
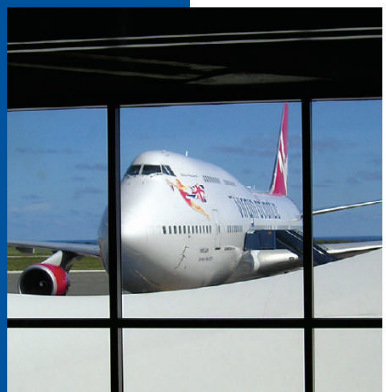

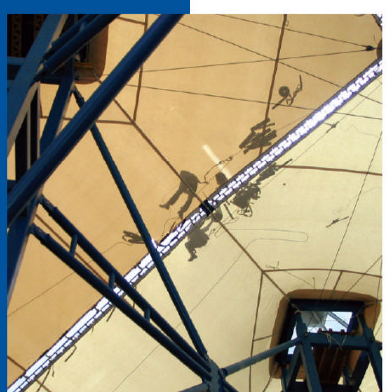
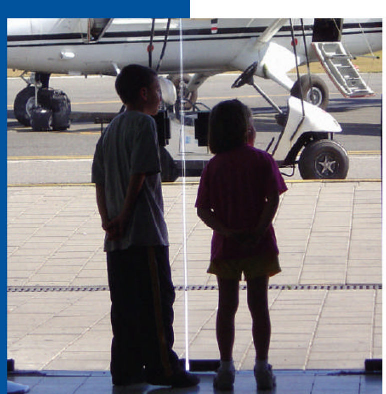

Niagara Airports Study

Determination of the Role for the Niagara Region in the Operation and Financing of the Niagara Central and/or Niagara District Airports

Submitted to:

Niagara Region

Submitted by:

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JACOBS Consultancy

Aviation Solutions

EXECUTIVE SUMMARY

Introduction

The Niagara Region has two publicly owned operated airports, each operated by its own Commission: the Niagara Central Airport (NCA), in the Town of Pelham is supported financially by the municipalities of Welland, Port Colborne, Pelham and Wainfleet; and, the Niagara District Airport (NDA), in Niagara-on-the-Lake, is supported financially by the Cities of St. Catharines, Niagara Falls and the Town of Niagara-on-the-Lake.

The airports have operated somewhat in parallel since before the Second World War. By and large, the Commissions and management of each have worked to develop their facilities as independent entities.

Jacobs Consultancy Canada Inc. (JCCI) was engaged by the Region to undertake a study to:

1. Determine if there is a role for the Region in the operation and financing of the Niagara District Airport and/or the Niagara Central Airport. If the determination is affirmative:

2. Determine a financing strategy for Regional involvement in the Niagara District Airport that addresses both ongoing operating costs and proposed capital improvements.

3. Determine the best governance structure for the Niagara District Airport and/or the Niagara Central Airport that will ensure accountability to Regional Council based on an evaluation of alternative governance structures used at other Canadian airports.

4. Set out a clear plan for the transfer of responsibility from the Municipal Commission to the new Regional governance structure that minimizes disruption and maintains efficiency of airport operations.

The Niagara Central Airport

The Welland Aero Centre is the primary tenant at the NCA and also manages the day-to-day operations of the airport on behalf of the Commission. Exhibit 1 summarizes the historical air traffic at the NCA between 2002 and 2006.

Exhibit 1. NCA Historical Traffic – Aircraft Movements

Annual Movements	Total	Itinerant	Local
2008 (Jan-July)	13,363	709	12,654
2007	20,392	1,085	19,307
2006	22, 488	1,167	21,321
2005	16,626	579	16,047
2004	14,436	826	13,610
2003	17,551	761	16,790
2002	24,291	664	23,627

Source: 2002-2006 – Statistics Canada; 2007-2008 NCA.

Niagara Central Airport currently serves a local role in the Region, with its primary focus on recreational flying and flight training. In 2007 (the last full year for which data is available from the Commission) flight training accounted for 12,378 movements, or 61% of Total Movements.

Traffic has ranged from a high of 24,000 movements to a low of just over 14,000 during the past seven years, but consistently, the percentage of itinerant traffic has fallen in the 3-5% range. This indicates that most of the traffic has been generated within the local area.

The airfield is a “Certified” facility as defined by Transport Canada.

The NCA is situated on 164 hectares (406 acres) of land and is bounded by agricultural land. All of the airport land is used for aviation purposes except for some land leased by a local framer for hay crops. Any land uses that are considered aeronautical developments are permitted on the airfield, although the available land for development is constrained by the airport’s proximity to the Welland River, and wetlands in the northeast quadrant. The development potential is also somewhat limited by a lack of municipal services to the airfield.

The 2003-2008 audited financial statements[1] indicates the airport is heavily subsidized by the funding municipalities. In 2008, the NCA generated $52,436 in operating revenue (excluding municipal grants). Seventy-four percent (74%) of this revenue is related to commercial operations (rentals), while twenty-six percent (26%) is related to aeronautical revenues (fuel sales commissions). Total operating revenues have increased 41% over the five year period 2004-2008, or at an average annual rate of 9%. Aeronautical revenue (net fuel earnings) has decreased 29% during this period, or at an average annual rate of 8%; while commercial revenue has increased 41% or at an average annual rate of 9%.

Of the $123.8K in operating expenditures in 2008, 39% were related to property taxes; while 14% were related to repair and maintenance; 13% for promotion and marketing; and 11% for insurance. Total operating expenditures increased 45% in the five year period 2004-2008, or at an average annual rate of 10%. Promotion and marketing expenses increased at an average annual rate of 212% due to significant expenditures in years 2005 through 2008. Office expenses, and property taxes also increased significantly during this period, averaging 37%, and 14% per year, respectively.

With the exception of 2008, even with significant municipal funding, the NCA recorded a deficit in four of the five years reviewed (2004-2008). This deficit has fluctuated between $394 in 2004, and $68.5K in 2006. In 2008, the airport recorded an excess of revenue over expenditures of $18,143, primarily as it received $90K in municipal grants. Municipal grants increased at an average annual rate of 17% between 2004-2008. The NCA is not financially self-sufficient, which is consistent with airports of similar size across Ontario, and requires significant financial subsidies from the surrounding municipalities.

The amount of capital expenditures varies from year to year, from a low of $0 in 2004 and 2007 to a high of $32.5K in 2006. $841 was spent on capital in 2008. Airports are capital intensive, and this low amount of capital investment is not sustainable to ensure the future of the airport.

Going forward, the NCA is unlikely to be financially sustainable on an operating let alone a capital investment basis and will have to continue to rely on subsidies to continue operations.

The Niagara District Airport

The NDA is the primary business and general aviation airport in the Region. It is not seen as a competitor by larger airports in the Golden Horseshoe/GTA area (Hamilton, Waterloo or Pearson),

[1] The 2008 Financial Statements were not yet approved by the commission at the time this study was completed.

nor is it significantly impacted by the operation of the NCA or other private owned and operated airstrips in the region.

Exhibit 2. NDA Historical Air Traffic

Annual Movements	Total	Itinerant	Local
2008	31,963	16,843	15,120
2007	38,524	20,993	18,014
2006	37,084	20,457	16,627
2005	37,584	21,406	16,142
2004	40,451	24,273	16, 178

It is noted that "itinerant" movements – those that involve a flight somewhere else or are aircraft arriving from other airports or locations - comprise more than half the total traffic at the airport.

The Niagara District Airport is situated on 130 hectares (322 acres) of land. The surrounding land use is agricultural with vineyards and some animal husbandry farms located nearby. Federal airport zoning is in place and protects the airport from incompatible land uses.

The airport has defined areas for commercial development which will require an access road and the installation of services to make it economically viable. A detailed Land Use Plan has been established which four development areas.

The 2004-2008 audited financial statements of the NDA Commission shows that the airport is heavily subsidized by the funding municipalities.

In 2008, the NDA generated $264K in operating revenue (excluding municipal grants). Over 90% of this revenue was from non-aeronautical (commercial) operations (rentals, events, interest and miscellaneous) while less than 10% was from aeronautical sources (landing fees, aircraft parking fees, fuel sales commissions). Operating revenues have increased 61% over the five year period 2004-2008, or at an average annual rate of 13%. This is primarily due to significant increases in 'events' and 'miscellaneous' revenue. Aeronautical revenue has decreased in the same period at an average annual rate of 13%, while other rentals revenue has increased at an average annual rate of 6%.

Of the $367K in operating expenditures in 2008, 50% were related to personnel (salaries, benefits, contract staff); while 13% were related to maintenance of building and property; 8% on maintenance of vehicles and equipment; and 29% on airport operations (utilities, phone, advertising, office, taxes, engineering, insurance, etc.) Total operating expenses increased 15% during the period 2004-2008, or at an average annual rate of 4%. Inflation during this period averaged 2%, and utility costs have increased significantly. The largest cost increases during the period 2004-2008 have been related to miscellaneous, gas and oil, buildings, training, salaries and wages, audit, bad debts, and conventions and travel.

Although the operating deficit (before municipal grants and capital expenditures) decreased significantly in 2007, it remains at just over $100,000 annually. The NDA is not financially self-sufficient, which it is noted is consistent with airports of similar size across Ontario[2], and requires significant financial subsidies from the surrounding municipalities.

2 For comparative purposes, the Study of Municipal Airports in Ontario showed that in 2005, the average annual operating loss for municipal airports in the southern part of the province was $107,616. For non-ACAP eligible airports (similar to NDA) in the entire province, the average operating loss was $95,832. The NDA is therefore in a similar situation to other municipal airports in Ontario.

The amount of capital expenditures varies from year to year. During the period 2004 to 2008, capital expenditures varied from a high of $421K in 2004 to less than $4K in 2007.

There is an emerging opportunity for scheduled service to Toronto City Centre but overall the airport's market is as a regional corporate/private and small commercial general aviation facility.

Stakeholder Survey

As part of this study a confidential on-line survey was undertaken with 42 significant stakeholders representing the municipalities, economic development offices and the chambers of commerce within the Niagara Region. Twenty-six responses were received.

Of the choices offered, a greater number of respondents consistently responded concerning the future utility of the Niagara District Airport (NDA). Results suggest that respondents were generally not familiar with NCA, yet had strong and founded opinions about the potential at the NDA. There was a general theme throughout the survey that indicates a consistently greater awareness of the role NDA plays currently (vis-à-vis the NCA), and the role it might play in the future.

Economic Impact

The NDA has six employees (AGM, Admin, Maintenance Supervisor, Maintenance Assistant, and two Refuellers). The six NDA employees generate approximately 12 full-time jobs in total (direct, indirect and induced), and approximately $1.3 million in total output. A 2008 economic impact study[3] indicated that there were 85 jobs in total at the NDA airport, with a payroll of $2.9 million and a direct output (spending) of $2.3 million. That same study produced for the NDA Commission projects a Total Economic contribution of $31M by 2012 (up from $18M In 2007).

In the same survey detailed earlier in this Report, stakeholders were also asked to comment on the importance of the NDA and NCA to the prosperity to the Region. On a scale of 1-9, 42% of respondents scored the NDA "9", indicating "very high importance" to the regional economy. In total, 69%, or over two-thirds of respondents, identified the NDA as being of high or very importance to the regional economy. 30% of respondents scored the NCA seven or higher, with 24% giving the NCA a "9" or "very high importance" score.

Comparative Analysis

The NCA and NDA do not operate in a vacuum and their future prospects will be constrained by the existence of the major airports in the GTA to Buffalo area. Neither airport is seen as a "competitor" by these major airports. In comparative terms:

- ✓ **Hamilton International Airport**: the City of Hamilton and the Niagara Peninsula are the primary generator of air passenger traffic at Hamilton International Airport. Anecdotally, charter traffic into the Niagara Falls tourism area generates also generates a significant amount of tourism traffic through Hamilton International. While the NDA and NCA have a geographical advantage over Hamilton, with a drive time of only 40 minutes to the Niagara tourism area it is anticipated that most in-bound tourist on commercial carriers will continue to use Hamilton to access the Niagara Region. Hamilton International does not encourage general aviation and it is here that both the NDA and NCA have a geographic and operational advantage.

[3] Niagara District Airport Projections of Economic Impact 2012, Archbold Leclerc Consulting, January 2008.

- ✓ **Toronto – Pearson:** Pearson is Canada's most important domestic and international hub and gateway. The level of charter and tour operator flights out of Pearson has an important impact on tourism to the Niagara Region. Tourists who are bound for the Niagara tourism area from Toronto – Pearson airport face a drive time of at least 90 minutes depending on the time of day. Outbound business travellers face a longer haul to downtown Toronto. There is a niche opportunity for limited scheduled service to the Toronto City Centre airport.

- ✓ **Buffalo-Niagara International Airport**: this airport does not pose a direct threat to strategic growth plans at the NDA or NCA airports. The focus of this airport's administration, the Niagara Frontier Transportation Authority, is moderate passenger and cargo growth to serve the domestic (US) market. The opportunity for the NDA is through a targeted marketing effort to attract potential transborder corporate traffic with its faster clearance and low-key approach.

- ✓ **Niagara Falls International Airport**: he NFIA is a more direct competitor to the NDA, if not currently then in the future. NFIA administration is focussed on growing inbound tourist traffic to the Falls area. Growing the FBO business for corporate jets and general aviation and providing incentives to use the new facilities which are currently in development phase is a cornerstone of their growth strategy.

Alternative governance structures

There is a range of ownership and operation structures, from the purely public owned and operated to the pure private operation. These include:

- ✓ Government Ownership and Operation;
- ✓ Airport Authority;
- ✓ Airport Commission; and
- ✓ Private Owner/Operator.

In effect: the options for the Region remain in a range from a fully centralized role (with ownership and operation coming under the Region's purview) to a fully hands-off approach. There are advantages and disadvantages to all the models outlined but it is likely that a balanced Board, representing the political, administrative, community and industry interests are best placed to create a viable airport for the longer term.

Projected Financial Support Requirements for 2009 - 2013

Given the likely continuing need for on-going operational subsidies and external capital investment at both NDA & NCA, it is important to evaluate the potential requirements going forward. Jacobs Consultancy's analysis and conclusions are based on the best information and assumptions available at the time of the assignment. Decisions made about the facilities going forward as well as a number of externalities would have a material effect on the consultant's forecasts. There was no long term budget generated at either airport, and apparently no annual budget prepared for the NCA. Generally Jacobs Consultancy has forecast future performance based on an analysis of historical trends unless stated to the contrary.

Niagara District Airport

Operating budget forecasts for the years 2009-2013 were prepared by the Consultant using basic methods and assumptions such as linear regression or historical averages as appropriate. These forecasts also assume conservatively that the municipal subsidy would continue at $250,000.

Based on empirical analysis across a range of airports we believe NDA will continue to require subsidization and a realistic go-forward plan should reflect this.

These high level financial forecasts show that the NDA will continue to run an operating deficit in each of the next five years, increasing to approximately $151K in year 2013 from $103K in 2008. These operating forecasts do not include any planned capital expenditures, although it is understood that the NDA has identified approximately $12 million in capital improvements which it plans to complete over the next two years. The projects noted below while providing rehabilitation and additional capacity should result in a more efficient operation and so this increase in operating deficit is seen as a conservative approach, given continuing sound fiscal management on the part of the Commission.

Recently the NDA Commission has identified $11.6 million in shovel-ready capital improvements that could be funded in part (two thirds) through federal and provincial contributions as part of the Infrastructure Stimulus Fund (ISF). A July 2009 presentation to the Region's Transportation Steering Strategy Committee (TSSC) requested that the Region contribute the remaining $3.9 million.

The programme contains three broad bands of work: those that involve significant investment in current infrastructure to bring them back up to a reasonable standard (for instance the rehabilitation of the runways, aprons and taxiways); those that replace infrastructure that is beyond economic recovery because of age (for instance the Phase I Terminal Building works); and those that are expansionary in nature to provide enhanced operating capacity (new taxiway relieving the main runway, and increased vehicle parking).

Niagara Central Airport

Accordingly, operating budget forecasts for the years 2009-2013 were prepared using basic methods and assumptions, such as linear regression or historical averages if more appropriate, which anticipate a financial structure similar to what is currently in place. These forecasts also assume an annual increase in municipal subsidies of 8% as the NCA is currently in a negative cash situation which has to be addressed.

These rudimentary financial forecasts show that the NCA will continue to run a significant operating deficit (excluding municipal grants) nearing $134K by 2013. These forecasts do not include any planned capital expenditures. More importantly, even with the exclusion of capital and a significant increase in operating subsidy, the facility still does not break even until 2013. Experience of airports of similar size and traffic in Ontario[4] suggests that the airport will not be able to generate a surplus that could be allocated against sustaining and expansionary capital and the NCA will continue to require an operating subsidy.

While some believe the Niagara 2031 Growth Management Plan[5] and the implementation of the Niagara-GTA Corridor[6] could result in a multi-modal facility based on the NCA, the strategies around these plans are not sufficiently advanced to impact the forecast period, although it is acknowledged they might over the longer term. Accordingly, they are not material to the forecasts presented here.

[4] Ibid

[5] In Niagara Economic Gateway and Zone Centre Study and Metrolinx RTP N-GTA Corridor is under the 25 year plan. The surrounding area has been marked as a "Gateway Economic Centre" under Places to Grow Legislation, 2006.

[6] On page 66 of "The Big Move" dated November 2008, Metrolinx does not anticipate this happening within the 15 year plan, rather it is in the 16 to 25 year long term planning horizon.

In summary, both the NDA and NCA will require operating subsidies for the foreseeable future and any financing plan should anticipate that outcome. With the capital investments in prospect for the NDA those subsidies should only increase modestly in the future. While the absolute need is less, the NCA is in a more difficult bind in that it is currently in a negative cash flow position and will likely continue in that vein unless there is a significant increase in its subsidies.

Potential Airport Funding Sources

Given the funding challenges faced by smaller airports in Canada, it is important to evaluate the potential of external funding sources available to support airport development. Recently, the Federal and Provincial Governments across Canada have indicated their desire to invest in infrastructure projects as a way to keep the economy from falling into a prolonged recession.

Potential fundings programmes highlighted include:

- ✓ Airports Capital Assistance Program (ACAP)
- ✓ Building Canada Fund[7]
- ✓ Infrastructure Stimulus Fund[8]
- ✓ Public Private Partnership Fund[9]
- ✓ Gateways and Border Crossing Fund[10]
- ✓ Community Futures Development Corporations (CFDCs) in Ontario[11]

Conclusions

As a result of Jacobs Consultancy's investigations, the following conclusions are drawn:

- ✓ Both NCA and NDA benefit from supportive municipal governments and committed Commissioners.
- ✓ There has been a plethora of studies and reports sponsored by the Commissions and by local, regional and provincial governments over the past 15 years. Many of the same themes have recurred.
- ✓ There will be an on-going requirement for an airport located within the Region to serve the business and general aviations needs of residents and visitors alike. The NDA will likely continue to serve in that role which is aligned with the Region's Transportation Strategy.
- ✓ The aviation roles of the NCA and NDA will essentially remain the same for the short to medium term, although there is also the potential for limited scheduled service into the NDA in that time period:
  - ■ The NCA will continue with its focus on local recreational and flight training markets with the associated fuelling, maintenance and support services; and

7 http://www.buildingcanada-chantierscanada.gc.ca/funprog-progfin/target-viser/bcf-fcc/bcf-fcc-eng.html
8 www.buildingcanada-cantierscanada.gc.ca/regions/on/isf-fsi-on-eng.html
9 http://www.buildingcanada-chantierscanada.gc.ca/funprog-progfin/target-viser/pppf-fppp/pppf-fppp-eng.html
10 http://www.buildingcanada-chantierscanada.gc.ca/funprog-progfin/target-viser/gbcf-fpepf/gbcf-fpepf-eng.html
11 http://www.ontcfdc.com/frame3.asp?lang=english

- The NDA will service the recreational and flight training, tourism charter, medevac and regional business aviation segments and provide associated fuelling, maintenance and support services to the aviation community.

✓ In the longer term there could be additional opportunities as a result of the Niagara to GTA Corridor and "Grow South" initiatives: some believe the greater opportunities would accrue to the NCA because of its relative location.

✓ Each has some non-aviation related business potential, although this will be a more significant part of the business at the NDA.

✓ Both have developable land, although the NDA has the advantage of some municipal services and is significantly ahead in terms of planning and marketing potential development scenarios.

✓ Both facilities currently require an operational subsidy, but whereas NDA has a reserve for small capital projects and maintenance, NCA is cash negative and is likely to remain in that position even if the municipal subsidy is doubled over the next five years.

✓ Both facilities are in need of immediate and continuing capital investment.

- The NCA's airside infrastructure is in a "fair to poor" condition – a $1.6M airside programme has been identified by the Commission to date; and

- The NDA's airside infrastructure is generally in a "fair to good" condition – a $12M programme of airside and groundside improvements has been developed by the Commission.

✓ Both NCA and NDA demonstrate many of the same strengths and weaknesses, but in terms of intensity, NDA has relatively greater strengths and lesser weaknesses than NCA.

✓ Both airports need more dedicated marketing resources to realize the futures laid out in their strategic plans.

✓ In a poll of stakeholders associated with both airports, there was a general sense that the NDA had greater utility and value to the Region. Overall, respondents consistently gave a higher endorsement to the Region's involvement at some level (ownership, funding, partnership, Board) with the NDA than that given to involvement with NCA. Over one-third of respondents stated that the Region should not be involved with the NCA.

✓ Both airports provide economic benefits to the communities they serve and airports act as a significant factor in business location decisions. In the same survey noted above, over two-thirds of respondents identified the NDA as being of high or very high importance to the regional economy, compared to a 30% endorsement for the NCA.

✓ There are major airports with deep pockets in the surround area that have a significant impact on the NDA and NCA. While they do not view the NDA & NCA are competitors, they do limit the realistic opportunities for both airports.

✓ There are a number of external funding sources that may be available to support airport development projects, including: the Building Canada Fund; Public Private Partnership Funds; pure private sector investments; and the relatively new and time limited, Infrastructure Stimulus Fund. It is with an application to the ISF that the NDA has accessed provincial and federal funds for its infrastructure renewal project, subject to matching local/regional funding.

- ✓ Two of the three NDA supporting municipalities have formally indicated by resolution of their Councils that they favour the adoption of the NDA as a regional facility, funded solely from the Regional tax base.
- ✓ In terms of Options for Change, the Region has a range of options available to it, from a fully centralized role (with ownership and operation coming under the Region's purview), through a shared funding arrangement, to a fully hands-off approach (status quo).

Recommendations and Implementation

Based on the information available at the time this Study was undertaken, it is Jacobs Consultancy's considered view that with respect to the Region's involvement with one or both of the study airports:

1. **Niagara District Airport**:

   a. Niagara Region should take ownership of the Niagara District Airport as the Niagara Regional Airport (NRA).

   b. In the short term, the airport should continue as an entity outside the Region's departmental structure reflecting the specialist nature of the operation, and in line with the Terms of Reference charge to minimize disruption and maintain efficiency.

   c. Niagara Region should provide matching funds under the terms of the Infrastructure Stimulus Fund.

   d. In the medium (3~5 year) term, the Region should review the operation of the newly created NRA Commission and determine if the governance model continues to be the most appropriate going forward.

   e. If the Niagara Regional Transportation Authority becomes a reality, the Region should investigate the benefits and costs of transferring the NRA Commission to that body.

   f. The Region should consider continuing financial participation by the NDA's current supporting municipalities to reflect the local benefit of operation (based on relative Economic Impact to local municipalities and Region of the NDA's operation).

2. **Niagara Central Airport**:

   a. Niagara Region should not participate in the Niagara Central Airport at this time but provide support from time to time as determined by Regional Council to assist with the NCA's business development.

   b. Circumstances may change over the longer term depending on how the Niagara 2031 Growth Management Plan is implemented as well as the Niagara-GTA Corridor, further noting that Metrolinx has placed the Corridor under its 25 year plan.

The following implementation programme for the creation of the Niagara Regional Airport Commission is anticipated. The Niagara Region should:

1. Formally review the transfer with the Region's Solicitor and higher levels of government to clear the way for transfer of ownership of the Niagara District Airport.
2. Negotiate the transfer with the current funding municipalities, including continuing participation by those municipalities if appropriate.

3. Create the Niagara Regional Airport Commission, chaired and with majority representation from the Region. One third of Commissioners should have business and aviation related experience.
4. Set up administrative and support functions within the current Regional structure, including: HR, payroll, legal, accounting & audit, purchasing & contracting, environmental, etc.
5. Provide matching capital under ISF with clear accountabilities through a Region appointed Project Manager or "Lender's Engineer".

Not all of these steps are necessarily sequential, particularly the capital investment under the ISF.

Roles of the Airports

Survey Question 1: What, in your opinion, should be the future role of the two airports.

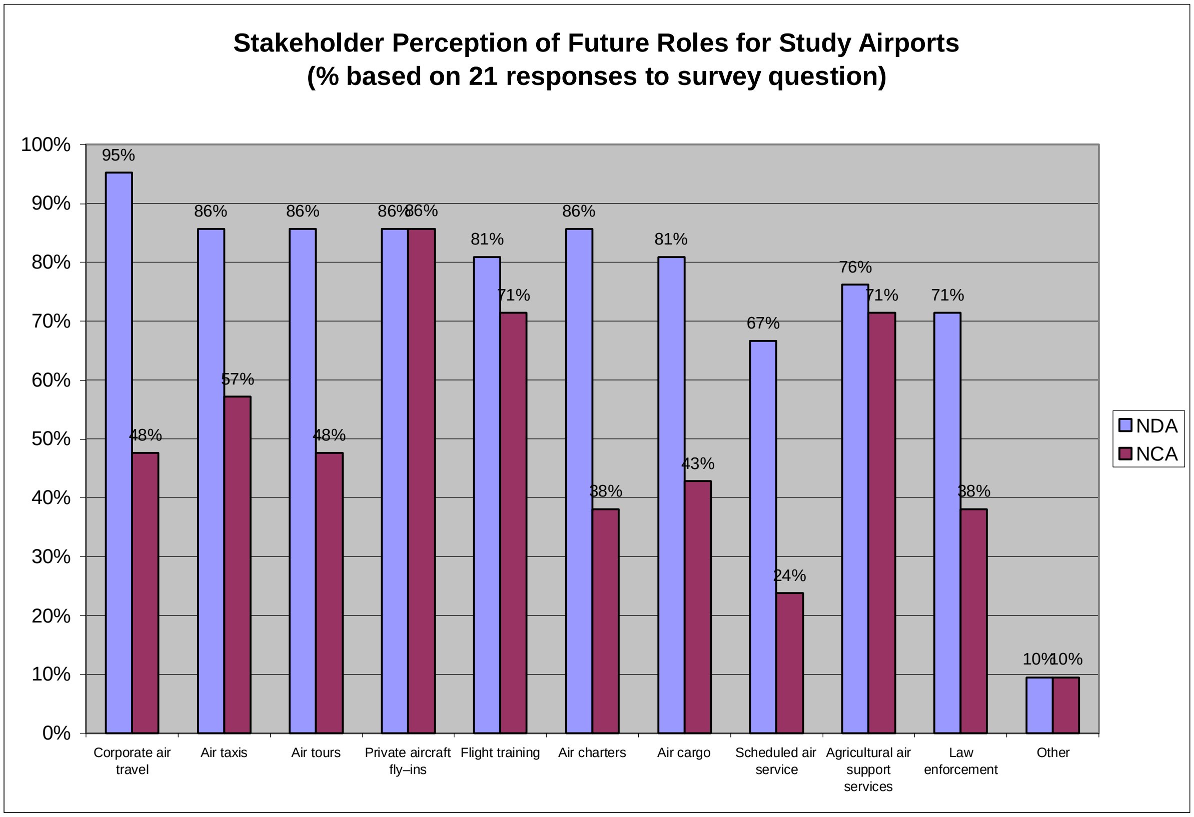

Exhibit F-1

Of the choices offered, a greater number of respondents consistently responded concerning the future utility of the Niagara District Airport (NDA). Results suggest that respondents were generally not familiar with NCA, yet had strong and founded opinions about the potential at the NDA. There was a general theme throughout the survey and that indicates a consistently greater awareness of the role NDA plays currently (vis-à-vis the NCA), and the role it might play in the future.

NDA: two-thirds or more of respondents saw a role for the NDA in the whole range of aviation activities from: corporate and regional tourism; general aviation and flight training; commercial service activities (passenger and cargo); to public service flights (including air ambulance and emergency response services).

NCA: the list for NCA was more restrictive with two-thirds or more of respondents seeing a role for this airport in regards to “private aircraft activities”, “flight training” and “agricultural air support”.

Respondents were asked to identify any other roles or provide comments on this issue. The range received included:

- ✓ I don't have any information upon which to base an opinion. I would hope that the economics of the potential activities noted would be the primary determinant as to whether they would be located.
- ✓ I have no understanding of the existing role of Niagara Central but I do feel Niagara District given its runway attributes and central location relative to business and the 2 larger communities and the focus of tourism that it could fulfill these uses.
- ✓ I know that Niagara District has the runway length and facilities for all items checked above, and is ideally situated (proximity to NOTL and Niagara Falls) to provide services … which it is not currently providing.
- ✓ Niagara District is suitable for charters and tours. It is located in the prime tourism area in Niagara-on-the-Lake and close to Niagara Falls.
- ✓ Niagara District should be considered the main regional airport, and be designated for any regularly scheduled air service that may be contemplated in the future.
- ✓ Niagara District, more commercial service, tourism based; Central: services for area pilots (i.e., training); air cargo and limited passenger fly-in services.

Regional Airport System: Complementary or Competing?

Survey Question 2: Do you see the two airports as complementary, in competition, or completely separate in terms of influence on each other and the markets they serve?

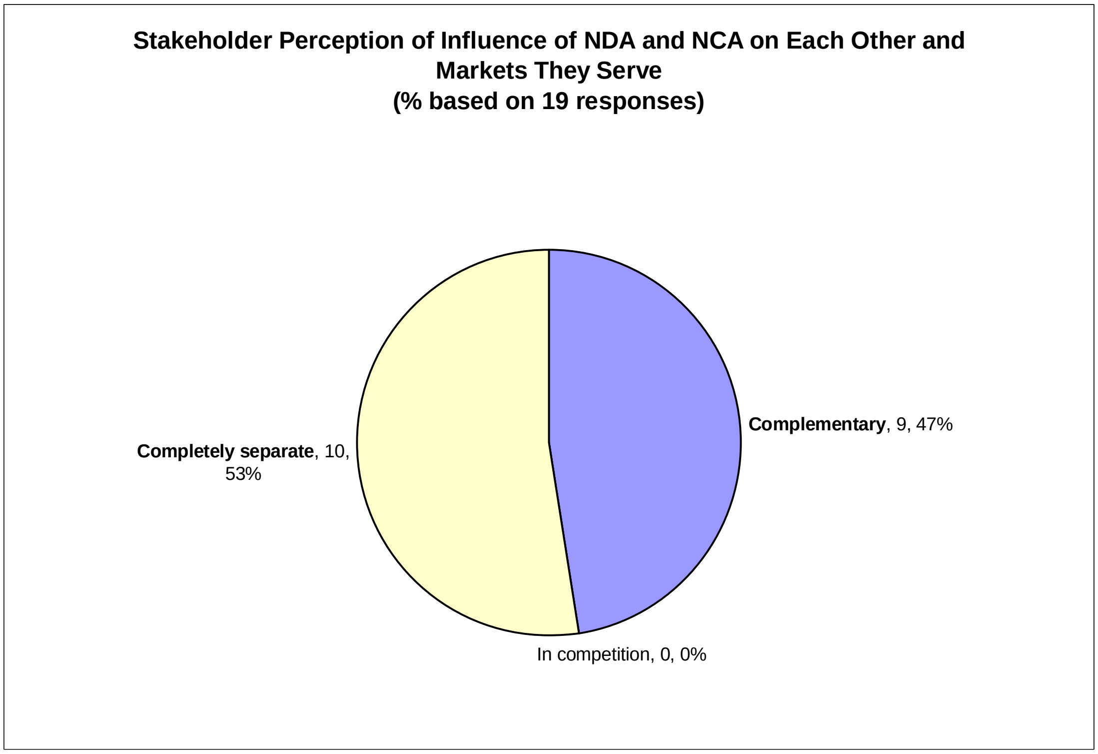

Exhibit F-2

There was a clear sense that the airports operated in their own sphere or were complementary: none of the respondents saw them as currently competing, although there were some indication in some of the open responses that there was potential for competition and that it should be avoided.

Respondents were invited to provide comments on this issue. The range received included:

- ✓ Both airports serve general aviation, but there is room for both. Niagara District is equipped and better located to handle business/corporate traffic, tourism and JIT freight for local industry.
- ✓ Complementary, only if a business case can be made. I think Niagara district is much closer to where the "action" is.
- ✓ I am not familiar with the services either provide.
- ✓ Main focus should be on Niagara District. Niagara Central could provide a secondary role.
- ✓ … although Niagara District did serve as the staging area for the Snowbirds when they did a performance at Niagara Central last summer.

Regional Airport Strategy

Survey Question 3: How well do the airports support the following strategic directions[63]?

Stakeholders were asked to score the importance of eight factors in terms of their contributing to the Region's strategic direction, and then to rank the two study airports in terms of their contribution against these factors.

In this question a score of 1 through 3 indicated low importance or contribution; 4 through 6 indicated a middling importance or contribution; and 7 through 9 indicating an increasing importance or contribution. In every case NDA ranked higher than NCA, and most particularly showed a higher perceived contribution for those factors identified as most important.

The factors are ordered by their stakeholder identified importance in the graph below. The two most important factors were identified as:

- Enhancing accessibility to tourist and recreational destinations in Niagara; and
- Improving travel and commuting between Niagara and the surrounding areas.

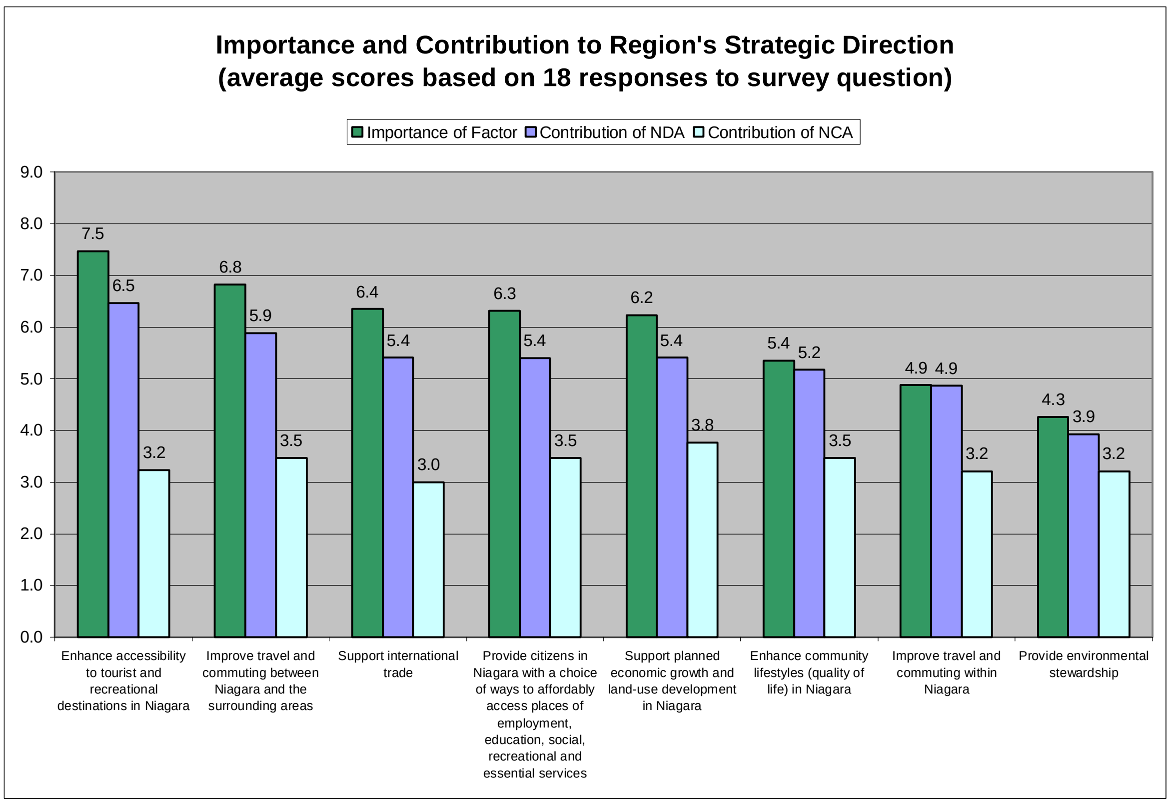

Exhibit F-3

Respondents generally saw the NCA's contribution to the Region's Transportation future in the low to low-medium range.

[63] Extract from Niagara's Transportation Strategy: *2. Strategic Directions* – dated May 8, 2002.

Commercial Opportunities

Survey Question 4: What do you see as the commercial opportunities associated with the NDA and NCA?

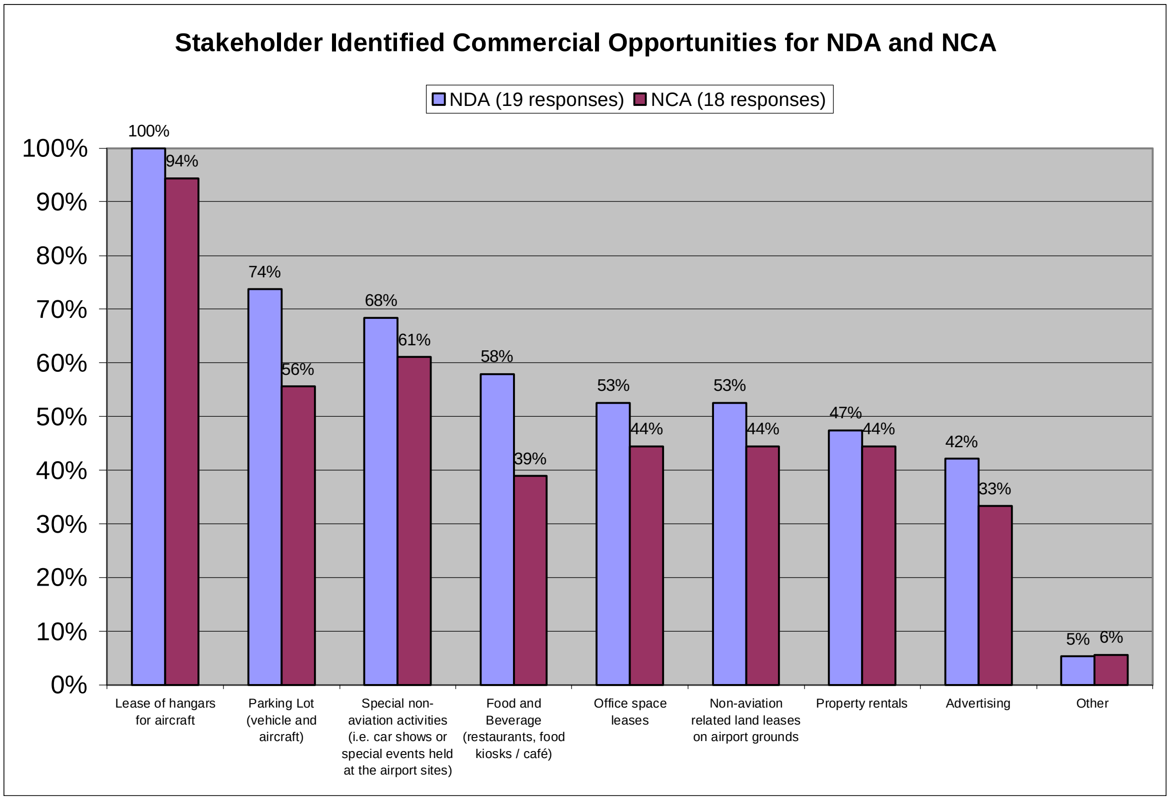

Exhibit F-4.

Based on all the options presented to stakeholders in this question, NDA led the NCA in terms of enthusiasm for the commercial potential of the airport on every measure. Aviation related hangar lease potential topped the list of commercial potential for both airports followed by opportunities for commercial revenue from vehicle and aircraft parking, and specialized non –aviation events (such as car shows and testing).

Respondents were invited to provide open comments on this issue. The only comment received was:

✓ (NDA) Only aviation related uses. There is lots of opportunity for non aviation uses elsewhere in the Town.

Impact of GTA Transportation Corridor

Survey Question 5: Will the construction of the Niagara – GTA Transportation Corridor significantly change the likely traffic using the two airports?

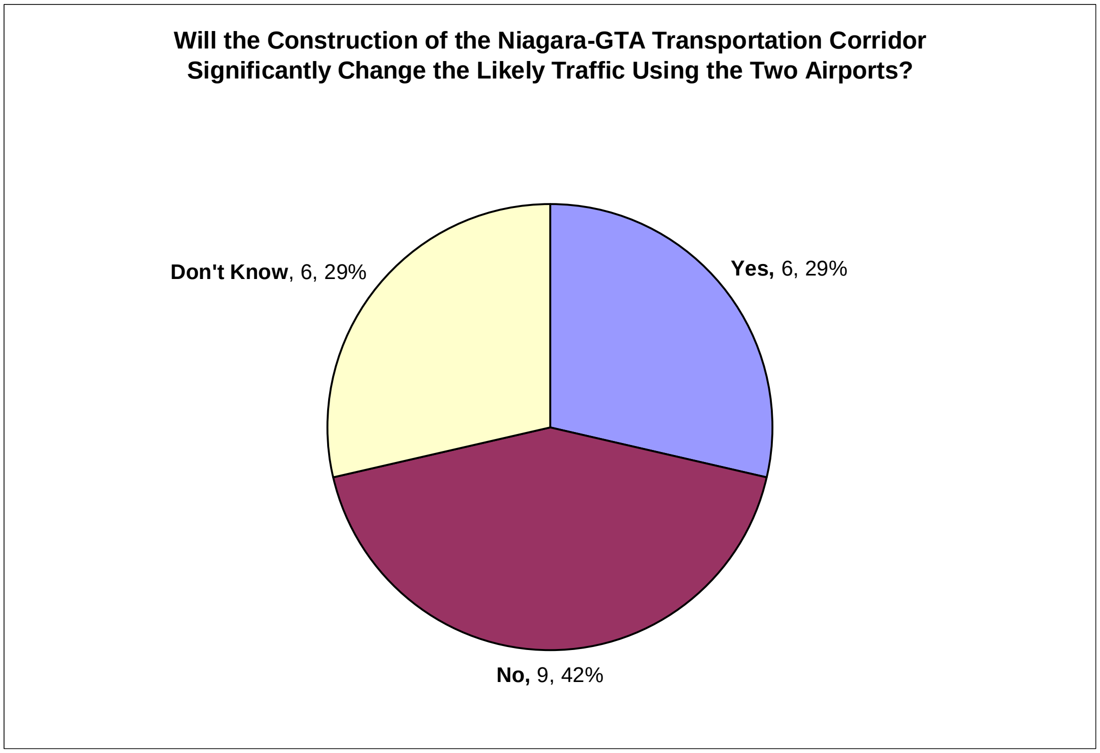

Exhibit F-5.

Respondents were presented with only three choices. A clear majority (42%) of respondents thought the Niagara – GTA corridor would have no impact on the airports, with the rest fairly evenly split between those who believe the impact will be tangible; and those who "don't know".

Opportunities from the Opening of the Niagara - GTA Transportation Corridor

Survey Question 6: What are the new opportunities that you believe will be possible for the NDA and/or the NCA?

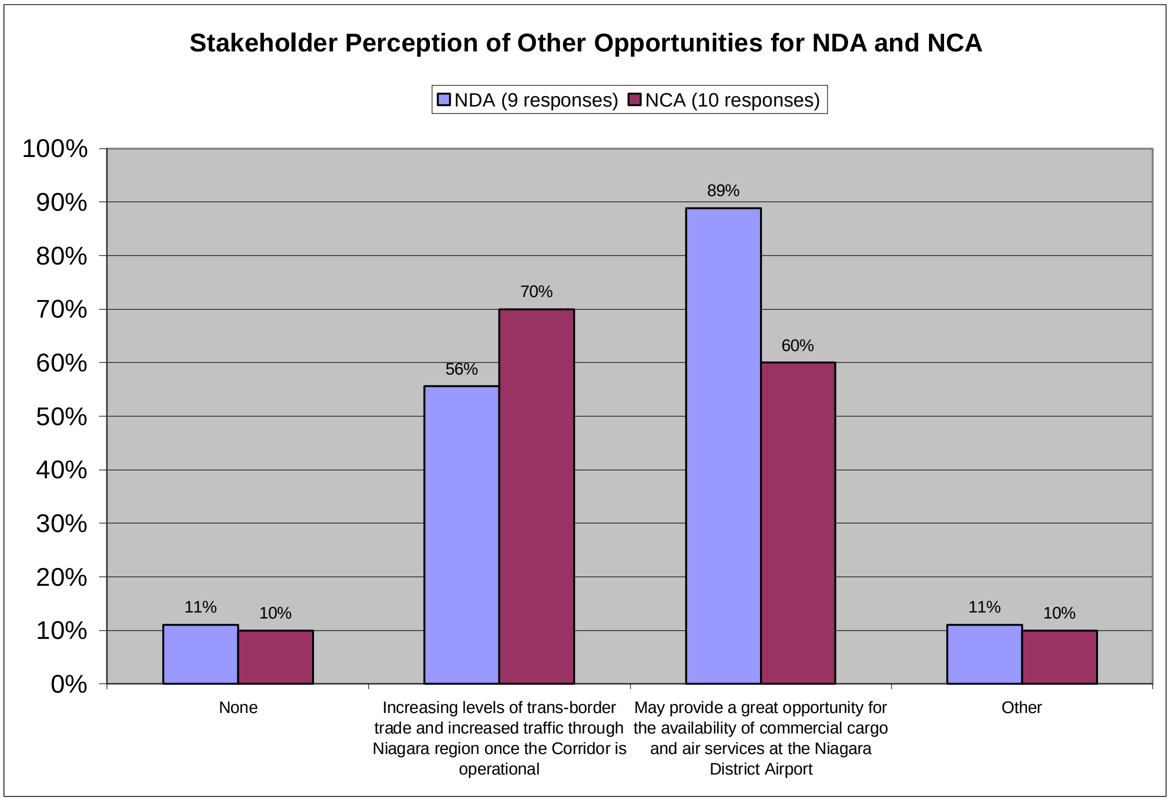

Exhibit F-6.

These responses need to be read in conjunction with the previous question.

A small number of respondents stated that they felt opportunities would arise in the commercial air service area and enhanced trans-border trade when the Corridor is operational. Statistically these responses are not significant.

Respondents were invited to provide comments on this issue. The comments received were:

- ✓ ***NDA***: Potential recreational/tourism traffic.
- ✓ ***NCA***: Unfamiliar with area economy.

Involvement of the Regional Municipality

Survey Question 7: Should the Regional Municipality become involved at some level with one or both of these airports? If so, what level of involvement?

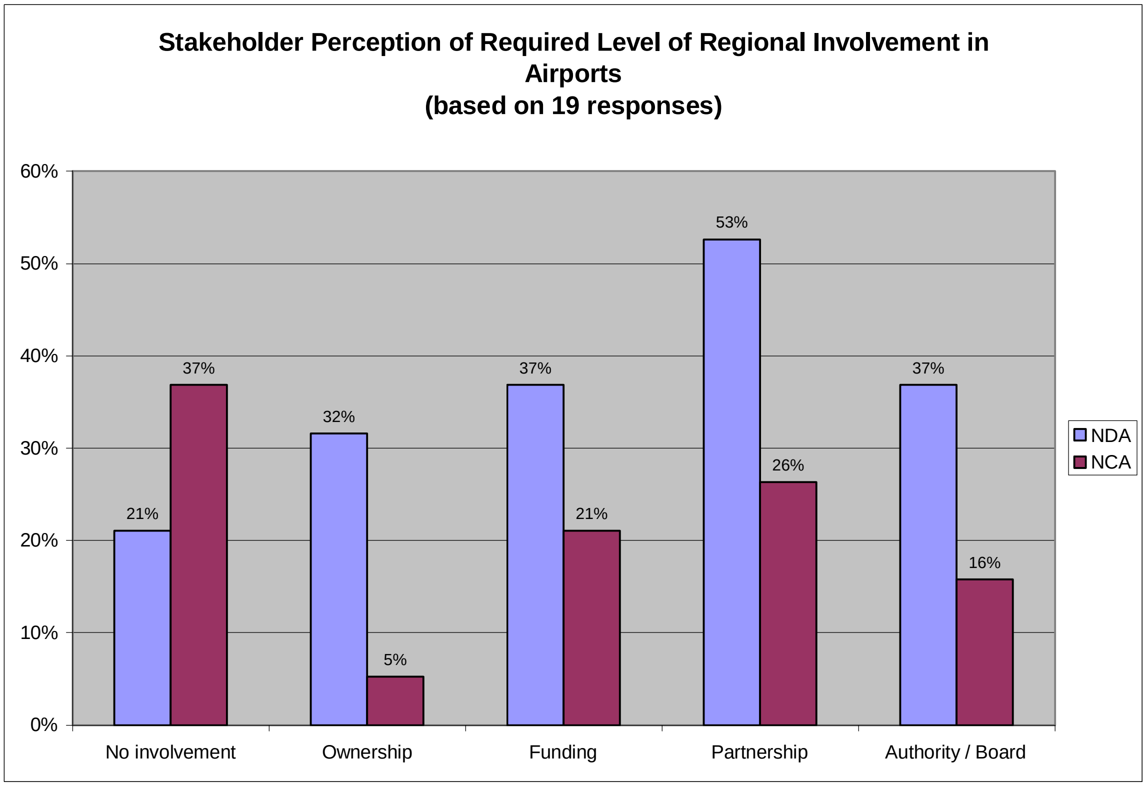

Exhibit F-7.

Respondents were invited to identify which types of regional involvement outlined in the survey might be appropriate. The responses were not mutually exclusive, so, for instance, respondents could state that they might support a “Funding” and “Board” level involvement by the Region.

All these response should reasonable be interpreted to imply that a satisfactory agreement between the parties would need to be in place before the Region’s involvement.

Over one-third of respondents clearly stated that the Region should have no involvement in the NCA, while the equivalent figure for the NDA was a little more than a fifth.

One third felt the region might take (shared) ownership of the NDA while only one respondent felt this was appropriate for NCA.

The “no involvement” response was exactly reversed for regional government involvement in funding the airports (here over one-third of respondents supported some level of funding support to NDA but only one-fifth supported any funding for NCA.

A “partnership” with the NDA while undefined received clear majority support.

Overall, the respondents agreed that a “partnership” arrangement was the best direction for the Niagara Region and the NDA (backed with funding support and seat(s) on the Commission Board), while a significant number of respondents determined that “no involvement” was the best option for the NCA facility.

General Comments

As a final open question, respondents were invited to provide comments or information that thought relevant. The comments received were:

- ✓ ***NDA***: Only if there is a solid business case for any involvement.
- ✓ ***NCA***: Current municipal partners.