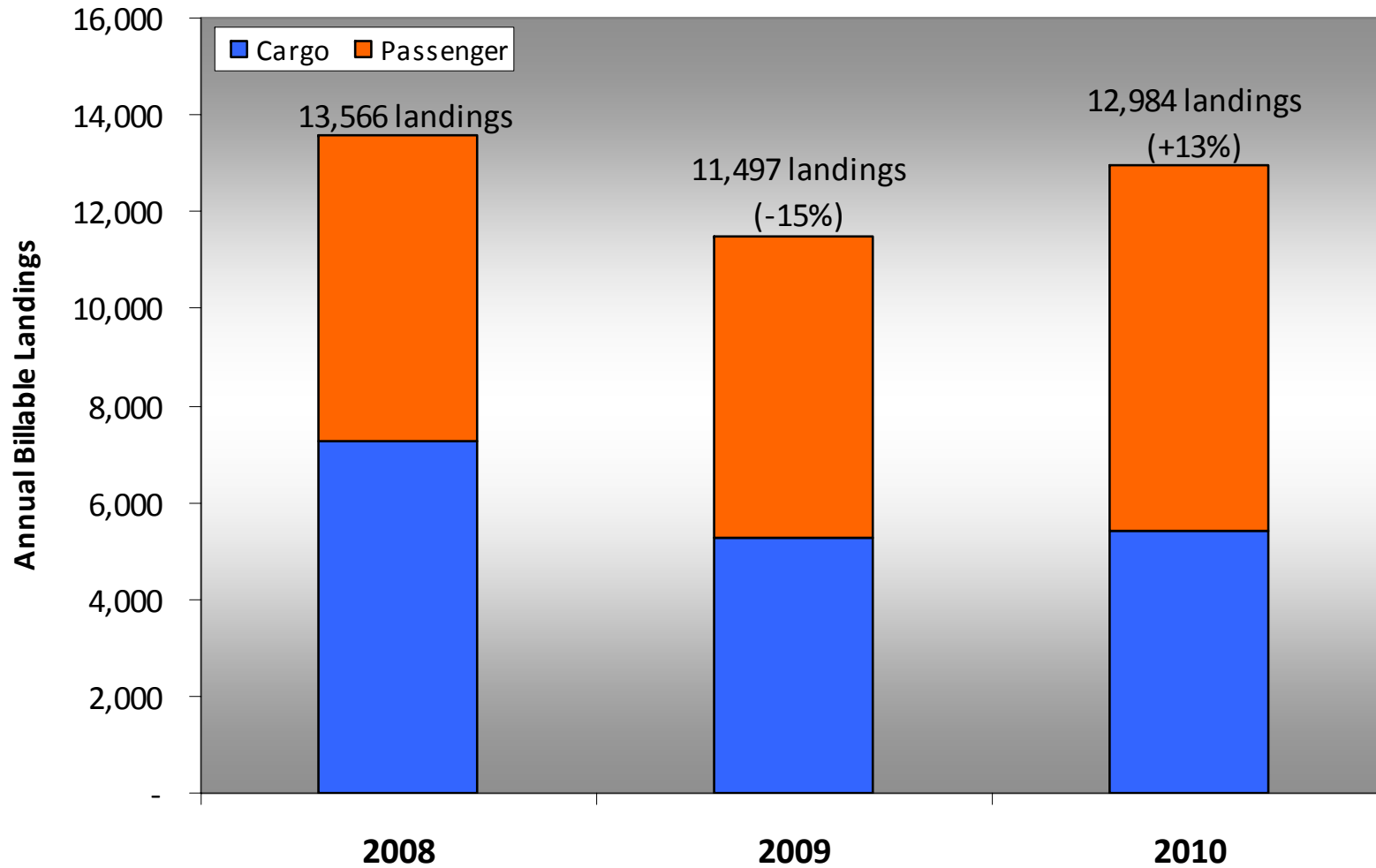


## Connecting International Destinations

- Cabo San Lucas
- Ixtapa /Zihautanejo
- Mazatlan • Puerto Vallarta

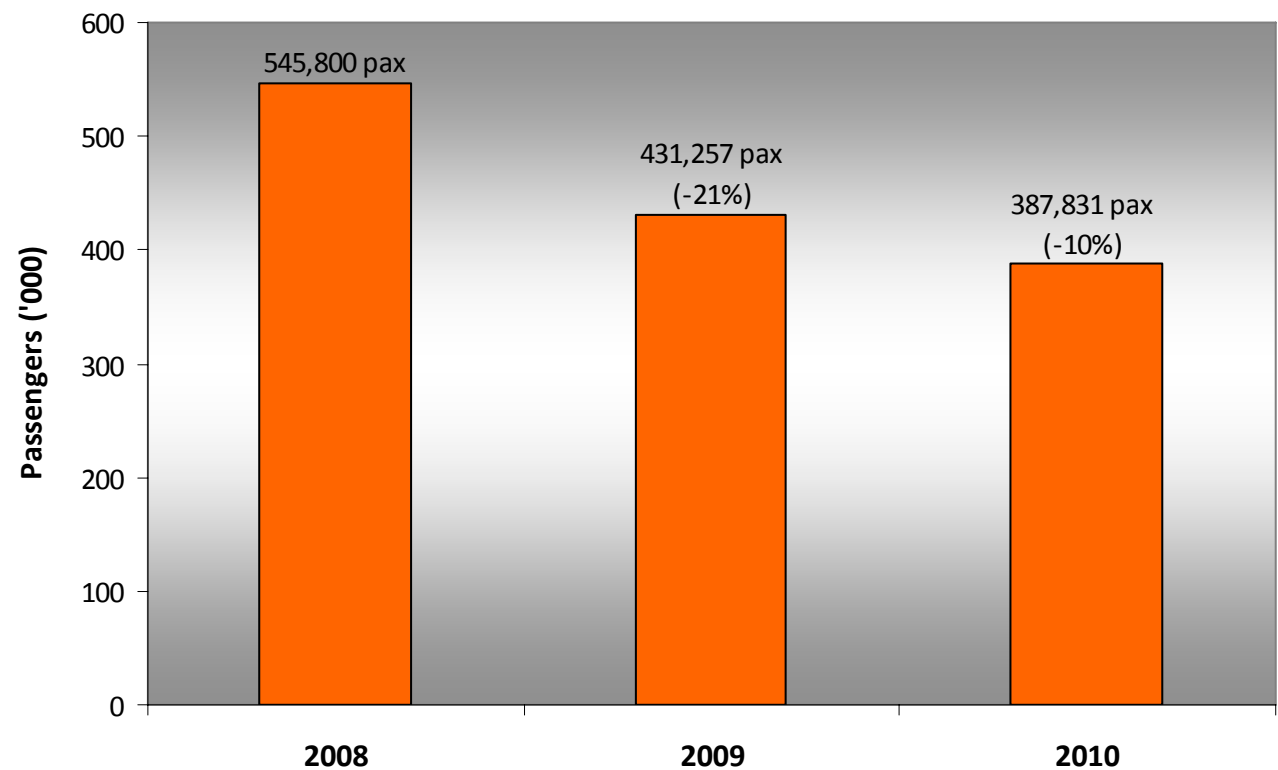


# Annual Landings



# Passenger Traffic

- Passenger numbers declined in 2010 due to the reduction of domestic WestJet services to season on most routes
- However, summer route performance improved year/year
- Winter sun routes in 2010 also outperformed 2009



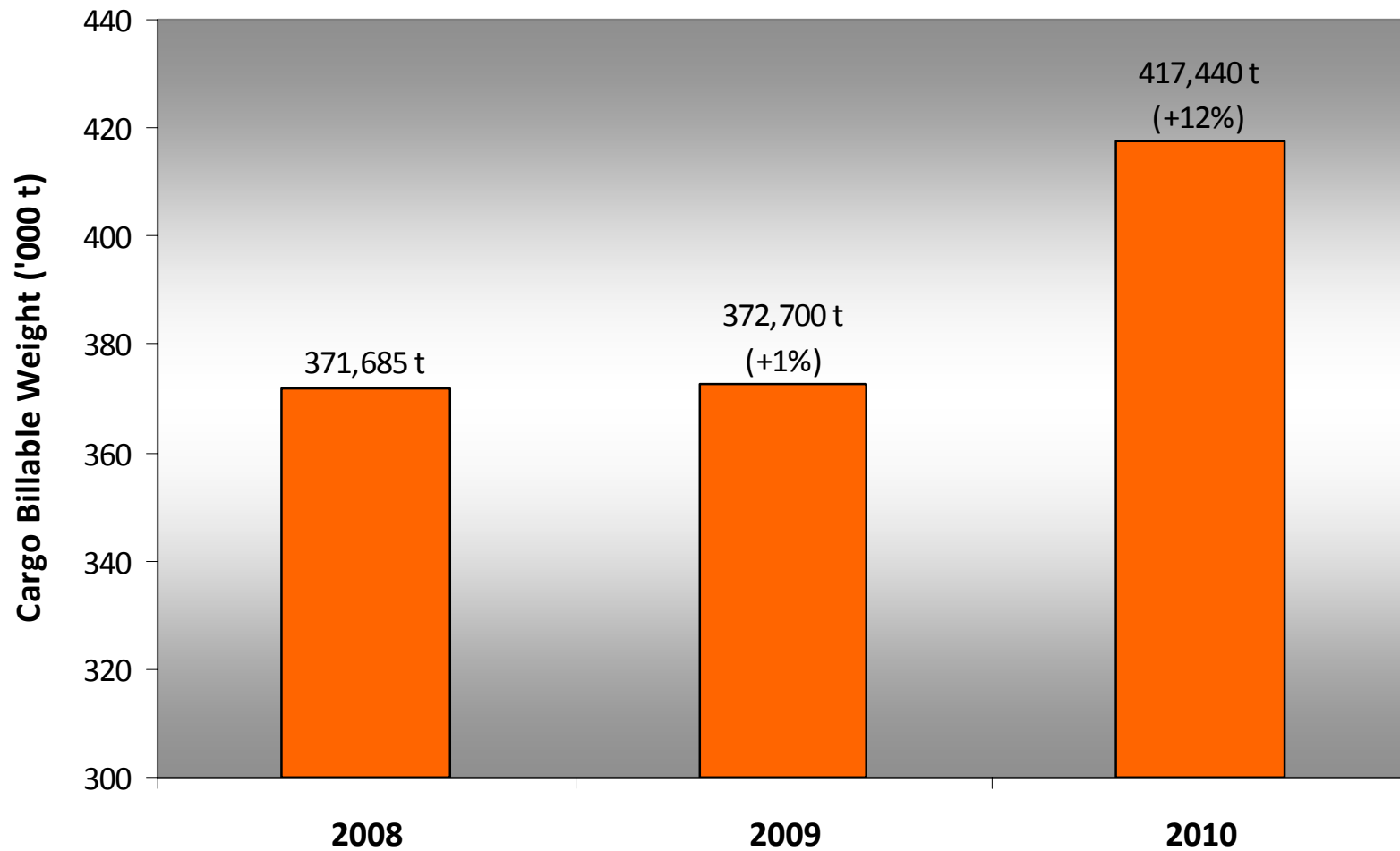
# 2010 Cargo at hi

- Cargo continued its strong performance at hi during 2010 with 12% growth over the previous year
- Growth was driven in part by the annualized benefit of DHL's transition to hi in 2009, new routes to Iceland and Bermuda, and Cargojet's ongoing partnership with LOT Polish Airlines
- Adhoc cargo activity also performed well with the economic recovery early in 2010 driving manufacturing activity in Southern Ontario





# Cargo Volume



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# Infrastructure Projects

- In 2010 several key projects took place that will allow hi to work towards its long-term vision:
  - Design & tender for widening of Taxiway Delta was completed; construction in 2011
  - Full automation of parking process for passengers
  - Signage improvements to the parking process
  - Completion of terminal building roof replacement project
  - Airfield pavement and apron repairs were completed
  - Pavement crack sealing was completed



# Great Customer Service

- Partnering with Tourism Hamilton to provide a Tourist Information Centre
  - Provide easy, accessible service to those visiting Southern Ontario
  - Information on Hamilton's community events and attractions
- hi's Ambassador program is still going strong after five years
  - Provide a warm welcome to passengers and assist with questions they have during their time at the Airport



# Safety and Security

- The safety and security of our customers, employees and partners is the highest priority at hi Work closely with government agencies to ensure safety and security regulations are met or exceeded
- 2010 Initiatives included:
  - Implementation of second phase of our Safety Management System
  - Canadian Air Transport Security Authority (CATSA) introduced a full-body scanner to the pre-board security area



# Environment

## Noise Management

- Noise Management Advisory Committee
  - Advisory group composed of members of community, local elected officials, air carriers and other stakeholders
  - Meets twice per year
- Working with NAV Canada and air carrier partners to implement new approach and departure procedures
- Cargo partners have introduced new generation aircraft that are more fuel efficient and produce less noise



# Environment

## Water & Waste

- Completed a Storm Water Management study in partnership with the City of Hamilton
- Received approval for the Airport Certificate of Approval from the Ministry of Environment
  - Permits discharge of clean storm water to the environment
- Airport Recycling Program
- Monthly water sampling to monitor storm water quality
- Completed two Earth Day clean-ups with airport partners



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# Educational Initiatives

- Continued support to Hamilton's local post-secondary institutions
  - McMaster Institute for Transportation and Logistics (MITL)
  - Mohawk College Co-op programs, including Travel & Tourism, Office Administration and HR Management
  - Mohawk College's Aviation Technician Program
  - DeGroote School of Business' MBA Co-op program at McMaster



# Community Outreach and Social Giving

- **hi** was honoured to sponsor and chair the 5<sup>th</sup> annual CityQuest Challenge, an event where teams compete in a Hamilton-wide scavenger hunt, raising funds for the United Way
- Sponsored community organizations in 2010, such as:
  - Hamilton and District Chambers of Commerce
  - McMaster University
  - Mohawk College
  - Dr. Bob Kemp Foundation
  - Theatre Aquarius
  - Canadian Warplane Heritage Museum
  - Jobs Prosperity Collaborative
  - Plus many more!



# Community Outreach and Social Giving



# Economic Benefits to the City of Hamilton

- TradePort has managed *hi* to become a successful economic driver for the City of Hamilton generating 1,382 direct FTE (2,876 total FTE) and \$80.3M direct GDP (\$181.2M total GDP)\*
- From operating at a \$1 million loss before TradePort, the airport now generates annual profits at no cost to the taxpayer

## Airport Investment Summary\*\*

Since Privatization in 1996

Total TradePort Investment	\$70.2 million
Tenant Investments	88.4 million
Government and Agency Investments (On Airport)	<u>4.5 million</u>
<b>Total Investments</b>	<b>\$ <u>163.1 million</u></b>



\* Figures from City of Hamilton Airport Employment Growth District – Phase 2 Economic Impact Report, August 2009. Total includes direct, indirect & induced

\*\* Figures used to calculate Airport Investment are approximate

# A Significant Return to the City of Hamilton

- Since 1996, TradePort and its partners have invested \$163.1 million and generated:
  - 2,304 person-years of total employment, \$390 million in economic output with a value added (GDP) of \$171.6 million

## Since Privatization in 1996

Property Taxes Gained	\$ 9.4 million
Direct Operating Deficit Eliminated	7.5 million
Other City Absorbed Costs Eliminated	7.5 million
Revenue Sharing since 2006	0.8 million
Airport Investment	<u>163.1 million</u>
<b>Total Direct Financial Benefit to the End of 2010</b>	<b><u><u>\$ 188.3 million</u></u></b>



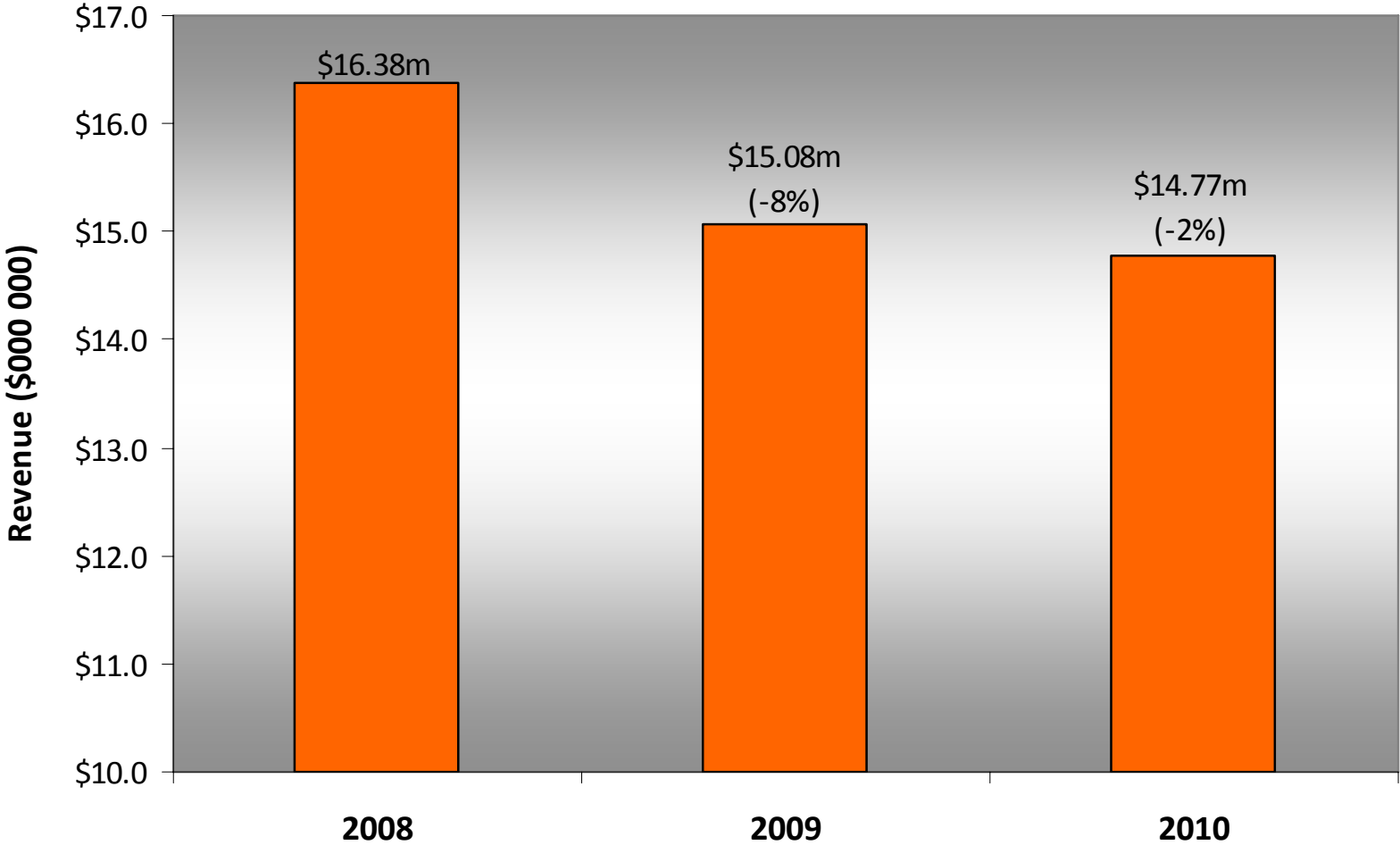
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General Issues Committee (October 11, 2011)*

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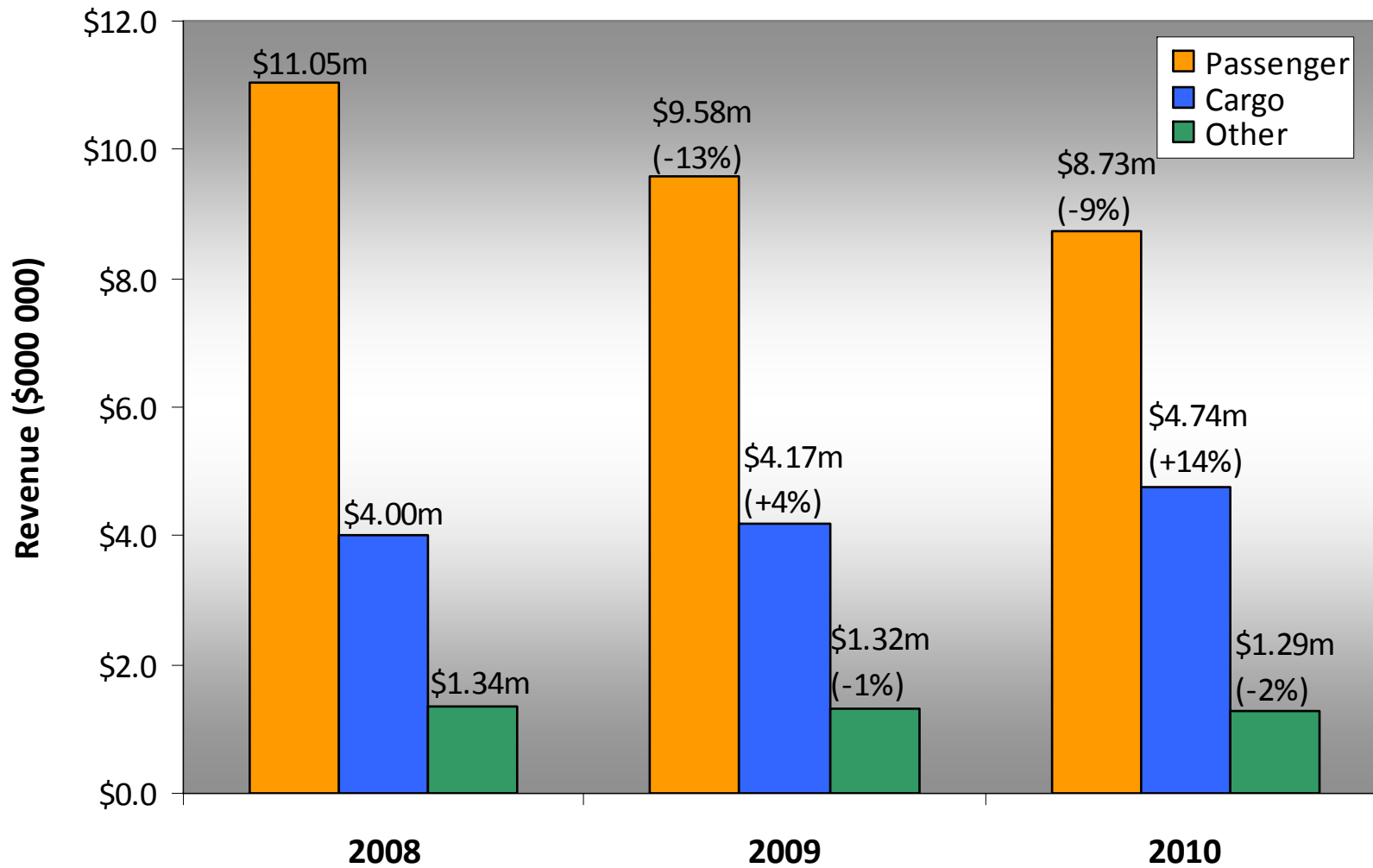
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# Revenue

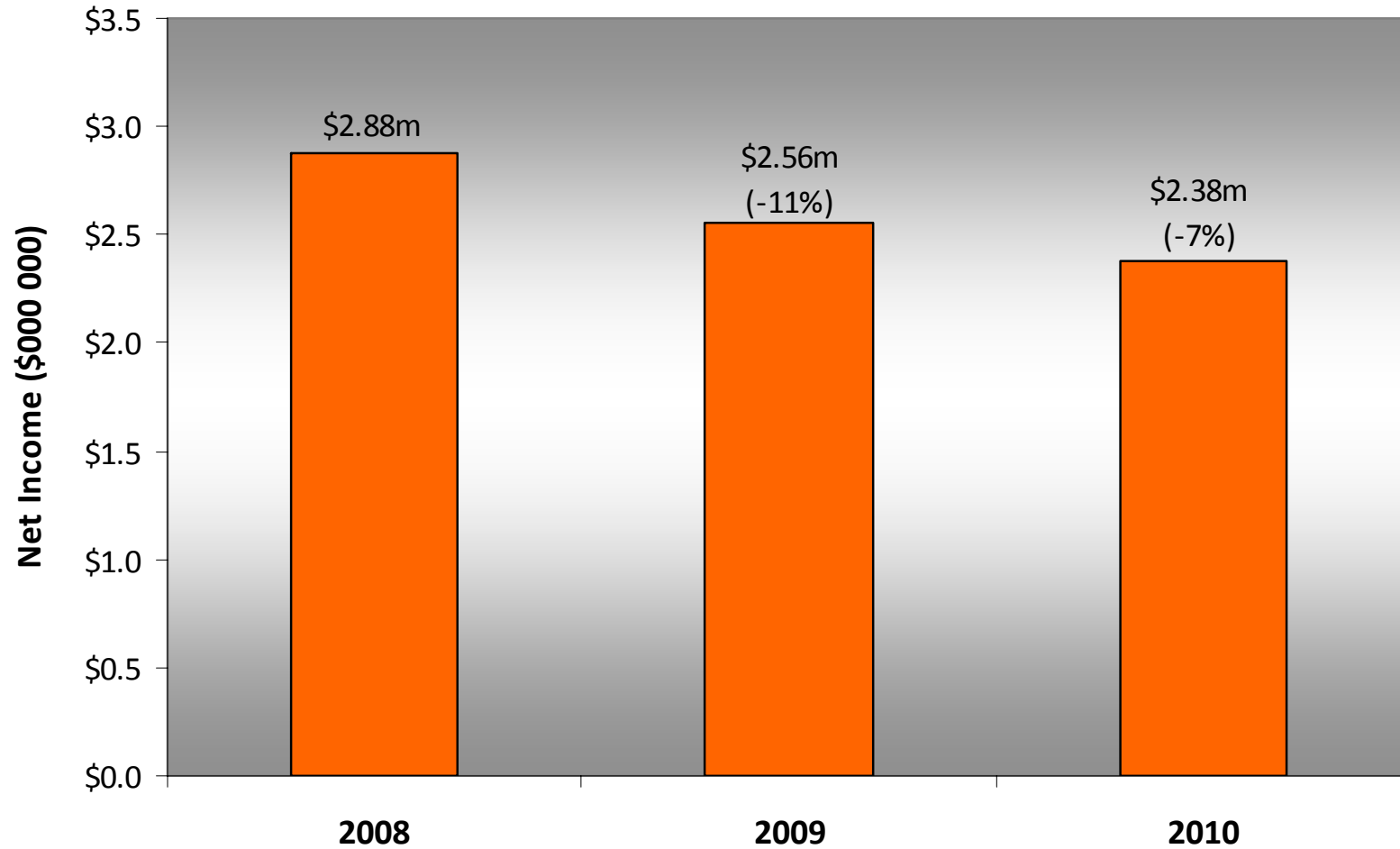


# Revenue By Sector

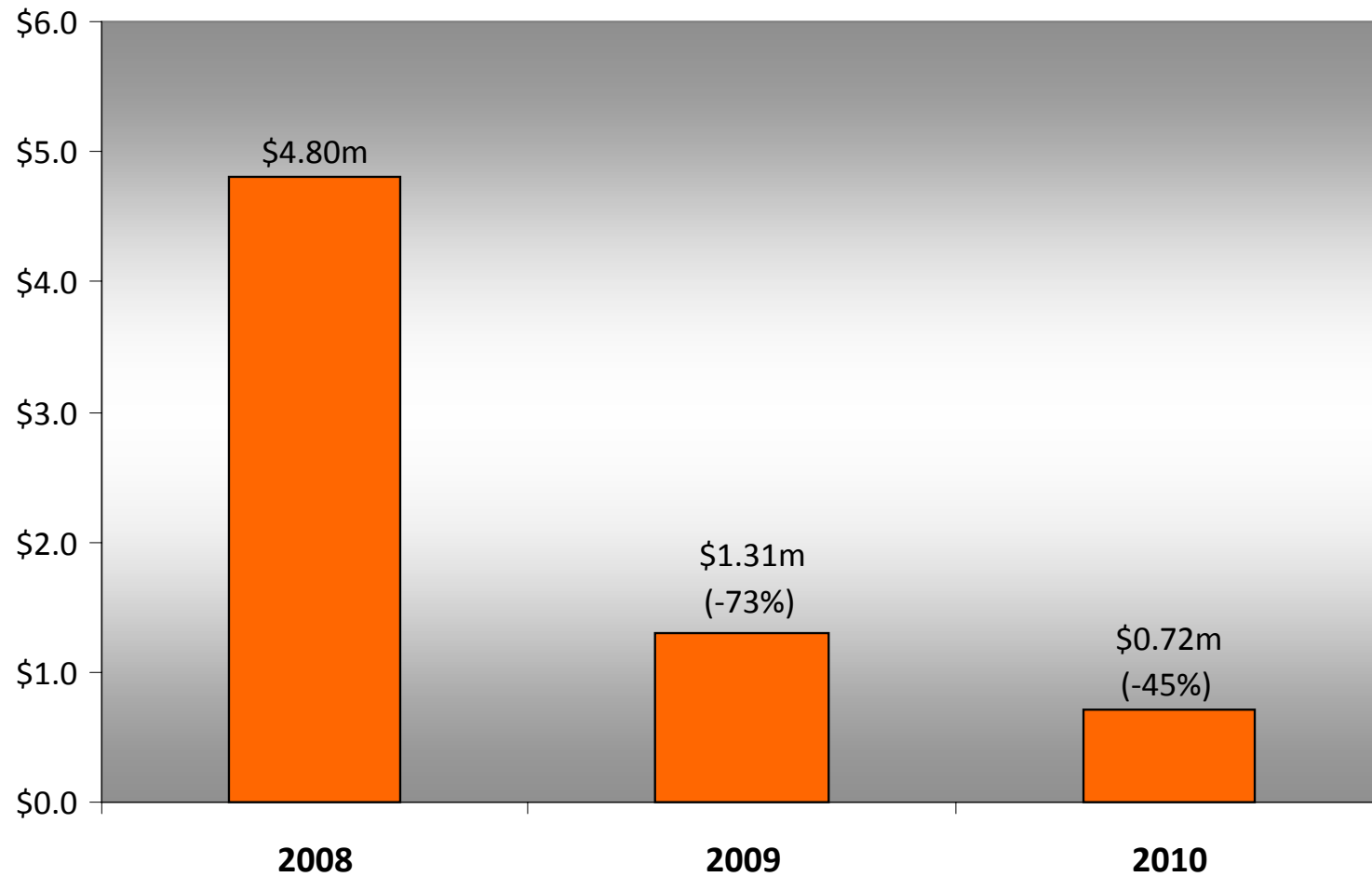




# Net Income



# Capital Investment



# Airport Accountability

- Full disclosure of TradePort's audited financial statements since 2006 and seven audits have been conducted by the City of Hamilton

Objectives include:

- Audit business affairs, records and procedures relating to the calculation of Gross Revenue and Operating Expenses for 2009
- Report on accuracy in determining the percentage rent payment for 2009
- Compliance and performance review for the airport operations investigating certain activities and compliance with the lease
- All audits have resulted in a clean audit opinion
- Results have been communicated to City staff



# City Audit of 2010 Rent Statement

- Grant Thornton, City auditors, have concluded in 2006, 2008, and 2010 that there is no reason why TradePort cannot give effect to the airport master plan and that it is in complete compliance with the lease agreement



# Publicly Available Documents

- A number of publicly available documents, providing greater details can be viewed at [www.flyhi.ca](http://www.flyhi.ca):
  - Annual Report
  - Tariff of Fees & Charges
  - Master Plan
  - Press Releases
- Lease Agreement is available at City Hall



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# 2010 Summary

- 2010 was a successful year, in the midst of a difficult economic times facing the aviation industry
- Cargo continues to be a strong performer, increasing by 14% over last year
- Summer passenger volumes improved over 2009 and winter sun destinations were also up compared to the previous year
- Commitment from ORNGE Air Ambulance to move its base of operations to Hamilton International, bringing approximately 80 skilled jobs to the area
- All audits have resulted in a clean audit opinion
- Ongoing improvements and facility expansion continue
- 2011 year-to-date performance is exceeding expectations
- Going forward the focus remains to fulfill the mission to position the airport for growth in 2012 and beyond
- City of Hamilton continues to receive rent from Hamilton International at \$217,367 22.18% more in 2010 v. 2009



# Thank You & Questions



KELOWNA Flightcraft



A STAR ALLIANCE MEMBER



...your flight, your way.



Glycol Management



General Issues Committee (October 11, 2011)