

Kawartha Lakes Municipal Airport



May 16, 2017

Core Service Review



Kawartha Lakes Municipal Airport

- Constructed as a general aviation facility in the early 1960's
- Facility was operated under a lease agreement until 2001 when the City took back responsibility for operations
- Governed by the volunteer Kawartha Lakes Airport Board



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Infrastructure

- 168 acres on Hwy. 35 N
- Primary paved runway 3500 ft long
- Secondary grass runway 2641 ft long
- Houses a 6,674 sq ft terminal with flight school and restaurant built in the 1960's
- Two 10-unit T hangar buildings plus one 4,500 sq ft hangar
- 40 outdoor aircraft parking spots with 16 full-time occupants
- Self-serve Avgas and Jet A dispensing system

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Tenants

- 36 resident aircraft in hangars or on ramp paying monthly rent
- Restaurant
- Flight school
- Hangar tenant

- Expect to attract up to two international flight training academies
- Staying in close communication with a major prospect

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Operations/Management

- Airport is operational and terminal and fuel accessible 24 hours a day
- Management is contracted to The Loomex Group – operations, administration, management of airport capital projects, snow plowing, grass cutting, etc.
- Staffed 5 days per week with 1 full-time and 1 part-time employee

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Operations/Management

- Municipal Airport Board governance
- Engineering and Assets is liason department
- City provides admin supports – legal, finance, etc.

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Users

- Flight school
- Private aircraft
- Ornge
- OPP
- MNRF
- Canadian Military



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Guiding Documents

- 2002 Airport Master Plan from Marshal Macklin Monahan
- Airport Task Force Final Report 2008
- Comprehensive Airport Review 2009 with public consultation
- Business Plan – Fortin & Associates 2011
- Updated Business Plan in 2012

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What is it costing us?

Operating - Actual

| | Revenue | Expenses | | |
|--------------------|----------------------|----------------------|-----------|--------------------|
| 2010 | \$ 159,439.43 | \$ 221,119.50 | \$ | (61,680.07) |
| 2011 | \$ 179,943.17 | \$ 294,233.01 | \$ | (114,289.84) |
| 2012 | \$ 278,396.93 | \$ 308,042.60 | \$ | (29,645.67) |
| 2013 | \$ 356,715.54 | \$ 359,386.26 | \$ | (2,670.72) |
| 2014 | \$ 315,686.94 | \$ 360,727.44 | \$ | (45,040.50) |
| 2015 | \$ 337,550.98 | \$ 334,653.90 | \$ | 2,897.08 |
| 2016 | \$ 346,288.87 | \$ 407,541.74 | \$ | (61,252.87) |
| Budget 2017 | \$ 463,175.00 | \$ 474,393.00 | \$ | (11,218.00) |

Revenue in 2016 was impacted by issues with the payment system for the fuel system. It was replaced in mid-2016 which added extra expense.

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Slide 9

Capital

| Year | Description | Budget | Total Spending | Remaining Budget for open Projects |
|------|---|-------------------|-------------------|------------------------------------|
| 2017 | Runway Resurfacing | 200,000.00 | - | 200,000.00 |
| 2016 | HVAC System for Terminal | 7,000.00 | 7,373.54 | - |
| 2016 | Parking Lot & Apron Lighting | 15,000.00 | - | 15,000.00 |
| 2016 | Airport Internal Roadway | 24,000.00 | 21,871.54 | - |
| 2016 | Airport Apron Rehab | 49,000.00 | - | 49,000.00 |
| 2014 | Internal Roadway & Apron Rehab | 146,000.00 | - | - |
| 2013 | Site prep to west of extended apron | 25,000.00 | - | - |
| 2013 | Grass area improvement, concrete rehabilitation | 75,000.00 | 141,806.26 | - |
| 2013 | Underground hydro, water, ww services to airport facilities | 25,000.00 | 22,548.62 | - |
| 2012 | Airport movement area repairs | 80,000.00 | 2,238.72 | - |
| 2012 | Site drainage plan/drainage improvements | 80,000.00 | 313,410.91 | - |
| 2012 | Apron expansion to north | 100,000.00 | 3,461.86 | - |
| | | 826,000.00 | 512,711.45 | 264,000.00 |

2008 Council resolution: "That the net proceeds from the sale of the Denfield Road property be placed in the Capital Projects reserve designated for the rehabilitation of the airport infrastructure."

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Municipal Airports

- Study of Municipal Airports in Ontario 2006
- 74% Not Self-sustaining
- 21% Self-sustaining
- 2% Viable

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Options

1. Status Quo
2. Invest now for growth
3. Lease to a private company
4. Close the airport

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Status Quo - Description

- Maintain current service levels
- Continue to operate at break even
- Continue marketing to attract new businesses (very real prospect)



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Status Quo - Benefits

- Minimal impact to city resources
- Supports 3 small businesses – approx. 8 full & part-time jobs
- Provides employment – one full-time and one part-time
- Availability of an airport is a factor in businesses evaluating locations for expansion or relocation

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Status Quo - Risks

- May lose current tenants
- Minimal opportunity for growth
- Aging infrastructure

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Status Quo - Costs

- Difficult to stay break-even
- Capital investment is necessary to maintain assets

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Invest - Description

- Invest in capital upgrades to the facility as outlined in the Business Plan
- Replace aging infrastructure
- Add amenities to attract businesses

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Invest - Benefits

- Opportunity to attract new businesses and aircraft to the airport
- Economic benefit to the community

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Invest - Risks

- ROI on capital very difficult to fund through new business
- Very limited opportunities for funding
- If we build it, will they come?

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Invest - Costs

- Capital investment of \$5-8 million over the next 5 – 10 years

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Lease - Description

- Lease the property and buildings to a third party to maintain and operate
- Similar model used prior to 2001
- Expression of Interest to gauge interest?

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Lease - Benefits

- Eliminates City resource support
- Financial benefit to City if capital is covered by lessee
- Retains the airport within the community

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Lease - Risks

- Difficult to find third party interested in taking on the investment in infrastructure
- May have to continue with some capital support

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Lease - Costs

- May have to continue with some support for capital depending on arrangement

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Close - Description

- The airport could be closed
- The property repurposed or sold

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Close - Benefits

- Capital investment not required for infrastructure

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Close - Risks

- Property not well suited for development: outside settlement area, flood plain, designated as an airport
- Would close 3 small businesses with current leases
- Impact to tourism and local business if airport was no longer accessible

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Close - Costs

- Costs to decommission buildings, well, septic or sell as is
- Realty costs if the property is sold

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Next Steps

- Report to Council to outline options in more detail
- Provide recommended option

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Slide 29