



**Subject: Hangar Land Lease Memorandum of Understanding Taxiway C1-10**

**Report Number:** OPD 23-39

Department: Operations and Development Department

Submitted by: Richard Sparham, Manager of Public Works

Meeting Type: Council Meeting

Meeting Date: Monday, October 23, 2023

## **RECOMMENDATION**

- A. THAT report titled Hangar Land Lease Memorandum of Understanding Taxiway C1-10 be received as information; and,
- B. THAT a By-law be presented to Council for consideration to execute the Hangar Land Lease Memorandum of Understanding Taxiway C1 Lot #10 with Mike Perovich, President, BlueStar Hangar Inc.

## **BACKGROUND**

Staff received a new application to construct an 85 ft. x 101 ft. hangar (8,585 sq. ft.), a 60 ft. x 84 ft. hangar (5,040 sq. ft.), a 1,080 sq. ft. Lounge Building and an 84 ft. x 276 ft. hangar (23,184 sq. ft.) from Mike Perovich, President, BlueStar Hangar Inc. for the purpose of operating a commercial air charter service.

To accommodate the air charter operations, BlueStar Hangar Inc. has proposed expansions/changes at the airport, which necessitated the use of a Memorandum of Understanding in place of a Land Lease Agreement. These changes includes widening of the taxiway due to the aircraft sizes and installation of additional services, as well as the desire to negotiate purchase agreement for the proposed and potential future land ales as approved by Council in future. Furthermore, Town Staff will be working with the applicant over the next year in finalizing an appropriate/agreement that best suits the local investment and Council's best interests.

The lot assigned to the applicant is Lot 10 on Taxiway C1 (Hangar C1-10). Operations staff are satisfied with the proposal and recommend that Council enter into the attached Airport Hangar Land Lease Memorandum of Understanding for Taxiway C1 Lot 10 with Mike Perovich of BlueStar Hangar Inc. for the fifteen month term, expiring on December 31st, 2024.

The construction of new hangars increases Airport revenue through both the land lease fee and the potential for additional fuel sales, supporting the Corporation's goal of decreasing the net levy requirement to support Airport operations including continued business ventures/opportunities for the region.

## DISCUSSION

After reviewing the existing lease agreement and amendments for this hangar, Staff recommends that the current memorandum of understanding with Mike Perovich be executed.

## CONSULTATION

The following staff and resources have been consulted in preparing this report: Director of Operations and Development, Airport Manager, Chief Building official, Town Fire Staff.

## FINANCIAL IMPACT/FUNDING SOURCE

This hangar, if leased, will potentially provide an additional revenue source for the Tillsonburg Regional Airport of approx. \$12,503.37/year based on the Hangar Land Lease fee per ft<sup>2</sup> included in the Tariffs and Fees for 2023.

## CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

**Goal** – Tillsonburg residents and businesses will be connected to each other, regional networks, and the world through effective traditional and digital infrastructure.

**Strategic Direction** – Leverage the municipal airport more effectively to increase access, visibility and business activity in Tillsonburg.

**Priority Project** – *Immediate Term* – Airport Master Plan and implementation

## ATTACHMENTS

Appendix A – Hangar C1-10 Memorandum of Understanding BlueStar