

# **Schedule 'A'**

## **Community Improvement Plan**

### **City of Thunder Bay - Thunder Bay International Airport**

**Adopted by By-law 128/2019  
December 9, 2019**

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## 1.0 Plan Background

### 1.1 Introduction

Since 2004 the City of Thunder Bay has promoted the growth of aerospace development at the Thunder Bay International Airport through Community Improvement Plans. Financial Incentive Programs established by the Plans have assisted developers with the costs associated with construction and development.

This new Community Improvement Plan, represents a strong indication by City Council to the community-at-large, that the future health and vitality of the Thunder Bay International Airport is important to the City as a whole, and that this area is deserving of special attention. Recognition of this importance is set out in the Official Plan and its policies seek to enhance the Airport's operations.

The Airport is vital to the economy of the community and region. The Thunder Bay International Airport exists so there will be air-related transportation and business as a major contributor to regional economic growth. Thunder Bay International Airport is the third busiest airport in Ontario, serving an all time high of 869,404 passengers in 2018. Thunder Bay's high eastbound volumes coupled with its discount carrier air schedule provide the best route network of any Canadian city with a population of fewer than one million. The Thunder Bay International Airport has become a centre for aerospace-related activities and provides sustainable air services for Northwestern Ontario.

This Community Improvement Plan is intended to build on the success of previous plans and to introduce an incentive program that reflects current legislation and best practices from throughout the province. This Plan provides for the establishment of a program which will empower the City to offer financial incentives for development, re-development, and rehabilitation of lands and buildings at the Airport. It also provides the legislative basis and context for the implementation of this program through the community improvement provisions of the *Planning Act*.

This Community Improvement Plan will be administered by the City's Development & Emergency Services Department, with assistance provided by various other Departments and Divisions. This Plan will be in effect until December 31, 2030.

### 1.2 Policy Framework

#### 1.2.1 Municipal Act

Section 365.1 subsection 21 of the Municipal Act defines "tax assistance" as the cancellation or deferral of the municipal and education portion of property tax for "eligible properties" during the "rehabilitation period" and/or the "development

period”. This Community Improvement Plan introduces the Airport Development Grant Program which uses tax assistance.

### 1.2.2 Planning Act and Provincial Policy Statement

Section 28 of the *Planning Act* allows municipalities with provisions in their official plans relating to community improvement to designate, by by-law, a Community Improvement Project Area. Once this is done, a municipality may prepare a Community Improvement Plan for the Community Improvement Project Area. Through this Community Improvement Plan, the City may engage in the following activities:

- a) Acquire, hold, clear, grade or otherwise prepare land for community improvement (subsection 28(3));
- b) Construct, repair, rehabilitate or improve buildings on land acquired or held by it in conformity with the Community Improvement Plan;
- c) Sell, lease, or otherwise dispose of any land and buildings acquired or held by it in conformity with the Community Improvement Plan (subsection 28(6)); and
- d) Make grants or loans, in conformity with the Community Improvement Plan, to registered owners, assessed owners and tenants of lands and buildings within the Community Improvement Project Area, and to any person to whom such an owner or tenant has assigned the right to receive a grant or loan, to pay for the whole or any part of the eligible costs. (subsection 28(7)).

The 2014 Provincial Policy Statement (PPS) provides policy direction on matters of provincial interest related to land use planning and development.

The PPS indicates that planning for land uses in the vicinity of airports shall be undertaken so that the long-term operation and economic role of the airport is protected. It also notes that economic prosperity should be supported by promoting opportunities for economic development and community investment-readiness.

This Community Improvement Plan has been developed in accordance with Section 28 of the *Planning Act*, R.S.O. 1990, as amended and is consistent with the PPS.

The Project Area was designated as a Community Improvement Project Area, by By-law 155-2003, on July 14, 2003. A public meeting of Council to consider this Community Improvement Plan was held November 18, 2019, notice of which was published in The Chronicle-Journal on October 26, 2019.

### 1.2.3 Growth Plan for Northern Ontario

The 2011 Growth Plan for Northern Ontario (Growth Plan), prepared under the *Places to Grow Act, 2005*, is a comprehensive plan to co-ordinate economic development, infrastructure investment, labour, and land use in a way that recognizes the interconnectedness of the North's people, communities, and environment.

The Growth Plan recognizes existing and emerging priority economic sectors in the North and identifies transportation, aviation and aerospace as a priority sector for growth and diversification.

The Plan identifies northern urban centres as the economic engines of their regions. One of the key reasons is that clusters form and thrive in urban areas where they can develop and expand into mature and globally competitive economic foundations. In Thunder Bay, the Airport is a key economic driver within the community and aviation presents significant growth potential for the community.

This Community Improvement Plan supports the Growth Plan's vision for Thunder Bay's transportation, aviation and aerospace economic sector by providing financial support to those making investments to develop or redevelop the airport lands for uses which directly relate to aerospace activity.

#### 1.2.4 Thunder Bay International Airport Master Plan

The "Thunder Bay International Airport Master Plan" (the 'Master Plan') provides a recommended land use and development strategy that has been designed to carry the Airport into the future.

The Master Plan provides a contextual basis for the evaluation of future capital projects and development opportunities and will facilitate the decision process as the Airport Authority upgrades and expands the Airport's infrastructure, buildings, roads and maneuvering surfaces.

One of the stated objectives of the Master Plan is that co-operation between the Thunder Bay International Airports Authority Inc. (TBIAA) and the City of Thunder Bay continue with the intent of protecting Airport development and ensuring appropriate land use within the vicinity of the Airport. The Airport Community Improvement Plan seeks to reinforce this objective.

The Master Plan was referenced and TBIAA consulted in the preparation of this Community Improvement Plan. The Master Plan has been approved by the TBIAA and accepted by the Federal Ministry of Transportation.

#### 1.2.5 Official Plan and Zoning By-law

This Community Improvement Plan has been developed in conformity with the Community Improvement policies of the Official Plan. See Appendix "A" for these policies.

The Project Area subject to this Community Improvement Plan is comprised of lands designated "Airport" and "Natural Heritage System" on Schedule "A", General Land Use, of the Official Plan (OP).

The use and development of lands designated as "Airport" are intended to support the safe and efficient operation of the Airport. The OP states that "the predominant use of lands within this designation are those directly associated with the operation of the Airport, including runways and taxiways, the terminal building, the air traffic control tower, and other aviation support facilities." Other uses permitted within the Airport designation, subject to an amendment to the Zoning By-law, include a range of commercial and light industrial uses that are not directly related to the operation of the airport, but support, or are compatible with, the operation of the airport, and meet the objectives of the Airport Community Improvement Plan and the Master Plan for the Thunder Bay International Airport.

It is intended that future development of the Airport area will provide increased opportunities for airport-related commercial and light industrial activities. It is also intended that future development recognize the commercial and industrial nature of the Airport, and the importance of the Airport to the economy of Thunder Bay and the region.

The City's role as a transportation hub, including high quality and affordable air services and aviation-related businesses, is encouraged, maintained, and supported. Furthermore, the City promotes a climate that supports entrepreneurship and business development and supports efforts to lead and coordinate programs and initiatives aimed at encouraging new investment and the generation of new employment and tax base expansion.

The majority of the lands are affected by existing site-specific paragraphs which zone the lands "AIR" - Airport Zone, "AIR-H" - Airport Zone Holding, "FD" - Future Development Zone, and "HL" - Hazard Land Zone under the previous Zoning By-law.

#### 1.2.6 Community Economic Development Commission (CEDC) Strategic Action Plan

The CEDC's 2019-2022 Strategic Action Plan - Mission Possible: Agents of Change is a policy document that describes the vision and objectives to grow and diversify Thunder Bay's economy over the next 3 years. The Strategic Action Plan aligns with this Community Improvement Plan as it aims to grow and diversify the economy of Thunder Bay and recognizes aviation as a key development cluster for Thunder Bay.

Through its Strategic Action Plan, CEDC has committed to work with partners to expand a highly productive and innovative economy ensuring it is diverse and globally effective. The CEDC aims to influence ideas to strengthen Thunder Bay and regional infrastructure by working with the Airport Authority and other local

agencies to expand infrastructure to support Northwestern Ontario growth in supply services, tourism, and other sectors.

### 1.3 Project Area

The boundaries of the Community Improvement Project Area are shown on Figure 1. The project area is generally bounded by Arthur Street on the north, Highway 61 on the east, the Canadian Pacific Railway lines on the south, and the Neebing River on the west. Properties within the Project Area comprise federally owned land leased to the Thunder Bay International Airports Authority Inc.

The location of the Project Area is consistent with the City's Official Plan policies regarding the designation of Community Improvement Project Areas. The Project Area satisfies one or more of the selection criteria in accordance with the Official Plan. These include:

- a) condition and appearance of buildings or structures which require upgrading, rehabilitation, or redevelopment;
- b) presence of vacant lots and/or commercial buildings;
- c) need for transportation improvements, traffic realignment or establishing or improving connections to the active transportation network;
- d) presence of soil contamination; and/or,

#### 1.3.1 Existing Land Uses

The Project Area is comprised of a range of land uses associated with the operation of the Airport, including an airport, flying school, car rental agency, commercial parking lot, aviation training centre, solar farm, and storage facilities. The project area is approximately 365 hectares (900 acres) in size. Figure 2 indicates the various lands uses at the Airport and the amount of land associated with each use.

The centre portion of the Project Area consists of the airport runways and taxiways; this use occupies the largest portion of the Project Area site. The terminal building, air traffic control tower, and other aviation support facilities are located on the east side of the Project Area. This area represents the most intensively used portion of the site with the greatest concentration of airport activities and associated buildings and structures.

The remainder of the Project Area is vacant, undeveloped land.

A wide variety of land uses surround the Airport Lands including industrial to the south, industrial, residential, and parkland to the east, commercial and residential to the north, and rural residential with natural heritage features to the west.

#### 1.3.2 Existing Building Conditions

Historically, the majority of the Project Area has been used for various airport-related activities. Over the course of time, many of the buildings associated with these activities have been replaced with newer facilities. More recently, a large amount of capital investment has been expended to upgrade or replace many of the airport facilities, including the terminal building. In 2018, the expansion and renovation of the Air Terminal Building was completed. The secure departure lounge grew by 55% to provide passengers with comfort while waiting for their flights and the Customs Hall grew by 450% to accommodate Thunder Bay's winter charter activities.

#### 1.4 Consultation

Although the Ministry is not the approval authority for Community Improvement Plans the City is required to consult on the preparation of the Plan and provide an opportunity for review. A draft of the Community Improvement Plan was circulated to the Ministry of Municipal Affairs and Housing on August 28, 2019 for their review and comment. Comments were received on November 14, 2019. The Ministry commended the City's efforts with the use of the Community Improvement Plan planning tool to enhance the Airport's operations and suggested minor edits to the plan, which have now been integrated.

Both the Thunder Bay International Airports Authority Inc. (TBIAA) and the Community Economic Development Corporation (CEDC) were consulted during the preparation of the Plan.

The TBIAA advises that it continues to work actively towards new development at the Airport and the diversification of activities. 49 companies have been contacted regarding development at the Airport since 2004. Although there have only been three recipients of the previous Plan's Grant Program, the incentives offered were instrumental in securing the over \$5 million of investment made. The nature of aviation development is globally competitive and the financial incentives offered through the Community Improvement Plan's Grant Program assist in positioning Thunder Bay's Airport competitively.

The CEDC aims to influence and strengthen Thunder Bay and regional infrastructure by working with the TIBAA and other local agencies to expand infrastructure to support Northwestern Ontario growth in supply services, tourism, and other sectors. The CEDC recognizes that as more economic development and climate change impacts occur to the north, the airport will become more important to the economy of Thunder Bay. Thunder Bay is the hub for health care, services, and supply and labour to a lot of Northwestern Ontario. Facilities to support this role and becoming more of a bedroom community for this growth requires suitable infrastructure at the airport. As such, CEDC is working to help existing businesses at the airport grow and attract new ones.

The CEDC's Strategic Action Plan aligns with this Community Improvement Plan as it aims to grow and diversify the economy of Thunder Bay and recognizes aviation as a key development cluster for Thunder Bay.



Notice of the required public meeting was notice of which was published in The Chronicle-Journal on October 26, 2019.

Additional letters of support were received from the following:

- Wisk Air Helicopters
- Levaero Aviation Inc.
- Thunder Bay Chamber of Commerce
- Confederation College

Wisk Air Helicopters and Levaero Aviation Inc. are recipients of the incentives provided under the current tax rebate program. Both companies wrote in support of the proposed Airport Community Improvement Plan. Wisk Air Helicopters indicates that the program impacted their decision to locate in Thunder Bay. They also anticipate future expansion and would prefer to locate at the Thunder Bay Airport. Levaero Aviation Inc. states that without the Tax Rebate Program, they would not have located in Thunder Bay. Like Wisk Air Helicopters, Levaero Aviation Inc. anticipates future expansion. Their preference would be to locate new facilities at the Thunder Bay Airport. They note that the continuation of the tax rebate program would likely ensure that.

The Thunder Bay Chamber of Commerce recognizes the Airport Community Improvement Plan as an important incentive to investment and growth of Thunder Bay's aviation sector. They offer their full support of the program.

Confederation College has a strong aviation program which leads well into expanding aviation services and capabilities at the airport. Confederation College offered their support for the Plan and noted that aviation growth helps them with increased enrollment potential, meaningful co-op placements, and clear career paths. Future expansion of the College's aviation program would be supported by the Airport Community Improvement Plan.

A Public Meeting to consider this Community Improvement Plan was held on November 18, 2019.

## 1.5 Development Proposals

The Thunder Bay International Airports Authority Inc. (TBIAA) has been actively working towards new development at the Airport and the diversification of activities. Although there have only been three recipients of the previous Plan's grant program, since 2003, 11 buildings have been either constructed or expanded at the Airport. This yields an absorption rate of approximately one new or expanded building on Airport lands every 18 months. TBIAA has contacted 49 companies regarding development at the Airport since 2003, underscoring the global competitive nature of aviation development.

## **2.0 Community Improvement Plan Policies**

### **2.1 Goals and Objectives**

This Community Improvement Plan shares common goals with the Official Plan, which recognizes that initiatives in community improvement contribute significantly towards strengthening the local tax base, economic development, job creation, and the economic viability of the business community

The plan aims to encourage employment growth and economic development by allowing the City of Thunder Bay to offer assistance in support of the introduction, expansion, or improvement of development, which is associated with aerospace activities at the Airport.

The Airport Development Grant Program shall be the vehicle through which assistance is offered.

### **2.2 Airport Development Grant Program**

The Airport Development Grant Program will enable the City to grant back to businesses (owners, tenants, and assignees) all incremental increases in municipal property taxes resulting from new aerospace related development on Airport lands for up to 25 years. The increase in taxes, or tax increment, is calculated by subtracting the municipal portion of property taxes before reassessment from the municipal portion of property taxes after the reassessment. Forgiving the incremental increases in taxes is an ideal way to provide incentives because it does not erode the existing tax base and the incentives are self-financing. However, the City must still recognize and collect these incremental taxes and budget for the corresponding “grant backs”, on an annual basis within the municipal budget.

#### **2.3.1 Grant Amount**

The total annual amount of each grant will be limited to the amount that the municipal property taxes have increased as a direct result of any eligible development, provided that the total the grant does not exceed the cost of such eligible development.

Specifically, this program will provide grants to property owners, tenants, or assignees who undertake the development or redevelopment of their properties that will result in a re-assessment of the properties. The amount of the grant will be determined by the Director of Revenue based upon the incremental increase in the municipal property taxes that result from the reassessment of the property based on the work being done.

The total amount of the grants provided will not exceed the value of the work done that resulted in the re-assessment. For this reason, the total value of construction and other associated eligible costs, plus the amount of the municipal

taxes paid prior to, and after the development, will have to be known. "Municipal taxes" under this program refers to only the general portion of municipal taxes and does not include any other taxes or amounts, including but not limited to education taxes and urban service and special area rate levies such as public transportation.

The program will not exempt property owners from an increase in municipal taxes due to a general tax rate increase or a change in assessment for any other reason after the property has been improved.

### 2.3.2 Duration of Grant

Each year, once the property taxes are paid in full for that year, the City will issue a grant payment to the applicant, tenant, or assignee equivalent to the increase in municipal taxes. These grant payments will be issued for 25 years or up to the time when total grant payments equal total eligible program costs, whichever comes first. At the conclusion of the grant program the property owner will be required to pay the full amount of the taxes owing with no rebate.

### 2.3.3 Eligible Works

Eligible works will include any works that meet the definition of "aerospace-related" in this Community Improvement Plan. "Aerospace-related" is an adjective phrase that describes a use directly associated with or directly related to the operation of an airport.

Also, for the purpose of this Community Improvement Plan, "works" means any alteration, addition, or repair to, or any construction, erection, or installation on any land and includes the demolition or removal of any building, structure, infrastructure, or parts thereof, but does not include buildings, structures, or fixtures which merely rest on the land and which could be removed at will without changing the character of the land itself.

### 2.3.4 Eligibility Criteria

The eligibility requirements for this program will be as follows:

a) Eligible development costs include the costs of:

- Environmental site assessment
- Environmental remediation
- Development, redevelopment, construction, and reconstruction of buildings based on the value of construction undertaken pursuant to a building permit and constructed in accordance with the Ontario Building Code and applicable zoning requirements, and shall conform to any applicable design guidelines or site plan control applying to the property.

- b) The property must be located within the boundaries of the Airport Community Improvement Plan Project Area (see Figure 1)
- c) To qualify, property owners or tenants must satisfy the following conditions:
- Prior to making an application for financial incentives, pre-consultation with Planning Services and other City staff is required
  - Applicants are required to submit a complete application to the Planning Services Division describing (in detail) the development, redevelopment or adaptive reuse that is planned. This may include reports, conceptual site plans, business plans, estimates, contracts and other details as may be required to satisfy the City with respect to conformity of the project with the Community Improvement Plan. Application requirements will be clearly articulated at or following a pre-consultation meeting with City staff.
  - Property taxes must be in good standing at the time of application and at the end of each year during the grant period. If property taxes are not paid in full by December 31 for any given year, the grant will not be approved for that year.
  - Proposals must demonstrate to the satisfaction of the City (i.e. by business plan or other means) that it will provide a measurable public benefit.
  - Grants are only available for the development or redevelopment of aerospace-related uses as defined in Eligible Works Section 2.3.3.
  - All work approved under the grant program must conform to all Provincial laws, municipal by-laws, policies, procedures, standards and guidelines, including applicable Official Plan and Zoning By-law requirements. This includes a requirement for a municipal building permit in accordance with the Ontario Building Code.
  - Applications must be submitted prior to commencement of any eligible works being undertaken (i.e. costs incurred prior to application may not be eligible for inclusion in the grant program).
  - Applicants approved for the grant program will be required to complete the approved works within timeframes agreed to by the City.
  - If any of the eligible work under the grant program is not completed as approved, if a building erected on a property participating in a grant program is demolished before the program ceases or is destroyed by fire or other natural disasters, or if a property owner fails to meet any of the program requirements and/or terms and conditions, the grant may be delayed, reduced, cancelled or repayment of the grant may be required by the City.

- Proof of actual costs associated with the rehabilitation or development of lands and buildings must be submitted to the Planning Services Division.
- Any outstanding work orders and/or other charges from the City (including tax arrears) against the subject property must be addressed to the satisfaction of the City prior to the grant being paid, or be addressed as part of the proposed work.
- If the applicant is in default of any of the general or program specific requirements, or any other requirements of the City, the City may delay, reduce, cancel, and/or require repayment of the approved grant.

## 2.5 Implementation

The actual costs of the work done will be supplied to the City upon completion of the project. Payment of the grant under the program, will be based on the City's review and satisfaction will all reports and documentation submitted outlining the full scope and cost of the work completed. Any and all of these costs may be subject to an independent audit at the request of the City and at the expense of the property owner.

The Planning Services Division in consultation with the Financial Services Division, will be responsible for the administration of the program. The implementation of this program and the calculation of the grants, will be at the sole discretion of the City. The funding source for this program will be determined annually in the City's budget. All grants will be awarded on an individual basis. Final decisions on applications and allocation of funds shall be made by City Council unless City Council has expressly delegated its authority to City staff. Further, if City Council delegates its authority, then the applicant shall be afforded an opportunity to appeal the staff decision to Council or an appropriate Committee of Council.

The City may review or amend any of the terms of the Airport Development Grant Program described in this Community Improvement Plan without amendment to the Plan.

Amendments to this plan shall include the statutory public meeting and the notice requirements of Section 28(5) of the Planning Act and will require a by-law passed by Council. The City shall also consult with the Ministry of Municipal Affairs and Housing on any amendments to the plan.

The City shall begin accepting applications for Airport Development Grant Program on the date this Community Improvement Plan is approved by City Council. This Community Improvement Plan shall remain in effect and applications for the Airport Development Grant Program will be accepted until December, 31, 2030.

## 2.6 Marketing

The Program introduced in this Community Improvement Plan will be promoted on the City's website and through the Community Economic Development Corporation. Opportunities to share information about the Program through the Real Estate Board, Chamber of Commerce, and other organizations will also be explored.

## 2.7 Monitoring

To monitor the success of the Community Improvement Plan, the following data will be collected and reviewed annually to determine if the Program is achieving the desired results and to evaluate whether Program adjustments are required.

- The number of unsuccessful applications and the reasons for the application denials
- The value of private vs. public sector investments
- The effectiveness of the organizational and funding structure of the CIP process
- The evaluation process
- The amount of staff resources and other resources to administer, monitor, and market the plan
- Number of projects that resulted in an increase in municipal assessment
- Gross floor area of aerospace-related industrial or commercial space rehabilitated or constructed
- Land area remediated and/or redeveloped

## 3.0 **Conclusion**

This Community Improvement Plan provides the legislative basis and context for a grant program that will support growth and economic development by allowing the City of Thunder Bay to grant back, for up to 25 years, incremental increases in the municipal portion of property taxes resulting from the introduction, expansion, or improvement of aerospace related development at the Thunder Bay International Airport.

Issues outside the purview of this Plan, but supportive of further development in the Thunder Bay International Airport area, such as amendments to the Zoning By-law, preservation of the natural environment, land use compatibility, and airport noise mitigation, will continue to be examined.

# FIGURES

Figure 1: Thunder Bay International Airport- CIP Project Area

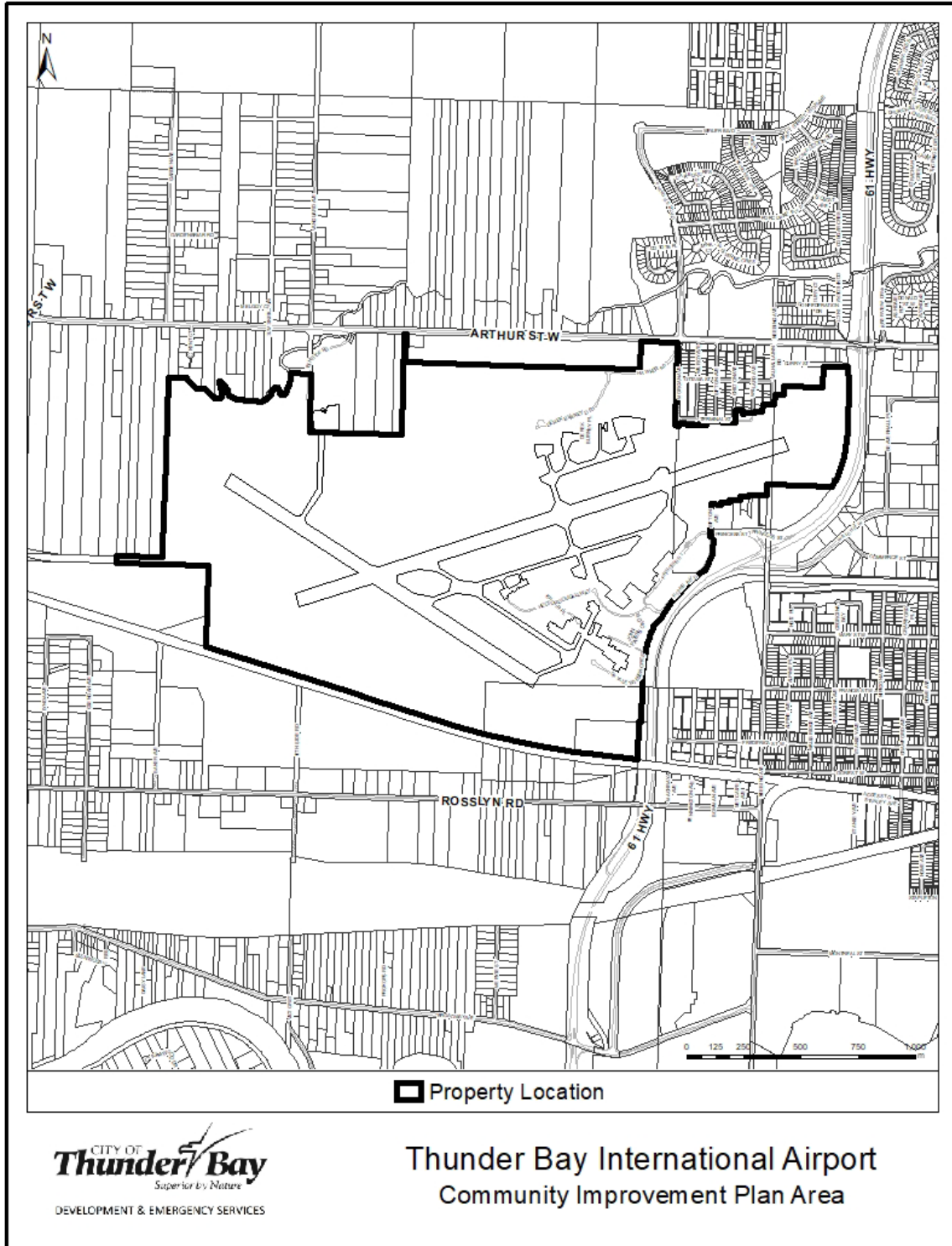


Figure 2: Thunder Bay International Airport - Land Use Plan

