



BUSINESS DEVELOPMENT PLAN

**Cornwall Regional Airport
Presentation to Council**

May 31, 2021



YCC at a Glance



Context



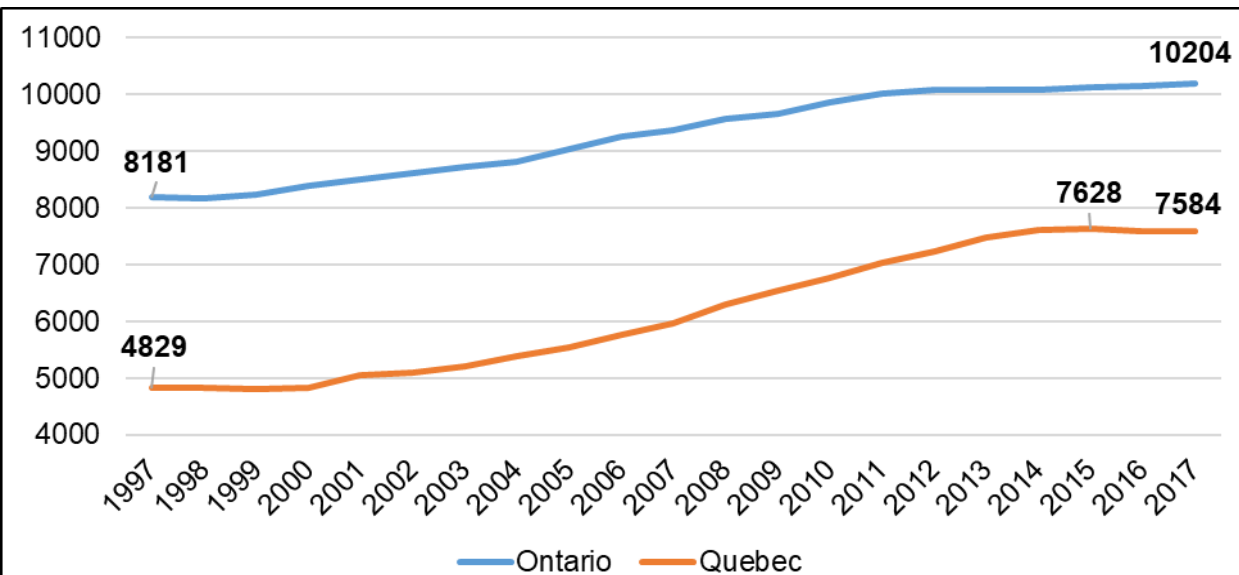
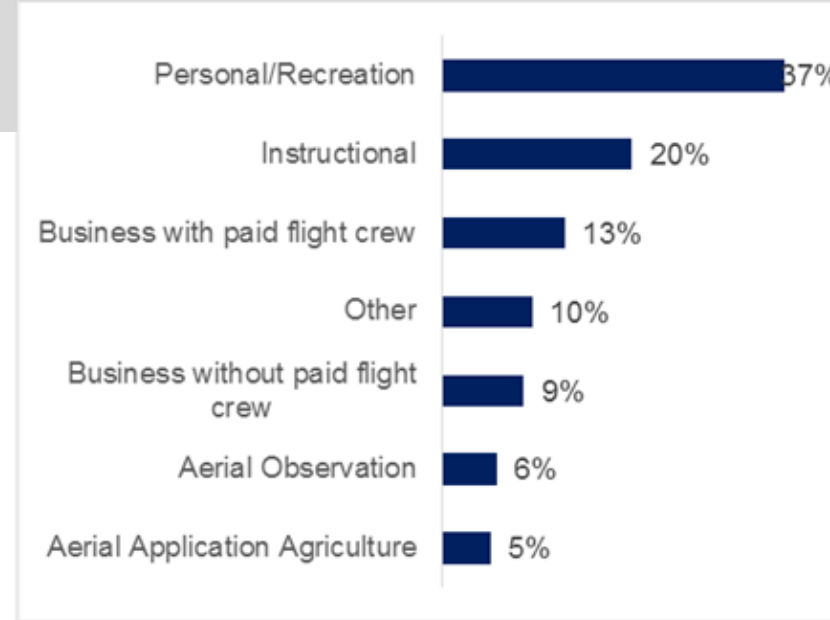
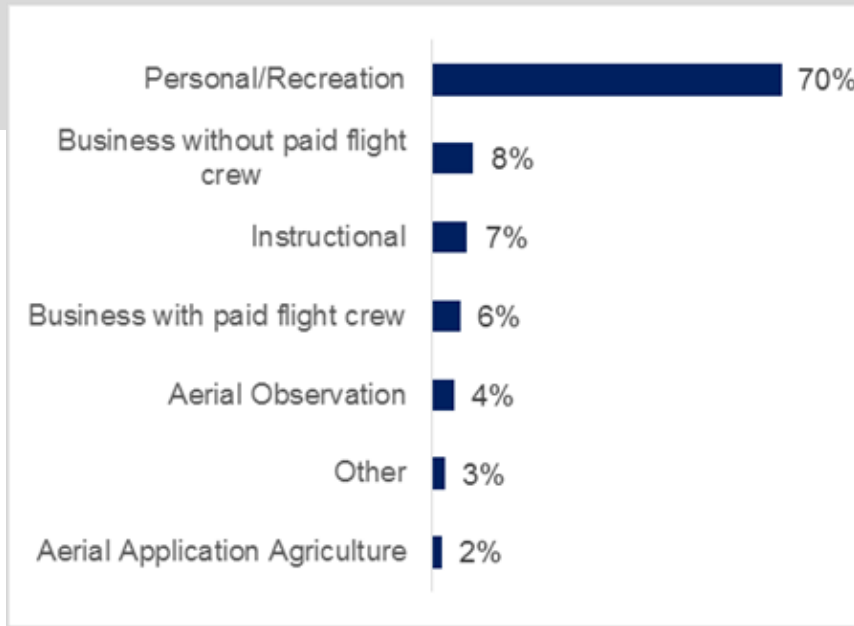
- The Cornwall Regional Airport (YCC) is a registered airport with a class three designation from Transport Canada.
- The airport is predominately used by recreational pilots and flight training providers, but also regularly serves as a base of operations for medivac, search and rescue, corporate aviation and police operations.
- The airport generates some aviation activities but the revenue from these activities including fuel sales and hangar/land leasing, however, these alone are not sufficient to sustain the cost of airport operations.
- Objective of the Business Development Service Plan: Grow activities and raise recurring revenues.
 - Engagement/Consultations with over 70 stakeholders including economic leaders, airport users and tenants, academia, native communities and tourism offices.
 - Benchmarking of five (5) similar airports
 - Market Data and Analysis
 - Financial Modeling
 - Review of Operations, Management and Budgets

Engagement Highlights



- YCC should build a taxiway parallel to the runway;
- A longer runway is needed to host larger aircraft
- Municipal infrastructure is an issue (water/sewer) as well as reliability of cell phone and internet connectivity;
- YCC is well located (between Montreal, Ottawa and Kingston);
- The NAV Centre offers training/educational opportunities – could be a good partner;
- The Airport restaurant should be brought back;
- Attract more flight training activities (Montreal airspace is too busy for flight training);
- The airport needs a new terminal; and
- YCC needs an active marketing and investment attraction campaign.

Market Data



Market Data

Pilots Needed Over the Next 10 Years



AMERICAS
+110K
New pilots



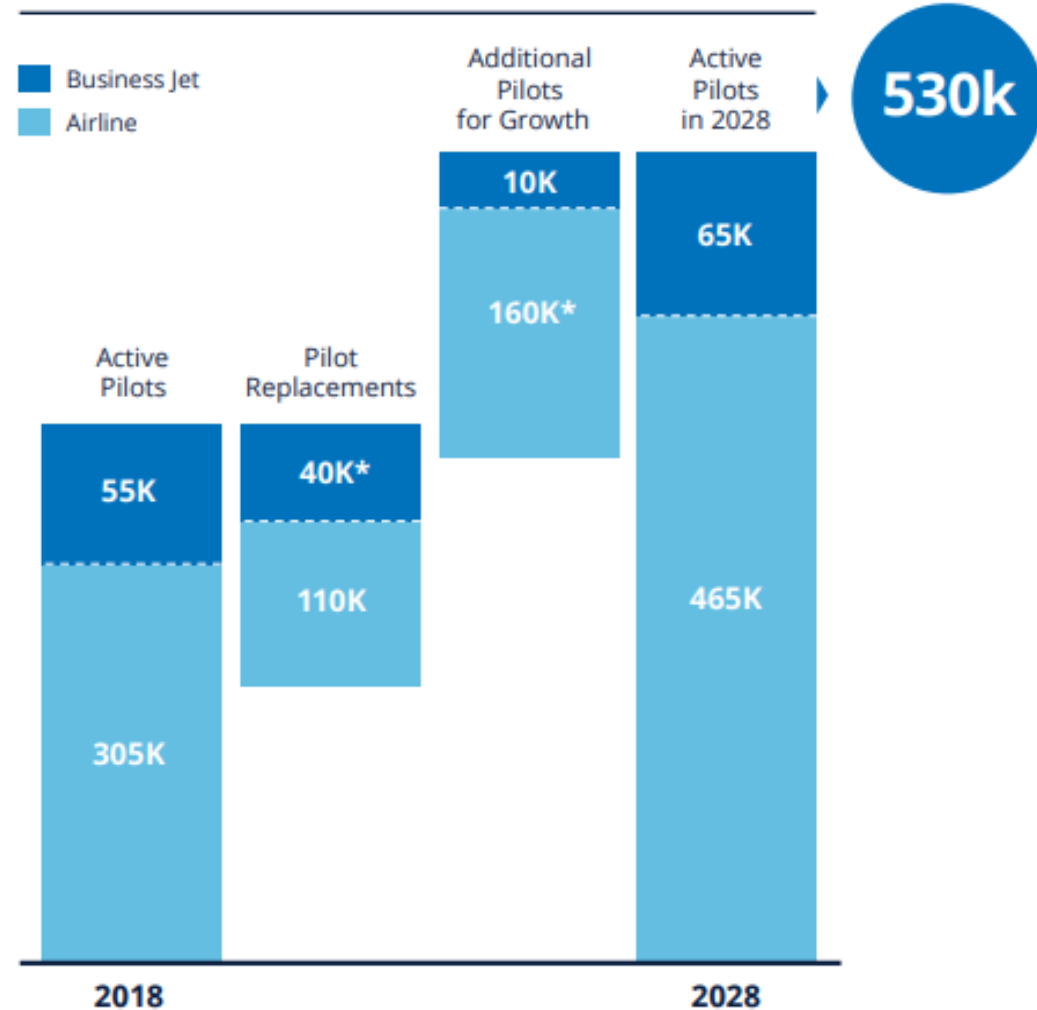
EUROPE, MIDDLE
EAST & AFRICA
+90K
New pilots



ASIA-PACIFIC
+100K
New pilots

+300k

Pilot Population Over The Next 10 Years

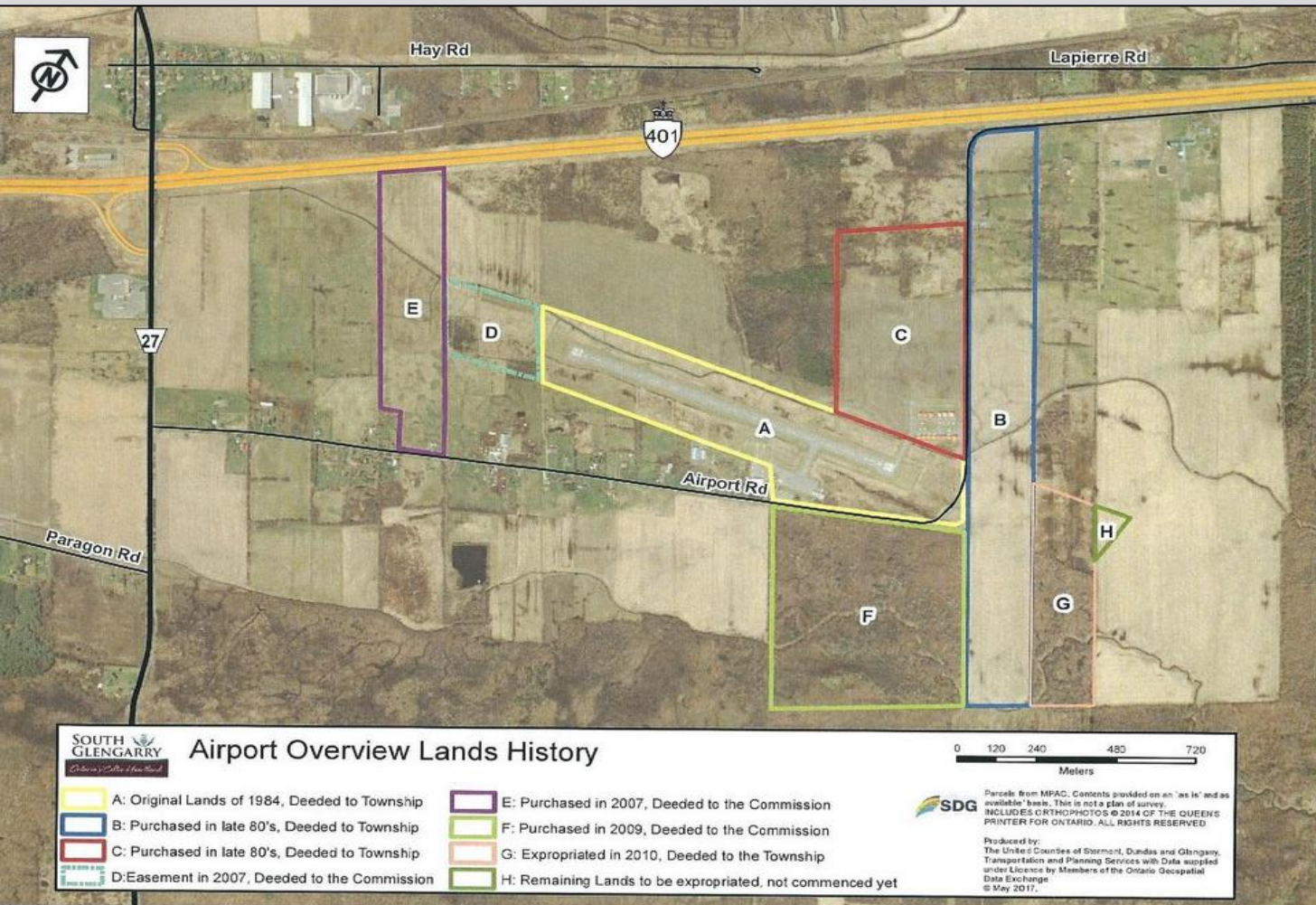


Value Proposition

- To grow the Cornwall Regional Airport into a low-cost, well maintained and full-service general aviation hub.
- Leveraging
 - Its proximity to major metropolitan centers such as Ottawa and Montreal;
 - Visibility and immediate access from Highway 401;
 - Its unrestricted airspace;
 - Little-to-no air traffic congestion;
 - Limited residential housing in the vicinity; and
 - Short distance from the Cornwall-based Nav Centre.



Development Concepts



Parcel	Concepts
A	Commercial and Corporate Aviation Development Zone based on runway 10-28 extension including a new terminal, restaurant and aviation services
B	Agriculture or Non-Aviation use
C	General Aviation Hangar Area Expansion and Light Industrial Park
D and E	Airport Signage and Agriculture
F	Airport Road relocation
G and H	Runway Extension and Airport Road Relocation

Parcel A: Commercial and Corporate Aviation Development Zone and Runway Expansion

Context

- The Terminal is old, unwelcoming and far from the car parking area;
- Airport Road alignment restricts aviation commercial and corporate development; and
- A fair number of tenants/users and leaders are requesting a longer runway.

Proposed Development

- Extension of runway 10/28 by approximately 1,500 feet (457 meters) x 100 feet (45 m) to the east;
- Development of Taxiway Charlie to reduce runway congestion, raise aircraft movements availability and open up 16 acres of developable airside lands east of the former PEM-Air hangar;
- Construction of a new multi-use terminal with associated vehicle parking and a new main aircraft ramp;
- Parcel A lands can host commercial aviation activities as flight training, aircraft maintenance and painting, larger corporate hangars and aerial work activities; and
- The runway expansion will also require a reconfiguration of Airport Road.

Parcel A: Commercial and Corporate Hangar Development Area

Parcel A Expansion and Envisioned Layout Plan



Parcel A: Landlord Scenario (Financial Projections)

	Year 1	Year 1 to 5	20-Year Period	40-Year Period
Revenues				
Fuel Purchase	\$0	\$44,101	\$497,915	\$1,112,056
Land rental	\$0	\$29,256	\$372,251	\$1,117,882
Restaurant	\$0	\$0	\$0	\$0
Boarding Rooms	\$0	\$0	\$0	\$0
Taxation	\$0	\$93,486	\$975,045	\$2,392,920
Total	\$0	\$166,843	\$1,845,211	\$4,622,858
Expenses				
Loan Payment for supporting Infrastructure* (interest (1,89%) and capital repayment (over 25 years)) Based on a 30% investment by the commission (grant of 70%)	\$211,721	\$1,058,605	\$4,234,420	\$5,081,304
Loan Payment for supporting Infrastructure - based on a 10% investment by the commission (grant of 90%)	\$70,572	\$352,865	\$1,411,460	\$1,764,325
Site maintenance - road and services infrastructure	\$0	\$14,000	\$100,000	\$500,000
Total	\$211,721	\$1,072,605	\$4,032,640	\$5,581,304
Pre-Tax-Profit – 30% investment (with 10% investment)	(\$211,721) (\$70,572)	(\$905,762) (\$200,022)	(\$2,489,209) \$333,751	(\$958,446) \$2,358,533

Parcel A: Airport-Owned Scenario (Financial Projections)

	Year 1	Year 1 to 5	20-Year Period	40-Year Period
Revenues				
Fuel Purchase	\$0	\$44,101	\$497,915	\$1,022,036
Restaurant (5% annual based on \$ 300K of revenues)	\$0	\$60,000	\$285,000	\$585,000
Boarding Rooms (\$450 month)	\$0	\$216,000	\$1,206,000	\$2,946,000
Hangar Leasing	\$0	\$408,000	\$6,052,000	\$11,232,000
Total	\$0	\$728,101	\$8,040,915	\$15,785,036
Expenses				
Loan Payment – Buildings (interest and capital repayment)	\$105,468	\$678,012	\$6,452,172	\$11,254,286
Loan Payment – Infrastructure (at 30% investment)	\$211,721	\$1,058,605	\$4,234,420	\$5,081,304
Loan Payment - Infrastructure (at 10% investment)	\$70,572	\$352,865	\$1,411,460	\$1,764,325
Terminal Operations	\$0	\$400,000	\$1,900,000	\$3,900,000
Site maintenance - road and services infrastructure	\$0	\$13,182	\$104,142	\$500,000
Building maintenance - repairs and upgrades	\$0	\$49,947	\$400,597	\$1,000,000
Total	\$317,189	\$2,199,746	\$13,091,331	\$21,719,805
Pre-Tax-Profit - infras at 30%	(\$317,189)	(\$1,471,645)	(\$5,050,416)	(\$5,934,769)
Pre-Tax-Profit - infras at 10%	(\$176,040)	(\$765,905)	(\$2,227,456)	(\$2,633,575)
Net Building Value (approx.)	\$103,474	\$605,197	\$5,000,000	\$8,900,000

Parcel A: Tourism Fly-In Packages

Concept Defined

- Fly-in packages are grouped based on common themes.
- Design a series of marketing campaigns to highlight upcoming festivals, activities and signature events based on the preferences expressed by each visitor.
- Partnerships can be established to cross promote with hotels, restaurants, vehicle rental agencies, etc.

Fly-In Package Themes

- Events and Festivals
- Cycling and Trails
- Fishing / Angling
- Lost City and St-Lawrence River Scuba Diving

	5-Year Total	10-Year Total	15-Year Total	20-Year Total
VISITORS				
Visitors (Same Day)	360	1,080	2,205	3,480
Visitors (Overnight)	240	720	1,470	2,320
TOTAL	600	1,800	3,675	5,800
REVENUES				
Parking fees	\$0	\$0	\$0	\$0
Fuel sales	\$16,485	\$52,553	\$113,715	\$188,462
Public funding to finance marketing activities	\$15,000	\$15,000	\$15,000	\$15,000
TOTAL	31,485	67,553	128,715	203,462
EXPENSES				
Promotion and marketing	-\$26,546	-\$38,999	-\$52,748	-\$67,928
ESTIMATED SURPLUS	\$4,939	\$28,554	\$75,967	\$135,534
ECONOMIC IMPACT				
Visitors (Same Day)	\$72,000	\$216,000	\$441,000	\$696,000
Visitors (Overnight)	\$120,000.00	\$360,000.00	\$735,000.00	\$1,160,000.00
TOTAL	\$192,000	\$576,000	\$1,176,000	\$1,856,000

Parcel C: General Aviation Hangar Development

Concept Definition

- To grow General Aviation activities at YCC by the expansion of the General Aviation hangar farm to meet current and future demand.
- Add corporate-sized hangars and T-Hangars to the farm
- Relocate the tie-down area south of the first row of hangars to reduce development cost.

Develop Phases

- **Phase 1** - Construction of one new taxiway to service a larger corporate hangar zone and a T-Hangar area west of Taxiway Bravo.
- **Phase 2** – Fill existing available hangar space and tie-down areas with small private hangars and relocate the tie-down area to the grass area south of the first row of box hangars. We suggest building a grass

taxiway to access that area.

- **Phase 3** – Expand the westside of Taxiway Bravo with more T-Hangars and Corporate hangars on a per-demand basis.
- **Phase 4** – Expansion of runway 28 and the development of the north side of the expanded runway 28.

Parcel C: General Aviation Hangar Development

Proposed Development Layout for GA Park Extension



Parcel C: General Aviation Hangar Development

Landlord Scenario: Anticipated Revenue and Expenses

	Year 1	Year 1-5	20-Year Period	40-Year Period
Revenues				
Fuel	\$1,050	\$66,990	\$728,518	\$1,524,026
T-Hangar space	\$0	\$4,550	\$59,150	\$145,600
Stand-Alone	\$454	\$4,086	\$51,122	\$145,475
Corporate Hangar	\$0	\$2,622	\$41,952	\$108,376
Property Taxes	\$1,533	\$27,818	\$371,152	\$971,590
Total	\$3,037	\$106,066	\$1,251,894	\$2,895,067
Expenses				
Loan Payment for Supporting Infrastructure (<i>interest and capital repayment</i>)	\$5,424	\$27,120	\$108,480	\$240,600
Site maintenance - road and services infrastructure	\$0	\$ 5,000	\$50,000	\$150,000
Total	\$5,424	\$32,120	\$158,480	\$390,600
Pre-tax Profit	(\$2,387)	\$73,946	\$1,093,414	\$2,504,467

Airport-Owned Scenario: Revenues and Costs Assumptions

	Year 1	Year 1 to 5	20-Year Period	40-Year Period
Revenues				
Fuel Purchase	\$1,050	\$66,990	\$728,518	\$1,524,026
T-Hangar Leasing	\$0	\$43,200	\$561,600	\$1,166,400
Stand-Alone Hangar Leasing	\$7,150	\$64,350	\$805,126	\$1,535,844
Small Corporate Hangar Leasing	\$0	\$54,000	\$883,553	\$2,387,138
Total	\$8,200	\$228,540	\$2,173,671	\$6,613,408
Expenses				
Loan Payment – Aviation Hangars (interest and capital)	\$6,204	\$126,648	\$1,727,304	\$3,907,944
Loan Payment for Supporting Infrastructure (interest and capital repayment)	\$5,424	\$27,120	\$108,480	\$240,600
Site maintenance - road and services infrastructure	\$0	\$1,500	\$5,500	\$15,000
Building maintenance - repairs and upgrades	\$0	\$6,000	\$85,000	\$200,000
Total	\$11,628	\$161,268	\$1,926,284	\$4,363,544
Pre-Tax-Profit	(\$3,428)	\$67,272	\$247,387	\$2,249,864
Net Building Value	\$6,204	\$126,648	\$1,727,304	\$3,650,556

Parcel E: Airport Sign (Highway 401 Visible)

Proposed Concept/Opportunity Defined:

- To construct an airport sign on Parcel E which is visible from Highway 401 with a goal of promoting YCC plus one other business onsite such as a restaurant.

Supporting Rationale

Increased awareness of Cornwall Regional Airport may lead to:

- Generating new revenue by promoting one other business onsite (ie: restaurant);
- Increased flight school training;
- Hangar investment and/or development;
- Increased general aviation activity; and
- Industrial/Commercial investment and/or development.

Estimated Revenues

	5-Year Total	10-Year Total	15-Year Total	20-Year Total
REVENUES				
Signage Fee (\$250/Month)	\$15,600	\$32,700	\$51,300	\$71,400
EXPENSES				
Single sided 16' (H) x 24' (W) billboard complete with graphics and installation	-\$22,035	-\$22,035	-\$22,035	-\$22,035
ESTIMATED SURPLUS	-\$6,435	\$10,665	\$29,265	\$49,365

	5-Year Total	10-Year Total	15-Year Total	20-Year Total
REVENUES				
Signage Fee (\$250/Month)	\$15,600	\$32,700	\$51,300	\$71,400
EXPENSES				
Double sided 16' (H) x 24' (W) billboard complete with graphics and installation	-\$29,945	-\$29,945	-\$29,945	-\$29,945
ESTIMATED SURPLUS	-\$14,345	\$2,755	\$21,355	\$41,455

Rates and Fees Strategy

Parking Fees

- The monthly parking fee rate at YCC is \$69. The benchmarking results show an average of \$80 to \$100 for a general aviation aircraft.
- We recommend YCC raise its monthly parking fee to a minimum of \$80 per month.

Land Lease Rate

- YCC's rate is at 0.26 per sq. ft (or \$2,60 per sq. m.). With the Ontario average at \$0.29 to \$0.32 sq. ft., we recommend the land lease rate be adjusted to at least \$0.28 per sq. ft. (\$2.80 sq. m.).
- All land leases should be indexed (CPI) at least every five (5) year if not every year.

Landing Fees

- YCC does not charge landing fees.
- Objective is to ensure that infrastructure rehabilitation

and maintenance costs are partly funded.

- It is recommended YCC implement landing fees based on aircraft maximum takeoff weight (MTOW) and the type of activities.
- With most general aviation aircraft weighting less than 2,000 kg, we suggest starting fees for aircraft with a minimum 1,999kg of MTOW.
- All aircraft used for commercial activities such as aerial work (surveillance, photography, spraying,...), charters, military, police activities and business aviation should pay a landing fee.

Hangar Leasing

- There is only one hangar for lease at YCC. The requested price of \$8/ sq. ft. matches industry average. This price could be slightly reduced for a long-term leasing agreement.

Rates and Fees Strategy

- Cornwall Aviation pays an average of \$310 a month to access the airport property and infrastructure and operates 7 aircrafts (4 C-150 and 3 Piper Seminole).
- They have their own fuel tanks for which the Airport is not collecting a fuel flowage fee.
- Cornwall Aviation provides the airport (under contract) UNICOM and welcoming services on weekdays.
- An airport fuel flowage fee should be applied to fuel pumped into planes by CAL as it should apply to any other tenants looking to manage its own fuel.
- This fuel flowage fee usually varies between \$0.02 to \$0.07 and could be based on monthly fuel purchase bills by CAL.
- A second component ties landing, parking and access fees. With CAL operating on their own lands, YCC is at a disadvantage and will require a different model.
- Most airports charge either landing fees (at the larger airports), a land lease or ramp parking fees.
- We suggest using the airport monthly aircraft parking fee, so such an arrangement would bring CAL's monthly access fee to \$483 (7 aircraft at \$69) and provide the airport with a structured methodology to base its fee on.

Funding Strategies

Airport Development Fund (ADF)

- To help finance investment attraction activities, infrastructure rehabilitation and construction projects tied to these new investments, we suggest both partners negotiate a tax sharing agreement on new taxes generated through this plan and moving forward.
- The purpose of this fund is to provide the long-term funding requirements to meet the airport's infrastructure maintenance and rehabilitation needs and reduce annual municipal financial involvement.
- The ADF is based on leveraging property taxation revenues generated by NEW (2022 and beyond) taxable investments.
- The creation of this fund will require the City of Cornwall and the Township of South Glengarry to negotiate a joint agreement.
- This agreement could allow for the airport to obtain a portion of (up to 100%) any new taxes levied from the construction of new buildings on airport lands.
- The ADF would mandatorily assign these revenues to the maintenance and rehabilitation of YCC infrastructure.
- If taxation revenues were to provide more than the required funding, the extra revenue could be returned back to the Municipalities.
- The development of aviation and non-aviation uses at the airport will be beneficial for the entire regional economy, bringing new investments, creating jobs and increasing the taxation revenue base.

Staffing and Operations

- Two distinct roles will be required:
 - An Airport Operations Manager - responsible for the day-to-day and continued safe operations of the airport; and
 - An Airport Business Development Specialist - responsible for the business development, growth and revenue generation needs of the airport.
- It is also recommended that the airport follow a phased-in approach focused on becoming financially sustainable by leveraging the expertise of a dedicated Airport Business Development Manager to secure a series of hangar leases prior to undertaking the proposed runway/taxiway expansion, terminal development and establishing the light industrial park for aviation and aerospace-related activities.
- Looking beyond 2026, the airport can then focus on Parcels B, D and E to determine if market conditions and demand provide compelling reasons by which to proceed with the proposed development activities.

MARKETING PLAN

Branding, Image and Key messages

- Need to develop a brand image around which all promotional concepts and efforts will revolve;
- Need to define the identity of the Cornwall Regional Airport and what makes it unique in order to more effectively promote the concepts and projects, both to the different targeted clienteles;
- Need to raise awareness of the airport role and the overall community (regionally, provincially, in Eastern Canada and in the United States);
- Need to strengthen the feeling of belonging, well-being and pride of users and citizens who use YCC;
- Focus on attracting new businesses and industries as well as investments and events; and
- Incorporate tourism into the overall brand.

Brand Image Building Ideas/Themes

- Cornwall Regional Airport...your gateway to the 1,000 Islands!
- Cornwall Regional Airport, plane, train and work!
- Cornwall Regional Airport...a world of opportunities!

	Year 1	Year 2	Year 3
Web Site Updates	\$1,000	\$500	\$500
Fly-In-Packages Brochure	\$1,500	\$750	\$750
Promotional Leaflet – local activities and renting opportunities	\$1,000	\$500	\$500
Pilots Newsletters (Electronic) 2 issues per year (Spring and Summer)	\$1,000	\$500	\$500
Media Advertising Purchase advertising space (3-4 times per year – Wings, Adventure Pilots, Canadian Aviator)	\$3,000 (for 1/6 page advertising in 3 different magazines)	\$4,000 (for 1/6 page advertising in 4 different magazines)	\$5,000 (for 1/6 page advertising in 5 different magazines)
Promoting/Dev Existing COPA Event	\$1,000	\$1,500	\$2,000
Annual Budget Estimate	\$8,500	\$7,750	\$9,250

Phased Development

Phase 1 (2021-2023)

Strategic Priorities	Objectives	Actions (Tasks)	Timeline
Phase I	Designate a marketing lead and launch investment attraction campaign	YCC Commission to hire/retain an Airport Business Development Specialist (marketing and investment attraction lead)	Q2-2021
		Site survey required to identify and resolve gaps to becoming "investment ready"	Q2-2021
		Finalize new fees and rates chart	Q2-2021
		Prepare supporting marketing materials and overall YCC branding and marketing campaign	Q2-2021
		Allocate required budget	Q2-2021
	Develop Fly-In Packages	Network with tourism partners to finalize fly-in package concepts and be ready to host clients	Q4-2021
		Identify and confirm funding (if required)	Q4-2021
		Prepare marketing material including email list of aircraft owners and pilots/COPA chapters, member, other pilots associations	Q4-2021
		Launch marketing campaign	Q4-2021
	Fill and expand Parcel A and C	Launch promotional campaign for Parcel A (commercial hangar development) and Parcel C (general aviation hangar farm)	Q4-2021
		Secure land leases on Parcels A and C	Q4-2023

Phase 2

Strategic Priorities	Objectives	Actions (Tasks)	Timeline
Phase 2	Implement the Airport Development Fund concept	Establish % of taxes going to the New Airport Fund	Q1-2024
		New taxes sharing model between Airport owners	Q1-2024
	Raise funding for the various projects (runway expansion, taxiway development, realignment of Airport Road)	Review and prepare an updated detailed short and long-term budget forecast for the various projects tied to Commission choices and market evolution	Q3-2024
		Identify large funding programs and opportunities	Q3-2024
		Prepare required funding application for all projects	Q3-2024
		Lobby and advocate	Q3-2024
	Plan Runway 28 Expansion and the construction of Taxiway Charlie	Design and construction plans	Q1-2025
		RFP	Q4-2025
		Launch construction	Q1-2027
		Construction supervision	On-going
	Plan construction of the new Terminal and associated infrastructure	Preliminary Design and construction plans Terminal, main ramp and associated car parking	Q1-2025
		Final Design and construction plans	Q2-2025
		RFP	Q4-2025
		Launch construction	Q1-2027
		Construction supervision	On-going
	Relocation of Airport Road	Design and construction plans	Q1-2025
		RFP	Q4-2025
		Launch construction	Q1-2027
		Construction supervision	On-going

Launch development of Parcel A	Prepare marketing material and start promoting Parcel A present and future lots and hangar	Q1-2024
	Confirm boarding room rental by CAL students or others	Q1-2024
	Identify and attract a restaurant owner/operator	Q2-2024
	Prepare associated contracts	Q2-2024
	Launch marketing campaign	Q3-2024
	Identify launch tenant for the Terminal hangar space	Q3-2024
	Identify other usage for the terminal	Q3-2024
	Identify tenants/investors for Parcel A hangars	on-going
Plan the construction of Parcel C Roads	Prepare Aircraft Access road design and plans to allow construction of larger hangars and T-Hangars	Q1-2024
	Evaluate if outside funding is required (if yes - prepare funding applications)	Q2-2024
	Prepare design and plan for Parcel C Industrial Park Access Road	Q4-2024
	RFP for one or both projects	Q1-2025
	Launch construction	Q2-2025
Plan the Airport Sign construction	Project and construction supervision	On-going
	Design and construction plans	Q1-2024
	RFP	Q2-2024
	Launch construction	Q3-2024
	Construction supervision	Q4-2024

Phase 3

Strategic Priorities	Objectives	Actions (Tasks)	Timeline
Phase 3	Launch Development of Parcel B	Designate YCC Parcel B project lead to supervise all activities	2028
		Prepare marketing material	2028
		Prepare list of targeted prospects	2028
		Launch promotion campaign for Parcel B available and future lots	2028
	Plan the construction of Parcel B Roads	Prepare Parcel B Access road design and plans	2028
		Identify, apply and negotiate funding	2028
		RFP	2028
		Launch Construction	2028
		Construction supervision	2028
	Launch Development of Parcel E	Designate YCC Parcel E project lead to supervise all activities	2028
		Prepare marketing material	2028
		Start promoting Parcel E lots	2028
		Define concept and cost for an Airport Sign facing the 401	2028
		Identify and confirm the required funding	2028
		Sell publicity space on the Sign - prepare sales contracts	2028
		Prepare list of targeted prospects	2028

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QUESTIONS

