



**STAFF REPORT
CAO2017-06**

Standing Committee N/A
Council 09/25/2017
Amendments: no

Submitted to: Council
Submitted by: John Brown, CAO
Subject: Airport

PURPOSE

Provide Council with a recommendation for the future operations of the Collingwood Regional Airport, following staff's investigation of the various options available, as directed by Council on January 5, 2015.

RECOMMENDATION

THAT Council receive Report CAO2017-03 regarding options for the future of the Collingwood Regional Airport;
AND FURTHER THAT Council herein declare the Collingwood Regional Airport as surplus to the needs of the municipality and commence the disposal of the property in accordance with the Town's land disposition by-law.

1. BACKGROUND

After having given careful consideration to the Town's seriously challenged financial situation,¹ at its In-Camera meeting on January 5, 2015, Council directed staff to explore options for future Airport operations including divestiture.

Defending and maintaining the Town's position with respect to the wind turbine application has delayed staff reporting back. Now that all appeal possibilities have been exhausted, it is appropriate for staff to report back to Council with respect to the information gathered and the meetings held over the past two years.

¹ See Appendix 1, BMA Report on Collingwood's financial indicators

History

The Collingwood Regional Airport (CRA) is one of the busiest regional airports in Ontario. It has a long history of providing services to the region. The following is a brief background on its history, services and growth potential.

The CRA is located 8km south of Collingwood, Concession VI, Lots 32 & 33, former Township of Nottawasaga, now known as the Township of Clearview. The total area of the site is 158 hectares (392 acres).

The Town of Collingwood purchased property and established the Airport in 1967. The facility was originally a single grassed runway. Over the intervening years it has been developed into a modern airport with two runways and a considerable amount of infrastructure.

In 1970 under agreement with Transport Canada, Collingwood undertook to provide the services and facilities to operate and maintain CRA as a licensed public facility. In order to meet Transport Canada's requirements, Collingwood entered into an agreement with a third party private operator. Under this agreement, the Town sold approximately six acres of land to the Collingwood Air Service, a commercial air charter service. These lands were subsequently developed with the construction of an apron, hanger, office, and terminal complex all under private ownership. That parcel of property is now owned and operated by Collingwood Aviation Partners (Genesis Air).

Since the Airport was first established in 1967, the initial grass runway (runway 13/31), has been rebuilt with federal funding assistance. In 1974 it was paved and lighted as a 914 metre licensed runway. At the same time, a small public apron was constructed immediately east of the Collingwood Air Services hangar. Also in the 1970's, a crosswind grass runway (runway 01/19) 747 metres in length, was constructed. In 1981, runway 13/31 was extended to 1219 m (4000 ft.). Also in 1981, a new public apron and airport maintenance garage was constructed north of the CAS facilities with financial assistance from the Province of Ontario.

The purchase of land immediately south of the Airport property in 1982 enabled a further extension to the south end of runway 13/31. In 1988, with federal funding assistance, the Town extended the runway to its present length of 1519 m. (5000 ft.) and, at the same time, widened the entire runway to 30 metres to conform to Transport Canada's then aerodrome standards. Again, with a federal infrastructure grant, the runway, taxiway and aprons were repaved in 2009.

A new standalone airport terminal building was officially opened on November 8, 2006. The new terminal building contains a passenger reception area, a pilot's flight planning office, a small restaurant, and offices for operations and management personnel.

Airport Facilities and Services

Collingwood Regional Airport is the largest airport servicing the southern Georgian Bay area and is generally recognized as an excellent aviation facility. It is an important link to a comprehensive small airport network throughout the province. It provides convenient access and support for business, recreational and tourism travel. The Airport has been heavily dependent on both Federal and Provincial assistance (\$1.3 million over the past ten years) in attaining its current level of development. At the same time, taxpayers from Collingwood have contributed heavily to both its infrastructure and operating costs (to be discussed later).

The following is a brief summary of the services and facilities available at the airport:

- Runway 13/31 5000' x 100' asphalt and lighted (ARCAL, Type K)
- Runway 01/19 2450' x 75' grass
- 3300 sq ft Terminal Building, 3200 sq ft Maintenance Building
- Three types of fuel: 100LL, Jet A-1 and Shell Mogas without ethanol
- Three different types of automated approaches
- AWOS Weather Station
- Port of Entry status (Customs) and CANPASS
- Restaurant, Pilots' Lounge with Flight Planning Area and internet access
- 24 - Hour on call service and courtesy car by reservation
- Aircraft Parking: short and long-term
- Private and Commercial Hangars (52 private and commercial hangers)

As noted previously, much of the activity at the airport is recreationally focused. However, it is also used by local industries and corporate visitors to the area for business purposes.

Potential Economic Impact of the Airport

The Airport has become a strong regional employer with eleven businesses on-site employing more than 30 people.

The Town of Collingwood and the Township of Clearview partnered in 2015 to prepare an "Analysis of the Economic Impacts of the wpd Fairview Wind Project on the Collingwood Regional Airport and the Regional Economy." This report found the CRA to be an important transportation asset for Collingwood, Clearview, Wasaga Beach and the Southern Georgian Bay area. The report indicated the Airport had the *potential* to become a successful economic growth engine for the area. It also recognized the significant employment benefits now and *potentially* in the future, with the business expansions at the Genesis Flight Centre and the Clearview Aviation Business Park (CABP) development lands.

Magnitude of Change of the Airport

A number of factors could impact the Airport's future growth including predictions regarding the locations of aviation industries in Ontario. If there is a significant change in the nature of the activity at CRA and, as a result, a number of businesses located in the vicinity of CRA that rely on the presence of a corporate aviation centre, the CRA will need to change significantly. CRA will no longer be primarily a recreation airport with limited staff, infrastructure and a relatively small operating budget. The business model, capital requirements and operational demands necessary for this type of facility are obviously very different from CRA's current operation.

Staff recognize that transforming CRA from its existing status to a significant aviation and commerce centre of excellence, capable of attracting major operators currently using Toronto facilities, will not only require extensive capital infrastructure improvements at the CRA but also the addition of highly experienced administrative and operational management.

In the absence of any comprehensive business plan having been prepared to quantify such costs, their likely timing, or determination as to who will have the responsibility for them, the following costs are considered to be a good starting point.

Financial Impact

The anticipated capital costs to facilitate CRA development opportunities are as follows:

Parallel Taxiway	\$ 4,400,000
Fuel Truck	\$ 100,000
Security Fencing	\$ 800,000
Precision Approaches (PAPI)	\$ 15,000
Runway Extension (6000ft)	\$ 1,000,000
Runway Structural Improvement for Larger Aircraft	\$ 1,000,000
Airport Certification	<u>\$ 300,000</u>
Total New Investment Cost Identified (estimated)	<u>\$ 7,615,000</u>

Of critical significance is that as the application for development is in an adjoining municipality, the Town of Collingwood does not have access to a municipality's normal means of cost recovery (e.g. special area development charges, building permit fees, ongoing tax revenue). Approximately \$4 million of the above costs have been identified in the development applications and subsequent Draft Plan approvals as being at the owner's expense. At this point there are no committed proposals for these works and it can be expected that Collingwood will have to contribute a significant amount as well.

Existing and Future Operating Costs

The Collingwood Regional Airport is 100% owned by the Town of Collingwood and its operation is managed by a Joint Municipal Services Board made up of membership from the Town of Collingwood, Town of Wasaga Beach and Township of Clearview. This CRA Board is responsible for the day-to-day operations. The two external participating municipalities contribute approximately \$35,500 (Clearview - \$25,000 and Wasaga Beach - \$10,500) per year towards operations, with the Town of Collingwood having responsibility for the balance of all expenses and capital works. In 2016 this amounted to \$320,000. The financial participation of both Clearview and Wasaga Beach is discretionary, cancellable at any time without obligation, leaving the burden of responsibility with Collingwood taxpayers.

Through the development review process the Town has requested a Fiscal Impact Study from Clearview Aviation Business Park (CABP) representatives; to date no such study has been received. Thus, there is no information currently available which details the expected operating costs of an expanded airport. There is a statement in the C.C. Tatham report, dated April 2016, entitled "Aircraft Access to Collingwood Regional Airport" that there will need to be a "plan to resolve compensation for the relevant capital and operating costs", but no specifics have been provided to date. Therefore, staff are left to assume that these unknown additional costs could be the responsibility of Collingwood's taxpayers.

Airport operations since 2007 have lost an average of \$198,000 per year, a ten-year cumulative loss of approximately \$2 million. The annual operational losses have increased further in 2015 and 2016, \$228,000 and \$320,000 respectively, as a result of significant legal costs associated with the wind turbine tribunal.

The primary expense of the Airport is contracted services to manage and run the day-to-day operations of the Airport. In 2016, this amounted to \$237,000. Major additional expenses include legal (\$281,000), repair and maintenance (\$30,000), insurance (\$32,000), and utilities (\$15,000). The Town also issued a \$383,000 Airport debenture in 2009 for the terminal building. Principal payments of \$19,000 have been made annually ever since. Interest payments are 5.57% of the outstanding principal and amounted to \$13,500 in 2016.

In terms of capital costs, the Town of Collingwood has invested \$365,000 in land improvements (runways), building, vehicles, furniture and small equipment since 2007. Lastly, it should be noted that the Airport's operations require a significant portion of Town staff time in administration and management efforts which has been conservatively estimated to be valued at \$50,000 per annum.

With respect to capital maintenance and replacement costs, the Airport has a significant inventory of building, paving, equipment, and vehicle assets with an estimated replacement cost of \$4 million (2013 costs) as per the Town of Collingwood Asset Management Plan, prepared by Watson and Associates and adopted by Council in July, 2014. Based on the life expectancies of these various assets, Collingwood should be putting approximately \$200,000 into reserves each year so as to properly fund the eventual replacement or refurbishment of these assets.

Impact on Collingwood TaxPayer – Past, Present and Future

The Airport has never been able to cover its costs, operational or capital, resulting in an annual cost to the Town's already burdened taxpayer.

CRA has been, and will continue to be, an ever increasing unfunded liability for which the Town's taxpayers will have responsibility. In terms of the financial impact on the Town's strained resources; the Airport currently has an annual financial liability of \$570,000² to Collingwood's taxpayers and has cost the Town almost \$2.36 million since 2007 in operating losses and capital investment. The annual operating loss alone translates into just over a 1% tax rate impact (a 1% increase in the Town's 2017 tax rate is equivalent to approximately \$300,000). This annual cost to the taxpayer of operating the existing facility is considered very significant for the Town, which, as noted by the 2016 BMA study, has the 8th highest levy per capita out of 105 municipalities surveyed in Ontario.

While recognizing the benefits to local industry and tourism, if the Airport closed or if the Town divested itself of the ever increasing costs associated with operating the Airport, there could be a reduction in the taxes paid by Collingwood residents.

For the average Collingwood resident, the reduction in service levels as a result of closing the Airport would be minimal. CRA is a facility used primarily by visitors to the area and a small percentage of Collingwood residents. The purchase price received would enable a significant contribution to be made to the Town's inadequate reserves, which otherwise would be the responsibility of taxpayers.

Can the Airport make a profit if its role is significantly expanded as envisaged by the CABP proposal?

CABP proposes the Collingwood Regional Airport could potentially be profitable and an economic driver for the Southern Georgian Bay region (as opposed to the Town of Collingwood exclusively).

If the case can be made that its potential future expansion will support and benefit economic development in the wider regional area, the question arises as to why this 'regional' opportunity should be the responsibility of Collingwood's taxpayers?

³ Update on Debt Position T2016-17

Capital investment in the Airport – Can the Town afford to continue to subsidize the Airport now and as it is anticipated to expand?

The municipalities that have expanded their airports have made considerable capital and operational investments. However, it should be noted that these municipalities have considerably larger assessment bases and operating budgets than the Town of Collingwood.

In 2013, the Town commissioned a “Financial Health of the Town” report from BMA consulting that warned Collingwood about the risks of its carrying too much debt and recommended that Collingwood develop a debt reduction policy. As part of that debt reduction policy, BMA further recommended Collingwood adopt a debt target of Own Source Revenues of 7%. Collingwood currently has a debt level of 11% Own Source Revenues.³ The Town has since adopted the debt policy recommended by BMA and it is currently projected that the Municipality will reach its 7% target by 2024 (see Appendix 3). It would be an additional year, or 2025, before the Town would be in a position to assume any new debt needed for the proposed airport expansion and still remain within the debt policy limit of 7%. This does not consider any other municipal spending or investment needs.

In response to the Town’s serious financial challenges, the Town adopted a Pay As You Go Approach (Capital Prioritization Policy T2015-14-C SFPP #4) for capital expenditure prioritization. In descending order the priority for funding would fall into the following categories: “mandatory” as identified in the Asset Management Plan; “infrastructure deficiencies”, “new growth” and lastly “discretionary”. It is difficult to place an airport investment into any of these categories other than discretionary (the lowest priority) primarily because the CRA is used by a small portion of the population and it is located outside the Town borders, so therefore is not taxable by the Town. In addition, as the CRA is in Clearview, the Town cannot collect or use Development Charges from new development around the airport to fund any of this investment in the CRA. It is important to note many of the capital investments to date have been funded by Provincial and /or Federal grants, reflecting past challenges to the Town’s ability to afford the high cost of investment in the CRA. This is unlikely to change.

The Town’s current second highest priority for capital expenditures is the Asset Management Plan where there is a very significant deficit (\$10 million / year, and in excess of \$390 million in total⁴) and there is continuing pressure from Provincial bodies to address this funding gap. As a result of having adopted the Pay As You Go approach, the use of debt has been reserved for emergencies only.

In summary, the Town’s current financial position precludes its funding of any increase in operational costs, or funding new capital investment, or funding future unfunded liabilities of the anticipated growth around the Airport.

Sale to Clearview Township

In spring of 2015, senior staff from Collingwood and Clearview met to explore the possibility of selling the CRA to Clearview. It was felt that there were several positive reasons for this to occur. As the Airport is located in Clearview, it would have better control over the development approval process for the lands around the Airport and they would be the major beneficiary of the tax benefits which might result if the development was successful. Also, as the airport is located in Clearview, it has the ability under the Development Charges Act to recover the costs of the capital improvements necessary at the Airport to support the development of the adjoining property. This source of funding is not available to Collingwood.

³ Update on Debt Position T2016-17

Following discussions between staff of both municipalities and confirmation that there was interest from Clearview in a potential purchase, both parties agreed to obtain independent appraisals to determine an equitable price. These appraisals came back very close in value. A meeting was held with the CAO, Mayor and Deputy Mayor of Clearview and the CAO, Deputy Mayor and Airport Chair from Collingwood. With the support of both Councils the possibility of a sale was discussed.

Sale to the County of Simcoe

The County of Simcoe was also approached to determine its interest in taking over the Collingwood Regional Airport or other governance arrangement which would have ownership transferred to them.

Notwithstanding the County's participation within the Lake Simcoe Regional Airport, and in the legal appeal of the WPD turbines, there was no interest in the proposal to sell CRA to the County.

An alternative business model is required if the Airport's future potential is to be realized as envisaged.

2. INPUT FROM OTHER SOURCES

Legal Opinion

John Mascarin, Aird & Berlis – summary, for full opinion see Appendix 2

Aird & Berlis were asked to provide an opinion with respect to the appropriateness of the Town assuming responsibility for the CRA should it expand and diversify in the manner proposed by the proponent of the CABP and the Township of Clearview.

Municipal Purpose

Given the paucity of evidence thus far brought forward, any suggestion that the substantial expansion of the CRA beyond the use that is there today, together with the significant operational costs that would be required to fund the day-to-day operations and maintenance of the airport (leaving aside major capital infrastructure improvements that may be required in the future), raises the question of the whether there is a valid municipal purpose. Proponents will point to the economic benefits of the expansion but without any supporting empirical evidence to bear out the realistic prospect of the future events actually occurring. It is our view, given the absence of a business plan, any assertion that there is a proper municipal purpose to provide for the expansion of the CRA and to assume significant ongoing operational costs, is purely speculative at this point.

Prematurity

There is no doubt that the Town can bind itself in contract. However, the issue is whether, by entering into a formal commitment that would facilitate the expansion of the CRA, the Town might be fettering its discretion to deal with both the CRA and the CABP in the future. The Town, for example, is given a clear statutory authority to acquire lands in another municipality for airport purposes. Any contractual arrangements which are intended to enable the massive expansion of the CRA might be seen as a form of fettering of a future council's discretion to make proper, timely and financially-responsible decisions respecting the CRA.

Municipal Bonusing

The purpose of the formal agreement is to somehow enshrine the right of access or availability of access in order to permit CABP to market the lands. Clearly, the right of access to the CRA

would enhance the marketability of CABP but we have not seen any mention in the materials that we have reviewed that speaks to any payment flowing to the Town relating to such access. In our view, the value of the formal agreement would need to be quantified and an express payment provided, otherwise this arrangement may constitute bonusing and offend the anti-assistance rule in s. 106.

Conclusions

In our opinion, it is premature at this time to determine whether it would be appropriate for the Town to assume responsibility for the CRA should it expand in the manner proposed by the proponents of the CABP. At this time, insufficient evidence has been submitted by the proponents to demonstrate that the Town's responsibility for an expanded and major airport corresponds to a proper municipal purpose.

Related to the issue of prematurity, the facilitation of a formal access arrangement which would enable the expansion of the CRA raises concerns about the municipal purpose of any resolution or by-law that is passed to authorize same. In our view, a clear private marketing purpose has been identified but there is no concomitant bona fide and discernible municipal purpose, apart from an assumption that the speculative economic benefits of industry will serve the public interest of the Town and its residents.

As noted above, in the absence of a detailed business plan setting out the specifics of the agreements necessary for CABP's proposal to be operationalized, it is premature for the Town to make a decision that would permit the drastic expansion of the CRA in terms of both size and function.

The matter also raises questions about the application of the rule against bonusing contained in section 106 of the Municipal Act, 2001.

3. APPLICABLE POLICY OR LEGISLATION

Official Plan Policies Relating to the Collingwood Regional Airport

Collingwood's Official Plan states:

"The Collingwood Airport is a major transportation asset and is thought to have an important role to play in the Town's long-range economic growth. It not only provides an important, sometimes vital, transportation link for traditional industry, but also offers the prospect of increased tourism opportunities particularly in relation to area (ski/golf) resorts. In addition, the airport is recognized as a potential economic attractor unto itself.

It is the intent of this Official Plan "that the potential economic benefits of the airport are maximized through the exploration of future development/tourism opportunities, ideally in a regional partnership with the Town's neighbouring municipalities."

Township of Clearview Official Plan states:

Section 4.3.8 of the Clearview Official Plan provides an exception to the Agricultural policies to permit an airport and airport related accessory uses on the lands surrounding Collingwood Airport.

⁴ Watson and Watson AMP 2014

The Township of Clearview's Official Plan was amended in 2015 and approved by the County in March 2016. OPA No.16 is a very comprehensive amendment specific to the "Airport Related Employment Lands Special Policy Area". This multi page amendment sets out various policies and requirements to develop certain lands surrounding the CRA for limited industrial and commercial uses that are related to the aviation sector. For complete OPA No. 16 please see link under Resource #1. For a copy of the now approved Zoning By-law Amendment and conditions of Draft Approval please see links under Resources #2 and #3.

The County of Simcoe Official Plan states:

"The Special Development Area – Collingwood Airport overlay policies and mapping in the Township of Clearview Official Plan are recognized for their intent to plan for, and protect lands in the vicinity of the Collingwood Airport area for potential long-term airport-related uses.

Airport-related uses may be permitted on lands west of the Barrie-Collingwood railway right-of-way described as part of Lot 31, Concession 5, part of Lot 32, Concession 5 and part of Lot 33, Concession 6 in the Township of Clearview.

- a) *Proposed development on other lands within the Special Development Area – Collingwood Airport overlay shall be in accordance with the agricultural policies of this Plan. Airport-related uses may be established on these lands through a Township of Clearview Official Plan Amendment and shall demonstrate a need for additional airport-related uses and ensure all appropriate studies are undertaken in accordance with County and Provincial policies and applicable legislation."*

The Wasaga Beach Official Plan makes no reference to recognize the importance of the Collingwood Regional Airport.

The Town of The Blue Mountains Official Plan makes no reference to recognize the importance of the Collingwood Regional Airport.

Collingwood Community Based Strategic Plan

In addition to the statutory Official Plan, many contemporary and well managed municipalities have developed Community Based Strategic Plans. Collingwood is among these progressive communities. Collingwood's Strategic Plan was adopted on September 21st, 2015.

The planning process associated with the preparation of this Strategic Plan, provided full engagement of the public by a number of methods. The public's input was solicited in terms of what should be the Town's future priorities. The Plan's public sessions were extremely well attended and a great deal of public input was received in terms of the establishment of a community vision, five long-range goals and a series of objectives.

It should be noted that the CRA was not identified by the citizens of Collingwood as a priority within the Community Based Strategic Planning process, notwithstanding the highly inclusive process followed throughout the community. Of relevance, fiscal responsibility was among the top priorities of the Collingwood community.

Collingwood's Strategic Financial Plan

Following the public support for fiscal responsibility as one of the top priorities in the Community Based Strategic Plan, Council approved a financial plan to address the predominant issues of

the Town's heavy debt burden, inadequate reserves and high taxes. Council adopted a debt target which will preclude new debt in the medium term. Further, Council adopted a 'pay as you go' policy which requires all new capital projects to be fully funded prior to commencement. These policies, together with Council's focus on cost efficiency and cost avoidance in terms of operating budgets, are inconsistent with what has been proposed to date for the Airport's expansion.

Collingwood Economic Development Strategy

Additionally, the Town developed an Economic Development Strategy that identified the Airport as a community strength and opportunity. The recommended strategy from this study was to *support* assessment and investigation of economic development opportunities at the Airport by *working with municipal funding partners and private investment partners* to develop a strategy and business case for future of the Airport. The proposal for an aviation centre of excellence is consistent with the intention of the strategy. The role envisaged for the Town was to become involved in "*supporting the assessment and investigation*" of the economic development opportunities. The Town's participation with Clearview in an "analysis of the economic impacts of the wind project" and Council's support of the legal challenge against the wind turbines were both supportive of this intent.

4. ANALYSIS

The concerns with this proposal are summarized as follows:

- Unknown increased capital costs;
- Unknown responsibility for capital costs;
- Unknown increased operating costs;
- Unknown responsibility for increased operating costs;
- New and expensive unfunded priority (capital and operating);
- Adjacent development will not increase the Town's assessment base (benefit to Clearview);
- Adjacent development can not contribute development charges to the Town (paid to Clearview);
- Inability and lack of expertise of a municipality to manage and operate such a major and complex operation;
- Incompatibility of governance between private sector and municipality's interests;
- Not a municipal core service;
- Not a Community Based Strategic Plan priority; and
- Unaffordability of new capital and high operational costs

Consistent with Council concerns noted above, staff followed up with Clearview and the County as previously noted. In addition, staff reviewed the primary options available taking account of the Town's financial situation together with the legal advice provided by two independent lawyers. The outcome of this resulted in the following basic choices being identified.

Option 1 (a) Retain the Airport – status quo

Consistent with the legal advice and taking into account the Town's financial position and in particular the continuing detrimental impact on the Town's taxpayers, maintain the current function of the airport, but not allow access to the runways to serve any major commercial expansion as envisaged by CABP in the immediate vicinity.

This option is not considered appropriate in light of the pressure to pursue the opportunity to realize major expansion of the CRA towards a regionally focused aviation center with potentially

significant economic benefit to the wider region, if successful.

Option 1 (b) Retain the Airport - including seeking partnerships

Inconsistent with the legal advice and ignoring the Town's financial position, including the detrimental impact on the Town's taxpayers and future financial risk, would be to allow the development of the airport with, or without, potential partnerships. This option is not considered appropriate based on the legal advice received (noted in this report), the existing burden on, and future risk to, the Town's taxpayers together with the Town's inability to manage and finance such a massive commercial enterprise. As noted by Mr. Mascarin, such an option is inconsistent with the Town municipal purpose.

It is also worth noting that previous Councils have entered into significant external partnerships in the past, two of which have proven to be highly problematic.

Option 2 Divestiture

This option would require Council to declare the Airport surplus and divest it through a public process.

This option would have the immediate benefit of removing the Airport's operating cost burden from the Town's taxpayers and avoiding future liability for capital maintenance. Selling the Airport would also avoid exposing the Town's taxpayers to financial risk inherent in any major expansion of the airport with Town ownership / involvement. In addition to the immediate and substantial savings, it would also realize a major contribution to the Town's reserve funds. These funds could then be allocated to other municipal priorities, such as those reflected in the Community Based Strategic Plan, and the Waterfront Master Plan, among others.

This option would also allow for interest from both the private and public sectors, either individually or in combination, reflective of partnerships which they might establish. Of interest, if implemented, this option would open the opportunity for Clearview and the County to revisit their interest, potentially including partnerships as well as allow for private sectors expression of interest.

The first exploration of a potential divestiture was with the CABP who were asked on a number of separate occasions if they had any interest in purchasing the Airport. They expressed no interest in purchasing the Airport, apparently preferring the Town to remain fully responsible. While CABP is proposing an aviation business park, they apparently have no interest in its ownership, management, or ongoing administration. On the basis of the information they have provided to date, their purpose would appear to be the sell off/lease of lots adjacent to the Town's municipally owned airport. When the land sales/leasing has been completed, the running of the CRA, presumably would be left to the Town with no continuing presence or responsibility by CABP. Thus, the Town would become the service provider to an 'industrial' aviation centre assuming all of the associated costs/risks. The divestiture of the Airport would provide a second opportunity for Clearview, the County and CABP to consider their interest as a direct purchaser or within a partnership.

No formal approach was made to other private sector interests however, of high significance, is the fact that a number of unsolicited expressions of interest in purchasing the airport have been received from companies with direct experience.

Conclusion

The Town has always taken a supportive position with regard to the CRA's current operations

and to any opportunity which may exist for its future growth, however, to quote from The Town of Wasaga Beach's comments on the Clearview application:

"Private development of this nature should not place any additional financial burden on the Airport or the municipalities that support the Airport." Staff are supportive of Wasaga's position on the expansion of the CRA which, in the opinion of staff, can only be achieved by its divestiture from the Town."

The scale of the potential for the airports future development, if successful, strongly supports the need for the reconsideration of the Airport's fit within the Town's jurisdiction, community programming and financial circumstances. It would be to the benefit to the entire regional area if this opportunity for economic growth could be achieved. The Town's divestiture of this expensive discretionary service within an adjacent municipality is considered the most appropriate way to achieve it; whereas the continuation of the Airport under Town ownership represents the greatest obstacle to its future chances of success as a major aviation centre of excellence.

Potential advantages of divestiture in accordance with current Council Policy:

- Still maintain a 'regional' airport for a period of time as a condition of sale;
- Ability to leverage airport infrastructure expertise;
- Ability for more efficient management;
- Ability to operate like a business (commercial expertise related to promotion, revenue generation, cost management); and,
- Ability to react quickly to changes in the industry
- Significant financial resources made available for redirection to Collingwood's core business
- Reduction in staff time/cost resulting in a more cost effective use of staff resources.

5. EFFECT ON TOWN FINANCES

The Town would benefit from its divestiture of the CRA in the immediate and long term by cost avoidance and cost reduction, in addition to its sale price.

Additional considerations include:

- The Town cannot take on any new debt.
- The CRA is outside the municipality, and the Town will not benefit from an increased assessment base as a means of offsetting operating or capital costs.
- The Town cannot fund the Airport's capital or operational costs through property tax increases.
- The Town does not have discretionary reserves capable of funding the capital investment necessary, nor is it entitled to development charges to offset these costs.
- There would be a significant positive impact on the Town's overall financial position, and particularly its reserve fund balances.
- The Town would be less pressured to increase taxes with respect to its reserve fund balances.

In conclusion, the Town of Collingwood is simply not capable of funding or operating a commercial / industrial centre of aviation of the magnitude envisaged, nor should it stand in the way of a potential development opportunity which could benefit the entire regional area, if successful. Divestiture is considered the only option which could benefit the taxpayers of Collingwood while clearing the main obstacle to exploring the potential opportunity for a regional centre of aviation

excellence. If Council authorizes the recommendation as proposed, a notice will be provided to the public, and staff will consult with our solicitor to immediately prepare the divestiture/sale package which will require detailed proposals and commence the sale process for the subject lands, in accordance with the Town’s Land Disposition By-law.

6. APPENDICES AND OTHER RESOURCES

Appendix 1	BMA Report – table
Appendix 2	Airport Debt Analysis
Appendix 3	2016 Airport Operations Statement (Unaudited)
Resource 1	http://www.clearviewclerk.ca/wp-content/uploads/2015/07/15-60_opa_airport_lands.pdf
Resource 2	http://clearviewplanning.ca/wp-content/uploads/2015/11/Notice-of-Decision-DPS-2015-001.pdf
Resource 3	http://clearviewplanning.ca/wp-content/uploads/2016/01/ZBA-Notice-of-Passing-17-56-witn-By-law.pdf

SIGNATURES

Submitted by:		Prepared with the assistance of:
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Town of Collingwood		Town of Collingwood

**APPENDIX 3
AIRPORT DEBT ANALYSIS**

YEAR	OWN SOURCE REVENUE	% + (N1)	EXTERNAL DEBT SERVICING COSTS (N2)	% (N5)	+ INTERNAL DEBT SERVICING COSTS (N3)	% (N5)	+ AIRPORT DEBT SERVICING COSTS (N4)	% (N5)
2006	32,524,597.00	7.15%						
2007	33,946,267.00	4.37%						
2008	37,393,393.00	10.15%						
2009	41,270,314.00	10.37%						
2010	45,238,665.00	9.62%						
2011	45,229,947.00	-0.02%						
2012	44,817,746.00	-0.91%						
2013	46,847,437.00	4.53%						
2014	49,804,724.00	6.31%						
2015	49,956,205.00	0.30%	4,969,799.72	9.948%				
2016	50,455,767.05		4,867,131.28	9.646%	5,382,692.65	10.668%		10.668%
2017	50,960,324.72		4,907,489.37	9.630%	5,475,375.91	10.744%		10.744%
2018	51,469,927.97		5,001,481.77	9.717%	5,569,368.31	10.821%		10.821%
2019	51,984,627.25		4,886,731.64	9.400%	5,454,618.18	10.493%		10.493%
2020	52,504,473.52		4,776,227.49	9.097%	5,344,114.03	10.178%		10.178%
2021	53,029,518.26		3,508,577.17	6.616%	4,076,462.71	7.687%		7.687%
2022	53,559,813.44		3,434,569.28	6.413%	4,002,455.82	7.473%		7.473%
2023	54,095,411.57		3,309,620.37	6.118%	3,877,506.91	7.168%		7.168%
2024	54,636,365.69		3,013,567.82	5.516%	3,582,011.17	6.556%		6.556%
2025	55,182,729.34		1,829,296.70	3.315%	2,397,183.24	4.344%	606,336.55	5.443%
2026	55,734,556.64		1,762,330.27	3.162%	2,330,216.81	4.181%	594,914.05	5.248%
2027	56,291,902.20		1,576,197.29	2.800%	2,144,083.83	3.809%	584,054.85	4.846%
2028	56,854,821.23		1,443,529.84	2.539%	2,013,342.13	3.541%	572,069.05	4.547%
2029	57,423,369.44		717,428.59	1.249%	1,064,523.19	1.854%	560,646.55	2.830%
2030	57,997,603.13		692,369.77	1.194%	1,039,464.37	1.792%	549,224.05	2.739%
2031	58,577,579.16			0.000%		0.000%	538,239.67	0.919%
2032	59,163,354.96			0.000%		0.000%	526,379.05	0.890%
2033	59,754,988.51			0.000%		0.000%	514,956.55	0.862%
2034	60,352,538.39			0.000%		0.000%	503,534.05	0.834%
2035	60,956,063.77			0.000%		0.000%	492,424.50	0.808%
2036	61,565,624.41						480,689.05	0.781%
2037	62,181,280.66						469,266.55	0.755%
2038	62,803,093.46						457,844.05	0.729%
2039	63,431,124.40						446,609.32	0.704%
2040	64,065,435.64						434,999.05	0.679%
2041	64,706,090.00						423,576.55	0.655%
2042	65,353,150.90						412,154.05	0.631%
2043	66,006,682.41						400,794.14	0.607%
2044	66,666,749.23						389,309.05	0.584%

NOTES

- N1** Assumes 1% annual increase in Own Source Revenues.
- N2** Assumes committed debt of 2.1M is taken on at the end of 2017.
- N3** Includes Town internal loans. Principal only, no interest. (Water Internal Loan, Heritage Park, Waterfront Trail, 507 Tenth Line and Police Cell Upgrades).
- N4** Assumes serial debenture with a principal balance of \$7,615,000 issued in 2025. Annual interest rate of 3.00% amortized over 20 years.
- N5** Debt Servicing costs as a percentage of own source revenues.

Airport (300-4990)
For the Twelve Months Ending Saturday, December 31, 2016

Account	Description	Month	Current Y-T-D	Commitments Y-T-D	Total Y-T-D	Annual Budget	%	Budget Remaining	%	Prior Year Total	Prior Year Annual Budget
REVENUE											
Taxation											
User Fees and Other...											
43000	Expense Recoveries						0.00%		0.00%		\$37,500.00
44300	Landing Fees		2,485.00		2,485.00	3,000.00	82.83%	515.00	17.17%	3,860.00	3,000.00
44900	Miscellaneous	585.00	3,820.64		3,820.64	4,000.00	95.52%	179.36	4.48%	7,520.02	4,000.00
45300	Other Municipalities		35,500.00		35,500.00	35,490.00	100.03%	(10.00)	(0.03%)	35,490.00	40,000.00
45500	Parking Fees	340.00	2,467.50		2,467.50	6,500.00	37.96%	4,032.50	62.04%	3,199.35	6,500.00
46800	Rentals	760.00	128,043.83		128,043.83	152,500.00	83.96%	24,456.17	16.04%	125,890.10	115,000.00
47200	Sale of Fuel	16,461.78	428,321.00		428,321.00	435,690.00	98.31%	7,369.00	1.69%	410,218.60	435,690.00
47250	Sale of Material		490.08		490.08	1,000.00	49.01%	509.92	50.99%	536.24	1,000.00
48500	Transfer from Reserve	100,000.00	100,000.00		100,000.00	100,000.00	100.00%		0.00%		
Total User and Other...		118,146.78	701,128.05		701,128.05	738,180.00	94.98%	37,051.95	5.02%	586,714.31	642,690.00
TOTAL REVENUE		118,146.78	701,128.05		701,128.05	738,180.00	94.98%	37,051.95	5.02%	586,714.31	642,690.00
EXPENSES											
50750	Aviation Fuel	(33,006.43)	299,067.50		299,067.50	324,149.00	92.26%	25,081.50	7.74%	287,806.23	324,149.00
51900	Clearview Taxes		52,911.90		52,911.90	40,443.00	130.83%	(12,468.90)	(30.83%)	51,642.83	39,650.00
53000	Contracted Services	19,774.59	237,295.08		237,295.08	242,556.00	97.83%	5,260.92	2.17%	234,050.79	237,800.00
53350	Credit Card Discount	871.04	9,334.01		9,334.01	11,000.00	84.85%	1,665.99	15.15%	6,980.09	11,000.00
53650	Debenture Interest	(137.26)	13,489.28		13,489.28	13,590.00	99.26%	100.72	0.74%	14,362.07	14,613.00
53670	Debenture Principal		19,137.20		19,137.20	19,137.00	100.00%	(0.20)	0.00%	19,137.20	19,137.00
55650	Gas & Oil	1,423.67	6,164.57		6,164.57	10,132.00	60.84%	3,967.43	39.16%	4,529.25	10,132.00
56800	Insurance	1,885.18	31,804.14		31,804.14	33,902.00	93.81%	2,097.86	6.19%	32,329.83	32,288.00
57600	Legal	5,512.69	280,944.32		280,944.32	100,000.00	280.94%	(180,944.32)	(180.94%)	61,833.79	
57700	Licences		210.25		210.25	500.00	42.05%	289.75	57.95%	205.00	500.00
60350	Office Supplies	242.00	1,002.97		1,002.97	1,000.00	100.30%	(2.97)	(0.30%)	1,054.98	1,000.00
62150	Promo, Publicity & Mar...		2,281.43		2,281.43	2,000.00	114.07%	(281.43)	(14.07%)	1,177.09	2,000.00
63300	Repairs & Maint - Building	271.00	7,236.63		7,236.63	6,000.00	120.61%	(1,236.63)	(20.61%)	6,067.18	6,000.00
63400	Repairs & Maint - Equip...	955.80	17,047.32		17,047.32	10,000.00	170.47%	(7,047.32)	(70.47%)	14,679.49	10,000.00
63500	Repairs & Maint - Grou...		1,682.55		1,682.55	18,000.00	9.35%	16,317.45	90.65%	10,602.11	15,000.00
63650	Repairs & Maintenance...		2,117.09		2,117.09	4,000.00	52.93%	1,882.91	47.07%	2,402.63	4,000.00
63850	Repairs & Maint - Road...		2,588.00		2,588.00	2,000.00	129.40%	(588.00)	(29.40%)	10,113.05	2,000.00
66350	Special Events				500.00	500.00	0.00%	500.00	100.00%	208.61	500.00
66900	Sundry	120.62	10,584.51		10,584.51	2,500.00	423.38%	(8,084.51)	(323.38%)	33,745.18	2,500.00
67000	Survey/Appraisal		4,790.25		4,790.25	3,000.00	159.68%	(1,790.25)	(59.68%)		3,000.00
67200	Telephone	465.22	5,565.88		5,565.88	4,000.00	139.15%	(1,565.88)	(39.15%)	5,619.81	4,000.00
67700	Travel & Business Exp...		688.71		688.71	2,060.00	33.43%	1,371.29	66.57%	256.11	2,060.00
68500	Utilities	1,192.15	14,751.53		14,751.53	15,131.00	97.49%	379.47	2.51%	15,487.47	15,131.00
TOTAL EXPENSES		(429.73)	1,020,695.1		1,020,695.1	865,600.00	117.92%	(155,095.12)	(17.92%)	814,290.79	756,460.00
DEPARTMENTAL NET		118,576.51	(319,567.07)		(319,567.07)	(127,420.00)	250.80%	192,147.07	(150.80%)	(227,576.48)	(113,770.00)