



Victoria Airport Authority

Airport Consultative Committee

**Minutes of the
Meeting Held at the
Mary Winspear Centre
Tuesday, 28 October 2008, 8:30 - 9:20 AM**

Next ACC Meeting: TBA

Paul Connolly – Committee Secretary

Matthew Watson – 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	Shawn Williamson
District of Central Saanich	
District of North Saanich	Ted Daly
District of North Saanich Residents' Association	
Greater Victoria Chamber of Commerce	
Nav Canada	
Pauquachin Band Council	Danny Henry
Saanich Peninsula Chamber of Commerce	
Saanich Peninsula Water Commission, and Waste Management Committee	
Sidney Business Association	Peter Garnham
Sidney Ratepayers Association	
Tourism Victoria	Helen Welch
Town of Sidney	Bob Jones
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 in Attendance: *Gordon Denford, *Matthew Watson,
*Chad Rintoul, *Peter Dolezal and *Victoria Kuhl.

Other Board members in attendance: Peter Bray, Mel Couvelier,
Glen Crawford and Bruce Knott.

Sent regrets: *Bob Coulter, *Mervyn Lougher-Goodey,
*Graeme Roberts and *Christine Stoneman.

VAA Staff: Richard Paquette, Danita Ouellette, Randy Bogle, James Bogusz, Ian West,
Scott Cunningham, Terry Stewart, Mike Booton, Rick Robertson and
Paul Connolly.

*Board members on the ACC.

Public in attendance: 3

1. Call to Order

Matthew Watson, Vice Chair of the Victoria Airport Authority Board, acted as the Chair of the meeting, and Paul Connolly acted as Recording Secretary.

1. Introduction of Members Present

Matthew Watson, Airport Consultative Committee Chair, welcomed the members and the public to the Airport Consultative Committee meeting. Each Member of the Committee and the public present introduced themselves.

3. Public Participation Period

The Committee Chair invited the public to comment or ask questions. Matthew Watson noted there is additional time at the end of the agenda for comments / questions.

There were no comments / questions at this time.

4. Approval of 30 October 2007 ACC Minutes

IT WAS MOVED, SECONDED AND CARRIED TO ADOPT THE 19 FEBRUARY 2008 AIRPORT CONSULTATIVE COMMITTEE MINUTES.

5. Report from the VAA Chair

➤ **McTavish Road / Pat Bay Highway Interchange**

The VAA Board Chair, Gordon Denford, reported there have been more meetings between the Provincial Ministry of Transportation's (MOT) consultants, Ministry officials and VAA's CEO and senior management. Since VAA suggested a proposed design costing \$11 million, the design has changed several times and the cost has risen to over \$19 million.

Provincial Minister Falcon recently stated in the media that he is seeking \$1.9 billion from Ottawa in infrastructure grants but has not identified any specific projects. VAA has scheduled a briefing on the McTavish Interchange by MOT officials to the VAA Board's Planning and Development Committee on November 24, 2008.

➤ **Runway Extension**

Work is underway on technical, environmental and financial plans to lengthen the Airport's main runway from 7,000' to 8,200'. There will be a meeting the week of November 3rd with the consultants on the engineering aspects of the project.

➤ **AOC (Airside Operations Centre) Fire Hall / Maintenance Garage**

At its meeting in September the VAA Board of Directors authorized the issuing of tenders for the construction of a new combined AOC (Airside Operations Centre) - Fire Hall / Maintenance Garage - for Victoria International Airport. The Board will review the tender results at its November meeting and a decision will be made to proceed or not at that time.

➤ **Canadian Airports Council (CAC) meetings are being held in Quebec City at the end of October 2008.** The VAA Board Chair, Gordon Denford, and the VAA CEO, Richard Paquette, will be meeting with their counterparts at the Airports' Council of Chairs meeting and CAC board meeting. One of the topics to be discussed is the affect of the economic problems on airports across the Country, as well as the airlines.

➤ **Board of Directors**

There are a few changes on the Victoria Airport Authority Board of Directors:

In June the Board welcomed **Graeme Roberts** as the new Nominee from the District of Central Saanich. He has had a varied and extensive career including as a Board member of Air BC, Air Canada Regional and Air Canada Jazz airlines. He was also a former Mayor of Nanaimo and is past Chairman of the BC Public Service Commission.

Mervyn Lougher-Goodey could not be the ACC meeting today; he sent his regrets. His final term as the Nominee from the Town of Sidney on the Victoria Airport Authority's Board of Directors expires at the end of December 2008. VAA will miss his knowledge and expertise in planning and development. Mervyn's contribution to the Board has been significant over the past eight years.

Gordon Denford's term on the Board of Directors ends at the end of December 2008. Gordon Denford thanked the members of the Committee and the public for their input. Gordon Denford stated it has been his pleasure to serve on the Victoria Airport Authority Board for eight years including as Board Chair for the past two years, and thanked everyone.

6. Report from the Chair of the Audit and Finance Committee

Peter Dolezal, Chair of the Audit and Finance Committee, stated he was pleased to report the financial performance of the VAA remains exceptionally strong and is expected to remain strong.

To September 30, 2008, in VAA's Operations:

- Revenues were 5.5% ahead of budget
- Expenses were 0.8% below budget
- Net income stood at \$2.2 million – 40% ahead of budget

VAA is forecasting year-end net income of \$2.7 million – 23% ahead of budget.

The VAA balance sheet remains very strong, with healthy working capital and a reducing level of long-term debt.

VAA projects long term debt repayments of \$1.8 million in 2008, bringing year-end debt down to \$14.8 million, the second lowest debt / passenger ratio of any Canadian airport.

VAA continues to project its entire long-term debt being liquidated by 2016.

Separate from the Operations revenues, to September 30, VAA has collected \$5.8 million in AIF revenues – 1% more than budget.

Since implementation of the AIF in 1999, the VAA has collected \$43 million from that source, while expending a total of \$56 million on directly passenger-related projects. The difference is approximately the projected year-end debt of \$14.8 million, plus cash on hand.

In addition, a cumulative total of \$17 million of Profits from Operations have been invested in NON – AIF funded projects since the 1997 inception of the VAA.

A recently released – 2007 Transport Canada Study on the Year 2006 Financial Performance of 22 Canadian Airports – included extremely positive conclusions pertaining to the Victoria Airport Authority. By almost every measure VAA is doing exceptionally well.

- VAA aeronautical revenues as a % of total revenues, at 24%, were the lowest of all airports. Keeping landing and terminal fees extremely attractive, encourages carriers to frequent Victoria. The United Airlines non-stop connection to San Francisco is just the latest example.
- VAA had the third lowest expenses as a % of revenues of all Canadian airports. Only 60.5% of VAA revenues were needed to fund expenses, including interest charges.
- VAA's AIF (Airport Improvement Fee) charge of \$10 remained at the lowest national level. This gives a competitive edge at Victoria International Airport, which was a boost in obtaining the non-stop flight to San Francisco.

In a survey undertaken with other airports related to 2007 financial performance, VAA has the second lowest debt / passenger ratio of all airports.

Despite the leadership in keeping costs at a minimum, the VAA continues to successfully fund an extensive, long-term capital program, while at the same time reducing levels of debt to zero within a projected 8 years.

Peter Dolezal stated it is the exceptional leadership of VAA's CEO, Richard Paquette, and the great performance of his management and staff, that make these continued achievements possible.

Peter Dolezal stated he has not seen anything on the financial horizon to reduce the strength of the VAA.

7. Report from the VAA President and CEO

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

➤ Passenger Traffic and Airlines

As of the end of September 2008 passenger traffic is up 5.1% year-to-date. That's on top of 6% per annum passenger increase for each of the past 5 years. Although Victoria is somewhat isolated from the dramatic economic downturn in some parts of the Country, VAA still does not expect similar year-after-year growth experienced over the past few years.

➤ New Service

In June 2008 **United Airlines** introduced non-stop service Victoria / San Francisco using a Canadair RJ 700, 66 seat pax including business class. VAA contributed to an extensive outbound marketing program, including radio, newspaper, billboards, web site and advertising at the Airport. The load factors to date have been very encouraging.

In September **WestJet** introduced non-stop, three times weekly service Victoria / Las Vegas

Although the Country is now in an **economic downturn** that points to weaker growth in 2009; it hasn't been seen yet at Victoria Airport.

➤ **The Environment**

A number of initiatives were undertaken in 2008:

- VAA continues the **clean-up of Reay Creek**.
- VAA has engaged a consultant to help develop a specific **action plan to reduce the greenhouse gas impact of VAA activities**.
- **Royal Roads University student project** was undertaken to help develop a long term Management Plan for the East Willingdon Road Forest Stand. The report is under review for specific program initiatives.
- VAA engaged First Nation students to **remove ivy** from over 400 trees in Airport Woods.

➤ **2008 Facility Improvements**

A number of facility improvements were undertaken or are being undertaken in 2008 while still remaining financially strong including:

- Rebuilt the terminal building **escalators**. - \$75K
- Adding 2 new passenger **loading bridges** - \$3.2 million
- Expanding and reinforcing main terminal **aircraft parking stands** - \$700K
- **Airfield lighting improvements** – \$550K
- Expanded the **public parking lot by 135 spaces** - \$525K
- Replacing sewer **Pump Station Number 2** in the West Camp - \$600K
- **Mills Road Business Park infrastructure** - \$1.7 million including a 2.5 KM Bike Path along Mills Road
- Commissioned **First Nation Art (Charles Elliott, Coast Salish Nation)**
- New **Airside Operations Centre** – combined Fire Hall / Maintenance Garage - design and site preparation is complete
- **Conceptual design of runway extension** - \$200K
- Partnered with the Town of Sidney – **Rehabilitation of Beacon Avenue Extension** - \$300K
- Purchased a **dump truck and plow** - \$225K
- **Airfield pavement rehabilitation** - \$700K

➤ **Land Development**

- **Mills Road Business Park**

A portion of the Mills Road Business Park is currently being developed and sub-divided into 4 parcels:

Two leases are completed:

Slegg Lumber – wall board production plant – 4.5 acres

Central Island Distribution - lower island trucking distribution business
– 2 acres

Two other leases are being negotiated:

Pacific Express – distribution centre for their Vancouver Island trucking
operation – 1.2 acres

Enviro Float Manufacturing - dock floating manufacturing plant 1.3
acres

That is a total of 9 acres in 2008.

- Discussions with **Thrifty Foods** continue for the other section of the Mills Road Business Park; they have a first class development proposal.
- A small **general aviation hangar** is being constructed on the North Side.
- **Viscount Centre** - 10,000 square foot hangar and office building is progressing well.
- **Viking Air** - The new production plant for the twin otter is scheduled for completion by the end of November 2008.
- **BC Aviation Museum** - The Aviation Museum is expanding its display area by adding a new 120 foot by 100 foot hangar to the west of their current facility. The building is up but they are waiting for more donations to complete the project.
- **Dry Dock Marina** - The company, Cube Storage, after discussion with Town of Sidney officials and the VAA the design is nearing completion for this project on the Beacon Ave Extension Road; the next step is landscaping

➤ **Thanks to Gordon Denford**

On behalf of himself and all the staff at VAA, the VAA CEO, Richard Paquette, thanked Gordon Denford for his leadership, advice and support over the past eight years.

Gordon Denford has been Board Chair for the past two years and before that Chair of the Board's Planning & Development Committee guiding the development at the Airport to what it is today.

The members of this Committee joined the CEO in expressing their thanks for Gordon Denford's commitment to the Airport and the Region.

8. Call for New Business

None

9. New Business

None

10. Questions / Comments from the Committee and the Public

➤ Mayor Ted Daly commended the VAA for being a good, balanced corporate citizen in the District of North Saanich. The residents of North Saanich appreciated that VAA did not delay construction of the bicycle path along Mills Road even though there was a delay in some development in the Mills Road Business Park.

➤ Councillor Bob Jones, Town of Sidney, asked a question in respect to the expanded parking lot. Is the Airport's public parking lot self financing and are their plans to build a parkade?

The CEO stated construction costs for new parking spaces are recouped. Parking lot revenue also contributes to the operation and maintenance of Airport facilities.

VAA is planning to undertake a comprehensive review of transportation requirements in 2009.

The Airport's Master Plan approved in February 2008 references future parking requirements. In the short term VAA will continue to expand the public lots as needed; in the long term a parking structure is proposed. Parkades are costly to build, costly to maintain and operate, and there are security issues to consider.

➤ Councillor Bob Jones asked if public transit is a viable option; he noted UVic which is trying to discourage vehicles parking at the University.

The CEO stated VAA undertook a Transit Survey over the summer. The results indicated the public transit system was not well utilized; in fact there were only .6% of a passenger for every trip to the Airport.

The bus schedule to the Airport is the major deterrent. The CEO stated the VAA welcomes and supports increased frequency of transit service to the airport. He met recently with senior BC Transit officials; they are promising improvements in the fall schedule. In the meantime, having appropriate number of parking spaces available is important.

- Ralph Sketchley, a local District of North Saanich resident, asked in respect to the current economic decline in the World economy, if VAA is expecting a significant reduction in passenger traffic, and if so, will a reduction in revenue affect the financial stability of the Airport.

The Committee Chair, Matthew Watson, stated the events of the tragedy of 9/11 demonstrated what can happen to airlines and airports during a period of instability. The aviation industry has drawn upon that experience to prepare itself for other eventualities.

VAA does expect the current global economic instability to have some impact on its operations, but not significant compared to other communities across the Country.

The VAA Board of Directors recently ran through a number of passenger traffic scenarios with staff including a worst case scenario of a 10% reduction in passenger traffic. Even under the worst case there was no delay in VAA paying off its debt. VAA is in a strong financial position. If passenger figures are declining or flat, large passenger-related expansion projects can be strategically deferred to future years.

VAA has another advantage; 64.6% of its non-AIF revenue comes from non-aeronautical sources such as land leases; this is significant compared to other airports. This means VAA is not as dependent on aviation fees to maintain a strong Balance Sheet.

VAA is a lean organization on a per-passenger processed basis compared to other airports, and has the right people with the right skills, knowledge and experience and as a result is in good shape to face future challenges.

11. Announcements

Next ACC Meeting – TBA

12. Adjournment