



Municipality of the District of Argyle

Item: Airport Board request –
negotiation for land sale

Date: April 8, 2019

Background:

The Yarmouth International Airport Corporation and its ownership held a facilitated session, where the future of the airport was discussed both at the individual Council tables as well as collectively. While there were no official decisions made, there appeared to be consensus from the smaller group of councilors that for the airport to sustain operations, it needed to be smaller. Through presentations from Muise, acting manager for the airport, the process of making it smaller included three fundamental areas.

1. Closure of runway 15-33, which is the shorter runway, and the runway not supported by approach lighting;
2. That a new agreement would be limited to 24 months, at an annual municipal subsidy of approximately \$685,000 including the cost (and subsequent sharing) of property taxes;
3. Identify redundant capital assets and find alternate uses, lease, or sale of those assets;
4. With the closure of 15-33, there is surplus land in an area of high value for development. Consider the sale of high value land to further reduce costs of maintenance and operation and create an asset replacement fund – focusing investments on airside improvement, lighting, and potentially a repave of 06-24.

MGA and intermunicipal agreement considerations:

The MGA allows for Intermunicipal agreements and allows for the ownership of an airport under Section 65 (aq) of the Act. New MGA amendments would be even more flexible in how moneys may be spent.

The Intermunicipal agreement clearly states that the authority to buy/sell land is NOT at the airport board level, but rather at the ownership level.

Status update:

The Board has received an interest from a third party who has a considerable plan of action regarding potential surplus land at the airport. The party has sent along concepts that highlights their preliminary plan. This potential buyer is a legitimate organization, with the means to execute their plan, but require guidance from the ownership group. The concept was shared with board members in an in-camera meeting, and therefore not included in this public session. The potential buyer would like to understand whether there is an interest at the ownership level to enter negotiations, hopeful that the result would be a sale of property.

Councils are being asked to authorize the Airport Corporation to enter negotiations with this party, and that these negotiations would be supported by appropriate legal and other expertise to support staff in their representation. Time may be of the essence in this potential agreement.

Without disclosing the specifics of the plan, both residential property and commercial property development are being contemplated. Commercial development would result in property tax revenues and depending on the development, these revenues could be considerable.

The Airport Board considers this to be a considerable potential win for the Airport in its ongoing mission to spark economic development in the area; either directly or indirectly. The potential deal with the buyer would demonstrate the Airport Board's commitment to collaboration and partnership, and to fiscal sustainability.

In the interests of a transparent transaction, the potential buyer could be considered as a not-for-profit organization as defined in the MGA. This allows us flexibility in how we enter into a land transaction and we would seek legal counsel to confirm.

Fiscal Considerations:

Legal and other costs will be incurred by the Airport Corporation, the amount is currently unknown. Council should be prepared to consider a special billing from the airport for that purpose, although it is unknown whether additional billing will transpire. Recommend an allocation of a contingency budget line item in your current budget planning. Furthermore, proceeds from an actual sale are unknown, and the timing of which is also unknown. Should a transaction occur, the Airport could reimburse the municipal units for direct costs of sale if that is the wish of the owners.

CAO's Recommendations:

The negotiation would be led by a CAO or CAO group. This has not yet been determined; however, you can expect that Muise will be involved in this process, being former manager of the airport. Council's 2019-20 priority setting document (draft) identifies the reduction of airport footprint as high priority, thus your CAO will be actively engaged. Thus, I would recommend my time be allocated to this project.

In order to be successful in the actual sale of land, many elements has to be ironed out, including but not limited to the closure of a runway to enable the alternate land use, discussion internally about how the new property tax revenue gets applied, changes required in land zoning, understanding the buyers plan for land use, determination of land value etc... I would certainly support the motion the airport crafted (below) as we will require support to be successful.

Motion approved by the Airport Board:

It was moved by Leland Anthony and seconded by Danny Muise to direct the Airport Corporation to enter into negotiations for all or part of the airport lands to arrive at terms and conditions satisfying to the owners, and further, that the Airport Board engage the expertise to support and carry out the negotiations.

This is the motion recommended for Council to consider. The other two municipal units will be considering the same motion.