

6. LAND LEASE, CARP AIRPORT

COMMITTEE RECOMMENDATION AS AMENDED

That Council authorize the West Carleton Airport Authority to negotiate a lease with Helicopter Transport Services (Canada) Inc., having an initial term of twenty (20) years with two ten (10) year options. Details of the lease remain to be negotiated. Final approval of the conditions will be subject to the approval of the Corporate Services and Economic Development Committee.

DOCUMENTATION

1. Planning and Development Approvals Commissioner's report dated 24 Aug 00 is immediately attached.
2. Extract of Draft Corporate Services and Economic Development Committee Minute, 05 Sep 00 immediately follows the report and includes a record of the vote.

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
 Your File/V/Réf.

DATE 24 August 2000

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Planning and Development Approvals Commissioner

SUBJECT/OBJET **LAND LEASE CARP AIRPORT**

DEPARTMENTAL RECOMMENDATION

That Corporate Services and Economic Development Committee recommend Council authorize the West Carleton Airport Authority to negotiate a lease with Helicopter Transport Services(Canada) Inc., having an initial term of twenty (20) years with two ten (10) year options. Details of the lease remain to be negotiated. Final approval of the conditions will be subject to the approval of the Region's Chief Administrative Officer.

BACKGROUND

Helicopter Transport Services (Canada) Inc. (HTSC) operates a helicopter service from a building on the Carp Airport property. The existing structure is home base for a fleet of 53 aircraft operating throughout North America. Their existing facility provides maintenance, storage and administrative space for their expanding operations at Carp. HTSC has recently decided to close its Timmins facility in favour of consolidating its off-season maintenance program at Carp Airport.

In order for HTSC to satisfy its space requirements, they initiated discussions with the West Carleton Airport Authority (the Authority) to lease additional land to the south of their present structure to accommodate a 26,500 sq. ft. facility designed to provide additional hanger space and to include 12,000 sq. ft. to satisfy their administrative office requirements. The building will include sufficient space to accommodate a flight based operations centre in the future. The company is of the opinion that a first class flight based operations centre to respond to the corporate business market will become a necessity at Carp and wishes to position itself to respond to those needs.

HTSC would like to move very quickly to initiate construction. They are seeking assurances that a long-term lease will be acceptable the Region before moving forward. In order to meet HTSC's construction timetable, a lease will have to be negotiated within the next three weeks so that materials can be ordered.

At this point, we are seeking approval of the term of twenty (20) years with two ten (10) year options to extend. We are also seeking Council's authority to negotiate rents and terms and authorizing the Region's CAO to approve the final lease document.

Members of Council are reminded that the transfer of the Carp Airport from the Federal Government to the Region included the provision that the airport be managed as an operating airport open to the public. Failing this, the Minister is to be notified and the Federal Government will have the option to take over ownership and operation of the airport. This option expires on March 13, 2007. We believe the proposal from HTSC is one that should be pursued. In the event circumstances should arise which result in the return of the property to the Federal Government, or to any other party, the existence of improved revenue streams is seen as an added benefit to the operation.

We are of the opinion that the future viability of this airport is tied to expanded private and business operations that are air related. The future of the balance of the site is also affected by the success of the air operations side. HTSC is prepared to make a significant financial commitment to the future of this airport resulting in additional employment opportunities. We believe it is desirable to promote this type of expansion at Carp. In order to justify the initial investment, HTSC is looking for a long term commitment from Council which we believe is reasonable.

FINANCIAL STATEMENT

This proposal does not require a financial investment by the Region or the West Carleton Airport Authority. It represents an opportunity to generate additional rents at Carp Airport which will assist in reducing the airport operating cost dependency on municipal funding.

PUBLIC CONSULTATION

This is seen as an internal administrative matter and as such no public consultation was undertaken.

NEW CITY IMPACT - TRANSITION BOARD

In accordance with Ottawa Transition Board Regulation 100/200 -Section 4, Guidelines - Financial Guideline No 1, Section 5.1b, this transaction requires the approval of the Transition Board.

*Approved by
Nick Tunnacliffe, MCIP, RPP*

LAND LEASE, CARP AIRPORT

- Planning and Development Approvals Commissioner's report dated 24 Aug 00

Councillor A. Loney expressed concern about the length of the proposed lease and the financial impact any future legislated changes could have on the Region. The Director, Property Services Division, Rob Ennor, indicated that the group is seeking a commitment to a long-term lease, the rent of which would be adjusted every five years, something that is typical to what the Region does. Councillor Loney said he was trying to understand how much of a requirement the company has for beyond 20 years, adding this appears to be a reasonably good period of time to amortize building costs. He pointed out that, de facto, the period being proposed was 40 years. Mr. Ennor reiterated the intent is give the company stability. He added that it is a fairly significant user of the space today, it will be a much larger user in the future and since the facility is a big, open building, he did not see how this use would conflict with any other use. Councillor Loney asked whether refusal to grant the proposed term would break the deal. Mr. Ennor replied this was not necessarily so, but he would suggest a minimum of thirty years be granted. Councillor Loney said he would be prepared to amend the recommendation accordingly.

Councillor R. Cantin expressed the hope that, in the options to renew, there be sufficient room to protect the Region's interest in the advent of increased costs. He pointed out that the lessee will have to pay the property taxes and he expressed concern about whether the leasehold improvements will increase that amount.

Councillor G. Hunter proposed that the recommendation be amended to read: "...subject to the approval of the Corporate Services and Economic Development Committee and Council". He noted there are still many unknown factors and Council has to ensure it is getting the best deal it can for the taxpayers, who are the real owners of the facility.

Councillor B. Hill asked that the Committee agree to the term proposed in the report (20 years with two 10 year options). She pointed out that, once the company invests in upgrading the facility, it wants the security of knowing it will be located there for some time to come.

Committee discussion focused on process and timing, some members inquiring about whether the lease can be finalized before November 13th, when Council will enter "lame duck" status. Councillor Cantin asked that the Legal Department comment on this situation before the item is presented to Council.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
05 September 2000

Councillor Loney proposed a “friendly amendment” to Councillor Hunter’s Motion, specifically that Council delegate final approval of the lease to the Corporate Services and Economic Development Committee. Pursuant to a suggestion from the Acting Chief Administrative Officer, J. LeBelle, Chair Chiarelli directed that Property Services have a follow-up report ready to be presented to Council before November 13th. The Committee also agreed that the report could be “walked on” to the agenda.

Moved by G. Hunter

That Corporate Services and Economic Development Committee recommend Council authorize the West Carleton Airport Authority to negotiate a lease with Helicopter Transport Services (Canada) Inc., having an initial term of twenty (20) years with two ten (10) year options. Details of the lease remain to be negotiated. Final approval of the conditions will be subject to the approval of the Corporate Services and Economic Development Committee.

CARRIED, as amended