That the City of Hamilton endorse the request to be submitted by TradePort International Corporation to both the Provincial and Federal governments as shown on the attached Appendix “A” to report PED10121.

EXECUTIVE SUMMARY

TradePort International Corporation has requested City of Hamilton Council formally endorse a $98 million funding proposal which is proposed to be equally shared by the Provincial government, the Federal government and TradePort, and at no cost to the City of Hamilton. The proposed funding will be used for the following infrastructure projects:

(i) Cargo Apron and Taxiway ($6 million);
(ii) Multi-Tenant Cargo Facility ($12 million);
(iii) Terminal Expansion ($60 million); and,
(iv) Runway 06-12 Extension ($20 million).
The first three projects are in a “shovel-ready” position and could proceed to completion over the next 18 months. TradePort is quite confident that these projects will not only assist the City economy in the short-term but continue to grow Hamilton’s economy well into the future. Staff is recommending Council’s endorsement of the funding request.

Alternatives for Consideration – See page 6

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)**

**Financial:** There is no cost to the City of Hamilton for endorsing Tradeport’s funding request. However, there would be significant direct, indirect and induced economic benefits in the form of job creation, development charge fees, municipal assessment and other spin-off economic development growth for the Hamilton community.

**Staffing:** None

**Legal:** There are no legal implications if the City of Hamilton were to endorse the recommendation. It is important to note that, according to Section 28.03.01 of the Head Lease for the HIA, the City (as Landlord) has agreed to assist and support TradePort’s applications for airport-related purposes to regulatory agencies and funding agencies in the airport lease.

**HISTORICAL BACKGROUND (Chronology of events)**

**Proposal**

TradePort International Corporation is proposing exciting and ambitious expansion projects at the John C. Munro Hamilton International Airport (HIA) that will significantly benefit the area economy through economic development and the potential creation of many new jobs within the Hamilton Region. The HIA development plan consists of four projects, each of which complements one another to grow HIA into a dominant second airport for the Greater Golden Horseshoe Region. This proposal has been brought forth to local MPP’s, Ms. Sophia Aggelonitis and Mr. Ted McMeekin, as well as MP’s, Mr. David Sweet and Mr. Dean Allison, who have been extremely helpful and supportive. However, the City of Hamilton’s endorsement is formally required by funding agencies or programs at both the Provincial and Federal Government level. Appendix “A” to Report PED10121 outlines in more detail, proposal elements. These are summarized below:
Economic Benefits

Job Creation:
As a result of the “shovel-ready” projects, 250 full-time, skilled construction jobs will be created immediately, while roughly 17,250 jobs will be created over a seven year period. Direct jobs will account for 6,554 of the 17,250 total jobs created, whereas indirect and induced jobs will represent the remaining 10,696.

Economic Measures:
HIA’s development will stimulate economic benefits in the form of wages, GDP, economic output and tax revenue. Wages are expected to increase by $740 million within seven years of project completion. GDP is anticipated to rise by $1 billion, while economic output is estimated to grow by $2.5 billion. Tax revenues (Municipal, Provincial and Federal) will increase by $183 million.

Projects by Priority:

1. Cargo Apron and Taxiway:
   This “shovel-ready” project involves widening an existing taxiway by 4.25m and constructing an additional apron (40,000 square meters) that will accommodate the growth of current air cargo operators that are adding wide body aircraft capability. Approval of this project is crucial, as a current cargo operator may have to relocate to another airport if HIA is not able to provide them with this expansion. This would mean a loss of 200 existing jobs and 20 immediate new jobs for the Hamilton area.

2. Multi-Tenant Cargo Facility:
   This facility will accommodate the growing air cargo business and will consist of an 80,000 square foot cross-dock. This facility will include multiple truck docking capability, refrigeration for perishables (flowers, fruits/vegetables and pharma products), a live animal centre as well as cargo and courier handling facilities. This facility will take less than 12 months to complete upon project commencement and would drive the creation of an additional 30 – 40 immediate new jobs.

3. Terminal Expansion:
   A shovel-ready project that is designed to attract and accommodate airline passenger growth and allow the existing terminal to facilitate 2.5 million passengers annually. This will include the construction of several aircraft bridges and a second and a third floor to the existing terminal at HIA. This project is expected to take approximately 18 months to complete.
4. **Runway Extension:**

The existing runway 06-24 will be lengthened by 3,000 feet to the southwest, therefore allowing it to handle larger aircraft and to facilitate aircraft landings in low visibility cross-wind conditions. This extension can be completed in approximately ten (10) months once construction begins.

**Development Projects and Costs**

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo Apron and Taxiway*</td>
<td>$6 million</td>
</tr>
<tr>
<td>Multi-tenant Cargo Facility*</td>
<td>$12 million</td>
</tr>
<tr>
<td>Terminal Expansion*</td>
<td>$60 million</td>
</tr>
<tr>
<td>Runway Extension</td>
<td>$20 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$98 million</strong></td>
</tr>
</tbody>
</table>

*shovel ready

TradePort International Corporation is prepared to fund one third of the project development costs, which amounts to approximately $32.7 million. The remaining costs of approximately $65.3 million are being requested to be funded equally by the Provincial and Federal Governments.

**POLICY IMPLICATIONS**

None

**RELEVANT CONSULTATION**

Staff have consulted with TradePort International Corporation, as well as City Departments including Legal Services, Finance, Planning and Economic Development, the City Manager’s Office and Mayor’s Office.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

Staff have reviewed TradePort International Corporation’s proposal document "Creating Employment Opportunities and Significant Economic Stimulus" regarding infrastructure investments totaling $98 million seeking equal one-third funding commitments from the Federal and Provincial Governments with TradePort being the third contributing party. The Infrastructure Stimulus Funding (ISF) program did provide for one-third funding contributions from each of the senior levels of government towards infrastructure
projects with the City picking up the remaining third. As the Airport is owned by the City, any ISF applications for airport infrastructure projects would have had to be done by the City but this did not occur. The City did receive nearly $205 million in stimulus infrastructure funding commitments and was formally advised in early 2010 that all stimulus infrastructure funding programs have concluded with all monies committed. Therefore, currently there are no active infrastructure programs for the City to pursue one-third funding regarding the Airport’s $98 million infrastructure proposal.

There does exist two Federal Infrastructure Programs that were initiated in 2009 and are expected to have application intakes in 2010:

- **P3 Canada Fund**
  This funding program was launched in September 2009 with a budget of $1.2 billion over five years administered through a newly created Crown Corporation (PPP Canada) to support public infrastructure projects procured via public-private partnerships (P3). Under this program, the typical role of the private proponent includes the private partner being responsible for all (or almost all) of the infrastructure design and construction and may also involve the operation/maintenance of the asset over a long-term period. The private partner may also borrow to finance the construction and operation of the assets. Note that the federal funding in combination with any other federal assistance may not exceed 25% of the project total costs. Within the P3 eligible project categories is "Regional and Local Airport Infrastructure" - support construction projects through the development/enhancement or rehabilitation of aeronautical and/or non-aeronautical infrastructure:

  (a) Aeronautical infrastructure includes, but is not limited to, runways, taxiways, aprons, hangars, lighting, Navaids, maintenance sheds, airside mobile equipment and associated shelters, air terminal building, and groundside safety-related.

  (b) Non-aeronautical infrastructure such as groundside access, inland ports, parking facilities, and commercial and industrial activities. The deadline for Round One project submissions was October 30, 2009 and the City did not submit any applications under the initial intake. No announcement has been made regarding Round Two which is expected in 2010.

- **Southern Ontario Development Program (SODP)**
  Established as a core program of Federal Economic Development Agency for Southern Ontario (FedDev Ontario) created in mid-2009. Funding under this program is targeted towards projects that can stimulate local economies and enhance the growth and competitiveness of local businesses and communities. Approximately $100 million has been allocated to the SODP in 2009-10,
including nearly $63 million through a general intake process - municipalities were only eligible under this intake. On October 2, 2009, FedDev Ontario announced that applications were being accepted for the General Intake process with an application deadline of December 1, 2009. The City did apply for three Council endorsed projects; however, the City was advised that its three applications would not receive SODP funding. Notable among the successful applicants was $8M (over two years) provided to the Greater London International Airport Authority. It is expected that a Second General Intake for the SODP will occur in 2010 but no announcement has occurred as of yet.

Given that the TradePort proposal's business case is dependent upon two-third funding commitments from senior levels of government, then the above funding programs may not be viable. The only other option would be to follow a similar approach that was taken securing funding for the Woodward Treatment Plant, whereby, senior government political support was facilitated through the Mayor's Office. The Senior Government at the ministerial level determined possible funding sources for the City's request. In any case, endorsement of the proposal by Council is a critical first element in moving forward. Accordingly, staff is recommending that the City endorse the TradePort proposal as a catalyst for continued growth of the Hamilton's future economy.

ALTERNATIVES FOR CONSIDERATION:
(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Council could not agree to not support TradePort's funding request.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)


Financial Sustainability

• Effective and sustainable Growth Management
• Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

Intergovernmental Relationships

• Acquire greater share of Provincial and Federal grants (including those that meet specific needs)
Growing Our Economy

- Newly created or revitalized employment sites
- Competitive business environment

Environmental Stewardship

- Reduced impact of City activities on the environment

Healthy Community

- Plan and manage the built environment

APPENDICES / SCHEDULES

Appendix “A” to Report PED10121 - Creating Employment Opportunities and Significant Economic Stimulus
hamilton international airport

9300 Airport Road, Suite 2206, Mount Hope ON, L0R 1W0

John C. Munro Hamilton International Airport
Creating Employment Opportunities and Significant Economic Stimulus
John C. Munro Hamilton International Airport

Creating Employment Opportunities and Significant Economic Stimulus

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Economic Growth and Growth in Business Operations 4

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InterVISTAS Study (January 2003) 29

John C. Munro Hamilton International Airport Funding Proposal
Executive Summary

Hamilton International Airport (hi) is the largest multimodal courier airport in Canada, and the secondary passenger airport to Lester B. Pearson International Airport. As a result, hi is already an important economic driver for the City of Hamilton and the Greater Golden Horseshoe region. Since TradePort International Corporation (TradePort) began management of the Hamilton Airport in 1996, hi has been responsible for creating approximately 1,400 jobs and significantly growing the Airport’s passenger and cargo business, as well as eliminating an annual loss in excess of $800,000 per year (the airport has been profitable since 1999). hi is also viewed as a significant leader in Hamilton’s community and a catalyst for economic growth.

Through strategic development hi has an opportunity to further expand its cargo and passenger business both domestically and internationally. Runway expansion and a multi-tenant cargo facility will allow Hamilton International Airport to accommodate increasing cargo tonnage, expand services to include perishable goods and allow carriers to target international opportunities. Further to this, by expanding the terminal facility, John C. Munro Hamilton International Airport’s passenger business can grow both domestically and internationally, from its present level of approximately six hundred thousand passengers to over 2.5 million passengers. This will also address the immediate needs for overflow from Pearson.

Hamilton International’s Advantages

The John C. Munro Hamilton International Airport’s advantages include;

- Population Size: A 1-hour catchment of approximately 6 million people and 2-hour catchment upwards of 11 million people. Hamilton International has a one-day truck catchment over 150 million people, and provides overseas markets access to major North American markets.
- Multimodal Opportunity: Hamilton International’s vast multimodal capacity encompasses highway, rail and marine. hi provides convenient access to highway 403, which links to Ontario’s 400 Series of super-highways, the U.S. highway network, rail lines and Hamilton’s port which creates significant multimodal transport opportunities.
- Geographic Location: located in the center of the North American North-East Super region, Hamilton International has direct access to the polar trade routes, making hi an economical choice for air cargo shipments between several markets.

By utilizing, and raising awareness, of these advantages Hamilton International Airport can continue to grow its passenger and cargo services, while increasing the economic benefit hi provides to the City of Hamilton and the surrounding region.
Infrastructure Development Project

John C. Munro Hamilton International Airport (hi) is proposing an exciting expansion project that will significantly benefit Hamilton’s, Ontario’s, and Canada’s economy. This expansion will drive economic growth and create opportunity in Hamilton’s Community.

Three projects are included in the Hamilton International’s Airport Development Plan. Each of these projects will compliment each other to grow hi into a dominant second airport for the Greater Golden Horseshoe Region. Furthermore, the combination of these projects will create enormous job growth and supplement the municipal, provincial and national economy. In the table below expansion projects, accompanied by their estimated cost are listed. The total fund required for Hamilton International Airport Expansion Plan is $98 million.

<table>
<thead>
<tr>
<th>Expansion Project</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Terminal Expansion *</td>
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</tr>
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<td>Total</td>
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</tr>
</tbody>
</table>

* Shovel Ready Projects with completion prior to Q1, 2011

- Terminal Expansion: A shovel ready project that will begin within three months of funding approval. Designed to allow our existing terminal to facilitate at least 2.5 million passengers annually. This project will involve building several covered bridges and introducing a second and third floor to Hamilton International’s existing terminal building. Once initiated, this project will take approximately 18 months to complete.
- Runway Extension: Start up time is scheduled approximately 12 to 24 months after funds have been approved. A 3,000 foot extension, on to the existing runway will lengthen the runway to 9,000 feet. This project will allow hi to handle larger aircraft and to facilitate aircraft landings in low visibility cross-wind conditions. Once initiated, this project will take approximately 10 months to complete.
- Multi-Tenant Cargo Facility: The second shovel ready project is also capable of beginning within three months of funding approval. The multi-tenant cargo facility slated to be developed will be an 80,000 square foot cross-dock facility that will include refrigeration amenities, courier handling capabilities and international freight capabilities. Additionally, a professional handling and docking station, along with a live animal centre and an interim perishable handling centre are scheduled for development. This project will take less than 12 months to complete upon commencement.
- Cargo Apron and Taxiway: To expand an existing taxiway and construct an additional apron to accommodate the growth of existing air cargo operators that are adding wide body air craft capability and to grow domestic and international air cargo opportunities.
Once funding has been approved start up time is minimal as two of the three projects are shovel ready. Plans to expand the terminal and develop a multi-tenant cargo facility can begin within three months of funding approval. Furthermore, runway expansion will follow close behind, once the environmental assessment is updated.

**Economic Benefits**

In January 2003, an Economic Impact Study on Hamilton International Airport was completed by an independent consulting company; InterVISTAS Consulting Inc. InterVISTAS is an internationally known company that specializes in transportation and tourism consulting, amongst other services. Economic and job growth figures used throughout this proposal are a result of this study. These are the estimated figures that would result from servicing 2.5 million passengers per year and 300,000 tonnes of cargo per year. It should be noted that this data is in the process of being updated; this update will be completed in 2009.

In expanding **hi** significant economic benefits will arise for Hamilton, the region, the province and the nation. Moving forward with these infrastructure plans will create an opportunity to significantly grow jobs and wages, while expanding GDP, Economic Output and Tax Revenue.

- **Job Creation**: Commencement of the terminal expansion project and multi-tenant cargo facility project will create approximately 250 skilled construction jobs. Over a three to seven year period, approximately 17,250 jobs will be created by Hamilton International Airport. Direct Airport jobs will account for 6,554 of the 17,250 total jobs created and indirect and induced jobs will represent 10,696.
- **Economic Measures**: In addition to significant job growth, airport development will stimulate economic benefits in the form of wages, GDP, economic output and tax revenue. It is estimated that within three to seven years, after project completion, wages will increase by $740 million, GDP will jump by approximately $1 billion, and economic output will grow by $2.5 billion. Additionally municipal, provincial, and federal tax revenues, collectively, will increase $183 million.

**Proposed Funding**

Utilizing infrastructure stimulus funding, or other appropriate funding, Hamilton International Airport proposes a structure that allocates the contribution of funds to the Federal Government, Provincial Government, and TradePort International. The total Airport Funding Costs are $98 million, and TradePort International Corporation is prepared to fund one third of the total development costs, approximately $32.7 million. **hi** is proposing that the remaining costs, approximately $65.3 million, are funded through the Federal and Provincial Government.
John C. Munro Hamilton International Airport

The John C. Munro Hamilton International Airport was built in 1940 as a wartime air force training station. Originally named 'The Mount Hope Airport' this facility aided Canada throughout World War II. After World War II, the Mount Hope Airport transitioned from a military establishment to a public facility. Responsibility for the operation and maintenance of the facility involved federal, local and private organizations. By 1963, the Department of Transportation officially assumed ownership and control of the Mount Hope Airport and in 1967 the City of Hamilton was given responsibility for the maintenance and operation of the Airport, however the Department of Transport was still responsible for providing, maintaining, and operating a Department of Transport control tower and navigational aids. From 1967 to 1996, Transport Canada supported the Mount Hope Airport through direct subsidy and infrastructure upgrades to ensure acceptable operation standards were met. During this time the Airport was used for general, passenger, and cargo aviation.

In 1996 the Vancouver Airport Services (YVRAS) and TradePort International Corporation entered into a 40 year lease with the City of Hamilton to manage and operate Hamilton International Airport. This signified the start of an extremely successful Public Private Partnership.

Economic Growth and Growth in Business Operations

Since privatization in 1996, hi has been an important economic driver for the City of Hamilton, as well as the Greater Golden Horseshoe. Furthermore hi has become Canada’s largest multimodal courier airport and provides a regional base location to major cargo companies; Purolator, Cargojet, and United Parcel Service (UPS). The John C. Munro Hamilton International Airport has also become a reliable secondary airport to the Lester B. Pearson Toronto International Airport.

- Direct employment has increased from approximately 300 jobs in 1995 to 1,700 jobs in 2008 (467% increase).
- Prior to the Public Private Partnership, hi was operating at a loss of almost $1 million annually, now hi generates a profit at no cost to taxpayers.
- Passenger traffic has increased from approximately 25,800 in 1995 to 545,800 in 2008 (over a 2000% increase)
- Cargo tonnage has increased from approximately 60,000 tonnes in 1995 to 101,400 in 2007 (69% increase)
Hamilton International continues to be a leader in Hamilton's community by driving the economy, supporting the community, and encouraging growth.

- *hi* is a Top 10 Employer in the city of Hamilton and supports approximately 3500 jobs.
- Jobs created at *hi* offer a 25% salary premium compared to the average salary of 'off-airport jobs' because of the professional designations required to facilitate airport growth. These professions include, but are not limited to; pilots, flight attendants, aircraft maintenance crews and technicians, etc...
- Hamilton International Airport is based upon a low cost structure, formulated to encourage business and opportunities. Cargo and Passenger traffic achieve up to a 60% cost savings by utilizing *hi* as opposed to Toronto's Lester B. Pearson International Airport.

Furthermore, *hi* has the opportunity to significantly expand. As a secondary airport, Hamilton International Airport is an international and domestic gateway into the Greater Golden Horseshoe Region. Taking advantage of *hi*’s ideal location, can create enormous opportunities in terms of cargo and passenger business.

- **Geographic Location**
  - *hi* is located in the centre of the North American North-East Super region which runs alongside the polar trade routes and the NAFTA Super-Corridor. In addition, *hi*’s access to the polar trade routes makes Hamilton International the most economical airport for air cargo shipments between these markets.
• **Catchment Size**
  Hamilton International’s direct, 1-hour catchment measures approximately 6 million consumers, and our 2-hour catchment is upwards of 11 million consumers. Furthermore **hi’s** one-day truck catchment totals over 150 million consumers, a truck catchment larger than that of New York, Montreal, Toronto, or Detroit. Cargo carriers from Europe, Asia, and South America, looking to transport goods throughout North America find **hi’s** catchment to be a true asset, as Hamilton International provides access to major markets throughout North America.

• **Multimodal Opportunity**
  **hi’s** multimodal capacity is vast, resulting from close connections with;
  
  - **Major Highways**
    John C. Munro Hamilton International Airport has convenient access to Highway 403 which connects to Ontario’s 400 Series of Super-Highways and the U.S. Highway Network. Within an 90 km distance, **hi** has access to four U.S./Canadian border crossings; The Peace Bridge, The Queenston-Lewiston Bridge, Whirlpool Rapids Bridge, and The Rainbow Bridge.
  
  - **Railways**
    Hamilton International Airport is within close proximity to CNR and CPR loading terminals and rail lines, which extend throughout Canada and the United States.
  
  - **Marine transportation**
    **hi** is also a short distance from Hamilton’s port, located on Lake Ontario. Hamilton’s port has been in operation for over a hundred years, partially as a result of its accessibility to U.S. ports and global trade routes by means of the St. Lawrence Seaway System. Hamilton’s port offers several services including transshipment facilities, customs, storage for liquid and bulk, warehousing for general cargo, dry docking and container handling.

**hi** has experienced significant successes in recent years. Further to this, sizeable opportunities have developed creating an enormous opportunity for Hamilton International to continue development.

  - In 2006 and 2007 passenger traffic growth experienced a 20% and 26% increase respectively, while cargo growth increased 3% in 2006 and 20% in 2007.
  - Revenues significantly increased, by 23% in 2006 and 27% in 2007.
  - In 2008 several widebody aircraft were introduced at Hamilton International creating an opportunity for long-haul and international cargo capabilities. The Canada-EU open skies agreement, finalized in 2008, will support international cargo flights operating out of Hamilton. Introduction of widebody aircrafts, along with the Canadian-EU open skies agreement creates an exciting opportunity for cargo growth at Hamilton International Airport.
In 2008 WestJet and Southwest signed a code-sharing agreement, which has created significant opportunity for Hamilton International to provide service to Chicago Midway, also a YVRAS managed airport. For example, introduction of a daily flight to Chicago Midway, with standard frequency, will increase passenger traffic by 1 million passengers annually.
John C. Munro Hamilton International Airport Infrastructure Development Proposal

Hamilton International Airport is working towards significant expansion, physically growing the size of hi and its operations. This development will drive economic growth and create opportunity in Hamilton’s community.

Three projects are included in the Hamilton International’s Airport Development Plan. Each of these projects will compliment each other to grow hi into a dominant second airport for the Greater Golden Horseshoe Region. Furthermore, the combination of these projects will create enormous job growth and supplement the municipal, provincial and national economy. In the table below expansion projects, accompanied by their estimated cost, are listed. The total fund required for Hamilton International Airport’s Expansion Plan is $98 million.

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<tr>
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<td><strong>$98 million</strong></td>
</tr>
</tbody>
</table>

* Shovel Ready Projects

Once funding has been approved start up time is minimal as three of the four projects are shovel ready. Plans to expand the terminal, develop a multi-tenant cargo facility and the cargo apron and taxiway can begin within three months of funding approval. Furthermore, runway expansion will follow close behind, with start up time scheduled approximately 12 to 24 months after funds have been approved.
Terminal Expansion

John C. Munro Hamilton International Airport is planning to expand its terminal in efforts to accommodate an increase in passenger traffic to approximately 2.5 million passengers per year, *hi* believes this is an attainable goal. Expansion plans include building a second and third floor on to the existing terminal, in addition to adding seven covered bridges for passengers to access the aircraft from the terminal building. Plans will also include expanding hold rooms, arrival halls, and airport concessions. Introducing state of the art airline communication equipment is another element of the proposed terminal expansion project. This plan is shovel ready, and could be completed within 18 to 24 months of project commencement. Below is an artist rendition of the front entrance of the proposed expanded terminal.

Runway Expansion

To accommodate larger aircraft, and increase reliability, Hamilton International Airport is planning a runway extension. An extension of 3,000 feet, lengthening our runway to 9,000 feet, is planned to allow *hi* to handle larger aircraft and to facilitate aircraft landings in low visibility cross-wind conditions. This project will have a start time within 12 to 24 months upon receiving funding, once started it will take approximately 10 months to complete.
Multi-Tenant Cargo Facility

Hamilton International Airport is looking to develop an 80,000 square foot cross-dock, multi-tenant cargo facility. This facility will include refrigeration amenities, in addition to offering courier handling and international freight capabilities. A professional handling and docking station is also in the plans, along with a live animal center and an interim perishable handling center. Such a facility will help expedite potential security requirements that may be established in the near future. Similar to the terminal expansion project, the multi-tenant cargo facility project is shovel ready. Once this project has begun it will be completely finished in less than 12 months.
Cargo Apron and Taxiway

A current cargo operator has requested that the Hamilton International Airport expand its existing taxiway and construct an additional apron that will provide it with the capability to expand its fleet to wide body cargo aircraft. This project will consist of widening the current taxiway at the Hamilton Airport by 4.25m, which will account for approximately 25,000 square meters of additional asphalt. In addition to the widening of the taxiway, a 40,000 square meter apron expansion will also take place. This expansion will provide the airport with the capability to grow both domestic and international air cargo opportunities. Once this project has begun it will be completely finished in less than 12 months.
Economic Benefit to Hamilton and the Surrounding Region

In expanding Hamilton International Airport, significant economic benefits will arise for Hamilton, Ontario, and Canada. Moving forward with these infrastructure plans will create an opportunity to significantly grow jobs and wages, while expanding GDP, Economic Output and Tax Revenue. All projected economic figures are based on an Economic Impact Study, completed by InterVISTAS, an independent consulting company, in January 2003. It should be noted that this data is in the process of being updated; this update will be completed in 2009.

Job Creation

Job creation will begin immediately, as three of the four development projects are shovel ready. Commencement of these two projects will create approximately 250 skilled construction jobs, aiding our economy in a time of economic strain. As identified by the InterVISTAS Economic Impact Study, within three to seven years of project completion 17,250 total jobs will be created by Hamilton International Airport’s expansion. The 17,250 jobs created include direct, indirect and induced employment opportunities.

- Direct Job Creation
As of 2002 Hamilton International Airport directly employed 1,549 people. Of these employees, 889, or 65% of employees, are employed on a full time basis, and 99% of the 1,549 jobs are permanent. Further to this, airport employees generally experience a 25% wage premium compared to off-airport employment wages.
The jobs identified in the previous graph are inclusive of all employment that is directly related to Hamilton International Airport. This includes, but is not limited to, pilots, aircraft and vehicle mechanics, customer service agents, security and ATC, warehouse labour, flight attendants, dispatchers, managers and supervisors.

Through infrastructure developments, InterVISTAS estimates that 6,554 direct jobs, in addition to the existing 1,546 jobs, will be created at Hamilton International within approximately three to seven years of project completion. The jobs created will result from passenger, cargo, and general aviation growth, additionally significant job growth will result from land development distribution centers and support services. A break-down of job creation, resulting from Hamilton International’s infrastructure development plan can be seen in the graph and table below.
<table>
<thead>
<tr>
<th>Source of Direct Incremental Employment</th>
<th>Jobs</th>
<th>Person-Years (PY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Aviation and Other Operations Growth</td>
<td>55</td>
<td>42</td>
</tr>
<tr>
<td>Passenger Traffic Growth</td>
<td>396</td>
<td>366</td>
</tr>
<tr>
<td>Passenger Traffic New Base Operations</td>
<td>649</td>
<td>649</td>
</tr>
<tr>
<td>Cargo Traffic Growth</td>
<td>2142</td>
<td>1965</td>
</tr>
<tr>
<td>Land Development Distribution Centres</td>
<td>2880</td>
<td>2880</td>
</tr>
<tr>
<td>Land Development DC Support Services</td>
<td>432</td>
<td>432</td>
</tr>
<tr>
<td><strong>Direct Incremental Jobs/PYs</strong></td>
<td><strong>6554</strong></td>
<td><strong>6334</strong></td>
</tr>
<tr>
<td>Construction Related Jobs/PYs</td>
<td>250</td>
<td>105</td>
</tr>
</tbody>
</table>

- **Indirect and Induced Job Creation**

Using multipliers from Statistics Canada's 1996 Interprovincial Input Output Model, InterVISTAS estimated that Hamilton International Airport created approximately 1,200 indirect jobs in 2002. Indirect employment constitutes of employment in non-airport industries that supply or provide service to the airport industry. Further to this, a significant number of induced jobs, employment resulting from expenditures by direct and indirect airport employees, have resulted from Hamilton International Airport. Using a combination of multipliers, recommended by Statistics Canada, InterVISTAS estimated approximately 900 induced jobs were created by Hamilton International in 2002.

Three to seven years after the proposed infrastructure development has been completed, InterVISTAS has forecasted that Hamilton International Airport will have a significant impact on indirect and induced job creation. Approximately 10,696 indirect and induced jobs will be created within three to seven years of project completion.

- **Total Job Creation**

As discussed above, development and expansion of John C. Munro Hamilton International Airport will create 17,250 jobs. Direct airport jobs will account for 6,554 and indirect and induced jobs will represent 10,696 jobs.
Municipal, Provincial, and Federal Economic Benefits

In addition to significant job growth, airport development will stimulate economic benefits in the form of wages, GDP, economic output and tax revenue. Three to seven years after project completion the following economic benefits have been predicted by InterVISTAS:

- Total wages paid by Hamilton International Airport will increase to $860 million, from $120 million in 2002.
- Total provincial GDP will increase to $1.24 billion from $170 million in 2002, GDP directly resulting from Hamilton International Airport will increase to $456 million, from $65 million in 2002.
- Economic output will increase to $2.9 billion from $410 million in 2002.
- Direct tax revenues (municipal, provincial, and federal) will increase to $214.8 million from $32 million in 2001.

The table below summarizes the economic growth that can be expected from developing John C. Munro Hamilton International Airport into a facility that can accommodate 2.5 million passengers annually and 300,000 tonnes of cargo annually.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wages</strong></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$290,000,000</td>
</tr>
<tr>
<td>Total (Direct + Indirect + induced)</td>
<td>$740,000,000</td>
</tr>
<tr>
<td><strong>GDP</strong></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$391,000,000</td>
</tr>
<tr>
<td>Total (Direct + Indirect + induced)</td>
<td>$1,070,000,000</td>
</tr>
<tr>
<td><strong>Economic Output</strong></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$1,000,000,000</td>
</tr>
<tr>
<td>Total (Direct + Indirect + induced)</td>
<td>$2,540,000,000</td>
</tr>
<tr>
<td><strong>Tax Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$183,000,000</td>
</tr>
</tbody>
</table>

Estimated incremental growth from InterVISTAS study
Proposed Funding

Hamilton International Airport strongly believes in its potential to become a leading North American airport for cargo and passenger traffic. In order to position ourselves as a strong secondary airport to Toronto’s Lester B. Pearson International Airport, and achieve the economic potential we have, infrastructure developments need to be achieved.

Utilizing Infrastructure Stimulus Funding, or other appropriate stimulus funding, Hamilton International Airport proposes a structure that allocates the contribution of funds to the Federal Government, Provincial Government, and TradePort International Corporation. The total Airport Funding Costs are $98 million.

<table>
<thead>
<tr>
<th>Expansion Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terminal Expansion</td>
<td>$60 million</td>
</tr>
<tr>
<td>Runway Expansion</td>
<td>$20 million</td>
</tr>
<tr>
<td>Multi-tenant Cargo Facility</td>
<td>$12 million</td>
</tr>
<tr>
<td>Cargo Apron and Taxi Way</td>
<td>$6 million</td>
</tr>
<tr>
<td>Total</td>
<td>$98 million</td>
</tr>
</tbody>
</table>

TradePort International is prepared to fund one third of the total development costs, this amounts to approximately $32.7 million. Hamilton International Airport is proposing that the remaining costs, approximately $65.3 million, are funded through the Federal Government and Provincial Government.

The John C. Munro Hamilton International Airport is confident that this project will not only assist our economy in a time of need, but continue to grow Hamilton’s economy in the future. Investment in the Hamilton International Airport should be seen as an investment in a City of Hamilton public asset. Support for this project will act as a positive multiplier for regional, provincial, and national employment and economic factors. This grant will allow Hamilton International Airport to develop into a thriving secondary passenger airport, serving the Greater Golden Horseshoe region, and a North American hub for international cargo operations.
Letters of Support