



Date: Wednesday, January 22, 2020
From: Gaurav Sharma, Airport Manager
Subject: 2020 Scheduled Flight Service Report
Report: OPS 2020-05

Recommendation

1. That the report from Gaurav Sharma, Airport Manager, regarding 2020 Scheduled Service Budget be received, and;
2. That Council of the Township of Georgian Bluffs approves the 2020 Scheduled Service budget as outlined in the report

Background

FLY GTA Airlines entered into a Commercial Operator Agreement with the Township of Georgian Bluffs on March 20, 2019, to operate daily flight service between Wiarnton Airport and Billy Bishop Toronto City Airport on Fridays, Saturdays, Sundays and Mondays between May 24, 2019, and October 28, 2019.

FLY GTA was guaranteed 4 seats per flight with no minimum required passengers for the first 36 days, and from day 37, a minimum of 2 passengers were required to operate the flight.

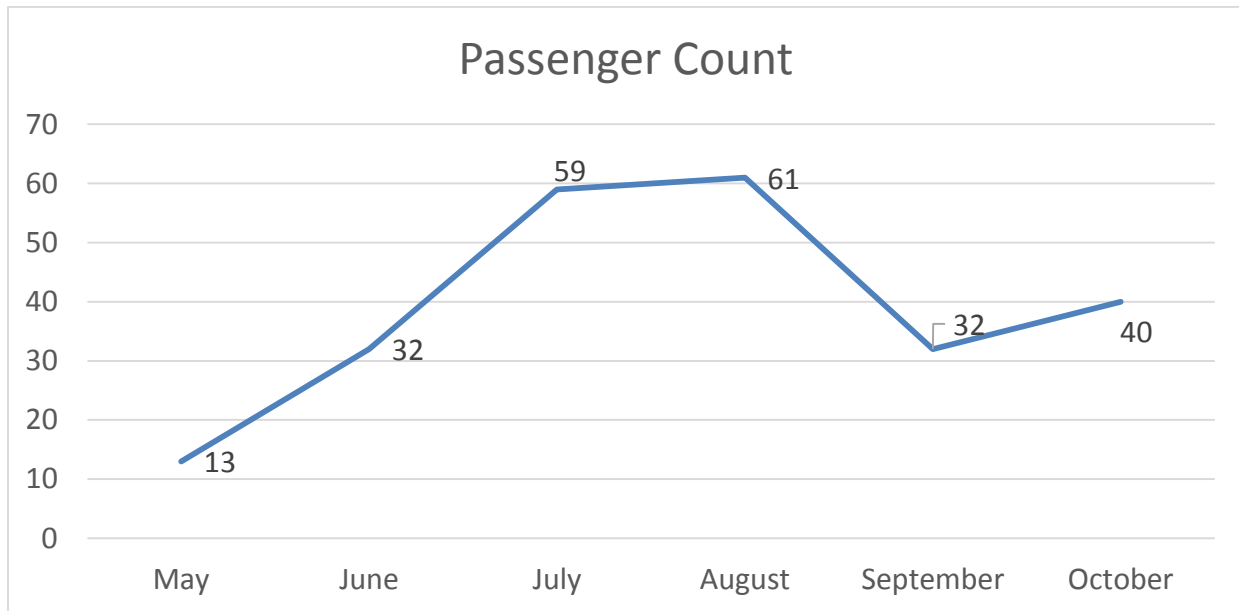
Analysis

FLY GTA Airlines operated flights between Billy Bishop Toronto City Airport to Wiarnton Airport on Fridays, Saturdays, Sundays and Mondays. The flights were operated using a Piper Navajo aircraft, and the cost of a one way trip was \$175 (all-inclusive).

The flight service provided an important and direct connection between the Grey Bruce region and Greater Toronto Area (GTA). The flight time was only 40 minutes and passengers were only required to check-in 15 minutes before departure, making the overall experience convenient and hassle free.

As part of the Minimum Guarantee of departure, the Township of Georgian Bluffs paid a total of \$58,530.60 to FLY GTA for the vacant seats in 2019.

A total of 237 passengers used the service during the season. The breakdown of the passenger count is given below:



<u>Month</u>	<u>Passengers</u>
May	13
June	32
July	59
August	61
September	32
October	40
Total	237

The scheduled service generated direct revenue of \$17,349.97 for the airport, out of which the total profit was approximately \$4,350.00. Therefore, the net cost to the Township for the scheduled service in 2019 was \$54,180.60.

The proposed 2020 schedule flight service agreement will be similar to the 2019 service agreement, with a total of 4 flights per week operating between Wiarton and Toronto. The proposed service would start on May 28, 2020 for a six month period ending November 01, 2020 with one return flight per day (in other words, here and back again) on Thursday and Sunday, in the afternoon, two return flights on Friday, one in the

morning and one in the afternoon, and no flights on Monday. This proposed service will offer 1472 seats during the whole season (92 days, 184 flights with eight seats each).

Similar to 2019 service agreement, the 2020 flight service proposal from FLYGTA requires guarantee that a minimum of 4 seats (50% occupancy) will be sold per flight. In the first 36 days a guarantee of 4 seats per flight will be sold. If the 4 seats per flight are not sold, the Township would be invoiced. After the first two months, it is proposed that if less than 2 seats are sold, the flight would be cancelled; however, if two seats per flight were sold, the Township would pay for the other 2 seats to make up the minimum of 4 seats. The ticket price for passengers for the proposed 2020 flight service will be \$175 per seat (all inclusive), whereas the cost to the Township per seat will be \$172.60 plus HST.

If no passengers flew for the first 36 flights, the cost to the Township would be 288 seats x \$172.60.00 plus HST per seat = \$49708.8 plus HST (\$1380.8 plus HST per day).

Further, assuming that only two people purchased tickets for the remainder of the 56 days, the cost to the Township would be 224 seats x \$172.60/seat plus HST= \$38662.4 (\$690.4 plus HST per day).

The total financial risk to the Township over the proposed six month period of service would be \$88371.2 plus HST if no passengers flew on the scheduled flights.

During the 2019 schedule service season, many local businesses in the area benefited from the service including local car rental companies, taxi companies, tourism operators, hotels & motels operators, etc. For example, Thrifty car rental reported significant increase in their revenue for services offered at Warton Airport in 2019. The airport also received many letters of support from passengers who used the service.

The International Air Transport Association (IATA) recommends that having a scheduled flight service improves the quality of life by broadening people's leisure and cultural experiences. It can facilitate tourism and trade and has the potential to generate economic growth, provide jobs, and increase revenue by taxes.

Grey County is considering investing in the 2020 scheduled service by purchasing a number of tickets. They are also considering providing marketing support for the flight service.

Financial Impact

The total financial risk to the Township over the proposed six month period of service would be \$88371.2 plus HST if no passengers flew on the scheduled flights.

Strategic Priorities

2. Foster Economic Growth

The Township of Georgian Bluffs strives to retain, expand, and attract new businesses that support employment opportunities, promote a diversified economy, support value-added agriculture and capitalize on the Township's strengths, defining natural resources, while protecting the natural environment.

2.4 Promote and support development opportunities at the airport to utilize the facility to its potential to become a transportation hub for the Grey Bruce Region, as well as attract aviation businesses that will offer employment opportunities.

Conclusion

A scheduled service between Wiarton Airport and Billy Bishop Toronto City Airport will help in connecting the Grey Bruce region to the provincial, national and international air transportation network. This connection will allow the area to remain attractive to industrial and commercial interests, improving its potential for economic development.

Respectfully Submitted:

Reviewed by:

Gaurav Sharma, Airport Manager

Wendi Hunter, Acting CAO / Clerk