



# SAUGEEN MUNICIPAL AIRPORT

## THE SAUGEEN MUNICIPAL AIRPORT COMMISSION SPECIAL MEETING MINUTES

Tuesday, January 10, 2023, 1:00 p.m., Airport Boardroom

**Commissioners Present:** David Hocking, Chair  
Tom Hutchinson, Vice Chair  
Moe Hanif  
Carl Kuhnke  
Jack Zeinstra

**Absent:** Bill Roseborough

**Others:** Filomena McDonald, Airport Manager  
Catherine McKay, Secretary

**Guest:** Chris Walker, Director of Corporate Services/Treasurer, Town of Hanover

### 1. Call to Order

The Chair called the meeting to order at 1:00 p.m..

### 2. Approval of the Agenda

**Motion** Moved by J. Zeinstra

Seconded by Moe Hanif

That the agenda for January 10, 2023 be amended to add item 4E, Unica Insurance Invoice, and that the agenda be accepted as so amended.

**Carried**

### 3. Disclosure of Pecuniary Interest and Declaration of Conflict of Interest

None declared.

### 4. 2023 Budget

To provide an overview and lay the groundwork for the budget discussion, the Chair presented a comparison of financial information from 2016 and 2022 which showed that municipal contributions as a percentage of the total budget declined from about 60% in 2016 to about 49% in 2022 while revenue from the pilot community remained about the same. The level of revenue needs to be examined, there are challenges ahead and the fuel pod expense was not budgeted for, thus putting the Commission in a deficit position. By law, municipal organizations are not permitted to run deficits, unlike the provincial and federal governments. Ms. Walker pointed out that reserve funds can be used to cover deficits, but SMA only has \$14,000 in reserves. The Chair noted that \$10,000 of reserve funds had been used to pay for a workplace harassment investigation. Ms. Walker explained that the SMA receives its balance sheet every month and can review its assets, including reserve funds. She clarified that the hangar loan will be paid off in March 2030 and the loan for the tractor will be finished on October 15, 2026.

Ms. Walker emphasized the importance of an asset management system which allows an organization to know its assets and what needs to be replaced when, so that funds can be put aside for future purchases. Amortization is not usually budgeted for and SMA should be aware of the life cycle of its assets such as runways. Amortization should be used as the guideline for the yearly asset replacement (capital) required. The Chair stated that SMA has no asset management plan, and the Town of Hanover has a reserve of \$3,000 per year for emergency situations involving the airport. Commissioner Kuhnke stated that Brockton does not put reserve funds aside for specific organizations. The Vice Chair stated that SMA is working towards developing an asset management plan but other issues have diverted attention away from that effort which now requires focus and attention. The Chair explained that the fuel pod was paid for in four installments in 2022, which allowed for a better price than if payments had gone into 2023. The fuel pod expense is essentially what contributed to the 2022 deficit, and so will not appear as a 2023 expense. The Vice Chair asked when the decision was made to pay for the fuel pod and questioned why the expense was approved

when the funds were not there. The Chair said that the fuel pod expense created a deficit and more attention will be paid in the future. Ms. Walker said that if SMA is going to run a deficit, it needs to budget for it so that the overall impact is zero.

The Chair noted that in 2022, there were a number of issues outside of the Commission's control which impacted the budget, including the cost of an outside investigator to investigate a workplace harassment complaint, the \$11,000 fee to the Town of Hanover for doing the books, the cost of the fuel pod, legal fees to comply with ONCA (Ontario Not-for Profit Corporations Act), all of which amounted to about \$60,000 in unanticipated non-operational costs. In 2021, legal fees were \$23,722 and in 2022, they were \$24,275. For the 2023 budget, he hopes to achieve a moderate increase in the municipal contributions and pledged that the Commission would not have a deficit in 2023, as it is not tenable to go back to the municipalities for funds to address a deficit. Attention needs to be paid to the budget on a monthly basis and the 2023 budget needs to cover the combined deficit of \$38,400 from the last two years.

Commissioner Hanif noted that the Commission has been under heavy scrutiny, including from the Ombudsman for example, and has had to incur legal fees. Even though it is running efficiently, there are elements that make complaints to the Ombudsman which the Commission must respond to.

Commissioner Kuhnke raised a question of a perceived conflict of interest given his role as a Brockton Councillor and a member of the Commission representing Brockton. He also noted the provisions of the Accessibility for Ontarians with Disabilities Act, adding that use of Zoom could make meetings accessible for people with mobility issues.

The Vice Chair asked why *Donations* in the budget was reduced from \$60,000 to \$40,000 for 2023. It was noted that this issue would be addressed later in the budget meeting.

The Airport Manager reviewed the 2023 budget and the discussion covered the following items:

- Revenue for the item *Fees – Access* should be \$2,100 not \$21,000, meaning that an additional \$18,900 in revenue needs to be found. The Vice Chair further stated that the Commission has a good fundraising program and some interested candidates, but did not have time to execute it in 2022, and now needs to focus on generating revenue and avoid being sidetracked. The Chair supported this position, noting that the model should be the same as that used for the development of the P&H Centre in Hanover, which he was closely involved in, and based on his experience, support will be required to approach potential donors.
- Commissioner Kuhnke asked about the increase in the amount budgeted for *Maintenance – Grounds* and the Airport Manager said that an increase is required for 2023 to cover the cost of a new safety control arm at the south end entrance to the airport. This entrance is shared with the Town of Hanover to access its water treatment plant. The 2022 amount was low because Airport staff did the ground work themselves with their equipment, but the airport should have more tools and equipment to look after its 250 acres which require a lot of maintenance.
- It was clarified that the amount budgeted for *TCA Purchases (Capital)* depends on the organization's policies for tangible capital assets and Ms. Walker said that capital purchases should be kept in mind when preparing a budget. The Airport Manager noted that the purchase of the safety control arm is required due to security issues, since a Town of Hanover water treatment plant is accessed through the Airport property and must be kept secure from unauthorized access.
- The runway repairs including crack sealing were not done last year and need to be done in 2023 to repair and prevent frost damage, and new hangars are going to be built which require taxiways.
- *Property Development* is a new line item in the budget to cover things like paving access roads, and is to cover funds for infrastructure which SMA has not had in past budgets. Ms. Walker stated that if such funds are not used, they can be transferred to reserves.
- The Chair stated that SMA needs to look at other revenue sources and cannot rely in the long term on the municipalities and fuel sales. New ideas are required to increase revenue sources, possibly through

an offshoot organization of the airport whose purpose would be to raise money, in the same way as a hospital foundation operates to raise funds for capital expenditures.

- Commissioner Zeinstra noted that fertilizer costs are up 25-30% and Ms. Walker added that farm land rental income should increase to cover higher costs. Commissioner Zeinstra clarified that property taxes are for the airport terminal and land, not individual hangars.
- The Chair noted that the Airport Manager will be bringing forward a proposal related to farm land at the next meeting, and the question of higher hangar leases was raised. Two additional hangars will bring in \$2,000 - \$3,000 in additional revenue and the Airport Manager said that the total for *Lease-Hangars* revenue could be \$17,000.
- The Vice Chair asked about the number of commercial landings, although the Airport Manager did not have those numbers at hand. She estimated that fees were levied for four commercial landings last year and the fee is waived if a certain volume of fuel is purchased. She suggested that commercial landing fees and the waiver be addressed at a future meeting and added that a system would have to be acquired to track landings so as to then send an invoice.
- Discussion ensued about the increase in the municipal contribution, with it being noted that the Consumer Price Index for Ontario as of the end of November was 7.1% and for Canada was 6.8%. Ms. Walker stated that with the changes made to the budget, the increase comes to 6.97%. The Chair noted that increases to the municipal contribution should perhaps be in the range of 5% - 7% and Commissioner Kuhkne and the Chair stated that they would be prepared to propose an increase of 7% to their respective Councils. The Vice Chair stated that the request for the municipal contribution for West Grey would need to go to the West Grey Treasurer. Ms. Walker explained that the Commission should simply state what it needs, i.e. a 6.97% increase, and pass its draft budget to include *Fees – Access* \$2,100, *Lease – Hangars* - \$17,000, *Donations* - \$52,800 (subsequently changed to \$60,000), and \$165,300 in Municipal Contributions, for total revenue of \$494,100.
- It was agreed that the municipal representatives on the Commission are responsible for explaining the SMA budget to their Councils. Commissioner Hutchinson pointed out that the previous SMA Chair presented the budget to West Grey Council and the current Chair stated that he would attend if asked. The Vice Chair asked for an explanatory summary to go along with the budget. It has not yet been decided when West Grey will consider its budget, but when the time comes, he can speak to the SMA issues.
- The Chair suggested that each Commissioner should come up with a few bullet points to explain the budget which could be reviewed at the next SMA meeting, although Commissioner Kuhkne suggested that that should be the Airport Manager's responsibility.
- The Chair suggested that the Commission might be able to manage with an increase of less than 10%. He added that the reasons for the 2021 deficit should be documented, noting that a deficit might result from a 7% or 8% increase. He reviewed the reasons for the 2022 deficit which include the costs of bookkeeping, legal fees, audit fees, a workplace harassment investigation and the replacement of the fuel pod, all of which added up to about \$60,000 of unbudgeted expenses. Commissioner Zeinstra said it would be ideal if the Commission could be self-sufficient, but he believes that in reality this is not realistic because infrastructure such as the airport does not generate revenue, although there are good reasons to have the airport. Commissioner Kuhnke pointed out the public perception issues regarding hockey rinks compared to airports, with Commissioner Zeinstra stating that the airport adds value to the community and the Chair noted that the focus needs to be on the economic side of the airport to show that it is worth the subsidy provided by the municipalities. The Vice Chair suggested that a list of the benefits of the airport should be created to illustrate its contribution to economic growth, with a focus on the positive aspects. Commissioner Hanif noted that during the Walkerton water crisis, the airport was the hub of the community and an integral part of the community and medical response.
- The Chair summarized the budget discussion noting the total budget of \$494,100 plus a transfer to reserves of \$50,200, less a transfer to reserves of \$38,400 to arrive at revenue and expenses each totaling \$505,900. Ms. Walker noting the municipal contribution of \$169,900, broken down as \$71,358 from Brockton, \$52,669 from Hanover and \$45,873 from West Grey, an increase of 9.95% over 2022.

**Motion** Moved by C. Kuhkne

Seconded by T. Hutchinson

That the Saugeen Municipal Airport Commission approve the draft budget as discussed, to be presented to the municipal partners for consideration.

**Carried**

**Unica Insurance Invoice**

**Motion** Moved by J. Zeinstra

Seconded by M. Hanif

That the Commission approve payment of the invoice from Unica Insurance in the amount of \$12,849.84 relating to the renewal of the Commission's property insurance.

**Carried**

The Airport manager noted that the property insurance increased by \$377.84 over the previous year.

**5. Confirmation of Proceedings Resolution**

Made by J. Zeinstra Seconded by T. Hutchinson

Whereas the Saugeen Municipal Airport Commission deems it expedient that the proceedings of meetings be confirmed and adopted;

Now Therefore the Saugeen Municipal Airport Commission Enacts as Follows:

That the actions of Commission at its meeting held on January 10, 2023 in respect to each report, motion, resolution or other actions recorded and taken at said meeting, is hereby adopted, ratified and confirmed, and furthermore;

That the Chair and appropriate representatives are hereby authorized and directed to do all things necessary to give effect to the said action referred to in the proceeding, and;

This Resolution may be cited as the January 10, 2023 Confirmatory Resolution.

**Carried**

**Motion** Moved by M. Hanif

Seconded by J. Zeinstra

That the Commission adjourn at 2:45 a.m..

**Carried**

**Next Meeting:** Wednesday, January 18, 2023 at 1:00 p.m. in the Airport Boardroom.

"original signed by David Hocking"  
David Hocking, Chair

"original signed by Catherine McKay"  
Catherine McKay, Recording Secretary