

LETTER OF COMMUNICATION

TITLE: Moose Jaw Municipal Airport Authority Budgetary Request

TO: City Of Moose Jaw City Council

FROM: Moose Jaw Municipal Airport Authority

DATE: November 04, 2019

Whereas the City of Moose Jaw has approved the formation of an Airport Authority. Per Bylaw No. 5561 (Moose Jaw Municipal Airport Authority Bylaw) 7.1.b.i & ii that the City should forward all monies as listed, to include all monies paid for leases of the expropriated land (farmland and hangar leases) as they are paid to the city. Furthermore the City will forward the approved \$30,000 funds pledge to match the RM of Moose Jaw's payment, on January 15, 2020.

Funds as noted in the MJMAA budget:

- Hangar Leases (was \$29,748 in 2018)
- Farmland Lease (was \$86,130 in 2018; payable January 15th)
- Matching funds to RM funding pledge (\$30,000)
- Total Funds in approximation - \$145,878 (to be adjusted based on any material changes to existing or additional leases in 2019.)

Following the approval of an updated budget (attached), in accordance with City Bylaw No. 5561 and the MJMAA Strategic plan (White Paper of June 2018), the MJMAA will initiate management and operations as soon as insurance has been secured and the approved operating agreement has been signed.

Respectfully submitted on behalf of the MJMAA by:

X

Greg Simpson

Chairman, MJMAA

X

Jarrett Johnson

Vice Chairman, MJMAA

Moose Jaw Airport Authority														
Cash Flow Projection -Expansion														
Assumptions														
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Projected Inflation	2%													
Revenue														
Hangar lease revenue														
Hangar Lease Rate (\$/sq-ft)	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.510	\$ 0.520	\$ 0.531	\$ 0.541	\$ 0.552	\$ 0.563	\$ 0.574	\$ 0.585	\$ 0.598	\$ 0.609	
Existing Leased Hangar Space(sq ft)	59496	59496	59496	59496	59496	59496	59496	59496	59496	59496	59496	59496	59496	
New Hangars built/year (max 10)		0	0	1	1	1	1	1	1	1	0	0	0	
Additional Hangar space added				4958	4958	4958	4958	4958	4958	4958	0	0	0	
Accumulative new hangar space				4958	9916	14874	19832	24790	29748	34706	34706	34706	34706	
Fuel Tax														
Tax rate/litre	\$ 0.050	\$ 0.050	\$ 0.050	\$ 0.050	\$ 0.051	\$ 0.052	\$ 0.053	\$ 0.054	\$ 0.055	\$ 0.056	\$ 0.057	\$ 0.059	\$ 0.060	
Annual Litres		121,000	242,000	259,182	264,366	269,653	275,046	280,547	286,158	291,881	297,719	303,673	309,746	
Farmland Acreage		580	540	540	540	540	540	540	540	540	540	540	540	
Rental Rate (\$/Acre)		\$ 148.50	\$ 148.50	\$ 148.50	\$ 148.50	\$ 151.47	\$ 154.50	\$ 157.59	\$ 160.74	\$ 163.96	\$ 167.24	\$ 170.58	\$ 173.99	
Cash Flows														
Cash In-Flows														
Hangar Lease Revenue (existing)		29,748	29,748	30,313	30,950	31,569	32,200	32,844	33,501	34,171	34,855	35,552	36,263	
New (B) Hangar Lease		-	-	2,529	5,158	7,892	10,733	13,685	16,751	19,933	20,332	20,738	21,153	
CAPP		-	-	-	-	-	-	-	-	-	-	-	-	
Engineering CAPP		-	-	-	-	-	-	-	-	-	-	-	-	
User Fees (new)		1,000	3,000	3,366	3,433	3,502	3,572	3,643	3,716	3,791	3,866	3,944	4,023	
Fuel Surcharge		6,050	12,100	12,959	13,483	14,027	14,594	15,184	15,797	16,435	17,099	17,790	18,509	
CITY (\$1/2M Loan)		500,000	-	-	-	-	-	-	-	-	-	-	-	
Shareholder Loan (0% Interest-10yr repayment)		500,000	-	-	-	-	-	-	-	-	-	-	-	
Province (Matching) see note 1		1,000,000	-	-	-	-	-	-	-	-	-	-	-	
Federal (Matching)		1,000,000	-	-	-	-	-	-	-	-	-	-	-	
Farmland Rental Payment		86,130	80,190	80,190	80,190	81,794	83,430	85,098	86,800	88,536	90,307	92,113	93,953	
RM Grant		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
City Match to RM Funds		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Total Cash In-Flows		3,182,928	185,038	189,387	193,214	195,784	204,529	210,455	216,565	222,866	226,459	230,137	233,903	5,494,265
Cash Out-Flows														
Operational Maintenance Costs		45,000	75,000	75,000	76,500	78,030	79,591	81,182	82,806	84,462	86,151	87,874	89,632	
Property Taxes to RM		1,600	1,632	1,665	1,698	1,732	1,767	1,802	1,838	1,875	1,912	1,950	1,989	
Airport Expansion		3,000,000	-	-	-	-	-	-	-	-	-	-	-	
Stakeholder Loan Repayment		-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Marketing Budget		20,000	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380	
Accounting		2,500	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988	3,047	
Insurance - Authority		2,500	2,500	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	3,657	
Insurance- Airport Op's		8,500	10,000	9,945	10,144	10,347	10,554	10,765	10,980	11,200	11,424	11,652	11,885	
Instrument Approach Maint Costs		5,667	5,667	5,780	5,896	6,014	6,134	6,256	6,382	6,509	6,639	6,772	6,908	
Non-Profit Filing		100	100	102	104	106	108	110	113	115	117	120	122	
Administration (phone)		1,200	1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434	1,463	
PT Staff		12,000	12,000	18,360	18,727	19,102	19,484	19,873	20,271	20,676	21,090	21,512	21,942	
CAPP Expenses		40,000	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Out-flows		3,139,067	180,599	188,086	190,847	193,664	196,538	199,468	202,458	205,507	208,617	211,789	215,025	5,281,665
NET CASH FLOW		43,861	4,439	1,301	2,367	5,120	7,992	10,986	14,108	17,360	17,842	18,348	18,878	212,501



Moose Jaw Municipal Airport White Paper

AS PREPARED FOR
THE CITY OF MOOSE JAW
EXECUTIVE COUNCIL

JUNE 2017

BY: MS. MARYSE CARMICHAEL
MR. GREG SIMPSON
MR JARRETT JOHNSON

A. Acronym List

1. MJMA – Moose Jaw Municipal Airport
2. MJMAA – Moose Jaw Municipal Airport Authority

B. Purpose

The purpose of this paper is to assist the City of Moose Jaw Executive Council to understand the historical and current state of the Moose Jaw Municipal Airport (herein referred to as MJMA) and the proposed benefits and economic impact of the formation of the MJMA Authority (herein referred to as MJMAA). The final goal is to obtain City of Moose Jaw council approval for the creation of the MJMAA and its incorporation into a non-profit corporation under *The Non-Profit Corporations Act: 1995 (Saskatchewan)*.

C. Overview

Over the past 20 years in Canada, and internationally, profound changes have been seen in how airports are owned, governed, and managed. The MJMA was developed in the late 1970's on 640 acres purchased for the sole purpose of building and developing an airport. This airport currently provides limited aviation fuel services, storage, maintenance, flight training as well as agricultural and recreational flights. Additionally, MJMA also supports itinerant charter, tourism, business and medevac flights.

The MJMA was originally built with the intent of meeting aviation requirements of the day. While there has been incidental maintenance, the main structures of the airport have not been upgraded since this time and do not currently meet the present day increasing operational ground and air traffic as well as aviation requirements. MJMA has one runway with a length of 2954' X 75' which limits the type and size of aircraft that can safely operate within the confines of the current amenities.

The airport is home to two businesses: Provincial Airways, who provide aerial application on 175,000 acres of land annually, and Skydive South Saskatchewan. Operations at the MJMA employ seven full time and eight seasonal employees and is home to approximately 30 privately owned aircraft. There are 12 hangars located at the airport, 11 of which have been built in the past eight years. At present all the allocated space for hangars has been fully developed therefore capping expansion within the current infrastructure.

According to an informal survey completed in the fall of 2015, survey results showed that within the last three years greater than 80% of all aircraft events occurring at the airport are business related. The businesses surveyed are all located within the City of Moose Jaw employing more than 300 people locally, and 50 people regionally. While Moose Jaw is the 4th largest city in Saskatchewan, the current airport is nearly half the size of the airport of the next largest city and is the smallest of the nine Saskatchewan city airports.

D. Mission

MJMAA shall operate, maintain and preserve a safe, high quality aviation facility that will serve the City of Moose Jaw as well as southern Saskatchewan surrounding area, along with its partners by:

1. Fostering high standards in safety and security.
2. Maintaining operations that meet environmental and energy standards.
3. Meeting and exceeding customer needs by striving to meeting customer expectations through maintaining and providing a customer-focused and efficient operations.
4. Evaluating and responding to community needs and requirements for commercial air service.
5. Support, when possible, RCAF and RCAF industry partners located at 15 Wing Moose Jaw.
6. Provide gateway for business, commercial, as well as aviation development and expansion.
7. Accountable for prudent financial management and sustainable processes, to stakeholders and taxpayers.

E. Vision

MJMA to be the prime general aviation airport in southern Saskatchewan to serve the socioeconomic needs of the City of Moose Jaw, the Industrial Corridor and the surrounding rural and agricultural communities.

F. Business Plan

The MJMAA has potential to be an economic driver with its proximity to 15 Wing Moose Jaw, the US border, as well as the chance to offer an alternative to the busy Regina International Airport for the business and general aviation community. The MJMA provides for millions in revenues and provides highly skilled jobs. The airport should be viewed as a key asset vs a burden to budget for the City of Moose Jaw. The following are initiatives of the future MJMAA, in partnership with all levels of government, including local RMs and the City of Moose Jaw:

1. Ensure the continuation of safe and efficient operations of the current MJMA facilities.
2. Extend the existing runway to allow for multi-engine aircraft, corporate/business aircraft, aerospace industry and RCAF assets to safely operate at the MJMA. This will include additional taxiways and lighting, ramp surfaces, updated instrument approaches, and de-icing capabilities,
3. Airport Development – maintain and improve existing business relationships and support their continued development; to respond effectively to development opportunities for hangar space and aviation related business; foster aviation related growth and development in future private and public partnerships.
4. Encourage chartered flight opportunities, to include flights to support northern Saskatchewan mining and exploration.
5. Built a grass crosswind runway.

G. Business Strategies

Estimate for the 2014 Economic Impact of the Moose Jaw Municipal Airport

Direct Impact

<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Economic Output</u>
15	\$850,000	\$1,250,000	\$2,100,000

Total Impact

<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Economic Output</u>
32	\$1,615,000	\$2,625,000	\$4,240,000

The MJMA Task Team Report, December 2014, provided in Annex A, recommended the formation of an Airport Authority for the local MJMA. The creation of the authority would provide for stakeholders, business development, aviation professionals, and 15 Wing to serve the community by expanding jobs for highly trained and highly skilled people as well as providing a sharp focus on airport operations and business.

H. S.W.O.T. Analysis

STRENGTHS

- Aviation Business Community
- Supports business and commercial development
- RM of MJ support
- Close to Highway #1 and #301
- Large land base for development
- No noise or environmental issues
- Enhances the economy (tourism, visitors, industry)

WEAKNESSES

- Lack of runway length
- Poor runway maintenance
- No lighting on the apron
- No signage
- No road to the current hangars
- No terminal or washroom facilities
- No space for new hanger inquiries
- No business strategy or vision

- Lack of funding from provincial and/or federal sources
- Lack of hangar space
- Lack of apron space
- Poor transportation from airport to city

OPPORTUNITIES

- Extending runway and taxiways allows for larger aircraft to access MJ
- Expanded training from 15 Wing
- New hangar development
- Encourages youth to consider aviation related careers (highly trained and high paying)
- Enhanced relationship with tourism (Tourism Moose Jaw, Temple Garden Spa, Casino, Grant Hall, etc.)
- Private Pilot training easier than in Regina Airport Airspace
- Customs Services to facilitate US travelers and 15 Wing cross country on weekends
- Increase fuel sales, tie down, hangar storage and hangar tax.

THREATS

- Businesses and aerospace will overlook Moose Jaw due to inadequate runway length, hangar space, fuels services, at the MJMA.
- Current business in Moose Jaw relocate to Regina
- Misconceptions with regards to the MJMA; restricted use of 15 Wing as an airport, not aware that 85% of the landing and takeoffs are business related.

I. 2016 Financial Plan

Economic Outlook – The proposed business plan will consist of a two-step plan:

1. Step 1: Steady State of existing operations -
 - a. Maintain current operations and budget:
 - b. Current revenues derived from airport property. Revenues from hangar leases to fund operations:
 - c. Secured Funding – RM Secured Funding, and:
 - d. Asset Ownership of the current section of land transferred to the MJAA (~640 acres). This will allow the MJAA to have a revenue stream from ag land, hangars and the land asset has potential to be leveraged for funding of airport expansion.

The initial operations of the MJMAA will ensure seamless operations continue with regards to the steady state of existing operations at the MJMA by maintaining the current operations and budgets. The proposed plan is for current revenues derived from the hangar and land leases should be transferred from the City of Moose Jaw accounts to the MJMAA to fund daily operations and maintenance. To facilitate cash, the current land base should be transferred by the City of Moose Jaw to the MJMAA, the revenues from ag land, hangars and the asset have the potential to be leveraged for funding of MJMA expansion.

In addition, a request should be made to the RM of MJ 161 to secure RM funding in order to establish growth at the MJMA.

Included at Annex A is the proposed budget to maintain existing operations of the MJMA over the next ten years. Revenues are generated from hangar leases, fuel surtax, and commercial user fees. Proposed City and RM funding is included in the yearly revenues. Expenses will include diverse administrative fees and should include in the future payment for airport management fees.

2. Step 2: Expansion – Taxiway and Runway, potential sources of future funding -
 - a. Federal and Provincial funding (i.e. New Building Canada Fund; National Infrastructure Component, Community Airport Partnership Funding):
 - b. City of Moose Jaw capital investment and/or zero interest loan:
 - c. Secured loan from stakeholders:
 - d. Commercial/private funding, and:
 - e. Share ownership.

Funding for future airport expansion is proposed to be derived from various sources; independent stakeholders, provincial as well as federal programs/entities. It is expected that the MJMAA will work collaboratively to secure adequate funding to maintain and develop the MJMA.

J. Airport Authority Composition

The MJMAA will develop its constitution and bylaws once approved by the City of Moose Jaw. The MJMAA Board of Directors should be composed of members who are and would be advocates for the future, growth and development of the MJMA with proper skill sets and experience. It is proposed that the board consist of nine members with the following as established by:

1. The Mayor of the City of Moose Jaw or its representative:
2. Representative of the RM:
3. 15 Wing Commander or its representative:
4. MJAA stakeholder representative:
5. Representative of commercial operations from the MJMA, and:
6. Four additional merit-based members

K. Decision Making Limits and reporting to City Council

L. Recommendations

It is proposed that the City of Moose Jaw move to adopt the creation of the MJMAA in order to promote the service to region as well as growth and prosperity.

Annex A

The Airport Authority Governance Model:
Implications for the Moose Jaw Municipal Airport

THE AIRPORT AUTHORITY
GOVERNANCE MODEL:
IMPLICATIONS FOR THE MOOSE
JAW MUNICIPAL AIRPORT

prepared for

THE CITY OF MOOSE JAW

RP ERICKSON & ASSOCIATES
AVIATION CONSULTANTS
CALGARY, ALBERTA, CANADA

(OCTOBER 2014)

The Airport Authority Governance Model

Background

Over the past 20 years governments around the world have made profound changes in how their airports are owned and managed. Air transport is a growth industry which poses a challenge to the owner/operators of airports: as a cyclical growth industry, there is an on-going necessity for investment. Within the Canadian federal and most provincial governments, airports have generally been viewed as a mature industry, largely serving an affluent customer base; as such, airport investments have tended to be a low priority for funding.

In 1994 the federal government announced the National Airports Policy (NAP) under which virtually all of the regional airports that it owned were 'commercialized'. Provincial governments also swiftly followed suit; and by early 2000, most local airports in Canada, with the exception of the 26 largest (operated under long-term leases as Canadian Airport Authorities), were owned and operated by local governments.

Several differing governance models have been utilized for transferring airports from federal or provincial government operation. A common goal of the differing 'privatization' strategies has been the primary objective of obtaining access to private sector financial markets for the investment funds required for capital renewal or expansion. It is noted that the models differ in several important respects, including: ownership; for-profit vs not-for-profit; regulatory oversight; subsidization; and, taxation.

Amongst the airport governance models in current practice (worldwide) are:

- Operation by a federal government department;
- Operation by a government corporation;
- Operation by municipal or quasi-municipal governments;
- Joint operation by government/private corporations;
- Operations by a private corporation/syndicate; and,
- Operations under an Airport Authority.

In considering alternative governance structures, two key dimensions need be considered: 1) the means by which an airport is expected to meet its financial requirements; and 2) the degree of independence that an airport may have in setting its priorities and pricing strategies.

Of particular interest to this initiative is the Airport Authority model; however, caution should be noted with the 'ambiguous' nature of the airport authority term. By example, for Canada's NAP airports the term can be viewed as a private sector corporate alternative to the government corporation. Within the US, the term is used to reflect a quasi-governmental operation model, in many cases where elected board members have taxation, zoning and other quasi-governmental powers.

As noted, the 26 largest airports in Canada who control some 90% of the country's annual passenger and cargo throughput totals, are operated as Canadian Airport Authorities – essentially private sector corporations which operate an airport. Even though the Moose Jaw Municipal airport could not be operated as a Canadian Airport Authority (ie. no federal government ownership, amongst other major limiting factors), there nonetheless are a number of useful governance insights to be gained by an overview of the key attributes of the CAA model – many of which can be incorporated into a working airport authority model for the Moose Jaw Municipal airport. Another point is worth noting: the CAA model is unique to Canada, virtually all other airport privatizations worldwide have been to for-profit corporations.

Some of the major CAA governance characteristics are:

- CAAs are non-share capital corporations (operated not-for-profit) incorporated under Part II of the Canada Corporations Act (as is the case for the Regina and Saskatoon Airport Authorities) pursuant to provincial legislation (ie. the Province of Alberta, Regional Airports Authority Act – attached as Appendix 1);

Part II of the Canada Corporations Act can be viewed at :

http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/h_cs04952.html

- CAAs keep airports in the public domain where Board members are locally-based and tend to be strongly community-minded;
- CAAs have an independent Board selection process, where appointed members serve specific terms and have a fiduciary responsibility to the airport authority corporation. Changes in a government will not result in a change in the majority composition of a CAA Board;
- CAAs are non-share capital corporations – and very noteworthy: are exempt from income tax;
- CAAs do not pay dividends;
- CAAs pay municipal taxes;
- All 'surpluses' (ie. profits) must be re-invested in the business;
- Main sources of CAA funds are cash flow from operations; airport/facility improvement fees (AIFs), and debt instruments. There is no funding mechanism nor contributions from federal or provincial governments;
- CAAs have no ability to raise equity via share sales. As a consequence, the Airport Improvement Fee (AIF) is a consequence of the not-for-profit format. Given the near monopoly circumstance which airports provide and the lack of regulatory oversight on pricing, the AIF 'tool' allows CAAs to generally benefit from high credit ratings;
- Strict governance and transparency rules are set out under the Articles of Incorporation and Corporate By-laws (i.e. CAAs must publish an annual report, make their financial statements available for public scrutiny and hold at least one annual public meeting, generally after year-end financial results have been completed);
- CAAs aim to manage by consensus, largely through Community Advisory Committees; Airport Operations Committees; and/or Airline Advisory Committees. Where all major decisions are reviewed by stakeholders;
- CAAs have the unfettered ability to set rates and charges – prices are not subject to any review, approval or appeal process other than an obligation to publish price changes (usually 60 days in advance), generally with prior consultation with key stakeholders;

- CAAs have some restrictions on the ability of authorities to create subsidiaries and to undertake ancillary activities;
- CAAs are free to determine service levels within the safety regulatory framework;
- Independent performance reviews are often carried out on a 5-year term basis;
- Obviously, CAAs must comply with all applicable laws and regulations; and,
- there is currently no regulatory oversight mechanism in place in Canada (eg. no formal appeals process is in place to arbitrate disputes arising between CAAs and their tenants).

Drawbacks of CAAs:

- Privatization is not a solution for all airports – risks include public discomfort; risk of over-regulation; lack of investment/competition issues; and,
- Airports are often viewed as ‘trophy assets’ by government which can impact voting decisions in local elections.

Guidelines for the future Governance of the Moose Jaw Municipal Airport

- That the Airport Authority model be adopted by the City of Moose Jaw for the future governance, management and operation of the Moose Jaw Municipal Airport;
- That the Moose Jaw Airport Authority (MJAA) be created as a non-share capital corporation, operated not-for-profit, and incorporated under Part II of the Canada Corporations Act, pursuant to provincial legislation;
- That the MJAA report to a Board of Directors; that the number of Directors of the MJAA be set at 7, with 4 appointed by the City of Moose Jaw, 1 appointed by the RM of Moose Jaw, 1 appointed by the Province of Saskatchewan, with 1 Director-at-Large recommended by DND 15 Wing and endorsed by a majority of Board members. Prospective Board members must have experience in one of the following key areas: aviation, finance, legal, and/or human resources matters. Board members should be unpaid;

- That the MJAA adopt strict governance and transparency rules as set out in its Articles of Incorporation and Corporate By-Laws, to include at a minimum: the MJAA must publish an annual report; make MJAA financial statements available for public scrutiny; create a public tender process for MJAA contract work; and hold at least one annual MJAA public meeting;
- In terms of land ownership and revenues derived from airport lands – the City of Moose Jaw should choose between the following two alternatives. Option 1: The Moose Jaw Municipal Airport and its land base should be transferred to the MJAA; where the City of Moose Jaw retains a veto in perpetuity over the sale or partial sale of airport lands. Option 2: The City of Moose Jaw retains ownership of the Municipal Airport and the airport base; however, the MJAA becomes the sole recipient of all airport revenues;
- That the primary goal of the MJAA is to operate the Moose Jaw Municipal Airport in accordance with all applicable safety regulations; in parallel, the MJAA will utilize and build airport assets to further the economic and social development of residents within the airport's catchment area;
- That all municipal taxes be returned to the MJAA;
- That the MJAA pay no dividends; that all 'surpluses' be re-invested in the business of operating the Moose Jaw Municipal Airport;
- That the MJAA have zoning authority over airport lands;
- That the MJAA have the unfettered ability to set rates and charges for the airport;
- That the MJAA manage and operate the airport with qualified, paid professional staff; where,

- An initial priority for the MJAA will be to undertake a Master Plan which clearly articulates the intended priorities and future directions for the airport, accompanied by a Business Plan which lays out a pragmatic strategy to accomplish those goals.

Saskatchewan Cities: Population Base to Current Runway Length

City	Population	Runway Length
Moose Jaw	30,000	2954'
Weyburn	11,000	3998'
Estevan	10,000	5000'
Swift Current	16,000	4250'
North Battleford	20,000	5000'
Prince Albert	35,000	5001'
Yorkton	16,000	4800'

(References: Wikipedia & Canada Flight Supplement)

Estimate for the 2014 Economic Impact of the Moose Jaw Municipal Airport

Direct Impact

<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Economic Output</u>
15	\$850,000	\$1,250,000	\$2,100,000

Total Impact

<u>FTEs</u>	<u>Labour Income</u>	<u>Other Expenditures</u>	<u>Economic Output</u>
32	\$1,615,000	\$2,625,000	\$4,240,000

Notes:

Direct economic effects are those economic activities related to labour and expenditures emanating from firms located on-airport.

Total impact is the direct, indirect and induced economic effects derived from activities which support both on-airport activities and others generally located off-airport which support on-airport businesses (e.g. the oil and gas industry which produces aviation fuel). This economic activity is accounted for by multipliers which quantify the interactive linkages within the local economy impacted by direct on-airport economic activity.

Employment is measured in terms of full-time equivalents (FTEs). FTEs are expressed in person-years and labour income by dollar value.

Labour income includes wages, salaries and all employee benefits.

Other Expenditures is the contribution created through airport expenditures.

Economic Output is an aggregate of labour income and other expenditure totals, and can be considered as a contribution to largely Moose Jaw's gross domestic product.

Economic Potential to the City of Moose Jaw of attracting new residents

The rationale for undertaking this benefits review is based on the premise that increased DND training undertaken at CJS4 would attract new residents to the City, with the promise that their home and personal spending patterns would create an economic boost within the local community.

Assumptions:

Alberta Finance - Retail Trade Multipliers used, as no SK-specific model is available; modelling includes direct, indirect and induced impact benefits.

2014 Statistics Canada Family spending patterns for Saskatchewan - \$69,400 (2009), adjusted for inflation to 2014 - \$78,900 p.a. Thus 10 families would create roughly \$790,000 of new annual spending within the community.

The economic impact derived from 10 households of typical spending would create the following annual economic benefits for Moose Jaw:

Impact from family spending

<u>FTEs</u>	<u>Labour Income</u>	<u>Other GDP Expenditures</u>	<u>Economic Output</u>
13	\$500,000	\$670,000	\$1,170,000

By increasing the above benefit analysis by multiples of 10, the following community benefits for 20, 30 or 50 new families is provided:

	<u>FTEs</u>	<u>Labour Income</u>	<u>Other GDP Expenditures</u>	<u>Economic Output</u>
20 families	26	\$1.0 million	\$1.34 million	\$2.34 million
30 families	39	\$1.5 million	\$2.01 million	\$3.51 million
50 families	65	\$2.5 million	\$3.35 million	\$5.85 million

(FTEs are in person-years)

Annex B

Expansion Financial Analysis

Moose Jaw Airport Authority													
Cash Flow Projection -Expansion													
Assumptions			Years showing Expanded Operations										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Projected Inflation	2%												
Revenue													
Hangar lease revenue													
Hangar Lease Rate (\$/sq-ft)	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.510	\$ 0.520	\$ 0.531	\$ 0.541	\$ 0.552	\$ 0.563	\$ 0.574	\$ 0.586	\$ 0.598	\$ 0.609
Existing Leased Hangar Space(sq-ft)	53911	53911	53911	53911	53911	53911	53911	53911	53911	53911	53911	53911	53911
New Hangars built/year (max 10)		0	0	1	1	1	1	1	1	1	0	0	0
Additional Hangar space added				4993	4993	4993	4993	4993	4993	4993	0	0	0
Accumulative new hangar space				4993	9985	14978	19970	24963	29956	34948	34948	34948	34948
Fuel Tax													
Tax rate/litre	\$ 0.050	\$ 0.050	\$ 0.051	\$ 0.052	\$ 0.053	\$ 0.054	\$ 0.055	\$ 0.056	\$ 0.057	\$ 0.059	\$ 0.060	\$ 0.061	\$ 0.062
Annual Litres		242,000	242,000	259,182	264,366	269,653	275,046	280,547	286,158	291,881	297,719	303,673	309,746
Farmland Acreage		580	580	520	520	520	520	520	520	520	520	520	520
Rental Rate (\$/Acre)		\$ 115.00	\$ 115.00	\$ 117.30	\$ 119.65	\$ 122.04	\$ 124.48	\$ 126.97	\$ 129.51	\$ 132.10	\$ 134.74	\$ 137.44	\$ 140.18
Cash Flows	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Cash In-Flows													
Hangar Lease Revenue (existing)	29,356	29,356	30,555	31,166	31,789	32,425	33,073	33,735	34,409	35,098	35,800	36,516	
New (8) Hangar Lease	-	-	2,546	5,194	7,947	10,808	13,781	16,867	20,072	20,474	20,883	21,301	
CAPP	65,000	85,000	30,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000	
Engineering CAPP	-	-	-	-	-	-	-	-	-	-	-	-	
Ec Dev	-	-	-	-	-	-	-	-	-	-	-	-	
User Fees (new)	3,000	3,000	3,366	3,433	3,502	3,572	3,643	3,716	3,791	3,866	3,944	4,023	
Fuel Surcharge	12,100	12,342	13,483	14,027	14,594	15,184	15,797	16,435	17,099	17,790	18,509	19,257	
Stakeholders (Interest free loan to Authority)	-	500,000	-	-	-	-	-	-	-	-	-	-	
City (Direct Investment)	-	500,000	-	-	-	-	-	-	-	-	-	-	
Provincial/Federal (New Building Canada Fund)	-	2,000,000	-	-	-	-	-	-	-	-	-	-	
Farmland Rental Payment	66,700	66,700	60,396	62,216	63,460	64,729	66,024	67,345	68,691	70,065	71,467	72,896	
RM Grant	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
City Match to RM Funds	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Total Cash In-Flows	236,756	3,256,398	200,945	206,037	211,293	216,718	222,318	233,098	239,063	242,293	245,602	248,991	5,760,112
Cash Out-Flows													
Operational Maintenance Costs	30,000	30,600	45,300	46,818	47,754	48,709	49,684	50,677	51,691	52,725	53,779	54,855	
Property Taxes to RM	4,800	4,896	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171	7,314	7,460	
Airport Expansion	-	3,000,000	-	-	-	-	-	-	-	-	-	-	
Stakeholder Loan Repayment	-	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Marketing Budget	10,000	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190	
Accounting	1,000	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219	
Insurance - Authority	2,000	2,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	3,657	
Insurance - Airport Op's	6,500	6,500	9,945	10,144	10,347	10,554	10,765	10,980	11,200	11,424	11,652	11,885	
Instrument Approach Maint Costs	-	-	-	5,667	5,780	5,896	6,014	6,134	6,256	6,382	6,509	6,639	
Non-Profit Filing	100	100	102	104	106	108	110	113	115	117	120	122	
Administration (phone)	1,200	1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434	1,463	
PT Staff	12,000	12,000	18,360	18,727	19,102	19,484	19,873	20,271	20,676	21,090	21,512	21,942	
CAPP Expenses (2x CAPP injection)	130,000	170,000	60,000	60,000	60,000	60,000	60,000	70,000	70,000	70,000	70,000	70,000	
Total Cash Out-flows	197,600	3,238,296	206,053	213,641	215,714	217,828	219,985	232,184	234,428	236,717	239,051	241,432	5,692,930
NET CASH FLOW	39,156	18,702	(5,108)	(7,605)	(4,421)	(1,110)	2,334	914	4,635	5,576	6,551	7,559	67,182