

REDI Regional Airport Management Study and Operational Model

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EXECUTIVE SUMMARY

EBA Engineering Consultants Ltd. (EBA) was hired to conduct a study on the operation of the five airports located in Northwestern Alberta and make recommendations to increase the efficiency and effectiveness of the operations of these airports for the benefit of the northern residents.

Northern Alberta has historically depended significantly on air transportation. Air transport has provided a link for services, industry, medical, recreation/tourism, cargo and employment of all kinds. It has generally been an economic engine for the region. Connection to Edmonton through the City Centre Airport has provided a “gateway to the north”.

However, recent years have seen significant changes in air transportation. Uncertainty in the future of air service has seen service cuts. Threats of terrorism, airline mergers, global disease and economic downturns have seen reduced passenger volumes on commercial carriers, cuts in flights and routes, drastic fluctuations in fares and reduction in revenues at most airports.

The municipalities in Northwestern Alberta have joined together under the Regional Economic Development Initiative (REDI) for the Mackenzie Region to investigate ways to provide their residents and businesses with effective, efficient and guaranteed service.

In addition, the consortium would like the airports to be sustainable financially. It is recognized that this is a challenge with small regional and community airports, but there are ways to generate revenue to assist and reduce municipal subsidies.

This report looked at the five airports, budgets, traffic volumes, land availability, municipal planning and jurisdiction, regional economy and the airline industry.

The recommendation of this report is that the three municipalities should consider forming a Regional Airport Authority. This Authority could be called the Mackenzie Regional Airport Authority. This would be an independent body that would manage the ongoing operation (including both operational and capital budgets) of the five airports to facilitate this management. This would coordinate all activities and make a more efficient administration. Additional recommendations include:

- Amend municipal planning documents appropriately.
- Prepare and sign a contract between the three municipalities.
- Form a strong alliance with Grande Prairie Airport (potentially the new gateway to the north).
- Form partnerships with industry and airlines to improve service.
- Promote development at the airports to generate revenue and improve services.
- Prepare Master Plans for both High Level and Rainbow Lake Airports.
- Standardize rates and fees at all airports.

1.0 INTRODUCTION

EBA Engineering Consultants Ltd. (EBA) was hired by the Regional Economic Development Initiative (REDI), an organization of associations and municipalities representing the northwest region of the Province of Alberta. In this resource rich, but relatively isolated region, air transportation provides much more than just a connection to a sunny holiday. Air transportation provides critical cargo, business, passenger and medical transport.

1.1 Aviation Industry

The aviation industry has proven to be an unstable industry open to outside influences that impact the business decisions of the industry leaders. We have seen drastic drops in air travel after the 9/11 terrorist attack (although not in Fort McMurray), the merger and bankruptcy of airlines, and the starting and stopping of air service.

The first rule of thumb is, airlines are businesses. An airport must not believe long-term service promises of an airline because if the passenger volumes do not prove profitable for the airline, the service will be cut (witness the 16 week service of WestJet into Brandon Manitoba). This sounds harsh, but it is the new reality.

Airports must be realistic on their projections, their leases and partnerships, and the capital commitments.

1.2 Purpose of Study

The Regional Economic Development Initiative believes air transportation services are crucial to the economic development of Northwestern Alberta. To this end, REDI has received funding to review the five airports within the region and hire a consultant to prepare a Regional Airport Management Study and Operational Model.

It is intended that this study will provide options and recommendations to REDI, for the members to take to their perspective associations and municipalities to determine the future for the airports.

While air transportation is critical for the region, it must not be provided in a manner that may be detrimental to the ongoing operations of the municipalities and must not be an unreasonable burden on the taxpayer.

1.3 Scope of Study

The Terms of Reference for this project was flexible, allowing the Consultant and REDI members to review information and progress as needed. The first step in the process, however, along with data collection and analysis of current air movements to each airport, was the facilitation of a Visioning Session. This workshop, held on December 1, 2003, was attended by representatives from the three municipalities, airport management, airlines, health region, industry, chamber of commerce and REDI. This session identified the issues, the concerns, the vision, the core values and the goals to be achieved at the airports.

This direction from the group, using the background information and economic data provided, will form the basis for the management options and recommendations.

1.4 Vision for the Five Northwest Airports

A vision is a picture of what the airport will be in 20 years. It is a dream of what can be in the future. It must be believable, alluring and have qualities people gravitate towards because it represents a future that is more desirable than the present. The vision should be worthy and relevant to people.

At the visioning session the group determined that the vision for the year 2023 was:

The Mackenzie Region recognizes that air transportation is an essential service in the north, and that the region will have economical, viable, safe, full regional air service.

A full regional air service is defined as the ability to access or leave the region for medical purposes, scheduled passenger travel, charters, cargo, recreational, general aviation, fire-fighting, search and rescue, flight schools and aerial applicators.

In addition to looking at a vision, the REDI group has determined core values. The following core values were established at the visioning session. Core values determine the direction for service and provides some guidance for the future management and operation of the five airports to meet the vision.

- Ensure Safety at the Airport
- Provide Medivac Service
- Recognize Airports and Air Transportation as an Essential Service
- Provide Good Customer Service
- Make Airports User Friendly
- Ensure Airports and Aviation have a Common Focus
- Access to Medical Services such as specialists in Edmonton, Grande Prairie and Fort McMurray
- Ensure Efficient Operations
- Provide Security at Airports
- Allow for Emergency Services

1.5 Reality Check

In the preparation of this report, many truths have been expressed. It is mandatory to have a reality check. Municipalities cannot proceed realistically if there is not a realistic assessment of the issues.

One of the first realities is that airports do not make money. The federal and provincial governments divested themselves of airports for a reason – they were spending a lot of money on them. Originally, airports were considered a public service and it was considered appropriate to spend general revenues on their operation and maintenance. Once airports were transferred to municipalities, they were considered to be businesses that were to be

financially self-sufficient. The problem with this is, actually only two airports in Alberta are financially self-sufficient: Edmonton International and Calgary International. All other airports succeed only with federal, provincial or municipal funding. For example, even Grande Prairie and Fort McMurray would not be able to function without the federal ACAP funding to pay for major capital works.

Therefore, municipalities that have taken on the ownership and responsibility for operating airports must ask themselves a very important question – what financial level of commitment are we willing to support to maintain our airport and the service it provides?

Some municipalities have passed council motions stating that they will never contribute any municipal money towards the airport (Fort McMurray), while others provide grants equal to taxes (Red Deer). Others fund the airport totally (Lethbridge) and others have had successful referendums to apply a special tax to the municipality to fully fund the airport (Fort Nelson).

The second item of reality check is the issue of the Edmonton City Centre Airport. While the municipalities in the north are banding together to present a very effective case to keep the City Centre Airport open, ultimately it will be a senior political decision that may be out of the hands of the north. In this case, it is clearly the direction of Edmonton Airports Authority to close down the airport to any air traffic that would compete with the International Airport. The airports in the north must proceed under the assumption that service may stop to the City Centre and that alternatives must be pursued.

2.0 ISSUES

The December 1st, 2003 Visioning Session identified 18 primary issues that the airports are dealing with. Some of these can be dealt with through good airport management; others are beyond the direct control of the airport owners and operators – but not beyond their influence.

The issues identified are listed in Figure 1.

Figure 1

Issues and Approaches

ISSUE	APPROACH
The airports are fairly isolated and require significant distance to travel, which can be very difficult in poor weather, particularly winter conditions.	Municipalities must ensure that the access roads to airports are priority for plowing and maintenance to ensure ambulance access.
Air travel is not always economical or affordable for the average traveller.	Meet with airlines to see if there is anything the airport operator can do to keep prices down and encourage “deals” for northern residents.
Encouraging the Airlines to add new passenger routes and increase service.	Meet with airlines to see if there is a market niche that they may have missed (for example, it was only in 2003, after the Regional Municipality of Wood Buffalo spoke with Clive Beddoes, that the airline realized the opportunity for Newfoundland flights).
The weather impacts the dependability of flights.	Improve the navigational aids.
Ongoing Transport Canada changes to regulations threatens the viability of airports.	Ensure that you have representation on the various airport boards and committees to make your voice heard and get the most up to date information (Aviation Alberta, CAC Regional Committee etc).
Airline uncertainty causes uncertainty for airports.	The better the relationship with the airline the more notice you will have of changes.
Increasing cost of operating airports.	Look at ways of reducing costs by cross training, contract out, share services and increase revenue.
The economic stability of the region is a concern because it is based on resource industries.	Continue to support the resource industry but determine if the economy of the region can be diversified.
Capital funding is uncertain.	Apply for any funding available and take advantage of all existing funding.
There is growth in the industry based on business travel.	Work with companies, car rental companies, hotels and hospitality and airlines to develop packages, encourage people to fly and not drive and make it as easy for the business traveller as possible.
Oil companies do not provide airline tickets to their employees anymore.	Meet with the oil companies and airlines and try to get the oil companies to change their policy back and see if airlines will provide discounts to the companies for bulk purchase of tickets.
The restrictions at the Edmonton City Centre Airport.	With the restriction to 10 passenger planes and no dedicated cargo, look for alternatives both in terms of another airport or meet with Scott Clements to discuss the issues of ground transportation.
Need to have taxpayer support for airports.	Educate the public; promote the airport and the services it provides, use other agencies such as the Health Authority.
Airports need to lease more land for revenue.	Relax or review land use regulations about development on airport lands. Promote the airports at trade shows and air shows to attract new or relocating businesses.
Air ambulance service is critical.	Use Alberta Health and the community to express this as a reason for capital funding and for the rationale to keep the Edmonton City Centre open.
Airport operators feel they have no control of regulations.	Participate in the boards and committees, send letters to the Minister and be a continual watchdog on any proposed changes to legislation.
Grande Prairie is a growing airport with the potential for becoming a regional hub.	Meet with the Airport Commission and the airlines and see if there is some sort of relationship that can be developed for additional service to the northwest through Grande Prairie.
Off Airport use by Helicopters	Often helicopter companies locate off airport, posing as competition to the airport rather than an integral tenant of the airport.
Airports need specialized expertise to ensure their continued safe operation.	Use the High Level Airport Manager to train staff, to inspect airports, to manage more than one airport and to participate in airport boards and committees.

3.0 STRENGTHS AND OPPORTUNITIES

The December 1, 2003 workshop also included a SWOT Analysis. We focus here on the strengths and opportunities that the airports can use to achieve their goals, become more financially self-sustaining and work towards to achieve the vision of the airport.

Strengths are internal to the organization. Those with which the organization has control and influence. The strengths listed for the five Northwest Airports ranged from relationships to physical infrastructure to staff. The following is the list of strengths identified. They are not listed in any particular order of priority.

- Good relationship with Grande Prairie – both politically and through airport managers.
- The jurisdictions are willing to adapt.
- The jurisdictions are willing to take a unified approach as evidenced by the REDI committee.
- The municipalities have knowledge about infrastructure.
- There has been a historically high use of the airports in the past, given the growth and development primarily in the oil patch.
- There is a strong and healthy resource base that will continue for a number of years.
- The region is a great distance from a major centre – it is a nine hour drive from High Level to Edmonton making air travel more appealing.
- Growing diverse economy. The region, as part of its growth, is becoming less dependent on oil and gas and shifting to agriculture, tourism and manufacturing.
- High Level provides a regional service centre for the northwest.
- There is the desire for a multi-jurisdictional group to work together.
- There is an attitude of self-reliance in the region.
- The region has demonstrated its dependability.
- There is currently a large selection of air carriers that the airport could attract.
- The region has five airports to build on.

Opportunities are external to the organization. These are the positive attributes that are beyond or outside of the direct control or influence of the organization and therefore are less certain than strengths. The opportunities listed by the Visioning Session group are listed as follows. These are also in no particular order of priority.

- High Level is a regional service centre for the Mackenzie Valley.
- High Level Airport has a voice on the CAC Regional Airport Committee to the Federal Government.
- The area is benefiting greatly from the growth in the resource industry both in northern Alberta and the Northwest Territories.
- There are linkages to other communities – through industry, health services, recreation etc.
- The region in general has a good relationship with the Province.
- The region and the municipalities provide leadership.
- There is a great deal of cargo that finds its way into the region and could use the airports to better advantage.

- “Big box retail” is being attracted to the region due to the regional market and the fact that people from the Northwest Territories come to Alberta to shop (better and more selection with no PST).
- From High Level you have a choice of destinations.
- There is an opportunity to jointly market and promote the airports and the region.
- There is a strong family demographic in the region and airlines and airports could market more to the families and the family vacations.
- While Edmonton has historically provided the main centre, other centres are taking over such as High Level and Grande Prairie.
- There is an opportunity to work more closely with the resource companies.
- Membership in the Northwest Corridor Development Corporation is demonstrating to be a benefit to the Mackenzie Region. It provides a bigger voice, it crosses provincial boundaries and it provides an opportunity for municipalities to share information.
- With a strong agriculture and forestry base, there is the opportunity to provide value added businesses and then ship the product out by air for perishable or just in time or specialty items.

4.0 EXISTING AIRPORTS SNAPSHOT

As noted, there are five municipal airports within the region. The following table provides a snapshot of the facilities and location of each of the airports within the Mackenzie Region. We have included the information for Zama Lake, which is a privately owned airport.

Figure 2

Airport Facilities¹

Airport	Freq.	Dir.	Elev.	Runway	Surface	Lights	Winter Maint.	Facilities
Fort Vermilion	122.20 CEG2	07/25	836	3,000 x 100	Paved	yes	Yes	Windsock, fuel, ARCAL, CBC Tower 2 mil SW, DME
High Level	123.25 CYOJ	13/31	1,110	5,000 x 150	Paved	yes	Yes	Windsock, NDB, VOR, DME
La Crete	123.20 CFN5	06/24	1,046	2,950 x 75	Turf	yes	limited	ARCAL
Rainbow Lake	122.80 CYOP	09/27	1,759	4,500 x 100	Paved	yes	yes	Windsock, fuel, ARCAL, NDB, DME
Zama	123.20 CEX5	16/34	1,296	2,460 x 100	Oiled	no	no	Windsock, powerline approach to 16
Zama Lake	123.25 CFT9	12/30	1,242	4,300 x 50	Paved	yes	yes	Windsock, 400' stack east of runway, NDB

4.1 High Level

The High Level Airport is a regional airport that has regularly scheduled passenger air service from multiple carriers. The airport has a full time airport manager, car rental tenants and a terminal building with adequate space. There is a restaurant area that is currently not

¹ Alberta Air Facilities Supplement 2003, Abacus Datagraphics Ltd., October 2003.

leased. The airport leases land and has several tenants including charter air companies such as Little Red Air. The airport has a schedule of fees that provides any potential tenant with rates for:

<p>Land Lease:</p> <p>Terminal</p> <p>Hangar</p> <p>Lands</p> <p>Parking</p> <p>Landing Fees</p> <p>Minimum Charge</p> <p>Fuel Flowage Fees</p> <p>Terminal Fees</p>	<p>\$165.00/m² per year</p> <p>\$1.50/m² per year</p> <p>Varies on time and power access from \$3.00 per day without power to \$6.00 per day with power with weekly rates</p> <p>\$2.47 per 1,000 kg</p> <p>\$15.00</p> <p>\$.05 per litre for avgas and \$.0075/litre for jet fuel</p> <p>Based on the size of the aircraft ranging from \$11.95 per aircraft for 0 to 9 passengers to \$202.75 for over 90 passenger aircraft.</p>	
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These rates and fees form the basis for the revenue generation for the Airport. The Airport Manager’s salary is paid for by the Town of High Level as an employee. All major capital works are scheduled and paid for by the federal Airport Capital Assistance Program (ACAP). At present, Transport Canada has not identified the High Level Airport as one of the airports that must upgrade the security and departure lounge facilities. Should this occur as passenger movements increase, federal funding will be available to meet the needs of the Canadian Air Transport Security Authority (CATSA).

In 2002, the airport had a total of 14,885 aircraft movements (arrivals and departures). This reflects good traffic for a small airport. The scheduled flights are departing for or arriving from either Edmonton or Rainbow Lake. Increasing the variety of destinations would attract more passengers. A connection to Grande Prairie would provide passengers access to WestJet as well as a larger regional centre.

One of the issues related to the sustainability of the High Level Airport is the generation of revenue. The airport would be in a better financial situation if they could attract the passengers and their “meeters and greeters” to the airport to spend more time at the airport. This would use the terminal building facilities more and may justify the opening and leasing of the restaurant again. Many people feel that because it is a small airport and the security is not as onerous as larger airports, and the planes are smaller and it does not take as much time to load the planes, that they can arrive 15 minutes before their flight departs. This will change. Perceptions will change and the terminal building and its revenues may benefit. The other revenue-generating item is leasing land at the airport. A Master Plan

and Development Concept would clearly outline what uses are considered to be acceptable, what lots would be available for lease and what servicing, if any, would be required. This would then be a marketing tool for the airport and the Municipality to seek out tenants.

4.2 Rainbow Lake

The Rainbow Lake Airport is located within the municipal boundaries of the Town. The airstrip is a 4,500 ft long x 100 ft wide paved runway. There is a modern airport facility that also houses the Town offices and the RCMP offices. The airstrip is designated Direct Control District. The town offices are located at the airport. Central Mountain Air and Peace Air currently provide regularly scheduled passenger air service to Rainbow, both departing from High Level.

The Town does not employ an airport manager and is managed by the Town CAO. The airport is designated Direct Control District under the Town Land Use Bylaw. However, there are no regulations attached to the land use district, no uses included and no reference to the airport, making the district ineffectual in the regulation, protection and control of the airport lands. The protection is that the Town owns and operates the airport. The airport is not noted in the Land Use Bylaw in anyway, either as a defined use, a special use or a separate land use district. It is not considered to be industrial. It is recognized that the DC zoning may only apply to the airstrip and no adjacent lands. The lands immediately adjacent to the airstrip are identified as M-1 Industrial District and M-2 Industrial Residential District. Neither of these districts addresses the airside opportunities or access to secured lands at the airport.

The Rainbow Lake Airport applies rates and fees as follows:

Landing Fees		
▪ Under 21,000 kg	\$2.50/1,000 kg	
▪ 21,001 to 45,000 kg	\$2.75/1,000 kg	
▪ Over 45,000 kg	\$3.00/1,000 kg	
Minimum Fee	\$15.00	
Fuel Flowage Fee	No fees	
Aircraft Parking		
▪ Daily	\$10	
▪ Monthly	\$60	
▪ Yearly	\$400	
Terminal Fees	\$50 per sched. aircraft	
Land Rental Rates	\$1.00 per m ²	

4.3 La Crete

The La Crete Airport is 3,000+ ft turf strip. It is located in close proximity to the hamlet which has growth 14.3% since 2001 to a total 2003 population of 2,039². There are no regularly scheduled flights using the La Crete Airport and it is unknown exactly how many

² Municipal District of Mackenzie web site, Census Data.

aircraft movements the airport has on an annual basis. In 1997 the Municipal District adopted a Fee Schedule for the La Crete airport as follows:

Land Lease Fee	\$0.50 per sq. metre annually	
Temporary Aircraft Parking	\$1.00/day, \$5.00/week, \$15.00/month	
Long Term Aircraft Parking	For Aircraft up to 1,000 kg, \$75.00 per year (no power) and \$100 per year (with power) For Aircraft over 1,000 kg, \$100.00 per year (no power) and \$125.00 per year (with power)	
Long Term Vehicle Parking	\$0.50 per day (no power) and \$1.00 per day with power	

4.4 Zama

The Zama Airport is a 2,460 ft oiled runway. There is no maintenance on this airstrip and is in poor condition. While there is some summer daytime use of the runway, it is not lighted and there is an obstacle on the 16 approach. This airstrip is not used in the winter or nights and it is not very useful for medivac due to the short length of runway.

Zama Airport



However, close by is the Zama Lake Airport, owned and operated by Apache Canada, oil and gas company. This runway is a paved, well-maintained, lighted 4,300 ft long runway. In conversations with Mr. Dan Percy, the Area Supervisor for Zama Lake, the company owns one other airstrip (at Hamburg) and while they are not generally open for public use, they have never turned down a medivac. Generally, medivac or other emergency users call the Calgary number for permission to land, which gives the company notice to ensure the runway is clear. Mr. Percy indicated that the company would likely be very interested in entering into an operating agreement with the MD of Mackenzie for the shared use of the airport with some shared costs associated with keeping the airport open year round. This reflects one of the public private partnerships that would demonstrate collaboration with stakeholders and provide improved service to the community.

Zama Lake Airport



4.5 Fort Vermilion

The Fort Vermilion Airport is a 3,000 ft paved runway. In 1997 Council of the MD of Mackenzie adopted the following fee schedule.

Fuel Flow Charge	\$0.045/lit	
Land Lease	\$1.00/sq.m. annually	
Aircraft Parking Temporary	\$2.00/day, \$10.00/week, \$30.00/month	
Long Term	For Aircraft up to 1,000 kg, \$150.00 per year (no power) and \$200 per year (with power)	
Long Term Vehicle Parking	\$1.00 per day (no power) and \$2.00 per day with power	

5.0 AIRPORT FINANCE

With the ownership and operation of airports transferred from the provincial and federal governments to local municipal governments, a very large financial burden was also transferred. Many municipalities were not fully aware of the role, responsibility and commitment they were taking on. Most municipalities do not have money in their budgets to cover large capital projects at airports. Even the operating costs are significant, including insurance, day to day maintenance, snow removal etc. Some municipalities are very lucky to have a volunteer group or flying club to provide daily maintenance and operation. Others are run as part of the municipal public works departments. No matter how it is operated, it is fair to say that most municipalities were not fully aware of what they were getting into. As a result, airport financing is a major issue. This section of the report looks at how the airports in the Mackenzie Region can, and do, generate revenue, what grants may be applicable and how an airport can continue to operate.

5.1 Grants

As noted earlier, truly in Alberta, only Edmonton International and Calgary International Airports are financially self-sustaining. These airports do not depend on any outside funding, they are not eligible for ACAP funding and they pay huge rent payments to the federal government for the land the airports sit on. They are run by not for profit airport authorities. They manage the airport with large staff compliments. Airports such as Grande Prairie and Fort McMurray are self-sustaining for operations and have been extremely successful developing revenue, attracting airlines and servicing their regions. However, without federal ACAP funding, they would not be able to function at the same level. Since 1997 Grande Prairie (\$4.5 million) and Fort McMurray (\$5.5 million) have been very successful in getting ACAP grants to upgrade runways and aprons, replace lighting, repair terminal building and purchase equipment.

Rainbow Lake and High Level Airports have also benefited from ACAP funding over the years as illustrated in the following table.

Figure 3

ACAP Summary for Airports in Northwest Alberta³

Year	Airport	Project	ACAP Funding
1997	High Level	Installation of animal control fencing	\$157,190
1998	Rainbow Lake	Repair and overlay runway 09/27, taxi and apron, install illuminated guidance signs and airport beacons and resurface groundside access system	\$1,141,900
1999	High Level	Refurbishment of visual aids and replacement of 3 pieces of heavy equipment	\$618,692

Currently, federal ACAP funding is focusing on security and safety issues. The program is oversubscribed, but applications can be submitted for future projects. These applications will be reviewed and if approved, will sit until funding is available.

³ Transport Canada News Releases

In addition, there is provincial grant money available for airports not eligible for ACAP funding, through Alberta Transportation, for pavement rehabilitation only.

5.2 Operating Budgets

Many smaller airports are operated as part of the municipal public works department and do not have a separate budget. It is often very difficult to separate the actual airport costs from all of the public works projects. For example, when the snow plow is going down the road, and makes a detour into the airport to plow the runway and then continues down the road to the next school bus route, how do you put a dollar figure on the value of the plowing of the runway. This is the case for the Municipal District of Mackenzie. The actual costs of operating the three airports is difficult to separate. Both High Level and Rainbow Lake have annual budgets that clearly outline the expenses and revenues and the operating costs for the airport.

The following is the information provided by the three municipalities on the airport operating budget figures.

Figure 4

Airport Operating Budgets

Airport	Expenses	Revenues
High Level	\$405,000 ⁴	\$405,000 ⁵
Rainbow Lake	\$236,025 ⁶	\$128,650 ⁷
La Crete, Fort Vermilion and Zama	\$150,000 ⁸	\$90,000 ⁹

5.3 Rates and Fees

One of the most important forms of revenue for any airport is the lease of land for tenant operations at the airport.

While pricing is extremely competitive in the aviation industry, a municipality cannot afford to “give away” the land either. A reasonable rental or lease rate must be determined. In addition, if the airport and municipality are to expect the tenant to make a significant investment in the airport, the lease must be of such a length that the bank and the tenant will be willing to make that investment. For example, a two year lease will not encourage an operator to construct a \$250,000 hangar. Having said that, there must be escalator clauses in the lease so that the airport does not find themselves receiving a lease payment that is 15 years outdated.

⁴ Based on the Town of High Level 2003 Operating Budget

⁵ Revenue is generated by: Grant from MD (\$33,000), Landing fees (\$64,000), parking fees (\$15,000), Terminal Charges (\$55,000), Miscellaneous (\$12,000), Fuel Flowage Fees (\$29,000), Alberta Forestry Lease (\$38,000) and other leases (\$64,000)

⁶ Based on the Town of Rainbow Lake 2003 Annual Budget

⁷ Revenue is generated by: Passenger fees (\$10,000), Landing Fees (\$38,000), Terminal Fees (20,000), Land leases and rental (\$48,000) and other miscellaneous income.

⁸ Expenses include: municipal taxes paid back to High Level for airport operation (\$43,000), winter maintenance for Fort Vermilion and La Crete.

⁹ Revenue is primarily generated through Annual Grants (\$33,000), revenue from Little Red Air (\$30,000) and others sales and leases (\$5,000)

It should be noted that a major tenant at both the Rainbow Lake and High Level airports is Alberta Forestry. They lease land, have structures and provide the forest fire fighting services for Northwest Alberta.

To provide REDI with some idea of what lease rates are charged across the province at similar airports, we have provided a summary of lease rates.

Figure 5
Rates and Fees of Comparable Airports¹⁰

Small Regional Airports					
	Landing Fees (per 1,000 kg)	Fuel Flowage Fee	Aircraft Parking	Facilities Fees	Land Rental Rates
Lloydminster	\$1.71 under 21,000, \$2.20 between 21,000 and 45,000 and \$5.20 over 45,000 kg.	\$0.045	No fees	\$5.00 per person for both inbound and outbound flights. Resident aircraft pay \$250.00/yr	
Medicine Hat	\$4.60 for less than 21,000 kg, \$5.00 between 21,000 and 45,000kg and \$5.50 over 45,000	\$0.01 on aviation and \$0.0052 on jet		\$1.50 per passenger for terminal building fee, \$6.00 for inbound and outbound passengers.	
Peace River	\$1.71 for less than 21,000 kg, \$2,20 for 21,000 to 45,000, \$2.57 for over 45,000 kg and a minimum payment of \$7.96	\$0.0501 on aviation and \$0.0052 on jet	Ranging from \$6.11 to \$141.05 per day, \$49.06 to \$2826.92/mo.		\$0.966/m ²
Lethbridge	\$4.20 for less than 21,000 kg, \$5.28 for 21,000 to 45,000 kg, \$6.24 for over 45,000 and a minimum payment of \$12.00	\$0.051 on aviation and no fee on jet	2,000 kg or less – \$7.20/day, \$56.40/mo and \$354.60/yr 2,001 to 5,000 kg - \$7.20/day. \$56.40/mo and \$426.00/yr. Over 5,000 kg - \$13.20 /day, \$252.00/mo.	From \$25.20 charge per seat for 10 – 15 seats, to \$823.20 per seat for 401 seats or more.	\$1.29/m ² for commercial airside and \$1.19/m ² for commercial groundside with \$259.99/m ² based on area of building

¹⁰ Alberta Airport Operator's Association, 2004 Alberta Airport Rates and Fees Survey

Community Airports					
	Landing Fees	Fuel Flowage Fee	Aircraft Parking	Facilities Fees	Land Rental Rates
Athabasca	Flat rate fee of \$10.00	No fuel avail.	No fees	No fees	\$0.70/m ²
Drayton Valley	No fees	No fee	No fees	No fees	\$0.30/m ² for private and \$0.45 ² for commercial
Edson	No fees	No fee	\$20/month	No fees	N/A
Fairview	No fees	No fee	No fees	No fees	N/A
Pincher Creek	No fees	Call out charge may be levied after hours	No fees	No fees	\$0.50/m ²
Rocky Mtn House	No fees	\$0.045/litre	Under 1,000 kg, \$17.00/mo and \$187.00/yr. 1,000 to 2,000kg, \$19.00/mo and \$211.00/yr Over 2,000 kg \$21.58/mo and \$259.00/yr.	No fees	\$0.65/m ²
Sundre	No fees	No fee	\$65/year	No fees	\$2.00m ²
Wetaskiwin	No fees	\$0.03 on aviation fuel	No fees	No fees	Lots are sold not leased

In addition to this, 11 airports assess air ambulance landing fees including: Athabasca, Fort McMurray, Grande Prairie, High Level, Lethbridge, Manning, Medicine Hat, Peace River, Rainbow Lake, Red Deer and Slave Lake.

The above table illustrates that each airport makes its own decisions regarding the amount the market can bear to use the airport. Many small airports charge no fees, knowing that private pilots are very price sensitive and that if they have to pay a fee, they may easily move to the next airport. This is fairly easy in some locations where airports are fairly close together (such as Red Deer, Lacombe, Wetaskiwin, Camrose and Ponoka). This may not be the case in the north and each airport may be able to set rates and fees that will assist with their operating budget and not “scare away” any of the local pilots or firms using the airports.

It should be noted that some airports sell lots on airport property. Sale revenue goes generally towards capital projects (Wetaskiwin). Some airports set up their airports as bareland industrial condominiums where the individual purchases the lot and pays condo fees to cover the cost of snow removal, road and airside upgrades etc. (Okotoks). Some airports also charge access fees to use the runway (South Cooking Lake). It is not generally recommended by EBA to sell land on an airport – it can limit future options and generates a one time revenue source.

6.0 REGIONAL IMPACT OF THE AIRPORTS

6.1 Regional Economy

The Northern Alberta Development Council recently commissioned a study on the economic contribution of Northern Alberta to the overall Alberta economy¹¹. This report, which reflects the economic contribution of the entire north and not just the Mackenzie Region, has compiled exhaustive statistics demonstrating the value of the north. This report indicates that while only 9% of Alberta's population resides within the study area, it produces:

- 38% of Alberta's Natural Gas
- 52% of Alberta's Oil
- 90% of Alberta's productive forests
- 19% of Alberta's export crops

The Region contributes 19% of total revenues to the province, 68% (2001) of Alberta revenues from personal and corporate income tax and non-renewable resource revenue. One third of all Alberta's international exports come from the north and the north attracts 1.5 million visitors every year.

This report does not specifically address the airports in the region, or air transportation and its contribution. But it is clear that successful businesses, hospitality services and the resource industry could not survive without a competitive air industry.

The Mackenzie Region occurs within the Municipal District of Mackenzie. Within this large geographic area are located the Town of High Level, the Town of Rainbow Lake and three hamlets: Zama, La Crete and Fort Vermilion. The Municipal District of Mackenzie has been growing at a very fast rate with a 9.1% increase between 2001 and 2003 for a total population of 9,687. La Crete is the largest hamlet in the area with a 2003 population of 2,039. The population of the MD is very young in comparison with the province of Alberta figures. While natural resources plays a major role in the local economy, the MD mission includes ensuring long-term economic sustainability. La Crete is primarily a farming community with a strong Mennonite background and culture.

The Town of Rainbow Lake is located west of High Level with a permanent population of just under 1,200 residents. The primary industry is the oil patch.

The Town of High Level has a permanent population of approximately 3,600 with a trading area of over 22,000 people. The economic base of the community is forestry, oil and gas, tourism and hospitality. High Level is the regional hub. Recently, the Town has attracted significant retail development with over 300 trade establishments. The building permits, population and industry growth all point to continued growth for the Town.

¹¹ Analysis to the Economic Contribution of the Northern Alberta Development Council Region to Alberta and Canada, September 2003, GTS Group International, in association with Activation Analysis.

6.2 Edmonton City Centre Airport

The future of the Edmonton City Centre Airport is of great concern to the north. This airport has been providing convenient air services to the north for 50 years. The City of Edmonton's claim to be the "gateway to the north" resulted primarily from the fact that the City Centre airport provided a downtown airport close to business, medical and government services.

Now, the Edmonton Airport Authority has invested millions of dollars in the Edmonton International Airport and is concerned that any competition from the City Centre Airport that may reduce traffic at the International threatens the huge investment made. The City of Edmonton has divested itself of any responsibility by defaulting to the lease signed with the Edmonton Airport Authority to operate the airport.

While this land would be extremely valuable as developable land in the City, the businesses on the airport and the investment in the City Centre Airport is also significant.

The residents of the north have come to depend on the City Centre Airport as their gateway to services. The new policies restricting passenger aircraft by size and eliminating dedicated cargo aircraft into the City Centre Airport, forces the northern residents to use the International Airport, placing them 30 minutes further away from the medical, government and business services they have used in the past. In addition, the high cost of transportation from the airport (expensive cab rides or requirement to rent a car) adds to the restrictions and constraints for northern residents. As residents of Alberta, the north demands equal access to provincial facilities.

The northern Mayors and municipalities are lobbying the provincial government to intervene and ensure that the airport not only remains open, but that the restriction on aircraft size and passenger numbers is removed.

This will be a difficult task for the Province and will be politically dangerous. If the north is successful in gaining the support of the provincial government and action is taken, then the north will be served and Edmonton will remain as the "gateway to the North". However, if the province determines it is not within their jurisdiction, or if lengthy legal battles ensue, the North will have to find alternative connections.

This opens up opportunities for the airlines and residents to connect the northwest directly to Grand Prairie and then to Calgary. Grande Prairie has air service provided by Air Canada Jazz, WestJet, Peace Air and Swanberg Air along with charter companies. Since much of the industry is oil and gas related and many of the oil and gas companies are located in Calgary, it may be feasible to promote more direct connections and bypass Edmonton. This may not be as easy for medical issues; however, as Grande Prairie grows, more specialized medical services will likely be provided there.

While the north should not give up the fight to keep the City Centre Airport open to unrestricted scheduled passenger traffic, there is a point where the energies expended may be better spent promoting the alternatives.

7.0 LAND USE REGULATIONS

Federal Zoning does not apply to any of the five airports in the region. While the Province of Alberta tried to apply regulations for the areas surrounding airports, it was rescinded in 1996 primarily because they did not have the jurisdiction. Under Transport Canada Regulations, land use at an airport is managed by the owner and operator of the airport, while meeting their criteria for airport safety listed in TP312. Land use in itself is a municipal jurisdiction. This section addresses the municipal land use regulations placed on the lands by the three jurisdictions.

7.1 Land Use Bylaws

Two land use bylaws control the five airports within the region.

7.1.1 *Town of Rainbow Lake*

The Rainbow Lake Airport is located within the municipal boundaries of the Town of Rainbow Lake and is designated Direct Control District¹². However, the land use district provides no guidance or regulations for the development, operation and protection of the airport. This form of land use designation is ineffective and does not provide any direction for the airport at all. In fact, the airport is not referred to in the Land Use Bylaw at all. It is not even mentioned at a public utility or use in the bylaw. This handling of an airport is typical of a municipal or regional planning commission approach to airports when the airports were federal or provincial jurisdiction. Now that the airport is owned and operated by the Town of Rainbow Lake, the responsibility and liability falls solely on the municipality, and the council and regulations and controls must be included within the municipal planning documents. The airport is located on the southern end of the town with Urban Reserve District to the east and the town boundary to the west. There is no reference to a referral area to ensure that development beyond the boundaries of the Town will not impact the ongoing operation of the airport by developing conflicting land uses.

7.1.2 *Municipal District of Mackenzie No. 23*

The Municipal District of Mackenzie No. 23 Land Use Bylaw¹³ regulates and controls the other four airports: Zama, La Crete, Fort Vermillion and High Level. While the Land Use Bylaw does not include a specific airport land use district, and the airports are not designated appropriately, the bylaw does define airports and in the Urban Reserve District, Municipal Airports is listed as a discretionary use. Section 3.4 is the referral section of the bylaw. It does not address any referrals in proximity to the airport or refer to the Airport Vicinity Protection Areas. These areas are referred to in Section 4.6 of the bylaw (Supplementary Regulations). The AVPAs are included in the bylaw and address four airports: High Level, La Crete, Fort Vermillion and Zama. However, the AVPAs are not identified on the Land Use Bylaw Map, there is no referral to the Town of High Level and the AVPAs, while adopted from Provincial regulations, have no bearing on the airports or the land use districts and refer to safety issues (which is ultra vires a municipality). The AVPA

¹² Town of Rainbow Lake Land Use Bylaw No. 99-05

¹³ Municipal District of Mackenzie NO. 23 Land Use Bylaw , as amended Bylaw 181/99

refers to airport designations (Airport Clear District, Airport Industrial Area and Airport Rural District) which are not acknowledged in the land use bylaw, making it ineffective.

It is recommended that amendments to the Land Use Bylaw be implemented to provide better control of the airports and the land surrounding the airports, and land use districts be developed that will encourage economic development at airports.

7.2 Airport Vicinity Protection Areas

In the 1970s and 1980s, the Alberta Government prepared documents called Airport Vicinity Protection Area Plans. The purpose of these plans was to ensure that future development did not negatively impact the continued operation of existing airports. These plans listed appropriate uses within proximity to the airport, identifying the obstacle limitation areas and referral to Federal regulations. A total of 43 airports in the Province of Alberta had these plans prepared and adopted by Provincial regulation, including High Level, La Crete, Fort Vermillion and Rainbow Lake. However, in 1996, all AVPAs, with the exception of Edmonton International Airport and Calgary International Airport, were rescinded. This signalled the end of the Province in the airport business.

To try and accommodate these plans, many municipalities just included them in their land use bylaws or municipal development plans, thinking that this was sufficient to keep the airport protected. Unfortunately, in most cases, these were adopted as appendices with no reference to the main bylaw and have been useless and/or forgotten.

The important thing is that the information contained in these documents is extremely valuable to the municipality and should not be lost. The noise exposure forecasts and the obstacle limitation mapping have, in all likelihood, not changed since the original preparation and could be incorporated into municipal planning documents quite easily if done properly.

There is also a move for the local municipalities to act as the agent for the Federal government in enforcing the federal regulations for airports. This requires Provincial "buy-in" which has not occurred yet in Alberta. The model has been adopted in British Columbia. The Vernon model required a tripartite agreement between the City of Vernon, the Province of British Columbia and the Government of Canada. The City of Vernon owns and operates the airport. The airport does not have any regularly scheduled passenger flights, but is a very busy corporate and commercial airport. The City now has the jurisdiction to cut down trees that penetrate the obstacle limitation surface and to prohibit development outside of their jurisdictional boundaries to ensure the ongoing safe operation of the airport. Athabasca, Red Deer and Medicine Hat Airports are currently investigating the tripartite agreement process in Alberta.

7.3 Municipal Development Plans

Airports are important economic development generators; they are part of the transportation network and are important for the social well being of the community. However, often they are not included in long range planning documents of a municipality.

7.3.1 Town of High Level

The High Level Airport is not located within the boundaries of the Town of High Level; it is located within the Municipal District of Mackenzie. For this reason, the airport is not addressed within the long-range planning document of the Town. It is addressed in the Inter-Municipal Development Plan with the MD of Mackenzie.

7.3.2 Town of Rainbow Lake

The Rainbow Lake Airport is located within the municipal boundaries of the Town of Rainbow Lake. At time of preparation of this document, a copy of the MDP for the town was not available.

7.3.3 Municipal District of Mackenzie

The MDP for the Municipal District of Mackenzie¹⁶ covers four of the airports in the region: High Level, Zama (including Zama Lake), La Crete and Fort Vermilion.

The MD of Mackenzie acknowledges three paved runways (two with scheduled passenger traffic) in Section 111 of the MDP (Municipal Setting). The document then addresses the airports in Section 3.5:

Objective: To maintain the integrity of other transportation systems.

The MD

- c) Shall ensure that where established, developments near airports be in accordance with the AVPA regulations which have been adopted for that area, and that existing AVPA regulations are reviewed, when required, to ensure that they are effective in regulating land uses in the subject areas.*

This statement demonstrates the intent to ensure the ongoing operation of the airports and the desire to monitor land uses that could interfere with continued operation. While a municipality cannot address air and airport safety (because it is federal jurisdiction) any airport that owns and/or operates an airport is responsible for airport safety. This seeming conflict reflects the difference between federal legislation and municipal jurisdiction.

In addition, Section 4.6 of the MDP further addresses AVPA regulations.

4.6 Airports

- (1) Development near municipal airports will be required to conform to Airport Vicinity Protection Areas or other established regulation.*
- (2) Commercial Airport related development shall not be permitted unless it is located at an approved airstrip site.*
- (3) No private airstrips shall be permitted to locate within the legal boundaries of any Hamlet in the MD of Mackenzie No. 23.*

¹⁶ Municipal District of Mackenzie Municipal Development Plan, Updated September 1999.

- (4) *No private airstrips shall locate within any Airport Vicinity Protection Area.*
- (5) *Heliports may not locate in any Hamlet unless they are for emergency medical services.*
- (6) *All airport related development directly accessing the Town of Rainbow Lake Municipal Airport shall be encouraged to locate within the Town of Rainbow Lake.*

7.4 Draft Inter-Municipal Development Plan

The Town of High Level and the MD of Mackenzie has prepared an Inter-Municipal Development Plan. The plan has been prepared in accordance with the Municipal Government Act (Section 631(1)) with the purpose for the two municipalities to outline a framework whereby the municipalities can co-operate on the planning of a rural-urban area.

The two municipal councils recognize the need to “work together to advance the socio-economic of the High Level area.”¹⁷

The areas of focus for the plan were lands immediately surrounding the Town of High Level and corridor areas where the MD and the Town could co-operate. This would lead to the co-operative economic development initiatives, with an emphasis on the attraction of industry and business investment to the area.

Several policies may have impact on the airport, for example:

Industrial Development Policy #3 – The MD may consider the development of a rural industrial park in the High Level area that will accommodate industrial land uses best suited to a rural location. This could include lands at the airport.

Transportation Systems Policy #1 – When reviewing land use proposals, the impact of the proposal on the Inter-Municipal Planning Area’s air, rail and road transportation systems will be evaluated and taken into consideration during decision making processes.

Transportation Systems Policy #3 – Land uses that are related to the provision and/or servicing of air transportation systems, will be directed to the High Level Airport.

Transportation Systems Policy #4 – The Municipal District and Town will consider the establishment of a regional airports authority, of some kind, as a way to co-operate on the long-term viability and planning of airports located in the area.

There is also a referral section in the document that addresses what applications will be referred between municipalities. Development permits within the airport obstacle limitation area is not listed as something that will be referred.

This document demonstrates a willingness to work together. This collaborative approach can only be beneficial to all municipalities involved.

¹⁷ The Municipal District of Mackenzie-Town of High Level Inter-Municipal Development Plan, October 2003.

The policy referring to a regional airports authority of some kind, may have been the catalyst for this study. If so, it is evident that the municipalities are open to the concept of jointly dealing with the airports in a positive and open manner.

8.0 AIRPORT MANAGEMENT OPTIONS

The following outlines several options for management of the airport in the Northwest. While we outline the advantages and disadvantages of each option, several of the items identified in Section 8.5 can be incorporated into either of the management options.

8.1 Individual Management

The Individual Management Options is the status quo.

Currently, each airport is managed through the municipality that owns it. Therefore, High Level Airport is managed through the Town of High Level with a full time manager. Rainbow Lake Airport is managed by the Town of Rainbow Lake where the Town Manager is functioning as the airport manager without any training or certification. Zama, La Crete and Fort Vermillion Airports are managed by the Municipal District of Mackenzie with the CAO of the MD functioning as the airport manager (again without any training or certification). While this appears to have been fairly effective, there appears to be opportunities lost in terms of collaboration, co-operation and bulk purchasing. This could be corrected either through improved inter municipal co-operation or through some form of amalgamation.

The Airport Manager for the High Level Airport is the only trained and certified airport manager in the region. Mr. Lindsay has provided advice and assistance to the other airports/jurisdictions whenever requested.

This management option allows each jurisdiction to continue to establish their policies and budgets independently and to be responsible only to their own ratepayers. However, it also means that the liability for each individual airport falls directly and solely on the individual municipality that owns and operates the airport.

There is concern regarding the management of the Rainbow Lake Airport without a certified or trained airport manager. Rainbow Lake has scheduled passenger traffic and the liabilities the municipality may be assuming more liability than they realize. The issue of not having a trained or certified airport manager for Zama, La Crete and Fort Vermillion is not as great due to the fact regularly scheduled passenger flights do not service these airports.

The level of service provided has been adequate for the needs of the community. However, there is fear that service may decline in future, not as a result of anything the individual airports may or may not be doing, but outside influences that may reduce the level of service to the residents of the northwest.

As individuals, the airports provide three voices. As members of Alberta Aviation, they can form a larger voice, and gain support from other members. However, each member of Aviation Alberta has its own agenda and concerns and may not be ready to support the

northwest region's plea for assistance. They may feel that they are competing for limited resources and may determine their future is better served not supporting another region's goals.

8.2 Joint Airport Management Committees

This option allows for autonomous control of each airport with a co-ordinated approach. Each jurisdiction would have an airport committee to guide their airport's growth and development as well as operation. These committees would be appointed by Council and would include representation from each of the other municipalities. This would allow each Council to keep a separate budget and allows for autonomy for each municipality but would enhance communication, sharing of information and materials and discussion of larger issues with an integrated approach.

However, this option does not reduce or divert the municipal liability for the airports. The liabilities still rest solely in the hands of the individual municipality.

This option allows for relationships and partnerships to develop. The Airport Committee could include appointment of outside stakeholders or interest groups including oil and gas company representation, tenant involvement and private resident. This is not to say that as individually operated airports, that partnerships could not be formed, but that as a group, it is easier and more cost effective to market and co-ordinate attracting partners.

The purpose of including other people on the committee is to provide as much input and information to the owner/operator of the airport to improve service. This option ensures co-ordination and co-operation but allows each municipality to have final say and jurisdiction over their airports.

8.3 Inter-Municipal Airport Board/Commission

This fully integrated approach would allow for one all encompassing Airport Board (or Commission.) All three jurisdictions would manage all five airports. There are many benefits to this approach. Rather than looking at the five airports and three jurisdictions as competing for money or business, the airports would be operated in a collaborative manner, co-ordinating maintenance, operation, funding and growth.

This co-ordinated approach would allow for a shared airport manager – only High Level has a certified Transport Canada trained airport manager. Mr. Lindsay could be utilized as the combined airport manager, spending a minimum of one day per week at Rainbow Lake and conducting inspections on Zama, La Crete and Fort Vermillion on a monthly basis.

This option increases the safety and dependability of the airports. This could allow for sharing the airport manager's salary and providing for succession planning by hiring a junior person to be trained to be the airport manager.

This option also allows for:

- joint funding application;

- pooling resources;
- bulk purchase; and
- sharing equipment and knowledge.

This board could also include outside stakeholders on the board to gain understanding and acceptance (such as airline, tenants or other agencies). Including additional people on the Board would also enhance the public persona of the airports.

Each council would be responsible for appointing an agreed upon number of members to the board. There would be one start-up budget, approved by each council, after which the Airport Board would operate independently. The board would work separately from council and make periodic reports to council including presentation of the budget, annual report and an interim report. Meetings could be rotated between municipal offices or airports.

Liability remains the responsibility of each individual municipality.

8.4 Regional Airport Authority

Regional Airports Authority Act (Alberta) provides an option for the creation of a corporate governance structure to operate the airports. This legislation allows for regional airports authorities to be formed and created upon application, and approval by the Minister of Transportation. The petition for formation is very similar to the incorporation of a not for profit society under the Societies Act. There must be a contract between the authorities' incorporators agreeing to the bylaws, membership rules and regulations of the authority. The Board (of not less than nine directors) will then:

- a) manage and operate the airports for which it is responsible in a safe, secure and efficient manner; and
- b) advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry, for the general benefit of the public in it region¹⁸.

This creates a not for profit organization that manages the airports as a third party, separate from the municipalities and transfers the liability to the airport authority. This de-politicizes the operation of the airports, ensures co-ordination and co-operation between airports and transfers the liability for the operation of all five airports to the Airport Authority. The municipalities can still provide financing, support and jointly promote the airports. The municipalities appoint the members to the authority. The Airport Authority sets their own budget and spending and there is one budget for all airports.

This method of management will provide validity by legislation, in some ways, put the Mackenzie Airport Authority on par with other airport authorities in Alberta and provide a consolidated voice at different forums.

This allows for all the advantages of the Inter-municipal Airport Board in terms of shared information, manager, bulk purchase and shared or transferred equipment. The cost of

¹⁸ Regional Airports Authorities Act, Statutes of Alberta, 1989, Chapter R-9.05, with amendments in force as of February 26, 1998, Section 21.

running an Airport Authority does not have to be an onerous amount. The Board members are volunteers, the municipalities can still contribute and overall it may be more cost effective than having three municipalities operate five airports. The operation of an Airport Authority does not have to be cost prohibitive. While meetings may occur monthly and while some of the meetings may take place in High Level as the central location, meetings could also be conducted via conference call.

8.5 Joint or Shared Elements

Because the overall objective is to get the “best bang for the buck” while meeting all of the airports goals, we look at a number of ways to share services and reduce the individual costs. These could include:

- Joint Marketing – the municipalities should work in co-operation to promote the airports to the airlines, oil and gas companies and community.
- Joint Promotion – the municipalities, economic development committees and chambers of commerce should work to promote the region and ensure that the airports are included in every discussion of transportation, access, industry and retail.
- Bulk Purchasing – each individual airport has equipment and materials needs. If the airports combined to make larger purchases, the price may be reduced making it more affordable and reducing costs. This could apply to everything from glycol to contracts for minor work at the airports such as line painting or crack filling.
- Share Knowledge – with only one trained/experienced airport manager in the region, it would be very beneficial to all the airports if the knowledge and skills of the airport manager be shared with each airport. This also applies to organizations such as Aviation Alberta and the Airport Operators Committee and their annual Maintenance Seminar. It is also important to consider succession planning for the airport manager’s position, since neither Transport Canada nor the Province of Alberta are training airport managers anymore. Every regional airport in the province that has regularly scheduled air traffic has a trained and dedicated airport manager (with the possible exception of Peace River) except for Rainbow Lake.
- Share Equipment – while the distances are significant between airports, there may be an opportunity to share the use of equipment or to “hand-down” equipment from one airport to the other as some airports are able to upgrade.

This is not to imply that municipalities do not currently co-operate on a variety of operations (the example presented in a joint contract for assessment services). Many municipalities have shared agreements for fire fighting, library, recreation etc. However, the main advantage of a separate Authority for the operation of the airports is the transfer of liability and the development of one operating budget.

8.6 Summary of Options

The options prepared here provide a range of management considerations. If the vision is to have “economical, viable, safe, full regional air service”, this may be better achieved as a group than individually. It appears that the region and the municipalities have already

understood that working together is a benefit, as evidenced by the creation of the Regional Economic Development Initiatives group.

Continuing to operate the airports as separate entities reduces the ability to utilize skills and advantages from combined size.

A regional voice may provide a stronger political statement. Combined management may see savings and economies in budgets.

It is the recommendation of this report that the airports and municipalities look at the creation of an Airport Authority.

9.0 RECOMMENDATION AND ACTION PLAN

After reviewing the information, facilitating the visioning session, assessing the population, regional economy and industry base, we believe that some form of co-management of the five airports would be most efficient and effective. Therefore, it is the recommendation of this report that the municipalities and REDI consider adopting recommended Option 8.4, Regional Airport Authority.

We feel that operating an airport independently is proving to be a financial burden on each of the three municipalities and that the airports are in need of improved management, physical upgrades and a collaborative marketing approach.

The following are the components of the recommendation that would form the Action Plan.

- Recommend the three municipalities work together to petition the Minister to enact a Regional Airport Authority under the Regional Airport Authorities Act of Alberta. This will require the initial appointment a board of no less than nine people (as required by the Act). The board composition could be three members appointed by each jurisdiction and other key stakeholders or local business persons. The creation of the Airport Authority will necessitate meeting the requirements of the Act for bylaws and regulations.
- Responsible diversity on the board is the goal. The benefit of including other stakeholders on the board, such as tenants, stakeholders such as oil and gas company representatives and local business people, is that it will broaden the scope of the board. It will broaden the contacts the board members have for new partnerships and funding opportunities. The opportunity to develop public/private partnerships is growing and there are several examples in Alberta where private companies have provided funding for capital works at airports.
- Amend local municipal planning documents. This requires amendment of the Town of Rainbow Lake and the MD of Mackenzie Land Use Bylaws to reflect the airport use, set backs and conflicting land uses and to better incorporate the Airport Vicinity Protection Areas into the planning documents. This would also include preparing Airport Districts for both bylaws that refer to the land uses and the different categories of uses listed in the AVPAs.

- Prepare master plans and development concepts for High Level and Rainbow Lake Airports. These two airports are Transport Canada certified airports and have regularly scheduled passenger traffic. This service should not be jeopardized. One way of ensuring on going success of the airport is to prepare a Master Plan and 20 year capital plan. This will demonstrate to airlines and operators that you are serious about keeping the airport open for business. This will outline land available for lease or sale. This will outline lands that should be developed with land uses that will not impact the future of the airport. This will provide residents with confidence that the airport will not negatively impact their lives and will provide direction for the municipalities for future development. A long range capital plan will assist the municipalities and the Board in planning for funding, making applications in a timely manner, lobbying for support and developing partnerships.
- Build relationships – this is critical for the ongoing success of any airport. This will mean that the municipalities and the Airport Authority will have to re focus their attention and divert some of their energy and money from the City Centre Airport to their own airports. This means working with agencies, companies and groups that will aid the future of the airports – such as the oil and gas industry – rather than fighting Edmonton Airports Authority.
- If airports are a critical element in the safety and well being of the residents of the region – the municipalities should look at closing Zama Airport and using Zama Lake as the municipal airport. The MD of Mackenzie or the Airport Authority could negotiate a joint operating agreement with Apache Canada – the company has already indicated a willingness to partner on the airport and open it for more public use. This would provide residents with a better safer airport. It would build a relationship with the company and would cost the municipality a minimal amount of money in terms of maintenance and sharing insurance on the Zama Lake Airport and abandon the Zama Airport which is in need of significant capital repairs and maintenance.
- Develop a balanced operating budget for the five airports along with improved means of monitoring the costs and increasing the revenues. This will be difficult with for Rainbow Lake because the Terminal Building also includes the Municipal Offices, but if a reasonable rent was charged to the airport for use of the structure, the two could be kept separate.
- Utilize the knowledge that is currently available. One suggestion is to designate the current High Level Airport Manager as the manager for the Airport Authority. This one person would then be responsible for the inspection, management and guidance for all five airports. Using a trained and certified individual will increase the level of comfort, reduce municipal or commission liability and ensure the ongoing safe operations of the airport. The Airport Manager's role would also include ensuring that any person working on the airport is trained and capable of conducting the work. This will also reduce the liability of the Airport Authority.
- Develop a Joint Marketing and Promotion Strategy. Using the skills and knowledge available through the Chambers of Commerce, REDI and the various economic development committees, and utilizing the resources of the province, the region should develop a joint marketing and promotion strategy that promotes the region, the airports and access for both tourism and industry. This may include the development of materials,

meetings with various agencies and businesses and attendance at trade shows. This could also include discussions with the oil and gas companies to encourage their employees to use commercial air carriers for transportation in and out of the region. It may be that the strategy could work with the airlines and industry to work out reduced airfares if a certain number of passengers were guaranteed.

- Implement Bulk Purchasing. As was noted earlier, bulk purchasing often reduces the per unit cost of an item. Since most of the airports will be purchasing many of the same things, a bulk purchase or a single contract with a supplier may see benefits.
- Co-ordinate grant and funding applications. There are several sources of funding available including federal ACAP (for High Level and Rainbow Lake that currently receive regularly scheduled passenger traffic), the Provincial Alberta Community Airport Program (limited mostly to pavement rehabilitation) and other special grants such as the Special Urban Transportation Grant. Other funds may be available through economic development to assist with the development of the joint marketing strategy. It would be best if the airports co-ordinated their applications for these monies so that they were not competing with each other for the same limited financial resources.
- Prepare a 5, 10, 15 and 20 year capital budget. It is very important for a municipality, and the new Airport Commission to fully understand the existing standard and capacity of the airports. A long range capital budget allows for the long-term dedication of capital funds (to be put in reserve) and for the scheduling of projects.

10.0 NEXT STEPS

In order to provide an implementation plan for the creation of the Mackenzie Regional Airport Authority, the following steps must be undertaken:

- Prepare bylaws and required documentation as stated in the Regional Airport Authorities Act, along with supporting letters and council motions from the three municipalities involved and submit as a petition to create the Mackenzie Regional Airport Authority to the Minister (as defined as the Executive Council designated by the Lieutenant Governor). This can begin immediately. It will require the review of other regional airport authority bylaws and meetings with the municipalities to verify and approve wording and funding.
- Prepare an Airport Master Plan for the High Level Airport. This document is well overdue for the High Level Airport and will provide a long range management plan for the airport, to be used as an economic development tool, a planning tool and a capital works plan.
- Prepare an Airport Master Plan for the Rainbow Lake Airport. As with the High Level Airport, a master plan for the Rainbow Lake airport can address development issues, incorporate a safety plan and emergency plan and determine future management of the airport.
- Prepare Land Use Bylaw Amendments for the Town of Rainbow Lake Land Use Bylaw to create an airport district and to incorporate the AVPA regulations into the Land Use Bylaw.

As noted in this report, the current land use bylaw and AVPA do not provide the protection or control the municipality may require or the Airport Authority may demand.

- Prepare Land Use Bylaw Amendments for the MD of Mackenzie Land Use Bylaw to create and airport district and to incorporate the AVPA regulations into the Land Use Bylaw (same reasons as the Rainbow Lake amendments).
- Investigate the potential for the “Vernon Model” whereby the Airport Authority or the Municipality acts as the agent of the Federal government in the enforcement of federal airport zoning through Transport Canada. This would strengthen the municipal powers to limit heights and uses within proximity of an airport.
- Negotiate with Apache Oil and Gas for the inclusion or associate membership of the Zama Lake Airport in the Regional Airport Authority.
- Negotiate with the Little Red River Cree Nation for the inclusion or associate membership of the Fox Lake Airport in the Regional Airport Authority.
- Prepare a 5, 10, 15 and 20 year Capital plan for the five airports.
- Develop a balanced operating budget for the five airports, including staffing and the provision of an Airport Manager for the entire Airport Authority. This will include a training schedule. One of the first steps may be to send all personnel involved in the airport to the Airport Operators Maintenance Seminar in Edmonton at the end of April, 2004. In addition, Environmental Management, Pavement Management, Emergency Operations and Bird and Wildlife Control courses will be important for all staff.
- Develop a Joint Marketing and Promotion Strategy for the Regional Airport Authority, utilizing the existing organizations such as the Chambers of Commerce and the Regional Economic Development Initiatives.