AIRPORT IMPLEMENTATION TASK FORCE

REPORT 08-002

Tuesday, June 10, 2008
2:00 p.m.
Room 203, Hamilton Convention Centre
One Summer’s Lane, Hamilton

Present: Councillors C. Collins, D. Mitchell, M. Pearson

Absent with regrets: Chair T. Whitehead – Personal Business
Vice Chair L. Ferguson – City Business

Also Present: N. Everson, G. Paparella, S. Renshaw, R. Sabo, J. Spiler, C. Biggs
R. Koroscil, J. Gibson, S. Howse – TradePort
M. Dugard – Grant Thornton

THE AIRPORT IMPLEMENTATION TASK FORCE PRESENTS REPORT 08-002 AND RESPECTFULLY RECOMMENDS:

1. 2008 Community Investment Support Project (CISP) (PED08131) (City Wide)

   (a) That $20,000 be allocated as the City’s portion for the 2008 Community Investment support Project (CISP);

   (b) That the $20,000 be funded from the Airport Joint Marketing Reserve Fund.

2. TradePort International Corporation Lease Compliance Audit and Performance Review (PED08142) (City Wide)

   That Report PED08142 respecting TradePort international Corporation Lease Compliance Audit and Performance Review, be received for information and not be released as a public document.

Economic Development and Planning Committee – June 17, 2008
FOR THE INFORMATION OF THE COMMITTEE:

In the absence of the Chair and Vice Chair, Councillor Mitchell assumed the Chair.

(a) Changes to the Agenda

None

On a motion, the agenda was approved, as presented.

(b) Declarations of Interest

None

(c) Approval of Minutes

On a motion, the Minutes of the January 14, 2008 meeting were approved as presented.

(d) Presentation

4.1 2007-2008 HI Marketing Plans

John Gibson, Vice President of Marketing for Hamilton International Airport, distributed the 2007 Marketing Plan, outlining a summary of initiatives accomplished.

The 2008 Proposed Marketing Plan was also distributed to the Committee.

Copies of these materials have been retained in the Office of the City Clerk for the public record.

On a motion, the report respecting the 2007-2008 HI Marketing Plans, was received.

(d) Updates

On a motion, the verbal updates on the following matters, were received:

(i) Completion of Phase 1 – Airport Employment Growth District Study (Item 5.1)

Guy Paparella provided an update on the Airport Employment Growth District Study, advising that Phase 1 is now complete, on time and on budget.
He reported that a full report and presentation will be provided to the Committee of the Whole meeting scheduled on June 23, and all information which was prepared for Phase 1 will be circulated, including extensive executive summaries for review.

Phase 1 included comprehensive public consultation by the Community Liaison Committee (CLC), which Councillors Ferguson and Mitchell participate on. The CLC met on a monthly basis, including some workshops, and public information sessions were also held.

(ii) 2007 Asian Foreign Investment Strategy Community Investment Support Program (CISP) (Item 5.2)

(iii) 2008 Community Investment Support Program (CISP) (Item 5.3)


The 2007 Asian Foreign Investment Strategy CISP final report was distributed to the Committee. The Executive Summary of the report highlights strengths, weaknesses, opportunities and next steps. A copy of the report has been retained in the Office of the City Clerk for the public record.

Ms. Renshaw also advised that the Economic Development Department was successful in obtaining $20,000 funding from Industry Canada and acknowledged the various organizations/agencies that partnered and contributed toward compiling the report.

(iv) 2008 Multimodal Event (Item 5.4)

Sylvia Renshaw provided an update with respect to the 2008 Multimodal event, reporting that although 60 to 70 participants were targeted, there were 126 participants, including speakers. This, in turn, presented opportunities to network with others, leverage sponsorships and enhance participation/marketing outreach showcasing Hamilton goods movement opportunities. A final wrap-up meeting will occur later this week. A survey was also conducted at the event to hopefully generate recommendations for future events.

Richard Koroscil, President and CEO of Hamilton International Airport, acknowledged Sylvia Renshaw, Neil Everson and city staff for their assistance in co-ordinating and working together with the private and public sectors to feature Hamilton as the global North American Transportation Gateway.
(e) **Other Business**

Councillor Mitchell spoke to the success of the recent Hamilton Economic Summit.

Guy Paparella distributed an article published in the June 5, 2008 edition of the Hamilton Spectator entitled “Airport Gets CargoJet Boost”, which reports that CargoJet, the biggest cargo operator at the Airport, is more than doubling the size of its maintenance hangar at a cost of $9 million.

(f) **Approval of Minutes of Closed Session Meeting held on January 14, 2008 (Item 8.1)**

On a motion, the Minutes of the Closed Session of the Airport Implementation Task Force meeting of January 14, 2008 were received and will remain confidential and restricted from public disclosure in accordance with exemptions provided in the Municipal Freedom of Information and Protection of Privacy Act.

(g) **Private and Confidential**

On a motion, the Committee moved into Closed Session at 2:35 p.m. as the subject matter pertains to security of the property of the municipality and to third party information provided to the municipality in confidence and protected under Section 10 of the Municipal Freedom of Information and Protection of Privacy Act.

On a motion, the Committee reconvened in Open Session at 2:40 p.m.

See Item 2 for disposition of In Camera item

(g) **Adjournment (Item 8)**

There being no further business the Airport Implementation Task Force meeting adjourned at 2:45 p.m.

Respectfully submitted

Councillor D. Mitchell, A/Chair
Airport Implementation Task Force

Carolyn Biggs
Legislative Assistant
June 10, 2008
**CITY OF HAMILTON**

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**
**Economic Development and Real Estate Division**

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<td>Airport Implementation Task Force</td>
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<th>Submitted by:</th>
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<td>General Manager</td>
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<td>Planning and Economic Development Department</td>
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| Date: | May 21, 2008 |

<table>
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<tr>
<th>Prepared by:</th>
<th>Neil Everson</th>
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<tr>
<td></td>
<td>(905)546-2424 Ext. 2359</td>
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<tr>
<td></td>
<td>Sylvia Renshaw</td>
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<td>(905) 546-2424 Ext. 4114</td>
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**SUBJECT:** 2008 Community Investment Support Project (PED08131) (City Wide)

**RECOMMENDATION:**

(a) That $20,000 be allocated as the City's portion for the 2008 Community Investment Support Project (CISP).

(b) That the $20,000 be funded from the Airport Joint Marketing Reserve Fund.

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Tim McCabe
General Manager
Planning and Economic Development Department

**EXECUTIVE SUMMARY:**

In accordance with Sections 34.01, 34.02, 34.03 of the Hamilton International Airport (HIA) Lease Agreement between the City of Hamilton and TradePort International Corporation, the City agrees, on an annual basis, to allocate monies to HIA Marketing and Capital expenditures for Municipal services in, on and around the HIA. Leveraging the City’s limited financial resources, funding from Industry Canada, through the Community Investment Support Program (CISP), was obtained in 2006 and 2007. Building upon the past achievements, staff has successfully made application to Industry Canada for 2008 CISP funding.

Pursuant to Section 4.04 of the HIA Lease Agreement between the City of Hamilton and TradePort International Corporation, the City collected 2007 revenues in the amount of
SUBJECT: 2008 Community Investment Support Project (PED08131) (City Wide) - Page 2 of 4

$161,855. Of this amount, 50% is used to reduce the City’s tax levy and the remaining 50% is divided equally between the Airport Joint Marketing Reserve Fund and Airport Capital Reserve Fund, Report PED07077 approved by Council February 28, 2007.

Therefore, staff are requesting approval for financial support for this marketing initiative. Future requests for the remaining marketing reserve funds will be forthcoming to Council for approval.

BACKGROUND:

The Regional Municipality of Hamilton-Wentworth (Region) leased the HIA from Transport Canada in 1987. On July 19, 1996, the Region entered into a 40-year Sub-Lease Agreement with TradePort International Corporation (to be converted to Lease upon transfer) to operate the HIA on its behalf. In December 1996, ownership of the HIA was transferred from Transport Canada to the Region.

Section 4.04 of the Lease Agreement provides for revenue sharing amongst the City and TradePort International Corporation which commenced in 2006. Pursuant to Sections 34.01, 34.02, and 34.03 of the Agreement, the City agrees, on an annual basis, to dedicate no less than 25% of all Percentage Rent received by the City, to match but not exceed, marketing expenditures of the HIA in the immediately preceding year. In addition, the City agrees on an annual basis, to dedicate a further 25% of all Percentage Rent received by the City to fund Capital expenditures for Municipal services in, on and around the HIA.

Hamilton International Airport Lease Agreement, Section 9.03, addresses the Annual Performance Review. As part of the City's audit procedures, the said Review was carried out in 2006 and will continue annually thereafter including verification of revenue amounts. To comply with the HIA Lease Agreement, enable efficient use of the HIA revenues and maintain effective review procedures, staff recommended the establishment of separate HIA reserves for the revenues generated by the HIA Lease Agreement, Report PED07077 approved by Council February 28, 2007.

Building upon the success of the results/recommendations, of the 2006 CISP, The International Air Cargo Association (TIACA) Project, and 2007 CISP Asian Foreign Investment Strategy, staff made application to Industry Canada for CISP funding to create awareness and attract attention/investment to the Airport and City. To do this we will undertake market research, participate at The International Air Cargo Association (TIACA) 2008 global aviation event, with targeted industry interviews complemented by marketing materials for the global industry, and undertake an industry focus group to attract foreign investment. The messaging to foreign direct investment will focus on our key strengths of being the Canadian Gateway to North America, having a 24-hour operation advantage and low cost structure resulting in benefits for all. The results may include but not be limited to:

- Expanded targeted industry research and identification of investment opportunities
- Proposition package listing the benefits of investing in Canada and this will also be web-based building upon the existing data completed to date
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- participation at a targeted industry event complemented by marketing materials
- focus group and interviews with identified investors complemented by the presentation piece
- benchmarking analysis of the outcomes/deliverables and their success
- implementation of the multi-year marketing based upon the aforementioned outcomes and their strengths and weaknesses

The aim of the 2008 CISP Project is to show Hamilton’s strengths and opportunities in order to attract new economic growth, investment and complement existing companies using and/or located at the John C. Munro Hamilton International Airport. This tool is a key component of the growth campaign, which will be used to educate and attract foreign direct investment to the City. Future requests for the remaining marketing reserve funds will be forthcoming to Council for approval.

**ANALYSIS/RATIONALE:**

Hamilton International Airport is owned by the City of Hamilton with TradePort International Corporation operating it on the City’s behalf. Section 4.04 of the Lease Agreement provides for revenue sharing amongst the City and TradePort International Corporation which commenced in 2006. Pursuant to Sections 34.01, 34.02, and 34.03 of the Agreement, the City agrees, on an annual basis, to dedicate no less than 25% of all Percentage Rent received by the City, to match but not exceed, Marketing expenditures of the HIA in the immediately preceding year. In addition, the City agrees on an annual basis, to dedicate a further 25% of all Percentage Rent received by the City to fund Capital expenditures for Municipal services in, on and around the HIA.

Hamilton International Airport Lease Agreement, Section 9.03, addresses the Annual Performance Review. As part of the City’s audit procedures, the said Review was carried out in 2006 and will continue annually thereafter including verification of revenue amounts. To comply with the HIA Lease Agreement, enable efficient use of the HIA revenues and maintain effective review procedures, staff recommended the establishment of separate HIA reserves for the revenues generated by the HIA Lease Agreement, Report PED07077 approved by Council February 28, 2007.

Building upon the success of the results/recommendations of the 2006 CISP TIACA and 2007 CISP Asian Foreign Investment Strategy Projects, staff made application to Industry Canada for 2008 CISP funding to create awareness and attract attention/investment to the HIA and City. Thus, staff is recommending the aforementioned contribution request of $20,000 at this time.

**ALTERNATIVES FOR CONSIDERATION:**

The option to not approve the financial allocation for the 2008 CISP TIACA Project would result in the Project not proceeding, Industry Canada funds not be utilized and have a detrimental impact on Sections 34.01, 34.02, and 34.03 of the Hamilton International Airport Lease Agreement.
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FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Finance: Council approval is required to access Reserve funds. The City's Audit Procedures will verify revenue and expenditure amounts annually.

Staffing: None

Legal: Staff of the Legal Services Division have indicated that the expenditure being approved in recommendation (b) deals with the City's obligations to support the Airport's development through re-investment of rents towards Capital and Marketing expenses, with a portion of rents received, and that the HIA operator is agreeing the expenditure satisfies a portion of the re-investment obligation of the City.

POLICIES AFFECTING PROPOSAL:

Hamilton International Airport Lease Agreement
City Audit Procedures

RELEVANT CONSULTATION:

Hamilton International Airport (TradePort International Corporation)
Budgets and Finance Division / Legal Services Division, Corporate Services Department

CITY STRATEGIC COMMITMENT:

By evaluating the "Triple Bottom Line", (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Partnerships are promoted.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
A sustainable transportation network provides many options for people and goods movement; vehicle-dependency is reduced.

Economic Well-Being is enhanced. ☑ Yes ☐ No
Investment in Hamilton is enhanced and supported.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No

SR:db