

# Victoria Airport Authority Annual Public General Meeting

## Summary of Proceedings

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Thursday, May 12, 2022  
1:30 – 3:00 PM  
Live Streamed via GoToWebinar

### **Attendance:**

#### **VAA Board Members**

Gordon Safarik, Board Chair  
Cathie Ounsted, Board Vice-Chair, Airport Consultative Committee  
Wendy Zink, Board Secretary and Chair, Governance Committee  
Carol Brown, Chair – Human Resources Committee  
Eric Donald, Chair – Audit and Finance Committee  
Paul Gerrard, Chair – Planning and Development Committee  
Dave Cowen  
Wendy Everson  
Allan Haynes  
Frank Leonard  
Charles Lovallo  
Margaret Lucas

#### **VAA Management**

Geoff Dickson, President and CEO  
Randy Bogle, Vice President, Finance and Administration and Chief Financial Officer  
Michelle Cooper, Director, Human Resources  
Scott Cunningham, Vice President, Planning and Infrastructure  
Ken Gallant, Vice-President, Operations  
Mike Garraway, Manager – Safety and Emergency Services  
Rod Hunchak, Director, Business Development and Community Relations  
Matthew Logan, Manager, Finance  
Adrian Nyland, Director, Facilities and IT  
Lars Olsson, Director, Airside Operations and Safety  
René Sheir, Director, Security and Terminal Operations

#### **VAA Staff**

Tim Albert, Andrea Bailey, Susan Ball, Sherri Brooks, Julie Dobranski, Tyler Gunderson, Jaspreet Grewal, Amber Haggstrom, Andy Hughes, Angela Moran, Siobhan O'Donnell, Emily Windebank, and Scott Snow.

#### **Recording Secretary**

Jill Watt – Executive Assistance and Corporate Secretary

**Public In Attendance: 28**

## **1. Territorial Acknowledgement**

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

## **2. Welcome to Attendees**

The meeting moderator welcomed everyone to VAA's Annual Public General Meeting and provided participants with direction how to ask questions of the leadership team.

## **3. Call to Order**

Fourth term Board Chair Gordon Safarik welcomed participants to the meeting and called the meeting to order. He advised that VAA's external auditor was also participating remotely and could answer any questions with respect to the financial statements.

## **4. Report from the Chair of the Board of Directors**

The Board Chair welcomed Lynx Air to YYJ. Their inaugural flight at YYJ was that same day.

As limitations to travel were easing, YYJ was experiencing an increase in passenger numbers and the summer would have an increase in scheduled flights. VAA had a positive outlook for the airport.

Although the pandemic was challenging, VAA had become stronger and more resilient which was attributed to the efforts from the Board and staff. The Board Chair expressed that VAA had made right choices throughout the pandemic, with one being to not lay off staff. This placed YYJ in a better position to weather the impact of the pandemic and to resume operations.

The Board Chair also expressed appreciation to the provincial and federal government for the funding received and noted that the airport was an important economic generator for the region.

He felt that VAA's responsible operating practices positioned the airport well to endure the pandemic. Namely, being debt free prior to the pandemic, diligence to infrastructure maintenance, and a recent expansion to the Lower Passenger Departure Lounge.

The Board Chair discussed all VAA's achievements over the pandemic which included two awards from Airports Council International for Best Hygiene in North America and one award for being the Best Airport in North America under 2 million passengers. VAA also was named the Most Efficient Airport Under 5 million passengers in North America by the Air Transport Research Society.

In 2021, VAA achieved gold accessibility certification from the Rick Hansen Foundation, and more recently, VAA's accessibility and inclusion efforts were acknowledged with an award for Social Responsibility from 4VI, (formerly Tourism Vancouver Island).

For the third consecutive year, VAA was named one of BC's top 100 employers. Furthermore, VAA continued to gain recognition for environmental initiatives and was successful in attracting three airlines throughout the pandemic.

The Board Chair was in his final year of his term on the VAA Board and expressed his pride for serving on the Board and with the people of Victoria Airport Authority.

#### **5. Presentation of the Financial Report for the Year Ended December 31, 2021 by the Vice President, Finance and Administration and Chief Financial Officer**

The Vice President, Finance and Administration and CFO reported on VAA's audited financial results for the year ended December 31, 2021. VAA's 2021 Annual Report contains detailed financial statements and is available on the YYJ website under the document library.

##### **Background**

The severe impact from the COVID-19 pandemic and associated travel advisories and restrictions were reflected in the financial results.

Prior to the pandemic approximately 90 percent of VAA's revenue was generated from aeronautical revenue, Airport Improvement Fees (AIF), and concession fees which are all linked to passenger volume. The dramatic decrease in passengers in 2020 and 2021 led to a substantial decrease in revenues.

##### **Passenger Volume**

The Vice President, Finance and Administration and CFO outlined the passenger volumes from January 2020 – December 2021 which included the sharp decline of passenger traffic in April 2020 due to the onset of the pandemic. Passenger numbers increased in the summer of 2021, but never approached pre-pandemic levels.

In 2020/2021 passenger traffic declined by nearly 70 percent or 2.7 million passengers when compared to 2018/2019 (pre-pandemic).

Total passenger traffic for 2021 was approximately 674,000, which was an increase of 17 percent from 2020 but down 65 percent from 2019 passenger numbers.

##### **2021 Statement of Operations - Revenue**

The Vice President, Finance and Administration and CFO outlined revenue generated from aeronautical revenue, Airport Improvement Fees (AIF), and concession revenue which had increased slightly from 2020, but significantly decreased from 2019 (pre-pandemic). Revenue from real estate rental was not seriously impacted by the pandemic.

Typically, VAA is a source of revenue for the federal government in the form of rent payments for the ground lease. Given the severe financial impact of the pandemic, VAA applied for and received provincial and federal funding through various programs.

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

### **2021 Statement of Operations - Expenses**

The majority of VAA's operations expenses are fixed and do not fluctuate much with passenger volumes. Operations expenses for 2021 were \$17.5 million, approximately \$3 million less than 2019 (pre-pandemic).

Amortization in 2021 increased to \$11.9 million due to being the first year of full amortization for a number of projects that were completed at the start of the pandemic.

### **2021 Statement of Operations – Net Loss**

VAA had a net loss of (\$5.4 million), which is less than 2020 and a significant difference from 2019 that had a net income of \$9 million.

### **Other Highlights**

VAA's year end cash balance was \$8.6 million and current assets were \$12.4 million. Current liabilities were \$3.7 million.

In 2021, VAA took on \$2 million in long-term debt to further assist with cash flows.

### **Closing**

The Vice President, Finance and Administration and CFO expressed a positive outlook. Passengers were returning and YYJ was in good financial shape moving forward.

## **6. Report from the President and Chief Executive Officer**

The President and CEO reported on Victoria Airport Authority's current and past year's activities.

### **Victoria Airport Authority 25-Year Anniversary**

Victoria Airport Authority was created in 1997 through the hard work of the local business community. The President and CEO expressed his gratitude to past and current VAA employees.

Hi presentation outlined the expansions made to the Airport Terminal Building since 1997. During this time, VAA spent over \$225 million in capital projects, became debt free in 2017, and gained numerous awards.

### **2021 Awards**

VAA received an award from Airports Council International for Best Hygiene Measures in North America, which recognized the measures VAA continues to take to improve cleanliness.

VAA also received an award from 4VI for Social Responsibility which recognized VAA's efforts toward accessibility and inclusivity improvements.

### **2021 Passengers**

Although YYJ only had 674,000 passengers in 2021 and was significantly below pre-pandemic levels, YYJ was leading Canadian airports in percentage of growth from 2020 to 2021 with 17 percent growth. YYJ passenger numbers in 2021 were 35 percent of 2019 passenger numbers and were the second highest percentage for Canadian airports during that timeframe.

Over the summer of 2021, reduced capacity for US and eastern Canada flights resulted in an increase to domestic markets. YYJ had service to several different markets in 2021 including Saskatoon and Winnipeg. Swoop and Flair also started operations at YYJ in 2021.

The CEO demonstrated the drastic impact that the COVID-19 Omicron Variant had on passenger volumes in January 2022, which decreased to under 40 percent of 2019 (pre-pandemic) numbers. Passenger numbers started to climb in February, and by April 2022 passenger numbers were over 70 percent of 2019 passenger numbers. May was expected to trend toward 75 – 80 percent of 2019 passengers. The CEO was encouraged looking to the latter part of 2022.

### **2022 YYJ Summer Route Network**

YYJ had good domestic coverage in central Canada and BC. The President and CEO acknowledged Air North for their commitment to YYJ with their Whitehorse flight. He also advised that YYJ would have more coverage with Kelowna flights in 2022.

The CEO met with Victoria business leaders and executives from Lynx Air to discuss opportunities in the marketplace and was very positive for the future.

### **Alaska Airlines**

During the pandemic, most Canadian airports including YYJ were restricted from international flights. The President and CEO expressed his gratitude for Alaska Airlines for waiting for YYJ to regain international status. They were currently offering service to Seattle twice daily and the CEO hoped to see some growth.

Alaska was also retiring their Bombardier Q400 aircraft and replacing them with Embraer 175 aircraft. This aircraft had a greater range and offered three classes for seating.

### **Five Year Revenue Summary**

In 2019 (prior to the pandemic) VAA's annual revenue was nearly \$40 million. After the onset of the pandemic, VAA's annual revenue decreased to approximately \$15 million in 2020 and again in 2021 (not recognizing federal and provincial subsidies).

The President and CEO predicted that YYJ would grow back to \$30 million in revenue in 2022 and nearly \$40 million in 2023.

### **Moving Forward**

The four main focuses for VAA moving forward were building back spring and summer business, continuing to diversify revenue such as real estate, containing costs, and measuring and staging capital projects.

Capital projects were essentially paused over the past two years and as business started to build, VAA needed to prepare ahead for the time required for planning and executing capital projects.

### **Ultra Low-Cost Carriers (ULCC) Domestic Market Share**

The market had taken a large shift for Ultra Low-Cost Carriers. In 2019 ULCC accounted for 5 percent of the domestic seat capacity. By 2022, they represented 15 percent of the market's domestic seat capacity and were growing.

Three of the four Canadian ULCCs (Flair, Swoop, and Lynx Air) were providing service at YYJ and Flair had already become YYJ's third largest airline in terms of frequency and seats. The fourth Canadian ULCC, Jetlines had expressed interest in YYJ once they had more capacity.

The CEO explained the expansive fleet plans for the ULCCs which totaled 137 aircraft. ULCCs tended to be attracted to smaller markets as opposed to hubs, and this boded well for Victoria.

### **2022 Seat Capacity**

The President and CEO was looking forward to building back seat capacity during the 2022 summer months. In comparison to the seat capacity in 2019, VAA was seeing 90 percent capacity in June, 102 percent capacity in August, and 101 percent capacity in September. The information was encouraging for VAA.

### **New Routes Focus**

**Domestic Routes** - VAA sought continued presence in central Canada and building more frequency, particularly to Toronto as well as assessing if Montreal could be year-round destination. There was also opportunity seen for Saskatoon, Regina, and Winnipeg.

The CEO noted that only two of the top ten Canadian destinations were not directly served by YYJ: Winnipeg and Halifax.

**International Routes** – Building back Mexico destinations was a priority and the CEO also saw opportunity with Honolulu, San Francisco, Las Vegas, Los Angeles, Phoenix, and Denver. Additionally, because of the enhanced capabilities of the new generation of Boeing 737s, a Caribbean location was also a possibility.

## **Land Development**

The CEO highlighted developments completed in 2021 and 2022 which included World Fuels, Blue Heron Aeropark, Make Space Storage, Western Canada Marine Response Corporation, Titan Boats, and Amazon which would be complete in 2022.

VAA is working in partnership with Town of Sidney and District of North Saanich to improve traffic by constructing a roundabout at the intersection of Beacon Avenue and Galaran Road and realigning Stirling Way.

There were six potential upcoming developments, and the CEO was anticipating to make some announcements in the following months. VAA was hoping to grow its land development revenue base from \$3 million to \$5 million.

## **2022 Capital Projects**

The total capital program cost for 2022 was \$9.5 million. Larger projects included a Runway 09 approach lighting system, completion of the basement from the 2019 Lower Hold Room Expansion (which was put on hold), refresh of the Upper Hold Room, and an accessibility upgrade to the YYJ website.

It was noted that the Runway 09 approach lighting system was the largest project and would see a series of lights positioned off Runway 09 into the Pat Bay. The project is partially funded by the Airports Critical infrastructure Program.

## **Master Plan**

VAA will be creating a 20-year Master Plan which will help to determine the medium-term vision for VAA. It was felt that some areas requiring investment included the baggage make-up area, CBSA screening, and the Arrivals Hall.

## **Future of Airports**

The United Kingdom recently opened the first flying taxi port and air taxis would be used for transportation at the Paris Olympics. Moving forward, VAA would need to understand what a future with flying air taxis would entail.

VAA was looking forward at technology, growth, design, and getting back to when YYJ was and driving the region's economy.

## **Passenger Outlook**

The CEO anticipated YYJ to be at 100 percent of 2019 passenger numbers by 2024, or possibly 2023. It was still unknown, but the summer of 2022 was encouraging.

**7. Public Comments / Questions**

There were no questions or comments from the public.

**8. Concluding Remarks**

The Board Chair expressed his gratitude to participants for attending the meeting.

The next public meeting was the Airport Consultative Committee Meeting on October 18, 2022 and would be advertised through media in advance.

**9. Adjournment**

There being no further business, the meeting was adjourned.

A video recording of the Annual Public General Meeting is available on the YYJ website.