



Victoria Airport Authority

Airport Consultative Committee

**Minutes of the
Meeting Held at the
Mary Winspear Community Cultural Centre @ Sanscha
Tuesday, 22 October 2002, 9:30 – 10:45 AM**

**Next Meeting: 09:30 AM, Tuesday, 18 February 2003
Mary Winspear Community Cultural Centre @ Sanscha
(2243 Beacon Avenue, Sidney – Corner of Beacon & Pat Pay Highway)**

Paul Connolly – Secretary

Linda Petch – ACC Chair

Representative Members

Air Canada Jazz	Peggy Clark
Air Terminal Building Tenants' Representative	absent
Association of Canadian Travel Agents	absent
BC Ministry of Transportation & Highways	absent
Canadian Aircraft Owners and Pilots Association	absent
Canadian Inspection Services - Customs Canada	absent
Capital Regional District	absent
Central Saanich Municipality	Chris Graham
City of Victoria	Art Vanden Berg
Department of National Defence	absent
District of North Saanich	Sheila Irving
District of North Saanich Residents' Association	David Olsen
Greater Victoria Chamber of Commerce	absent
Horizon Air	absent
Nav Canada	Stuart White
Pacific Coastal Airlines	Michelle Brown
Pauquachin Band Council	absent
Saanich Municipality	Robert Gillespie
Saanich Peninsula Chamber of Commerce	absent
Sidney Business Association	absent
Sidney Ratepayers Association, Saanich Peninsula Water Commission	Tony Whittall
SRS Airlines Services - Charter Airlines	absent
Tseycum Band Council	absent
Tourism Victoria	Ian Powell
Town of Sidney	Don Amos
Victoria Airport Tenants' Association	Mike Sudul
WestJet	Kathleen Lindsay

Lorne Whyte, CEO Tourism Victoria, Guest Speaker

VAA In Attendance

Board Chair - *Alan Peterson
ACC Chair / Board Vice Chair - *Linda Petch
*Mervyn Lougher-Goodey, *John Nicas, * Bob Skene, *Geoff Young,
Mel Couvelier, Peter Dolezal, Peter Parsons, and Richard Paquette.

*Gordon Denford, *Vicki Kuhl, *Carl Kuhnke, Andrew MacGillivray sent regrets

* Board members on the ACC.

1) Call to Order

Linda Petch, Vice Chair of the Victoria Airport Authority, acted as the Chair of the meeting and Paul Connolly acted as recording secretary.

2) Introduction of Members Present

Linda Petch, ACC Chair, welcomed the Members and the public to the Airport Consultative Committee meeting, and each Member present introduced themselves.

3) Public Participation Period

- John L. Smith, Sidney resident, asked about noise abatement flight procedures and restrictions in place to reduce noise over populated areas. Terry Stewart, VAA Manager Environment, will contact Mr. Smith and answer his questions, and invite him to the next Environmental Advisory Committee meeting.

4) Approval of June 18th, 2002 Minutes

IT WAS MOVED, SECONDED AND CARRIED THAT THE MINUTES OF JUNE 18TH, 2002 BE ADOPTED.

5) Report from the VAA Chair

- **Rent Review**

Transport Canada has retained the services of five national multi-disciplinary firms to provide independent advice on the Rent Policy Review and to undertake individual studies. The firms are now collecting raw financial data from each airport for the review. Recommendations arising from the Review are expected to be provided to Cabinet in the Spring of 2003.

- **Canada Airports Act (CAA)**

Local Councils sent correspondence to Transport Canada expressing their concerns about changes to the composition of Authority Boards. Alan Peterson said the municipal composition at airports proposed by Transport is 5 to 8 members out of a total of 11 to 15 Board members. When the Act is passed the transition period will likely be two years. The Minister of Transport expects to go public with a draft bill for consultation in December 2002. VAA's Governance Committee will be tasked with consulting with the municipalities.

- **Terms of VAA Board Members**

On October 7th, 2002 the VAA Board of Directors passed a resolution to extend the total eligible term limit of all Board members to 8 years (the previous maximum was 6 years). This will provide flexibility and continuity for Nominators. (*The VAA Bylaw amendment received Ministerial approval as of October 10th, 2002.*) This change affects John Nicas, Andrew MacGillivray and Alan Peterson as they would become eligible to be considered for re-nomination in 2003.

- **Opening Celebration**

VAA is inviting the public to an Opening Celebration of the Airport Terminal Building Public Open House on Saturday, 23 November. Two major pieces of art will also be unveiled.

- **Challenging Year**

The VAA Chair said even with all the changes in the industry and economy at large VAA's competent staff and management are successfully steering this Airport forward for the benefit of the community.

6) **Report from the Chair of the Audit and Finance Committee**

Geoff Young reported that 2002 has been financially challenging for VAA because of the uncertainties in the industry.

The unaudited statements for the end of August were provided to the Committee. Comparing the year to date figures with the year to date for 2001 (just before September 11th) provides an indication of some of the impacts of 9/11 and the economy on air travel.

Geoff Young said revenues for the airport are actually up by 1 percent over last year, but this partly reflects a major grant from the federal government to cover security costs. Aircraft related revenues are down by about 11 percent year over year. Concession revenues are only down by about 5 percent, but some of these are fixed by long term contracts (for example, bus and taxi revenues). Parking revenues are off by the same 11 percent that aircraft revenues are down.

At the same time, few expenses are falling with air traffic levels. On the contrary, expenses for security and insurance have risen substantially as a direct result of 9/11 and property taxes have also risen.

As a result the year to date contribution of operations towards capital costs has fallen from about \$1.3 million last year to about \$540,000 this year.

Passenger traffic is expected to increase over time. However, some of the increase may be moderated by higher costs and extra time to travel as a result of increased security checks. Staff's figures were accurate with a forecast decline of approximately 10% in passenger traffic this year followed by a resumption in growth.

Transport Canada defines national airport security requirements including airport policing. VAA has yet to be assured that the federal government's requirements are consistent with CATSA's financial commitment to policing costs.

7) Report from the President and CEO

Richard Paquette, President and CEO, briefed the Committee on a number of matters.

- For members information the CEO distributed a copy of the **VAA 5 Year Performance Review** undertaken by Grant Thornton. *(For members who did not obtain a copy please advise the secretary.)*
- **Environmental Update:** Transport Canada's **Annual Environmental Inspection** was favourable. VAA is in the process of remediating residual contamination at the **airport's decommissioned fire training area** as part of preparation for a proposed FBO (Fixed Based Operator) facility in the West Camp. The remediation program will take approximately one year. Phase II of the **Air Quality Monitoring Study** will be completed at the end of October. Transport Canada funded **debris removal from Ten Ten Creek** between the two abandoned dumpsites. This summer the Restoration Project Team continued **in-stream improvements**. VAA assisted the Sidney Anglers Society to create gravel beds in Reay Creek. Local residents and other volunteers helped in the **airport wood ivy pull** on July 20th. The shaping of trees on Transitional Slope for Runway 02 is the last element to complete the **flightway management project**.
- **Land Development Status Report: Highview Properties** completed expansion to the Air Cargo Building to the East of the Terminal Building. **Harvard Hangars'** 5 unit aircraft storage hangar in the East Camp is complete. Removal of **Victoria Airpark** older hangars is complete. Discussions are underway with **Great Canadian Holdings Ltd** for two storage hangars south of Victoria Flightcraft. Discussions are ongoing with **SEB Management** for a major FBO in the West Camp. **Viking Air** is completing the sale of interest on Shell Aerocentre to **VIH (Vancouver Island Helicopter)**. Discussions are underway with Viking Air for a new manufacturing facility in the East Camp. Option is being considered to close Anson Road and re-open Canso for access to the Aerocentre

- **Security: CATSA** (Canadian Air Transport Security Authority), a Federal Crown Corporation is up and running with a full complement of Directors and a new CEO – previously Police Chief of Montreal, Jacques Descheneau. CATSA will have taken direct control of preboard screening contracts, have completed enhanced training for security screeners, and will put in place new explosive trace detection system by year end. Screening staff has been doubled and performance standards established with targets at waits less than 8 minutes in peak period. Discussions continue on airport police presence at Level 2 airports including Victoria.

- **First Nations Ceremonial Welcome:** Hugh Devitt, who is not here today but is a frequent attendee at the ACC meetings, brought to the attention of the VAA and asked that it be mentioned at this meeting that when he arrived on a flight from Toronto the other night there was a First Nations ceremonial welcome for a team returning from Aboriginal Games in Australia. He said it was very loud and caused some anxiety and confusion from arriving passengers. The CEO will talk further with Mr. Devitt on this matter.

- **Terminal Building Update:** There will be a Public Open House to celebrate the opening of the Terminal Building nearing completion and unveiling of 2 major artworks on November 23rd. The latest phase includes a new retail space, speciality “Capital Brew” offering Starbucks coffee, a 3rd Floor Observation Lounge, complete upper level holdroom and a new east loading bridge.

Work-to-date is on budget at \$19 million – this excludes the final airline check-in phase of the ATB Development. The original plan was to give the departures area of the existing building a retrofit at a cost of \$2 million and further expand the building in 2007 at a cost of \$5 million. That changed after September 11th. The federal government plans for full 100% screening of checked baggage cannot be accommodated in existing building. The CEO said he is pushing forward with the expansion of the final phase of the Terminal Building to make sure this airport keeps pace with security developments in Canada and abroad. Some airlines argue that their industry is in trouble and that all terminal building development should be stopped – they say we cannot afford to keep going; however, the CEO said this airport cannot afford to stop planning and developing the airport to meet new and enhanced security standards. He said It is critically important for Victoria if YYJ wants unrestricted access to major airport hubs in Canada and the USA; YYJ’s security systems must be at least as good as theirs, even better.

The ultimate cost of the last Phase of our Terminal development has yet to be completely determined because a significant portion, perhaps 1/3 will be funded by CATSA – out of the \$12 Security Tax. The CEO hopes to have CATSA approval of plans and a commitment to cover the incremental cost of the terminal building development required for the new security screening equipment early in 2003.

The CEO expects 6 months for detailed design and tendering and 18 months for construction. He said 18 months seems like a long time but the final phase will also have to be completed incrementally to maintain airline operations. Expect completion by the end of 2004 and the end of construction and disruption for another 8 to 10 years.

- **Rent:** Transport has many studies underway to support a new and more equitable approach to rent. The Chair addressed this topic.
- **AIF Update:** VAA Board has decided that the fee will be \$10 effective July 1, 2003. The Board is concerned about the negative impact of additional fees and taxes added to airline fares; that's why the increase has been deferred twice. VAA inherited a physical plant that had been neglected by the federal government and was suffering from significant deferred maintenance. The increase in the AIF is necessary to fund airfield pavement and electrical projects costing \$17.5 million over the next 10 years. The CEO said safety related requirements cannot be deferred or neglected. VAA is financially self sufficient, all revenue is used to pay for ongoing airport operations, or capital improvements; there are no financial contributions from any level of government. The CEO said there is simply no way that the Authority can fund these payments from current revenue. He said a \$10 AIF would put Victoria in the middle of airports with AIF's and definitely in the bottom half of airports which have undertaken a significant expansion to their building.

8) **Call for New Business**

None.

9) **New Business**

Report from the CEO of Tourism Victoria – Lorne Whyte

Lorne Whyte was the guest speaker and talked about "Greater Victoria's Number One Industry – Tourism" to the end of the 3rd quarter, 2002. He said In order to keep Victoria a prime destination the City would have to compete with other destinations, and to help accomplish this Victoria Airport Authority and Tourism Victoria should work together on an integrated Aviation Marketing Plan.

A copy of Lorne Whyte's talk is attached to these minutes.

Mel Couvelier asked what degree of co-operation is required with the VAA. Lorne Whyte said it would require integrating budget plans which would ultimately require more financial resources. Lorne Whyte and Ian Powell both said the product is here, Victoria is one of the top cities in Canada, but the city cannot afford to sit back and do nothing as there is going to be a lot more competition in

the future to attract airlines.

Bob Skene suggested a meeting be convened with Tourism Victoria and Victoria Airport Authority. Lorne Whyte said VAA's CEO is involved with Tourism Victoria DMC (Destination Marketing Committee). Richard Paquette said he continues to work with Tourism Victoria, and will meet with them for discussions on a common marketing strategy.

Robert Gillespie asked how 9/11 has changed Tourism's strategy. Lorne Whyte said 9/11 exacerbated the situation; with airlines worldwide losing billions of dollars there will be fewer airlines to attract to the city and more difficult to attract people to the city, so a common strategy is important to continue to market Victoria as a prime destination.

10) Members' Questions / Comments

- o Robert Gillespie said Victoria is a "sport" city and at times it becomes very lively in the Terminal Building welcoming teams home. He asked if there was a plan to set aside an area for greeters. The CEO said the new Arrivals Rotunda was designed as an open area with such welcoming in mind.
- o Robert Gillespie asked if the rent issue is any closer to being resolved because at the June ACC meeting it was suggested the issue would be resolved by the Fall. Alan Peterson said although the issue is not resolved, work continued throughout the year and he is optimistic a solution is much closer.
- o Sheila Irving said North Saanich made representations to Transport Canada on composition to Boards and asked if a consultation process is in place. Alan Peterson said Airports have not seen the draft CAA (Canada Airport Act) yet and that it might be available in December. Once the VAA receives a copy the municipalities will be consulted.
- o Chris Graham asked what percentage of the AIF goes toward airlines' administration fee for collecting it. Richard Paquette said 8% goes to the airlines and .2% goes to ATAC who manage the contract.
- o Don Amos said if CATSA requires the Airport to have police presence at the Airport the new detachment for Sidney and North Saanich would not be available as it was designed for present and future requirements of the District and Sidney only.
- o David Olsen said capital improvements do need a source of funds and the AIF is one such method; however, he enquired if there was a sunset clause on the AIF. Richard Paquette said the AIF is collected to pay for the Terminal Building expansion and ongoing runway and electrical improvements over the next 10 years. The airlines prefer the AIF over an increase in landing and other related fees.

11) Announcements

Next ACC Meeting

The date for the next Airport Consultative Committee meeting is, Tuesday, 18 February 2003, 9:30 am AT THE MARY WINSPEAR COMMUNITY CULTURAL CENTRE @ SANSCHA.

12) Adjournment