


June 29, 2009

Precision Management
26 Canterbury Crescent
North Bay, Ontario
P1C 1K7



Attention: Ms. Linda Wilson, B.B.A. (Hon.), M.B.A

Re: Almaguin Strategic Plan - South River/Sundridge Airport

Dear Ms. Wilson:

We have reviewed the role of the South River/Sundridge Airport's role within the Almaguin Strategic Plan and provide the following commentary as requested. All observations and recommendations presented are based on our recent visit to the site, and consultations with yourself and the members of the South River/Sundridge Airport Committee.

1. Airport Overview:

(a) History

The existing South River/Sundridge Airport was established during the early 1930's. The airport's primary purpose was to support the growing number of commercial and private aircraft in the area, although the site was used by many small air carriers and the Canadian Military for flight training and occasional emergency use. Ownership of the airport was transferred from the Federal Government to the Province of Ontario after World War II, at which time it was placed under the jurisdiction of the Ministry of Lands and Forests, now the Ministry of Natural Resources (MNR). In 1981, the Ministry agreed to sell the runways and a small section of land totaling approximately 200 acres to the Village of South River for approximately \$200. A year later, the Village of South River entered into an ownership and maintenance agreement with four additional local municipalities including the Village of Sundridge, and the Townships of Machar, Strong, and Joly. These five municipalities continue to own and operate the airport, and provide basic funds for airport operations and maintenance.

(b) Airfield

The airport is situated in the heart of the Almaguin Highlands tourist area in Joly Township, just east of Highway 11, connecting southern Ontario to the communities of the near-north, including Huntsville, Burks Falls and North Bay. Two turf runways are provided to support aircraft operations – Runway 04-22 and 12-30, measuring approximately 3,200 and 2,800 feet in length respectively. The runways are used for daytime operations, under Visual Flight Rule (VFR) conditions. South River and Forest Lake lie adjacent to the airport site and provide access for the arrival and departure of seaplanes. Ground access is provided from the airport site to these areas to allow for the removal and replacement of float-equipped aircraft from the water for storage and general maintenance purposes.

(c) Buildings

There are approximately 15 aircraft permanently based at the airport site, primarily consisting of light, single-engine general-aviation aircraft. A small air terminal building, a maintenance garage, and aircraft tie-down areas exist on the north side of the airport property. Three privately owned hangars and an aircraft maintenance facility are located west of the airport property. Consultations with the airport operator suggest the aircraft maintenance facility has been put up for private sale. Four aircraft hangars are located on the east side of Runway 12-30, with an additional hangar facility located on the north end of the airport property. These hangars are owned by private owners; however, the lands are leased from the airport, and lease revenues are collected on an annual basis. Additional land parcels are provided adjacent to the hangars to the east of Runway 12-30 for future development.

(d) Traffic

Aside from the aircraft permanently based at the airport, a significant amount of itinerant aircraft traffic utilizes the airport and its facilities, primarily during the summer months. Consultations suggest that aircraft are flying to the South River/Sundridge Airport to access the area's picturesque lakes and recreational cottages. The presence of high-value summer camps in the region also attracts aircraft traffic, and creates modest amounts of revenue for the airport through fuel sales and tie-down fees.

2. Current Airport Issues:

- (a) Consultations with the airport operator suggest that short-term interest has been expressed in leasing the lands to the east of Runway 12-30 for additional general-aviation developments.
- (b) Discussions with the airport operator have indicated there are outstanding land ownership issues with the MNR. When the airport lands were sold by the MNR to the local municipalities in 1981, sections of airport related land were withheld by the MNR and were not transferred with the sale of the property. Only the runways and a parcel of land on the north side of the airport were included in the sale. However, the land areas withheld were always used to support airport operations when the MNR operated the site, especially the land parcel on the western side of the airport. The local municipalities have entered into discussions with the MNR in an attempt to acquire these areas, which have since been designated as Crown Land by the MNR. Consultations with the airport operator indicated several aircraft operators park their aircraft on the land parcel west of Runway 12-30 to avoid paying aircraft tie-down fees to the airport. To move towards a revenue and expense neutral position for the airport, the municipalities are seeking joint tenancy with the MNR for these lands so that aircraft tie down revenues can be collected. Joint tenancy would also allow the MNR to continue to use this land for their fixed wing and rotary wing operations in support of fish stocking and fire patrols, although these activities occur on an infrequent basis.
- (c) Consultations with the Airport Committee indicated some local residents have questioned the economic viability of the airport and see it as a liability, rather than an asset. Given the demographic characteristics of the area, combined with the relatively high levels of disposable income from local cottage owners and resort dwellers, we view the airport as a potential economic driver for the Almaguin Region rather than as a liability.

3. Growth Outlook:

- (a) The South River/Sundridge Airport has several future prospects for growth, both for the local municipalities and aviation users. The Muskoka Tourist Region to the south is rapidly expanding to the north, towards the communities of South River and Sundridge, especially with the development of Highway 11. The expansion of this region is expected to bring increased tourist activity to the Almaguin Highlands, primarily in terms of recreation and tourism related to the nearby lakes, and Algonquin Park.
- (b) The Airport has many competitive advantages when compared to nearby airports. It has been reported that the demand for development land at the nearby Muskoka Airport is exceeding the supply, indicating there could be an opportunity for the South River/Sundridge Airport to capture some of this demand.
- (c) It was also indicated that some aircraft operators from nearby North Bay Airport are considering relocation to the South River/Sundridge airport due to lower aeronautical fees. Consultations with the airport committee also suggest that interest has been expressed to develop small aircraft hangars, and a small aircraft maintenance organization.
- (d) Since lower fee structures are generally more attractive to small aircraft operators, the South River/Sundridge Airport is a direct competitor to other nearby airports, such as Muskoka and North Bay. However, the current turf surface runways may be limiting the potential of the airport, as most aviation operators may be reluctant to invest at an airport without paved runways. If at least one of the runways were to be paved, the airport's competitive advantage could be dramatically increased and investment at the airport could increase as a result. This investment could create additional jobs in the area, and provide increased amounts of revenue for the airport and the municipalities.
- (e) The airport property is also situated adjacent to South River, and Forest Lake, which makes the facility available for seaplane operations. This is a unique asset for the region, especially since seaplane operators can fly aircraft to the nearby lake, and taxi to the edge of the airport property via the South River. Aircraft can then be moved from the lake using a tractor and a lift trailer, to the air terminal area or an aircraft hangar for maintenance and/or storage purposes. Many other airports in the region do not have this capability. We encourage the airport to further exploit this asset, perhaps by improving the aircraft launch ramp and constructing a small floating dock that can be used to temporarily station visiting aircraft. The airport could also consider procuring a small aviation-fuel storage tank near the seaplane base to attract additional seaplane activity and increase revenues related to fuel sales.

4. Airport Ownership and Governance:

The South River/Sundridge Airport is currently owned and operated by five local municipalities – the Villages of Sundridge and South River, and the Townships of Machar, Strong, and Joly. Airport operations are overseen by a committee comprised of local elected officials from those municipalities. Monthly committee meetings are held to discuss airport operations, finances, and future plans for the airport after which the members provide progress reports to their respective councils.

As the airport has a role within the Almaguin Strategic Plan, it is important the community retain ownership of the property to ensure its future use meets the interests of the municipalities. If the airport were sold to a private entity, the municipalities could lose control over the site and the owner may develop the airport based

based on their interests, rather than the interests of the community.

Based on the current size, scale of operations, and apparent success of the current airport management structure, we recommend the site continue to be owned and operated by the five local municipalities, with an airport committee overseeing the operations and future development of the site.

5. Recommended Next Steps:

To increase activity at the South River/Sundridge Airport and provide additional economic benefits to the Almaguin Region, we recommend the airport committee and local municipalities pursue two specific initiatives:

- (a) Increase marketing efforts in order to increase airport exposure to the general aviation community and attract additional traffic; and

The airport committee has had limited success in marketing the airport to the wider general aviation community. However, fly-ins have been scheduled in the previous two years to bring small aircraft operators to the area. These fly-ins have been successful in increasing the airport's exposure, and have generated modest amounts of revenue for the airport through the sale of aviation fuel, food and refreshments. We recommend the airport committee further market the airport and highlight its unique assets, such as the seaplane base. A first step would be to publish the facility in the Water Aerodrome Supplement published by Nav Canada. This document catalogues all designated seaplane bases in Canada, and is frequently consulted by seaplane pilots during flight planning and operations. If the South River/Sundridge Airport were published in the document, seaplane activity could increase dramatically, while providing increased revenues to the airport in terms of fuel sales, and aircraft storage.

- (b) Prepare a development plan and business case for investment.

We recommend undertaking a business case and development plan as an essential step in terms of future site planning and economic development. The business case would quantify the economic impact of developing the airport, especially if one (or both) of the runway(s) are paved. Although significant capital investment would be required to pave the runway(s), the business case would indicate the secondary economic spin-offs to the region and quantify the return on investment. The number of local jobs that may be created as a result of the capital investment could also be identified, especially if benefits to the local economy can be shown.

The business case could also help the airport obtain government funding for capital investments. In addition, investing in the airport would show that the community sees the airport as an economic asset, and would indicate to aviation users that the municipalities are committed to the airport and its future development, thus promoting investment at the site.

A development plan should accompany the business case to identify short and long-term developments at the site. Development plans generally look ahead approximately 25 years and show progressive development of airport facilities based on actual and forecast demand.

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We recommend also including a land-use plan, using highest and best-use airport planning principles that identify lands required for development of the airside system, navigational aids, operational facilities, airside and groundside land parcels and airport reserve lands. This land use plan would allow the airport to accommodate private and commercial investors who wish to lease lands from the airport to develop hangars and other commercial facilities in the short-term, without adversely affecting long-term development at the site. We estimate the cost of the business case and development plan at approximately \$35,000.

If you have any questions or concerns with any of the comments or suggestions included, please feel free to contact the undersigned.

Kind Regards,

LPS Aviation Inc.

A handwritten signature in black ink, appearing to read "R. Adam Martin". The signature is written in a cursive, flowing style.

Per: R. Adam Martin, M.Sc.
Senior Airport Planner