



**Victoria Airport Authority**

**Airport Consultative Committee**

**Minutes of the  
Meeting Held at the  
Mary Winspear Centre – 2243 Beacon Avenue, Sidney, BC  
Tuesday Evening, October 19, 2010, 7:00 PM - 8:00 PM**

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Paul Connolly – Committee Secretary

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Christine Stoneman – Acting ACC Chair

## Representative Members

Association of Canadian Travel Agencies  
BC Ministry of Transportation & Highways  
Canada Border Services Agency  
Canadian Aircraft Owners and Pilots Association  
Capital Regional District  
City of Victoria  
Corporation of the District of Saanich  
Department of National Defence  
District of Central Saanich  
**District of North Saanich** Peter Chandler  
**District of North Saanich Residents' Association** Geoff Orr  
**Greater Victoria Chamber of Commerce** Bruce Carter  
Nav Canada  
Pauquachin Band Council  
**Saanich Peninsula Chamber of Commerce** Joe Jansen (Wilson Trans.)  
Saanich Peninsula Water Commission,  
and Waste Management Committee  
Sidney Business Association  
Sidney Ratepayers Association  
Tourism Victoria  
**Town of Sidney** Steven Price  
Kenny Podmore  
Kristen Bill  
**Tseycum Band Council**  
Airlines:  
WestJet  
Air Canada / Jazz  
Horizon Air  
Pacific Coastal Airlines  
Air Terminal Building Tenants' Representative  
Airport Land Tenants' Association

**VAA Board** Members on the ACC in attendance: Christine Stoneman, Lindalee Brougham, Glen Crawford, Jim Crowley, Mel Rinald, Chad Rintoul and Mel Satok.

Other VAA Board members in attendance: Bruce Knott and Colin Smith.

Sent regrets: Peter Bray, Bob Coulter, Chad Rintoul and Matthew Watson.

**VAA Staff:** Richard Paquette, Randy Bogle, Scott Cunningham, James Bogusz, Debbie Hansen, Terry Stewart, Anita Kardos and Paul Connolly.

**Public in attendance: 22**

**1. Call to Order**

Christine Stoneman, Board Chair of the Victoria Airport Authority Board, acted as the Chair of the meeting, and Paul Connolly acted as Recording Secretary.

**2. Introduction of Members Present**

Christine Stoneman, Airport Consultative Committee Acting Chair, welcomed the members and the public to the Airport Consultative Committee meeting. Each Member of the Committee present introduced themselves.

**3. Approval of February 23, 2010 ACC Minutes**

IT WAS MOVED, SECONDED AND CARRIED TO ADOPT THE FEBRUARY 23, 2010 AIRPORT CONSULTATIVE COMMITTEE MINUTES.

**4. Report from the VAA Board Chair**

**Board of Directors**

The VAA Board Chair, Christine Stoneman, reported there are a number of changes on the Victoria Airport Authority Board (VAA) of Directors:

In February 2010 the VAA Board and the Airport Consultative Committee welcomed **Jim Crowley** as a new Nominee from the District of North Saanich and **Mel Rinald** as a new Nominee from the Town of Sidney.

In October **Joan Young**, the CRD Nominee, retired from the VAA Board. She was with the VAA Board for just over a year when her career as a lawyer meant a move to Vancouver. The Board Chair stated the VAA Board will miss Joan's input and contribution as a Board member.

October 18, 2010 the Board approved **Colin Smith**, as the CRD's new Nominee. The Chair welcomed Colin Smith to this, his first Airport Consultative Committee meeting. Colin had a long and distinguished career both in the private and public sectors as an engineer and financial advisor for major infrastructure construction projects including the Millennium SkyTrain Line. He was Corporate Secretary and Chief Financial Officer of the Vancouver Convention Centre Expansion Project. He earned a MBA from Stanford University. Colin Smith's experiences are varied and fascinating. The Board Chair stated the VAA Board is very fortunate to have a person with Colin Smith's excellent qualifications.

Biographies of all current Directors are on the VAA Web Site at [www.victoriaairport.com](http://www.victoriaairport.com).

## **McTavish Interchange**

Construction of the McTavish Interchange on the Pat Bay Highway is well under way. The Ministry of Transportation and Infrastructure's Project Manager for the McTavish Interchange told the Board at their meeting October 4, 2010 the project is on-schedule to be substantially completed by March 31, 2011 and on-budget. An interim BC Transit park-n-ride was opened in March 2010; the complete new transit exchange will be completed by the end of June 2011. The Government of Canada and the Province of British Columbia each contributed \$10.5 million and the Victoria Airport Authority \$3 million toward the funding of the \$24 million interchange project to improve road safety and transportation efficiency for local residents, visitors and motorists travelling along Highway 17.

## **Runway Extension Project**

The Runway Extension Project is the number one priority for the VAA Board. The public and business communities continue their strong support for the extension of Victoria International Airport's main runway to facilitate non-stop air service to Europe. Victoria, as the Capital City of the Province, has the Airport with the shortest runway of Canadian Capital Cities. The Provincial Government has contributed to the extension of several runways throughout the Province, so VAA will continue its discussions with them and the Federal Government to join together in partnership to construct the extension. The resulting benefits will be to the community and the Province with increased economic activity, jobs and tax revenue for Governments. VAA will complete final design of the project by the end of 2010 and will continue to market the opportunity to airlines.

## **VAA President and CEO**

The Board Chair stated Richard Paquette decided to retire at the end of 2010 after 12 years as the Victoria Airport Authority President and CEO. Richard Paquette has guided the Airport through some of the most dramatic changes since the Airport's management and operation was transferred from Transport Canada to the Airport Authority in 1997. Richard joined VAA in January 1999 and immediately became involved in the design and eventual construction of our new Terminal Building. It is a welcoming building, bright and opening to the surrounding landscape. It is beautifully designed and functional.

Richard also inspired and guided the VAA management team and staff, and has the respect of the Board of Directors and the community as well. His skills, wealth of experience and knowledge cannot be replicated.

The Committee officially thanked Richard Paquette.

## **5. Report from the Chair of the Audit and Finance Committee**

Glen Crawford, Chair of the Audit and Finance Committee, stated Victoria Airport Authority (VAA) is pleased to report that 2010 is turning out to be another positive financial year for the VAA thanks to the effectiveness of the VAA Management Team.

The VAA balance sheet remains strong, with healthy working capital and a continuing reduction in the level of long-term debt. Debt repayments of \$1.8 million are projected in 2010 to bring VAA's debt down to \$11.25 million, which is on track to be liquidated in January 2017.

Glen Crawford explained there are two sources of revenue for the VAA: AIF Revenues and Operations Revenue.

Airport Improvement Fee (AIF) Revenues are used exclusively to fund capital costs which are related to airline operations and passengers. Since the AIF was implemented in 1999, the VAA has collected \$58.8 million in AIF Revenue and has expended approximately \$69 million on AIF-funded projects and financing costs. The difference between the revenue collected and costs incurred is essentially the long-term debt of \$11.25 million less cash on hand.

VAA Operations Revenues must not only fund ongoing operations and maintenance costs, but also all other capital projects which are not eligible to be funded out of AIF Revenues. Since the airport was transferred from Transport Canada to the Victoria Airport Authority in 1997, approximately \$26 million of Operations Revenue has been expended on Operations-funded capital improvements.

The VAA is proud to report that the \$10.00 AIF is among the lowest of all airports in Canada. Landing and terminal fees are also among the lowest in the Country and there have been no increases to aeronautical fees in 2009 or 2010.

### **Highlights of forecasted financial performance for 2010:**

#### **AIF Sector:**

\$7.4 million net AIF collected

\$6.0 million spent on AIF capital projects (incl. financing costs)

\$1.8 million debt was repaid

## **Operations Sector:**

### **Revenue**

Aircraft related revenue is expected to be 2.1% over 2009

Concessions revenue is expected to be (2.9%) less than 2009 primarily due to the introduction of HST on parking fees. The VAA did not raise its parking fees to offset the additional tax now in effect on parking, approximately \$100,000.

Rental income increased by 2.6% primarily as a result of new land leases.

Other income is expected to decrease by \$9,600 (5.4%) primarily as a result of lower interest income.

Total operations revenue is expected to be \$15.1 million (0.3%) less than 2009.

### **Expenses**

Rent expense paid to Transport Canada is expected to be \$676.0K which is \$251.0K or (27.1%) lower than 2009. VAA's lease with the federal government now calls for rent to be calculated based on a percentage of revenue.

Property taxes expense for 2010 is \$1.06 million which is 16.4% higher than 2009. This is primarily as a result of the tax assessment for VAA's new Airside Operations Centre (Fire Hall / Maintenance Garage).

Total operations expenses, including amortization, are expected to be \$12.2 million which is 0.9% over 2009.

### **Net Income**

Year-end Net Income, including amortization, is expected to be \$2.8 million which is \$158.0K or (5.2%) less than 2009. The decrease in parking revenue, as a result of the HST, and an increase in property taxes are primary reasons for the change.

## **6. Report from the VAA President and CEO**

With the assistance of a PowerPoint presentation Richard Paquette, VAA President and CEO, briefed the Committee on a number of matters:

### **Passenger Traffic**

The number of passengers is the critical driver of most of the revenue. Passenger traffic as at the end of September is down by (0.6%) year-to-date in 2010. Year 2010 Budget is based on flat passenger growth.

### **Air Services:**

Island Express introduced 11 scheduled weekly flights to Comox / Nanaimo

### **2010 / 2011 Seasonal Charter Service:**

Cancun: Sunwing and WestJet on Saturdays

Puerto Vallarta : Sunwing on Thursdays and WestJet on Saturdays

Honolulu: WestJet on Tuesdays from November 2, 2010 to April 26, 2011

Las Vegas: WestJet on Tuesdays, Thursdays and Sundays from September 7, 2010 to May 29, 2011

### **Award**

Victoria International Airport was recognized by ARN (Airport Revenue News) as the 2010 Winner of the North America Airport with the Best Customer Service in the Small Airport Category. VAA's CEO stated the award is not because of a single act by a specific company or person at the Airport; it is recognition to everyone at YYJ who provides courteous service to our passengers and customers on a day to day basis. This includes our Red Coat Host Volunteers, our Commissionaires, Security Staff, VAA staff, and all of our airline and concession business partners.

### **2010 Capital Plan – \$8.3 million includes:**

**AOC** - The new Airside Operations Centre (Fire Hall / Maintenance Garage) is fully operational. The project includes an environmentally friendly geothermal system that will reduce heating and cooling energy demands.

**Runway Extension** - Detailed design of the main Runway 09/27 extension will be presented to the VAA Board of Directors at the end of November 2010. The project is ready to move forward with the support of the community.

**Short Term Parking Lot** is being resurfaced.

**McTavish Road / Pat Bay Highway Interchange** is well underway.

**2010 Airfield Lighting Improvements** - \$570.0K

**2010 Airfield Pavements Improvements** - \$1.3 million

**Approach Lighting Runway 27** – Now that the tender process is complete, construction of part of the project in the Town of Sidney can start.

**Domestic Hot Water Solar Heating for Terminal Building** – project is under way.

**Energy Efficient Lighting in the Terminal Building** - BC Hydro conducted a lighting audit through its Power Smart Program and will be covering 60% of the cost of the conversion to power smart lighting in 2010 resulting in reduction in power usage in the Terminal Building.

**Replace Fire Truck** – the truck has been ordered from Rosenbauer for delivery in the second quarter of 2011.

**Additional Winter Runway Surface Maintenance Equipment** – VAA negotiated a reasonable price for a quality, used, high-speed runway sweeper. A new truck is being ordered to pull the sweeper. This puts VAA in full readiness for an eventual winter snow storm.

**Realign Willingdon Road** – design options were presented to the Board for an eventual project to realign Willingdon Road in anticipation of future parking requirements. The design includes bike lanes and transit access.

**Land Development includes:**

**Proposed New Hangar 443 Maritime Helicopter Squadron** – DND have completed detailed design for a modern facility. The project still requires funding approval from the federal government.

**Mills Road Office Development** – Deep Cove Construction development plans were sent to District of North Saanich for review. A briefing to North Saanich Council took place October 18. The development includes an office building for a high tech firm, a construction firm and an architect.

**Other Projects:**

**Totems** – VAA contracted with Charles Elliott, Coast Salish Artist, to create 3 totems to be displayed outdoors by the arrivals area.

**WiFi** – Free WiFi by December 2010

**CANEW 2010 Conference in Victoria** - On behalf of the VAA, VAA Director Facilities, Scott Cunningham hosted the CANEW 2010 Conference sponsored by the Canadian Airports Electrical Association the week of September 20<sup>th</sup>. Over 75 delegates attended from Canada, USA, Japan and Australia. The conference contributed over \$250,000 to the local economy.

**Air Service Improvements** – VAA is working on marketing air service improvements with year-round two-times, daily non-stop service to Toronto; non-stop service to Winnipeg and onward to another eastern destination such as Ottawa; a flight to Los Angeles, London England and Frankfurt, Germany.

### **CEO Retires**

In his closing remarks the VAA President and CEO, Richard Paquette, stated that it was a privilege to serve the community; to work with great dedicated staff and with an outstanding Board of Directors. All came together to give the Community an airport we all can be proud of, including:

- The physical improvements
- The solid financial position
- The strong organization

Richard Paquette thanked all for the opportunity to be a part of the team.

### **7. Call for New Business**

None

### **8. New Business**

None

### **9. Questions / Comments from Committee Members and the Public**

- A question about noise and the proposed runway extension:

The President and CEO stated noise impacts of departures over the Town of Sidney could be less with the runway extension because a longer runway allows pilots to take off using less thrust and / or be higher up when over populated areas off the runway. Also, new generation aircraft have reduced noise impact. Noise impacts are still the same with landing because the current thresholds / landing points remain in place.

- A question about the affect on AIF and can it be reduced when the runway is extended:

Once air carriers are convinced of the opportunities to fly to Europe from Victoria the number of passengers coming to Victoria will gradually increase, as will the amount of AIF collected.

The AIF pays down the debt which pays for capital improvements related to airline operations and to the processing of passengers. One cannot foresee the future but when the debt is paid AIF can be eliminated. As noted above, \$1.8 million in debt repayments are made each year; VAA's debt is down to \$11.25 million which is on track to be liquidated in January 2017.

VAA is pleased that the \$10 AIF remains among the lowest of Canadian airports.

- A question about governments' debt and deficits and should they be partnering with the VAA in the extension of the runway and leaving even more debt for future generations.

The Board Chair stated all projects are undertaken with thorough analysis and review. Only when there is a demand from the community for the services such as non-stop service to Europe and are financially viable are they constructed.

Government investment in critical infrastructure projects deliver needed employment to British Columbians and build on the foundation of our Province's future growth and prosperity. The Government of British Columbia has invested in improved transportation linkages at its critical gateways including Vancouver and other airports throughout the Province. Accessible and efficient transportation are critical to the success of tourism and high technology, both of which are vitally important to our economic future. Airports are key to the Province of British Columbia's economic strategy, as it seeks to reach tourism revenue objectives, take its place as a world leader in high technology, and attract international visitors and investors to our Province.

- A question about the increase in the number of passengers as a result of the extension to the runway:

The CEO stated some are likely the same passengers currently connecting through Vancouver, Calgary or Seattle. Many would prefer non-stop service. Some studies have been undertaken that indicate an interest from Europeans to come to Vancouver Island.

- Bruce Carter, President and CEO of the Greater Victoria Chamber of Commerce commented:

The Number One Priority for the Chamber of Commerce is the Runway Extension Project at YYJ (Victoria International Airport) and promoting funding partnerships from governments. The VAA has successfully completed a major terminal expansion and is setting the stage to attract additional international air service. YYJ provides connectivity essential to keeping companies competitive and to realize the Region's economic potential.

Over the past few years the provincial government has contributed funding to a number of airport facilities across the province including Prince George, Kelowna, Nanaimo and several others. Victoria International Airport in the

Capital City has not yet secured a funding partnership with the province. Many benefit from new connectivity including the cruise ship industry and high tech companies.

The Runway Extension Project is estimated to generate 260 person year employment during construction and an estimated long term benefit of 540 continuing jobs, 48,000 new international visitors and \$37 million annual economic output to the British Columbia economy. Every dollar invested in the runway project brings in needed revenue to the Government, generated as a result of an increase in jobs in vital sectors of our economy.

- A local citizen stated he wants non-stop service to London. He stated new aircraft have wings that look like feathers on a super bird:

The President and CEO stated in the long term the Boeing Dreamliner (B787) will be an amazing aircraft that can fly long range routes beyond Europe and to Asia.

- A question about any formal partnerships for the runway extension project with governments:

The VAA Board Chair stated discussions continue with both senior levels of governments to tell them about the economic opportunities of the project. The proposal is for a 1/3 share each: Province, Federal Government and VAA.

Governments are very supportive and aware of the economic benefits of the project. Christine Stoneman noted Gary Lunn, local MP, is supportive of the runway extension project as is Murray Coell, Local MLA. There is no agreement to report on at this time.

- A question about the A380 and processing passengers:

The VAA Board Chair stated it would be a challenge at YYJ for Customs Canada to accommodate the number of passengers on an A380 (double-deck Airbus). The Airport's Master Plan forecasts activity up to 2025 and defines improvements required to meet passenger demand. These demands include preclearance facilities and CBSA facility expansion requirements in the long term.

- A comment about the non-stop service to SFO:

To encourage air carriers to start new non-stop routes out of Victoria International Airport VAA provides cost savings incentives to airlines such as reduced aviation fees for a period of up to six months and VAA will pay a share of their marketing program.

It was noted how VAA's marketing program helped to increase the number of non-stop flights from Victoria to San Francisco from one to two flights a day.

Bruce Carter, Great Victoria Chamber of Commerce, noted the service is great for businesses, in particular the high tech businesses, who have greater access

to high tech knowledge in California.

- Peter Chandler, Councillor North Saanich stated:

VAA is a great example of a good neighbourhood who take action on environmental issues.

- Peter Chandler asked about the Seaplane Base:

The President and CEO stated there are no immediate plans to make any changes at the Seaplane Base.

- Pedestrian Overpass at Beacon Avenue

Councillor Steven Price is working on a Committee to promote construction of a pedestrian bridge over the Pat Bay Highway at Beacon Avenue. It will provide safe access to both sides of the Town of Sidney.

- Thanks to the VAA President and CEO

Members of the Committee concurred with the accolades from Councillors Steven Price and Kenny Podmore, Town of Sidney; and Councillor Peter Chandler, District of North Saanich to Richard Paquette, who will be retiring as VAA's President and CEO at the end of 2010.

- The VAA Board Chair, Christine Stoneman, thanked the public and representatives on the Committee for attending this meeting, and for their interest in the Airport. Good and open discussions like this lead to good solutions for the Airport and the community.

## **10. Announcements**

### **Date and Time for the Next ACC Meeting**

Tentatively 7:30 am, March 8, 2011 at a downtown location

## **11. Adjournment**