
Subject: Feasibility Study and Future Business Modelling Case at the Niagara District Airport (NDA) and Niagara Central Dorothy Rungeling Airport (NCDRA)

Report to: Committee of the Whole

Report date: Thursday, February 27, 2020

Recommendations

That Report ED 3-2020 Feasibility Study and Future Business Modelling Case **BE RECEIVED** for information.

Key Facts

- As part of the development of the Economic Development Strategy in 2018, industry roundtables were held to solicit private-sector comments on their priorities and constraints to growth. The tourism sector roundtable identified the need to look at future opportunities for both of Niagara's municipally-funded airports. This action item is embedded in the Economic Development Strategy 2019-2024.
- An RFP was issued to engage specialist consultants to provide the Region and its partners (Niagara District Airport and Niagara Central Dorothy Rungeling Airport) with a detailed plan that explores aviation markets and the future role of these airports in servicing them. The airports' future development opportunities were to be reviewed to maximize the economic impact and investment potential of both locations.
- Airports are economic drivers within a region. Every major Canadian city has its own international airport bringing in domestic and international tourists. Many smaller regional or domestic airports across the country exclusively service flights between Canadian cities.
- The international airports in closest proximity to Niagara include: Hamilton John C Munro, Toronto Pearson, Toronto Island Billy Bishop, Niagara Falls International and Buffalo International.
- Niagara District Airport (NDA) is a "Certified Airport". Niagara Central Dorothy Rungeling Airport (NCDRA) is a "Registered Aerodrome". There is a distinct difference between the two operational models, and this is reflected in the work of the study as well as the associated business opportunities outlined.
- NDA's current roles include: scheduled passenger service, charter passenger service, air tour operation, general aviation commercial and industrial, flight training and recreation, and corporate/business aviation.
- NCDRA's current roles include: general aviation commercial, charter passenger operations, flight training, and recreational flying.

Financial Considerations

There is no direct financial implication for the Region as a result of this report. There are recommendations within the report that have financial implications for the operating and governing bodies of both airports.

Based on the recommendations in the consultant's report, in order to realize the future business opportunities a total capital investment between 2019 and 2039 is needed of \$5,647,761 at NCDRA and \$15,994,801 at NDA. The combined capital investment needed to realize all opportunities is \$21,642,562 over the next 20 years.

If the business opportunities are implemented as recommended in the consultant's report, it is projected that NCDRA and NDA will operate at a net loss between 2020-2039. The loss would need to continue to be subsidized by municipal grants.

Although NDA is projected to have a net loss over the 20 year period, the detailed projections offer the potential for a net operating profit beginning after 2029. The specific year will depend on the implementation timelines associated with the consultant recommendations.

See page 132 of the Appendix for a complete breakdown.

Analysis

In fall 2018, the Economic Development department was in the process of developing an Economic Development Strategy. As part of this strategy's development, sector roundtables were organized. One of these roundtables was held with tourism stakeholders including representatives from private sector operators, tourism advocacy organizations and other relevant stakeholders, to gauge their input on the sector's priorities.

At that roundtable, the airports were identified as potentially under-utilized economic drivers. It was recommended through the roundtable that the Economic Development department make it a priority in their strategy to explore the future potential of these assets, with a particular interest in exploring expanded passenger service for the tourism market at the Niagara District Airport.

A project team was struck that included two representatives from the Economic Development department, the Chair of the NDA Commission and the Chair of the NCDRA Commission. The Chair of the NDA Commission later rescinded her involvement in lieu of participation from the Airport CEO on the project committee.

Through this committee, the terms of reference for an RFP were established to explore the feasibility and future business modelling opportunities of both airports. The main goal of the RFP was to provide recommendations on business opportunities and development that would allow these assets to operate at their full economic potential.

The scope of the RFP included the following components:

- an extensive stakeholder consultation process;
- a historical review of all studies and reports produced for each airport;
- an infrastructure assessment of the current state of both airports;
- an environmental scan of other airport operations;
- a recommended list of future business opportunities,
- a development concept;
- a revenue and expenditure forecast; and
- an action plan for advancing on these opportunities.

Recommendations on governance and operational management were not included as part of the scope of the RFP. This report assumed status quo in the operations and governance of these airports.

The RFP was awarded to HM Aero Aviation Consulting Inc. (HM Aero) in summer 2019. Through the fall, HM Aero engaged more than 100 stakeholders through in-person interviews, phone interviews and online surveys. Stakeholders included airport tenants and user groups, Niagara businesses, tourism stakeholders, Commission members, and local government.

The draft report and development concepts were presented in December 2019 to the project committee, both airport Commissions, area CAOs, and Regional staff for review and comment. Feedback from all parties was consolidated for recommended edits and the final report was delivered by HM Aero in mid-January 2020.

This report contains a number of recommended actions for the airport operators to take in order to realize the full potential in the future roles of both airports.

This report is part of the information package requested at the Corporate Services Committee meeting on September 11, 2019 as part of the airport governance and potential transition discussions.

Although this study has been conducted separately from any transition planning discussions, it is a relevant piece of information for consideration in those discussions. Therefore, it is being presented to Regional Council as a stand-alone item rather than as part of an information package.

Alternatives Reviewed

No alternatives were reviewed.

Other Pertinent Reports

None.

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Appendices

1. Feasibility Study and Future Business Modelling Case at the Niagara District Airport (NDA) and Niagara Central Dorothy Rungeling Airport (NCDRA)