



Victoria Airport Authority

Airport Consultative Committee

**Minutes of the
Meeting Held at the
Mary Winspear Community Cultural Centre @ Sanscha
Tuesday, 18 February 2003, 9:30 – 10:25 AM**

**Next Meeting: 09:30 AM, Tuesday, 17 June 2003
Mary Winspear Community Cultural Centre @ Sanscha
(2243 Beacon Avenue, Sidney – Corner of Beacon & Pat Pay Highway)**

Paul Connolly – Secretary

Linda Petch – ACC Chair

Representative Members

Air Canada Jazz	absent
Air Terminal Building Tenants' Representative	absent
Association of Canadian Travel Agents	absent
BC Ministry of Transportation & Highways	absent
Canadian Aircraft Owners and Pilots Association	absent
Canadian Inspection Services - Customs Canada	absent
Capital Regional District	absent
Central Saanich Municipality	absent
City of Victoria	absent
Department of National Defence	absent
District of North Saanich	absent
District of North Saanich Residents' Association	David Olsen
Greater Victoria Chamber of Commerce	Laurie Brown
Horizon Air	absent
Nav Canada	Wayne Edwards
Pacific Coastal Airlines	Michelle Brown
Pauquachin Band Council	absent
Saanich Municipality	Robert Gillespie
Saanich Peninsula Chamber of Commerce	absent
Sidney Business Association	Cliff McNeil Smith
Sidney Ratepayers Association, Saanich Peninsula Water Commission	absent
SRS Airlines Services - Charter Airlines	absent
Tseycum Band Council	absent
Tourism Victoria	Ian Powell
Town of Sidney	Don Amos
Victoria Airport Tenants' Association	absent
WestJet	Kathleen Lindsay

Mike Sudul (Victoria Airport Tenants' Association) and Robert Fleming (City of Victoria) sent regrets

VAA Board Members In Attendance

*Alan Peterson, *Linda Petch, *Gordon Denford, * Bob Skene
*Mervyn Lougher-Goodey, *John Nicas, *Victoria Kuhl, Peter Parsons,
and Richard Paquette.

*Carl Kuhnke, Mel Couvelier, Peter Dolezal, Andrew MacGillivray, Geoff Young sent regrets

* Board members on the ACC.

1. Call to Order

Linda Petch, Vice Chair of the Victoria Airport Authority, acted as the Chair of the meeting and Paul Connolly acted as recording secretary.

2. Introduction of Members Present

Linda Petch, ACC Chair, welcomed the Members and the public to the Airport Consultative Committee meeting. Each Member of the Committee and the public present introduced themselves.

3. Public Participation Period

- Local residents asked about noise abatement flight procedures and restrictions in place to reduce noise over populated areas and regulations on emissions. Terry Stewart, VAA Manager Environment said Transport Canada is the regulatory agency responsible for aircraft noise; however, regulations are not applicable to smaller aircraft. Older B737's have installed hush kits and meet current standards. Air Quality Monitoring studies have been undertaken in the area by Transport Canada; if anyone wishes to have a look at the reports they are welcome to contact Terry Stewart.

VAA has established a Noise Management Committee (NMC) with representations from the local municipalities, neighbourhood associations, Nav Canada (Control Tower), Airlines, airport tenants, flight training schools, Transport Canada, Department of National Defence, Vancouver Island Helicopters, Seaplane Operators and a provincial representative. The first NMC meeting is scheduled for early spring and will meet quarterly. Linda Petch said the NMC would report to this ACC Committee.

4. Approval of October 22nd, 2002 Minutes

IT WAS MOVED, SECONDED AND CARRIED THAT THE MINUTES OF OCTOBER 22ND, 2002 BE ADOPTED.

5. Report from the VAA Chair

• **Rent Review**

Alan Peterson said Transport Canada has undertaken a Rent Review process and just completed collecting raw financial data from each airport. The Chair reported the Deputy Minister of Transport expects recommendations arising from the Review to be provided to Cabinet in spring 2003. Alan Peterson said with the political situation in Ottawa it is unlikely. The Chair said he would be discussing this issue with his CAC

(Canadian Airports Council) counterparts as well as with Transport Canada officials at CAC meetings in Vancouver at the end of February.

- **Canada Airports Act (CAA)**

Alan Peterson said the Minister of Transport expects to introduce a Canada Airports Act (CAA) during Parliament's spring session. Ministerial officials have consulted with the CAC CAA Task Force on the draft document. Once the CAA becomes a public document the various stakeholders will be consulted.

The Chair said airport operators are committed to transparency and accountability and agree with a broad framework on how airports are managed; however, the draft CAA is overly prescriptive and moves the industry towards re-regulation.

Alan Peterson is the Chair of the CAC (Canadian Airports Council) Council of Chairs; this matter is the primary topic at their upcoming meetings 26-27 February. Alan Peterson said the local Nominators would be contacted and a Special ACC meeting would be called if needed.

- **Terminal Building Expansion Departures Phase**

Management has been consulting with the airlines on the Departures Phase of the Terminal Building expansion. The next Airlines Consultative Committee meeting is March 10th. After this meeting the Chair will advise if a Special Airport Consultative Committee meeting would be called to discuss the final phase of the expansion.

- **Members' Comments on the Chair's Report**

Robert Gillespie said it is unacceptable that the federal government collect over \$1,000,000 in rent from one of the smallest airports, particularly at a time when passengers are resisting increased fares. Alan Peterson said Transport is fully aware of VAA's position on this issue. He remains optimistic there will be rent relief.

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

The Chair of the Audit and Finance Committee reported the Board reviewed the 2002 year end unaudited financial statements at the January Board meeting. KPMG will be undertaking an external audit over the next few weeks.

Bob Skene said he has full confidence in the financial control of the VAA under the management of the President and CEO, Richard Paquette, and Manager Finance and Human Resources, Danita Ouellette.

Bob Skene went over preliminary 2002 figures with the Committee. Year end profit exceeded the budgeted deficit primarily because of the one time grant of \$473,372 from Transport Canada for incremental security costs.

Airport Improvement Project Expenses to the end of 2002 were \$21,900,000. A total of \$7,800,000 has been collected through the Airport Improvement Fee, long term debt is \$14,100,000 which will be paid down through the AIF.

Members' Comments / Questions

Robert Gillespie asked if insurance costs are up. The CEO said insurance premiums are up substantially and are expected to increase an additional 30% this year.

Robert Gillespie asked if VAA has terrorist insurance. The CEO said this Airport is required by its lease with the federal government to purchase third party aviation war risk liability. In 2002 the coverage for the first US\$50 million was purchased on the commercial market at a cost over \$32,000. Effective 1 March 2003 the Government of Canada is going to extend excess indemnity for another 60 days to provide an opportunity for the industry to find commercially available coverage for the excess (the lease requires VAA to obtain a total of CDN\$500,000,000 War and Civil Disruption Liability Insurance).

7. Report from the VAA President and CEO

Richard Paquette, President and CEO, briefed the Committee on a number of matters:

- **Environmental Update:** An Environmental Plan was completed and VAA is in compliance with environmental standards. Contaminated soil from the Airport's decommissioned fire training area has been removed and placed in an on site bio-cell for remediation. There is continued improvement in the in-stream habitat of Airport Creeks.
- **Land Development:** A new aircraft hangar in the East Camp has been completed. Transfer of all cargo activities from the Terminal Building to a third party cargo facility has been completed. The cargo facility was expanded during the year to accommodate the business growth.

- **Security:** The federal government created a new crown corporation, CATSA (Canadian Air Transport Security Authority), to assume responsibility for selected aviation security matters. New explosive detection equipment and additional security personnel have been deployed at preboard screening locations. New systems have been deployed to screen checked baggage for explosives. All Victoria Airport restricted area passes were re-issued. New measures were introduced to prevent unauthorized access to airport restricted areas.

Transport Canada has said its intention would be to require police presence at a number of Level 2 Canadian Airports including Victoria. This has costly financial implications for this Airport.

Airlines have been relieved of the responsibility and cost of preboard screening.

The \$12.00 one way Security Tax has had a negative impact, especially on price sensitive short haul routes (*Subsequent to this meeting the Federal Minister of Finance announced a reduction in the tax to \$7.00*).

VAA received a contribution of \$473,372 from Transport Canada toward the incremental cost of security for the period September 11, 2001 to March 30, 2002. No further funds have been forthcoming to cover VAA's incremental operating costs since April 1, 2002.

VAA completed a design of the final phase of the Terminal Building, the Departures Phase, including airline check-in counters and outbound baggage handling systems. On February 6, 2003 CATSA approval the plans and a commitment to cover the incremental cost of the terminal building development required for the new security screening equipment. VAA will be meeting with the Airlines Operating Committee on March 10, 2003 to discuss the plans.

- **Major Restaurant Renovations:** are underway and scheduled to be completed by mid-March.
- **ZIP Airlines:** commenced service on February 2, 2003
- **Air Canada Jazz:** is up for sale. VAA is studying the implications.
- **Car Rental Tender:** closes March 25 and new contracts commence May 1, 2003.
- **Air Service Marketing Plan:** At the last ACC meeting Lorne Whyte was the guest speaker and talked about Greater Victoria's Number One Industry – Tourism, and how the aviation market affects tourism. VAA and Tourism Victoria agreed to jointly develop an Air Service Marketing Plan. Management has drafted a marketing plan which will be discussed at the March VAA Board

meeting and subsequently to this Committee.

8. Call for New Business

ACC Survey.

9. New Business

➤ **Survey**

Linda Petch thanked the members for completing the Surveys. Additional surveys are available on the way out.

10. Questions / Comments

- o Graeme Richardson asked about improved access to the Pat Bay Highway from the Airport. The CEO said the Ministry of Transportation completed conceptual designs for the interchanges on behalf of North Saanich, Sidney, and the VAA. Discussions on interim solutions are ongoing.
- o Sheila Irving asked if the federal government contributes toward the cost of checked baggage screening. The CEO says CATSA pays the cost of the hold baggage screening including personnel to operate the equipment. CATSA would also pay for incremental cost to expand the Terminal Building to accommodate the equipment.
- o A gentleman asked if BC Transit has plans to provide service to the Airport. The CEO said VAA fully endorses transit service to the Airport. Ian Powell said Tourism Victoria has also encouraged BC Transit to provide service to the Airport. BC Transit said they are under a budget restraint and that it is not economically feasible to do so.
- o Mrs Gudd asked if private companies service hotels from the Airport. The CEO said AKAL Airporter provides service to the hotels. He said the airporter also provides a connection from the Airport to the BC Transit loop at the McTavish / Pat Bay Highway Interchange at a cost of \$2.00.
- o David Olsen asked if CATSA's security system is effective. The CEO said he is confident CATSA is doing a good job. The number of security personnel has increased, and they have received enhanced training and an increase in pay.

- o Ian Powell said he had complimented the commissionaires in the past for their very friendly and helpful attitude and hopes they continue to do so. He said it is so important for tourism that we continue Victoria's tradition of excellent, friendly customer service.
- o Joan Robinson asked why airlines in the USA are not asking passengers if they packed their own bags as they do in Canada. The CEO said the USA now have 100% checked baggage screening whereas in Canada the system is not fully implemented. In Canada, if a passenger answered no to the question, the bag in question would be search either manually or with the explosive detection equipment.
- o Wendy Everson said the new Terminal Building creates a good impression of Victoria.

11. Announcements

Next ACC Meeting

The date for the next Airport Consultative Committee meeting is, Tuesday, 17 June 2003, 9:30 am AT THE MARY WINSPEAR COMMUNITY CULTURAL CENTRE @ SANSCHA.

12. Adjournment