

Virtual VAA Airport Consultative Committee

Minutes

Tuesday, March 8, 2022
1:30 PM – 2:30 PM
GoToWebinar

Upcoming Public Meetings:

Annual Public General Meeting

Thursday May 12, 2022
GoToWebinar

Fall Airport Consultative Committee Meeting

Tuesday, October 18, 2022
Time, Venue and Format TBA

Gordon Safarik
Board Chair

Jill Watt
Executive Assistant and Corporate Secretary

Representative Members in Attendance: 14

Organization

Representative

Airlines:

Air Canada / Jazz
Air North
Alaska Air / Horizon
Flair Air
Pacific Coastal Airlines
Swoop Airlines
WestJet

Jenni Isoda
Regrets
Regrets
Regrets
Regrets
Regrets
Regrets

Airport Land Tenants

Regrets

Air Terminal Building Tenants' Representatives

**David Clark, Tomas Dosil, Terry Judge,
Thomas Prout, Margarete Rothlisberger, Hayley
Tannhauser, Claudiu Ulinici, John Wilson**

Association of Canadian Travel Agencies
BC Ministry of Transportation and Infrastructure
Canada Border Services Agency
Canadian Aircraft Owners and Pilots Association
Capital Regional District
City of Victoria
Department of National Defence (443 MH Squadron)
District of Central Saanich
District of North Saanich
District of Saanich
Greater Victoria Chamber of Commerce
NAV Canada
North Saanich Residents' Association
Pauquachin First Nation
Saanich-Gulf Islands Member of Parliament Office
Saanich Peninsula Chamber of Commerce
Saanich Peninsula Water and Wastewater Commission
Sidney Business Improvement Area Society
Sidney North-Saanich RCMP
Tourism Victoria
Town of Sidney
Transport Canada
Tsartlip First Nation
Tsawout First Nation
Tsecum First Nation

Regrets
Mayor Geoff Orr
Regrets
Regrets
Regrets
Regrets
Regrets
Regrets
Regrets
Regrets
Alexa Lewis
Joseph Jansen
Regrets
Regrets
Regrets
Regrets
Councillor Chad Rintoul
Linda Germain
Regrets
Regrets
Regrets

Members of the Public in attendance: 11

Airport Consultative Committee Members in attendance: Gordon Safarik (Board Chair), Wendy Everson, Chuck Lovallo, and Margaret Lucas.

Other Board Members in attendance: Carol Brown, Dave Cowen, Eric Donald, Paul Gerrard, Allan Haynes, Frank Leonard, and Wendy Zink

Management: Geoff Dickson (President and CEO), Randy Bogle, Michelle Cooper, Scott Cunningham, Ken Gallant, Mike Garraway, Rod Hunchak, Matthew Logan, Adrian Nyland, Lars Olsson, and Dave Parson.

VAA Staff in attendance: Tim Albert, Andrea Bailey, Susan Ball, Sherri Brooks, Julie Dobranski, Jaspreet Grewal, Tyler Gunderson, Amber Haggstrom, Andy Hughes, Anita Kardos, Angela Moran, Siobhan O'Donnell, Jeff Peters, Jenna Pollock, Sarah Venn, and Emily Windebank.

Regrets: Cathie Ounsted (Committee Chair)

Meeting Moderator: Adrian Nyland

Recording Secretary: Jill Watt

1. Call to Order

The meeting was called to order by Gordon Safarik, Chair the Board of Directors in place of the Committee Chair, who regretfully was unable to attend.

2. Territorial Acknowledgement

The Board Chair respectfully acknowledged that Victoria Airport Authority operates from the homeland of the WSANEC people and expressed VAA's commitment to further strengthening relationships.

3. Recognition of the Committee Members, Representative Members, Dignitaries, and Special Guests

The Board Chair recognized the Committee members, Representative members, dignitaries, business leaders, and members of the public who were participating in the virtual meeting.

VAA very much appreciated their input and asked that they continue to share their perspectives, concerns, and suggestions.

4. Motion to Receive the Minutes of the October 19, 2021 Airport Consultative Committee Meeting

The Minutes of the October 19, 2021 Airport Consultative Committee meeting were reviewed by the Committee. There were no errors or omissions noted.

MOTION: Acceptance of the October 19, 2021 Airport Consultative Committee meeting minutes as presented.

Moved by: Gordon Safarik

Seconded by: Eric Donald

Motion carried.

5. Report from the Chair of the Board of Directors

The Board Chair acknowledged Victoria Airport Authority's 25th anniversary since the operational transfer from the federal government. YYJ had become one of the most successful airports in the world.

After many years of stability and growth, VAA experienced two years in an uncertain environment. Although VAA had planned for any upcoming imminent climate changes, the pandemic was an unexpected challenge which required difficult decisions. VAA had to deliver core services with minimum air service, while providing maximum safety and strict adherence to regulatory requirements. The Board Chair was confident in the decisions made throughout the pandemic, which included not laying off staff and continuing with some capital projects and environmental initiatives.

He commended the highly skilled and motivated staff at VAA for enabling VAA to still finish 2021 with many positive accomplishments. Staff adapted, improvised, and mitigated the financial impacts of the pandemic while still implementing everchanging regulatory requirements. Additionally, VAA was in a strong financial position at the beginning of the crisis and was grateful to receive funding from federal and provincial governments.

Throughout the pandemic VAA was able to complete designated capital and environmental projects, maintain the highest health and safety standards, and preserve high customer satisfaction levels while minimizing the financial impact.

The Board Chair recognized VAA's ability to demonstrate a tremendous degree of positive resilience in managing all the challenges and expressed his confidence in VAA for any future challenges and for remaining as one of the world's most successful airports.

6. Report from the Vice President, Finance and Administration and Chief Financial Officer

The Vice President, Finance and Administration and CFO gave a brief presentation on the forecasted financial results for the year ended December 31, 2021.

The Vice President, Finance and Administration and CFO provided an overview of 2021 passenger statistics and revenue in comparison to 2020 and also 2019, as this was the last full year prior to the pandemic, which significantly impacted airports and airlines and businesses that rely on this sector.

2021 Passengers

The Vice President, Finance and Administration and CFO outlined the fluctuating passenger volumes throughout 2021 which were impacted by various health advisories and made forecasting a challenge. As more of the population became vaccinated, passenger numbers increased.

In 2021, YYJ had just under 674,000 passengers, which was an increase over 2020 but less than VAA's budget of 786,000 passengers and only 35 percent of 2019 passenger numbers.

2021 Revenue

The Vice President, Finance and Administration and CFO outlined revenues generated from Aeronautical revenue (landing and terminal fees), Airport Improvement Fees (AIF), and Concession revenue (parking, rental car agencies, retail, restaurant, etc.) which are linked to passenger volumes and normally accounts for 90 percent of VAA's overall revenue. The dramatic decrease in passenger volumes led to a dramatic decrease to revenues.

He noted that revenues from Real Estate Rental have not been impacted to the same extent by the pandemic.

Normally VAA is a source of revenue to the government as they receive rent based on revenues. However, due to the severe impact of the pandemic, VAA applied for and received funding from the provincial and federal funding through various programs. A total of \$6.7 million in government assistance was received in 2021.

Overall revenue for 2021 (including government funding) was \$24 million, which was \$15 million less than 2019 revenue.

2021 Expenses

Majority of operational expenses are fixed and do not correlate to passenger volumes. VAA was able to reduce 2021 expenses to \$17.5 million, which is approximately \$3 million lower than 2019. Total expenses including amortization are \$29.5 million

2021 Net Loss

For 2021 a net loss of \$5 million is reported, by comparison 2019, saw a net income of \$9 million.

6. Report from the President and Chief Executive Officer

VAA's 25-Year Anniversary

On April 1, 1997 the Victoria Airport Authority was formed. The CEO provided background to the transfer of the airport operator to VAA from Transport Canada, who essentially became the regulator and landlord. The new structure gave the airport the ability to grow as an economic generator using resources that the federal government was not able to provide.

The CEO gave an overview of VAA's accomplishments over 25 years in operation, which included \$225 million in capital investments, 100 percent increase in passengers, \$880 million impact on the economy, and numerous awards. He expressed pride and appreciation to past and present employees and board members for their vision and perseverance toward the creation of VAA.

Status of 2021

Although 2021 was another challenging year, travel restrictions to Atlantic Canada and the US caused domestic carriers to plan alternate routes and YYJ served a total 12 non-stop markets with far-reaching coverage during the summer of 2021.

2021 Passenger Growth

YYJ had a 17 percent growth in 2021 over 2020 with approximately 674,000 passengers. Although passenger numbers were not near pre-pandemic levels, YYJ did well in comparison to other Canadian airports. YYJ also had 35 percent growth from 2019, which was the second highest of Canadian Airports.

Impacts to Passenger Numbers

The President and CEO explained how closely passenger traffic correlated with health measures. The onset of the COVID-19 Delta variant and related health measures at the beginning of 2021 significantly impacted passenger numbers. Similarly, the COVID-19 Omicron variant had impacts on passenger volume at the beginning of 2022. As travel restrictions eased, passenger numbers increased.

Health Measures and Federal Regulations

VAA was responding to the evolving health measures and ensuring regulations were met. The CEO explained the regulations in place over 2022 which included mandatory vaccination for air travellers over the age of 12 and a required negative COVID-19 test for passengers entering Canada.

Global Studies For COVID-19 Testing Entrance Requirements

The President and CEO further discussed recent global studies that indicated mandatory entrance testing was not effective to keep the COVID-19 from entering the country and had little to no impact to delaying the spread. Studies also suggested that it was better to deploy tests to other more needed areas. He noted that other countries were easing or eliminating testing requirements.

Ultra Low-Cost Carriers (ULCC)

Canadian ULCCs which included Swoop, Flair, Canada Jetlines, and Lynx Air were becoming more predominant in Canada over the past two years and were continuing to grow. The CEO outlined the anticipated fleet growth totaling approximately 137 aircraft and explained that YYJ was in a good position to take advantage of the new services. Currently Swoop and Flair operated at YYJ, and Lynx Air service would start on May 12, 2022.

Revenue Impact

Over the past two years, there was unprecedented decline in traffic which caused a \$50 million reduction in VAA's revenue. VAA was, however, thankful for \$10.5 million dollars in funding from the government and had a positive outlook for 2022.

The CEO noted that although YYJ was recovering well, many Canadian airports that are important for generating economic activity would not do as well.

VAA would continue to look at diversifying revenue and land growth, building back the spring/summer business, containing costs, and staging and measuring capital programs.

Summer 2022

YYJ was pleased to welcome back Alaska Airlines on November 30, 2021.

The CEO felt that the Saskatoon and Winnipeg were the only markets operating during summer 2021 that were in jeopardy for the upcoming summer season. He estimated that once the air carriers built back their 2019 schedules, they would look to other markets to expand. He also

anticipated that YYJ would be at 80-85 percent of pre-pandemic passenger levels by summer 2022.

Revenue Diversification - Land Development

Land Development was a steady revenue stream over the past few years and had the opportunity to double in 2022-2023.

Focus had been placed on land development and recent developments included Western Canada Emergency Marine Response Corporation, Titan Boats, Blue Heron, and construction was well underway at Amazon.

To address the need to improve overall traffic in the area, a traffic circle will be implemented at the intersection of Gallaran Road and Beacon Avenue and Stirling Way will be realigned. The Town of Sidney, District of North Saanich, and VAA will fund the project in a cost-sharing agreement. A tender for construction will be released in 2023.

There were several parcels that had potential for development or were under exclusivity agreements and the CEO was confident many would come to fruition.

20-Year Master Plan

The CEO felt it was good timing to develop a 20-year Master Plan which will help to drive some certainty. The plan would focus on the physical airport including roadways, runway systems, electrification, aircraft technology, and being mindful of the future.

The 20-Year Master Plan would look at how VAA would evolve the airport which is subject to overall traffic demand. The CEO felt that once YYJ was back to its regular state, it could potentially experience 2-3 percent annual growth.

Capital Program

2022 Capital Program costs would be over \$9 million. The largest project is an approach runway system that will expand off Runway 09 into Patricia Bay. The initiative will provide better visibility for pilots and as a result, improvements will also be made to the Sea Plan Base. The project has received federal funding support and will be substantially completed by Fall 2022.

Passenger Outlook

Industry consensus forecasts anticipate 2022 to be approximately 70 percent of 2019 passenger numbers and overall average 80 percent in 2023. By 2024, passenger numbers were predicted

to be close to 100 percent. The CEO was optimistic that the numbers will be above what is predicted.

Closing Remarks

The CEO expressed that VAA's financial position was relatively solid, and he was looking forward to the new normal and to evolving the airport. Better days were ahead.

7. Call for New Business

There was no new business.

8. Questions / Comments from the Members of the Committee and the Public

- **How is the transfer of the old airport hangar to the VAA coming along? Any potential dates to see this happen.**

Environmental work and demolition of the site will be complete in 2022 and effectively be transferred to VAA in 2023.

- **At the entrance to airport, by the McTavish traffic circle there was a big sign showing the direction that the terminal was located at. The sign got blown over in a storm and has not been replaced for some time. Will the sign be replaced to help people know that they are going to the right direction in that circle?**

The President and CEO felt that the direction was fairly intuitive for drivers but would certainly assess the need and a better structured sign.

- **United Airlines cut 17 routes domestically. How are US-based airlines looking at YYJ such as Delta?**

Although Delta had high load factors, they lost millions on the YYJ – SEA route and the CEO did not anticipate their return. He felt there was opportunity in the WestJet/Delta partnership and building on brand strength in Victoria. A new international terminal opened in Seattle, and he thought this would be beneficial for connection throughout the US.

United Airlines pulled out of Canadian markets even prior to the pandemic. He felt there was opportunity with their San Francisco route, but that they had used the wrong aircraft and schedule. VAA would pick up this conversation again with United along with potential for Denver.

The CEO also saw opportunity with Los Angeles, and some of the ultra low-cost carriers are interested in serving unique US markets. Many airlines with seasonal destinations that are

popular for Canadians are hoping to build a stronger presence on the incoming route in Canadian destinations.

In the present environment it was not realistic to chase US markets, but it was certainly on VAA's radar for the future

➤ **This month VAA raised all airside terminal user fees. Is this going to affect attracting and retaining carriers?**

VAA is mindful about fees and inflation and tends to make increases every other year that is below inflation. VAA's costs are still in the lowest quartile, and it was not seen as a barrier.

There were no further questions or comments. VAA invited anyone to had additional questions to contact the VAA after the meeting.

9. **Announcements**

Victoria Airport Authority's upcoming public meetings:

- Thursday, May 12, 2022 - **Virtual Annual Public General Meeting**
- Tuesday, October 18, 2022 - **Fall Airport Consultative Committee Meeting**

All meetings will be advertised in the local print media, on YYJ's website, social media platforms and through YYJ Airmail. All members of the public are welcome to attend.

10. **Adjournment**

The Board Chair thanked everyone for attending and adjourned the meeting.