



**Victoria Airport Authority**

**Annual General Meeting  
Summary of Proceedings**

**7:00 – 7:50 pm, Tuesday, 4 May 2006  
Held at the Mary Winspear Centre at Sanscha  
2243 Beacon Avenue, Sidney, BC**

**ATTENDANCE**

**VAA Board Members:**

Chair: Linda Petch  
Peter Bray, Haji Charania, Mel Couvelier, Gordon Denford, Peter Dolezal,  
Mervyn Lougher-Goodey, Christine Stoneman, Wayne Tremblay  
and Matthew Watson.

Victoria Kuhl, Peter Parsons and Bob Skene, sent regrets

**VAA Management and Staff:**

Richard Paquette (President and Chief Executive Officer),  
Paul Connolly (Recording Secretary), Danita Ouellette, Randy Bogle,  
Mike Booton, Ian West, Vincent Miller, Anita Kardos and Leanne Shapka.

**Total Attendance:** approximately 60

- 1) CALL TO ORDER**
- 2) WELCOME TO ATTENDEES**
- 3) WELCOME TO ELECTED OFFICIALS,  
TRANSPORT CANADA, AND OTHERS**

Linda Petch, VAA Chair, welcomed everyone to the Annual General Meeting of the Victoria Airport Authority including:

- District of North Saanich:
  - ✓ Mayor Ted Daly
  - ✓ Councillor Peter Chandler
  - ✓ Councillor Bob Shaw
  - ✓ Councillor Bob Williamson
  
- District of Central Saanich:
  - ✓ Councillor Susan Mason
  
- Town of Sidney:
  - ✓ Councillor Robert Jones
  - ✓ Councillor Larry Cross
  
- District of Saanich
  - ✓ Councillor Robert Gillespie
  
- Transport Canada – Pacific Regional Office:
  - ✓ Lori Young – Regional Director Programs
  - ✓ Signe Clouthier – Senior Programs Officer
  
- External Auditor
  - ✓ Larry Ross, KPMG LLP Victoria

#### 4. **BOARD OF DIRECTORS**

There are 13 Board members representing nine nominating bodies.

	<b>Director / Nominee</b>	<b>Nominator</b>
1.	Mervyn Lougher-Goodey	Town of Sidney
2.	Peter Parsons	District of Central Saanich
3.	Bob Skene	Greater Victoria Chamber of Commerce
4.	Gordon Denford	Federal Government
5.	Victoria Kuhl	Capital Regional District (CRD)
6.	Haji Charania	The Corporation of the District of Saanich
7.	Mel Couvelier	Town of Sidney

- |     |                                  |                              |
|-----|----------------------------------|------------------------------|
| 8.  | Peter Dolezal                    | District of North Saanich    |
| 9.  | Christine Stoneman               | Province of British Columbia |
| 10. | Wayne Tremblay                   | District of North Saanich    |
| 11. | Matthew Watson                   | Federal Government           |
| 12. | Geoff Young<br>(retired in 2005) | City of Victoria             |
|     | Peter Bray<br>(new in 2006)      |                              |
| 13. | Linda Petch                      | Board Nominee                |

## 5) **REPORT FROM THE VAA CHAIR – LINDA PETCH**

### ➤ **Two Long Outstanding Issues**

The Chair, Linda Petch, said her final term as a Board member comes to an end 31 December 2006 and that during her tenure on the Board there have been two long outstanding issues, rent and a Canada Airports Act.

- **Rent**

There was a successful resolution to the rent issue with the announcement of a new rent formula in May 2005 by Transport Minister Lapierre. The Victoria Airport Authority (VAA) will achieve equity in 2010. Under the existing lease, Transport Canada estimates that the VAA would have paid \$1,800,000 in 2010, versus \$400,000 under the new rent formula. Linda Petch expressed special thanks to the VAA Rent Task Force: Mel Couvelier, Geoff Young and Richard Paquette (Linda Petch was Chair of the Rent Task Force), other Board members and the many community leaders in Victoria who joined with VAA and helped with this resolution.

- **Canada Airports Act (CAA)**

The other issue is the CAA. The VAA considers a CAA as unnecessary, as the VAA is incorporated under Part II of the Canada Corporations Act, subscribes to the Public Accountability Principles for Canadian Airport Authorities, has a Lease with Transport Canada, and

abides by Transport Canada regulations. An earlier draft of a CAA was overly prescriptive. A revised version is expected to be less intrusive and somewhat more tolerable particularly for airports with under two million passengers passing through it each year. It could be brought to Parliament in June 2006.

➤ **Looking Forward to Completion of Three Major Projects**

The Chair reported VAA embarked on a number of challenging projects:

• **The Expansion of the Air Terminal Building**

Most notable among the many developments at the Airport has been the transformation of the Air Terminal Building into a modern, convenient and efficient facility. The final phase is scheduled for completion in June 2006.

• **Additional Public Parking Spaces**

The public parking lot expansion project, adding 575 spaces and realigning the Air Terminal Building access road, is under way. The project incorporates an environmentally friendly approach to rainwater management, and covered walkways for passenger comfort. Completion is scheduled for fall 2006.

• **Revamped Food and Beverage Services**

In a national customer survey benchmarking this airport against other similar sized Canadian airports, VAA scored a high level of satisfaction. While the overall results are good the public did indicate a level of dissatisfaction with food and beverage services. VAA has embarked on an aggressive program for improvements to food and beverage concessions. VAA is confident the public will be very pleased with the changes which are scheduled for completion in the fall 2006.

➤ **Pat Bay Highway 17 / McTavish Road Interchange**

VAA continues to work with the Provincial Ministry of Transportation, the Town of Sidney and the District of North Saanich to seek a solution to the congestion and safety problems currently impacting the McTavish Road / Pat Bay Highway 17 Intersection. VAA hopes that through this collaborative planning process that an acceptable remedy to this long outstanding problem will be forthcoming in the near future. The Board set up a Highway Interchange Task Force comprised of Matthew Watson, Mervyn Lougher-Goodey, Mel Couvelier, Richard

Paquette and chaired by Linda Petch which developed and is implementing an Action Plan on this matter.

➤ **Red Coat Volunteers**

The Chair thanked the Victoria Airport Authority Red Coat Volunteers for their dedication and excellent customer service to travelers. They are people oriented and have a wealth of knowledge of Greater Victoria.

➤ **Geoff Young – City of Victoria Nominee**

Geoff Young was elected as a Councillor in the City of Victoria last fall, and because a VAA director cannot also hold federal, provincial or municipal elected office, Geoff Young resigned from the Board. Mr. Young brought an important independent, thoughtful voice to the decision making process at the VAA Board meetings. His contribution to the Board was significant and will be missed.

➤ **Peter D. Bray – City of Victoria Nominee**

The City of Victoria nominated a new candidate. The VAA welcomes Peter D. Bray who was recently appointed to the Board

➤ **Richard Paquette – VAA President and CEO**

VAA President and Chief Executive Officer, Richard Paquette, was recently appointed Western Regional Director, Canadian Airports Council (CAC). Richard Paquette has also been nominated to the Canadian Air Transport Security Authority (CATSA) Board and is awaiting Ministerial approval.

➤ **Chair's Concluding Remarks**

The Chair said on behalf of the Board of Directors, it is a pleasure to be governors of the Victoria Airport Authority, they take their duty seriously. The Board is proud of the service the Airport provides and its economic impact in the community.

**6) PRESENTATION OF THE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2005**

Randy Bogle, VAA Controller, presented the 2005 Financial Report and went through the Financial Statements for the year ended December 31, 2005 – the VAA 2005 Annual Report was distributed at this meeting and also posted to the VAA website.

Randy Bogle reported it has been another successful year for the VAA. In addition to having a record year for passengers VAA had a record year on the financial front as well. Once again the VAA received a “clean” audit opinion from the External Auditor, KPMG. A copy of the Auditors’ Report is included on page 18 of the VAA 2005 Annual Report.

Randy Bogle reviewed the Statement of Operations, and Statement of Financial Position highlighting variances from the prior year.

**Statement of Operations** - page 20 of the VAA 2005 Annual Report:

### **Revenue**

Landing fees totaled just under \$2.2 million dollars while terminal fees were \$1.9 million, this amounts to increases of 5.2% and 5.9% respectively over 2004. This increase in Landing and Terminal fees is as a result of a fee increase and the 5.5% increase in passengers during the year.

Concession Revenue increased by 17% over 2004 to \$4.9 million dollars, the increase is primarily as a result of changes to the VAA parking lot management contract that became effective in October 2004.

Rental revenue increased by 14% over 2004 to \$1.5 million dollars primarily as a result of new land leases and changes to existing leases.

AIF revenue increased by 18% to \$6 million dollars; this increase was driven by two factors, the 5.5% passenger increase and the fact that the current \$10 AIF (Airport Improvement Fee) was in place for all of 2005 versus only six months of 2004.

Total revenue for the year was \$16.9 million dollars a 14% increase over 2004.

### **Expenses**

Salaries and Employee Benefits increased by 7% because of the addition of staff, and salary increases.

Services Supplies and Administration increased by 19% to \$3.5 million dollars primarily as a result of changes to the parking lot management contract, costs associated with the new baggage handling system, and increased fuel and janitorial costs.

Rent paid to Transport Canada increased by 2.4% to \$1.14 million dollars. In 2005 over 10% of the non-AIF revenue was required to cover the rent expense.

Property taxes increased by 3.5% to approximately \$645,000.

Amortization of capital assets totaled \$1.57 million in 2005.

Interest expense of \$786,000 relates to interest paid on VAA's \$14.1 million debt.

The provision for uncollected amounts from Airlines totaled \$50,000; this amount is primarily attributable to the bankruptcy of JetsGo Airlines.

Total expenses for the year totaled \$10.9 million dollars, a 9.9% increase over 2004.

The Excess of Revenue over Expenses, which is the net income for the year was \$6 million an increase of \$1.1 million or 23% over 2004 and a record net income for the VAA.

### **Statement of Financial Position**

Statement of Financial Position, also known as the balance sheet – page 19 of the VAA 2005 Annual Report.

Cash at year end was \$5.4 million, a \$2.3 million increase. The increase is a result of increased revenues.

Accounts Receivable at year-end was \$2.9 million; \$1.8 million of this related to capital asset reimbursements due from the Canadian Air Transport Security Authority (CATSA) for certain security infrastructure modifications, this amount was subsequently received in March 2006.

Capital Assets increased by \$4.6 million to over \$35 million. The increase is attributable to the Terminal Building construction project as well as other capital improvements during the year; 97% of the \$35 million relates to Leasehold Improvements to the Airport site.

Total Current Liabilities as at December 31 are \$2.2 million; this amount is consistent with 2004. This primarily consists of Accounts Payable related to the terminal construction project.

Long Term Debt is \$14.1 million as at year-end; the \$2 million increase from 2004 is a result of the loan advance taken during the year

The final section of the balance sheet is the Net Assets section. The total Net assets at year-end totaled \$27 million. This amount is the sum of the VAA's net income since inception; \$21.2 million of the Total Net Assets is invested in Capital Assets; \$1.5 million of net assets have been internally restricted by the Board for future capital asset acquisitions; the other net assets of \$4.2 million relates to the remaining net assets of the VAA.

## 7) REPORT FROM THE PRESIDENT AND CEO

Richard Paquette, VAA President and Chief Executive Officer, highlighted Year 2005 in Review and Year 2006 Priorities. The CEO's Power Point presentation is attached to this AGM Summary of Proceedings.

The CEO thanked everyone for coming out to VAA's AGM. The Victoria Airport Authority manages Victoria International Airport to the benefit of the community. He said, "this is your airport and your chance to tell us what you think about the job we have been doing."

### PASSENGERS

A new record was set in 2005 – 1.3 million Enplaned & Deplaned passengers, an increase of 5.5% over 2004.

How does Victoria rank to other Canadian airports? Victoria International Airport (YYJ) is the 9<sup>th</sup> busiest in terms of passengers. YYJ is a small airport, compared to Canada's major hub and gateway airports, but Victoria is the biggest of the small airports; St. John's Newfoundland and Labrador, and Kelowna British Columbia have been moving up.

### AIRLINE SERVICE

Airline service is critical to the success of YYJ and the economic health of the region. The following table outlines service provided in the summer 2005:

Destination	Carrier	Weekday Departures
Vancouver (YVR)	Jazz	20
	Pacific Coastal	7
Calgary	Jazz	2
	WestJet	4
Toronto	Air Canada	1
	WestJet	1

*Edmonton	WestJet	2
Seattle	Horizon	8
Tofino	Craig Air	1
Abbotsford	Airspeed	2

\*Note: Air Canada is initiating Regional Jet (RJ) service to Edmonton starting in the summer of 2006.

VAA is working with its partners in the community such as Tourism Victoria to attract new air service:

- Los Angeles
- London, England
- Toronto (YYZ) – twice daily
- Winnipeg (YWS)
- \*Salt Lake City, Utah

\*Note: Delta Airlines has announced direct service between Victoria and Salt Lake City, Utah effective June 8, 2006. They will operate this service using a Skywest CRJ (Regional Jet) aircraft holding 50 seats. This is a 90 day flight series until September 2, 2006. VAA is hoping the route will be successful and service extended beyond the 90 day period

## ENVIRONMENTAL UPDATE

The environment is a top priority for VAA. Some important issues and developments:

- **WestJet**

At the end of 2005 WestJet retired its noisy 200 series aircraft. WestJet now has the youngest fleet in North America - average age of their aircraft is less than two years.

- **Nav Canada / Transport Canada – Float Planes**

Nav Canada and Transport Canada revised float plane routing between Victoria Harbour and Vancouver Harbour for safety reasons. Traffic coming from Vancouver is routed directly over Victoria Airport – it's safer but has resulted in increase aircraft activity and noise over the Peninsula.

This matter is now under review by Transport Canada and Nav Canada. It's not an issue VAA has the authority to manage; however, VAA has proposed its Noise Management Committee as the forum for stakeholders to discuss the issue, to better understand the problem, and to seek solutions. A meeting of the Noise Management Committee is scheduled for May 25.

- **Rainwater Management**

There are two creeks running through the Airport. Reay Creek is most sensitive because it is fish bearing. The fish kill that took place in 2004 was linked to elevated levels of cadmium originating from the Airport.

What has VAA done to manage the quality of rainwater flowing into Reay Creek?

- ✓ Hired a dedicated Environmental Officer – Leanne Shapka
- ✓ Improved VAA water quality monitoring equipment - weekly samples
- ✓ Extensive investigation on the cadmium problem
- ✓ Third party review of all tenant activities
- ✓ Purchased glycol-mixing equipment.
- ✓ Brought stakeholders together to explain the results of VAA studies and the initiatives taken to improve the quality of the water.
- ✓ Two federal departments, Transport Canada and Environment Canada, have committed to fund further studies of the airport creek bed to evaluate the extent of historical contamination and work with VAA to develop the necessary action plan.

## **CAPITAL IMPROVEMENTS IN 2005**

- **Terminal Building**

Expansion and transformation of our Terminal Building continued in 2005:

- Air Canada and Pacific Coastal Airlines moved to the new departures area.
- WestJet, Horizon Air, Charters moved to the second phase of the departures area expansion.
- Common Use Self Serve kiosks were installed.
- 100% screening of checked baggage incorporated into the expansion project.

- All construction is on-time and on-budget – VAA was fortunate to have completed the majority of the project prior to the current construction boom.
- Final stage will be completed June 2006 – bringing the same look and feel to the entire building.

- **Roundabout**

In partnership with the Authority, North Saanich and the Province, the Willingdon (Airport Access Road) / East Saanich Roads roundabout at the entrance of the airport property was completed in November 2005. The roundabout greatly improves safety

### **SUMMARY OF 2005 PROJECTS (\$000's)**

<b>Project</b>	<b>Amount</b>
Air Terminal Building (net of CATSA funding reimbursement)	\$3,647
Willingdon & East Saanich Road Roundabout	69
Public Parking Lot Expansion	655
Common Use Self Serve (CUSS) Kiosks	34
*Sanitary Sewer System Improvements	169
Airfield Pavements Rehabilitation	484
Airfield Lighting	622
Security Building Improvements	61
Seaplane Base Ramp Improvements	37
Passenger Loading Bridge	42
Vehicles and other Miscellaneous	394
<b>TOTAL</b>	<b>\$6,214</b>

\*Note: There is less likely any sewage would end up in Reay Creek as a result of the Sanitary Sewer System Improvements.

### **MAJOR CAPITAL IMPROVEMENTS IN 2006**

- **Works Continues on Two Projects in 2006**

#### **Parking lot project:**

- Additional 575 parking stalls.
- Environmentally friendly approach to rainwater management.
- Covered walkways.

### **Finish final phase of the Terminal Building Program including:**

- Food and Beverage improvements with brand names Tim Hortons, and White Spot.
- Car Rental Service Facility in current long term parking lot.  
  
Eliminates need to move cars to and from the airport for servicing – benefit to car rental companies, and provides environmental and safety improvements for everybody.

- **New Fire Truck**

With the new fire truck YYJ is equipped to provide improved protection, and to meet the standard for the largest aircraft.

### **OTHER HIGHLIGHTS FROM 2005**

- **Major Disaster Response Exercise**

Crash-on airport scenario included all community emergency agencies. It was a huge success.

- **Red Coat Volunteers**

The CEO stated this community is fortunate to have so many wonderful volunteers. Our Red Coat volunteers represent the best of our community to our visitors every day. A big thanks to our volunteers.

- **VAA Partners**

The CEO stated there are literally thousands of people that make YYJ work. VAA is the orchestra leader. VAA gets the profile but there are so many others that make the music. A few are:

- ✓ Commissionaires
- ✓ Airlines' staff
- ✓ Moore Paterson Architects
- ✓ Darcy Kray and his staff from Durwest Construction Management
- ✓ All of our construction contractors
- ✓ Garda employees - preboard security screening
- ✓ Empress Taxi
- ✓ HDS Retail staff
- ✓ Compass Group restaurant / café staff
- ✓ Custom House Currency Exchange

- ✓ Car rental companies' staff
- ✓ Supreme Maintenance janitorial staff
- ✓ Canada Customs staff
- ✓ Viking Air
- ✓ Nav Canada
- ✓ National Defence 443 Maritime Helicopter Squadron
- ✓ Vancouver Island Helicopter

VAA's success depends on everybody, working together co-operatively as a team and this Airport is fortunate to have a great team.

- **VAA Staff**

The CEO thanked the board for their support and to VAA's dedicated, professional staff who everyday juggle so many priorities but with the constant underlying objective of serving Victoria with an Airport that is first class in every respect.

## 8) **GENERAL QUESTION PERIOD**

- Wil Tennissen, a commercial pilot, asked if VAA intends to promote Victoria as a direct route from other countries such as the United States and Europe, are there plans to accommodate larger aircraft by extending the length of the main runway?

The CEO stated the VAA recently began a Master Plan process which will provide a 20 year strategic framework including upgraded facilities to accommodate increased traffic and larger aircraft. The CEO stated any vision would require the support of the community; the public will be consulted.

- Councillor Robert Gillespie, Saanich, appreciates the rent reduction as outlined by the Chair in her remarks. He asked, is rent reduction now equitable as compared to other airports of similar size, and is the agreement finalized?

The CEO stated yes, there is a single rent formula based on revenue which applies to all airports.

The Chair stated VAA and the Minister of Transport signed off on the amendments to the Lease in December 2005. Victoria will now have a long-term predictable rent formula and will be treated the same as other comparable communities.

- John Robertson, a northside airport tenant, stated he has an issue with respect to the rate of commercial taxation and that he had sent letters

to VAA on a related matter, but had not received a response. Mr. Robertson stated rates are less at Nanaimo and Comox airports. Mr. Robertson said he would like VAA to meet with the Chair of the Airport Tenants Association to discuss this issue.

The CEO stated he would speak with Mr. Robertson directly after the AGM to discuss his concerns.

- An unidentified attendee asked if the new fire truck as noted in the CEO's remarks is satisfactory.

The CEO stated yes, the vehicle has reliable equipment, up-to-date technology and more than exceeds Transport Canada requirements. It better positions the Authority to meet regulatory requirements of larger aircraft.

- Councillor Robert Gillespie, Saanich, asked, what environmental progress has been made at the Airport in the past nine years since the Authority took over the management and operation of the airport?

The CEO stated there have been a number of initiatives over the years by both the Authority and Transport Canada including the following:

- ✓ As part of its' program to strengthen environmental monitoring the Board amended the Audit and Finance Committee's Terms of Reference. The revised Terms of Reference can be read on the VAA website [www.victoriaairport.com](http://www.victoriaairport.com) under Airport Authority, Accountability, Policy and Procedures Manual, Audit and Finance Committee.
- ✓ VAA hired a dedicated Environmental Officer with professional training.
- ✓ The development of a formal comprehensive Environmental Management Systems (EMS) program for VAA is currently underway.
- ✓ Over the last 10 years there has been great improvement in the quality of the water entering Reay Creek from Airport lands. Much of the development in the East Camp dates back to WW II. All floor drains in hangars are now connected to sanitary sewer. All lines that were improperly connected have been corrected. There is regular monitoring of tenant activity, and VAA has an active program of source control in cooperation with the CRD. There has been major investment in reducing ground water infiltration into the sanitary sewer. There has been a major upgrade to the pump house with all redundancies including a backup electrical system. In total there has been \$¼ million investment to prevent sanitary overflow into Reay Creek.

- ✓ VAA has expanded its program of Water Quality Monitoring to obtain quantifiable data on water quality on a weekly basis.
- ✓ VAA's Environmental Farm Plan was completed 15 December 2005. Although VAA is not directly involved in agricultural activities, the Plan encompasses all agricultural activities on airport land leased to Pendray Farms Ltd.
- ✓ The airport has purchased a self-contained glycol storage, blending, and dispensing facility which will allow for temperature-based blending of glycol and water, resulting in approximately 50% less glycol dispensed.
- ✓ The public parking lot expansion project incorporates an environmentally friendly approach to rainwater management. Rainwater will be retained and treated within the parking lot before it is released.
- Mayor Ted Daly, District of North Saanich, complimented VAA for staff who are responsive to the District's concerns, for an exceptional Board, and for a professional Annual Report.

Linda Petch thanked Mayor Ted Daly of North Saanich for his recognition of the valued VAA staff. With respect to the Board she said compliments should go to the Nominators. When a vacancy occurs on the Board of Directors the Board reviews its matrix to identify the type of individuals it is seeking and to maintain a Board with a balance of business experience and interpersonal skills. The Board then advises the Nominators of qualifications for a potential nominee based on gaps in the Board matrix. The Nominators conduct their search for a candidate and consistently recommend Nominees of high caliber.

## **9) CONCLUDING REMARKS**

This concluded the Victoria Airport Authority Annual General Meeting at which time the Financial Statements and the VAA 2005 Annual Report were presented.

The VAA Chair, Linda Petch, thanked everyone for their interest and for coming to the AGM.

## **10) ADJOURNMENT**