Airport Consultative Committee

Minutes of the Meeting held at the
Victoria Marriott Inner Harbour Hotel – 728 Humboldt Street
Tuesday March 12, 2013, 7:30 - 8:30 AM

Upcoming Public Meetings:

- Victoria Airport Authority Annual Public General Meeting:
  7:00 PM, Thursday, May 9, 2013
  Mary Winspear Centre,
  2243 Beacon Avenue, Sidney, BC

- Next Airport Consultative Committee Meeting:
  7:00 PM, Tuesday, October 29, 2013
  Mary Winspear Centre
  2243 Beacon Avenue, Sidney, BC

Melinda Orlowski – Committee Secretary
Graeme Roberts – Committee Chair
## Representative Members

<table>
<thead>
<tr>
<th>Organization</th>
<th>Representative</th>
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<tbody>
<tr>
<td>Association of Canadian Travel Agencies</td>
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<td>BC Ministry of Transportation &amp; Highways</td>
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<td>Canada Border Services Agency</td>
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<td>Canadian Aircraft Owners and Pilots Association</td>
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<td>Capital Regional District</td>
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<td><strong>City of Victoria</strong></td>
<td>Councillor Chris Coleman</td>
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<td>Corporation of the District of Oak Bay</td>
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<td>Corporation of the District of Saanich</td>
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<td>Department of National Defence</td>
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<td><strong>District of Central Saanich</strong></td>
<td>Councillor Carl Jensen</td>
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<td><strong>District of North Saanich</strong></td>
<td>Mayor Alice Finall, Councillor Celia Stock</td>
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<td>District of North Saanich Residents' Association</td>
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<td>Greater Victoria Chamber of Commerce</td>
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<td><strong>Nav Canada</strong></td>
<td>Darlene George</td>
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<td>Pauquachin Band Council</td>
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<td><strong>Saanich Peninsula Chamber of Commerce</strong></td>
<td>Joe Jansen</td>
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<td>Saanich Peninsula Water Commission,</td>
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<td>and Waste Management Committee</td>
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<td>Sidney Business Association</td>
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<td>Sidney Ratepayers Association</td>
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<td>Tourism Victoria</td>
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<td><strong>Town of Sidney</strong></td>
<td>Councillor Steven Price</td>
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<td><strong>Airlines:</strong></td>
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<td><strong>WestJet</strong></td>
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<td>Air Canada / Jazz</td>
<td>Christine Beveridge</td>
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<td>Horizon Air</td>
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<td>Pacific Coastal Airlines</td>
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<tr>
<td><strong>Air Terminal Building Tenants' Representative</strong></td>
<td>Jose Brochez, Denis Pettigrew</td>
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<td>Airport Land Tenants' Association</td>
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### VAA Board Members on the Airport Consultative Committee

<table>
<thead>
<tr>
<th>Members</th>
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<tbody>
<tr>
<td>Graeme Roberts (Committee Chair), Lindalee Brougham (Board Chair/Ex Officio), Peter Bray, Bruce Knott, Mel Satok, and Colin Smith</td>
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### Other VAA Board members in attendance

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<th>Members</th>
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<tr>
<td>Glen Crawford, Jim Crowley and Suomitra Sanatani</td>
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### Regrets

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<th>Members</th>
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<td>Bob Coulter, Lynne Henderson, Mel Rinald and Chad Rintoul</td>
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### VAA Management

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<th>Members</th>
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<tr>
<td>Geoff Dickson, James Bogusz, Scott Cunningham, Debbie Hansen, Stephanie Long, Melinda Orlowski, Rick Robertson, Terry Stewart, lan West</td>
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### Other VAA Staff

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<th>Members</th>
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<td>Sherri Brooks, Sarah Hill</td>
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### Public in attendance

<table>
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<tr>
<th>Members</th>
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<td>20</td>
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Call to Order

Graeme Roberts, Vice-Chair of the Victoria Airport Authority Board of Directors, acted as the Chair of the Airport Consultative Committee meeting; Melinda Orlowski acted as Recording Secretary.

1. Call to Order and Introduction of Committee Members

The Committee Chair called the meeting to order and introduced the members of the Airport Consultative Committee.

3. October 31, 2012 Airport Consultative Committee Minutes

IT WAS MOVED, SECONDED AND CARRIED TO RECEIVE THE OCTOBER 31, 2012 AIRPORT CONSULTATIVE COMMITTEE MINUTES.

4. Report from the VAA Board Chair

Lindalee Brougham, Board Chair of the Victoria Airport Authority, welcomed the attendees and dignitaries to the spring Airport Consultative Committee meeting.

The Committee is comprised of Representative Members from local municipalities, airlines, airport land tenants and other stakeholders. The Committee meets twice a year; once in the spring and once in the fall. The meetings are an opportunity for the VAA to provide an update about the airport to members of the business community, airport tenants and citizens of Greater Victoria; to engage in meaningful dialogue; and to encourage feedback when considering the future direction of the airport.

VAA Board of Directors

There are 13 Board members representing nine nominating bodies and one Board appointee on the VAA Board of Directors. Each member has a high level of knowledge and expertise encompassing a broad range of skills to complement the Board:

Peter Bray
Lindalee Brougham
Robert Coulter
Glen Crawford
James Crowley
Lynne Henderson
Bruce Knott
Mel Rinald
R. Chad Rintoul
Graeme Roberts
Suromitra Sanatani
Mel Satok
Colin Smith

City of Victoria
Greater Victoria Chamber of Commerce
Federal Government of Canada
Corporation of the District of Saanich
District of North Saanich
Province of British Columbia
Federal Government of Canada
Town of Sidney
District of North Saanich
District of Central Saanich
Board Appointee
Town of Sidney
Capital Regional District
The following are the Officers of the Corporation and Committee Chair positions for 2013:

Board Chair                                      Lindalee Brougham
Board Vice-Chair, and Chair - Airport Consultative Committee Graeme Roberts
Board Secretary, and Chair - Governance Committee Mel Rinald
Chair - Audit and Finance Committee               Glen Crawford
Chair - Planning and Development Committee        Chad Rintoul

Biographies of all current members of the VAA Board, and the President and CEO are on the VAA website at www.victoriaairport.com.

New Board Member

Suromitra Sanatani joined the VAA Board of Directors on February 1, 2013 as a Board appointee. Ms. Sanatani is a member of the Governance Committee and the Audit and Finance Committee.

A lawyer by profession, Ms. Sanatani began her career in litigation before transitioning from the practice of law to senior positions in the non-profit, public and private sectors. She played a pivotal role in establishing Partnerships BC, a Crown agency specializing in public-private partnerships. She is passionate about driving change within an organization that in turn benefits the social, cultural and economic development of society.

Ms. Sanatani is very active in the community and is the Vice-Chair of the Royal BC Museum and a Director of the Telus Victoria Community Board. The VAA is very pleased that Ms. Sanatani has joined the Board, and we look forward to her contributions.

Land Development Update

There are over 60 tenants at the Victoria International Airport. Some of these world class companies include Viking Air, Scott Plastics and Thrifty Foods, who recently completed the construction of a new retail distribution centre.

The Department of National Defence is constructing a new hangar and administration office for the 443 Maritime Helicopter Squadron. At 220,000 square feet, it is 40,000 square feet larger than the air terminal building.

The VAA has identified an area for a new business park and commercial centre aimed to increase its revenue base and create economic opportunity for the region.

The Flight Path, a new 9.3 km multi-use bike and walking trail around the perimeter of the airport lands, is nearing completion. Victoria International Airport is proud to host this unique kind of recreational facility to encourage wellness and provide a safe venue for people to enjoy the outdoors. This project has been fully funded by the Victoria Airport Authority for the enjoyment of the community.
Terminal Improvements

Construction of an $8.1 million terminal improvement project is progressing well. When complete, travelers will see an expanded pre-board screening area, enhanced food and retail concessions, the creation of a centralized circulation core to make way-finding easier, improvements to the lower and upper passenger departure lounge, and the addition of a new skylight to introduce more natural light.

As construction progresses, the VAA will use a variety of different media to keep the public informed. These initiatives include time lapse photography, an interactive 3-D flythrough of the terminal building, updates through VAA’s social media sites and website, and extensive signage explaining each phase of the project.

The VAA wants to ensure that our customers have the best possible experience when they travel through Victoria International Airport.

Draft Master Plan

VAA is in the process of updating its draft Airport Master Plan. A public open house will be held on Tuesday, March 19th at 7:00 PM at the Mary Winspear Centre in Sidney. The open house will provide the community with the opportunity to have their say regarding the future plans for Victoria International Airport. We encourage everyone to come out, meet our staff and provide us with your feedback.

As Chair of the VAA Board of Directors, Ms. Brougham expressed her pride in being part of a strong organization and thanked everyone for attending the meeting.

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

Glen Crawford, Chair of the Audit and Finance Committee, greeted the members and provided a brief overview of the financial results of the corporation.

The Year 2012 financial statements are under final review and will be presented at VAA’s Annual Public General Meeting on May 9, 2013. The figures quoted in this report are the preliminary unaudited results to December 31, 2012.

The VAA balance sheet remains strong, with healthy working capital and a continued reduction in the level of long-term debt. Annual debt repayments of $1.8 million continue to be made; it is anticipated that the debt will be retired by January 2017.

AIF Revenues and Operations Revenue

VAA receives revenue from the following sources: the Airport Improvement Fee (AIF); Operations (aviation and terminal related fees); Concessions; and Rent (from leased airport land).

AIF revenue is used exclusively to fund capital projects as well as the debt associated to these projects. At $10, our AIF is among the lowest of all airports in Canada. Operations revenues fund ongoing operations and maintenance costs, but also all other capital projects which are not eligible to be funded out of AIF revenues.
Highlights of forecasted financial performance for 2012:

Revenues: $23.6 million
Expenses (including amortization): $12.9 million
Excess Revenue Over Expenses before amortization: $10.7 million
Amortization of Capital Assets: $4.9 million

Excess of revenue over expenses: $5.8 million

Revenues are made up of the following categories:

Landing Fees: $2.9 million
General Terminal Charges: $2.4 million
Concessions: $7.2 million
Rentals: $3.0 million
Airport Improvement Fee: $7.4 million
Other revenue: $0.7 million

Total revenue for 2012: $23.6 million

Expenses are made up of the following categories:

Salaries and Benefits: $4.0 million
Services, Supplies and Administration: $5.8 million
   (includes items such as security, cleaning services, insurance, landscaping)
Rent paid to Transport Canada: $0.7 million
Property Taxes: $0.9 million
AIF Handling Fees: $0.5 million
Amortization: $4.9 million
Utilities: $0.6 million
Interest: $0.4 million

Total expenses for 2012: $17.8 million

VAA spent approximately $6 million in capital improvements in 2012. AIF revenue was spent on a number of projects including:

- Realignment of Willingdon Road
- Terminal improvements
- Rehabilitation of airfield pavements
- Common use improvements
- Airport fire fighting vehicle
- Remediation of Reay Creek

Since the VAA was established in 1997, over $101 million in cumulative capital investments have been made to continually improve the airport. VAA is proud to be able to deliver these improvements while maintaining its AIF at $10.
6. **Report from the VAA President and CEO**

With the assistance of a PowerPoint presentation, VAA President and CEO Geoff Dickson addressed the group and provided the members with an airport update.

**Air Service Development**

It is an exciting time for the Victoria Airport Authority. With recent improvements in the economy, the airline industry has demonstrated consistent profits and is turning its attention to growth.

Victoria International Airport has approximately 120 flights per day, serving an estimated 4,000 passengers each day, or 1.5 million passengers per year. Being located on an island, Victoria’s geography makes it less of a hub and more of a start-or-end point. The airport’s existing infrastructure enables non-stop service to a broad market across Canada, the United States and Mexico. Being in close proximity to the three major hubs of Seattle, Vancouver and Calgary benefits travellers by allowing passengers to connect on to broader destinations. The challenge is convincing air carriers to overfly their hubs to create new non-stop service.

In the past two years, three new air services have been introduced: same-plane service to Ottawa; non-stop seasonal service to Phoenix; and non-stop seasonal service to Los Cabos.

Currently Victoria serves non-stop destinations such as Vancouver, Kelowna, Calgary, Edmonton, Toronto, Seattle and San Francisco. Air Canada has added one-stop service to Ottawa through Toronto, linking the capital cities.

Northern British Columbia is expected to see significant economic growth in the coming years. Fort St. John and Prince George could present new air service opportunities for Victoria.

Winnipeg and Halifax are underserved markets and present possible linkages for non-stop service to those hubs.

Los Angeles is by far the largest international market and is the most logical choice for new non-stop service. VAA is working hard to promote air service to this destination.

Phoenix, Denver and Salt Lake City offer good connecting points to the eastern United States.

Palm Springs and Maui are highly desirable destinations but for now are constrained by the lack of customs facilities at those airports. Victoria has not yet achieved the threshold of 300,000 U.S. citizens required to establish U.S. pre-clearance facilities in our airport.

**U.S. Airline Consolidation**

There have been a number of changes in the U.S. airline industry which have seen the consolidation of a number of airlines into three mega carriers: America/U.S. Airways; United/Continental and Northwest/Delta.
Canadian Airline Industry

Air Canada created a new low-cost carrier called Rouge, which will focus on new leisure markets and sun destinations with discounted fares. VAA has been engaged in discussions with Air Canada Rouge who see Victoria as a good fit in the medium term.

Starting in June, WestJet Encore will introduce its new low-cost airline offering new air service between Victoria and Vancouver, carrying on to Fort St. John with same-plane service. Encore’s business model will focus on customer service and low costs. The new Q400 aircraft will allow the airline to operate in markets that are unable to be served with a 737 aircraft.

The new Encore service also provides travellers with access to WestJet’s numerous code-share partners such as American Airlines, British Airways, Cathay Pacific, Japan Airlines and KLM.

Considerations

Projections indicate that Victoria International Airport will see 2 million annual passengers by the year 2020.

There are a number of changes within the aviation industry that VAA must address in order to plan for the future. A recent shift from bridge-loaded jet aircraft to tarmac-loaded turboprops will impact the terminal design. Considerations include seating configurations, baggage capacity, aircraft parking, passenger screening and security. Future trends include blue tooth passenger tracking that will tell travellers how long they can expect to be in line for. Biometrics and preferred traveller programs will change how people are processed at the security screening checkpoint. More airports are introducing soft seating and art to create a sense of place.

More and more businesses see airports as desirable locations due to the accessibility for their customers and employees, as well as the prestige associated with an airport city.

Capital Program

As highlighted previously by the Chair of the Audit and Finance Committee, VAA has a number of revenue sources that fund its capital program. VAA’s preference is to grow discretionary revenue through concessions and land rentals. In 2012 land rentals generated $3 million and are expected to double by 2020.

VAA is proud that its $10 Airport Improvement Fee remains among the lowest in Canada. The only airport with a lower AIF is Comox, which as a military base does not have the same cost implications. Victoria’s airline fees and terminal charges are also among the lowest in the country, which attract air services and enables growth.

Air Terminal Expansion

Looking at the existing facility, there are three possible directions for the terminal to expand:

- West - to add bridges, baggage belts, a larger international arrivals hall and eventually a U.S. pre-clearance facility;
- North – to expand the lower passenger departures area, and to accommodate more turboprop aircraft;

- East – for expanded check-in area and space for an airport hotel at some point in the distant future.

VAA is currently expanding the pre-board screening area to expand capacity for up to five screening lines to speed passenger processing and shorten wait times.

VAA will be improving the food and retail offerings to drive concession revenues.

LS Retail will feature more local products such as Rogers Chocolates and Sitka clothing.

Spinnakers, an iconic Victoria brand, will be the new restaurant post-security and will feature a low-gravity specialty craft brew aptly named ‘Departures’. The restaurant is expected to be open in the fall of 2013.

To provide better linkage between the upper and lower passenger departure lounges, a consolidated circulation core with new elevator, escalator and stairs will be created to provide more intuitive passenger flow.

Emily Carr’s painting ‘At Beacon Hill Park - The Wheatfield’ was the inspiration for the colour palette for the project, which is intended to instill a sense of place.

The CEO showed a three-dimensional video simulation of what the terminal renovation will look like upon completion.

Airfield Development Plan

The CEO showed a slide setting out the timeline of its airfield development plan.

Victoria International Airport’s existing 7,000 foot main runway enables service to destinations in North America, Mexico and the Caribbean. A 10,000 foot runway would have no restrictions, however Victoria is land constrained and doesn’t have the physical space for this length of runway.

As part of ongoing maintenance, an overlay project to strengthen the main runway will be undertaken in 2014.

After reviewing the performance capabilities of various aircraft, VAA concluded that an 8,500 foot runway would realistically enable long-haul international air service. A 600 foot extension to the west at a cost of $8.2 million has been identified within the VAA’s Master Plan for 2017. An east extension of 900 feet would cost nearly twice as much and pose substantially more challenges due to the topography.

There has been a lot of discussion about Asia as a potential market. After discussions with the Asian air carriers, Victoria is not being considered as a destination at this time. VAA wants to have a better understanding of the market conditions before moving forward with a runway extension.
Master Plan Open House

VAA will be holding a Master Plan open house on Tuesday, March 19th from 7:00 – 9:00 PM at the Mary Winspear Centre in Sidney. All members of the public are invited to see what VAA is planning for Victoria International Airport. We welcome your feedback.

Airport Service Quality Awards

Airports Council International is the governing body of airports throughout the world. Over 275 airports worldwide participate in ongoing customer satisfaction surveys. Each year ACI awards the Airport Service Quality Awards in categories of best airport by region, size and most improvement.

In 2012, Victoria International Airport was named Best Airport for Customer Service in North America carrying up to two million passengers. It is an honour to receive such a prestigious award with international recognition, which is very telling about the dedication to service by our airport employees.

The CEO wished to acknowledge the men and women working at Victoria International Airport who all played a part in making this award possible.

7. Call for New Business

There was no new business.

8. Questions / Comments from Committee Members and the Public

Comment from Joe Jansen, Saanich Peninsula Chamber of Commerce:

Mr. Jansen continues to hear from the public about the lack of food and beverage concessions available to those travelling on late-night flights. With early closures, there are no options available to travellers.

VAA is drafting a new concession agreement which will address the hours of operation and form part of the new contract.

Mr. Jansen asked about the role airports play with respect to code sharing and common ratings for fares.

The airport plays no role in code sharing or fares; these areas resides solely with the air carriers.

Closing Remarks

The Committee Chair thanked the members for attending the meeting, and for their support of the Victoria International Airport.
9. **Announcements**

There are two upcoming public meetings:

**Annual Public General Meeting**
7:00 PM, Thursday, May 9, 2013
Mary Winspear Centre
2243 Beacon Avenue, Sidney, BC

**Next Airport Consultative Committee Meeting:**
7:00 PM, Tuesday, October 29, 2013
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10. **Adjournment**