

Rural Community Adaptation Grant Program

Project Proposal Requirements For

Peace River Airport Business Plan Project

1. *What is the transition your community or region is experiencing, and how are you being impacted?*

The Town of Peace River and its surrounding municipalities have relied upon three main industry sectors – forestry, agriculture and oil and gas. The recent downturn in all three of these sectors is presenting significant challenges for Peace River and other municipalities in the region.

2. *Provide a summary of your project*

See attached Project Summary

3. *Who are your partners on this project? How are they involved?*

Five area municipalities have agreed to provide partial funding towards the development of an Airport Business Plan. These municipalities include:

- Town of Peace River
- Town of Grimshaw
- Northern Sunrise County
- Municipal District of Northern Lights
- Municipal District of Peace River

4. *What are your project's expected benefits and outcomes? How do you think they can be measured? In other words, what does success look like?*

The project will see the development of a comprehensive Business Plan for the airport that will have the support of all relevant stakeholders. This Business Plan will be the blueprint for the governance, revenue generation, and operations of the airport allowing it to grow as a critical part of the economic development infrastructure for the region. Without this Business Plan, the sustainability of the airport is in question.

Coming out this business plan will be a long term governance structure and marketing strategy that will enable the existing Peace River airport to become an integral part of the economic diversification of the region. The airport has readily available serviced industrial land along with good access to northwest Alberta's highway infrastructure. Therefore, success for this project will be the development of a long term business plan

with an appropriate governance plan allowing for the airport becoming an integral part of the regions economic development.

(N.B. This section would benefit from additional info)

5. *What is your ability to successfully complete this project? Who is responsible for project management?*

A Peace River Airport Review Committee has been established to manage the project. This committee consists of:

- 1 member from the Town of Peace River Council
- 1 member from the Northern Sunrise County
- 1 member from the Northern Lights Council
- 1 member from the Town of Grimshaw Council
- 1 member from the MD of Peace Council
- 1 airport staff member
- 3 airport tenant members
- 2 public members
- 2 administrative staff

6. *Provide a schedule of major project activities and milestones*

See attached Project Summary

7. *Provide a project budget including major project costs and major sources of project funding*

See attached Project Summary

8. *Provide most recent financial statements/reports for your organization*

See attached Town of Peace River Financial Statement

9. *Provide any other support documentation as applicable*

Please find attached:

- A copy of the Request for Proposals for the Peace River Airport Review Committee Business Plan
- Terms of Reference for the Airport Review Committee
- Letters of support from the other four municipalities

Peace River Airport Review Committee
P.O. Box 6600
Peace River, AB
T8S 1S4
(780) 624-2574

July 14, 2010

Mr. Gene Zwozdesky
Minister of Health and Wellness
Alberta Health Services
P.O. Box 1360, Station Main
EDMONTON, AB
T5J 2N3

Dear Minister Zwozdesky:

The intent of this letter is to request a meeting between Alberta Health Services and the Peace River Airport Review Committee. The Town of Peace River, in cooperation with surrounding municipalities, has formed the Peace River Airport Review Committee to provide direction on regional governance, business planning and marketing of the Peace River Airport.

The Peace River Airport Review Committee consists of:

- 1 member from the Town of Peace River Council
- 1 member from the Northern Sunrise County Council
- 1 member from the County of Northern Lights Council
- 1 member from the Town of Grimshaw Council
- 1 member from the MD of Peace Council
- 1 airport staff member
- 3 airport tenant members
- 2 public members

The purpose of the meeting will be to jointly discuss the possibilities on how we may work together to keep both the Alberta Health Services Northern Communication Centre and the Operation Centre at the Peace River Airport. The Review committee is most willing to work toward providing you with all necessary physical infrastructure and operating requirements.

Mr. Gene Zwozdesky
Minister of Health and Wellness
Alberta Health Services
July 14, 2010

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The first phase of governance review, which culminated in a preferred governance model and business plan, was undertaken with the assistance of an external consultant. Subsequent to completing the business plan, it was noticeable that a marketing plan was required to accomplish the business plan objectives.

The marketing plan will define a strategy with clear timelines and outcomes that enable the Airport Society to enhance and grow this newly formed regional facility. RFP for a marketing plan is underway and the town will soon be selecting a consultant to recommend marketing implementation strategies that support the business plan and to identify operational forecasts, strategic initiatives, and consumer markets supported to develop an attraction package. Focus would be given to the significance of the regional geographical location as well as the positioning opportunity i.e. branding the airport as a regional facility when developing the marketing plan.

Another recent accomplishment to report is about the approval of a million dollar funds from ACAP funds for the airport enhancement which will help achieve the infrastructure and to implement the proposed marketing plan effectively.

I look forward to confirming a meeting at your earliest convenience.

Thank you,

Sincerely,

Berry Heinen
Peace River Airport Review Committee

Carolyn Kolebaba
Peace River Airport Review Committee

c.c.: Hector Goudreau, MLA and Minister of Municipal Affairs
Frank Oberle, MLA and Solicitor General and Minister of Public Security
Ray Danyluk, Minister of Infrastructure



P.O. Box 6600 Peace River, Alberta T8S 1S4
Phone: (780) 624-2574 ☎ Fax: (780) 624-4664

MEMORANDUM OF UNDERSTANDING

(the MOU)

Whereas The Town of Peace River (the Town) has partnered in creating the Peace River Regional Airport Society (the Society) for the purpose of attracting and supporting air service to the regional,

And whereas the Society will not be formally in place until January, 2011,

And whereas Northern Air Charter Inc. (NAC) has approached the Town of Peace River and the Committee representing the envisioned Society with a proposal for new air services,

And whereas Northern Air Charter Inc. has requested both general and specific support from the Town and the Society for a period of 18 months beginning November 15th, 2010,

The Town of Peace River and Northern Air Charter Inc. hereby agree and undertake as follows:

Northern Air Charter Inc. will:

Initiate direct scheduled air service from Peace River Regional Airport (YPE) to Calgary International Airport's (YYC) FBO area, with one return trip daily four days a week no later than November 30th, 2010;

Use appropriate equipment, the minimum of which will be a King Air 200, with the assumption that a Beechcraft 1900 will be used if market demand warrants;

Remain at the proposed fare of \$399 per flight or less for the period of the MOU unless written agreement of the parties to this MOU establishes a different fare;

Be fully responsible for all matters related to air service scheduling, ticketing, passenger communications, passenger service, baggage handling, and all other matters which are normally the responsibility of the airline;

Make full use of YPE and utilize the services provided by YPE in accordance with the Peace River Airport Fees and Charges bylaw;

Cover all costs incurred at the Calgary International Airport, the FBO area of the airport, shuttle services to YYC from the FBO site and any other costs related to the cost of logistics at YYC or the FBO site;

and King Air A100

Be primarily responsible for marketing the new flight and service using the tools of marketing (web, print, direct/electronic mail) available to NAC to execute that responsibility;

Partner with the Society in areas of marketing support provided by the Society to share expenses in a negotiated and appropriate manner;

Regardless of any other statements in this MOU, NAC will be responsible for all and any marketing in the Calgary marketplace;

Share and report to the Society, on a confidential basis, material information on the market for the service, including but not limited to:

- Total passengers by flight, reported on a weekly and monthly basis;
- Load factors/utilization on a daily/weekly basis;
- Total enplaned and deplaned passengers by origin for its Edmonton and Calgary markets;
- Origin, destination, length of trip, and purpose of trip of passengers;
- Other information as determined desirable by YPE;

Accept the assistance of , and work under the direction of YPE to develop, distribute, and collect a short passenger survey to obtain the above and other information as determined by YPE. Distribution of the in-flight survey, collection and aggregation of the data, and reporting it to YPE is the sole responsibility of NAC;

The Town of Peace River will:

Position and market the YPE and its routes and air services available to the public and industry in the region represented by the Society. This marketing effort will include:

- Communications and marketing of the launch of the new air service at YPE in collaboration with NAC, the timing and scale of which will be at the sole discretion of YPE;
- Regular Communications to industry and the public within the region about progress of YPE, flights and services available from YPE. The Society will use a marketing mix as developed in its marketing and communications plan, anticipated to include web-based marketing, email and social networks communication, media relationship building, public service announcements and other forms of marketing supportive of the regional airport and its air services;

- Website support on the YPE website will be offered to NAC (and other air service providers) via web links and other positioning negotiated independent of other relationships between NAC and YPE;

Regional economic development officers representing partners in the Society will promote YPE air services to regional industry through their regular meetings and interactions with businesses in the region.

Conduct the market and business case research required to position YPE to support air service development as outlined in the Peace River Regional Airport Strategic Marketing Plan. Information gathered will be shared with NAC, without prejudice, in its role as a member of the Society;

Respond to unsolicited air service proposals by other carriers, whether on the same or different routes than those flown by NAC, by indicating that YPE is 100% open for business. The Society will provide the same level of support provided to NAC in this MOU if such a service decided to locate at YPE;

The Town of Peace River WILL NOT:

- Actively solicit air service through unsolicited contact with airlines or air service providers for services directly on the routes served by NAC for a period of 18 months beginning November 30th, 2010; *Edmonton and Calgary markets*
- Provide specific marketing promotion support to NAC; rather the Society will promote YPE and its air services, and in so doing it will promote the carriers operating from this airport;

Compliance

Each party to the agreement will monitor its progress and the activities of its partner with respect to compliance.

Failure to comply with any or all components of the MOU will void the agreement;

Either party to this agreement may register an issue of compliance by notifying the other party in writing;

Mediation will be the method of solving differences should the parties not agree on matters of compliance.

Transition of the MOU to The Society

It is anticipated and understood that this agreement will transition from the Town of Peace River to the Society in February, 2011.

The parties to this MOU have agreed in good faith, and it is assumed that their agreement will transfer in its present form to the Society.

ISSUED FOR USE

Town of Peace River

PEACE RIVER AIRPORT BUSINESS PLAN

PC31101209

November 2009



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1.0 INTRODUCTION AND UNDERSTANDING

The Town of Peace River Airport (CYPE) is located 10 km west of Peace River and is owned and operated by the Town of Peace River. Its longest runway is 5,000 feet (1,524 m) in length and can accommodate Boeing 737 type aircraft. The terminal building is 21,000 square feet (1,951 m²) in size.

The Town of Peace River, in cooperation with surrounding municipalities, has formed the Peace River Airport Review Committee (Committee), which includes members from the public, Airport staff and tenants, as well as representatives of the municipalities. The mandate of the Committee is to provide recommendations for a regional governance structure for the Peace River Airport. It is understood that a number of governance models are being considered and that the development of a business plan was determined to be necessary to assist the Committee in making its governance recommendation.

EBA Engineering Consultants Ltd. (EBA) has the in-house expertise necessary to provide a coherent and practical business plan (plan) for CYPE. The first step is to define a suitable process for collecting the information needed to prepare the plan. The final business plan will be based on market research, supportable data and sound business assumptions.

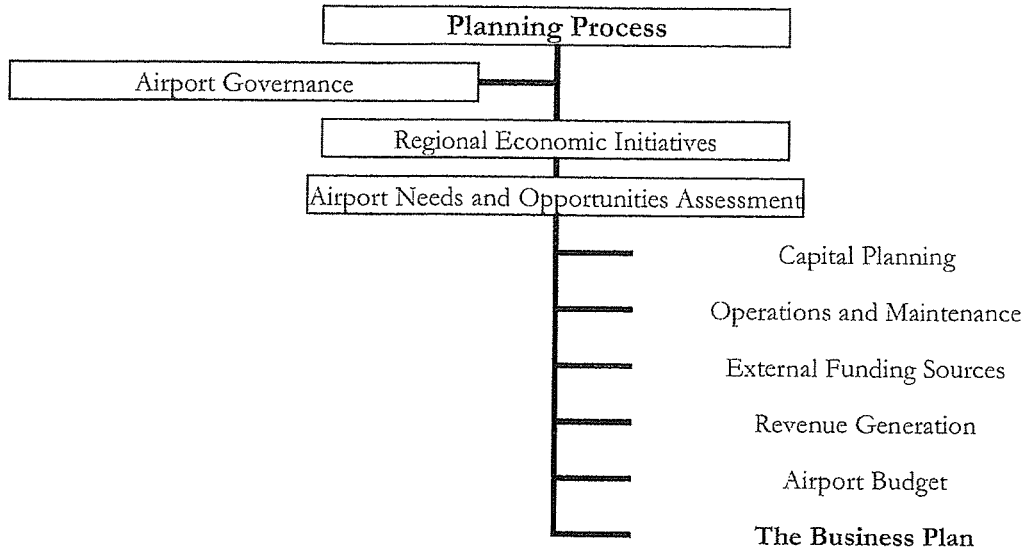
The scope of services will include:

- development of a business planning process, complete with milestone dates and a completion, that considers pricing policies, capital planning, operational forecasts, strategic planning, as well as economic development and diversification; and
- recommendation of suitable strategies that are designed to position the airport as a regional service centre given the airport's geographical location in northern Alberta.

1.1 A PRACTICAL APPROACH

The Peace River Airport is a valuable asset for the communities it serves and significant economic benefits can be derived from efficient airport operations, effective marketing initiatives, and sensible business development. The EBA team is fully conversant with the issues confronting the financial health of smaller airports in the Canadian airport system and particularly the challenge for small airports to meet financial needs without financial support from off-airport sources. EBA team members maintain close, continuous contact with the airport industry and have relevant understanding of the evolving Canadian aviation industry and the effect of that industry on airport viability. Our Project Manager currently manages a municipally owned and operated airport.

The chart below shows the planning process that will be used in development of the Peace River Airport Business Plan. Steps in the process will be further described in the methodology section of the proposal, to follow.



2.0 WORK PLAN AND METHODOLOGY

Airport business planning includes many of the elements of strategic planning. The ultimate aim is to develop a medium to long-term strategy that the Committee can use to enable the Airport to respond to customer needs and maximize financial benefits.

EBA’s work plan methodology, therefore, includes those elements of strategic planning that will result in a concise and forward-thinking business plan.

The first step will be to conduct a strategic planning session with the Committee. This session will provide a forum for discussing governance strategies and provide an opportunity for Committee members to share thoughts on how the Airport can be developed over the next five years (2010 to 2015). In essence, the planning session will incorporate a Strength, Weakness, Opportunity, and Threats (SWOT) analysis.

2.1 GOVERNANCE

It is understood a governance review has been undertaken. The team will evaluate governance options presented in the recently received report, as well as including the subject in start-up discussions, and consider the implications and effectiveness of the proposed governance models. The objective is to provide a business plan that is consistent with the Airport governance structure that works best for the Committee. Whatever the governance structure, the organization must include requisite knowledge of airports and the business challenges facing airports, as well as the necessary skills to develop policies and structures for governing airport operations that will provide the necessary leadership and guidance for Peace River Airport management. Importantly, the membership must represent the overall interests of the people and businesses served by the Airport.



2.2 REGIONAL ECONOMIC INITIATIVES

When considering Airport development, it is important that the regional economic initiatives are evaluated in relation to how they will affect the Airport. For example, if resource development in the region results in relatively significant job creation one might expect individuals will have increased disposal income that may potentially result in increased demand for travel, as well as increased use of air travel during construction stages. As part of the analysis, one would then consider whether the Airport infrastructure is adequate to meet the increased forecast demand, e.g., terminal building size, runway length, apron size, parking facilities, etc. The Airport currently has one scheduled air service to Edmonton and, as part of the business planning strategy, the team will assess the likelihood of increased air service.

As part of the project, the team will interview area economic development officers to determine the types of likely economic developments that are being considered or discussed. These prospects for the expansion and diversification of the economic base of the area will be examined in the context of the Peace River Airport being the air service centre, now and in the future, for the region. The team will then determine how those potential developments relate to the Airport.

Airport commercial activity, i.e., those not directly related to Airport management and operations, include the operations of aviation services, business in the Air Terminal, land leases, aircraft operations, refuelling, corporate aircraft operations, aircraft storage, aircraft maintenance, flight training, air cargo, and vehicle rentals, among others.

For example, should a resource company begin significant exploration in the area, there may be an increased demand for helicopter charters. The helicopters may be based at the Airport and, subsequently, helicopter support companies may choose to locate businesses at the Airport. The demand may also result in increased charter aircraft (fixed wing) movements (such as crew changes from other cities to Peace River).

EBA will quantify and assess the existing commercial facilities and services on the Airport including its current ability to support commercial activity. Our team uses a standard checklist of airport commercial activities, each assessed to evaluate the Airport's competitive position with respect to:

- Capability;
- availability of a comparable (or suitable) off-site location;
- local competition;
- level of local interest; and
- constraints to development.

The analysis will assess a high, medium, low, or none rating to each potential opportunity. Further benchmarking will help to establish Peace River Airport's ability to attract and

sustain commercial development, as well as its competitive position with other similar airports.

As part of this analysis, the EBA team will contact stakeholders and identified business interests to determine how the Airport relates to their businesses and aspirations.

2.3 AIRPORT NEEDS AND OPPORTUNITIES ASSESSMENT

2.3.1 Capital Planning

Forecasting expenditures over a defined period of time requires an evaluation of the capital investments required at the Airport. Capital investment can be significant and often challenges the financial viability of an airport. Airfield pavement rehabilitations or expansions, building renovations/expansions, commercial land development, and new equipment purchases, for example, can require significant investments. Few Canadian airports can generate enough revenue from operations to pay for their capital requirements.

During this business planning project, the EBA team will meet with municipal and airport personnel to determine what capital investment will be required within the plan timeline (five to ten years). During these meetings, the team will determine types of capital investment that may result from the anticipated regional economic development initiatives, whether the needs may be for airside capacity, or building configuration or specialized equipment. A critical component of capital planning relates to infrastructure and equipment lifecycle management, e.g., pavement rehabilitation, equipment replacement, etc. (Class 'D' cost estimates, i.e., a range from -15% to +35% of detailed design cost, will be prepared for all identified capital requirements).

2.3.2 Operations and Maintenance (O&M)

Operations and maintenance (O&M) costs are normally easier to forecast. Salary and benefit costs are usually defined and historical expenditures can be used in relation to ongoing utility and maintenance costs. The EBA team will assess how O&M costs may change as a result of airport development strategies over the plan period. A runway extension, for example, would necessitate increased snow removal, ice control, asphalt maintenance, and other costs.

Historical financial information will be provided by the Town of Peace River.

2.3.3 External Funding Sources

A review of existing and prospective provincial, federal or other funding opportunities will be conducted by the EBA team. Examples of funding programs include Canada Building Fund, continued Airport Capital Assistance Program (approval pending), grants provided under the provincial municipal infrastructure programs, etc. A complete analysis of potential funding sources will be included in the plan.

2.3.4 Revenue Generation

The EBA team will also undertake a detailed review of existing Airport fee bylaws, pricing, and other charges in place at the Airport. Further, we will compare the Peace River Airport fees and charges to other similar sized airports, and those with similar business interests, in Western Canada (e.g., Lloydminster, High Level, Dawson Creek, Red Deer, Medicine Hat) and provide recommendations on the application of fees and charges, as well as whether additional charges might be implemented at the airport.

2.3.5 Airport Budget

Airport financial requirements (revenues and expenses) will be detailed will be forecasted for the business plan period. A strategy for managing revenue shortfalls over the period, depending on the Airport governance model adopted, will also be provided.

2.3.6 Business Plan

Business Plan objectives include assessing Airport development potential and providing the Committee with a financial forecast for the Airport. The EBA team is very familiar with the financial viability of numerous airports in the Canadian system and, particularly, the plight of municipal airports in maintaining and developing their services and capabilities without a great deal of external financial assistance.

A business plan can only be finalized when all of the elements of the plan have been completed, e.g., governance model determination, capital needs assessments, pricing policies, etc. The Business Plan will also include a phasing strategy designed to match development with demand.

EBA's team analysis and findings will be fully discussed, and consensus reached, with the Committee as the Business Plan develops.

2.4 MANAGEMENT ACTION PLAN

After completion of the above steps, the EBA team will further consult with the Committee to examine best management practices for airports of similar size and situation. This will assist in the development of specific recommendations for Airport governance, marketing opportunities, reducing operational costs, and increasing efficiency. The cost estimates for proposed changes will be included in the recommendations.

3.0 PROJECT TEAM

3.1 PROJECT TEAM CORPORATE OVERVIEW

EBA is a Western Canadian firm of planners, civil engineers, technologists, and geoscientists that is wholly owned by its practising senior employees. The firm, established in 1966, has grown to become a multi-disciplinary civil, planning, transportation, environmental, geotechnical and materials testing organization of nearly 600 full time staff.

The company philosophy of practice is to bring a high standard of technical expertise to each project.

EBA's Airports Group, part of the Transportation Practice, provides specialized services in airport planning and engineering, airport environmental management, airport construction, and airport operational studies and assessments.

The Airports Group has completed numerous business planning assignments at airports throughout Canada. Importantly, our assigned project team has experience working with the airports that are within the jurisdictions of the Committee's municipal members. This experience provides the team with significant knowledge of the types of challenges and opportunities that face northern airports, and this information will be beneficial when developing a strategy for the Peace River Airport.

Shawn Sutherland, A.A.E. – Senior Airport Consultant and Project Manager

Mr. Sutherland is a Senior Airports Consultant in EBA's Airports Group and has more than 25 years of experience in airport management, operations, maintenance, planning, and development. He has worked in all facets of airports including the direct management of six different airports in western and northern Canada. He is an Accredited Airport Executive with the American Association of Airport Executives and the International Association of Airport Executives – Canada.

In this work, Mr. Sutherland has been responsible for the safe planning, operations and maintenance of airports, staff development and training, business management, and control of major capital projects. He also has six years of experience as the Director of a municipal transportation and public works department where he was responsible for the planning, operation, maintenance, and development of City services (roads/parks, etc.), water, and wastewater systems.

Mr. Sutherland's broad experience working at airports provides him with a unique knowledge of the importance of business planning, including capital requirements, operational forecasts, economic development/diversification, and airport governance. In addition to business planning experience at the Airports he has managed, Mr. Sutherland has assisted many Airports in plan development. These plans included business cases, land use and development.

As project manager, Mr. Sutherland will be available for a minimum of four in-person meetings, as contemplated in the Request for Proposals.

Clark Norton, C.E.T., EMS (LA) – Senior Consultant

Mr. Norton is the Senior Consultant and Airport Specialist with EBA's Airport Division. He has over 34 years of work experience with 25 years of airport-specific experience in the areas of project management, airport planning, engineering, operations, and environmental management.

Mr. Norton was previously employed with the Calgary Airport Authority for approximately 16 years and was involved in most aspects of airport operations.

Mr. Norton is actively involved in airport master planning, engineering construction projects, operational studies, business case development, economic planning, and airport marketing.

Mr. Norton has worked extensively with owners, architects, engineering disciplines and regulatory agencies. Mr. Norton has extensive experience working in construction environments and understands the complex interaction between owners and operators, contractors and regulatory bodies.

Examples of relevant experience include:

- Business Plan – Tumbler Ridge Airport;
- Business Plan Update – Quesnel Airport;
- Canada Border Service Agency Study – City of Red Deer;
- Saskatchewan Air Transportation Study;
- Business Case for Runway Extension – Northwest Regional Airport;
- Freight Handling Study – Prince Rupert Airport;
- Master Plans – Nanaimo, Grande Prairie, Red Deer, Edmonton GA, Medicine Hat Airports;
- Feasibility Study for Runway Extension – Nanaimo Airport;
- Economic Profile in Support of Provincial Funding – Vanderhoof Airport;
- Business Plan Update – Iroquois Falls Airport;
- Land Use Plan, Development Guidelines – North Bay Airport; and
- Land Use Plan, Development Guidelines – Niagara Central Airport.

Detailed resumes are provided in Appendix A. Team members are committed to this project and will be available for the project duration.

3.2 REFERENCES

1. Tumbler Ridge Business Plan
Contact: Clark Hazelhurst
Telephone: 250-242-4242
2. Quesnel Airport Business Plan Update
Contact: Harlene Hunt
Telephone: 250-992-2208

4.0 PROJECT SCHEDULE AND COST

4.1 PROJECT SCHEDULE

Table 4-1 identifies the proposed schedule for the work. The final Business Plan is dependent on the availability of specific information, e.g., governance model or capital needs. If further study is required to define capital requirements, or if implications resulting from a decision on governance (such as operating costs) are determined later in the process, the completion schedule would be affected accordingly.

TABLE 4-1: PEACE RIVER AIRPORT REVIEW COMMITTEE BUSINESS PLAN

Milestones	2009							2010													
	November			December				January					February				March				
	13	20	27	4	11	18	25	2	9	16	23	30	6	13	20	27	6	13	20	27	
Proposal Deadline																					
Project Award																					
Kick-Off Meeting																					
Draft Plan Presentation																					
Final Plan																					
Open House																					
Final Presentation																					
Project Activities																					
Start-Up Meetings																					
SWOT Analysis																					
Regional Economic Evaluations																					
Forecast Growth Scenarios																					
Capital Needs Assessment																					
Financial Planning (revenues vs. expenses)																					
Evaluation of Funding Programs																					
Draft Business Plan																					
Review Period																					
Final Business Plan																					
Open House and Final Presentations																					

4.2 PROJECT COST

The total cost for the completion of the Peace River Airport Business Plan is \$32,000.00 including all travel related costs and disbursements (does not include GST).

4.3 OWNERSHIP AND CLOSURE

This proposal for the development of a business plan has been developed specifically for the Peace River Airport and the Town of Peace River. This document contains confidential commercial and technical information and must not be released in whole, or in part, to any third party without the express written consent of EBA Engineering Consultants Ltd.

We hope this brief proposal provides the information you require, and look forward to working with you on this important project.

EBA Engineering Consultants Ltd.



Shawn Sutherland, A.A.E.
Senior Airport Consultant
Airports Group
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/ccw

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PC31101209
November 2009



APPENDIX

APPENDIX A RESUMES



Shawn F. Sutherland, A.A.E.

Senior Airport Consultant

Mr. Sutherland is a Senior Airports Specialist for EBA's Airports Group and has more than 30 years of experience in airport management, operations, maintenance and development. He has worked in all facets of airports including the direct management of six different airports in western and northern Canada.

Mr. Sutherland has been responsible for the safe operation and maintenance of airports, staff development and training, business management and control of major capital projects at various airports.

He also has six years of experience as the head of a municipal transportation and civic works department, where he was responsible for the operation, maintenance and development of city services (roads/parks/sidewalks/street lighting, etc.), water and wastewater treatment/distribution and collection systems, as well as the airport.

Mr. Sutherland has served as a senior member of the Airports Group Board of Management in Ottawa when virtually all of the major airports in the country were federally owned. He was assigned the task of developing the National Airports Policy, which was approved by the Federal Cabinet in 1994.

Mr. Sutherland negotiated the transfer of 30 airports to territorial, municipal and regional governments or authorities in western and northern Canada. Arctic airport transfer negotiations led by Mr. Sutherland involved the territorial government representatives as well as the Federal Departments of Transport, Justice, Finance, and Indian and Northern Affairs.

With many years of experience managing numerous airports, Mr. Sutherland understands the regulatory demands and compliance issues related to the operation of certified public airports. He has developed and implemented safety, security and operational programs; trained/directed staff and contractors; and ensured compliance with the regulatory and audit requirements imposed by various levels of government, in order to effectively manage airport risks, while maintaining efficient and cost-effective airport operations.

Mr. Sutherland has extensive experience in Canada's north, in addition to negotiating the transfer of the federally owned and operated arctic airports to the territorial governments under the National Airports Policy. This experience includes managing airports in the Yukon, Northwest Territories and Nunavut over more than 10 years. During that time he directed the operations, maintenance and business activities at these airports, as well as managing capital projects related to the rehabilitation and development of airport facilities.

Mr. Sutherland is an active member of the International Association of Airport Executives - Canada, serving as a member of the Board of Examiners of IAAE Canada, mentoring airport managers as they pursue accreditation, assessing prospective airport operations training courses, reviewing candidates' course work and the papers they submit in furtherance of their accreditation as airport executives. Mr. Sutherland has been an Accredited Airport Executive since 1996, having become the 6th Canadian Airport Manager to achieve this status.

In 2005, the BC Aviation Council awarded him the Robert S. Day Trophy in recognition of contributions and leadership in the promotion of the Aviation Industry over his lifetime.

Education

A.A.E. - International Association of Airport Executives - Canada (IAAE)

Career Assignment Program, Federal Executive Development

Summary of Experience

Municipal Director of Works, including engineering, water, sewer, and the regional airport

Developing airport business worldwide

Transfer negotiations for more than 30 airports in different parts of Canada

Advisor on airport operations nationwide

National Airports Policy development

Management of six different airports in western and northern Canada

Flight Service Specialist and Station Manager

Municipal airport operations and maintenance

Affiliations

Accredited Airport Executive of the International Association of Airport Executives - Canada

Member, Board of Examiners of IAAE Canada

Vice-President, BC Airport Managers Association

Member, Northwest Chapter - American Association of Airport Executives

Member, Regional Community Airports Coalition of Canada

Years of Consulting Experience: 30+

Clark Norton, C.E.T., EMS (LA) Senior Airport Specialist

Mr. Clark Norton is the Senior Airport Specialist with EBA's Airport Division. He has over 30 years of work experience with 21 years relating to airport-specific experience in the areas of project management, airport planning, engineering, operations and environment.

Mr. Norton was employed with the Calgary Airport Authority for approximately sixteen years and was involved in many areas of the airport operations.

Mr. Norton is actively involved in airport master planning, engineering construction projects, operational studies, business case developments, economic planning and marketing. In addition, as a certified Environmental Management System Lead Auditor he is actively involved in Environmental Management System and Compliance Auditing and environmental assessment at locations throughout Canada. Mr. Norton has undertaken environmental audits at over 50 businesses over the past five years.

Mr. Norton has worked extensively with owners, architects, engineering disciplines and regulatory agencies. Mr. Norton has extensive experience working in construction environments and understands the complex interaction between owners and operators, contractors and regulatory bodies.

Education

Environmental Management Certificate, University of Calgary

Diploma - Civil Engineering Technology, Cambrian College of Applied Arts and Technology

Certification - ANSI-RAB-NAP ISO 14001 Environmental Lead Auditing and Advanced EMS Auditing

Summary of Experience

6 years - Airport specialist providing project management, airport planning, engineering, operations and environment expertise.

10 years - Environmental Services Manager advising Calgary Airport Authority senior management on all environmental issues; managed the resources of the Environment Division

5 years - Project manager on airport civil projects

9 years - Estimator for a utility construction company, project supervisor/surveyor/inspector/junior designer for civil-related projects

Affiliations

Director, Canadian Environmental Auditing Association

Member, Association of Science and Engineering Technology Professionals of Alberta (ASET)

Member, Canadian Environmental Auditing Association (CEAA)

Years of Consulting Experience: 30



ALBERTA
AGRICULTURE AND RURAL DEVELOPMENT

*Office of the Minister
MLA, Highwood*

December 15, 2009

Ms. Norma MacQuarrie
Chief Administrative Officer
Town of Peace River
Box 6600
Peace River, AB T8S 1S4

Dear Ms. MacQuarrie:

Norma
I am pleased to confirm that I have approved grant funding under the Rural Community Adaptation Grant Program of \$135,000 to support your Peace River Airport Business Plan project.

Funding will be provided in accordance with the *Agriculture and Rural Development Grant Regulation* following receipt of an acceptable funding agreement between the Town of Peace River and the Government of Alberta.

For further details on arranging the funding agreement, please contact Mr. Drew Hiltz, Program Manager, Rural Development Division of Agriculture and Rural Development, at 780-643-1830 (toll free by first dialing 310-0000).

Best wishes for the successful completion of this project.

Sincerely,

George Groeneveld
Minister

cc: Frank Oberle, MLA, Peace River
Drew Hiltz, Program Manager, Rural Development Division

12/1/08
RCAP

Government of Alberta 
Agriculture and Rural Development

Rural Development Division
Room 106, J.G. O'Donoghue Bldg
7000 – 113 Street
Edmonton, Alberta T6H 5T6
Canada
Telephone: 780-427-2409
www.agriculture.alberta.ca

November 12, 2009

File Number: C-157

Ms. Norma MacQuarrie
Chief Administrative Officer
Town of Peace River
Box 6600
Peace River, AB T8S 1S4

Dear Ms. MacQuarrie:

Thank you for your application dated November 10, 2009 for funding under the Rural Community Adaptation Grant Program. This letter is to acknowledge receipt of your application related to your Town of Peace River Economic Development Strategy project.

We have assigned your application a file reference number of C-157. We will use this reference number in future communications regarding your application.

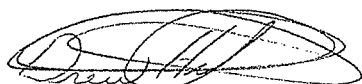
Your application will now be assessed against the program criteria. As part of our assessment process and program referral activities we may need to contact you for additional information.

We would like to caution you that the receipt of your application does not constitute a commitment from Alberta Agriculture and Rural Development (AARD) for financial assistance. As a result, any project costs incurred in the absence of a signed Grant Agreement with AARD are incurred at the sole risk of the Applicant and that any such costs may not be considered eligible for AARD assistance.

If you have any questions or concerns regarding your application or AARD's assessment process, please contact me at (780) 643-1830.

Thank you again for your interest in our program.

Sincerely,



Drew Hiltz
Manager, Programs

cc: Ron Popek, Executive Director

December 30, 2009

File Number: C-156

Ms. Norma MacQuarrie, Chief Administrative Officer
Town of Peace River
Box 6600
Peace River, AB T8S 1S4

Dear Ms. MacQuarrie:

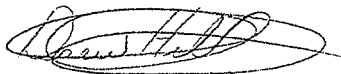
This is in reference to the December 15, 2009 letter of approval from the Minister of Agriculture and Rural Development for assistance of \$135,000 under the Rural Community Adaptation Grant Program related to your Peace River Airport Business Plan project.

Please find attached two original copies of a Grant Agreement which sets out the terms and conditions under which the approved assistance is being offered. Please carefully review this document and contact me, at (780) 643-1830, if you have any questions or issues.

To indicate your acceptance of this Agreement, please sign both copies (without making any changes to the document) and return them to my attention at the above address. The Agreement will then be executed on behalf of the Government of Alberta and one copy with original signatures will be returned to you. Disbursement of funds will follow in accordance with the Agreement.

We look forward to working with you and wish you success in this endeavour.

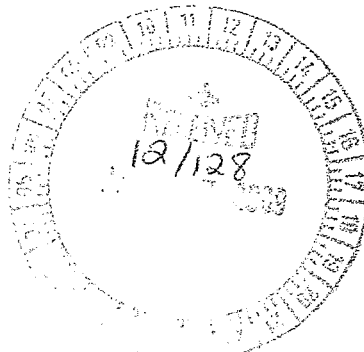
Sincerely,



Drew Hiltz
Manager, Programs

cc: Ron Popek, Executive Director

Attachment





TOWN OF PEACE RIVER

P.O. Box 6600 Peace River, Alberta T8S 1S4
Telephone: (780) 624-2574
Fax: (780) 624-4664

FILE NO. 12/128

January 12, 2010

Mr. Drew Hiltz
Manager, Programs
Government of Alberta
Agriculture and Rural Development
Rural Development Division
Room 106, J.G. O'Donoghue Bldg.
7000 - 113 Street
Edmonton, AB
T6H 5T6

Dear Mr. Hiltz:

Peace River Airport Business Plan Project
Rural Community Adaptation Grant Program Agreement

On behalf of the Town of Peace, I enclose two duly signed copies of the Rural Community Adaptation Grant Program Agreements related to the Peace River Airport Business Plan project. We look forward to receiving a fully executed agreement.

It is with excitement and enthusiasm that the Peace Region embarks on implementing, both, the governance structure and the economic development initiatives that promote a thriving, sustainable airport into the future. Your funding support toward this objective is greatly appreciated.

We look forward to your participation as we work to bring this project to fruition.

Sincerely,

Norma MacQuarrie
Chief Administrative Officer

Encl. (2)

December 30, 2009

File Number: C-156

Ms. Norma MacQuarrie, Chief Administrative Officer
Town of Peace River
Box 6600
Peace River, AB T8S 1S4

Dear Ms. MacQuarrie:

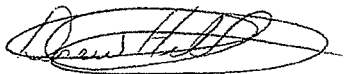
This is in reference to the December 15, 2009 letter of approval from the Minister of Agriculture and Rural Development for assistance of \$135,000 under the Rural Community Adaptation Grant Program related to your Peace River Airport Business Plan project.

Please find attached two original copies of a Grant Agreement which sets out the terms and conditions under which the approved assistance is being offered. Please carefully review this document and contact me, at (780) 643-1830, if you have any questions or issues.

To indicate your acceptance of this Agreement, please sign both copies (without making any changes to the document) and return them to my attention at the above address. The Agreement will then be executed on behalf of the Government of Alberta and one copy with original signatures will be returned to you. Disbursement of funds will follow in accordance with the Agreement.

We look forward to working with you and wish you success in this endeavour.

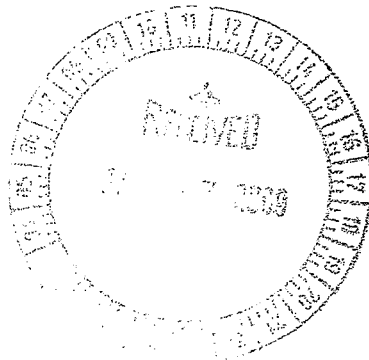
Sincerely,



Drew Hiltz
Manager, Programs

cc: Ron Popek, Executive Director

Attachment



Rural Community Adaptation Grant Program Agreement

made effective the 15th day of December, 2009 (the "Effective Date")

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA,
as represented by the Minister of Agriculture and Rural Development
(the "**Province**")

AND:

Town of Peace River
(the "**Applicant**")

PREAMBLE:

The Rural Community Adaptation Grant Program (the "Program") provides funding assistance to increase the capacity of rural communities and regions to transition and adapt, resulting in greater resilience and more diverse economic opportunities. Overall funding for the Program was made available through the national Community Development Trust.

The Applicant has applied for financial assistance from the Province under the Program for the Peace River Airport Business Plan project.

Pursuant to the Agriculture and Rural Development Grant Regulation (AR 58/98) under the *Government Organization Act* (Alberta), the Province has agreed to provide a grant of up to \$135,000 to the Applicant, subject to and in accordance with the terms and conditions of this Agreement.

The Province and the Applicant therefore agree as follows:

1. INTERPRETATION

1.1 Definitions - In this Agreement, the following expressions have the following meanings:

"Eligible Costs" means the Applicant's costs that are related to the Project and are eligible costs under the Program, which amount is set out in Schedule "B", subject to the terms and conditions in clause 2.3;

"Grant" means the grant described in Section 2.1, to be paid by the Province to the Applicant pursuant to this Agreement;

"Grant Proceeds" means the amount of the Grant plus all interest or other return obtained by the Applicant from investing all or part of the Grant pending disbursement on the Project;

“Ineligible Costs” means the Applicant’s costs that are related to the Project and are ineligible costs under the Program;

“Minister” means the Minister of Agriculture and Rural Development;

“Program” means the Rural Community Adaptation Grant Program and the eligibility criteria therein;

“Project” means to complete a Regional Airport Business Plan, as more particularly detailed in Schedule “A” to this Agreement;

“Regulation” means the Agriculture and Rural Development Grant Regulation under the *Government Organization Act* (Alberta);

- 1.2 Section Numbers** - References in this Agreement to Section numbers are to the corresponding numbered provisions of this Agreement.
- 1.3 Entire Agreement** - This Agreement, which includes the attached Schedule “A” and Schedule “B”, is the entire agreement between the Province and the Applicant with respect to support by the Province of the Project, and supersedes all previous agreements, negotiations and understandings. There are no agreements, representations, warranties, terms, conditions or commitments except as expressed in this Agreement.

2. THE GRANT

- 2.1 Payment of Grant** - Pursuant to the Regulation and subject to the provisions of this Agreement, the Province will contribute up to \$135,000 (the “maximum limit”) by way of a grant to the Applicant to assist with the Applicant’s Eligible Costs as described in Schedule “B”. Provided the Applicant is at all times in compliance with the terms and conditions of this Agreement, the Grant shall be paid upon execution of the Agreement.
- 2.2 Amount of Grant** - The amount of the Grant shall not exceed the maximum limit, and if the Eligible Costs are ultimately less than stated in Schedule B, the Grant will be reduced upon review by, and at the absolute discretion of, the Province.
- 2.3 Eligible Costs** - For the purposes of this Agreement, and notwithstanding anything else in this Agreement or in the Program documents, Eligible Costs means out-of-pocket expenses actually incurred by the Applicant directly in furtherance of the Project and eligible under the Program, and does not include any Ineligible Costs. The determination of whether an expense qualifies as an Eligible Cost is at the sole discretion of the Province.

Expenses allowed in the Eligible Costs for the Project will be calculated at Government rates, as set out in the Public Service Subsistence, Travel and Moving Expenses Regulation (<http://www.pao.gov.ab.ca/Practitioners/?file=legreg/travel/titlepage>) for the Alberta Public Service, as amended, or where no rate is specified, at reasonable rates.

The Applicant shall in a timely manner provide all documentation and calculations required to establish the Eligible Costs of the Project to the reasonable satisfaction of the Minister; and should the Applicant fail to do so, then the Minister shall be entitled to determine the Eligible Costs of the Project, and such determination shall be binding upon the Applicant unless the Applicant provides to the satisfaction of the Minister evidence to the contrary.

- 2.4 **Timing** - The Province will, subject to the terms, conditions and provisions of this Agreement, pay the Grant to the Applicant, as described in Section 2.1.

3. **USE OF GRANT PROCEEDS**

- 3.1 **Application of Grant** - The Grant Proceeds shall be used exclusively for the Project. Immediately upon receiving the Grant, the Applicant shall identify in its records the Grant as being committed exclusively to the Project. Any portion of the Grant Proceeds expended by the Applicant other than directly on the Project becomes immediately repayable to the Province.
- 3.2 **Timing of the Project** - The Applicant shall undertake all reasonable efforts to proceed diligently and in a timely manner with the Project, and agrees to complete the Project by September 30, 2010 or such later date as the Province may agree to in writing.
- 3.3 **Alteration of Project** - The Applicant shall not suspend the Project or alter the Project in any respect material to this Agreement, except with the prior consent of the Province. The Province will not unreasonably withhold its consent to alterations of the Project, provided such alterations do not (i) delay the timing of the Project beyond the date in Section 3.2 or (ii) significantly alter the scope of the Project.

4. **OTHER OBLIGATIONS OF THE APPLICANT**

- 4.1 **Compliance with Regulation** - In addition to complying with the terms expressly set out in this Agreement, the Applicant must comply with the Regulation, including any applicable amendments.
- 4.2 **Representations by the Applicant** - The Applicant represents and warrants to the Province that:
- (a) it has made full, true and plain disclosure to the Province of all facts relating to the Project that are material to this Agreement;
 - (b) the execution by the Applicant of this Agreement and the carrying out of this Agreement by the Applicant have been duly and validly authorized by the Applicant in accordance with applicable law, and this Agreement will constitute a binding legal obligation of the Applicant;

- (c) the Applicant has the power and authority and all necessary licenses and permits to own and operate its properties and carry on its operations, to enter into this Agreement, and to perform its obligations under this Agreement;
- (d) there is presently no action, suit, or proceeding being brought or pending or threatened against or affecting the Applicant which could result in the expropriation of any property of the Applicant or which could affect its operations, properties, or financial condition or its ability to complete the Project;
- (e) the Applicant is in compliance with all laws, orders, and authorizations which relate to or affect it and is not subject to any order of any court or other tribunal affecting its operations;
- (f) the Applicant has complied with all applicable orders and requirements of any level of government affecting its operations and has obtained all necessary authorizations required by law or otherwise or by any level of government in connection with its execution and performance of this Agreement;
- (g) The Applicant shall comply with all of the laws of Alberta that govern this Agreement, including, but not limited to the following:
 - i. the *Worker's Compensation Act* when that Act applies, and shall provide to the Province, upon request, either proof of compliance or proof of exemption from compliance;
 - ii. the *Occupational Health and Safety Act*, and as a condition of this Agreement, the Applicant acknowledges its responsibility as a prime contractor, or an employer, as defined in the *Occupational Health and Safety Act* and the regulations under that Act; and
 - iii. the *Employment Standards Code*, and as a condition of this Agreement, the Applicant acknowledges its responsibility as an employer, as defined in the *Employment Standards Code* and the regulations under that code.
- (h) The Applicant shall ensure that the Applicant's members, employees, officers and agents comply with the terms and conditions of this Agreement.

5. REPORTING AND MONITORING

5.1 Interim Reports - Following the payment of any part of the Grant to the Applicant and until completion of the Project, the Applicant shall on at least a semi-annual basis provide the Province with a written report detailing:

- (i) the status of the Project, including the estimated percentage of the work

completed and the estimated date of completion,

- (ii) the status of the Grant Proceeds, including all expenditures of Grant Proceeds since the last semi-annual report and the amount of Grant Proceeds currently held by the Applicant,
- (iii) grants from any other level of government other than the Province in respect of the Project,
- (iv) all documentation and calculations used to determine the Eligible Costs, including without limitation copies of relevant invoices and receipts, and
- (v) any material events, developments or circumstances arising in relation to the Project since the last semi-annual report.

The Province may require that any such report be reviewed, assessed and reported on by the Applicant's auditors. Upon request by the Province, the Applicant will in a timely manner elaborate on any particular aspect of any such report.

5.2 Final Report – The Applicant shall provide a final report (the “Final Report”) to the Province no later than 90 days after the completion of the Project or the termination date of this Agreement, whichever occurs first. The Final Report will include:

- (i) a list of activities completed by the Applicant in relation to the Project,
- (ii) a report of the Project's Outcomes, including benefits and community impacts resulting from the Project,
- (iii) a financial report detailing all expenditures of the Grant Proceeds in relation to the list of activities in 5.2(i), and the Applicant's cash or in-kind contributions to the Project's Eligible Costs,
- (iv) all documentation and calculations used to determine the Eligible Costs, including without limitation copies of relevant invoices and receipts, and
- (v) any other relevant reporting required under section 5.1 of this Agreement.

The Province may require, that any such report be reviewed, assessed and reported on by the Applicant's auditors. Further to the Final Report, the Province may request an independent evaluation of the Project.

5.3 Accounting Records - During the Project and for three years following completion of the Project, the Applicant shall maintain separate accounting records of the Project, available for inspection by the Province (including the Auditor General of the Province or any other auditor of the Project engaged by the Province at its own expense) at all reasonable times upon reasonable notice.

6. NON-COMPLIANCE

- 6.1 Event of Default** - It shall be an "Event of Default" if the Applicant breaches any provision of this Agreement and, upon receiving notice of the breach, fails to take reasonably appropriate remedial action within 14 days thereafter and diligently pursue such remedial action until the breach is remedied.
- 6.2 Termination** - Upon the occurrence of an Event of Default, the Province may by notice to the Applicant terminate this Agreement.
- 6.3 Consequences of Termination** - In the event of termination of this Agreement by the Province, then in addition to any other remedy under this Agreement, the Province may demand that the Applicant immediately repay to the Province the full amount of the Grant, together with interest at the prime lending rate of the Canadian Imperial Bank of Commerce from time to time in effect, calculated from the date of payment of the Grant until the date the refund is paid to the Province.
- 6.4 Misuse of Grant Proceeds** - In addition to any other remedy under this Agreement, the Province may demand immediate repayment of any Grant Proceeds expended by the Applicant other than in accordance with this Agreement, and any such amount shall be a debt due to and recoverable by the Province from the Applicant.
- 6.5 Right of Set-Off** - The Applicant agrees that the Province may set off against any other grant or amount payable to the Applicant any amounts that become repayable by the Applicant to the Province under the provisions of this Agreement.

7. LIABILITY AND INDEMNITY

- 7.1 Liability** - The Province shall not be liable whatsoever to the Applicant for any direct or consequential loss, injury, or damage suffered by the Applicant.
- 7.2 Indemnity** - The Applicant shall indemnify and hold harmless the Province, its employees and agents from any and all third party claims, demands, actions or costs (including legal costs on a solicitor-client basis) for which the Applicant is legally responsible, including those arising out of negligence or willful acts by the Applicant, or the Applicant's employees or agents.

8. GENERAL

- 8.1 Notices** - Any notice, consent or other communication under this Agreement must be in writing and is effective when delivered by any means, including fax transmission or e-mail, to the following respective addresses:

(a) if to the Province:

*Alberta Agriculture and Rural Development
Room 106, J.G. O'Donoghue Building
7000 – 113 Street
Edmonton, AB T6H 5T6
Attention: Drew Hiltz
Phone: (780) 643-1830
Fax: (780) 427-4227
E-mail: drew.hiltz@gov.ab.ca*

(b) if to the Applicant:

*Town of Peace River
Box 6600
Peace River, AB T8S 1S4
Attention: Norma MacQuarrie/Chief Administrative Officer
Phone: (780) 624-2574
Fax: (780) 624-4664
E-mail: nmacquarrie@peaceriver.net*

Either party may change its contact information by giving notice to the other in the above manner.

- 8.2 Amendment and Waiver** - No amendment of this Agreement is effective unless made in writing and signed by a duly authorized representative of each of the Province and the Applicant. No waiver of any provision of this Agreement is effective unless made in writing, and any such waiver has effect only in respect of the particular provision or circumstance stated in the waiver. No representation by either of the parties with respect to the performance of any obligation under this Agreement is capable of giving rise to an estoppel unless the representation is made in writing.
- 8.3 Additional Assurances** - The parties agree to from time to time do all such acts and provide such further assurances and instruments as may reasonably be required in order to carry out the provisions of this Agreement according to their spirit and intent; but this Section 8.3 shall not in any event be construed as obligating the Province to amend or enact any statute or regulation.
- 8.4 Assignment** - The Applicant may not assign this Agreement or any right or benefit under it.
- 8.5 Counterparts** - This Agreement may be executed in counterparts, in which case the counterparts together shall constitute one agreement.
- 8.6 Governing Law** - This Agreement shall be interpreted and governed by Alberta law.
- 8.7 Jurisdiction** - The parties attorn to the exclusive jurisdiction of the Alberta Courts.

- 8.8 **No Agency** – Nothing in this Agreement is intended to constitute the parties as an agent of the other for any purpose, or to create any relationship of agency, partnership or joint venture.
- 8.9 **Survival** - Sections 4, 5, 6, 7 and 9.3 of this Agreement shall survive its expiry or termination.

9. **COMMUNICATIONS**

- 9.1 **Announcements** – The Applicant shall not make any public announcement or issue any press release regarding this Agreement or the Grant except in consultation with the Province and with the approval of the Province as to the content of the announcement or press release, which approval shall not be unreasonably withheld.
- 9.2 **Disclosure** – The Applicant acknowledges and agrees that the Province may disclose this Agreement and its contents by any means chosen by the Province including, without limitation, tabling it before the Legislature.
- 9.3 **Freedom of Information and Protection of Privacy Act** – The Applicant acknowledges that information and records maintained by the Province relating to this Agreement may be subject to the *Freedom of Information and Protection of Privacy Act* (Alberta). This Act allows any person a right of access to records in the custody or under the control of a public body such as the Province, subject to limited and specific exception.

The parties have therefore executed this Agreement, each by its duly authorized representative, as of the Effective Date.

**HER MAJESTY THE QUEEN IN RIGHT OF
ALBERTA**, as represented by the Minister of Agriculture
and Rural Development

Per: _____

Print Name: _____

Title: _____

Town of Peace River

Per:  _____

Print Name: NORMA MACQUARRIE

Title: CAO

Schedule "A"

to the Grant Agreement made this 15th day of December, 2009

Between

Her Majesty the Queen in right of Alberta

and

Town of Peace River

Rural Community Adaptation Grant Program "Project Description"

The Applicant will complete a comprehensive Regional Airport Business Plan for the Peace River Region of Alberta.

The project will facilitate the collection, development and dissemination of effective, innovative, collaborative and adaptive strategies to develop and diversify, in a sustainable way, the Applicant's Airport Business Plan project. Based on other successful regional models, this Business Plan will facilitate the governance, revenue generation, and operations of the airport enhancing the economic development for the region.

The Applicant will partner with government, communities, economic development organizations and other stakeholders to deliver a coordinated suite activities to deliver two goals.

The goals are:

- 1) Strengthen regional participation, support and sustainability for the Peace River Airport based on a regional business plan model.
- 2) Increase economic diversification and generate wealth in the region.

The Applicant will carry out the project in the Peace River region of Alberta.

Schedule "B"

to the Grant Agreement made this 15th day of December, 2009

Between

Her Majesty the Queen in right of Alberta

and

Town of Peace River

ELIGIBLE COSTS

- Consultant and professional fees
- Meeting/forum facilitation costs
- IT and communication costs
- Marketing activities to promote, target and implement the project
- Disbursements related to travel, materials, training, data collection and report writing.

TOTAL ELIGIBLE COSTS: \$150,000

February 09, 2010

File Number: C-156

Ms. Norma MacQuarrie, Chief Administrative Officer
Town of Peace River
Box 6600
Peace River, AB T8S 1S4

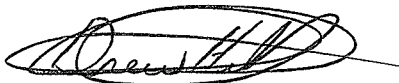
Dear Ms. MacQuarrie:

This is to confirm that the Rural Community Adaptation Grant Program Agreement related to grant assistance of \$135,000 to the Town of Peace River for your Airport Business Plan project has been signed by the Province. A cheque for the approved amount, as stipulated in the Agreement, will be issued separately and mailed to your office in the very near future.

Enclosed you will find a copy of the signed Agreement for your records, outlining the terms and conditions of our support.

We wish you all the best on your rural initiative.

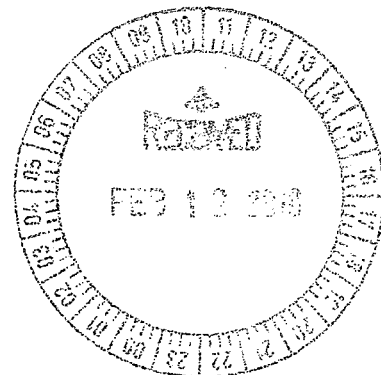
Sincerely,



Drew Hiltz
Manager, Programs

cc: Ron Popek, Executive Director, Alberta Agriculture and Rural Development

Attachment



Rural Community Adaptation Grant Program Agreement

made effective the 15th day of December, 2009 (the “Effective Date”)

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA,
as represented by the Minister of Agriculture and Rural Development
(the “Province”)

AND:

Town of Peace River
(the “Applicant”)

PREAMBLE:

The Rural Community Adaptation Grant Program (the “Program”) provides funding assistance to increase the capacity of rural communities and regions to transition and adapt, resulting in greater resilience and more diverse economic opportunities. Overall funding for the Program was made available through the national Community Development Trust.

The Applicant has applied for financial assistance from the Province under the Program for the Peace River Airport Business Plan project.

Pursuant to the Agriculture and Rural Development Grant Regulation (AR 58/98) under the *Government Organization Act* (Alberta), the Province has agreed to provide a grant of up to \$135,000 to the Applicant, subject to and in accordance with the terms and conditions of this Agreement.

The Province and the Applicant therefore agree as follows:

1. INTERPRETATION

1.1 Definitions - In this Agreement, the following expressions have the following meanings:

“**Eligible Costs**” means the Applicant’s costs that are related to the Project and are eligible costs under the Program, which amount is set out in Schedule “B”, subject to the terms and conditions in clause 2.3;

“**Grant**” means the grant described in Section 2.1, to be paid by the Province to the Applicant pursuant to this Agreement;

“**Grant Proceeds**” means the amount of the Grant plus all interest or other return obtained by the Applicant from investing all or part of the Grant pending disbursement on the Project;

“Ineligible Costs” means the Applicant’s costs that are related to the Project and are ineligible costs under the Program;

“Minister” means the Minister of Agriculture and Rural Development;

“Program” means the Rural Community Adaptation Grant Program and the eligibility criteria therein;

“Project” means to complete a Regional Airport Business Plan, as more particularly detailed in Schedule “A” to this Agreement;

“Regulation” means the Agriculture and Rural Development Grant Regulation under the *Government Organization Act* (Alberta);

1.2 Section Numbers - References in this Agreement to Section numbers are to the corresponding numbered provisions of this Agreement.

1.3 Entire Agreement - This Agreement, which includes the attached Schedule “A” and Schedule “B”, is the entire agreement between the Province and the Applicant with respect to support by the Province of the Project, and supersedes all previous agreements, negotiations and understandings. There are no agreements, representations, warranties, terms, conditions or commitments except as expressed in this Agreement.

2. THE GRANT

2.1 Payment of Grant - Pursuant to the Regulation and subject to the provisions of this Agreement, the Province will contribute up to \$135,000 (the “maximum limit”) by way of a grant to the Applicant to assist with the Applicant’s Eligible Costs as described in Schedule “B”. Provided the Applicant is at all times in compliance with the terms and conditions of this Agreement, the Grant shall be paid upon execution of the Agreement.

2.2 Amount of Grant - The amount of the Grant shall not exceed the maximum limit, and if the Eligible Costs are ultimately less than stated in Schedule B, the Grant will be reduced upon review by, and at the absolute discretion of, the Province.

2.3 Eligible Costs - For the purposes of this Agreement, and notwithstanding anything else in this Agreement or in the Program documents, Eligible Costs means out-of-pocket expenses actually incurred by the Applicant directly in furtherance of the Project and eligible under the Program, and does not include any Ineligible Costs. The determination of whether an expense qualifies as an Eligible Cost is at the sole discretion of the Province.

Expenses allowed in the Eligible Costs for the Project will be calculated at Government rates, as set out in the Public Service Subsistence, Travel and Moving Expenses Regulation (<http://www.pao.gov.ab.ca/Practitioners/?file=legreg/travel/titlepage>) for the Alberta Public Service, as amended, or where no rate is specified, at reasonable rates.

The Applicant shall in a timely manner provide all documentation and calculations required to establish the Eligible Costs of the Project to the reasonable satisfaction of the Minister; and should the Applicant fail to do so, then the Minister shall be entitled to determine the Eligible Costs of the Project, and such determination shall be binding upon the Applicant unless the Applicant provides to the satisfaction of the Minister evidence to the contrary.

- 2.4 Timing** - The Province will, subject to the terms, conditions and provisions of this Agreement, pay the Grant to the Applicant, as described in Section 2.1.

3. USE OF GRANT PROCEEDS

- 3.1 Application of Grant** - The Grant Proceeds shall be used exclusively for the Project. Immediately upon receiving the Grant, the Applicant shall identify in its records the Grant as being committed exclusively to the Project. Any portion of the Grant Proceeds expended by the Applicant other than directly on the Project becomes immediately repayable to the Province.

- 3.2 Timing of the Project** - The Applicant shall undertake all reasonable efforts to proceed diligently and in a timely manner with the Project, and agrees to complete the Project by September 30, 2010 or such later date as the Province may agree to in writing.

- 3.3 Alteration of Project** - The Applicant shall not suspend the Project or alter the Project in any respect material to this Agreement, except with the prior consent of the Province. The Province will not unreasonably withhold its consent to alterations of the Project, provided such alterations do not (i) delay the timing of the Project beyond the date in Section 3.2 or (ii) significantly alter the scope of the Project.

4. OTHER OBLIGATIONS OF THE APPLICANT

- 4.1 Compliance with Regulation** - In addition to complying with the terms expressly set out in this Agreement, the Applicant must comply with the Regulation, including any applicable amendments.

- 4.2 Representations by the Applicant** - The Applicant represents and warrants to the Province that:

- (a) it has made full, true and plain disclosure to the Province of all facts relating to the Project that are material to this Agreement;
- (b) the execution by the Applicant of this Agreement and the carrying out of this Agreement by the Applicant have been duly and validly authorized by the Applicant in accordance with applicable law, and this Agreement will constitute a binding legal obligation of the Applicant;

- (c) the Applicant has the power and authority and all necessary licenses and permits to own and operate its properties and carry on its operations, to enter into this Agreement, and to perform its obligations under this Agreement;
- (d) there is presently no action, suit, or proceeding being brought or pending or threatened against or affecting the Applicant which could result in the expropriation of any property of the Applicant or which could affect its operations, properties, or financial condition or its ability to complete the Project;
- (e) the Applicant is in compliance with all laws, orders, and authorizations which relate to or affect it and is not subject to any order of any court or other tribunal affecting its operations;
- (f) the Applicant has complied with all applicable orders and requirements of any level of government affecting its operations and has obtained all necessary authorizations required by law or otherwise or by any level of government in connection with its execution and performance of this Agreement;
- (g) The Applicant shall comply with all of the laws of Alberta that govern this Agreement, including, but not limited to the following:
 - i. the *Worker's Compensation Act* when that Act applies, and shall provide to the Province, upon request, either proof of compliance or proof of exemption from compliance;
 - ii. the *Occupational Health and Safety Act*, and as a condition of this Agreement, the Applicant acknowledges its responsibility as a prime contractor, or an employer, as defined in the *Occupational Health and Safety Act* and the regulations under that Act; and
 - iii. the *Employment Standards Code*, and as a condition of this Agreement, the Applicant acknowledges its responsibility as an employer, as defined in the *Employment Standards Code* and the regulations under that code.
- (h) The Applicant shall ensure that the Applicant's members, employees, officers and agents comply with the terms and conditions of this Agreement.

5. REPORTING AND MONITORING

5.1 **Interim Reports** - Following the payment of any part of the Grant to the Applicant and until completion of the Project, the Applicant shall on at least a semi-annual basis provide the Province with a written report detailing:

- (i) the status of the Project, including the estimated percentage of the work

completed and the estimated date of completion,

- (ii) the status of the Grant Proceeds, including all expenditures of Grant Proceeds since the last semi-annual report and the amount of Grant Proceeds currently held by the Applicant,
- (iii) grants from any other level of government other than the Province in respect of the Project,
- (iv) all documentation and calculations used to determine the Eligible Costs, including without limitation copies of relevant invoices and receipts, and
- (v) any material events, developments or circumstances arising in relation to the Project since the last semi-annual report.

The Province may require that any such report be reviewed, assessed and reported on by the Applicant's auditors. Upon request by the Province, the Applicant will in a timely manner elaborate on any particular aspect of any such report.

5.2 Final Report – The Applicant shall provide a final report (the “Final Report”) to the Province no later than 90 days after the completion of the Project or the termination date of this Agreement, whichever occurs first. The Final Report will include:

- (i) a list of activities completed by the Applicant in relation to the Project,
- (ii) a report of the Project's Outcomes, including benefits and community impacts resulting from the Project,
- (iii) a financial report detailing all expenditures of the Grant Proceeds in relation to the list of activities in 5.2(i), and the Applicant's cash or in-kind contributions to the Project's Eligible Costs,
- (iv) all documentation and calculations used to determine the Eligible Costs, including without limitation copies of relevant invoices and receipts, and
- (v) any other relevant reporting required under section 5.1 of this Agreement.

The Province may require, that any such report be reviewed, assessed and reported on by the Applicant's auditors. Further to the Final Report, the Province may request an independent evaluation of the Project.

5.3 Accounting Records - During the Project and for three years following completion of the Project, the Applicant shall maintain separate accounting records of the Project, available for inspection by the Province (including the Auditor General of the Province or any other auditor of the Project engaged by the Province at its own expense) at all reasonable times upon reasonable notice.

6. NON-COMPLIANCE

- 6.1 Event of Default** - It shall be an "Event of Default" if the Applicant breaches any provision of this Agreement and, upon receiving notice of the breach, fails to take reasonably appropriate remedial action within 14 days thereafter and diligently pursue such remedial action until the breach is remedied.
- 6.2 Termination** - Upon the occurrence of an Event of Default, the Province may by notice to the Applicant terminate this Agreement.
- 6.3 Consequences of Termination** - In the event of termination of this Agreement by the Province, then in addition to any other remedy under this Agreement, the Province may demand that the Applicant immediately repay to the Province the full amount of the Grant, together with interest at the prime lending rate of the Canadian Imperial Bank of Commerce from time to time in effect, calculated from the date of payment of the Grant until the date the refund is paid to the Province.
- 6.4 Misuse of Grant Proceeds** - In addition to any other remedy under this Agreement, the Province may demand immediate repayment of any Grant Proceeds expended by the Applicant other than in accordance with this Agreement, and any such amount shall be a debt due to and recoverable by the Province from the Applicant.
- 6.5 Right of Set-Off** - The Applicant agrees that the Province may set off against any other grant or amount payable to the Applicant any amounts that become repayable by the Applicant to the Province under the provisions of this Agreement.

7. LIABILITY AND INDEMNITY

- 7.1 Liability** - The Province shall not be liable whatsoever to the Applicant for any direct or consequential loss, injury, or damage suffered by the Applicant.
- 7.2 Indemnity** - The Applicant shall indemnify and hold harmless the Province, its employees and agents from any and all third party claims, demands, actions or costs (including legal costs on a solicitor-client basis) for which the Applicant is legally responsible, including those arising out of negligence or willful acts by the Applicant, or the Applicant's employees or agents.

8. GENERAL

- 8.1 Notices** - Any notice, consent or other communication under this Agreement must be in writing and is effective when delivered by any means, including fax transmission or e-mail, to the following respective addresses:

- (a) if to the Province:

*Alberta Agriculture and Rural Development
Room 106, J.G. O'Donoghue Building
7000 – 113 Street
Edmonton, AB T6H 5T6
Attention: Drew Hiltz
Phone: (780) 643-1830
Fax: (780) 427-4227
E-mail: drew.hiltz@gov.ab.ca*

(b) if to the Applicant:

*Town of Peace River
Box 6600
Peace River, AB T8S 1S4
Attention: Norma MacQuarrie/Chief Administrative Officer
Phone: (780) 624-2574
Fax: (780) 624-4664
E-mail: nmacquarrie@peacriver.net*

Either party may change its contact information by giving notice to the other in the above manner.

- 8.2 Amendment and Waiver** - No amendment of this Agreement is effective unless made in writing and signed by a duly authorized representative of each of the Province and the Applicant. No waiver of any provision of this Agreement is effective unless made in writing, and any such waiver has effect only in respect of the particular provision or circumstance stated in the waiver. No representation by either of the parties with respect to the performance of any obligation under this Agreement is capable of giving rise to an estoppel unless the representation is made in writing.
- 8.3 Additional Assurances** - The parties agree to from time to time do all such acts and provide such further assurances and instruments as may reasonably be required in order to carry out the provisions of this Agreement according to their spirit and intent; but this Section 8.3 shall not in any event be construed as obligating the Province to amend or enact any statute or regulation.
- 8.4 Assignment** - The Applicant may not assign this Agreement or any right or benefit under it.
- 8.5 Counterparts** - This Agreement may be executed in counterparts, in which case the counterparts together shall constitute one agreement.
- 8.6 Governing Law** - This Agreement shall be interpreted and governed by Alberta law.
- 8.7 Jurisdiction** - The parties attorn to the exclusive jurisdiction of the Alberta Courts.

8.8 No Agency – Nothing in this Agreement is intended to constitute the parties as an agent of the other for any purpose, or to create any relationship of agency, partnership or joint venture.

8.9 Survival - Sections 4, 5, 6, 7 and 9.3 of this Agreement shall survive its expiry or termination.

9. COMMUNICATIONS


9.1 Announcements – The Applicant shall not make any public announcement or issue any press release regarding this Agreement or the Grant except in consultation with the Province and with the approval of the Province as to the content of the announcement or press release, which approval shall not be unreasonably withheld.

9.2 Disclosure – The Applicant acknowledges and agrees that the Province may disclose this Agreement and its contents by any means chosen by the Province including, without limitation, tabling it before the Legislature.


9.3 Freedom of Information and Protection of Privacy Act – The Applicant acknowledges that information and records maintained by the Province relating to this Agreement may be subject to the *Freedom of Information and Protection of Privacy Act* (Alberta). This Act allows any person a right of access to records in the custody or under the control of a public body such as the Province, subject to limited and specific exception.

The parties have therefore executed this Agreement, each by its duly authorized representative, as of the Effective Date.

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA, as represented by the Minister of Agriculture and Rural Development

Per: 
Print Name: JOHN KNAPP
Title: DEPUTY MINISTER

Town of Peace River

Per: 
Print Name: NORMA MACQUARRIE
Title: CAO

Schedule "A"

to the Grant Agreement made this 15th day of December, 2009

Between

Her Majesty the Queen in right of Alberta

and

Town of Peace River

Rural Community Adaptation Grant Program "Project Description"

The Applicant will complete a comprehensive Regional Airport Business Plan for the Peace River Region of Alberta.

The project will facilitate the collection, development and dissemination of effective, innovative, collaborative and adaptive strategies to develop and diversify, in a sustainable way, the Applicant's Airport Business Plan project. Based on other successful regional models, this Business Plan will facilitate the governance, revenue generation, and operations of the airport enhancing the economic development for the region.

The Applicant will partner with government, communities, economic development organizations and other stakeholders to deliver a coordinated suite activities to deliver two goals.

The goals are:

- 1) Strengthen regional participation, support and sustainability for the Peace River Airport based on a regional business plan model.
- 2) Increase economic diversification and generate wealth in the region.

The Applicant will carry out the project in the Peace River region of Alberta.

Schedule "B"

to the Grant Agreement made this 15th day of December, 2009

Between

Her Majesty the Queen in right of Alberta

and

Town of Peace River

ELIGIBLE COSTS

- Consultant and professional fees
- Meeting/forum facilitation costs
- IT and communication costs
- Marketing activities to promote, target and implement the project
- Disbursements related to travel, materials, training, data collection and report writing.

TOTAL ELIGIBLE COSTS: \$150,000



Peace River Airport
Business Plan
2010
Draft

Prepared for the Town of Peace River

February 2010

Patricia Maloney & Assoc.

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1 Introduction

1.1 History of Airport

No one is exactly sure when the first Peace River Airport was commissioned, but in April of 1937 it was abandoned.

That first airport was located on the west bank of the Peace River, about 3 miles south of the present town site.

The site was abandoned when one of Grant McConachie's pilots had a near fatal accident on landing. The airline was called "United Air Transport Limited" whose head office was located at the Edmonton Municipal Airport. The airline was later to become Pacific Western Airlines.

Our historical records indicate that the present site (NW Section 29, Township 83, Range 22, West of the 5th Meridian) was picked by none other than the famous "Wop" May.

The original configuration of runways shows that there were three. Two are still operating 04/22 and 08/26 the third appears to have aligned itself with 18/36. Each was 3,000' long and 500' wide, apparently cross wind landings were to be avoided at all costs.

There were no buildings at the site and only a dirt road. On rainy days it took 2 hours to fly from Edmonton and a further 2 hours to traverse the muddy road to town.

Things gradually improved with the addition of a terminal building of sorts, a telephone line to town and improvement of the landing surfaces. Three airline companies serviced Peace River at that time, Yukon Southern, MacKenzie Air Service and Peace River Airways.

In the fall of 1942 an American Corps of engineers extended the 04/22 runway by a further 2,000 feet. A weather station was also added by the Americans. No doubt the Americans were there as part of the Alaska Highway effort, but, just exactly what role they played is lost to antiquity.

On May 28, 29 of 1949 the Peace River Airport played host to one of the first airshows in the region. The Air Cadets of the region played host to the R.C.A.F. who brought with them a helicopter, two Harvard trainers, an Avro Anson, a Beech Expeditor out of which two parachutists jumped.

All reports indicate that people were quite taken with the helicopter and folks from miles around attended. Unfortunately Sunday's performance was cancelled due to rain.

In June of 1960 the Peace River Airport closed down in order to complete extensive construction to the airport. The runway was paved and an air terminal was built. Peace River Airport re-opened its runway for major airline service in January of 1961. The official opening was held August 9, 1961. This date marked the signing of a long term lease (40 years) between the Department of Transport and the Town of Peace River whereby the Town, with subsidization from Transport Canada, would operate the Airport.

During 1964 the first Flight Service Specialists were hired to man the radio at the Peace River Airport. Prior to this, the pilots spoke to the radio operated by the Weather Office at the airport. Even before the Weather Office, the agents of Pacific Western Airlines and Canadian Pacific Airlines had a radio in their homes which they used to communicate with the pilots. PWA did build a small radio shack for their agent.

A New Terminal building was opened September 8, 1984. The estimated cost of construction being \$4.5 million, funded by Heritage Fund dollars.

The airport was purchased from Transport Canada in 1996 by the Town of Peace River.¹

1.2 The Truth About Airports

The facilitator opened the meeting on January 6th by making three statements:

- No airport makes money – with the potential exception of Calgary International Airport in Alberta, all airports depend on grants from the federal government and/or municipal subsidies
- Airports are capital intensive – one mile of runway costs up to seven times more than one mile of paved road to build and maintain due mainly to the width and depth of asphalt, and snow removal is not an option at an airport.
- Airports are a public infrastructure – airports are part of the transportation network and provide critical links – particularly for northern communities to health, education and social services.



¹ History taken from the Town of Peace River web site.

2 Strategic Planning Session

The Strategic Planning Session was held at the Peace River airport on January 6th, 2010.

2.1 Background Work

While Peace river has not had a strategic or business plan up to this point, strategic work has been completed to promote the airport as an economic engine for the region at NCDC, provincial government departments, Transport Canada, Edmonton Regional Airport and the City of Edmonton and other organization such as companies who have and could utilize the airport. Regional economic analysis has occurred. This information has been reviewed by the facilitator prior to conducting the strategic planning session.

2.2 Regional Approach

Some of the documentation reviewed related to legal opinion on the options for future operation of the airport. The legal opinion looked at several governance options. The Town of Peace River has approached other municipalities in the region whose residents and businesses utilize the airport to work together to look at solutions, including financial contribution to ensure the ongoing viability of the airport. Concerns of City Centre Airport closure, strength of Fort McMurray and Grande Prairie Airports and moderate growth projections for the Town of Peace River, all combined to forge a regional partnership. In addition, the airport is located in the Municipal District of Peace, putting land use and access control within the jurisdiction of a municipality that does not own or operate the airport.

This regional approach gives strength and support to the airport and its continued survival.



3 Airport Direction

3.1 Vision

When asked to develop a vision for an organization, several characteristics must be considered, including:

- The vision is a long term picture of what the organization will be in 20 years
- It must be measurable but not small
- It can be short or long – can be a single statement or one of several to direct the airport (vision, mission, overall goal)

When developing the vision for the Peace River Airport, the group looked towards the vision for the Town of Peace River as a guide. There were several key words in the Town vision that seemed to fit with the vision for the airport. In addition, the group thought that the airport name should reflect the region and considered referring to the airport as the Peace Region Community Airport.

The Town of Peace River vision is;

Beautiful by Nature. Diverse by Culture. Vibrant by Choice.

Peace River, located in a naturally beautiful valley is a diverse community that fosters rich cultural, social, educational and **economic opportunities** for ALL.

We take pride in our **safe**, healthy and environmentally friendly **community** where we live, play and work cooperatively with our **neighbours**.

The key ideas for the 2030 vision for the Peace Regional Community Airport were identified as:

- 737 or regional jet
- Safe (wildlife fencing)
- Maintain and enhance sched service and ACAP ability
- Cargo
- Private/general aviation/flying club
- Air ambulance and other services to northern residents
- (Start up incentive)
- Ground side development (draw people, employment)
- Private public partnerships
- 6500 foot runway
- Financially viable (covering operating costs and contributing to the long term capital reserve)
- Marketed and Continually grow
- Regional collaboration

Therefore, the proposed vision for the Peace Regional Community Airport is:

The Peace Regional Community Airport will be a safe, efficient and trusted airport serving the needs of the region for passenger, cargo, general aviation and medical purposes and is positioned for larger aircraft that will provide for longer flights and to be a stepping stone to service the far north in a growing economy.

3.2 Guiding Principles

While some guiding principles for an airport are standard and universal (for example, safety) other principles reflect the unique local or regional situation. For example, a priority for Fort McMurray is not community orientation, but rather to service the oil patch and focus on the movement of crews and personnel. Based on an assessment of the role of the Peace Regional Community Airport, the following guiding principles have been developed.

- Safe – all certified airports must meet or exceed Transport Canada’s regulations and safety standards is the priority when human lives are at stake
- Efficient – this implies efficient in the financial management of the airport, the use of equipment and other resources, the movement of people on and off planes and through security.
- Viable – financial viability is critical and while the airport may not be expected to make a profit, it should break even on an operational basis and contribute to the capital reserve in some way
- Community Oriented – northern communities are particularly dependent on airports for business, government, health and recreation purposes. The airport should recognize this interdependence and support the community, expecting the same support in return. This support is not always financial but may include school tours of the airport, letter writing campaigns to government and other supportive actions.
- Integral to provision of health services – with major medical services south of Peace River, the community depends on the airport and air carriers to get them to their doctors, hospitals and medical appointments.
- Collaborative – northern people know too well that good neighbours can mean the difference between life and death in the event of disaster. The opportunity for five municipalities to band together in a collaborative manner to support this airport is a strong principle.

3.3 Goals for the Airport

- Business plan with governance
- Marketing plan
- Engineering and Environmental reports (runway and water/sewer)
- Partnering Initiatives
- Revised Land Use Plan
- Increase revenue
- Survey of airport
- Preliminary engineering and costs for extension (EBA study is approximately 6 years old with no geotechnical study for the ravine, estimated \$13 million for the runway extension – needs to be updated and detailed)
- Land acquisition study
- Land Use Plan and ASP revision (in light of highway realignment and changes in goals)
- Business and marketing plan
- Governance established (staffing, funding, fees and charges review, and long term partners)
- Land Use Bylaw review (land use)
- Infrastructure study (water, sewer)

4 Opportunities and Threats

The Airport Committee conducted a mini SWOT² analysis. The organization understands the internal strengths and weaknesses fairly well. However, the group identified many opportunities and threats that affect all of the members and the municipalities that they represent. It should also be noted that while the Threats may seem to be negative, there are built in opportunities if the organization wants to take advantage of them. Figure 1 lists the opportunities and threats and in the threats category, the actions in *italics* indicate how the threat can be used to the advantage of the organization.

Figure 1
Summary of Opportunities and Threats

Opportunities	Threats
<ul style="list-style-type: none"> • Oil and Gas • Growth in Northern Alberta • Good terminal and infrastructure • Debt is not too bad • Room to expand • Regional economic outlook • Regional collaboration and governance option • Good staff and tenants • Busiest air ambulance base • Large threshold • Scheduled carrier • Opp to partner with industry • Nav Canada time extension (flight services in place) • Funding for business/marketing • Grant money • Regional initiative • Highway realignment • Geographic location • Ability to grow • Transient population (to get "home") 	<ul style="list-style-type: none"> • 2009 Recession/Economic downturn –<i>provides time to plan</i> • Peak Oil –<i>provides opportunities for alternative research and energy</i> • Costs of airport –<i>requires creative grant application</i> • Fort McMurray Airport –<i>work with the airport manager or work with other airports to overcome the competition</i> • Physical limitations to expansion –<i>prepare a land use plan and identify lands for acquisition</i> • Highway realignment –<i>could provide access opportunities and land for development</i> • Closure of City Centre –<i>attract some businesses to Peace River</i> • Geographic location - <i>could be stepping off point to the north</i> • Grande Prairie –<i>regional hub to work with</i> • Highways and trucking –<i>develop truck stop and potential regional cargo distribution centre</i> • Transient population –<i>opportunity to attract people to stay permanently</i> • Alberta Health policies –<i>work with Alberta Health to identify Peace River as a service area</i> • Municipal services –<i>extend municipal services from Town</i> • The 3 R's – road, rail and runway –<i>airport may be perfectly poised for intermodal development</i>

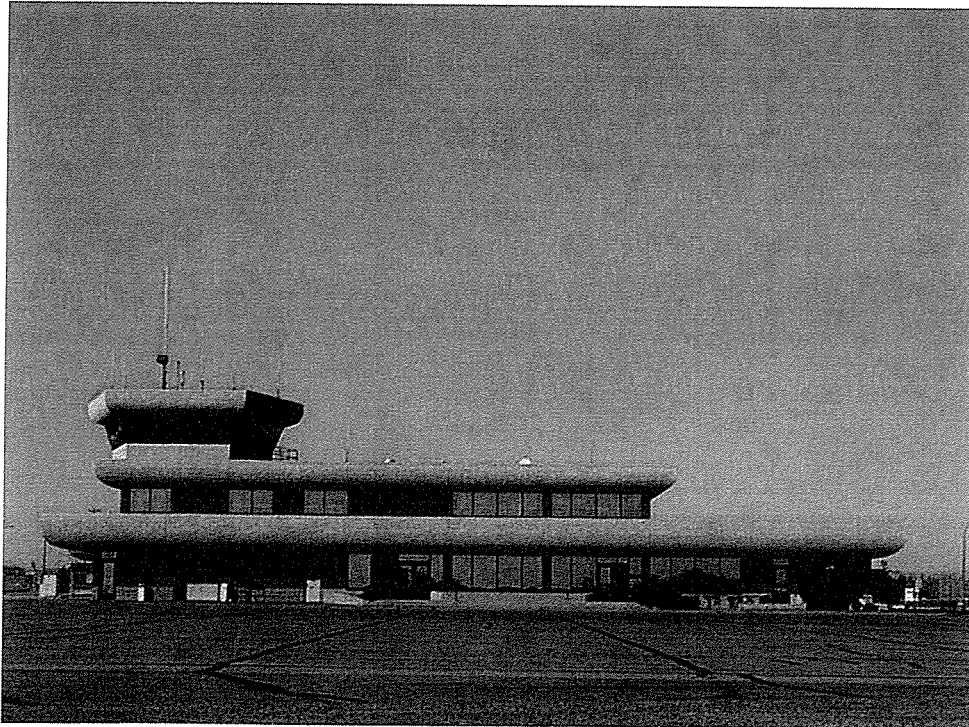
² SWOT Analysis is an assessment of the Strengths (internal to the organization), Weaknesses (internal to the organization), Opportunities (external to the organization) and Threats (external to the organization). The purpose of identifying these elements is to itemize the components that the organization does well and those elements that the organization needs to improve. The threats are generally out of the control of the organization but once identified can be anticipated or planned for.

5 Markets

The current use of the airport is limited. The current scheduled air service still utilizes the City Centre Airport in Edmonton. The aircraft using City Centre are limited to 9 passengers maximum. The service provided is: two flights per day (Monday, Wednesday, and Friday) and one flight on Tuesdays and Thursdays. The airline uses the King Air with 9 passengers and a 30 pound limit on baggage per person. The cost is \$336 one way between Peace River and City Centre. The concern with the continued use of City Centre is the goal of the City of Edmonton to close the airport down and the management of the Edmonton Regional Airport Authority to decrease the viability of the airport and ensure that City Centre does not compete with the International Airport.

One way to increase revenue at the airport is to expand the market segments and business in general. The Airport Committee identified the following potential markets;

- Cargo – develop airport as a regional hub
- Industrial Charter
- Scheduled Passengers – small and medium business travelers
- Medi Vac
- Private pilots (general aviation)
- Helicopters
- Forest Protection
- Government business



6 Land Use

The land use plan for an airport is a critical tool for controlling development and marketing the airport.

6.1 Land Use Plan

The Town of Peace River has a land use plan for the airport and the airport lands (illustrated on Figure 2). It identifies lands for

6.2 Land Use Bylaw

The Peace River Airport is located within the jurisdiction of the MD of Peace; not the Town. The MD of Peace Land Use Bylaw refers to the airport in Section 4.5 under Airports

- (1) Development near the Peace River airport will be required to conform to Section 9 of this Bylaw.
- (2) Section 9, is a regulation to coordinate land use and development on lands close to the Peace River airport and all subdivision and/or development proposed wholly or partly within the Airport Vicinity Protection Area boundary as delineated on the Land Use District Map, shall refer to this plan directly.

Part 9 of the Land Use Bylaw (included in Appendix A) has basically incorporated the AVPA prepared by the province of Alberta in the late 1970's. The airport lands are divided into three districts: Airport Clear District, Airport Industrial and Airport Rural. While this provides direction for the uses at the airport, it attempts to place the land use control in a municipality that does not own or operate the airport. Transport Canada regulations, supported by the court decision the Rocky View vs. Airdrie Airport³, that it is the owner/operator that has land use control of an airport and the host municipality maintains control of the subdivision only.

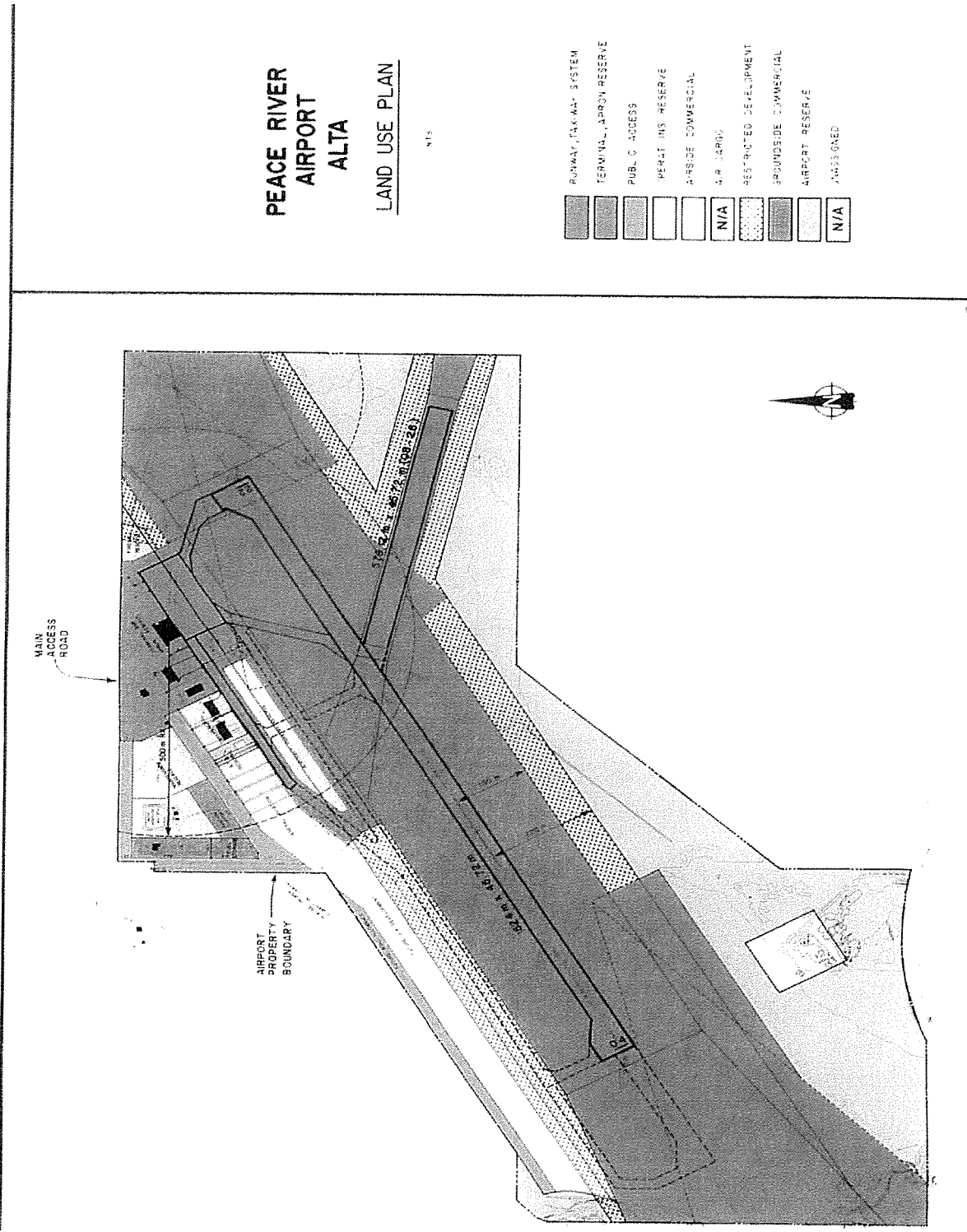
However, the reality of the situation in the case of the Peace River Airport, that both municipalities have a vested interest in the airport, the success and development of the airport and the protection of the lands around the airport to allow continued use of the airport.

6.3 Area Structure Plan

Because both the Town of Peace River and the MD of Peace have an interest in the continued operation of the airport and the improved service and financial success, the development of an Area Structure Plan or Intermunicipal Development Plan would be an excellent way to control the land of and around the airport. This plan could be jointly developed, reflect the vision and direction outlined in the final Business Plan and addressing the future development, uses and restrictions on development in the take off and approach areas of the runway to ensure the ongoing ability of the airport to operate.

³ The Airdrie Airport is a privately owned airport located in Rocky View County.

Figure 2
Peace River Airport Land Use Plan



7 Financial Requirements

The key goal for an airport is to remain viable⁴ and successful. However, airports are capital intensive operations. Repairs or projects are considerably more costly than other municipal works.

7.1 Short Term⁵

Figure 3 provides a list or inventory of the capital works anticipated to the year 2013, which all fall into the short term time frame. This represents a total of slightly more than \$10 million. These items do not include some of the planning projects that may be outcomes of the Strategic Planning session.

Figure 3
Summary of Capital Projects

	Project	Budget
2009	Survey of land, runway surface friction testing, consultant for SMS Phase II, trucking water	\$34,500
2010	Water main replacement, adopt airport billing system, consultant for SMS Phase III, Install H-vac unit, terminal drive through overlay, terminal parking lot overlay, dhop lighting upgrades, shop furnace upgrade, duplex wall repair, flight recorder installation (only if Flight Services leaves), runway repairs due to frost heaves, Taxiway C overlay, ACAP application for apron rehabilitation, ACAP funding for FEC Generator and Upgrade	\$3,610,500
2011	Consultant for SMS Phase IV, Infrastructure study, replace compressors for air conditioners, consultant fees for ACAP funding, runway 04-22 rehabilitation and construction phase, ACAP funding for wildlife fencing	\$4,597,000
2012	Brush runway and landing approaches, brush perimeter fencing, major upgrade to domestic pump house, ACAP funding for Jacobsen Grass Mower	\$230,000
2013	Provision of water for dugout, replace fire pumps, ACAP funding for sand truck replacement	\$1,567,250
	TOTAL	\$10,039,250

⁴ Viable for an airport for the purpose of this study is defined as profitable or break even on the operation budget with the ability to contribute annually to a capital reserve fund.

⁵ Short term is defined for the purpose of this report as up to 5 years.

7.2 Long Term⁶

Specific long term goals have not specifically been identified. However, if the goal is to accommodate larger aircraft, one of the major long term capital projects must be to acquire land and extend the runway.

Other long term goals will related to the highway realignment and the redesign of the airport access and development of the lands.

⁶ Long term is defined for the purpose of this report as over 5 years.

8 Governance

The format for the governance of this regional airport organization has not yet been determined. The following section outlines the options provided and a recommendation on the governance model.

8.1 Legal Opinion

Brownlee Barristers and Solicitors were asked in the fall of 2009 to provide a review of options for airport operation. The review included many options including development of a corporation, appointment of a commission, creation of a Part 5 company, formation of a society and legislative Regional Airport Authority. In the end, Brownlee states that *“ultimately our recommendation would be to utilize an alternative that provides for maximum freedom of operations (i.e. freedom from provincial controls), maximum flexibility (for both membership and corporate governance), and lastly one that provides for an exit strategy that is satisfactory to all parties”*. This was accompanied by a decision matrix which is summarized here.

Figure 4
Characteristics of Airport Organizations

Characteristic	Corporation	Commission	Part 9 Company	Society	Regional Airport Authority
Legislation	<i>Business Corporation Act</i>	<i>Municipal Government Act</i>	<i>Companies Act</i>	<i>Societies Act</i>	<i>Regional Airports Authorities Act</i>
Ease of changing governing corporate documents	Easy	Municipal Affairs consent required	Court order	Easy	Minister must authorize
Issuance of shares	Yes	No	May but does not have to	No	No
Restrictions on Directors	No	Only elected officials	No	No	Yes – board members must have expertise, cannot be employed by a municipality
Distribution of profits	yes	yes	no	no	no
Types of meetings	Directors and shareholders	Directors	Directors and members	Directors and Members	Directors and Members
Government Consent required	Yes, Municipal Affairs	Yes	No	No	Consent of Minister
Time to create	Months	Weeks	One month	One month	Months
Ongoing reporting	No	Yes	No	No	Yes
Weighted Voting	Yes	No	Yes	No	No
Audited financial statements	No	Yes	No	Yes	Yes
Ease of departure of member/shareholder	Relatively easy	Municipal Affairs consent needed	Relatively easy	Relatively easy	Difficult
Estimated cost to create	\$30,000	\$20,000	\$20,000	\$20,000	\$40,000

8.2 Airports Around the Province

There are generally three formats for airport operation:

1. Private – there are several privately owned airports in Alberta including Red Deer (Red Deer Regional Airport Authority), Okotoks (Sky Wings Aviation), South Cooking Lake (private condominium association managed by Edmonton Airports Authority), and Airdrie (Airdrie Airport Ltd).
2. Municipal – many municipalities own and operate their airports through a variety of departmental administrative formats and often have an advisory committee or commission that provides recommendations to the municipal Council. Examples of this type of airport operation are: Bonnyville, Camrose, Fort McMurray, High Level, Josephburg, Lethbridge, Lloydminster, Rainbow Lake and Whitecourt.
3. Other – some airports have unique administrative processes. Slave Lake Airport is operated by the Slave Lake Airport Services Commission⁷. Grande Prairie is operated by the Grande Prairie Airport Commission⁸. High River is operated by High River Regional Airport Ltd⁹.

8.3 Recommendation

Particularly for northern communities, the continued existence of an airport is critical. Therefore, the recommendation for governance should ensure that there is sufficient support and patronage of the airport to keep it successful.

(Final recommendation will be provided after the March 4th, 2010 Session)

⁷ Slave Lake Airport Services Commission - The Slave Lake Airport is a Transport Canada certified Airport operated by the Slave Lake Airport Services Commission. The Airport Commission is legislated by the Slave Lake Airport Services Commission Regulation Alta. Reg. 2671/1998 (attached in Appendix B)

⁸ Grande Prairie Airport Commission - The Grande Prairie Airport Commission was established in 1997 as a not for profit organization, owned by the City of Grande Prairie, to operate the airport. The Grande Prairie Airport Commission has a 20 year lease from the City of Grande Prairie to operate the airport. The Grande Prairie Airport Commission consists of 3 City Alderman and 5 public Directors.

⁹ High River Regional Airport Ltd. – The High River Regional Airport is owned in partnership by the Town of High River and the MD of Foothills. The land on which the airport is situated is leased to a non profit corporation called High River Regional Airport Ltd. The company is charged with the responsibility of operating and maintaining the airport and managing the land. Funds to operate the airport are generated from lease payments, frontage fees and small grants from the Town and MD.

9 Funding Formula

The Airport Partners all understand the financial difficulties of a small regional airport. Currently Northern Sunrise County provides financial support to the Peace River airport. The consultant was tasked with the role of reviewing options for funding formulas.

9.1 Principles

There were three principles adopted for the consideration of the funding formula options for the Peace River Airport:

- Fair
- Equitable
- Representative

9.2 Options

There are several options for funding a regional airport. Generally in a regional or authority situation, the municipalities contribute in some form of proportional amount based on population. However, the Peace River Airport partners wanted options provided and so four options have been provided for discussion and review. These options are;

1. Per capita contribution based solely on population percentage
2. Contribution based on full assessment (including linear)
3. 50% per capita percentage and 50% based on assessment without linear
4. Contribution based on full assessment not including linear

Figures 4, 5, 6 and 7 illustrate the four funding options. The assumption used for each option, was that there was a budget shortfall of \$200,000 per year and a total capital contribution of \$100,000 per year.

Figure 5
Option 1 – Per Capita Percentage Contribution

Municipality	Population ¹⁰	%age of Population	Contribution (based on \$300,000)
Town of Peace River	6240	38.68	116,040
Northern Sunrise County	2324	14.40	43,200
MD of Northern Lights	3636	22.55	67,650
Town of Grimshaw	2435	15.09	45,270
MD of Peace	1496	9.28	27,840
Totals	16131	100	300,000

¹⁰ All population figures have been taken from the 2006 Official Population List prepared by Alberta Municipal Affairs, Municipal Services Branch, September 2006.

Figure 6
Option 2 – Contribution based on Full Assessment

Municipality	Total Assessment	%age of total assessment	Contribution (based on \$300,000)
Town of Peace River	708,037,516	18.16	54,480
Northern Sunrise County	1,483,031,834	38.03	114,090
MD of Northern Lights	1,292,949,105	33.14	99,420
Town of Grimshaw	212,139,519	5.44	16,320
MD of Peace	204,359,397	5.23	15,690
Totals	3,899,707,785	100.00	300,000

Figure 7
Option 3 – Contribution based on Full Assessment without Linear Assessment

Municipality	Total Assessment without linear	% of Assessment without Linear	Contribution (based on \$300,000)
Town of Peace River	684,225,686	28.55	85,650
Northern Sunrise County	596,552,020	24.89	74,670
MD of Northern Lights	761,830,245	31.79	95,370
Town of Grimshaw	198,043,189	8.27	24,810
MD of Peace	155,928,767	6.50	19,500
Totals	2,396,579,907	100.00	

Figure 8
Option 4 – 50% Per Capita Percentage and 50% Assessment without Linear Assessment

Municipality	Population ¹¹	%age of population	50% Contribution (\$150,000)	Total Assessment without Linear	%age of total assessment	50% Contribution (\$150,000)	Total Contribution
Town of Peace River	6240	38.68	58,020	684,225,686	28.55	42,825	100,845
Northern Sunrise County	2324	14.40	21,600	596,552,020	24.89	37,335	58,935
MD of Northern Lights	3636	22.55	33,825	761,830,245	31.79	47,685	81,510
Town of Grimshaw	2435	15.09	22,635	198,043,189	8.27	12,405	35,040
MD of Peace	1496	9.28	13,920	155,928,767	6.50	9,750	23,670
Totals	16131	100	150,000	2,360,579,907	100.00	150,000	300,000

¹¹ All population figures have been taken from the 2006 Official Population List prepared by Alberta Municipal Affairs, Municipal Services Branch, September 2006.

9.3 Revenue Generation

Revenue generation for airports is critical given the high rates of expenses for an airport. Revenue is generated generally by: take off and landing fees; vehicle parking; car rental companies; concessions and food and beverage; airside and groundside lease of land; fuel flow fee; and airport improvement fees. Currently, the Peace River Airport does not charge fees.

One of the tasks for this business plan was to research the rates and fees for take offs, landings and parking of aircraft at various regional airports. Figure 8 provides some comparative figures from airports of similar size with an emphasis on northern airports.

The Peace River Airport does have opportunities for other revenue generation including land lease for airside and groundside industrial development. This opportunity may be enhanced with the highway realignment proposed.

The main threat to this is the closure of the Edmonton City Centre Airport and the potential for the current airline to either stop using the Peace River Airport or, the better solution, provide service to another airport(s) such as Grande Prairie or Calgary. One of the strategies to attracting an airline to provide service is to guarantee 80% Sold seats on the flight. This is an onerous consideration for a small town such as Peace River. However, if the partner municipalities and the industries in the area entered into an agreement to share these costs, another airline may be attracted to provide regularly scheduled passenger service.

Figure 9
Comparison of Airport Rates and Fees

Airport	Airport Improvement Fee	Terminal Fees	Aircraft Landing Fees Per 1000 kg	Aircraft Parking Fees Day/mo/yr	Fuel Flowage Fee /litre
Edmonton City Centre ¹²	0	0	1-6000 \$30 flat fee 6,0001-21,000 \$5 21,001-45,000 \$6 45,000 or more \$7	0-2000 14/109/530 2001-5000 15/124/689 5001 + 17/357/1272	\$0.051
Grande Prairie ¹³	\$12 per person	0-9;0 10-15;\$28.06 16-25; \$75.77 46-60; \$108.23 61-89; \$173.27 90-125;\$238.39 12+;\$281.18	Under 21000 \$4.35 21000-45000 \$5.49 Over 45000 \$6.53	0-5000 -\$7.91 5001-10000 - \$14.29 10001-30000 - \$26.36 30000-60000 - \$40.29 60001-100000 - \$61.64	\$0.059
High Level	\$10 per person	0-9 \$16 10-15; \$28 16-25; \$40 26-45; \$75 46-60; \$125 61-89; \$190 90-125; \$275	Under 21,000 \$5.09 21000-45000 \$6.41 Over 45000 \$7.56	Daily with power \$10 Daily without power \$5 Weekly with power \$60 Weekly without power \$30 Annual with power \$500 Annual without power \$200	\$0.05
Rainbow Lake	0	Per Aircraft \$50	Under 21000 \$2.50 21000-45000 \$2.75 Over 45000 \$3.00	Daily \$10 Monthly \$60 Annual \$400	0
Manning ¹⁴	\$10.00 per person	0	Under 2,000 \$10 2001-5000 \$15 5001-10000 \$3.50 10001-20000 \$4.50 20001-45000 \$5.50 45001-60000 \$6.25 60001-100000 \$6.50 Over 100000 \$6.75	Under 5000 \$10/75/350 5001-10000 \$12/95/1325 10001-30000 \$22.5/125/2295 30001-60000 \$35/675/3650 60001-100000 \$50/975/5375 Over 100000 \$85/1850/7995	0
Red Deer Regional	\$10.00 per person	6-12 \$25.00 13-20 \$35.00 21-45 \$65.00 46-60 \$75.00 61-89 \$125.00 90-125 \$175.00 126-150 \$225.00 Over 150 \$2.50/seat	0-2000 no charge 2001-21000 \$3.50 21001-45000 \$4.50 Over 45000 \$5.50	0-2000 7/50/285 2001-5000 8/65/370 5001-10000 12/230/1310 10001-30000 20/400/2275 30001-60000 30/625/3350 60001-100000 45/900/5125 100001-200000 70/1375/7825 200001-300000 90/1850/10525 Over 300000 115/2300/13320	Private companies
Medicine	\$8.50	8-15 \$24.50	Under 21000 \$4.75	Under 5000 \$9.93/71.75/358.75	Flying Club

¹² Only Edmonton City Centre has a landed seat fee of \$12.00 per seat.

¹³ Grande Prairie also has fees for terminal building space (ranges from \$286 to \$544 per year per metre) and transportation fees (\$2,238.50 per company per year) and Vehicle parking rates of \$1.00 per hour and \$7.00 per day).

¹⁴ Manning has no regularly scheduled flights.

Peace River Airport Business Plan February 2010 - DRAFT

Hat		16-25 \$43.05 26-45 \$77.90	21001-45000 \$5.45 Over 45000 \$6.25	5001-10000 \$19.00/175.00 10001-30000 \$29.00 30001-45000 \$40.00 Over 45000 \$1.80 per tonne	
Villeneuve ¹⁵	0	0	0-10000 \$3.00 Over 10000 \$3.50	0-10000 \$13/120/720 Over 10000 \$20/180/1080	Private companies
Lethbridge		10-15 \$30.57 16-25 \$47.30 26-45 \$82.23 46-60 \$116.67 61-89 \$188.46 90-125 \$259.05 126-150 \$305.61 151-200 \$422.04 201-250 \$552.29 251-300 \$681.81 301-400 \$810.60 Over 400 \$998.34	0-21000 \$5.09 21001-45000 \$6.41 Over 45000 \$7.56	Under 2000 8.74/68.40/430.04 2001-5000 12.93/99.46/621.63 50001-10000 16.01/305.61 10001-30000 29.11/566.11 30001-60000 43.66/871.72 60001-100000 65.49-1306.86 100001-200000 109.15/2177.13 200001-300000 152.81/3047.39 Over 300,000 196.47/3919.15	

¹⁵ Villeneuve has no regularly scheduled flights.

10 Recommendations

The final recommendations will be provided after the Session on March 4, 2010 and will include recommendations on:

- Area Structure Plan
- Guarantee seats
- Cost sharing fomula
- Governance format

Appendix A
Excerpts from MD of Peace Land Use Bylaw

Appendix B

Slave Lake Airport Service Commission Regulation Alta.Reg. 2671/1998

ALBERTA REGULATION 267/98

Municipal Government Act

SLAVE LAKE AIRPORT SERVICES
COMMISSION REGULATION

Table of Contents

- 1 Commission established
- 2 Members
- 3 Services
- 4 Transfer of property
- 5 Operating deficits
- 6 Sale of property
- 7 Profit and surpluses

Schedule

Commission established

1 A regional services commission known as the Slave Lake Airport Services Commission is established.

Members

2 The following municipalities are members of the Commission:

- (a) Town of Slave Lake;
- (b) The Municipal District of Lesser Slave River No. 124.

Services

3 The Commission is authorized to provide airport services.

Transfer of property

4 The member municipalities shall execute all documents and do all things necessary to transfer to the Commission all land, buildings, equipment and inventory listed in the Schedule to this Regulation.

Operating deficits

5 The Commission shall not assume operating deficits that are shown on the books of either of its member municipalities.

Sale of property

6(1) The Commission shall not, without the approval of the Lieutenant Governor in Council, sell any of its land, buildings, equipment or inventory whose purchase has been funded wholly or partly by grants from the Government of Alberta.

(2) The Lieutenant Governor in Council may give approval under subsection (1) if satisfied

(a) as to the repayment of grants from the Government of Alberta and outstanding debt associated with that portion of the land, buildings, equipment and inventory to be sold,

(b) that the sale would not have a significant adverse effect on the services the Commission provides, and

(c) that the sale will be properly reflected in the rates subsequently charged to the customers of the Commission.

Profit and surpluses

7(1) Unless otherwise approved by the Minister, the Commission shall not

(a) operate for the purposes of making a profit, or

(b) distribute any of its surpluses to its member municipalities.

(2) The Minister's approval may contain any terms or conditions that the Minister considers appropriate.

8 Repealed AR 84/2002 s2.

Schedule

AIRPORT LAND

Legal Description	Approximate Acres	Land Owner
Lot H, Plan 647 NY	25.98	
Lot K, Plan 1070 NY	7.85	
Lot J, Plan 735 NY	11.45	
Parcel A, Plan 421 TR	32.89	
Lot M, Plan 3261 NY	7.22	
Airport Extension Plan 678 TR	70.49	
Lot R1, Plan 688 NY	1.96	
Lot R2, Plan 736 NY	1.47	
Lot R3, Plan 1052 NY	1.64	
Lot L, Plan 1070 NY	3.89	
Pt. NW1, TSP73, R6, W5	9.53	

AIRPORT BUILDINGS

Terminal Building
 Year of Construction 1972
 Area 330 Square Metres
 Construction Type Ordinary Combustible Construction
 Metal Siding
 Tar and Gravel Roof
 Heating Natural Gas Forced Air Furnace with Air Conditioning
 Type of Use Office Space
 Communications Equipment
 Public Areas with Washrooms

Maintenance Shop
 Year of Construction Approximately 1975
 Area 232.26 Square Metres
 Construction Type Metal with Steel Frame
 Metal Roof
 Heating Gas Fired Overhead Unit Heaters
 Type of Use Storage of Equipment
 Storage of Spare Parts
 Location of Runway Lighting Electrical Equipment

Cold Storage Building #1
 Year of Construction Unknown
 Area 58 Square Metres

Construction Type	Metal with Steel Frame
Heating	Unheated
Type of Use	Storage of Fertilizer Storage of Other Miscellaneous Items
Cold Storage Dock	
Year of Construction	Unknown
Area	15 Square Metres
Construction Type	Wood Frame with Metal Siding
Heating	Unheated
Type of Use	Storage of Small Equipment and Materials
Auxiliary Generator Shed	
Year of Construction	Unknown
Area	12 Square Metres
Construction Type	Wood Frame with Metal Siding
Heating	Unheated
Type of Use	Storage of Emergency Auxiliary Generator

AIRPORT EQUIPMENT AND INVENTORY

	Original Value
Navigational Equipment	
Distance Measuring Equipment	\$ 50 000 00
Airfield Lighting System	180 000 00
Radio Equipment	8 000 00
Sub Total	\$238 000 00
Shop Equipment	\$ 10 000 00
Inventory	\$ 22 833 33
Grand Total	\$270 833 33

HPKIL 12, 2010

IN-CAMERA ITEM: 13.1.2 Peace River Airport

Proposed Funding Formula based on Percentage Contributions

Municipality	% of Contribution	Amount
Town of Peace River	35	210,000
Northern Sunrise County	27.5	165,000
County of Northern Lights	27.5	165,000
Town of Grimshaw	5	30,000
MD of Peace	5	30,000
Total Funding Requirements:		600,000

SEPTEMBER 15, 2010

IN CAMERA ITEM: 13.1.4 Peace River Airport Business Plan



Peace River Airport Business Plan 2010

Prepared for the Town of Peace River

July 2010

Patricia Maloney & Assoc.

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Peace River Airport Business Plan – July 2010

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1 Introduction

1.1 History of Airport

No one is exactly sure when the first Peace River Airport was commissioned, but in April of 1937 it was abandoned.

That first airport was located on the west bank of the Peace River, about 3 miles south of the present town site.

The site was abandoned when one of Grant McConachie's pilots had a near fatal accident on landing. The airline was called "United Air Transport Limited" whose head office was located at the Edmonton Municipal Airport. The airline was later to become Pacific Western Airlines.

Our historical records indicate that the present site (NW Section 29, Township 83, Range 22, West of the 5th Meridian) was picked by none other than the famous "Wop" May.

The original configuration of runways shows that there were three. Two are still operating 04/22 and 08/26 the third appears to have aligned itself with 18/36. Each was 3,000' long and 500' wide, apparently cross wind landings were to be avoided at all costs.

There were no buildings at the site and only a dirt road. On rainy days it took 2 hours to fly from Edmonton and a further 2 hours to traverse the muddy road to town.

Things gradually improved with the addition of a terminal building of sorts, a telephone line to town and improvement of the landing surfaces. Three airline companies serviced Peace River at that time, Yukon Southern, MacKenzie Air Service and Peace River Airways.

In the fall of 1942 an American Corps of engineers extended the 04/22 runway by a further 2,000 feet. A weather station was also added by the Americans. No doubt the Americans were there as part of the Alaska Highway effort, but, just exactly what role they played is lost to antiquity.

On May 28, 29 of 1949 the Peace River Airport played host to one of the first airshows in the region. The Air Cadets of the region played host to the R.C.A.F. who brought with them a helicopter, two Harvard trainers, an Avro Anson, a Beech Expeditor out of which two parachutists jumped.

All reports indicate that people were quite taken with the helicopter and folks from miles around attended. Unfortunately Sunday's performance was cancelled due to rain.

In June of 1960 the Peace River Airport closed down in order to complete extensive construction to the airport. The runway was paved and an air terminal was built. Peace River Airport re-opened its runway for major airline service in January of 1961. The official opening was held August 9, 1961. This date marked the signing of a long term lease (40 years) between the Department of Transport and the Town of Peace River whereby the Town, with subsidization from Transport Canada, would operate the Airport.

During 1964 the first Flight Service Specialists were hired to man the radio at the Peace River Airport. Prior to this, the pilots spoke to the radio operated by the Weather Office at the airport. Even before the Weather Office, the agents of Pacific Western Airlines and Canadian Pacific Airlines had a radio in their homes which they used to communicate with the pilots. PWA did build a small radio shack for their agent.

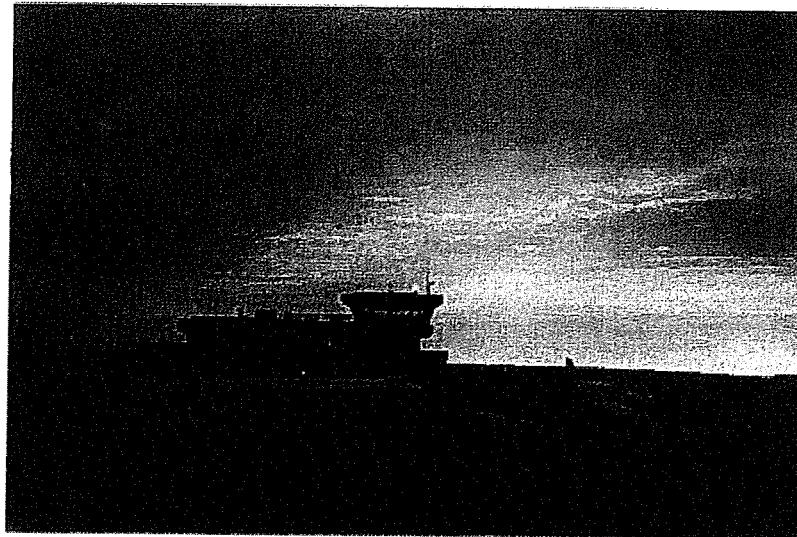
A New Terminal building was opened September 8, 1984. The estimated cost of construction of the terminal building was \$4.5 million Heritage Fund dollars.

The airport was purchased from Transport Canada in 1996 by the Town of Peace River.¹

1.2 The Truth About Airports

The facilitator opened the meeting on January 6th by making three statements:

- No airport makes money – with the potential exception of Calgary International Airport in Alberta, all airports depend on grants from the federal government and/or municipal subsidies
- Airports are capital intensive – one mile of runway costs up to seven times more than one mile of paved road to build and maintain due mainly to the width and depth of asphalt, and snow removal is not an option at an airport.
- Airports are a public infrastructure – airports are part of the transportation network and provide critical links – particularly for northern communities to health, education and social services.



¹ History taken from the Town of Peace River web site.

2 Strategic Planning Session

The Strategic Planning Session was held at the Peace River airport on January 6th, 2010.

2.1 Background Work

While Peace river has not had a strategic or business plan up to this point, strategic work has been completed to promote the airport as an economic engine for the region at NCDC, provincial government departments, Transport Canada, Edmonton Regional Airport and the City of Edmonton and other organization such as companies who have and could utilize the airport. Regional economic analysis has occurred. This information has been reviewed by the facilitator prior to conducting the strategic planning session.

2.2 Regional Approach

Some of the documentation reviewed related to legal opinion on the options for future operation of the airport. The legal opinion looked at several governance options. The Town of Peace River has approached other municipalities in the region whose residents and businesses utilize the airport to work together to look at solutions, including financial contribution to ensure the ongoing viability of the airport. Concerns of City Centre Airport closure, strength of Fort McMurray and Grande Prairie Airports and moderate growth projections for the Town of Peace River, all combined to forge a regional partnership. In addition, the airport is located in the Municipal District of Peace, putting land use and access control within the jurisdiction of a municipality that does not own or operate the airport.

This regional approach gives strength and support to the airport and its continued survival.



3 Airport Direction

3.1 Vision

When asked to develop a vision for an organization, several characteristics must be considered, including:

- The vision is a long term picture of what the organization will be in 20 years
- It must be measurable but not small
- It can be short or long – can be a single statement or one of several to direct the airport (vision, mission, overall goal)

When developing the vision for the Peace River Airport, the group looked towards the vision for the Town of Peace River as a guide. There were several key words in the Town vision that seemed to fit with the vision for the airport. In addition, the group thought that the airport name should reflect the region and considered referring to the airport as the Peace Region Community Airport.

The Town of Peace River vision is;

Beautiful by Nature. Diverse by Culture. Vibrant by Choice.

Peace River, located in a naturally beautiful valley is a diverse community that fosters rich cultural, social, educational and **economic opportunities** for ALL.

We take pride in our **safe, healthy and environmentally friendly community** where we live, play and work cooperatively with our **neighbours**.

The key ideas for the 2030 vision for the Peace Regional Airport were identified as:

- 737 or regional jet
- Safe (wildlife fencing)
- Maintain and enhance scheduled service and ACAP ability
- Cargo
- Private/general aviation/flying club
- Air ambulance and other services to northern residents
- (Start up incentive)
- Ground side development (draw people, employment)
- Private public partnerships
- 6500 foot runway
- Financially viable (covering operating costs and contributing to the long term capital reserve)
- Marketed and Continually grow
- Regional collaboration

Therefore, the proposed vision for the Peace River Regional Community Airport is:

The Peace River Regional Airport will serve the needs of the region for passenger, cargo, general aviation and medical purposes and will serve the far north.

3.2 Guiding Principles

While some guiding principles for an airport are standard and universal (for example, safety) other principles reflect the unique local or regional situation. For example, a priority for Fort McMurray is not community orientation, but rather to service the oil patch and focus on the movement of crews and personnel. Based on an assessment of the role of the Peace Regional Community Airport, the following guiding principles have been developed.

- **Safe** – all certified airports must meet or exceed Transport Canada’s regulations and safety standards is the priority when human lives are at stake
- **Efficient** – this implies efficient in the financial management of the airport, the use of equipment and other resources, the movement of people on and off planes and through security.
- **Viable** – financial viability is critical and while the airport may not be expected to make a profit, it should break even on an operational basis and contribute to the capital reserve in some way
- **Community Oriented** – northern communities are particularly dependent on airports for business, government, health and recreation purposes. The airport should recognize this interdependence and support the community, expecting the same support in return. This support is not always financial but may include school tours of the airport, letter writing campaigns to government and other supportive actions.
- **Integral to provision of health services** – with major medical services south of Peace River, the community depends on the airport and air carriers to get them to their doctors, hospitals and medical appointments.
- **Collaborative** – northern people know too well that good neighbours can mean the difference between life and death in the event of disaster. The opportunity for five municipalities to band together in a collaborative manner to support this airport is a strong principle.

3.3 Goals for the Airport

The following are the goals identified for the Peace River Regional Airport:

- Business plan with governance
- Marketing plan

Peace River Airport Business Plan – July 2010

- Engineering and Environmental reports (runway and water/sewer)
- Partnering Initiatives
- Revised Land Use Plan
- Increase revenue
- Survey of airport
- Preliminary eng and costs for extension (EBA study approx. 6 years old with no geo tech for the ravine, estimated \$13 million for the runway extension – needs to be updated and detailed)
- Land acquisition study
- Land Use Plan and ASP revision (in light of highway realignment and changes in goals)
- Business and marketing plan
- Governance established (staffing, funding, fees and charges review, and long term partners)
- Land Use Bylaw review (land use)
- Infrastructure study (water, sewer)

4 Opportunities and Threats

The Airport Committee conducted a mini SWOT² analysis. The organization understands the internal strengths and weaknesses fairly well. However, the group identified many opportunities and threats that affect all of the members and the municipalities that they represent. It should also be noted that while the Threats may seem to be negative, there are built in opportunities if the organization wants to take advantage of them. Figure 1 lists the opportunities and threats and in the threats category, the actions in *italics* indicate how the threat can be used to the advantage of the organization.

Figure 1
Summary of Opportunities and Threats

Opportunities	Threats
<ul style="list-style-type: none"> • Oil and Gas • Growth in Northern Alberta • Good terminal and infrastructure • Debt is not too bad • Room to expand • Regional economic outlook • Regional collaboration and governance option • Good staff and tenants • Busiest air ambulance base • Large threshold • Scheduled carrier • Opp to partner with industry • Nav Canada time extension (flight services in place) • Funding for business/marketing • Grant money • Regional initiative • Highway realignment • Geographic location • Ability to grow • Transient population (to get "home") 	<ul style="list-style-type: none"> • 2009 Recession/Economic downturn –<i>provides time to plan</i> • Peak Oil –<i>provides opportunities for alternative research and energy</i> • Costs of airport –<i>requires creative grant application</i> • Fort McMurray Airport – <i>work with the airport manager or work with other airports to overcome the competition</i> • Physical limitations to expansion – <i>prepare a land use plan and identify lands for acquisition</i> • Highway realignment – <i>could provide access opportunities and land for development</i> • Closure of City Centre – <i>attract some businesses to Peace River</i> • Geographic location - <i>could be stepping off point to the north</i> • Grande Prairie – <i>regional hub to work with</i> • Highways and trucking –<i>develop truck stop and potential regional cargo distribution centre</i> • Transient population – <i>opportunity to attract people to stay permanently</i> • Alberta Health policies – <i>work with Alberta Health to identify Peace River as a service area</i> • Municipal services – <i>extend municipal services from Town</i> • The 3 R's – road, rail and runway – <i>airport may be perfectly poised for intermodal development</i>

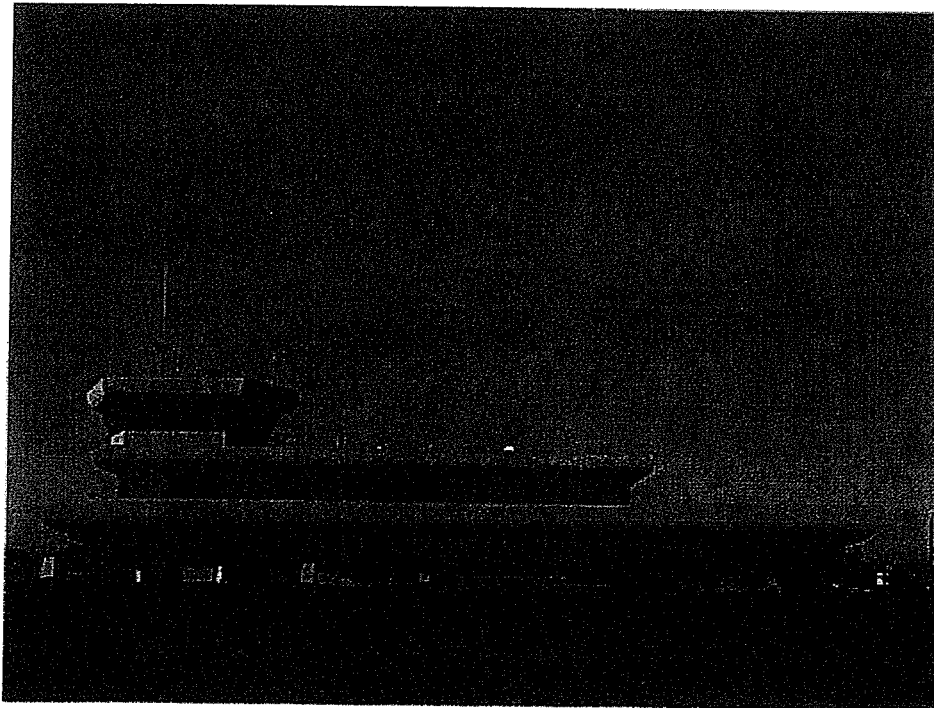
² SWOT Analysis is an assessment of the Strengths (internal to the organization), Weaknesses (internal to the organization), Opportunities (external to the organization) and Threats (external to the organization). The purpose of identifying these elements is to itemize the components that the organization does well and those elements that the organization needs to improve. The threats are generally out of the control of the organization but once identified can be anticipated or planned for.

5 Markets

The current use of the airport is limited. The current scheduled air service still utilizes the City Centre Airport in Edmonton. The aircraft using City Centre are limited to 9 passengers maximum. The service provided is: two flights per day (Monday, Wednesday, Friday) and one flight on Tuesdays and Thursdays. The airline uses the King Air with 9 passengers and a 30 pound limit on baggage per person. The cost is \$336 one way between Peace River and City Centre. The concern with the continued use of City Centre is the goal of the City of Edmonton to close the airport down and the management of the Edmonton Regional Airport Authority to decrease the viability of the airport and ensure that City Centre does not compete with the International Airport.

One way to increase revenue at the airport is to expand the market segments and business in general. The Airport Committee identified the following potential markets;

- Cargo – develop airport as a regional hub
- Industrial Charter
- Scheduled Passengers – small and medium business travelers
- Medi Vac
- Private pilots (general aviation)
- Helicopters
- Forest Protection
- Government business



6 Land Use

The land use plan for an airport is a critical tool for controlling development and marketing the airport.

6.1 Land Use Plan

The Town of Peace River has a land use plan for the airport and the airport lands (illustrated on Figure 2). It identifies lands for

6.2 Land Use Bylaw

The Peace River Airport is located within the jurisdiction of the MD of Peace; not the Town. The MD of Peace Land Use Bylaw refers to the airport in Section 4.5 under Airports

- (1) Development near the Peace River airport will be required to conform to Section 9 of this Bylaw.
- (2) Section 9, is a regulation to coordinate land use and development on lands close to the Peace River airport and all subdivision and/or development proposed wholly or partly within the Airport Vicinity Protection Area boundary as delineated on the Land Use District Map, shall refer to this plan directly.

Part 9 of the Land Use Bylaw (included in Appendix A) has basically incorporated the AVPA prepared by the province of Alberta in the late 1970's. The airport lands are divided into three districts: Airport Clear District, Airport Industrial and Airport Rural. While this provides direction for the uses at the airport, it attempts to place the land use control in a municipality that does not own or operate the airport. Transport Canada regulations, supported by the court decision the Rocky View vs. Airdrie Airport³, that it is the owner/operator that has land use control of an airport and the host municipality maintains control of the subdivision only.

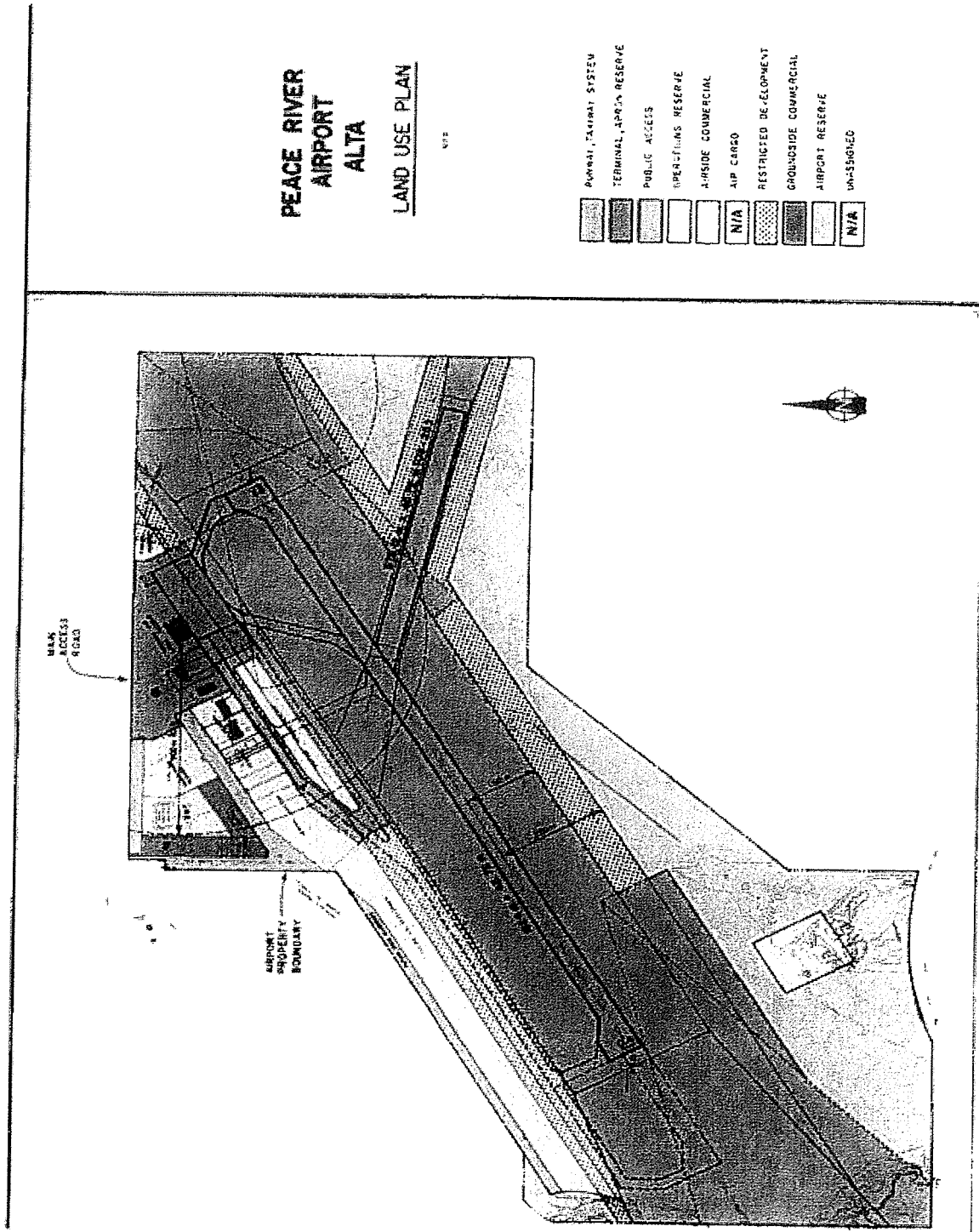
However, the reality of the situation in the case of the Peace River Airport, that both municipalities have a vested interest in the airport, the success and development of the airport and the protection of the lands around the airport to allow continued use of the airport.

6.3 Area Structure Plan

Because both the Town of Peace River and the MD of Peace have an interest in the continued operation of the airport and the improved service and financial success, the development of an Area Structure Plan or Intermunicipal Development Plan would be an excellent way to control the land of and around the airport. This plan could be jointly developed, reflect the vision and direction outlined in the final Business Plan and addressing the future development, uses and restrictions on development in the take off and approach areas of the runway to ensure the ongoing ability of the airport to operate.

³ The Airdrie Airport is a privately owned airport located in Rocky View County.

Figure 2
Peace River Airport Land Use Plan



7 Financial Requirements

The key goal for an airport is to remain viable⁴ and successful. However, airports are capital intensive operations. Repairs or projects are considerably more costly than other municipal works.

7.1 Short Term⁵

Figure 3 provides a list or inventory of the capital works anticipated to the year 2013, which all fall into the short term time frame. This represents a total of slightly more than \$10 million. These items do not include some of the planning projects that may be outcomes of the Strategic Planning session.

Figure 3
Summary of Capital Projects

	Project	Budget
2011	Survey of land, runway surface friction testing, consultant for SMS Phase II, trucking water	\$34,500
2012	Water main replacement, adopt airport billing system, consultant for SMS Phase III, Install H-vac unit, terminal drive through overlay, terminal parking lot overlay, dhop lighting upgrades, shop furnace upgrade, duplex wall repair, flight recorder installation (only if Flight Services leaves), runway repairs due to frost heaves, Taxiway C overlay, ACAP application for apron rehabilitation, ACAP funding for FEC Generator and Upgrade	\$3,610,500
2013	Consultant for SMS Phase IV, Infrastructure study, replace compressors for air conditioners, consultant fees for ACAP funding, runway 04-22 rehabilitation and construction phase, ACAP funding for wildlife fencing	\$4,597,000
2014	Brush runway and landing approaches, brush perimeter fencing, major upgrade to domestic pump house, ACAP funding for Jacobsen Grass Mower	\$230,000
2015	Provision of water for dugout, replace fire pumps, ACAP funding for sand truck replacement	\$1,567,250
	TOTAL	\$10,039,250

⁴ Viable for an airport for the purpose of this study is defined as profitable or break even on the operation budget with the ability to contribute annually to a capital reserve fund.

⁵ Short term is defined for the purpose of this report as up to 5 years.

7.2 Long Term⁶

Specific long term goals have not specifically been identified. However, if the goal is to accommodate larger aircraft, one of the major long term capital projects must be to acquire land and extend the runway.

Other long term goals will relate to the highway realignment and the redesign of the airport access and development of the lands.

⁶ Long term is defined for the purpose of this report as being over 5 years.

8 Governance

The format for the governance of this regional airport organization has not yet been determined. The following section outlines the options provided and a recommendation on the governance model.

The Town of Peace River requested a legal review of the governance options. The following chart provides a summary of the options reviewed including a corporation, a commission, a Part 9 company, a society and a regional airport authority.

Figure 4
Governance Options

Characteristic	Corporation	Commission	Part 9 Company	Society	Regional Airport Authority
Legislation	<i>Business Corporation Act</i>	<i>Municipal Government Act</i>	<i>Companies Act</i>	<i>Societies Act</i>	<i>Regional Airports Authorities Act</i>
Ease of changing governing corporate documents	Easy	Municipal Affairs consent required	Court order	Easy	Minister must authorize
Issuance of shares	Yes	No	May but does not have to	No	No
Restrictions on Directors	No	Only elected officials	No	No	Yes – board members must have expertise, cannot be employed by a municipality
Distribution of profits	yes	yes	no	no	no
Types of meetings	Directors and shareholders	Directors	Directors and members	Directors and Members	Directors and Members
Government Consent required	Yes, Municipal Affairs	Yes	No	No	Consent of Minister
Time to create	Months	Weeks	One month	One month	Months
Ongoing reporting	No	Yes	No	No	Yes
Weighted Voting	Yes	No	Yes	No	No
Audited financial statements	No	Yes	No	Yes	Yes
Ease of departure of member/shareholder	Relatively easy	Municipal Affairs consent needed	Relatively easy	Relatively easy	Difficult
Estimated cost to create	\$30,000	\$20,000	\$20,000	\$20,000	\$40,000

Peace River Airport Business Plan – July 2010

This assessment was prepared by Brownlee Barristers and Solicitors. The Committee reviewed the options and has determined that the governance model of a Society is the options to be recommended to the partner municipalities. A society has fewer restrictions and yet provides a safe and secure format to own and operate the airport for the public good and long term operation.

The Committee will draft a Society Bylaw for the ownership and operation of the airport and present that to the municipal partners for consideration and adoption. There are several other airports operated as a Society including Fort St. John and Terrace airports.

9 Funding Formula

The Airport Partners all understand the financial difficulties of a small regional airport. Currently Northern Sunrise County provides financial support to the Peace River airport. The consultant was tasked with the role of reviewing options for funding formulas.

9.1 Principles

There were three principles adopted for the consideration of the funding formula options for the Peace River Airport:

- Fair
- Equitable
- Representative

9.2 Funding Options

The funding option determined by the Committee is an adaptation of a calculation based on per capital breakdown and assessment. The principle of fairness was applied to the two smaller municipalities to ensure that their contribution was equitable. The funding assumption used for the calculation was based on \$500,000 annual deficit and a total capital contribution of \$100,000 per year. Figure 5 illustrates the populations for each municipality and Figure 6 illustrates the funding calculation breakdown.

Figure 5
Municipal Popualtions

Municipality	Population ⁷
Town of Peace River	6340
Northern Sunrise County	2909
County of Northern Lights	3556
Town of Grimshaw	2537
MD of Peace	1496
Totals	16838

⁷ All population figures have been taken from the 2006 Official Population List prepared by Alberta Municipal Affairs, Municipal Services Branch, September 2006 or as provided by the municipality in March 2010.

Figure 6
Proposed Funding Formula

Municipality	Percentage Contribution	Calculation based on an Annual Expense of \$600,000
Town of Peace River	40.84 %	245,000
Northern Sunrise County	27.50 %	165,000
County of Northern Lights	21.66 %	130,000
Town of Grimshaw	5 %	30,000
MD of Peace	5 %	30,000
Totals	100 %	\$600,000

9.3 Revenue Generation

Revenue generation for airports is critical given the high rates of expenses for an airport. Revenue is generated generally by: take off and landing fees; vehicle parking; car rental companies; concessions and food and beverage; airside and groundside lease of land; fuel flow fee; and airport improvement fees.

One of the tasks for this business plan was to research the rates and fees for take offs, landings and parking of aircraft at various regional airports. Figure 7 provides some comparative figures from airports of similar size with an emphasis on northern airports. In addition, one of the action steps will be to prepare a rates and fees bylaw for the airport.

The Peace River Airport does have more opportunities for other revenue generation including land lease for airside and groundside industrial development. This opportunity may be enhanced with the highway realignment proposed.

The main threat to this is the closure of the Edmonton City Centre Airport and the potential for the current airline to either stop using the Peace River Airport or, the better solution, provide service to another airport(s) such as Grande Prairie or Calgary. One of the strategies to attracting an airline to provide service is to guarantee 80% Sold seats on the flight. This is an onerous consideration for a small town such as Peace River. However, if the partner municipalities and the industries in the area entered into an agreement to share these costs, another airline may be attracted to provide regularly scheduled passenger service.

Figure 7
Comparison of Airport Rates and Fees

Airport	Airport Improvement Fee	Terminal Fees	Aircraft Landing Fees Per 1000 kg	Aircraft Parking Fees Day/mo/yr	Fuel Flowage Fee /litre
Edmonton City Centre ⁸	0	0	1-6000 \$30 flat fee 6,0001-21,000 \$5 21,001-45,000 \$6 45,000 or more \$7	0-2000 14/109/530 2001-5000 15/124/689 5001 + 17/357/1272	\$0.051
Grande Prairie ⁹	\$12 per person	0-9;0 10-15;\$28.06 16-25; \$75.77 46-60; \$108.23 61-89; \$173.27 90-125;\$238.39 12+;\$281.18	Under 21000 \$4.35 21000-45000 \$5.49 Over 45000 \$6.53	0-5000 -\$7.91 5001-10000 - \$14.29 10001-30000 - \$26.36 30000-60000 - \$40.29 60001-100000 - \$61.64	\$0.059
High Level	\$10 per person	0-9 \$16 10-15; \$28 16-25; \$40 26-45; \$75 46-60; \$125 61-89; \$190 90-125; \$275	Under 21,000 \$5.09 21000-45000 \$6.41 Over 45000 \$7.56	Daily with power \$10 Daily without power \$5 Weekly with power \$60 Weekly without power \$30 Annual with power \$500 Annual without power \$200	\$0.05
Rainbow Lake	0	Per Aircraft \$50	Under 21000 \$2.50 21000-45000 \$2.75 Over 45000 \$3.00	Daily \$10 Monthly \$60 Annual \$400	0
Manning ¹⁰	\$10.00 per person	0	Under 2,000 \$10 2001-5000 \$15 5001-10000 \$3.50 10001-20000 \$4.50 20001-45000 \$5.50 45001-60000 \$6.25 60001-100000 \$6.50 Over 100000 \$6.75	Under 5000 \$10/75/350 5001-10000 \$12/95/1325 10001-30000 \$22.5/125/2295 30001-60000 \$35/675/3650 60001-100000 \$50/975/5375 Over 100000 \$85/1850/7995	0
Red Deer Regional	\$10.00 per person	6-12 \$25.00 13-20 \$35.00 21-45 \$65.00 46-60 \$75.00 61-89 \$125.00 90-125 \$175.00 126-150 \$225.00 Over 150 \$2.50/seat	0-2000 no charge 2001-21000 \$3.50 21001-45000 \$4.50 Over 45000 \$5.50	0-2000 7/50/285 2001-5000 8/65/370 5001-10000 12/230/1310 10001-30000 20/400/2275 30001-60000 30/625/3350 60001-100000 45/900/5125 100001-200000 70/1375/7825 200001-300000 90/1850/10525 Over 300000 115/2300/13320	Private companies
Medicine Hat	\$8.50	8-15 \$24.50 16-25 \$43.05 26-45 \$77.90	Under 21000 \$4.75 21001-45000 \$5.45 Over 45000 \$6.25	Under 5000 \$9.93/71.75/358.75 5001-10000 \$19.00/175.00 10001-30000 \$29.00	Flying Club

⁸ Only Edmonton City Centre has a landed seat fee of \$12.00 per seat.

⁹ Grande Prairie also has fees for terminal building space (ranges from \$286 to \$544 per year per metre) and transportation fees (\$2,238.50 per company per year) and Vehicle parking rates of \$1.00 per hour and \$7.00 per day).

¹⁰ Manning has no regularly scheduled flights.

Peace River Airport Business Plan – July 2010

					30001-45000 \$40.00 Over 45000 \$1.80 per tonne	
Villeneuve ¹¹	0	0	0-10000 \$3.00 Over 10000 \$3.50		0-10000 \$13/120/720 Over 10000 \$20/180/1080	Private companies
Lethbridge		10-15 \$30.57 16-25 \$47.30 26-45 \$82.23 46-60 \$116.67 61-89 \$188.46 90-125 \$259.05 126-150 \$305.61 151-200 \$422.04 201-250 \$552.29 251-300 \$681.81 301-400 \$810.60 Over 400 \$998.34	0-21000 \$5.09 21001-45000 \$6.41 Over 45000 \$7.56		Under 2000 8.74/68.40/430.04 2001-5000 12.93/99.46/621.63 50001-10000 16.01/305.61 10001-30000 29.11/566.11 30001-60000 43.66/871.72 60001-100000 65.49-1306.86 100001-200000 109.15/2177.13 200001-300000 152.81/3047.39 Over 300,000 196.47/3919.15	
Peace River Airport ¹²	\$8.50 per enplaned or deplaned passenger called an Airport Operating Fee	Domestic 10-15 \$16.73 16-25 25.77 26-45 45.18 46-60 64.52 61-89 103.29 90-125 142.09 126-150 167.91 151-200 232.49 2001-250 303.59 251-300 374.64 301-400 445.68 401 plus \$549.00 International 10-15 \$38.81 16-25 59.72 26-45 104.61 46-60 149.45 61-89 239.18 90-125 328.90 126-150 388.68 151-200 538.19 2001-250 702.70 251-300 867.09 301-400 1,031.55 401 plus \$1,270.73	Domestic 0-21,000 1.71 21,000-45,000 2.20 over 45,000 2.57 (Tenants pay in lease) Minimum fee all domestic 7.96 International Less than 30,000 3.37 30,000 – 70,000 4.15 over 70,000 5.74 Minimum fee international 9.39 Training Flights In lease or pay full unless pre arranged with Airport Manager	Daily 2,000 or less 6.11 2,000 – 5,000 6.11 5,000 – 10,000 10.82 10,000 – 30,000 20.01 30,000 – 60,000 31.00 60,000 – 100,000 46.79 100,000 – 200,000 78.23 200,000 – 300,000 109.29 more than 300,000 141.05 Monthly 2,000 or less 49.06 2,000 – 5,000 49.06 5,000 – 10,000 219.34 10,000 – 30,000 408.07 30,000 – 60,000 627.91 60,000 – 100,000 942.22 100,000 – 200,000 1,570.45 200,000 – 300,000 2,198.42 more than 300,000 2,826.92 Annual Less than 2,000 310.24 2,000 – 5,000 372.27	AvGas \$0.0501 Jet Fuel \$0.0520 Engine Oil \$0.0123	

¹¹ Villeneuve has no regularly scheduled flights.

¹² Peace River provides a very detailed fee schedule. In addition, there are rates outlined for License Fees (for car rental booths, signage/advertising and vending machines) and for land lease rates. In addition, the fees schedule currently used by the Town includes vehicle parking. These rates and fees generally do not go into the schedule for the airport but are merely part of the operating budget of the airport. There are currently 5 hangars at the airport. The tenants own the structures but lease the land. All are airside. Discussion by the Committee indicated that a simplification of the fee schedule would be appropriate.

10 Recommendations

The recommendations of the report, based on the strategic plan and the review of the vision and goals for the airport have been prepared as follows:

1. Land Use – The airport is currently owned by the Town of Peace River, and may be owned in the future by the Society. However, the airport is located within the jurisdiction of the MD of Peace. The recommendation is that the MD of Peace prepare Land Use Bylaw amendments and an Area Structure Plan for the Airport property. The Land Use Bylaw amendment will reflect more accurately the types of uses that could be considered appropriate on ground side sites. Noise contours provided in the 1970's will be utilized for referral only and are not considered appropriate for stopping development since they do not represent the current air traffic at the airport. The boundaries of the Area Structure Plan should extend from the Roma Junction in the west, to the existing ASP boundary in the east to include the new intersection of the highway. The plan will lay out the future long range land use plan, access, and development phasing. Funding for this plan preparation could be accessed through the Society, or through the MD of Peace with a contribution collected from future leases. This plan should be prepared in conjunction with the creation of the society and transfer of ownership. This task may be considered the first priority for the Society. As a follow up, the Society will then take the Area Structure Plan and prepare a development concept for the first phase of lot development, including lot layout, road and taxiway access and servicing.
2. Marketing Plan – There were several issues raised that related to the ultimate marketing of the airport and encouraging development at the airport – both airside and ground site. While aircraft use and passengers are critical, the development of the land and increase in number of employees at the airport is also critical. The first step is for the Committee to develop a REquest for Proposals for a Marketing Plan for the airport. Some of the ideas that were discussed that should be priorities for consideration for the Marketing Plan are:
 - a. Guarantee seats – Peace River is not considered to be a viable market for air service by airlines. However, it may become viable by the airline operators if a market can be created. This can be achieved if an airline is guaranteed 80% seat sales on each flight. This example was proven in Comox with WestJet¹³. The recommendation is that the municipalities (the committee) discuss with industries in the region and prepare a strategy for contributing to a regular air service from Peace River to a major destination such as Edmonton International or Calgary International, or even Vancouver. This will require negotiations with airlines and commitment on behalf of the Society representing the community. This "contract" could be for one or two years (the first Comox contract with Westjet was a 3 year contract) and would include a reporting system from the

¹³ In the late 1990's WestJet was looking for new markets. The Comox Airport and the Canadian Military negotiated with WestJet to guarantee 80% of the seats on aircraft if WestJet would fly to Comox. WestJet started regular service from Comox to Calgary and by the end of the three year contract, had created such a solid customer base that a guarantee seat contract was not required. In addition, this regular air service to Alberta helped to create the Comox Valley as a major destination for Albertans looking to retire but have good access to the Alberta markets.

- airline and allowances for reduction in contribution by the committee if seats are already sold to the general public.
- b. Routes – the marketing plan will look at the potential for new air routes such as Edmonton and Calgary International Airports and other airlines.
 - c. Private contribution – the marketing plan will investigate ways of partnering with private firms who benefit from the airport for both capital and operational items at the airport.
 - d. Alberta Health Services – to encourage the province to expand their services at the airport, to temporarily utilize empty space in the terminal building but to ultimately construct their new regional facility on the airport property.
 - e. Develop a regional cargo hub – to encourage the development of a regional cargo hub to serve the far north, oil and gas and communities in the area.
3. Cost sharing formula – a cost sharing formula for the committee has been proposed in this report. This funding formula has been prepared based on the principles of fairness, equitability and representativeness. This formula can be modified if a new member is accepted.
 4. Governance format – it is recommended in the airport committee form a society to govern the airport and that the five member municipalities contribute to the operation of the airport. The airport society will be incorporated under the Alberta Societies Act. The airport will be sold to the airport society for a nominal amount and the airport will be the responsibility of the airport society.

Appendix A
Excerpts from MD of Peace Land Use Bylaw

MINUTES OF THE REGULAR MEETING OF THE TOWN OF PEACE
RIVER COUNCIL HELD ON MONDAY, SEPTEMBER 13, 2010 AT 6:00
P.M. IN THE COUNCIL CHAMBERS

8

MOTION 10-09-22 Councillor Martin moved to return to Regular Meeting at 10:05 p.m.

MOTION CARRIED

MOTION 10-09-23 Deputy Mayor Heinen moved to adopt the Peace River Airport Business Plan.

MOTION CARRIED

MOTION 10-09-24 Councillor Martin moved to participate with the surrounding municipal partners in funding the Medical Centre of Excellence business plan development in the amount of \$6,000.00.

MOTION CARRIED

XIV ADJOURNMENT

MOTION 10-09-25 Councillor Martin moved that the meeting adjourn at 10:12 p.m.

MOTION CARRIED

Iris Callioux, Mayor

Norma MacQuarrie, CAO



TOWN OF PEACE RIVER

P.O. Box 6600 Peace River, Alberta T8S 1S4

Telephone: (780) 624-2574

Fax: (780) 624-4664

FILE NO. 12/128 (RCAP)

YOUR FILE: C-156 & C-157

December 31, 2010

Government of Alberta
Agriculture and Rural Development
Room 106, J.G. O'Donoghue Bldg.
7000-113 Street
Edmonton, AB T6H 5T6

Attention: Mr. Drew Hiltz, Manager, Programs

Dear Mr. Hiltz:

Enclosed please find copies of the Amending Agreements for the Peace River Airport Business Plan project and Peace River Economic Development Strategy project under the Rural Community Adaptation Grant Program.

Sincerely,

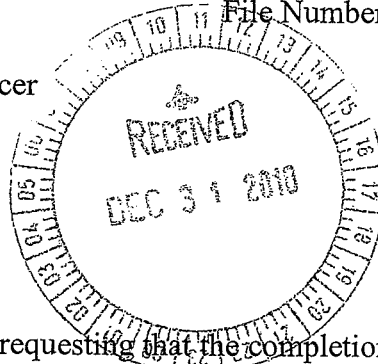
Vicki Jacob
Records Management Coordinator

Enclosures

December 22, 2010

File Number: C-156

Ms. Renate Bensch, Acting Chief Administrative Officer
Town of Peace River
Box 6600
Peace River, AB T8S 1S4



Dear Ms. Bensch:

This is in reference to your December 21, 2010 email requesting that the completion date of your Peace River Airport Business Plan project under the Rural Community Adaptation Grant Program Agreement be extended to June 30, 2011.

Please find attached two original copies of an Amending Agreement No.1 to revise your project completion date. Please carefully review this document and contact me, at (780) 643-1830, if you have any questions or issues.

To indicate your acceptance of this Agreement, please sign both copies (without making any changes to the document) and return them to my attention at the above address. The Amending Agreement will then be executed on behalf of the Government of Alberta and one copy with original signatures will be returned to you. All other provisions of the Grant Agreement will remain unamended.

We look forward to working with you and wish you success in this endeavour.

Sincerely,

A handwritten signature in black ink, appearing to read "Drew Hiltz".

Drew Hiltz
Manager, Programs

cc: Ron Popek, Executive Director, Alberta Agriculture and Rural Development

Attachment

AMENDING AGREEMENT No.1

Rural Community Adaptation Grant Program Agreement

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA,
as represented by the Minister of Agriculture and Rural Development
(the "Province")

AND:

Town of Peace River
(the "Applicant")

PREAMBLE:

The Province and the Applicant (the "Parties") have entered into a grant agreement dated for reference as of December 15th, 2009 (the "Agreement") for the Peace River Airport Business Plan project;

The Parties agree that the Agreement is hereby amended as follows:

1. Section 3.2 is deleted and replaced by the following:

"3.2 Timing of the Project - The Applicant shall undertake all reasonable efforts to proceed diligently and in a timely manner with the Project, and agrees to complete the Project by June 30, 2011, or such later date as the Province may agree to in writing."

In all other respects, the Agreement remains unchanged and in full force and effect.

The parties have therefore executed this Amending Agreement, each by its duly authorized representative.


**HER MAJESTY THE QUEEN IN RIGHT OF
ALBERTA, as represented by the Minister of
Agriculture and Rural Development**

Date

John Knapp, Deputy Minister

Town of Peace River

December 31/2010
Date


Renate Bensch, Acting Chief Administrative Officer

AMENDING AGREEMENT No.1

Rural Community Adaptation Grant Program Agreement

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**HER MAJESTY THE QUEEN IN RIGHT OF
ALBERTA, as represented by the Minister of
Agriculture and Rural Development**

Date

John Knapp, Deputy Minister

Town of Peace River

Date

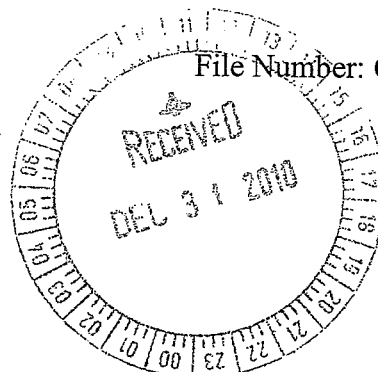


Renate Bensch, Acting Chief Administrative Officer

Dec 31/2010

December 22, 2010

Ms. Renate Bensch, Acting Chief Administrative Officer
Town of Peace River
Box 6600
Peace River, AB T8S 1S4



Dear Ms. Bensch:

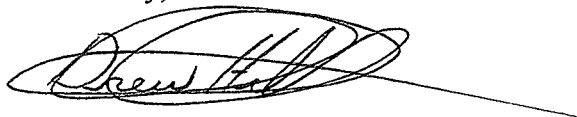
This is in reference to your December 21, 2010 email requesting that the completion date of your Peace River Economic Development Strategy project under the Rural Community Adaptation Grant Program Agreement be extended to June 30, 2011.

Please find attached two original copies of an Amending Agreement No.1 to revise your project completion date. Please carefully review this document and contact me, at (780) 643-1830, if you have any questions or issues.

To indicate your acceptance of this Agreement, please sign both copies (without making any changes to the document) and return them to my attention at the above address. The Amending Agreement will then be executed on behalf of the Government of Alberta and one copy with original signatures will be returned to you. All other provisions of the Grant Agreement will remain unamended.

We look forward to working with you and wish you success in this endeavour.

Sincerely,



Drew Hiltz
Manager, Programs

cc: Ron Popek, Executive Director, Alberta Agriculture and Rural Development

Attachment

AMENDING AGREEMENT No.1

Rural Community Adaptation Grant Program Agreement

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA,
as represented by the Minister of Agriculture and Rural Development
(the "Province")

AND:

Town of Peace River
(the "Applicant")

PREAMBLE:

The Province and the Applicant (the "Parties") have entered into a grant agreement dated for reference as of December 15th, 2009 (the "Agreement") for the Town of Peace River Economic Development Strategy project;

The Parties agree that the Agreement is hereby amended as follows:

1. Section 3.2 is deleted and replaced by the following:

"3.2 Timing of the Project - The Applicant shall undertake all reasonable efforts to proceed diligently and in a timely manner with the Project, and agrees to complete the Project by June 30, 2011, or such later date as the Province may agree to in writing."

In all other respects, the Agreement remains unchanged and in full force and effect.

The parties have therefore executed this Amending Agreement, each by its duly authorized representative.

**HER MAJESTY THE QUEEN IN RIGHT OF
ALBERTA, as represented by the Minister of
Agriculture and Rural Development**

Date

John Knapp, Deputy Minister

Town of Peace River

Dec 31/2010

Date

Renate

Renate Bensch, Acting Chief Administrative Officer

AMENDING AGREEMENT No.1

Rural Community Adaptation Grant Program Agreement

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**HER MAJESTY THE QUEEN IN RIGHT OF
ALBERTA, as represented by the Minister of
Agriculture and Rural Development**

Date

John Knapp, Deputy Minister

Town of Peace River

Dec 31/2010

Date

Renate Bensch

Renate Bensch, Acting Chief Administrative Officer

Vicki Jacob

From: Vicki Jacob
Sent: Friday, December 31, 2010 1:41 PM
To: Drew Hiltz (drew.hiltz@gov.ab.ca)
Subject: amending agreement
Attachments: GrantAgreement.PDF

Hello,
Attached is a copy of the Amending Agreement for the Rural Community Adaptation Grant Program. The originals will be mailed today.

Thank you.

Vicki Jacob
Records Management Coordinator
Corporate Services Department
Town of Peace River

P.O. Box 6600
9911-100 Street
Peace River, AB T8S 1S4
Ph: (780) 624-2574
Fax: (780) 624-4664
Email: vjacob@peacriver.net

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Vicki Jacob

From: Vicki Jacob
Sent: Friday, December 31, 2010 1:46 PM
To: Drew Hiltz (drew.hiltz@gov.ab.ca)
Subject: amending agreement
Attachments: GrantAgreement-C-156.PDF

Hi,

Attached is the second amending agreement for the Rural Community Adaptation Grant Program, it is for the Peace River Airport Business Plan. The original will be mailed today.

Thank you.

Vicki Jacob
Records Management Coordinator
Corporate Services Department
Town of Peace River

P.O. Box 6600
9911-100 Street
Peace River, AB T8S 1S4
Ph: (780) 624-2574
Fax: (780) 624-4664
Email: vjacob@peacriver.net

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Vicki Jacob

From: Drew Hiltz [drew.hiltz@gov.ab.ca]
To: Vicki Jacob
Sent: Tuesday, January 04, 2011 1:49 PM
Subject: Read: amending agreement

Your message was read on Tuesday, January 04, 2011 1:48:35 PM (GMT-07:00) Mountain Time (US & Canada).

Vicki Jacob

From: Drew Hiltz [drew.hiltz@gov.ab.ca]
To: Vicki Jacob
Sent: Tuesday, January 04, 2011 1:48 PM
Subject: Read: amending agreement

Your message was read on Tuesday, January 04, 2011 1:48:30 PM (GMT-07:00) Mountain Time (US & Canada).