

To:	Warden Hicks and Members of Grey County Council
Committee Date:	December 10, 2020
Subject / Report No:	EDTC-CW-01-21
Title:	Regional Airport Study
Prepared by:	Savanna Myers, Director of Economic Development, Tourism & Culture Steve Furness, Manager of Economic Development
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	All
Status:	Recommendation adopted by Committee as presented per Resolution CW04-21; Endorsed by County Council January 14, 2021 per CC08-21;

Recommendation

1. That Report EDTC-CW-01-21 regarding a Regional Airport Study be received; and
2. That staff be directed to contract Loomex to proceed with a Regional Airport Study prior to the 2021 Budget approval; and
3. That Grey County contribute \$10,000 towards the Regional Airport Study to be funded from the 2021 Economic Development - Reports and Studies budget line, with the remainder to be funded by Georgian Bluffs and RTO7; and
4. That the study and accompanying report be brought back for Council consideration in early 2021 prior to a decision on County involvement; and
5. That action commences prior to County Council approval as per Section 25.6 (b) of Procedural By-law 5003-18 as amended.

Executive Summary

The Warton Keppel International Airport (CYVV) is one of the top five investment opportunities in Grey County. The airport was identified by external stakeholders and investors as a key economic development asset, which led staff to further explore. Given the airport's certification, large parcel of potentially developable land, runway length and positive expansion potential, staff remain confident in the airport as a major regional asset and recommend Grey County undertake a regional airport study to truly understand the investment potential and path forward.

Background and Discussion

The Warton Keppel International Airport (CYVV) is a Transport Canada Certified Airport, the only in the region. This certification is critical to enabling our region, through the airport, to attract business and investment as it provides a base standard of safety that is expected within the aviation industry. In addition to Certification, the asset includes 420 acres of potentially developable land, which may be subject to federal regulations, planning policies and planning approvals, a 5000 ft. runway with ample room to expand to a 7000 ft runway and the instrumentation approaches to land where weather does not impede travel as it does elsewhere. Together, this asset stands as the region's largest industrial park parcel with the additional advantages of commercial tourism made possible by certification to allow regularly scheduled flights.

Grey County Economic Development staff began working with the Warton Keppel International Airport through 2018 workplans. This strategic focus was added following the 2017 Top 7 Intelligent Communities process where many connections, leads and lessons were gained. This process also introduced our team and working group to Foreign Direct Investment (FDI), which was directly linked to the potential of the Airport as a regional economic driver.

In 2018, with guidance from Think Canada, staff began investigating the Airport's development potential, which included coordinating with planning departments at Grey County, Georgian Bluffs, and Niagara Escarpment Commission to develop a detailed investment package. This package was actioned to reach potential investors and the aviation industry who were unaware of the Airport.

This preliminary FDI work indicated a wide range of potential interest in the airport lands including: technology (graphics), innovation center, manufacturing, boutique hotel, flight schools, and aerospace manufacturing. These preliminary discussions indicated the potential of the airport lands and facilities to attract a much wider range of investment interest than originally anticipated. It also highlighted the remaining planning gaps required to close the investment opportunities.

- a) Strategic Priority – Is the airport a priority and focus for the ownership group,

- b) Master plan – identify lot parcels, runway access, servicing plan lease rates,
- c) NEC – remove NEC designation allows more flexibility,
- d) Communication Plan – tell the airport story and opportunity to investors / aerospace sector.

Other key observations from these conversations with potential investors indicate:

- a) Tourism investors are interested in the entire region: Lake Huron beaches, to Tobermory to The Blue Mountain region, are interested in other residential / commercial opportunities and see the whole region as undeveloped.
- b) Airport lands – reasonably priced, larger parcels, few restrictions (neighbor proximity), close to GTA by air and highway.
- c) Labour force – aerospace industry is closely aligned with nuclear industry - both are precision manufacturing, existing nuclear labour force appealing, as well as machine shops particularly the Mennonite community in south Grey.

In 2019, staff further engaged Think Canada to meet and tour international investors. These tours were preliminary in nature yet play a critical role in the FDI and development process. It is through conversations with investors where true potential and the regional context are best understood. In addition to these meetings, staff from Grey County and Georgian Bluffs also attended the Canadian Aerospace Show in Ottawa to reach further industry leaders and begin to drive awareness of the Airport.

In 2020, Grey County and Georgian Bluffs supported South Bruce Peninsula's Resort and Hotel Feasibility Study with the understanding that this type of development would be directly impacted by and directly impact the success of the Airport. The study is now complete and will help staff talk to tourist operators looking to attract visitors for overnight stays in an effort to spread capacity year-round and build a stronger, more sustainable business case for the sector. The study suggests future development at the airport would be viewed positively for any hotel developed on the subject site and room nights would be supported by demand emanating from the airport through tourism and corporate segments.

Regional Airport Study

Over the past two years it has become increasingly evident that the Wiarton Keppel International Airport struggles to realize its potential. Georgian Bluffs has also been clear that it is not interested in continuing leadership of the Airport. Regionalizing the Airport could allow the economic opportunities to be realized, whereas one municipality will have difficulty bringing the asset to the next level. As such, there seems to be a pattern of airports moving to a regional model across Ontario given the ensuing economic benefits for the region, as observed in Peterborough, Simcoe, Muskoka and Niagara.

County staff are largely engaged in economic development opportunities from a regional perspective, some well beyond Grey County's municipal boundaries. The Airport is one of the top five investment opportunities currently active in Grey County, where economic impact is possible across and beyond Grey County.

Staff see the competitive advantage for the Warton International Airport are around two specific sectors:

- 1) Commercial Aircraft Maintenance, Repair & Overhaul (MRO): This focus directly links aerospace and nuclear (energy) through precision manufacturing and supplier networks; linking to the Major Component Replacement at Bruce Power, TC Energy in Meaford and Industrial Mennonite Cluster in Southgate.
- 2) Tourism: This focus directly links domestic and international travel with potential tourism operators looking to invest in year-round operations (i.e. Resorts) throughout the Peninsula, Sauble Beach, The Blue Mountains and Grey Highlands; which would help to spread capacity and stabilize the labour force with year-round employment.

As a regional asset, staff understand the onus is on us to investigate, especially given the speed to which the environment is changing through the global pandemic. Rural Ontario is become more attractive and development interest is coming in all directions. This, coupled with significant changes in the airline industry, both from a commercial maintenance and tourism perspective and regional growth in nuclear energy, staff believe it is both worthwhile and necessary to investigate the regional potential of the airport. As well the regional study should consider all airports in the region and explore efficiencies, collaborations and duplication. The regional airport study will answer the following:

- a) Review all participating airports for operational efficiencies, and strategic coordination,
- b) Review market potential and targeted investment opportunities, and strategic priorities,
- c) Determining where/how Warton Keppel International Airport fits into the Southern Ontario Aerospace Sector.
- d) Recommend options for regional participation, ownership options and key performance indicators over the next three years.

Next Steps

Loomex is currently operating the Airport on a short-term contract for Georgian Bluffs. The firm brings experience of operating other regional airports and a proven model of success in developing and attracting investments. This gives Loomex a unique and qualified opinion as to the viability of the Airport. It is believed there may be tremendous economic development opportunities that can benefit the region if management of the

airport was handled regionally. That said, the study is needed for staff and Council to better understand both the benefits and constraints of regional management.

Loomex is also proposing to undertake a regional assessment of the municipal airports within this study in order to develop a coordinated strategy and building on synergies while finding efficiencies.

To date, there have been multiple regional meetings organized by Georgian Bluffs to discuss the Airport, including staff and the Warden from Bruce County. It is recommended that Loomex attend Bruce County Council as a next step to introduce regional economic development opportunities positioned through the Airport while undertaking the study. The same time, discussions with local municipal airports is also recommended to determine what efficiencies could be determined throughout the study. Upon completion of the study, staff can regroup to determine appropriate next steps and return to both Grey County Council and Bruce County Council for a follow up discussion.

Legal and Legislated Requirements

There are no legal or legislated requirements relating to this report.

Financial and Resource Implications

Funding for the Regional Airport Study has been budgeted in 2021. This includes a \$10,000 contribution from Grey County, \$20,000 from RTO7 and \$10,000 from Georgian Bluffs.

In accordance with the County's Purchasing Policy, staff recommend the single sourcing of Loomex to conduct the Regional Airport Study given the firm's working knowledge of the Warton Keppel International Airport and record of success with other regional airports in the province.

In order to guarantee RTO7s matching funding, the study needs to be complete prior to their fiscal year of March 31, 2021 and would be managed by Grey County Economic Development staff.

Relevant Consultation

- Internal – Chief Administrative Officer, Director of Corporate Services
- External – Georgian Bluffs, Loomex, South Bruce Peninsula, Owen Sound, Bruce County, Regional Tourism Organization 7

Appendices and Attachments

[Warton Keppel International Airport Investment Package](#)

[South Bruce Peninsula Resort and Hotel Feasibility Study](#)