

COUNCIL REPORT

Date: 15 February 2017
File: 5.6.10
To: Warren Waycheshen, CAO - for Mayor and Council
From: Director of Community Planning & Development
Re: Kitimat Airpark Lease Renewal



Recommendation:

THAT public notice be issued of intention to lease property at 1403 Highway 37 (DL 8000) to Kitimat Flying Club.

AND THAT, in the absence of objections received during the public comment period, Lease Agreement be executed with Kitimat Flying Club, and sub-leases be executed with hangar owners.

Background

Kitimat Airpark, also known as 1403 Hwy 37 or District Lot (DL) 8000, is an 88.5 hectare site located within Electoral Area C (Rural Terrace) of the Regional District of Kitimat-Stikine (RDKS). The Airpark is located approximately 7.5 km from the northern boundary of the District of Kitimat; see Figure 1 attached.

The District of Kitimat acquired DL 8000 in 1987 through a Crown Land Grant from the province which stipulates that the property may only be used as a “municipal air park.” Since 1990, DOK has leased the property to Kitimat Flying Club (Society #0066292) for this purpose. The Flying Club pays annual rent of one dollar to DOK in return for exclusive use and occupancy of the site, subject to lease conditions. In return, DOK benefits from Kitimat Flying Club assuming Airpark maintenance and operation responsibilities. DOK has historically provided an annual community grant to the Flying Club to help offset ongoing costs of maintenance, operation and insurance; 2017 grant was \$6,000.

Infrastructure on DL 8000 includes a gravel runway and taxiway; terminal building; caretaker’s residence; gravel parking area; and seven privately-owned hangar buildings (see Figures 2 and 3 attached). The seven hangar buildings are individually owned and the hangar “sites” are sub-leased from the Flying Club; annual rent is \$125 per site. There are currently six hangar owners, one of whom owns two hangars. Three potential future hangars have been discussed and are shown in Figure 3.

All of the sub-leases for the seven existing hangar sites have expired and must be renewed. In the interim, tenancy is month-to-month. Through preliminary work on the sub-lease renewals, staff identified a need to also review the head lease for DL 8000, which is now 27 years old. A municipal lawyer has recommended that the head lease be updated to reflect current legislation and best practices.

Proposal

In consultation with Kitimat Flying Club and a municipal lawyer, staff have developed a new head lease for DL 8000 and sub-leases for the seven hangar sites. Kitimat Flying Club members desire greater certainty around the intent and longevity of the Kitimat Airpark, thus a new 27-year head

lease (2017-2044) between DOK and Kitimat Flying Club has been proposed. Also proposed are seven new sub-leases between Kitimat Flying Club and the hanger owners, with DOK named as landlord. Proposed duration of the sub-leases cannot exceed three years (2017-2020), as per Section 73 of the *Land Title Act*.

A final draft of the head lease and sub-lease documents was approved by Kitimat Flying Club membership on 8 February 2017. These documents are based on the original head lease and sub-leases developed in 1990. Terms and conditions remain largely unchanged, with the exception of updates necessary to address changes in relevant legislation and best practices, as well as recent discussions with Kitimat Flying Club members. Key changes and features of the new documents are listed below:

Head Lease	Sub-Lease
<ul style="list-style-type: none"> Annual rent increased from \$1 to \$10 	<ul style="list-style-type: none"> Annual rent increased from \$125 to \$150
<ul style="list-style-type: none"> Liability insurance increased from \$2 to \$5m 	<ul style="list-style-type: none"> Only permitted for aircraft storage/hangar
<ul style="list-style-type: none"> Airpark recognized as Registered Aerodrome rather than Airport 	<ul style="list-style-type: none"> Hangar construction to be completed with 12 months of signing or hangar site reverts to KFC
<ul style="list-style-type: none"> Updated references to applicable legislation, standards and best practices for aerodromes 	<ul style="list-style-type: none"> Updated references to relevant legislation, standards and best practices for aerodromes
<ul style="list-style-type: none"> Requirement for buildings and structures to adhere to building code and RDKS zoning, and be certified by a qualified professional 	<ul style="list-style-type: none"> Requirement for all buildings and structures to adhere to building standards and RDKS zoning, and be certified by a qualified professional
<ul style="list-style-type: none"> Delineation of caretaker area and limit of one caretaker dwelling on the property 	<ul style="list-style-type: none"> Duration reduced from five years with renewals to three years, as per Section 73 of the <i>LTA</i>

Next Steps

Should Council wish to proceed with the lease documents as proposed, the next step is to publish notice of intent to dispose of municipal property. As per Sections 26 and 94 of the *Community Charter*, DOK must publish notice in a local newspaper for two consecutive weeks. Staff will also post notice on our website and notice boards. Any comments received during the notice period would be forwarded to Council for consideration, prior to a final decision on execution of lease documents.

Alternative Options

1. THAT proposed lease documents be rejected and staff prepare a report presenting alternatives; or
2. Another option as developed through discussion of Council.

Budget Implications: None; annual rent for DL 8700 would remain nominal at \$10 per year

Director of Finance
Initials

Council Initiative/Other Relevant Plans

2. We strive to be proactive and deliberate in our approach to economic development.

Submitted by:
Gwendolyn Sewell, MCIP, RPP
Director of Community Planning & Development

Approved for Submission:
Warren Waycheshen, CAO

Figure 1 – Kitimat Airport (Location)

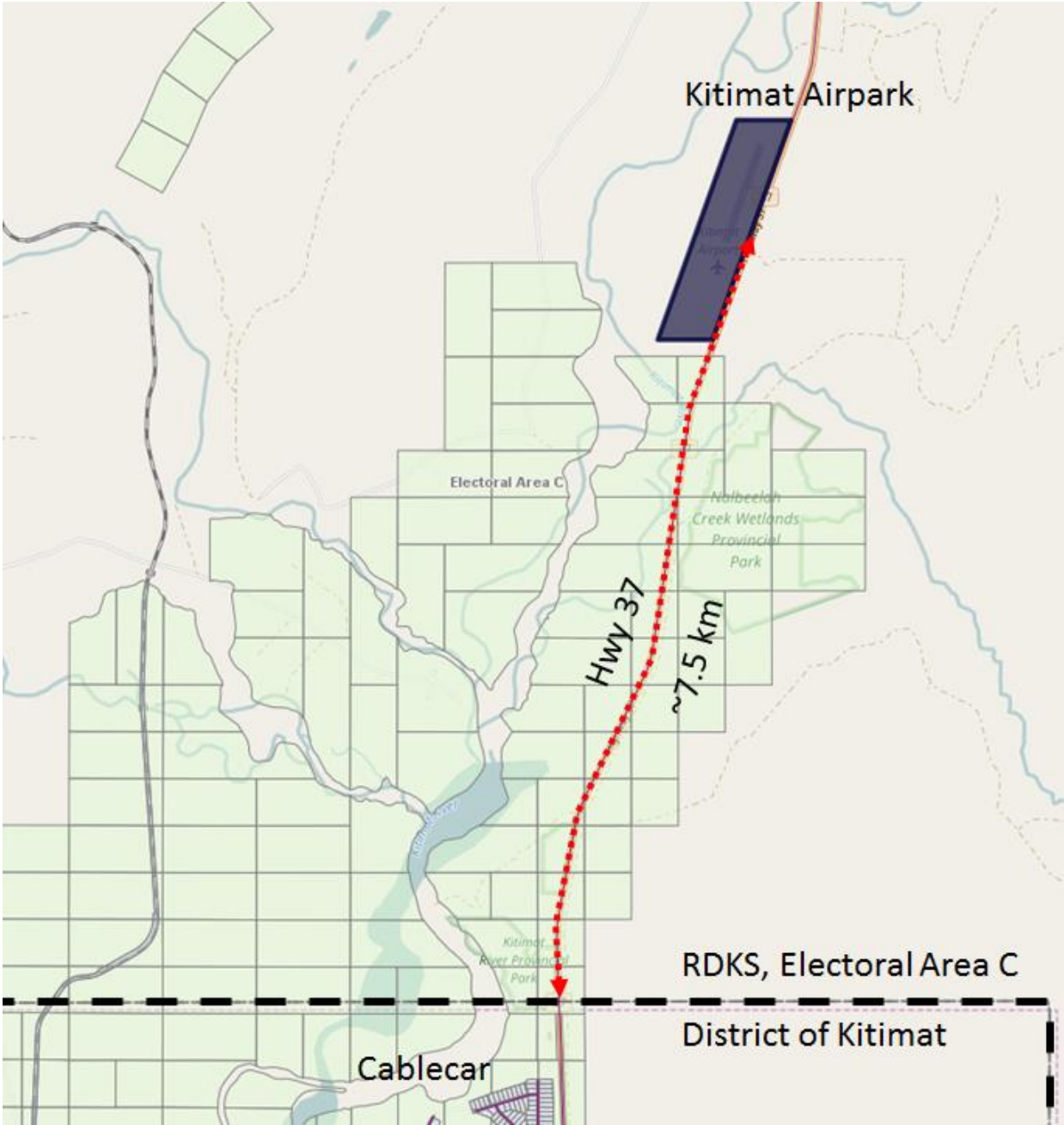


Figure 2 – Kitimat Airpark (Overview)



Figure 3 – Kitimat Airpark (Infrastructure)

