

# Victoria Airport Authority Annual Public General Meeting

## Summary of Proceedings

Thursday, May 10, 2018

7:00 – 8:15 PM

Mary Winspear Centre, Activity Room 2  
2243 Beacon Avenue, Sidney, BC

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### **Attendance:**

#### **VAA Board Members**

Eric Donald, Board Chair  
Gordon Safarik, Board Vice-Chair  
Marilyn Loveless, Board Secretary  
Cathie Ounsted, Chair – Audit and Finance Committee  
Rod Dewar, Chair – Planning and Development Committee  
Wendy Everson  
Lynne Henderson  
Charles Lovallo  
Brenda Nunns Shoemaker  
Colin Smith

#### **VAA Management**

Geoff Dickson, President and CEO  
Randy Bogle, Chief Financial Officer  
Scott Cunningham, Director – Facilities  
Ken Gallant, Director – Operations and Safety  
Michelle Cooper, Manager – Human Resources  
Mike Garraway, Manager – Safety and Emergency Services  
Stephanie Long, Manager – Finance and Accounting

#### **Regrets:**

Ian West, Director – Security and Terminal Operations

#### **Recording Secretary**

Melinda Orlowski – Executive Assistant and Corporate Secretary

**Public In Attendance: 30**

## 1. Call to Order

The meeting was called to order by Board Chair Eric Donald. Melinda Orłowski acted as Recording Secretary.

## 2. Welcome To Attendees

On behalf of the Board of Directors and Management team, the Board Chair welcomed everyone to the Annual Public General Meeting (APGM) of the Victoria Airport Authority (VAA).

The APGM is one of three public meetings held each year to share information about VAA's successes, its financial activities and plans for the future. VAA will share how Victoria International Airport (YYJ) is an economic engine for the region, and how the airport is changing to meet future growth. Following the formal presentations, questions and comments from the audience are welcomed.

A number of elected representatives and business partners were recognized including:

- District of North Saanich  
Mayor Alice Finall  
Councillor Celia Stock  
Councillor Geoff Orr  
Councillor Heather Gartshore
- External Auditor:  
Sang Kiet Ly, KPMG LLP Victoria

The Chair thanked Mayor Alice Finall, who recently announced her retirement from public service, for her 16 years of community service.

## 3. Report from the Chair of the Board of Directors

With the assistance of a PowerPoint presentation, Board Chair Eric Donald shared his observations on behalf of the Victoria Airport Authority.

With this being Mr. Donald's first year as Board Chair, he provided a scorecard regarding VAA's achievements. He acknowledged the hard work of the Board who participate in a number of committees, sub-committees and task forces, all in an effort to make YYJ the best airport it can be. There is a lot of work that goes on behind the scenes by some very busy people, so their efforts and commitment are appreciated.

### **Victoria Airport Authority**

VAA is a success story. Its financial position is very strong; good fiscal management and strategic decisions have allowed for capital investments of over \$172 million since 1997, which have improved the quality, safety and security of the facilities and runways across the property. VAA fully retired its debt in 2017 and is one of only two airports in the National Airport System to be debt-free. The Board is very proud of this achievement, and VAA expects to maintain this status into the future. The Air Transport Research Society, a global airport think-tank, recently concluded through their studies that YYJ is one of the most efficient and cost-competitive airports in the world.

### **Community**

Since inception, YYJ has received a number of regional, national and international awards for its customer service, community projects and environmental initiatives. VAA is committed to giving back to the community in a number of ways such as charitable donations and sponsorships, school tours, community presentations, discounted land rentals for community initiatives such as the Jubilee Park, which dedicated its new children's playground earlier this date, and in-kind contributions of labour and supplies to other organizations. In 2017, VAA made nearly \$60,000 in charitable donations. The organization provides a wide range of support to the local arts community, hospitals, First Nations, farming community, environmental groups, military, sports and recreation organizations, food banks and municipal partners.

The Lost Airmen of the Empire memorial sculpture, which graces the cover of the 2017 Annual Report, was an important undertaking for the airport. What began as an effort by Wallace Du Temple, the son of the first commanding officer at Patricia Bay Airport, to preserve the former Department of National Defence administration building transformed into a lasting tribute to the men and women who served here and lost their lives during the Second World War. When the sculpture was commemorated it was an important and moving moment for all involved.

In recognition of its community participation, in 2017 VAA received a number of awards:

- The Saanich Peninsula Chamber of Commerce honoured the VAA with a Crystal Award for Business Excellence as 'Newsmaker of the Year';
- An EcoStar Community Environmental Award for 'Ecological Stewardship' in recognition of the restoration work done on TenTen Creek;
- YYJ was named Times Colonist Reader's Choice Award for 'Best Way to Get Off the Island'.

Providing exceptional customer service is one of VAA's strategic goals. From the airport commissionaires, to the airline partners, custodial staff, food service workers, transportation providers, Red Coat volunteers and VAA staff, they all work hard to offer a smile and friendly customer assistance to visitors.

Airports Council International has twice recognized YYJ as the Best Regional Airport in North America serving up to two million passengers. VAA was honoured to receive such world-wide recognition for our region.

### **20 Year Growth**

In 1997, as part of a broad restructuring by the Government of Canada, Transport Canada transferred control of Victoria International Airport to a newly formed Victoria Airport Authority.

The Board of the day had a singular focus, similar to the Board today: to be a low cost airport, providing exceptional customer service. In 1998 which was the first full year of operations, VAA's revenue was just \$7.6 million, with expenses of \$6.1 million and a net income of \$1.5 million. VAA has come a long way in 20 years. In 2017, revenues were \$37.2 million, expenses were \$25.8 million, leading to a net income of \$11.4 million.

The facility continues to grow and improve, as profits are reinvested in the airport. YYJ remains a low cost, high quality airport with a strong focus on remarkable customer service. Be assured that this philosophy will continue well into the future.

### **Concluding Remarks**

In conclusion, the Board Chair recognized the outstanding team at VAA. Their achievements are recognized throughout the aviation industry not only nationally, but internationally.

2017 was the busiest travel year in YYJ's history. There was a 4.2% increase in passenger traffic over the previous year. Over 1.93 million passengers were served, breaking new traffic records. With growth, however, come challenges but the team is working hard to make the travel experience better for our customers. Travel can be a stressful experience, but given VAA's excellent financial position and freedom from debt, VAA is confident it will successfully work through any challenges.

VAA's mission statement is 'To be the best airport anywhere'. YYJ is well on its way to achieving that.

#### 4. **Presentation of the Financial Report for the Year Ended December 31, 2017 by the Chief Financial Officer**

With the assistance of a PowerPoint presentation, Chief Financial Officer Randy Bogle gave a report on VAA's audited financial results for the year ended December 31, 2017.

The independent financial auditor, Sang Ly of KPMG, was in attendance to answer any questions from the public.

##### **2017 Passenger Growth**

The record setting passenger growth that YYJ saw from 2016 carried into 2017. There were 11 record months of passenger traffic in 2017; 52 out of the last 53 months have seen record traffic. For 2017, there were a total of 1,934,842 passengers, a 4.2% increase over 2016. The increased traffic continues to have a positive effect on VAA's revenues.

##### **Revenue**

Total revenue for 2017 is \$37.2 million, which is an increase of \$2.7 million or 8% over 2016.

For accounting purposes, revenue is broken down into four different categories: aeronautical, non-aeronautical, Airport Improvement Fee (AIF), and Deferred Capital Contribution. Of this total, the percentage of revenue can be broken down as follows: non-aeronautical 39%, AIF 38%, aeronautical 20%, and deferred capital contribution 3%.

- **Non-Aeronautical Revenue** consists of parking revenue, concession fees from car rental companies, restaurants, retail, advertising, taxis and shuttle bus operations. It also includes rental income received from land and terminal building tenants. For 2017, Non-Aeronautical revenue increased by 7.1% to \$14.5 million. YYJ has one of the highest percentages of Non-Aeronautical revenue of any North American airport.

Non-aeronautical revenue allows YYJ to keep its aviation fees low compared to peer airports, with the goal of attracting additional air services. Since 2013, non-aeronautical revenue has grown from \$11.3 million to \$14.5 million; this equates to \$3.2 million, an increase of 29%.

- **Aeronautical Revenue** consists of the fees charged for aircraft to land at YYJ and to use the terminal building for passenger enplanement and deplanement. YYJ's aviation fees are in the lowest quartile of its peer airports. For 2017, Aeronautical revenue increased by 3.6% to \$7.4 million.

- **AIF Revenue** – At \$15, YYJ’s AIF is among the lowest of the airports within the National Airports System. Funds raised by the AIF can only be used to fund AIF-eligible projects and any debt related to these projects. Funds cannot be used to pay for any operating expenses. For 2017, AIF revenue is \$14.2 million.
- **Deferred Capital Contribution** – This category of revenue consists primarily of a contribution received from the Canadian Air Transport Security Authority (CATSA) related to security upgrades for the baggage system. CATSA funded the majority of the new baggage system, and accounting guidelines require that the contribution be deferred and recognized over the life of the asset. The amount that has not been recognized remains on our statement of financial position, and the current amount is recognized as revenue. For 2017, that amount is \$1.1 million.

### Expenses

- **Operating Expenses** consist of items such as maintenance, safety and security, snow removal, cleaning, utilities, salaries and benefits. Operating expenses for 2017 are \$14.7 million, an increase of 9.7% or \$1.3 million over 2016. The increase is primarily related to two factors:
  - Winter operations: 2017 was colder and there were more instances of snow than in 2016. Costs for snow removal, de-icing chemicals, glycol purchases and disposal fees drove costs up 130%, or \$315,000 compared to 2016;
  - Security and baggage system costs: Due to mandated security changes from CATSA as well as a safety-related apron monitoring program initiated by the VAA, costs increased by \$319,000 compared to 2016.

In addition, VAA saw increased administration costs paid to the airlines to collect the AIF, as well as increased utility costs.

- **Amortization** – Capital assets are long-lived assets that are constructed or purchased for use in the business. The costs for these assets are then amortized or depreciated over the expected life of the asset. Since transfer, VAA invested over \$172 million into capital assets for the airport. As the investment increases, the amortization expense increases as well, as these new assets come into use and begin to depreciate. For 2017, amortization increased from \$7.1 million to \$8.6 million. \$1.1 million of this amortization relates to the assets that VAA received deferred capital funding for.

- **Rent and Property Taxes** – VAA pays rent to the Federal government, and property taxes to the District of North Saanich and Town of Sidney. For 2017, rent and property taxes were \$2.6 million. The increase is related to increased rent paid to the Federal government. VAA pays monthly rent to Transport Canada that is calculated as a percentage of revenue. Every new revenue agreement, whether it is a new commercial development or new airline service, is a windfall for the Federal government.
- **Transport Canada Rent** – Over the past five years, rent payable to the Federal government has gone up 116%, from \$800,000 to \$1.7 million, an increase of \$900,000.
- **Interest Expense** – VAA utilized long-term debt to fund the terminal expansion. The loan was repaid over 10 years. The loan was fully repaid in January 2017. For 2017, the interest expense is \$5,000.

**Total Expenses** for 2017 are \$25.9 million, an increase of \$2.9 million over 2016.

#### **Excess Revenue over Expenses Reinvested in the Airport**

Excess of Revenue over expenses for 2017 is \$11.4 million, a decrease of \$100,000 over 2016. This equates to a 31% operating margin, meaning for every \$100 dollars of revenue, there was \$31 in net income. All of the profits of the VAA are reinvested in the airport.

#### **Statement of Financial Positions**

- **Current assets** at year-end total \$18.3 million and consist primarily of cash, accounts receivable, deferred capital receivable, inventory and prepaid expenses.
- **Current liabilities** total \$3.6 million and consist primarily of accounts payable and deferred revenue.
- **The current ratio**, which measures a company's ability to pay short-term obligations is a very healthy 5.1 : 1.0 at year end, meaning that VAA has \$5.10 in current assets, primarily cash, for every \$1.00 in short-term liabilities.
- **Long-term assets** total \$108.4 million and represent the net book value of the capital assets. As previously mentioned, VAA has invested over \$172 million in capital assets since transfer in 1997.

- **Long-term liabilities** at year end are \$10.2 million. \$9.3 million of this relates to the deferred capital contributions. The amount is not considered to be a liability as it does not have to be repaid. It is classified here and will be amortized over the life of the assets.

**Net Assets** for 2017 are \$112.9 million, an increase of \$11.2 million. Net assets are made up of \$92 million invested in capital assets, and \$9.6 million in unrestricted net assets.

### **Concluding Remarks**

In summary, the airport is in strong financial shape; it has a strong balance sheet, is debt-free and has excellent working capital. The airport is well positioned now and in the future.

## **5. Report from the President and CEO**

With the assistance of a PowerPoint presentation, President and CEO Geoff Dickson shared highlights from 2017 and future plans for 2018 and beyond.

### **Air Access is a Key Component of Economic Growth**

Many people take for granted the power of air transportation. A vibrant, growing airports has a significant economic impact on the local economy. YYJ serves 15 non-stop destinations, with 7,200 seats a day traveling on 100 flights per day. Connectivity to markets such as Vancouver, Seattle and Calgary drive much of the economic activity in the region.

### **Economic Impact of Canada's Airports**

Canadian Airports contribute significantly to the overall economy providing 355,000 jobs, \$22 billion in wages, \$35 billion in Gross Domestic Product, and \$79 billion in total output.

### **YYJ Economic Impact**

An economic impact study was undertaken by VAA in 2017; the last time VAA commissioned such a study was in 2005. At that time, the total economic impact was \$500 million.

The 2017 study demonstrated that the economic impact of Victoria International Airport is:

- 4,700 jobs (2,800 direct / 1,100 indirect / 800 induced)
- \$270 million in wages
- \$420 million in Gross Domestic Product
- \$880 million in total economic output

Of the 2,800 direct jobs, those are attributed to commercial airlines and air carriers, manufacturing, government and military services, aviation support services, aircraft manufacturing, ground transportation, car rental companies, food and retail services, and a number of other sectors. VAA is proud to be an economic engine for the region.

### **2017 Baseline Community Noise Survey**

With growth in air transportation comes potential growth in noise. In 2017, VAA commissioned an updated baseline community noise survey to compare current noise levels to those from the last survey, which occurred in 1999.

Twelve locations were monitored between August 19 – 24, 2017, repeating six sites from the 1999 survey and adding six more. The study measured decibel levels and sound equivalent levels. Today's technology is more sophisticated than in the past and was able to track the noise generated by airline activity. The process first established a baseline metric, then measured incidents where there were spikes; that data was then correlated to navigation logs. Once that information was known, the noise was correlated with the air carriers.

The 2017 study concluded that despite an increase in aviation activity, noise levels in general have decreased relative to the 1999 results. It should be noted that there are a number of other activities driving noise levels, such as lawnmowers and road traffic.

### **Canadian Airport Traffic**

In 1988, there were over 60 million people travelling through Canadian airports. By 2016, that number increased to over 140 million, a significant increase in passenger traffic. Every 2.5 days over one million people are using airports in Canada. VAA invests in the airport to meet rising demand and to facilitate growth.

As noted by the Board Chair, in the 1990s the Federal government turned over the management and operation of airports to private companies. Since the transition to private airport authorities, it is notable how the aviation business has grown. That growth may not have been possible under a government model as there would not have been available capital to invest in airport infrastructure.

### **Existing Domestic Airlines are Evolving**

Canada's domestic airlines continue to evolve. WestJet created Encore and ultra-low cost carrier Swoop, which will give more marketability to secondary Canadian airports and to US leisure markets.

WestJet will be introducing the 737 MAX aircraft to expand into the Asian markets in the near future. Their fleet will have doubled by 2020.

Air Canada introduced its low cost carrier Rouge, which now has 60 aircraft and has grown 60% in two years.

### **New Airlines are Entering the Market**

A number of ultra-low cost air carriers (ULCCs) are entering the aviation market in an effort to generate incremental demand:

- Flair Air Lines is currently operating with a new management team; Flair commences Victoria – Edmonton service June 15, 2018.
- Swoop launches in June 2018 and will be offering up to 40% cheaper airfares;
- Canada Jetlines and Flytoo are both pursuing financing and hope to commence operations in the near future.

These ULCCs will dramatically change the aviation industry, with fares approximately one-third of what the legacy carriers charge.

### **Aviation Growth**

Narrow body and turbo prop aircraft are driving a majority of aircraft seats in the country. Ten years ago, turbo props were only a small percentage of the traffic. Now with regional jets, they represent close to 50% of the seats flying through the country. This growth is driving much of the airport investment to manage capacity.

Since 1997, the aviation industry has seen a steady increase in the number of passengers, which means that planes are flying with fuller loads.

### **YVR HUB**

Vancouver International Airport is approaching 25 million passengers and will be adding \$1.2 billion in capital investments over the next three years. They anticipate serving 29 million passengers by 2020. YVR will be adding new flights to Delhi, Lima, Paris and the US, all of which benefits Victoria.

### SeaTac International Expansion

Seattle is one of the fastest growing airports in North America and is forecasting 66 million passengers by 2035. The current terminal is too small to accommodate additional service, so a new 450,000 square foot, \$760 million dedicated international terminal expansion is underway. The new terminal will be completed in the fall of 2019. The structure will be more efficient and is architecturally interesting, with a 900 foot walkway rising 85 feet above the ground allowing aircraft to travel underneath. More importantly, it will facilitate tremendous connectivity through Seattle.

### New Air Services

- **Montreal** – Air Canada will launch new 3X weekly service to Montreal starting on June 22, 2018;
- **Whitehorse** – Air North will launch new twice-weekly service to Whitehorse effective May 18, 2018
- **Edmonton** – Flair Air Lines will launch new Victoria-Edmonton service on June 15, 2018, providing a new ultra-low cost option for travelers.

Historically there have been three flights a day between Victoria and Edmonton. Air Canada added new Edmonton service, WestJet added new flights, and with the addition of Flair, the frequency has gone from three flights a day to eight.

### YYJ Demand

A chart demonstrated the current and projected demand of annual passengers. In 2017, VAA saw 1.93 million passengers and had forecast two million passengers in 2021. VAA expects to achieve those numbers in 2018, three years ahead of forecast. Based on current projections, YYJ expects to see 2.5 million passengers in 2025, and 3 million in 2030. VAA will be planning and staging development in order to stay in front of the demand curve.

### Financial Approach

VAA's financial approach is to maintain a strong balance sheet, keeping operating costs low for the air carriers, diversifying its revenue sources and prudent staged capital investment. Victoria is not a hub destination, so it is vital that aviation charges remain low in order to attract air service. YYJ remains in the lowest quartile of aviation fees in the National Airport System. The focus is always on the customer, providing quality facilities and great customer service.

Another strategy is to diversify its revenue sources through land leases and other opportunities; approximately 67% of VAA's revenue comes from non-aviation activity. A number of land deals are in various stages of negotiation.

In the airport world, an airside development is viewed similar to waterfront property; it is a very desirable location. When the Department of National Defence 443 Squadron hangar reverts back to the VAA, it will provide a tremendous development opportunity. VAA hopes to attract micro hubs for corporations such as Amazon, FedEx and other international corporations.

### **Real Average Fares**

If airfares were indexed over the past 20 years, an airline ticket today costs less than in 1997. Airlines focus on profitability, but the base rate has not increased with inflation.

### **Low Cost Focus**

Looking at the three predominant aircraft types operating in Canada, Q400, 737 and A319, what the different airports charge for aviation fees can influence where airlines operate. Victoria's fees are materially lower than other airports, which helps attract air service.

### **Q400**

The introduction of the Q400 aircraft has greatly impacted how VAA invests in the airport. The Q400 is a larger aircraft with between 74 to 78 seats, requiring more physical plant and terminal seating to accommodate the passengers.

### **Lower Hold Room Expansion**

With an increase in ground-loaded Q400 aircraft, VAA's lower passenger departure lounge is getting more congested. The third phase of a multi-phase project is underway and will be constructed over the next two years.

A series of slides demonstrated the terminal building as it exists today, and how it will look when the project is complete. A \$20 million, 1,800 m<sup>2</sup> building expansion will see the addition of a basement for office and meeting space for tenants, dedicated aircraft boarding gates, a new washroom block, expanded food and retail concessions and additional seating. There will also be a relief area for service dogs and those traveling with pets, eliminating the need to be re-screened through security. The project broke ground in January 2018 and will take 27 months to complete.

VAA worked with the Rick Hansen Foundation to build an environment and include a number of special features for travelers with accessibility needs.

### **Parking Expansion**

Parking is growing exponentially due to travelers who appreciate the convenience of their vehicles. A \$6.2 million parking expansion is underway to build an additional 525 spaces. Ultimately the entrance road will be relocated to create a bifurcated parking facility to deal with capacity. In the future, driverless vehicles and transportation networks such as Uber and Lyft will change the need for parking. For now, parking demand must be addressed so VAA is working through those challenges.

### **Public Transit**

VAA is pleased to share that BC Transit announced it will be adding two additional buses to serve the Saanich Peninsula, translating to improved transit service to the airport. This additional services is expected to start in September, with more information to come.

### **Terminal Precincts Pavements**

Many people may not be aware that Willingdon Road is the airport's road. This summer, VAA will undertake a paving project that will see a significant portion of the road resurfaced.

### **EcoStar Award**

VAA is extremely proud of the remediation work done on TenTen Creek. A significant amount of staff and financial resources were expended to improve the health of the creek. While this project is not mandated, it is the right thing to do. In recognition of this project, VAA received an environmental award for ecological stewardship.

### **Reay Creek Detention Pond**

In 2017, VAA constructed a 5,000 m<sup>2</sup> detention pond to manage water flows and downstream impacts into Reay Creek. The detention pond helps control discharge and mitigate downstream erosion. This project has been well received by local residents.

### **Robotic Mower**

Visitors to YYJ may have noticed a small dog house located along the entrance road to the terminal. This is the recharging station for 'Moe', a Husqvarna robotic lawn mower being tested on airport grounds.

This initiative is a collaboration between VA and its landscaping contractor, Island Earth Landscape. Using boundary and guide wires along with an onboard GPS system, Moe defines the work area, registers areas completed, and adjusts its cut pattern accordingly. Built in sensors using ultrasonic technology detect object and lowers the speed to avoid hard collisions. When it's time to recharge, Moe finds its way back to the docking station located in the secure house. The use of GPS technology means the mower can be tracked. A password is required to operate the mower and will send a notification if it has been picked up or moved. The location is also tracked using Google Maps.

### **Airport Service Quality**

Each year VAA participates in Airports Council International's Airport Service Quality survey. The survey tracks a number of different dimensions measuring customer satisfaction. In 2017, YYJ ranked first overall of 15 Canadian airports, top in class in service quality.

### **Tourism Victoria**

When the economic impact study was released, Tourism Victoria CEO Paul Nursey provided a quote about YYJ:

*"Victoria International Airport offers a very high level of service. From bottle refill stations for folks who had to replenish water after dumping out their water going through security, to having local outlets such as Spinnakers instead of global chains, it is a very high-quality airport. Airlines, meeting planners and leisure tour operators notice the difference. This makes a difference to customers, which in turn builds customer loyalty. Customer loyalty along with strong macro fundamentals, such as tourism growth, both contribute to growth."*

VAA appreciates these kind and sincere words from our tourism colleagues.

### **Concluding Remarks**

The CEO thanked the public for attending the meeting, and their continued interest in the Victoria International Airport.

## **6. Public Comments / Questions**

The Board Chair opened up the floor to questions and comments.

- **A member of the public noted that the number of flights to Vancouver were growing exponentially; he inquired whether VAA anticipated seeing more frequent flights to YVR.**

Air Canada had been operating 17 daily flights to Vancouver, which was recently reduced to 13. However, they are operating larger aircraft. Until 2013, WestJet did not operate any flights to Vancouver but now have five flights a day with Encore. It is difficult to predict the pace of growth to YVR. In addition to flights from YYJ, other transportation options to Vancouver include float planes, Helijet and BC Ferries.

- **Former Board member Graeme Roberts, a resident of Brentwood Bay, advised that he was very proud of what VAA has done to become debt free. It was notable that YYJ is one of only two airports in the National Airports System to achieve this. Five years ago the AIF increased by \$5, with the objective for the airport to become debt free. With two major capital projects on the go, the Lower Hold Room Expansion and Parking Expansion, he asked how vulnerable the current AIF was and whether any airport has ever lowered the AIF.**

The AIF was introduced to finance airport capital projects. Abbotsford International Airport and Billy Bishop Airport have both lowered their AIF by \$5 in recent years. Comparative to YYJ's \$15 AIF, other airports have AIFs of \$40. VAA is looking at a \$200 million capital program in the next ten years so it's unlikely to eliminate the AIF. There may be a point in time where the airport is outgrown and a new terminal may need to be built. That being said, the CEO does not anticipate that the AIF will go up any time soon. The VAA is focusing on other ways to be more efficient such as growing revenue or maintaining the existing cost structure.

- **Keith Anderson, a resident of Sidney, noted that it was interesting to hear an explanation between aviation vs. non-aviation revenue. The airport is blessed with good real estate, and it may be tempting to use that to generate more non-aviation revenue. Based on seeing the airport expanding sooner than anticipated, what process does the VAA go through to ensure it does not lease its most desirable land to commercial operators that may need to be used for the airport in the future?**

When Transport Canada leased the airport lands to the VAA at transfer, it came with very specific zoning that was established in the 1990s. There are tracts of land designated as 'airport reserve' to preserve the space so nothing except airport can be built there. Business or industrial land are primarily designated along Mills Road.

- **Buck Wong, a resident of Sidney, inquired whether there were plans to expand the runways. He also noted that it was 18 year between noise surveys and inquired if they would be conducted more frequently.**

The CEO agreed that it was too long in between studies, and that VAA has committed to conduct a noise study every five years. With respect to the expansion of the runways, YYJ's 7,000 foot runway is shorter than most airports but it can accommodate any aircraft and weight with no load restrictions as airlines modernize their fleet. Airports have been mandated to include a Runway End Safety Area (RESA) within the next three years, but there is some debate between the ICAO standard of 300 metres vs. Transport Canada's recommendation of 150 metres. If anything, VAA may extend the runway by 500 feet to the west.

- **Jimmy Tyler, a resident of Sidney, advised that he is an airplane enthusiast and inquired what kind of aircraft and destinations people could look forward to seeing. Would we see Dreamliners operating out of YYJ?**

The CEO anticipates that there will be a thickening of the existing Canadian market served and new service to secondary unserved Canadian markets, possibly two or three US hubs like Denver, Los Angeles and Minneapolis, and possibly the Caribbean market. Any long-haul international markets would likely be to the UK, but those could not be sustained year-round and would probably be seasonal twice-weekly flights. Perhaps in ten years or more, YYJ may see a market to China. With respect to aircraft, YYJ saw its first wide body aircraft operating last summer between Victoria and Toronto. The runway could accommodate a 787 which is the predominantly long-haul aircraft of choice, but just barely.

- **Dave Murray, a resident of Victoria, shared that he has intimate knowledge of YYJ and has worked in the industry for the last 33 years. He commended the Board and Management team on their forward thinking, in particular to be in a debt-free position. He had concerns about the pace of growth of the airport, especially related to parking. There are a lot of elderly travellers, and the parking area keeps expanding which can be problematic for older people. He was questioning why a parkade was not under consideration, instead of expanding and using up the land around the airport. They need to be kept out of the elements for their safety. Parking is at a premium at Christmas and Easter; he understands that people continue to use their cars in the absence of an improved transit system but his preference would be to see a stacked parkade rather than overflow lots. He inquired about the cost of a parkade vs. flat parking. If that money comes from the AIF, people may appreciate it more.**

The CEO believes in the vistas people experience when they arrive at the airport, and there is no desire to block the agrarian setting. The cost of constructing a flat lot is \$7,000 - \$10,000 per stall vs. \$50,000 - \$75,000 per stall for a parkade – nearly ten times the cost. With the evolution of driverless cars and TNCs like Uber and Lyft, flat parking can be remediated for other uses while a parkade structure would remain, with no other use.

VAA must be financially prudent and will be introducing a shuttle service for the expanded parking lots rather than spending \$100 million on a parkade that encourages more traffic. It is a difficult and complex topic that has been long debated by both the Management and Board of Directors.

**7. Concluding Remarks**

The Board Chair thanked everyone for attending. He appreciated the opportunity for stakeholder discussions which helps inform the future direction of the airport.

**10. Adjournment**

There being no further business, the meeting was adjourned.