

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



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

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

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

Operations/Management (continued)

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

Users

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



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

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.

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.”

Municipal Airports

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

Options

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

Status Quo - Description

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



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

Status Quo - Risks

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

Status Quo - Costs

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

Invest - Description

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

Invest - Benefits

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

Invest - Risks

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

Invest - Costs

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

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?

Lease - Benefits

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

Lease - Risks

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

Lease - Costs

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

Close - Description

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

Close - Benefits

- Capital investment not required for infrastructure

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

Close - Costs

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

Next Steps

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