

## Margaree Airport Expansion

In December 2014, Inverness Municipality submitted an application to the Build Canada Fund to expand and upgrade the existing Municipal Airport in Margaree to create the 'Cape Breton Island Airport' (CBIA).

The airport is located adjacent to the world renowned Cabot Trail (Nova Scotia's premiere icon) and central to Cape Breton's finest attractions. The focus of the airport will be tourism. The expansion is about bringing new incremental business to Cape Breton Island – business we are not attracting with our current infrastructure. The development of Cabot Links Resort and Golf Course has been game changing and drawing unprecedented attention. Golf is unquestionably emerging as a strong new selling point for Inverness County. Cabot Links has attracted 39% of its visitation from the US and 25% from Ontario. Most impressive is that 90% of the American visitors and 50% of the Ontarian visitors were first time visitors to Nova Scotia, with the majority arriving by air. A significant opportunity has presented itself. Cabot Links has drawn a high value visitor. We know that the high value visitor, which our region has the potential to attract in much higher numbers, demands convenient and "direct air access" to destinations.

The lack of ease of access is a major impediment to the full development of tourism for Inverness County. In particular, short excursions (2 to 4 days) are discouraged by long drives. Presently, the majority of vacationers/travelers make their way to Cape Breton and our region by driving as a touring visitor or flying into the Stanfield International Airport, Halifax and then renting a vehicle or taking an excursion. The drive from Halifax airport to Inverness and the Cabot Trail is 3 hours and 3.5 hours respectively. The JA Douglas McCurdy Airport, Sydney is over a 2 hour and 10 minute drive to Inverness. and Port Hawkesbury Airport is 1 hour and 15 minute drive (95 kms). The Port Hawkesbury Airport does not have commercial service and considering the targeted client the drive is too long to for "direct access."

Presently there are no commercial flights into Western and Northern Cape Breton - the best of Cape Breton's experience. Cape Breton in general depends on the driving vacationer that travels to and around the island. The trends show that we can expect less touring vacationers. We also know that our growth will come from air travelers – not road travelers as we have seen in the past. Rapid growth of air travel is a world-wide phenomenon, and this trend will continue. Destinations which offer the most convenient options for access from major population centres will enjoy the most success.

Our objective is to accommodate increasing number of visitor's direct access to the Cabot Trail and world class tourism offerings of Western and Northern Cape Breton - world class golf, fishing, touring, music and dance. Their expenditures will drive economic growth, and the benefits will spread across the Island. From a tourism perspective Cabot Links and the new Cabot Cliffs will become the main driver for activity at the airport.

The opportunity exists for additional businesses to build on the success of Cabot Links and the CBIA. In the tourism sector alone, the natural and cultural advantages of Inverness County – warm sandy beaches, world class touring, authentic culture, spectacular coastline – combined with direct air access and available labour force, will position the entire area for new investment. The airport will become a critical tool for investment promotion and business attraction – in the tourism sector and beyond.

The plan is to upgrade and double the width and lengthen of the runway (from 2,500' to 5,000') and reposition it as a regional airport seeking new, incremental domestic charter and scheduled air service that would otherwise not come to Inverness County and Cape Breton. Presently the Margaree Airport is

underutilized and cannot accommodate commercial aircraft. The proposed expansion of the runway will accommodate larger aircraft and will increase the volume of aircraft and passengers.

The business concept is based on operating over a 7-month period. The CBIA will allow for commercial airlines and general aviation. Air traffic projections for commercial flights are two (2) flights (average 50-seat aircraft) per week arriving from Toronto and from Northeast USA (Boston, Newark or other) with 2,380 passengers arriving per year. Air traffic projections grow to four (4) flights per week by 2019 and 4,200 passengers arrivals in 2021. Air traffic projections for general aviation - from Canada and the USA - starts at just over 200 air craft arrivals with 3,255 passengers per year.

In 2014, The Group ATN Consulting determined the economic impacts/benefits of the CBIA is estimated that in the first year of operation, the airport would facilitate travel by 6,000 incremental visitors, generating \$5.26 million direct revenues and an estimated 65 new direct jobs and another 27 jobs through spin-off employment impacts. By year 5, visitors would increase to 9,000, generating \$7.9 million in incremental revenue and estimated new direct jobs number grows to 97 and jobs through spin-off employment would grow to 40.

The CBIA can be operational in 2016 with an approximate \$9.4 million investment for runway expansion, operational infrastructure and a modest terminal structure. Annual operating expenses (including management, fixed and variable expenses and capital reserve) are estimated to be \$130,000 to start, with operational revenues in the same range and growing to \$190,000 in a 5-year span. The business case is built upon a fee for service model that is estimated to contribute to 100% of operational costs. Inverness Municipality is seeking support for equal funding contributions from three levels of government (\$3.1 million each).

The CBI Airport will provide new opportunities for small businesses and enterprises particularly those that will generate or access “must see and do” tourism product such as touring and outfitter operations. Direct access will open up new opportunities for the development of new prepackaged themed vacations (Acadian, Celtic Music, Cycling, Touring the Cabot Trail, Golfing and more). Other expanded and alternative uses of the CBIA that can emerge include residential fly-in communities (fishing, snowmobiling); aviation maintenance and service; which will expand the length of our tourism season. The CBIA will position the entire region for new investment with the purchase of land, vacation and residential units, the reinvestment into tourism facilities and the establishment of new tourism facilities and businesses. The airport will become a critical tool for investment promotion and business attraction in the tourism sector and beyond.

The CBI Airport addresses the four defined pillars of sustainability - economic, environment, social and cultural. To ensure this initiative does not have any notable negative impact or imprint on the environment a part of the process will be an Environmental Assessment. We believe that sustainable tourism goes hand in hand with the value and appreciation of the exceptional and natural surroundings our region has to offer. In short, tourism is one of the few truly renewable resources that Inverness County has.

The development of CBIA constitutes a strong step forward in addressing a critical challenge laid out in the recent Ivany Report (The OneNS “Now or Never” Report) of the need to keep pace with our competitive environment. The CBIA supports the collective interest of Inverness County and First Nation residents and by extension all Cape Breton municipalities for economic growth resulting in broad public benefits, healthier tax bases and stronger communities while respecting our environment.