



Victoria Airport Authority

Airport Consultative Committee

**Minutes of the
Meeting Held at the
Mary Winspear Centre at Sanscha
Tuesday, 30 October 2007, 8:30 - 9:40 AM**

**Next ACC Meeting: 08:30 AM, Tuesday, 19 February 2008
Mary Winspear Centre at Sanscha
(2243 Beacon Avenue, Sidney – Corner of Beacon & Pat Pay Highway)**

Paul Connolly – Committee Secretary

Matthew Watson – ACC Chair

Representative Members

Air Terminal Building Tenants	absent
Association of Canadian Travel Agencies	absent
BC Ministry of Transportation & Highways	absent
Canada Border Services Agency	Kathy Pringle
Canadian Aircraft Owners and Pilots Association	absent
Capital Regional District	Christopher Causton
Charter Airlines	absent
City of Victoria	absent
Corporation of the District of Saanich	Bob Gillespie
Department of National Defence	Stephen Roberts
District of Central Saanich	absent
District of North Saanich	Peter Chandler
District of North Saanich Residents' Association	Absent
Greater Victoria Chamber of Commerce	Bruce Carter
Horizon Air	absent
Jazz / Air Canada	absent
Nav Canada	Dave Lewis
Pacific Coastal Airlines	absent
Pauquachin Band Council	absent
Saanich Peninsula Chamber of Commerce	absent
Saanich Peninsula Water Commission, and Waste Management Committee	absent
Sidney Business Association	Marie Rosko
Sidney Ratepayers Association	absent
Tourism Victoria	absent
Town of Sidney	absent
Tseycum Band Council	absent
Victoria Airport Tenants' Association	absent
WestJet	absent

VAA Board Members in Attendance:

*Gordon Denford, *Matthew Watson, *Peter Dolezal, *Mervyn Lougher-Goodey,
*Chad Rintoul, *Bob Coulter, (*Victoria Kuhl and *Christine Stoneman sent regrets)

Other Board members in attendance: Mel Couvelier and Glen Crawford.

VAA Staff: Richard Paquette, Danita Ouellette, Randy Bogle, Mike Booton,
James Bogusz, Terry Stewart, Anita Kardos and Paul Connolly.

*Board members on the ACC.

Public in attendance: 6

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.

2. 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. Approval of 20 February 2007 ACC Minutes

IT WAS MOVED, SECONDED AND CARRIED TO ADOPT THE 20 FEBRUARY 2007 AIRPORT CONSULTATIVE COMMITTEE MINUTES.

4. Report from the VAA Chair

Canada Airports Act

The Canada Airports Act which was introduced in the last Parliament died on the order paper when the federal government asked the Governor General on September 4th to prorogue Parliament. A new session of Parliament began October 16th. There is no indication whether the Act will be a priority for the government.

Five Year Performance Review

David Langlois, Rideau Consultants Inc. undertook a 5 Year Review of the performance of the Victoria Airport Authority from 1 April 2002 to 31 March 2007 as mandated by the Ground Lease with the Federal Government

In the Executive Summary of the review, it states, "During the period April 2002 to March 2007 the Victoria Airport Authority has exceeded the terms of its Ground Lease with Transport Canada."

It states in Section 5.1 of the review, "The VAA Board and its structure are one of the best, if not the best, of its kind in the Airport Authorities as they are currently formed in Canada. The Board has well-developed governance policies which are published and are available for public scrutiny and which it uses in a most effective and efficient manner to guide and direct management of the VAA."

At the end of July 2007 the report was sent to all Nominators and is posted to the VAA web site (www.victoriaairport.com) for your information.

The Chair thanked the CEO, management and staff for their part in making the VAA the success it is today.

McTavish Road / Pat Bay Highway Interchange

VAA continues to work with the Province through Minister Falcon and Minister Coell, and with the federal government through Minister Lunn to advance the priority for the intersection at McTavish Road and the Pat Bay Highway. VAA Board has committed \$3 million as its portion of the Project. VAA would like to see completion of construction before 2010.

Master Plan

The draft Master Plan has been well received by stakeholders including the Town of Sidney and the District of North Saanich Councils.

The most significant project identified in the Master Plan is a runway extension to accommodate non-stop air service between Victoria and Europe. VAA will analyze the data to determine if there is demand for this service.

Other B.C. communities, Prince George, Kamloops, Kelowna and Cranbrook all believe it's important to their future and are organizing local, provincial and federal support for their plans. On Vancouver Island, Comox is using their longer runway to effectively market their community.

Victoria is B.C.'s Capital City. New residents are moving here with the income, interest and ability to travel. Victoria is already a well known destination attracting visitors from around the world.

In today's world, connectivity is key to prosperity. VAA is planning for a continuing role for Victoria – as Vancouver Island's Gate Way to the World.

VAA is a lean organization. We are in very good shape to face future challenges.

Looking at the three airports larger than Victoria – (Halifax, Ottawa and Winnipeg) as well as the three comparable airports with fewer passengers than Victoria (St. John's, Saskatoon and Regina) Victoria has:

- The fewest employees per million passengers.
- The highest revenue per employee.
- And the lowest operating expense per passenger.

Members of this Committee will be getting a briefing of the highlights of the Master Plan later in this meeting. The Executive Summary is available on the VAA web site.

A Public Open House on the Master Plan is scheduled for Wednesday evening, 7 to 9 pm, November 21 in the Mary Winspear Centre.

Airport Food and Beverage Service

Management and the Board has listened to the public and improved food and beverage service at the Airport. In October 2006 the Airport's Tim Hortons opened. This year, on July 21st the Airport's White Spot Restaurant was officially opened. The public response is favourable. As an incentive to come to the Airport's White Spot Restaurant the VAA is taking the \$2 short term parking fee off any bill over \$20. VAA hopes the public will bring their family and friends to enjoy a delicious meal. These improvements compliment the other improvements to Capital Brew serving Starbucks Coffee and the Airside Café. Food and beverage sales have increased close to 50% since the White Spot opened.

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

Peter Dolezal, Chair of the VAA Audit and Finance Committee, reported the state of the Authority's finances remains excellent.

To September 30, 2007:

- Revenues were 2.1% ahead of budget
- Expenses were 3.5% below budget
- Net Income stood at \$2 million – 32% ahead of budget

Anticipate year-end Net Income of \$2.4 million – 16% ahead of budget.

- The Balance Sheet remains strong, with very healthy working capital and with a prudent level of long-term debt. This year that debt will have been reduced by \$900,000, to \$17.1 million at year end.

The current plan sees this debt being liquidated over the next 10 years.

- Separate from VAA Operations Revenue is the Airport Improvement Fee (AIF), of which VAA has collected \$5.2 million to September 30, 2007.

AIF revenues are used exclusively to fund capital costs which are related to airline operations, air navigation and to the processing of passengers.

Since the AIF was implemented in 1999, VAA has collected \$34 million in AIF and has expended approximately \$50 million on AIF-funded projects. The difference is essentially the anticipated year-end, long-term debt of \$17 million.

- VAA operations revenues must not only fund ongoing operations and maintenance costs, and debt repayment obligations, but also all other capital projects which are not eligible to be funded out of AIF revenues. This includes projects such as parking lot expansions, sewage and water system upgrades, vehicles and equipment.

Since the inception of the Authority in 1997 about \$15 million of cumulative Profits from Operations have been reinvested in such Non-AIF funded projects.

- VAA sometimes hears the question: "If the Victoria Airport Authority is a Not-For-Profit Corporation, why does it strive to make a profit?"

"Profits" are re-invested in Non-AIF funded capital projects, just as the AIF funds all other capital projects.

Every excess dollar earned or collected is reinvested in keeping the Airport operating comfortably and efficiently, not only for passengers and greeters, but also for the air carriers and the community at large.

- Peter Dolezal shared a few independently, verified facts with respect to the VAA:
 - VAA's level of AIF charged is among the lowest of all airports in Canada.
 - VAA's landing and terminal fees are among the lowest in Canada.
 - VAA's total costs per passenger processed is the lowest in Canada (Kelowna has no rent or property taxes).
 - VAA's President and CEO, Richard Paquette, manages the entire Airport enterprise with only 35 employees, about ½ of the staffing average of all other airports, on a per-passenger processed basis.
- Peter Dolezal stated the VAA Board of Directors is immensely proud of the accomplishments of the CEO and his staff, who continue to provide the community with superb value through their outstanding management of this fabulous Airport.

There were no questions on the financial report to the Airport Consultative Committee.

7. Report from the VAA President and CEO

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

Terminal Building

- Work is now underway to improve the Third Floor Observation Area:
 - To make it more interesting and accessible to visitors.
 - It will include displays that document the history of the Airport lands from First Nations, Douglas Treaties, white settlers, World War II training, development as a commercial airport, and the transfer to the VAA.
- The recently expanded public parking lot is now reaching capacity and overflowing. Although VAA had an overflow lot constructed this year, the Christmas parking demand will be a real challenge. Further expansion will be required in 2008.

Passenger Traffic and Airlines

- Passengers up 5.9% to the end of September 2007.
- Horizon Air's new 70 seat Q400 aircraft added 43% more capacity to Seattle / Tacoma. The increased capacity and value fares, and Delta Airline service to Salt Lake City has meant a 35% year-to-date increase in Transborder passengers.

Land Development

- Viking Air expects to start construction on their new production plant before the year is out.
- Site preparation for the Marine Dry Dock Facility on the Beacon Avenue Connector Road is well under way.
- A proposal was approved by the District of North Saanich Council which will see major distribution facilities for Thrifty Foods and Victorian Epicure constructed on the Mills Road Business Park lands. As part of this proposal, VAA committed to on site retention and treatment of rainwater similar to the Terminal Building Parking Lot, a very high environmental standard for all construction, a bike path extending from Henry Avenue and McDonald Park to the intersection of Mills and West Saanich Roads. A transportation study is now being prepared to identify necessary road improvements, all to be funded by the VAA.

Environment

- Transport Canada's 2007 annual audit was successful
- A couple of areas in Reay Creek with elevated levels of heavy metal were remediated in September 2007. VAA continues to monitor water quality in both Reay and Ten Ten Creeks, and it is showing continuous improvement.
- VAA initiated a program to remove English Ivy which threatens the health of trees in the wooded area south of Willingdon Road. The work was undertaken by Tseycum First Nation members and managed by Peninsula Streams.
- VAA and Transport Canada are jointly funding an air quality / green house gas study at YYJ. VAA is at the forefront on this issue; as it is the first study of its kind at airports across Canada. This promises to be one of the key issues facing the aviation industry, and in fact, society's lifestyle in the years ahead.
- VAA recently completed and distributed its updated Environmental Management Plan. It reflects VAA's commitment to the environment. You can see it on the VAA web site.

A Few Internal Management Changes

- Vincent Miller has left the Airport to take on the job of Manager of Operations for YVR Airport Services in Jamaica. His responsibilities have been assigned to Terry Stewart who assumes the duties in addition to his existing duties.
- **James Bogusz** has joined the VAA as the VAA Manager Information and Business Technology.

Draft Master Plan

- VAA's draft Master Plan was presented to a number of stakeholders, Transport Canada, Nav Canada, Airlines, other tenants, and Town of Sidney and District of North Saanich Councils.

As VAA has made the presentations the document was refined along the way.

- The Master Plan forecasts aviation activity for the next 20 years.
- It defines improvements required to meet demand.
- It preserves and protects land use for future requirements.

- Specific projects and land use changes will be reviewed and justified from an engineering, operational, safety, service, financial and environmental perspective on a project-by-project basis.
- Municipal Councils and other stakeholders will be briefed on further specific projects as they materialize.
- The draft Master Plan Executive Summary is on the VAA web site – public comment is welcome. There will also be public open houses scheduled before the VAA Board will be asked to approve the Plan. The next Open House is scheduled for Wednesday evening, November 21 at the Mary Winspear Centre.
- The Board would appreciate any comment you may have. Thank you.

8. Presentation – Master Plan

VAA's Director of Airside Operations and Development gave a presentation of the Airport Master Plan.

The Master Plan presentation is posted together with these minutes on the VAA web site and will not be repeated in these minutes.

The presentation set out the Master Plan Objectives, Passenger Activity Levels, Runway Extension, Airfield Development Plan, Terminal Building Requirements, Environmental Management, Airport Land Use and Capital Improvements.

- The average annual increase in passenger traffic in the last few years was 5%. The average increase over the Master Plan 20 year timeline is estimated to be 2.6% per year.
- A key to expanding markets, particularly international direct service, is an expansion of the main runway by approximately 1,500' (700' to the west and 800' to the east).
- General Aviation can be concentrated to the north side of the Airport off Mills Road. Corporate aircraft can be primarily accommodated in the East Camp.
- The VAA maintenance facility and fire hall can be located in the West Camp.
- DND is planning to construct a new facility after 2010 in the West Camp.
- The current Terminal Building allows for easy expansion. The plan is to nearly double the number of gates and expand the main Apron (aircraft parking area).
- Increase in long term parking spaces.

- There are plans to construct bike paths around the Airport, the first of which will be constructed along Mills Road. There is currently a bike lane in both directions on the Airport Approach Road.
- With newer generation quieter jets and expanded runway there will be an actual reduction in noise in the core areas of the Town of Sidney.

9. Call for New Business

None

10. New Business

None

11. Questions / Comments from the Committee and the Public

- Marie Rosko, Sidney Business Association, asked, since plans are for the Airport's maintenance facility to eventually be relocated to the West Camp, what are the plans for the older structures in the East Camp?

The CEO stated Viking Air is scheduled to begin construction on their new production plant in the East Camp by the end of the year. Storm / sewer lines and other services will also be upgraded as part of the East Camp re-development.

- Marie Rosko expressed a concern that the level of staffing at the Victoria Airport Authority (VAA) was at about ½ of the staffing average of all other airports, on a per-passenger processed basis and with expected growth on the horizon it could be a challenge for the VAA.

The CEO stated VAA is lean. Management contracts out when known to be efficient and effective which provides VAA good flexibility, easily adaptable to new circumstances.

VAA recently hired a consultant to determine what the VAA organizational structure could look like over the 20 year Master Plan timeline. The consultant looked at comparable airports and airports larger than VAA. The long term organizational plan is to retain, train, recruit, and develop the right people with the right skills, knowledge and experience.

- Peter Chandler, Councillor, District of North Saanich, stated the future as outlined in the Master Plan looks exciting.

He asked about the extent of the overflow parking problem and what parking options VAA is considering for the Christmas season.

The CEO stated, prior to Thanksgiving VAA completed construction of an overflow parking lot of approximately 230 spaces, and located east of the Terminal Building beside the employees' parking lot. There are also additional spots in the area adjacent to the Security Building; as well as additional spots at the old Budget Rent-A-Car premises on the south side of Willingdon Road. Only once all those spots are filled will vehicles be parked along the roadway.

As part of the 2008 budget the Board will consider further expansion to the long term parking lot.

- Bruce Carter, CEO, Greater Victoria Chamber of Commerce, complimented the VAA on their excellent performance and on the Master Plan.

He stated the Chamber fully supports the extension of the main runway as it is a critical component of future plans to attract international flights to Victoria from London England, and hopefully as well from Los Angeles and / or San Francisco. He said proceeding with expansion plans will benefit the economic development of the Region. International flights will also make it easier for passengers to connect with cruise ships that dock in Victoria.

The CEO stated he understands the communities' request for increased direct service to international destinations and the requirement for the expansion of the runway to accommodate the larger jet aircraft. Air transportation is a key driver of business opportunities, increased tourism and attracting conferences from different organizations from around the world.

- Christopher Causton, CRD Director, asked if Sidney and North Saanich have been generous in their tax reductions.

The CEO stated in a comparison to various municipal tax rates Sidney has one of the lowest business tax rates. North Saanich ranks in the middle range of business tax rates and has the lowest residential tax rate. All municipalities recently lowered their mill rate primarily because of the increase in value under BC Property Assessments. North Saanich lowered their business tax rate by 3% more than their residential tax rate.

- Christopher Causton noted there are plans for expanded parking facilities but there was no mention in the presentation about plans for improved frequency of public transit to the Airport. He stated he would like to work together to improve public transit service to the Airport.

The CEO stated the VAA would welcome and supports increased frequency of transit service to the airport.

Many who work in the low hourly wage service industry cannot afford a vehicle and rely on public transit. Since transit service is infrequent, it is difficult to attract people to work in those industries at the Airport.

It is a challenge for all airports to entice passengers to use public transit. In Victoria's case, it is further exasperated by the fact most transit routes travel to the core of the City where riders transfer to another bus. With luggage in tow passengers find travelling by transit difficult and inconvenient.

- Bob Gillespie, Councillor, District of Saanich, asked if rent payments to the federal government are now equitable as compared to other airports of similar size.

The CEO explained there is now a single new rent formula which applies to all airports. The Victoria Airport Authority (VAA) will achieve equity in 2010. Under the existing lease, Transport Canada estimates that the VAA would have paid \$1,800,000 in 2010, versus \$400,000 under the new rent formula. By 2010 Victoria will be treated the same as other comparable communities.

The VAA Chair stated that at the Canadian Airports Council (CAC) meetings held recently in Regina, airports were in agreement that the Federal Government should not be charging airports rent. The Government underestimates the importance of airports as economic drivers in the local communities, and the services they provide to support tourism, business and government. They are also underestimating the growth in the aviation industry and investment required to continually provide acceptable facilities for the travelling public.

12. Announcements

Next ACC Meeting – 19 February 2008

The date for the next Airport Consultative Committee meeting is Tuesday, 19 February 2008, 8:30 am, at the Mary Winspear Centre at Sanscha.

Master Plan – Public Open House – November 21

A Public Open House to review the Master Plan is scheduled for Wednesday evening, 7 to 9 pm, November 21 in the Mary Winspear Centre.

13. Adjournment