



FEASIBILITY STUDY & BUSINESS CASE

Niagara District Airport &
Niagara Central Airport

February 2020

www.hmaero.ca



OVERVIEW

- **Study Purpose:** Determine potential to position airports as stronger economic drivers in Niagara Region
- **Study Scope:**
 - Infrastructure Assessment
 - Financial Review
 - Future Airport Roles
 - Business Opportunities
 - Development Concepts
 - Cost Estimates
 - Business Plan (20-Year)
- **Study Assumptions & Exclusions:**
 - Airport Governance Review
 - Airport Ownership Change Discussions
 - Assumes Status Quo Ownership and Operations



AIRPORT ROLES



Relevant Competing Airports: Southern Ontario

NIAGARA CENTRAL AIRPORT

- Registered Aerodrome (No Scheduled Passenger Service)
- General Aviation Commercial
- Charter Passenger Operations
- Flight Training
- Recreational Flying

NIAGARA DISTRICT AIRPORT

- Certified Airport (Scheduled Passenger Service)
- Charter Passenger and Air Cargo
- Air Tour Operators
- General Aviation Commercial & Industrial
- Flight Training & Recreation
- Corporate/Business Aviation

HISTORICAL FINANCIAL SUMMARY

Niagara Central Airport

Table 5.2 – Historical Financial Statement Summary – Niagara Central Airport

	2014	2015	2016	2017	2018
Revenue					
Fuel Operations	\$22,657	\$30,316	\$39,682	\$18,538	\$6,425
Interest	\$627	\$935	\$477	\$390	\$1,138
Other	\$35,767	\$4,653	\$38,587	\$29,728	\$37,974
Donations					\$1,435
Rentals	\$63,564	\$74,110	\$73,841	\$88,735	\$79,689
Total Gross Revenue	\$122,615	\$110,014	\$152,587	\$137,391	\$126,661
Operating Expenses					
Amortization	\$15,113	\$14,348	\$17,911	\$29,742	\$60,348
Property Taxes	\$31,862	\$32,258	\$23,208	\$5,931	\$28,010
Salaries and Wages	\$50,242	\$49,754	\$51,280	\$42,681	\$33,526
Repairs and Maintenance	\$15,122	\$26,265	\$23,461	\$122,701	\$23,012
Insurance	\$8,082	\$8,109	\$14,984	\$16,192	\$17,535
Light, Heat, Water	\$9,600	\$9,880	\$9,019	\$9,222	\$14,519
Consulting	\$5,900	\$4,206	\$5,400	\$7,000	\$14,145
Interest on Loans				\$4,771	\$12,560
Promotion and Marketing	\$12,985	\$282	\$3,042	\$1,654	\$8,793
Legal, audit and accounting	\$11,886	\$6,974	\$6,578	\$5,898	\$4,353
Office	\$9,431	\$13,378	\$14,419	\$9,728	\$2,709
Honorariums	\$1,350	\$1,225	\$1,325	\$1,100	\$1,249
Total Expenses	\$171,573	\$166,679	\$170,627	\$256,620	\$220,759
Income - Expenses	-\$48,958	-\$56,665	-\$18,040	-\$119,229	-\$94,098
Profit / Loss	Loss	Loss	Loss	Loss	Loss
Municipal Grants	\$80,300	\$84,450	\$82,800	\$121,556	\$82,219

- Grants Account for 65% of 'Revenue'
- Largest Source of Real Revenue: 'Rentals'
- Expenses Exceeded Revenues – Past 6 Years
- 2018 Budgeted Earnings for Fuel: \$40K, Realized Approximately \$6.5K
- \$400K Loan Shown in Financial Statements
- Cost/Revenue Gap Continues to be Extensive
- Unconventional Financial Decisions Made:
 - Hangar Roof Rehabilitations
 - Airside Pavement Rehabilitations
 - Fuel Concession Arrangement

INFRASTRUCTURE ASSESSMENT

Niagara Central Airport

Table 4.2 – Pavement Infrastructure Assessment Summary – Niagara Central Airport

Niagara Central Dorothy Rungeling Airport	Condition	Remaining Service Life
Runway 05-23	Poor	0-1 Years
Runway 16-34	Poor	0-1 Years
Taxiway B	Poor	0-1 Years
Taxiway A	Good	8-10 Years
Apron I	Fair	6-8 Years
Access Road	Fair	6-8 Years
Parking – West Lot	Poor	1-2 Years
Parking – East Lot	Good	6-8 Year

- Runway 05-23, Runway 16-34 and Taxiway ‘B’ Require Immediate Rehabilitation - **\$2.3 Million**
- West Parking Lot – Poor Condition
- Questionable Infrastructure Rehabilitation Decisions Made in the Past
- Municipal Water and Sewer Not Provided
 - Sanitary Upgrades Recommended
- Airport Owned Buildings – Fair to Good Condition
 - Hangar 1 Roof Rehabilitated in 2017
 - Temporary Air Terminal Facility
- Minor Upgrades – Water Aerodrome Ramp
- Prioritize Airport Investments: Airport Master Plan



Runway 05-23



Seaplane Dock/Ramp



Taxiway Bravo

BUSINESS DEVELOPMENT OPPORTUNITIES



Niagara Central Airport

Business Opportunities (High Potential)

Business Opportunities (Low Potential)

	1-5 Years (Short Term)	6-10 Years (Medium Term)	11-20 Years (Long Term)
General Aviation Commercial	Aircraft Maintenance Organization (AMO) (Year 5)	Aircraft Maintenance Organization (AMO) (Year 5)	Aircraft Maintenance Organization (AMO) (Year 5)
General Aviation Recreational	Hangar Developments (3) T-Hangar (Year 1)	Hangar Developments (5)	Hangar Developments (5) T-Hangar (Year 11)
Non-Aeronautical	Food Services (Restaurant)	Employment Lands	
	Tourism Outfitters Great Lakes Cruise Tour Package Opportunities Charter Passenger Air Services High Volume Professional Flight Training Aviation Industrial Development (MRO) Cargo Charter Services		





Niagara Central Airport Forecast Revenue and Expense Statement

HM Aero Aviation Consulting - www.hmaero.ca

HISTORICAL FINANCIAL SUMMARY

Niagara District Airport

Table 5.1 – Historical Financial Statement Summary – Niagara District Airport

	2014	2015	2016	2017	2018
Income					
Events	\$774	\$7,455	\$4,950	\$600	\$8,417
Fuel operations	\$17,902	\$19,840	\$23,864	\$25,678	\$24,286
Interest	\$1,620	\$2,383	\$2,401	\$2,596	\$4,709
Landing and Parking	\$16,974	\$15,317	\$25,631	\$45,068	\$67,466
Misc	\$12,171	\$12,908	\$17,776	\$21,787	\$31,753
Deferred Revenue	\$0	\$44,721	\$0	\$12,996	\$622
Rentals	\$207,799	\$214,255	\$224,024	\$220,400	\$178,520
Total Gross Income	\$257,240	\$316,879	\$298,646	\$329,125	\$315,773
Operating Expenses					
Maintenance-Building	\$30,366	\$79,899	\$36,139	\$50,279	\$59,663
Maintenance- Vehicles	\$36,415	\$45,764	\$55,202	\$50,492	\$65,764
Operations	\$141,913	\$132,402	\$156,395	\$265,084	\$178,877
Personnel	\$301,866	\$294,164	\$337,161	\$413,059	\$404,983
Total Operating Expenses	\$510,560	\$552,229	\$584,897	\$778,914	\$709,287
Total Expenses	\$510,560	\$552,229	\$584,897	\$778,914	\$709,287
Income - Expenses	-\$253,320	-\$235,350	-\$286,251	-\$449,789	-\$393,514
Profit / Loss	Loss	Loss	Loss	Loss	Loss
Municipal Grants	\$328,500	\$305,001	\$356,400	\$435,326	\$396,064

- Grants Account for 55% of 'Revenue'
- Largest Source of Real Revenue: 'Rentals'
 - Decreased by 19% 2017-2018 – Sale of Allied Hangar
- 2nd Largest Source of Real Revenue: Landing & Parking Fees:
 - Grown Since FlyGTA Initiated Service
 - Challenges With Rates and Charges
- Maintenance and Personnel Costs Increased Over 5 Year Period
- Personnel Costs – 57% of Expenses in 2018
- Subsidies Required to Continue Operations
- Additional Capital Required to Fund Rehabilitations

INFRASTRUCTURE ASSESSMENT

Niagara District Airport

Table 4.1 – Pavement Infrastructure Assessment Summary – Niagara District Airport

Niagara District Airport	Condition	Remaining Service Life
Runway 06-24	Fair/Good	8-10 Years
Runway 11-29	Very Poor	0 Years
Runway 01-19	Very Poor	0-1 Years
Taxiway A	Good	8-10 Years
Taxiway B	Very Good	10-15 Years
Taxiway C	Good	8-10 Years
Taxiway D	Poor	0-1 Years
Apron I	Fair	5-8 Years*
Access Roads	Fair	8-10 Years
Parking	Good	10+ Years

*Apron I is considered to be in Fair Condition. However, localized improvements in front of Allied Aviation are required in the immediate term (0-1 Years)

- Runway 11-29, 01-19 and Taxiway 'D' Require Immediate Rehabilitation - **\$1.13 Million**
- Primary Runway, Apron and Taxiway Network in 'Fair' to 'Very Good' Condition
- Air Terminal Building Constructed in 2010
- Sanitary Sewer – Extraneous Flows – CCTV Req'd.
- Minor Improvements/Repairs Required:
 - Genaire Hangar
 - Maintenance Facility
- Infrastructure Currently In Place to Support Economic Growth at the Airport
- Prioritize Airport Investments: Airport Master Plan



Runway 01-19



Runway 11-29 & Taxiway Delta



Air Terminal Building

BUSINESS DEVELOPMENT OPPORTUNITIES



Niagara District Airport

Passenger Service Business Opportunities (High Potential)

		1-5 Years (Short Term)	6-10 Years (Medium Term)	11-20 Years (Long Term)
S C H E D U L E D	Niagara District - Toronto Billy Bishop Airport	9-Seat Aircraft 30% Annual Growth 7,000 Annual Pax 15,000 Annual Mvts (Year 1)	9-Seat Aircraft 3% Annual Growth 21,000 Annual Pax 18,000 Annual Mvts (Year 6)	9-Seat Aircraft 3% Annual Growth 24,000 Annual Pax 21,000 Annual Mvts (Year 11)
	Niagara District – Montreal St. Hubert Airport	19-Seat Aircraft 75% Load Factor 4 Times/Week (Seasonal) 3,500 Annual Pax 240 Annual Mvts. (Year 3)	19-Seat Aircraft 75% Load Factor 8 Times/Week (Seasonal) 7,000 Annual Pax 480 Annual Mvts (Year 8)	74-Seat Aircraft 75% Load Factor 8 Times/Week (Seasonal) 27,000 Annual Pax 480 Annual Mvts (Year 15)
C H A R T E R	Niagara District – New York City	74-Seat Aircraft 90% Load Factor 2 Times/Week (Seasonal) 8,000 Annual Pax 120 Annual Movements (Year 4)	74-Seat Aircraft 90% Load Factor 4 Times/Week (Seasonal) 16,000 Annual Pax 240 Annual Movements (Year 7)	74-Seat Aircraft 90% Load Factor 8 Times/Week (Seasonal) 32,000 Annual Pax 480 Annual Movements (Year 15)



BUSINESS DEVELOPMENT OPPORTUNITIES (2)

Niagara District Airport

Commercial
Business
Opportunities
(High Potential)

(Low Potential)

	1-5 Years (Short Term)	6-10 Years (Medium Term)	11-20 Years (Long Term)
General Aviation Commercial	New Fixed Base Operator (FBO) – 30,000 sq' (Year 3) Commercial Hangar Developments (1) – 15,000 sq' New Aircraft Maintenance Organization (Year 2)	Commercial Hangar Developments (2) – 15,000 sq'	Commercial Hangar Developments (3) – 15,000 sq'
General Aviation Industrial			New Maintenance, Repair and Overhaul (MRO) – 30,000 sq' (Year 15)
General Aviation Recreational	New Recreational Hangar Developments (3) – 2,500 sq' New T-Hangar Developments (Year 3)	New Recreational Hangar Developments (3) – 2,500 sq'	New Recreational Hangar Developments (2) – 2,500 sq' New T-Hangar Developments (Year 13)
Non-Aeronautical	Vehicle Parking, Outdoor Advertising, Food Services (Restaurant), New Fees Aviation Education Partnerships Charter Passenger Services – Sun Destinations Cargo Charter Services		

REVENUE AND EXPENDITURES FORECAST



Niagara District Airport
20-Year Financial Forecast

20-Year Financial Forecast			Short Term										Medium Term			Long Term			
			Year:		0	1	2	3		4	5	6	7	8		9	10	11-20	
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030-2039				
Passenger Forecast (E/D)	3%		4,764	5,485	7,131	9,270	15,471	27,180	32,225	33,192	41,439	45,557	46,924	48,332	764,406				
Movement Forecast																			
Total			40,292	41,501	42,746	44,028	45,589	47,077	48,489	49,944	51,562	53,349	54,949	56,598	669,847				
			Year:		0	1	2	Short Term		4	5	6	7	Medium Term		9	10	Long Term	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030-2039
Revenue (Existing)																			
Events	2%	\$774	\$7,455	\$4,950	\$600	\$8,417	\$8,585	\$8,757	\$8,932	\$9,111	\$9,293	\$9,479	\$9,668	\$9,862	\$10,059	\$10,260	\$10,465	\$116,886	
Fuel operations	2%	\$17,902	\$19,840	\$23,864	\$25,678	\$24,286	\$24,772	\$25,267	\$25,772	\$26,288	\$26,814	\$27,350	\$27,897	\$28,455	\$29,024	\$29,604	\$30,197	\$337,257	
Interest	2%	\$1,620	\$2,383	\$2,401	\$2,596	\$4,709	\$4,803	\$4,899	\$4,997	\$5,097	\$5,199	\$5,303	\$5,409	\$5,517	\$5,628	\$5,740	\$5,855	\$65,393	
Landing and Parking	2%	\$16,974	\$15,317	\$25,631	\$45,068	\$67,466	\$68,815	\$70,192	\$71,595	\$73,027	\$74,488	\$75,978	\$77,497	\$79,047	\$80,628	\$82,241	\$83,885	\$936,893	
Misc	2%	\$12,171	\$12,908	\$17,776	\$21,776	\$31,787	\$31,753	\$33,036	\$33,697	\$34,370	\$35,058	\$35,759	\$36,474	\$37,204	\$37,948	\$38,707	\$39,481	\$440,951	
Deferred Revenue	2%	\$0	\$44,721	\$0	\$12,996	\$622	\$634	\$647	\$660	\$673	\$687	\$700	\$714	\$729	\$743	\$758	\$773	\$8,638	
Rentals	2%	\$207,799	\$214,255	\$224,024	\$220,400	\$178,520	\$182,090	\$185,732	\$189,447	\$193,236	\$197,101	\$201,043	\$205,063	\$209,165	\$213,348	\$217,615	\$221,967	\$2,479,088	
Revenue (New)																			
Fuel Operations	Per L							\$78,523	\$80,878	\$84,505	\$87,640	\$90,269	\$92,977	\$96,366	\$100,457	\$103,471	\$106,575	\$1,266,179	
Landing Fees	\$20							\$163,912	\$249,708	\$260,799	\$270,423	\$278,536	\$286,892	\$297,299	\$309,817	\$319,112	\$328,685	\$3,904,336	
Passenger Fees	\$20							\$71,305	\$92,697	\$154,705	\$271,803	\$322,255	\$331,922	\$414,389	\$455,574	\$469,241	\$483,318	\$7,615,025	
Rentals (Land Leases)	varies							\$6,918	\$27,122	\$73,724	\$81,873	\$83,510	\$113,034	\$115,294	\$140,277	\$143,083	\$122,120	\$2,321,106	
T Hangars	\$2.37							\$0	\$0	\$2,666	\$2,719	\$2,774	\$2,829	\$2,886	\$2,943	\$3,002	\$3,062	\$62,094	
Vehicle Parking	\$9							\$15,183	\$15,183	\$29,610	\$32,985	\$32,985	\$46,656	\$50,022	\$64,449	\$64,449	\$64,449	\$1,288,629	
Total Gross Revenue			\$257,240	\$316,879	\$298,646	\$329,125	\$315,773	\$322,088	\$664,371	\$800,688	\$947,812	\$1,096,081	\$1,165,939	\$1,237,034	\$1,346,234	\$1,450,896	\$1,487,283	\$1,500,834	\$20,842,474
Operating Expenses (Existing)																			
Maintenance-Building	Inflation	2%	\$30,366	\$79,899	\$36,139	\$50,279	\$59,663	\$60,856	\$62,073	\$63,315	\$64,581	\$65,873	\$67,190	\$68,534	\$69,905	\$71,303	\$72,729	\$74,183	\$828,534
Maintenance- Vehicles	Inflation	2%	\$36,415	\$45,764	\$55,202	\$50,492	\$65,764	\$67,079	\$68,421	\$69,789	\$71,185	\$72,609	\$74,061	\$75,542	\$77,053	\$78,594	\$80,166	\$81,769	\$913,258
Operations	Inflation	2%	\$141,913	\$132,402	\$156,395	\$265,084	\$178,877	\$182,455	\$186,104	\$189,826	\$193,622	\$197,495	\$201,445	\$205,473	\$209,583	\$213,775	\$218,050	\$222,411	\$2,484,046
Personnel	Inflation + 1%	3%	\$301,866	\$294,164	\$337,161	\$413,059	\$404,983	\$417,132	\$429,646	\$442,536	\$455,812	\$469,486	\$483,571	\$498,078	\$513,020	\$528,411	\$544,263	\$560,591	\$6,619,346
Operating Expenses (New)																			
CBSA Costs	Per FTE	2%																	
New Personnel Costs	Per FTE	2%							\$30,000	\$31,212	\$31,836	\$32,473	\$33,122	\$33,785	\$34,461	\$35,150	\$35,853	\$127,994	\$1,488,971
Total Operating Expenses			\$510,560	\$552,229	\$584,897	\$778,914	\$709,287	\$727,523	\$776,244	\$796,678	\$817,037	\$860,446	\$882,575	\$905,294	\$953,217	\$977,903	\$1,003,252	\$1,120,706	\$13,372,005
Gross Revenue (-) Operating Expenses			-\$253,320	-\$235,350	-\$286,251	-\$449,789	-\$393,514	-\$405,434	-\$111,873	\$4,011	\$130,775	\$235,636	\$283,365	\$331,740	\$393,018	\$472,993	\$484,032	\$380,128	\$7,470,469
Projected Rehabilitation Costs							\$0	\$487,641	\$701,400	\$0	\$0	\$0	\$904,901	\$0	\$3,039,645	\$1,348,441	\$0	\$277,632	
Projected Capital Costs							\$0	\$0	\$1,567,183	\$713,650	\$5,490,953	\$0	\$737,036	\$0	\$0	\$0	\$0	\$0	\$726,319
Total Expenses			\$510,560	\$552,229	\$584,897	\$778,914	\$709,287	\$727,523	\$1,263,885	\$3,065,261	\$1,530,686	\$6,351,399	\$882,575	\$2,547,230	\$953,217	\$4,017,548	\$2,351,693	\$1,120,706	\$14,375,956
Income - Expenses			-\$253,320	-\$235,350	-\$286,251	-\$449,789	-\$393,514	-\$405,434	-\$599,514	-\$2,264,572	-\$582,875	-\$5,255,317	\$283,365	-\$1,310,197	\$393,018	-\$2,566,652	-\$864,409	\$380,128	\$6,466,518
Profit / Loss			Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Profit	Loss	Profit	Loss	Loss	Profit	Profit
Municipal Grants			\$328,500	\$305,001	\$356,400	\$435,326	\$396,064	\$405,434	\$599,514	\$2,264,572	\$582,875	\$5,255,317	-\$283,365	\$1,310,197	-\$393,018	\$2,566,652	\$864,409	-\$380,128	-\$6,466,518



REVENUE AND EXPENDITURES SUMMARY



	1	2	Short Term 3	4	5	6	7	Medium Term 8	9	10	Long Term 11-20
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030-2039
Niagara District Airport											
Total Gross Revenue	\$664,371	\$800,688	\$947,812	\$1,096,081	\$1,165,939	\$1,237,034	\$1,346,234	\$1,450,896	\$1,487,283	\$1,500,834	\$20,842,474
Total Operating Expenses	\$776,244	\$796,678	\$817,037	\$860,446	\$882,575	\$905,294	\$953,217	\$977,903	\$1,003,252	\$1,120,706	\$13,372,005
Gross Revenue (-) Operating Expenses	-\$111,873	\$4,011	\$130,775	\$235,636	\$283,365	\$331,740	\$393,018	\$472,993	\$484,032	\$380,128	\$7,470,469
Total Capital Expenses	\$487,641	\$2,268,583	\$713,650	\$5,490,953	\$0	\$1,641,937	\$0	\$3,039,645	\$1,348,441	\$0	\$1,003,951
Total Expenses	\$1,263,885	\$3,065,261	\$1,530,686	\$6,351,399	\$882,575	\$2,547,230	\$953,217	\$4,017,548	\$2,351,693	\$1,120,706	\$14,375,956
Municipal Grants	\$599,514	\$2,264,572	\$582,875	\$5,255,317	-\$283,365	\$1,310,197	-\$393,018	\$2,566,652	\$864,409	-\$380,128	-\$6,466,518
Niagara Central Airport											
Total Gross Revenue	\$142,966	\$147,142	\$151,428	\$159,306	\$170,381	\$178,835	\$187,560	\$196,563	\$205,853	\$218,683	\$2,677,779
Total Operating Expenses	\$229,678	\$234,271	\$238,957	\$243,736	\$248,610	\$253,583	\$258,654	\$263,827	\$269,104	\$274,486	\$3,065,657
Gross Revenue (-) Operating Expenses	-\$86,712	-\$87,129	-\$87,528	-\$84,430	-\$78,230	-\$74,748	-\$71,094	-\$67,264	-\$63,251	-\$55,803	-\$387,877
Total Capital Expenses	\$2,391,587	\$849,691	\$0	\$0	\$0	\$1,484,522	\$134,290	\$433,134	\$0	\$0	\$354,537
Total Expenses	\$2,621,265	\$1,083,962	\$238,957	\$243,736	\$248,610	\$1,738,104	\$392,944	\$696,961	\$269,104	\$274,486	\$3,420,193
Municipal Grants	\$2,478,299	\$936,820	\$87,528	\$84,430	\$78,230	\$1,559,269	\$205,384	\$500,398	\$63,251	\$55,803	\$742,414
Total Municipal Grants (Both Airports)	\$3,077,812 Loss	\$3,201,392 Loss	\$670,403 Loss	\$5,339,747 Loss	-\$205,135 Profit	\$2,869,466 Loss	-\$187,633 Profit	\$3,067,050 Loss	\$927,661 Loss	-\$324,325 Profit	-\$5,724,104 Profit

Total 20-Year
Capital Investment:
\$21.6 Million



Expected New Revenue (20-Year)
With Capital Investment:
\$43.7 Million



CONCLUSIONS

Feasibility Study and Business Case – Niagara District and Niagara Central Airports

1

Transportation Access To/From GTA – Potential Barrier to Economic Growth in Niagara

2

Niagara District Airport: Not Able to Reach Full Potential Under Current Governance Model

3

Both Airports Supported by Subsidies Artificially Closing Cost-Revenue Gaps

4

Both Airports Support Different Roles – Both Important to Niagara's Economy

5

More Business-Like Focus Required to Better Position Airports as Economic Drivers

6

Other Airport Developments and Land Uses Should be Examined Within Airport Master Plans

7

Annual Operating Costs Much Lower at Niagara Central Airport – Not Certified

8

Demand for Recreational Hangar Development Lands in Southern Ontario – Niagara Central

9

Niagara District Airport Expected to Close Cost-Revenue Gap if Investments are Made

10

Airport Governance Changes Could Result in Better Financial Performance



QUESTIONS

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