



VICTORIA AIRPORT AUTHORITY

Airport Consultative Committee

**Minutes of the Meeting held on
Tuesday, March 11, 2014
7:30 - 8:45 AM
Delta Ocean Pointe Resort & Spa
Arbutus A Room**

Upcoming Public Meetings:

- **Victoria Airport Authority Annual Public General Meeting:
7:00 PM, Thursday, May 8, 2014
Mary Winspear Centre – Activity Room 4
2243 Beacon Avenue, Sidney, BC**
 - **Next Airport Consultative Committee Meeting:
7:00 PM, Tuesday, October 28, 2014
Mary Winspear Centre – Activity Room 2
2243 Beacon Avenue, Sidney, BC**
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Representative Members

<u>Organization</u>	<u>Representative</u>
Association of Canadian Travel Agencies	-
BC Ministry of Transportation & Highways	-
Canada Border Services Agency	-
Canadian Aircraft Owners and Pilots Association	-
Capital Regional District	Mayor Alastair Bryson (Central Saanich)
City of Victoria	Councillor Shellie Gudgeon
Corporation of the District of Oak Bay	-
Corporation of the District of Saanich	Councillor Susan Brice
Department of National Defence	-
District of Central Saanich	Councillor Carl Jensen
District of North Saanich	Councillor Conny McBride
District of North Saanich Residents' Association	-
Greater Victoria Chamber of Commerce	Al Hasham
Nav Canada	Darlene George
Pauquachin Band Council	-
Saanich Peninsula Chamber of Commerce	Joe Jansen
Saanich Peninsula Water Commission & Waste Management Committee	-
Sidney Business Association	Nick Coates
Sidney Ratepayers Association	-
Tourism Victoria	Paul Nursey
Town of Sidney	Councillor Steve Price
Tseycum Band Council	-
Airlines:	
WestJet	-
Air Canada / Jazz	-
Horizon Air	-
Pacific Coastal Airlines	-
Air Terminal Building Tenants' Representative	Alan Paterson
Airport Land Tenants Association	-

VAA Board Members on the Airport Consultative Committee in attendance:

Lindalee Brougham (Board Chair), Mel Rinald (Committee Chair), Bob Coulter (Committee Vice-Chair), Peter Bray and Colin Smith

Other VAA Board members in attendance:

Jim Crowley, Graeme Roberts, Gordon Safarik, Suromitra Sanatani and Mel Satok

Regrets: Lynne Henderson, Bruce Knott and Glen Crawford.

VAA Management: Geoff Dickson, Randy Bogle, James Bogusz, Scott Cunningham, Melinda Orlowski, Terry Stewart and Ian West

Special Guests:

Debra Hartung, Constituency Assistant to the Honourable Gary Holman, MLA

Public in attendance: 20

1. Call to Order

The meeting was called to order. Mel Rinald, Chair of the Victoria Airport Authority Board of Directors, acted as the Chair of the Airport Consultative Committee; Melinda Orlowski acted as Recording Secretary.

2. Introduction of Members of the Committee, Dignitaries and Special Guests

The Committee Chair introduced the members of the Airport Consultative Committee and recognized the local dignitaries and special guests in attendance.

3. Motion to Receive the October 29, 2013 Airport Consultative Committee Minutes

IT WAS MOVED, SECONDED AND CARRIED TO RECEIVE THE OCTOBER 29, 2013 AIRPORT CONSULTATIVE COMMITTEE MEETING MINUTES.

4. Report from the Chair of the Board of Directors

Lindalee Brougham, Board Chair of the Victoria Airport Authority (VAA) welcomed the Committee and members of the public to the spring Airport Consultative Committee meeting.

The Committee is comprised of Representative Members from local municipalities, airlines, airport land tenants and other stakeholders. The Committee meets twice a year; once in the spring and once in the fall. The meetings are an opportunity for the Victoria Airport Authority to provide updates about the airport to members of the business community, airport tenants and citizens of Greater Victoria; to engage in meaningful dialogue; and to encourage feedback when considering the future direction of the airport.

VAA Board of Directors

There are 13 Board members representing nine nominating bodies and one Board appointee on the VAA Board of Directors. Each member has a high level of knowledge and expertise encompassing a broad range of skills to complement the Board:

Peter Bray	City of Victoria
Lindalee Brougham	Greater Victoria Chamber of Commerce
Robert Coulter	Federal Government of Canada*
Glen Crawford	Corporation of the District of Saanich
James Crowley	District of North Saanich
Lynne Henderson	Province of British Columbia*
Bruce Knott	Federal Government of Canada*
Mel Rinald	Town of Sidney
Graeme Roberts	District of Central Saanich
Gordon Safarik	District of North Saanich
Suromitra Sanatani	Board Appointee*
Mel Satok	Town of Sidney
Colin Smith	Capital Regional District

* denotes appointees vs. nominees

The following are the Officers of the Corporation and Committee Chair positions for 2014:

Board Chair	Lindalee Brougham
Board Vice-Chair, and Chair - Airport Consultative Committee	Mel Rinald
Board Secretary, and Chair - Governance Committee	Jim Crowley
Chair - Audit and Finance Committee	Glen Crawford
Chair - Planning and Development Committee	Lynne Henderson

Biographies of all current members of the VAA Board, and the President and CEO are on the VAA website at www.victoriaairport.com.

New Board Member

VAA welcomes its newest Board member, Gordon Safarik who is nominated by the District of North Saanich. Mr. Safarik replaces outgoing Board member R. Chad Rintoul, who retired from the Board on December 31, 2013.

A long-time resident of North Saanich, Mr. Safarik has an extensive background in business, tourism and transportation-related industries. His experience in dealing with all levels of government will benefit the Board, and we look forward to his contributions.

Departing Board Member

Peter Bray, who is nominated by the City of Victoria, will be retiring from the VAA Board of Directors effective March 31, 2014 after serving for eight years. He joined the VAA on April 1, 2006 and has served on a number of committees including the Steering Committee, Governance Committee, Audit and Finance Committee, and the Airport Consultative Committee. Mr. Bray also served as Board Vice-Chair from 2009 to 2011. He has held a number of board positions on local and national organizations including the Financial Management Institute of Canada, the Victoria Jazz Society and the Literary Arts Festival Society of Victoria. Mr. Bray's departure will be a significant loss, and we thank him for his counsel, oversight and many contributions to the airport.

Airport Updates

2013 was a truly exceptional year for the Victoria Airport Authority. The airport's overall passenger traffic numbers surpassed all previous records, resulting in an increase of 3.4%.

Victoria International Airport continues to be one of the lowest cost airports in the country while making the appropriate investments in the facilities. The Board provides strategic guidance in the areas of fiscal responsibility, leadership in customer service, stewardship of the environment and forging strong community partnerships.

Victoria International Airport was recognized on a global scale for service excellence. Further details will be provided by the CEO during his presentation.

The VAA continues to innovate in its environmental management programs including the remediation work done on Reay Creek, which saw the construction of a 200 meter bypass channel to allow the creek to restore itself.

On a community level, the VAA supports a variety of causes throughout the region. Our proudest accomplishment, the completion of a 9.3 kilometer multi-use path has far exceeded expectations and have been well received by the community.

Concluding Remarks

On behalf of the VAA, Ms. Brougham thanked the Committee members and the public for their interest, support and feedback.

5. Report from the Vice-Chair of the Audit and Finance Committee

Colin Smith, Vice-Chair of the Audit and Finance Committee, provided a brief overview of the financial results of the corporation. The Year 2013 financial statements will be presented at the VAA's Annual Public General Meeting on May 8, 2014.

The VAA is pleased to report that 2013 was another positive year. The balance sheet remains strong, annual debt repayments of \$1.8 million continue to be made, and it is anticipated that VAA's debt will be fully retired by 2017.

AIF Revenues and Operations Revenue

VAA receives revenue from the following sources: the Airport Improvement Fee (AIF); Operations (aviation and terminal related fees); Concessions; and Rent (from leased airport land). AIF revenues are used exclusively to fund capital costs which are related to airline operations and passengers, as well as the debt associated to these projects. Operations revenue funds ongoing operations and maintenance costs, as well as all other capital projects that are not eligible for funding out of AIF revenues.

Highlights of financial performance for 2013:

Revenues: \$24.7 million
Expenses (excluding amortization): \$13.2 million
Excess Revenue Over Expenses before amortization: \$11.5 million
Amortization of Capital Assets: \$5.1 million
Excess of revenue over expenses: \$6.4 million

Revenues are made up of the following categories:

Landing Fees: \$3.0 million
General Terminal Charges: \$2.5 million
Concessions: \$7.8 million
Rentals: \$3.0 million
Airport Improvement Fee: \$7.7 million
Other revenue: \$0.7 million

Total 2013 revenue: **\$24.7 million**

Expenses are made up of the following categories:

Services, Supplies and Administration: \$3.5 million
(includes items such as cleaning services, insurance, landscaping)
Security and Terminal Services: \$2.3 million
Amortization: \$5.1 million
Salaries and Benefits: \$4.2 million
Property Taxes: \$0.9 million
Rent paid to Transport Canada: \$0.8 million
Utilities: \$0.7 million
AIF Administration and Handling Fees: \$0.5 million
Interest: \$0.3 million

Total 2013 expenses: **\$18.3 million**

VAA continues to invest in the assets of the airport. In 2013, VAA invested approximately \$8.4 million in capital improvements. Some of the projects for 2013 included:

- Air terminal building renovations
- Completion of 'The Flight Path' – a 9.3 km multi-use bike and walking trail
- Acquisition of a heavy-duty sweeper truck
- Rehabilitation of airside and groundside pavements
- Security improvements
- Installation of a new ground equipment fuelling station

In the summer of 2014, the VAA will be undertaking a significant project that will see the main runway resurfaced to ensure the continued safe operations by the aviation industry.

Since the VAA was established in 1997, over \$111 million in cumulative capital investments have been made in order to continually improve the Victoria International Airport. VAA is proud that its \$10 AIF and terminal fees remain among the lowest of all Canadian airports.

6. Report from the VAA President and CEO

With the assistance of a PowerPoint presentation, President and CEO Geoff Dickson reviewed some of the highlights, challenges and opportunities for the Victoria Airport Authority.

Awards

In 2013, the VAA was recognized on a number of levels for its business, environmental, community, customer service and employee wellness initiatives.

Locally, the VAA received two Crystal Awards for Business Excellence from the Saanich Peninsula Chamber of Commerce: Business of the Year (16+ Employees) and Contribution to the Community. In addition, VAA was a finalist for Green Business of the Year.

On a provincial level, the BC Aviation Council recognized VAA's efforts on Reay Creek and awarded the Silver Wings Environmental Award.

Airports Council International – North America (ACI-NA) recognized VAA with a 2013 Environmental Achievement Award in the category of Mitigation. Victoria ranked among other notable airports such as Vancouver, San Francisco and Detroit.

For the second year in a row, Excellence Canada awarded a Certificate of Merit for VAA's Healthy Workplace Month initiative aimed at creating a safe and healthy workplace for its employees.

Airports Council International (ACI) is the global trade representative for airports worldwide. Along with nearly 300 other airports, Victoria International Airport participates in an annual customer satisfaction survey that tracks a wide range of customer touch points such as courtesy of staff, efficiency, cleanliness, security screening process and value for money.

In 2013, ACI announced that Victoria International Airport was the winner of the 2012 Airport Service Quality Award for Best Regional Airport in North America. This award is among one of the highest honours that can be achieved in the aviation industry. For the VAA, it means identifying elements of the customer experience to differentiate Victoria from other airports.

Terminal Building Improvements

To achieve a number of objectives, the VAA has undertaken a significant redesign of the terminal building.

The Circulation, Security and Concessions project (CSC) was designed to reduce congestion at pre-board screening by doubling the footprint to accommodate additional security lines; improve food and retail offerings post-security; create better flow between the upper and lower floors by consolidating the elevator, escalators and stairs in one location; and improve the overall ambiance by refreshing the flooring, adding new business centres and adding additional modern seating.

The iconic Victoria restaurant 'Spinnakers on the Fly' opened in January and is uniquely representative of local Victoria flavours. The restaurant also features 'grab and go' offerings for passengers on the move.

Harbourwalk, a new airside retail and duty-free outlet in partnership with LS Retail, will feature a wider range of local Victoria products such as Rogers Chocolates and Sitka clothing.

Security screening is being expanded to create more physical space and reduce congestion, with the potential for up to five lines. VAA's objective is to increase throughput by improving flow, adding new divesting and re-vesting areas to speed up the process, and a number of other technology efficiencies to improve the customer experience. In addition, a NEXUS line will be introduced to expedite passengers who participate in the trusted traveller program. The project will be complete by August 2014.

The colour palette for the terminal renovation was inspired by Emily Carr's painting 'At Beacon Hill: The Wheatfield'.

The entrance doors to the terminal will be twinned for improved climate control and energy efficiency, and to prevent debris from entering the building during inclement weather.

Markets

Non-stop services are the key to growth. New seasonal air service to Huatulco, Mexico was introduced in 2013.

WestJet's new regional carrier Encore commenced operations introducing new service to Vancouver, with one-stop service to Fort St. John. Their new Q400 turbo-prop fleet opened up new markets that were previously not served.

Air Canada introduced same-plane service to Winnipeg via Calgary.

Rouge, Air Canada's low-cost leisure carrier, will be expanding west and are expected to replicate WestJet's sunspot model.

VAA continues to seek opportunities to attract and grow non-stop service from Victoria.

Passenger Traffic

Victoria International Airport achieved record traffic numbers with 1,556,960 passengers in 2013. This reflected the first material growth in some time. There were four record months: June, August, November and December, with the positive trend continuing into 2014.

Airlines

The aviation sector continues to grow. Air Canada's stock surged by 123% and was one of the top performers in the Toronto Stock Exchange in 2013. WestJet is expanding their fleet by nearly 45%, adding 65 Boeing 737 aircraft into the market. Canada Jetlines, a new ultra-low cost carrier, are looking to enter the market. VAA is in discussions with the company who see Victoria as a good market.

Future Projects

Passenger traffic is expected to grow over the coming years, with an estimated 2 million passengers traveling through Victoria International Airport by 2020. Emerging technologies will impact check-in procedures, baggage handling, security and the boarding process. These technologies are taken into consideration when designing the terminal, and Victoria International Airport is well positioned for the future.

Over the next twenty years, Victoria International Airport will be expanded to the west, north and east to accommodate growth. The first addition will see an expanded apron and terminal building to the north to add more loading gates and increase physical capacity for aircraft. The taxiways will be widened and two new overnight aircraft parking stands will be constructed.

Runway Overlay Project

The largest and most complex project of 2014 is the overlay of YYJ's main runway 09/27. After significant consultation with the air carriers and stakeholders to minimize impact, work will commence in June and complete in August. Each night paving will occur after the last flight of the day, with the main runway opening for business again at 6:30 AM.

Parking

In order to meet the growing parking demand, additional spaces will be added over the coming years. With the recent realignment of Willingdon Road, the footprint is already in place and will be filled as the need arises.

Aviation Fees

Victoria International Airport's \$10 Airport Improvement Fee is the lowest among all Canadian airports in the National Airports System. VAA keeps its AIF and other aviation fees low in order to maintain and attract air carriers.

The Air Transport Research Society conducted a global academic study through the University of British Columbia and Professor Tae Oum of the Sauder School of Business. The study looked at costs per enplaned passenger at 177 global airports. Victoria had the lowest cost in Canada and ranked among the highest percentage of revenue generated from non-aeronautical sources such as land rentals and concessions. VAA will continue to focus on deriving other of income to keep fees low, while executing its capital program in a progressive and fiscally prudent manner.

Land Tenants

Land development is a key source of revenue for the VAA. Victoria International Airport is home to a number of world-class tenants such as Sobeys and Viking Air, who have seen a resurgence of the Twin Otter aircraft.

The Department of National Defence is nearing completion of its new 220,000 ft² building that will see the consolidation of their flight and administration operations. Once the military vacates their former premises, the old hangar and administration building will revert to the VAA who are exploring options to grow aerospace development at the airport.

'The Flight Path'

Perhaps one of VAA's most notable accomplishments is the completion of 'The Flight Path', a 9.3 km bike and walking trail around the airport. This unique facility was built by the VAA for the benefit of the community and is growing in popularity as a recreation

destination on the Saanich Peninsula. A number of interpretive signs will highlight the history and geography of the airport and surrounding lands.

CEO's Closing Remarks

In closing, 2013 has been a phenomenal year for the Victoria Airport Authority. The VAA's vision is to be the best airport anywhere. Through the various awards and recognitions received over the past year, it demonstrates that that bigger doesn't necessarily mean better. VAA looks forward to meeting the challenges and opportunities over the coming year.

7. Call for New Business

There was no new business.

8. Questions / Comments from Committee Members and the Public

- **Mr. Joe Jansen inquired whether private aircraft would get pushed out of the market as the airport continues to grow.**

General aviation is not a growth business, having declined in popularity by approximately 30% compared to the late 1990s. There is no threat of being displaced by commercial aviation at this time. The flying schools and helicopter companies are good partners to the VAA.

- **Mr. Jansen inquired about the status of the runway extension.**

Prior to joining the VAA, the Board and CEO of the day tested the market and found that air service to Europe would be possible with a runway extension. Since that time, the European economy has taken a significant downturn.

When Mr. Dickson joined the VAA in 2011, he commissioned a study to revisit the issue in order to understand the current demand from carriers, the flight capabilities of various aircraft, and the best financial options for a runway extension.

The ideal runway length would be 10,000 feet which would enable all types of aircraft to fly from Victoria to Europe, Asia and the Caribbean. However Victoria International Airport is land constrained so the maximum runway length would be 8,500 feet. Extending the runway 850 feet to the east would be significantly more expensive than a 600 foot west expansion, due to the configuration of the land.

With the changing technology and fuel efficiency, aircraft are able to fly from a 7,000 foot runway to any of the above destinations but would be cargo restricted. Also it may be years before these types of aircraft would cycle through to the Victoria market.

A west extension has been identified in VAA's 25 Year Master Plan and will be revisited if the European air market improves and the carriers express interest. The

best way to build a European market would be by introducing summer charter service. In the immediate future, VAA is focusing on other priorities such as expanding overnight aircraft parking.

There were no further comments or questions from the public or Committee members.

9. Announcements

There are two upcoming public meetings:

VAA Annual Public General Meeting

7:00 PM, Thursday, May 8, 2014

Mary Winspear Centre – Activity Room 4
2243 Beacon Avenue, Sidney, BC

Airport Consultative Committee Meeting:

7:00 PM, Tuesday, October 28, 2014

Mary Winspear Centre
2243 Beacon Avenue, Sidney, BC – Activity Room 2

All members of the public are welcome to attend.

10. Adjournment

The Committee Chair thanked the members and the public for attending the meeting, and for their support of the Victoria International Airport. There being no further business, the meeting was adjourned.