

Increase Borrowing for the Sudbury Airport Community Development Corporation

Presented To:	City Council
Meeting Date:	April 27, 2021
Type:	Managers' Reports
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Recommended by:	General Manager of Corporate Services

Report Summary

This report provides a recommendation regarding increasing the borrowing limits for the Sudbury Airport Community Development Corporation from \$7.5 million to \$12.5 million.

Resolution

THAT the City of Greater Sudbury increase the borrowing limit for the Sudbury Airport as outlined in the report entitled "Increased Borrowing for the Sudbury Airport Community Development Corporation", from the General Manager of Corporate Services, presented at the City Council meeting on April 27th, 2021; and

WHEREAS the Sudbury Airport Community Development Corporation is experiencing operational pressures due to the COVID-19 pandemic; and

WHEREAS the Sudbury Airport Community Development Corporation Board authorized the accumulation of permanent long term debt up to \$12.5 million through Board resolution 2021-001;

THEREFORE BE IT RESOLVED that the City of Greater Sudbury approve the increase to the Airport's current borrowing arrangement with the City from \$7.5 million to \$12.5 million; and

THAT the terms regarding the interest rate remain unchanged at 1% above the City's average investment rate in accordance with the City's Investment Policy; and

THAT the City of Greater Sudbury directs staff to prepare a by-law.

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to operational matters.

Financial Implications

There are no financial implications associated with this report.

Background

In the past, this debt was utilized by the Greater Sudbury Airport for capital improvements and expansions. It was also used for bridge financing of larger projects where a government subsidy was provided. The bridge provides cash flow for the Airport until claims are made on the project and funds are received from the government. Repayment of debt is provided from the Airport revenues such as landing and passenger fees.

However, the current COVID-19 pandemic has adversely affected the aviation industry with a considerable reduction in air travel resulting in a substantial decline in expected revenue. The Greater Sudbury Airport has felt these pressures and have taken significant steps in minimizing optimal impact while maintaining essential operations. To date, there has been no government support for the airline industry. An application is before the Canada Revenue Agency for the Canada Emergency Wage Subsidy (CEWS) and the airport is waiting for a response. At such, the Greater Sudbury Airport is requesting additional support from the City through an increase in the borrowing limit to continue with operations.

Once the aviation industry returns to normal, the Airport will continue to make payments on this debt to the City.

The Board has requested that the terms for the increase in debt remain at the current borrowing arrangement with the City, which is a rate of 1% above the average arrangement rate.

The Board resolution supports the request to increase the borrowing limit from \$7.5 million to \$12.5 million.