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**Date:** 2021-10-06

**From:** Brittany Drury, Clerk

In consultation with: Kassandra Rocca, Director of Finance / Treasurer

Steven Dollmaier, Director of Operations,

**Subject** Sale of Wiarton Keppel International Airport

**Report** LEG2021-28

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## Recommendation

That report LEG2021-28, Sale of Wiarton Keppel International Airport, be received for information, and

That all comments submitted during the public meeting be received for information, and

That the Evaluation Criteria, as included in this report, form a part of the evaluation process.

## Background

To date, Council has endorsed the following regarding the Wiarton Keppel International Airport:

- Purchase of the facility from the Town of South Bruce Peninsula at a purchase price of \$600,000.00. Authorized by By-law 59-2015, June 3, 2015.
- Annual budget allocations, including special capital projects from ownership in 2015 through to 2021. Said projects include, but are not limited to:
  - Runway maintenance, as approved by Council in 2017,
  - Scheduled Service pilot project to Billy Bishop Airport through FLY GTA Airlines, on select days in both 2019 and 2020,
  - Various lease agreements with private industries, including a restaurant, for use of rental office and flex spaces at the facility.
  - Completion of a Feasibility Study, in collaboration with the County of Grey. Said Study was presented to Georgian Bluffs Council on June 23, 2021

and Grey County Council on June 24, 2021. Upon receipt of the report, Grey County Council moved to defer consideration of the report to a future meeting.

- Contracting management services to the LOOMEX Group, effective March 2, 2020, following resignation of the former Airport Manager.

Council has hosted multiple public engagement opportunities to gather feedback regarding the airport facility and the Township's continued ownership of said facility. Overwhelmingly, feedback regarding the airport has consisted of the following themes:

- While the public is generally in favour of the airport, constituents are not in support of funding its continued operations,
- Operations are a drain on Township taxation,
- As a small, rural municipality, the Township can no longer afford to maintain the airport as an operational asset,
- The airport facility has a great deal of potential as an economic development, tourism and life saving asset to the Grey Bruce region.

Following years of frustration concerning the Wiarton Keppel International Airport and the years of funding annual operating losses and required capital investments to maintain the asset in a state of good repair, Council engaged the Loomex group to conduct a feasibility study in late 2020. The feasibility study was completed and presented to Council in June 2021. Council received the report and directed staff to return with possible next steps.

Completion of the study generated interest in the facility, interest which resulted in the decision to declare the facility surplus and gauge the extent of said interest in the marketplace.

## Analysis

### Section 1: Declaration of Surplus Property

Per the *Municipal Act, 2001*, all municipalities are required to have a policy governing the sale of lands deemed to be surplus and placed for sale. Township Surplus Lands Policy, By-law 83-2007, is attached to this report as Appendix A.

At their meeting on September 13, 2021, following closed session discussions, Council moved to deem the Wiarton Keppel International Airport surplus, place the facility and lands for sale and passed the following motion:

Moved By: Councillor Paul Sutherland  
Seconded By: Deputy Mayor Sue Carleton

**That the Wiarton Keppel International Airport and associated lands are hereby deemed to surplus to the needs of the Township of Georgian Bluffs, and**

**That the airport and associated lands be advertised for sale, and**

**That a by-law to authorize said sale be presented at the October 6, 2021 meeting of Council, and**

**That offers for purchase of the lands and facility be presented to the Township's attention by October 14, 2021, and**

**That staff are hereby directed to circulate public notice to this effect, in accordance with By-law 93-2007, and**

**That the facility will continue to operate as a certified international airport throughout the sale process.**

To ensure an equal, fair, and accountable sale process, the Township's Surplus of Lands Policy requires that:

- Council, by resolution, deem the lands to be surplus,
- A public meeting be held to consider the sale,
- Notice of the sale and public meeting be advertised at least two weeks in advance of hosting the meeting, and
- That a by-law be passed to approve the sale.

For clarity, by deeming the lands surplus, Council simply moves to entertain offers for purchase. Should Council be unsatisfied with submitted offers, the by-law may be repealed, with the asset remaining in the ownership of the Township. For further clarity, by deeming the lands surplus, Council has **NOT** moved to close the facility. The facility remains open and operational throughout the sale process.

To fulfill the requirements of this policy, and ensure a fair and equitable process, this report will accompany a public meeting, inviting all members of the public to participate and submit comments for Council's consideration. By-law 2021-066 has been included for Council's consideration this evening.

## **Section 2: Evaluation Criteria**

By deeming the lands surplus and advertising the property for sale, Council will entertain any and all offers for ownership of the facility. These offers may, and likely will take different forms, including, but not limited to, use of the lands for farming purposes, maintaining airport operations, etc. To be very clear, Council has not elected to favour one option over the other, thereby treating all offers the same and applying the same evaluation criteria.

To appropriately and fairly evaluate all offers received for purchase of the airport, staff propose the following criteria be applied:

1. Financial	<p>All offers received must demonstrate a relief of financial burden to the Township. All offers shall relieve the Township of any and all financial encumbrances as a result of owning and operating the airport, including but not limited to operating and capital costs, outstanding debt, etc.</p> <p>Offers which do not fulfill the first criteria, will not be considered.</p>
2. Environmental	<p>Offers will be evaluated by determining their impact or potential impact to the natural environment, including, but not limited to:</p> <ul style="list-style-type: none"><li>• Off-set of carbon emissions,</li><li>• Development of natural lands,</li><li>• Methods of limiting any environmental impacts.</li></ul>
3. Economic Development	<p>Offers will be evaluated by determining their benefit or potential benefit to the local economy, including, but not limited to:</p> <ul style="list-style-type: none"><li>• Impact to tax assessment and growth,</li><li>• Creation of employment opportunities,</li><li>• Creation of tourism opportunities,</li><li>• Long term community growth.</li></ul>

As included above, offers which do not relieve the Township of all financial burdens associated with owning and operating the airport, will not be considered.

### Section 3: Financial Considerations

#### Airport Costs to Date:

Total Taxpayer money used to pay for Operating and Capital expenditures from purchase of the airport to September 07, 2021: **\$2,405,125.**

In addition, the Township took on an loan to purchase the airport of \$600,000, of which \$230,000 remains outstanding to be paid.

Total Interest Paid to Date on Airport Loan: \$70,076

To be clear then, total taxpayer money spent on the airport from purchase to September 07, 2021 is as follows:

Purchase Price	\$600,000
Interest on Loan paid to date	\$70,076
Operating and Capital Spent to date	\$2,405,125
<b>TOTAL taxpayer money spent to date</b>	<b>\$3,075,201</b>

Additionally, the Township currently holds various lease agreements with multiple tenants for use of the facility. Said leases include long-term hangar leases, in which leasing parties have constructed hangars, to their own expense, and lease the lands on which they are constructed from the Township.

Currently, lease details are as follows:

Hangars:

Hangar #	By-law #	Term
Hangar #1	2016-038	20 years
Hangar #3	2018-093	20 years
Hangar #4	2020-124	20 years

Hangar #5	2017-060	20 years
Hangar #6	2016-112	20 years
Hangar #7	2018-050	20 years
Hangar #8	2016-039	20 years
Hangar #9	2018-049	20 years

In addition to hangar leases, the Township currently holds shorter-term lease agreements for use of office and facility space at the Airport:

<b>Lease</b>	<b>Expiry</b>
Office 204A	June 30, 2021 – currently in the renewal process.
Office 115	December 31, 2021
Office 203	December 16, 2021
Guyed Tower (GB Tel, wireless broadband)	August 31, 2025
Restaurant	June 30, 2025

Lease commitments require further evaluation, to ensure a successful transition in the sale process.

To date, staff have conducted due diligence, including building an internal team to discuss the process and provide input, consulting with external experts including a lawyer, appraiser, and sales consultant. Staff have prepared and compiled a purchasing package that is shared with all interested parties upon expression of interest.

Think Canada is a consulting firm on retainer at Grey County, engaged to assist with economic development. Following the identification that the airport was one of the top economic development opportunities for the entire region, Think Canada have been exploring options and identifying qualified candidates that could help bring that opportunity to a reality, creating jobs and identifying the airport as a hub for activity in the area.

All offers for purchase or expressions of interest are due to the Township's attention by October 14, 2021.

## Financial Impact

It is important to review the financial impacts of the sale of the airport on the Township's financial position:

### Cost Savings From Sale of Airport

	<i>Annual Operating/ Minor Capital Savings</i>	<i>Building Capital Costs</i>	<i>Runway Replacement</i>
Year 1	\$399,640	\$310,665	
Year 2	\$411,629	\$43,538	\$2,500,000
Year 3	\$423,978	\$92,030	\$3,500,000
Year 4	\$436,697	\$20,250	
Year 5	\$449,798	\$102,275	
	\$2,121,743	\$568,758	\$6,000,000

#### Total

**\$8,690,501**

\*assume 3% increase each year

\*Building Condition Assessment Report

\*Storm Water upgrades & Runway Replacement

Note: Cost are estimated only to maintain current service levels. No capital costs identified to expand/improve services.

As evident from the financial snapshot above, by selling the airport, the Township avoids significant financial costs that are forecasted to be spent in the next five years. If the airport is to continue to operate and if the assets are to be maintained in a state of good repair, the Township would be required to spend upwards of \$6.5M during that time, while covering the annual operating deficits that have been forecasted to continue.

From a financial perspective, the sale of the airport not only eliminates future financial obligations of the Township to support airport operations and capital requirements, it has the potential to provide the Township with new additional tax revenues. If the Prosperity Hub becomes reality and new employment lands are developed around the airport, the incremental annual tax revenues to the Township can be significant and help keep current tax levels for existing ratepayers in check for years to come.

By creating new jobs in the area, the economic spinoff can be significant, as new employment opportunities generate additional benefits in the housing market, increased sales in grocery stores, gas stations, increased spending to support neighboring and existing retailers, and so on.

## Strategic Priorities

The recommendations presented in this report support all pillars of Council's Strategic Plan, including:

- Delivering effective and cost-efficient services.
- Improving communication, collaboration, and transparency.
- Fostering economic growth.
- Enhancing environmental stewardship.
- Increasing social and community opportunities.

## Conclusion

Following numerous public consultation processes and completion of the feasibility study, Council moved to entertain offers for purchase of the Wiarton Keppel International Airport. All offers will be considered and evaluated by staff and Council. All comments received during the public meeting process will form part of the sale process and be considered in determining the best path forward.

Appendix A: Township Surplus Lands Policy, By-law 83-2007

Respectfully Submitted:

Brittany Drury  
Interim CAO / Clerk



## Report Approval Details

Document Title:	LEG2021-28 - Sale of Wiarton Keppel International Airport .docx
Attachments:	
Final Approval Date:	Sep 29, 2021

This report and all of its attachments were approved and signed as outlined below:

Jenn Burnett, Senior Planner

Tim Lewis, Chief Building Official

Janet Hilts, HR Manager

Steven Dollmaier, Director of Operations

Kassandra Rocca, Director of Finance