



City of
Peterborough

To: Members of the General Committee

**From: W. H. Jackson,
Commissioner of Infrastructure and Planning Services**

Meeting Date: July 9, 2018

**Subject: Report IPSAIR18-005
Purchase of Buildings from Fixed Base Operator at the
Peterborough Airport**

Purpose

A report recommending the purchase of buildings located at the Peterborough Airport to facilitate a change in the Fixed Base Operator and Fuel Dealer.

Recommendations

That Council approve the recommendations outlined in Report IPSAIR 18-005 dated July 9, 2018, of the Commissioner of Infrastructure and Planning Services, as follows:

- a) That a by-law be passed authorizing the purchase of Building #661 located at 925 Airport Rd, Peterborough Airport, Peterborough, Ontario, at a cost of \$415,000; and
- b) That a by-law be passed authorizing the purchase of Building #129 located at 925 Airport Rd, Peterborough Airport, Peterborough, Ontario, at a cost of \$25,000.

Budget and Financial Implications

As set out in the Letter of Understanding between Complete Aviation and the City of Peterborough, two appraisals were sought for Building #661. The two appraisals were averaged to arrive at the value of \$415,000 for Building #661. The value for Building #129 was pre-determined in the Letter of Understanding to be \$25,000. The total

purchase price for the two buildings is \$440,000. There are sufficient funds in the General Property Reserve for the purchase of Buildings #129 and #661.

Background

Existing Fixed Base Operator

The long standing Fixed Base Operator, Complete Aviation Services has provided notice of his retirement. Complete Aviation Services has provided reliable fuel service dating back to 1987. In addition they provide typical FBO services such as de-icing, ground handling, catering, cleaning, executive lounge, pilot accommodation and ground transportation services.

A Letter of Understanding (“LOU”) dated June 29, 2012 laid out the essential terms of the business relationship between the City and Complete Aviation Services. Post airport expansion, Complete Aviation was seeking to establish secure real estate and operational parameters for an ongoing business relationship with the Peterborough Airport. The LOU addressed the real estate matters of several buildings owned by Complete Aviation including both Building #129 and the purchase of Building #661.

During the Airport expansion, hangar #661 was purchased by the City. This strategic purchase was to align the use of the Commercial area on Apron I and II with the Master Plan. Building #661 was located in the ideal location for business expansion. The City sold Building #661 to Complete Aviation with a “buy-back option” which the City could elect to exercise with 6 months written notice.



The LOU stated when

Complete Aviation chose to wind down their operation that a professional appraisal would be completed. The City was to pay any appreciated value that may be disclosed by two appraisals.

Two appraisals were completed, one by McLean, Simon and Associates Inc. in the amount of \$450,000 and the other by W. J. Dietrich Ltd. in the amount of \$380,000. The two appraisals were averaged to reach a purchase value of \$415,000.

Building #129 is located beside the fuel storage area and is used for office space, and daily fuel inventory and checks. In the LOU the City was to purchase the building from Complete Aviation Services when it became surplus. The City predetermined the value of the building to be \$25,000.



New Fixed Based Operator

A Request for Proposals was issued February 9, 2018 for a new Fixed Based Operator and Fuel Dealer at the Airport which includes essential operations as well as a request for a new facility to house itinerant corporate aircraft. The City is looking for a full service Fixed Base Operator to build the corporate traffic and to bring auxiliary aviation services or businesses that would support further growth, investment and development of the Airport. Through the Request for Proposals the City offered both buildings to be leased to the successful Proponent for an interim period of five years while the successful Proponent works on their plans to construct a new facility.

Although several parties expressed interest in the RFP no submissions were received on the closing date of March 22, 2018.

In accordance with the Purchasing By-law, when no bid submissions were received the City began discussions in a non-competitive process. Since this time the City has been negotiating with and looking to enter into a contract with Scott Stewart a local business person who has had an interest in the growth in the Airport for some time. The term of the lease for Building #661 will be for 20 years with options for two 5-year extensions. The Operator will sign a ground lease for the Hangar/Lounge with the intent of building a larger facility in the future. From a growth and development perspective, there are synergies with the Operator as a business in the travel industry. This could bring further potential investment and growth opportunities for the Airport in the future.

Summary

The retirement of Complete Aviation Services has given the City an opportunity to seek a long term Fixed Base Operation and Fuel Dealer to provide a new facility and increased services for the Peterborough Airport with the intent of growing the customer base and attracting new business. The purchase of the two buildings will provide an interim location for the successful Proponent and protect the future expansion plans as laid out in the Strategic Development Plan.

Submitted by,

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Commissioner of Infrastructure and Planning Services

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