

VAA Airport Consultative Committee

Minutes

Tuesday, October 23, 2018
7:00 PM – 8:25 PM
Mary Winspear Centre
Activity Room 2

Upcoming Public Meetings:

Spring Airport Consultative Committee Meeting

Tuesday, March 5, 2019

7:30 AM

Location: TBA

Annual Public General Meeting

Thursday, May 9, 2019

7:00 PM

Location: TBA

Representative Members in Attendance:

Organization

Representative

Airlines:

WestJet
Air Canada / Jazz
Horizon Air
Pacific Coastal Airlines

Regrets
Regrets
Regrets
Regrets

Airport Land Tenants Association

William Fisher, BC Aviation Museum

Air Terminal Building Tenants' Representative

Easha Rayel, Joan Beatty

Association of Canadian Travel Agencies
BC Ministry of Transportation & Infrastructure
Canada Border Services Agency

Regrets
Regrets
Regrets

Canadian Aircraft Owners and Pilots Association

Rob Shemilt

Capital Regional District

Regrets

City of Victoria

Councillor Margaret Lucas

Department of National Defence (443 MH Squadron)

Geoff St. Germaine

District of Central Saanich

Councillor Alicia Holman

District of North Saanich

Mayor-Elect Geoff Orr, Councillor Heather Gartshore

District of Oak Bay

Regrets

District of Saanich

Councillor Colin Plant

Greater Victoria Chamber of Commerce

Regrets

Nav Canada

Regrets

North Saanich Residents' Association

Regrets

Pauquachin First Nation

Regrets

Saanich Peninsula Chamber of Commerce

Denny Warner, Joe Jansen

Saanich Peninsula Water & Wastewater Commission

Councillor Mervyn Lougher-Goodey (also Town of Sidney)

Sidney Business Improvement Area Society

Regrets

Sidney North-Saanich RCMP

Cpl. Chris Manseau, Airport Liaison

Tourism Victoria

Paul Nursey

Town of Sidney

Councillor Mervyn Lougher-Goodey (also SPWWC)

Tsartlip First Nation

Regrets

Tsawout First Nation

Regrets

Tseycum First Nation

Regrets

Members of the Public in attendance: 40

Airport Consultative Committee Members in attendance:

Eric Donald (Board Chair), Gordon Safarik (Committee Chair), Lynne Henderson, Marilyn Loveless, Charles Lovallo and Brenda Nunns Shoemaker and Colin Smith

Other Board members in attendance:

Rod Dewar, Wendy Everson, Allan Haynes and Cathie Ounsted

Management: Geoff Dickson (CEO), Randy Bogle, Scott Cunningham, Stephanie Long, Melinda Orłowski and Ian West

Regrets: Ken Gallant, Mike Garraway

1. Call to Order

The meeting was called to order by Gordon Safarik, Chair of the Airport Consultative Committee. Melinda Orłowski acted as Recording Secretary.

2. Approval of the October 17, 2018 Airport Consultative Committee Meeting Agenda

It was moved by Marilyn Loveless, seconded by Lynne Henderson and carried to approve the October 17, 2018 Airport Consultative Committee meeting agenda as presented.

3. Introduction of Members of the Committee, Dignitaries and Special Guests

The Committee Chair began the meeting by acknowledging the traditional territory of the WSÁNEĆ and Coast Salish people.

The Committee Chair welcomed the members of the Airport Consultative Committee, representative members, the business community and members of the public. A number of special guests and dignitaries were recognized.

4. Motion to Receive the Minutes of the March 6, 2018 Airport Consultative Committee Meeting

The minutes of the March 6, 2018 Airport Consultative Committee meeting were reviewed by the Committee.

MOTION: Acceptance of the March 6, 2018 Airport Consultative Committee meeting minutes as presented.

Moved by: Gordon Safarik

Seconded by: Lynne Henderson

Motion carried.

5. Report from the Chair of the Board of Directors

On behalf of the Victoria Airport Authority (VAA), Board Chair Eric Donald congratulated the new Mayors and Councillors for the District of North Saanich and the Town of Sidney. He thanked outgoing North Saanich Mayor Alice Finall and Town of Sidney Mayor Steve Price for their many years of public service.

In preparing for the meeting, the Chair considered the true purpose of the Airport Consultative Committee meetings, as required under the bylaws and ground lease. VAA wants the meetings to be productive, and the Chair was pleased to see the level of attendance and interest from the members of the community.

The purpose of the Airport Consultative Committee meeting is to engage, inform and seek input regarding Victoria International Airport. This feedback assists with the VAA's decision-making process to allow the airport to achieve its vision statement: "To Be The Best Airport Anywhere".

With the assistance of a PowerPoint presentation, the Chair touched on some of the highlights of where the airport is today and looking toward the future.

Customer Service

The Airport Service Quality survey is the world's leading customer satisfaction benchmarking program. Monthly passenger surveys are conducted at 332 airports in more than 50 countries, using the same questionnaire and methodology.

For the second quarter of 2018, ASQ results revealed that Victoria International Airport ranked 95th out of 332 airports worldwide, placing 9th out of 49 airports in North America, and 4th among Canadian airports. YYJ's score was 4.43 out of a possible 5.0 points. These results are commendable when one learns that there is major terminal construction underway during the measurement period. In recent years, YYJ has twice won Best Regional Airport in North America serving up to two million passengers.

Financial Results

VAA's 2018 financial results remain extremely strong and are on budget. Success is being driven by significant passenger growth over the previous year. YYJ remains debt-free, one of only two airports in Canada, while in the throes of completing a \$19.4 million capital expenditures program.

Community Leadership

VAA is committed to giving back to the community, providing a wide range of support to First Nations, the arts community, hospitals, environmental groups, the military, sports and recreation, regional agriculture, food banks and municipal partners just to name a few.

Environmental

The mandate at Victoria International Airport is not just to achieve the minimum environmental standards, but to truly do the right thing. Historic activities on the airport lands did result in past contamination impacting the ecosystems in TenTen Creek and Reay Creek to the point that fish and other aquatic life were rarely observed.

Through a series of ongoing environmental projects, the airport creeks are being successfully remediated. In 2012, the discovery of a half-dozen juvenile fish were observed in TenTen Creek. To date, over 60 fish have been reported in this one creek, demonstrating that the corrective activities being taken are delivering success. VAA has received a number of awards for its leadership and commitment to the environment.

Airports Council International - North America – Annual Conference

The Board Chair wished to share a wonderful story about the VAA. He and the CEO recently attended an annual conference of airport executives and Board Chairs in Nashville, Tennessee. Over the course of four days, he was approached by several airport counterparts, including the President and CEO of Airports Council International - North America. He was told repeatedly what an outstanding airport and region that Victoria has. Reportedly it is a model that needs to be replicated across the country.

He was also told several times how well respected the VAA leadership team is among their industry colleagues, and how Victoria International Airport consistently 'punches above its weight' when it comes to leadership, safety programs, customer service, technical knowledge and expertise. This should make all of us immensely proud of such respectable reputations.

The Future

Touching on the future, technology is rapidly changing our world and will have significant impacts on airports world-wide, including Victoria. Considerations include:

- Pilotless aircraft and space travel;
- Autonomous vehicles;
- Transportation network companies, rideshare and car share programs
- Self check-in and clearance from home;
- Biometrics for security identification and access control;
- Labour skill shortages;
- Gig economy;
- Pilot shortages.

Airports across the country are under constant capacity pressure. As these changes come critical decisions must be made by the VAA: should there be investments in terminal facilities, parkades, runway improvements, education facilities for pilots and support personnel, or the creation of technology centres? The world is getting more complex with each passing day. Challenges are looming just beyond the horizon, requiring airports to maintain a global vision.

Low Cost High Quality Airport

VAA's overriding goal is to be a low-cost, high quality airport. YYJ continues to reinvest its earnings back into the airport for safety, growth and improvement for travelers, the airlines and tenants. VAA's leadership and staff are working diligently to keep Victoria International Airport at a low cost yet with a high quality service offering. Despite constant pressures to 'build it and they will come', VAA continually focuses on ensuring that the airport facilities are of the right size to keep aviation fees, terminal rents and traveler fees low for everyone.

Concluding Remarks

In conclusion, the Chair wished to acknowledge the hard work and dedication of his Board colleagues. VAA's vision is to be the best airport anywhere. The Board is privileged to be part of such a well-run organization. We all look forward to what the future will bring.

5. Report from the Chief Financial Officer

Randy Bogle, Chief Financial Officer, presented a financial report noting some highlights from 2018 and the forecasted financial results to December 31, 2018.

2018 Passengers

It has been a year of continued growth for Victoria International Airport. There was record passenger traffic in each month of 2018, up 6.6% year-to-date over 2017. YYJ experienced sustained growth and record passenger numbers over the past six years. To the end of September 2018, year-to-date passenger numbers of 1,558,268 is greater than the passengers for all of 2013. With three months remaining in 2018, YYJ has surpassed its passenger total from just six years ago. This increased passenger traffic continues to have a positive effect on revenues.

Total Revenue

Total revenue for 2018 is forecast to be \$38.9 million, which is an increase of \$1.7 million or 5% over 2017.

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, Aeronautical revenue accounts for approximately 20%, Non-aeronautical revenue accounts for approximately 39%, AIF revenue accounts for approximately 39% and Deferred Capital Contribution revenue accounts for 2%.

- **Aeronautical Revenue** consists of the fees charged for aircraft to land at YYJ and to use the terminal building for passenger enplanement and deplanement. For 2018, revenues from Aeronautical fees are forecast to increase by 5% to \$7.7 million.
- **Non-Aeronautical Revenue** comes from sources other than charges to the air carriers. It consists of items such as parking revenue, concession fees from car rental companies, restaurants, retail stores, advertising, taxis and shuttle bus operations. It also includes rental income received from land and terminal building tenants. For 2018, Non-Aeronautical revenue is forecast to increase by 5% to \$15.2 million. YYJ has one of the highest percentages of Non-Aeronautical revenue of any North American airport.

- **AIF Revenue** – At \$15 YYJ’s AIF remains among the lowest of the airports within the National Airports System. Funds raised from the AIF can only be used to fund AIF-eligible capital projects and any debt servicing related to these projects. Funds cannot be used to pay for any operating expenses. For 2018, AIF revenue is forecast to be \$15.0 million.
- **Deferred Capital Contribution Revenue** primarily consists 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 YYJ’s new baggage system, and accounting guidelines require that the contribution be deferred over the life of the asset. The amount that has not been recognized remains on the statement of financial position, and the current amount is recognized as revenue. For 2018, the forecasted Deferred Capital Contribution revenue to be recognized is \$1.0 million.

Expenses

- **Operating Expenses** consist of items such as maintenance, safety and security, snow removal, cleaning, utilities, salaries and benefits. Operating expenses for 2018 are forecast to be \$15.1 million, an increase of 2.7% or \$400,000 over 2017.
- **Amortization**, also known as depreciation, is the cost for accounting purposes of capital additions. 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. As the investment increases, the amortization expense increases as well, as these new assets come into use and begin to depreciate. For 2018, amortization is forecast to be \$9 million.
- **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 2018, rent and property taxes are forecast to be \$3.3 million. The increase is primarily related to increased property taxes.
- **Interest Expense on Long Term Debt** – VAA currently has no long-term debt. The interest expense of \$5,000 for 2018 relates to a fee for an undrawn credit facility.

Total Expenses for 2018 are forecast to be \$27.4 million, an increase of \$1.5 million over 2017.

Excess Revenue over Expenses Reinvested in the Airport

Excess of Revenue over expenses for 2018 is forecast to be \$11.5 million. This equates to a 30% net profit margin, meaning that for every \$100 of revenue, VAA had \$30 in net income. All of the profits of the VAA will be reinvested into the airport.

Concluding Remarks

In summary, the airport is in great financial shape now and in the future. The airport is debt-free with a strong balance sheet and excellent working capital.

6. Report from the President and Chief Executive Officer

With the assistance of a PowerPoint presentation, President and CEO Geoff Dickson provided an update on current achievements and plans for the future.

Strategic Goals

As CEO, safety and security is the highest priority for the airport, but success is treated in very broad dimensions. VAA's six strategic goals are:

- Be a leader in environmental protection;
- Operate in a financially responsible manner;
- Provide a safe and secure airport;
- Retain and attract talented and motivated employees;
- Provide exceptional airport facilities;
- Attract and maintain air services

The CEO is proud to work for an organization that has a Board that established a balanced framework on how to judge success in business.

Notable Achievements

Over the past few years, Victoria International Airport has been the recipient of a number of notable achievements:

- Airports Council International twice named YYJ Best Regional Airport in North America
- CNN Travel ranked YYJ as one of the ten most-loved Airports in the world;
- BC Aviation Council's Silver Wings Environmental Award;

- Ecostar award winner;
- YYJ was the third airport in North America to achieve Airport Carbon Accreditation;
- The Air Transport Research Society named YYJ as the most financially efficient airport in Canada;
- Greater Victoria Chamber of Commerce honoured VAA with their 'Business of the Year' award;
- Saanich Peninsula Chamber of Commerce recognized the VAA with a Crystal Award for Business Excellence;
- Excellence Canada recognized VAA as one of Canada's Healthy Workplaces for five consecutive years;
- Passenger traffic has increased 25% over the past six years.

Ken Gallant, Vice-President of Operations and Safety, was unable to attend the ACC meeting this date as he was accepting BC Aviation Council's Silver Wings Environment Award on behalf of the airport. VAA was recognized for its remediation efforts on TenTen Creek.

Airport Service Quality

There are a number of dimensions to consider when running an airport: access to facilities, infrastructure, ambiance, check-in activities, wayfinding, discretionary time activities and retail, security and ID checkpoints. VAA has a relatively lean staff; in order to run an airport efficiently, one has to look at all dimensions. In order to be successful, all of the airport staff and tenants must be focused on those dimensions and can impact the customer experience.

The Airport Service Quality survey is an independent measurement of 332 airports worldwide. Victoria International Airport twice ranked as the Best Regional Airport in North America serving under two million passengers.

Customer Service

The CEO wanted to illustrate on a small scale the way VAA approaches customer service. He relayed an incident that occurred on the day of a serious traffic incident that closed the Malahat for an entire day. A call came in to the Administration offices from a desperate parent looking for help. Their son who had some developmental challenges was flying in from Kelowna, with the family traveling from Parksville expected to greet him when he arrived. With the closure of the highway, this was now impossible; the family was unsure what to do in the situation.

VAA's Administrative Assistant located the arriving passenger, arranged for a taxi to take him to the Brentwood Bay ferry terminal, where he was picked up in Mill Bay by his waiting parents. The CEO shared a text-message exchange between VAA's Administrative Assistant and the family, expressing their gratitude for going above and beyond the call of duty to ensure their child arrived at his destination.

World Rowing Coastal Championships

The 2018 World Rowing Coastal Championships were held in Sidney, BC from October 11 – 14, 2018. VAA was a sponsor of the event and worked with the Organizing Committee to provide logistical support for the event. Feedback from experienced participants said it was 'the best World Rowing event ever'. YYJ got a special shout-out from the German team recognizing the airport's efforts.

Cops for Cancer – Tour de Rock Fundraising

VAA fire fighter Jay Krieger participated in the 2018 Cops for Cancer Tour de Rock ride to raise funds and awareness for pediatric cancer. Over \$9,000 was raised by VAA staff with matching funds from the Board. One of VAA's equipment operators, Karen Funk, generously donated her hair to Locks of Love in support of the cause.

Albert Head Cadet Graduation

The CEO was honoured to act as Reviewing Officer for the graduation ceremony of the Albert Head Cadets. These highly intelligent, ambitious young men and women are the future leaders in the aviation industry, and it was a privilege to play a part acknowledging the successful completion of their training.

BC Aviation Council

The CEO shared a video highlighting the remediation efforts on TenTen Creek. The BC Aviation Council awarded the VAA with its Silver Wings Environmental Award for this initiative.

Reay Creek Detention Pond

Another interesting environmental project was the construction of a 5,000 m³ detention pond near Reay Creek. This pond was constructed to address concerns about high volumes of rainfall coming from permeable surfaces at the airport. VAA invested \$750,000 in the project to manage flow off the airport lands, which can be discharged accordingly.

Baseline Community Noise Survey

In 2017, a new baseline community noise survey was undertaken to compare 1999 baseline noise levels, document aircraft noise exposure levels and overall community noise exposure levels. Twelve locations were monitored for a 24-hour period between August 19 – 24, 2017. The study concluded that in general, community aircraft noise exposures were found to decrease relative to the 1999 study results.

Air Access is a Key Component of Growth

YYJ currently serves 15 non-stop destinations, with 7,100 seats per day. In June, Air Canada launched new 3x weekly seasonal Montreal service; Air North introduced 2x weekly Whitehorse service; and service to Edmonton was significantly expanded after ultra-low cost carrier Flair Airlines commenced operations out of YYJ. The other airlines responded to the new service, with WestJet adding two additional weekly Edmonton flights and Air Canada adding three. As more ULCCs enter the marketplace, YYJ will likely see expanded service.

YYJ Economic Impact

Airports are important economic engines for the region. In 2017, VAA undertook an economic impact study to better understand how Victoria International Airport contributes to the local economy.

The study concluded that YYJ provided 4,700 jobs, \$270 million in wages, \$420 million in gross domestic product and \$880 million in direct economic output – which is approximately twice the amount from the previous study in 2005. There is a direct correlation between airport growth and impacts to the downstream economy.

Canadian Airport Traffic

In the 1990s, the Federal government divested from the business of airport operations to that of a regulator and landlord. Airport authorities took over responsibility for operating the airports which allowed the required infrastructure funds to be invested in order to meet demand. Looking at Canadian airport traffic from 1988 to 2016, there has been significant growth. Enplaned and deplaned passenger numbers rose from 70 million annually to 140 million. Looking out over the next twenty years, that type of growth is expected to continue.

YVR Hub

Vancouver International Airport (YVR) announced they would be investing \$9.1 billion into their airport over the next 20 years. The YVR hub is a large driver of traffic at YYJ; every time a new flight is added at Vancouver, Victoria benefits. As more flights come, non-stop markets will build at YYJ and eventually overfly the YVR hub. Today YVR serves 25 million passengers, with anticipated growth over the next two decades to 40 million passengers.

YYJ Demand

Looking ahead, it is anticipated that YYJ will serve 2.5 million passengers by 2025. VAA is committed to focusing on overall demand while maintaining a strong balance sheet.

Real Average Fares

A chart demonstrated the real average air fares from 1997 indexed to 2016, excluding baggage fees. Air fares today are lower than they were ten years ago, despite the cost of purchasing planes, labour, fuel and maintenance.

Domestic Turnaround Fees for Q400 By Airport

Victoria's turnaround fees for a domestic Q400 flight are among the lowest in Canada. This cost differential can influence on where air carriers decide to operate as airline operating costs are always a consideration.

United Airlines – SFO Service

After a decade of operations, United Airlines announced it will be ending Victoria – San Francisco service effective January 6, 2019. Citing poor economics and passenger traffic as reasons, the air carrier made the difficult decision to discontinue the route. While they would have preferred overnighting at YYJ with an early morning departure, they simply did not have the aircraft available in their route planning. United Airlines advised that they were optimistic about launching new Victoria - Denver service once Denver International Airport adds new gates to meet capacity which is expected to be complete by 2021.

Financial Approach

VAA's approach to financial success is to maintain a strong balance sheet, keep aeronautical fees in the lowest quartile, diversify its revenue sources through land development and concessions, and stage capital investments prudently without over-building. As a percentage of total revenue, VAA's non-aeronautical is 67%, which ranks among the highest in the National Airport System.

Aviation Trends

Airlines are key partners in the aviation supply chain. In recent years there has been a rise in larger capacity turbo-prop aircraft with longer range capability. A series of charts were shown to demonstrate the scheduled seat capacity for domestic scheduled non-stop seats and growth in airport passengers. In order build and design airports to be efficient, there must be an understanding of the market conditions. WestJet's fleet expansion has focused on the Q400 aircraft. Air Canada has shifted to higher capacity aircraft and plan to retire the Dash 8-100 and CRJ-100 and 200 series to pursue opportunities to support aircraft with 70+ seat capacity. VAA is building and planning for these changes to larger aircraft in the coming years.

New Airlines Entering the Market

A number of ultra-low cost carriers (ULCCs) are entering the market. Flair Airlines is currently operating at YYJ serving Edmonton; WestJet's new ULCC Swoop started operating in June and are targeting 40% cheaper fares than the parent company. Canada Jetlines and Enerjet will likely commence operations in 2019 and have expressed interest in the Victoria market.

Q400 Aircraft

With the expanded use of Q400 aircraft by WestJet and Air Canada, YYJ is faced with congestion issues. As the airport grows, this situation will only be exacerbated.

Lower Hold Room Expansion

To address future growth, a \$19.4 million lower passenger departure lounge expansion project kicked off in January. The new addition will see 58 meters added to the length of the holdroom, with dedicated boarding gates, expanded food offerings, additional retail services, a new larger washroom facility and additional seating areas. A 10,000 square foot basement will be added to provide additional meeting space, offices and storage areas. Phase 1 of the project will complete in August 2019, with the second phase to add new concession facilities and washroom block will complete spring 2020. A publicly commissioned art piece will complete the space.

With the airport being the first and last impression of Victoria, special design features will be included such as greenery outside of the building to shield travelers from unsightly ground handling equipment.

Management worked with the Rick Hansen Foundation to build an environment that includes a number of special accessibility features such as an airside pet relief station for those travelling with service dogs, and new washroom facilities will include an adult diaper change station with a hoist.

During the construction phase, colour-coded pathways were added for passenger flow. Operating an airport during construction can be challenging, but the impact on travellers has been minimal.

A time-lapse video was shown to share construction progress to date.

Roadworks

A number of paving projects were undertaken in 2018, including Willingdon Road to the East Saanich Road roundabout, as well as the terminal frontage and short term parking lot. While construction is never convenient, particularly when one is trying to catch a flight, the work was well carried out with minimal wait times.

YYJ Entrance Sign

As part of YYJ's new branding, the Victoria International Airport entrance sign was replaced with an attractive new look.

Parking Expansion

The need for parking continues to grow. Three years ago there were 1,100 spaces at the airport; today over 2,600 spaces have been constructed in order to keep up with demand. YYJ is required to build to the peak of peaks to avoid overflow onto Willingdon Road.

The long-term parking plan will ultimately see Electra Boulevard and the Willingdon Road roundabout re-oriented in order to avoid a bifurcated parking operation. VAA has received suggestions about constructing a parkade, however the preferred approach is to maintain the agrarian setting. Not only are parkades significantly more expensive to construct, there is more flexibility with surface lots should technology change parking demand.

As parking is expanded, rain gardens will continue to be a feature of the design. Shuttle operations are currently under discussion as parking lots continue to move farther away from the terminal.

Improved Public Transit

VAA continues to work with BC Transit for improved public transportation to the airport. There are currently 32 departures to and from YYJ and the McTavish interchange. In September BC Transit increased bus frequency from 32 to 40 trips per day. The ultimate objective is non-stop service between the airport and downtown Victoria; discussions continue.

Change

The CEO wished to illustrate how quickly technology can change by showing a visual from the New York Easter Parade in 1900, contrasted with the same parade 10 years later. There were fewer horses and buggies, replaced by significantly more vehicles. Airports too are changing with the times.

The Provincial government plans to introduce legislation to allow Uber and Lyft to start operating in the region. General Motors plans to introduce autonomous vehicles by 2019. These new modes of ground transportation will undoubtedly change the nature of the parking and transportation infrastructure at YYJ. Surface parking lots can easily be reclaimed for other uses. It currently costs around \$7,000 per stall for surface parking, compare to \$60,000 per stall for a parkade. VAA prefers not to take away the views and vista, especially knowing that there will be material changes to parking requirements in the future.

Robotic Mower

The future has arrived at YYJ with 'Moe', the robotic mower who tends the lawns near the entrance roads along Willingdon Road and Electra Boulevard. Moe returns to his house at the end of each day to recharge.

Phased Terminal Expansion

The fourth phase of an eleven phase terminal and apron expansion will start in 2019. The project will see the addition of two new passenger boarding bridges, additional aircraft parking stands and expanded apron to the west in order to stay ahead of the demand curve.

Ease

Travel is stressful; VAA's focus will always be on making travel easier for our guests, from the curb to the aircraft.

Sidney Crossing

When the airport divested from Transport Canada in 1997, the 10-acre parcel of land near Beacon Avenue and Highway 17 was zoned for commercial development at that time. VAA achieved alignment with the Town of Sidney in 2016. Despite the land not being recognized by the Federal government as being in the Agricultural Land Reserve, VAA went through the process for transparency. Omicron approached the airport with a development proposal and sought an exclusivity agreement to develop a 100,000 ft² retail operation.

After four years of ongoing negotiations, Omicron announced that they would not be proceeding with the project. Citing increased construction and labour costs, the economics no longer work. Market conditions on retail are changing, with online shopping making a significant impact. The airport will regroup, reset and reconsider the best options for the land.

Concluding Remarks

In closing, the Victoria Airport Authority will continue to focus on cost, diversity in revenue, staged prudent growth, and excellent customer service.

7. Call for New Business

There was no new business.

8. Questions / Comments from the Members of the Committee and the Public

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

- **A new resident to the area, Vince Kresser, inquired about the disposition of the old 443 Squadron helicopter hangar. He suggested turning it into an aviation museum.**

The DND is still in possession of the property which is expected to revert back to the VAA in the next year. An environmental assessment is in progress, and there is no timeline on that. Once the reviews and environmental work is complete, the building and lands will return to

the airport's control. That particular site is zoned for aviation and provides good access to the runways. VAA envisions relocating Kittyhawk Road to the west, converting that land to airside, which will create an interesting opportunity for an aviation cluster.

- **Vince Kresser complimented the VAA on the airport's multi-use bike and walking trail (the Flight Path), advising that staff do a great job of maintaining the path. He noticed that every banner stand is currently empty after having the beautiful Canada 150 banners in place last year. He inquired when VAA might add some new banners.**

VAA is currently working on new YYJ banners which will be installed in 2019.

- **City of Victoria Councillor Margaret Lucas inquired whether a cell phone lot would be added at some time in the future.**

VAA had considered adding a cell phone lot but was unsure where to put one at the moment. A number of options are being discussed for a potential staging area for Uber and Lyft, and a cell phone lot might fit well in the new space.

- **Saanich Councillor Colin Plant inquired about employee relations with Compass Group, the food services master concessionaire at the airport, and Unite Here who represent their employees. He asked about the economics of the contract, and how it impacts VAA's bottom line.**

VAA is contractually not permitted to provide specific numbers but gauged it would be in the six-figure area of the airport's top line overall revenue base of \$40 million. In the event contract negotiations result in job action, there will not be a material impact to the VAA.

- **Councillor Plant noted that relationships are in flux between Compass and Unite Here. He did not want to paint the airport in a bad light, but he asked why the VAA isn't directing Compass Group to pay higher wages. He noted that he was not comfortable asking, but he was there to represent his constituents.**

VAA understands that the food service workers want to pressure the VAA during their labour dispute with Compass Group. The CEO asked Councillor Plant if he felt VAA should get involved in labour disputes between Viking Air, Air Canada or any other unionized airport tenant. Market wages are very competitive in Victoria. VAA takes the position that those discussions should be taking place at the bargaining table between the parties, not directed at the landlord. The unionized workers have been demanding to see the CEO and Board of Directors on several occasions, which is not the role or responsibility of the VAA.

VAA is contractually not permitted to interfere in how Compass runs their business. There is process to follow, which should be behind closed doors through collective bargaining discussions rather than at a public meeting. The CEO is optimistic Compass and the Unite Here union can reach an agreement if they follow the process.

The CEO encouraged Councillor Plant to do a salary comparison of the wages of Tim Horton's or gratuity workers throughout the region. Ultimately, Compass wages are not the VAA's responsibility. Compass group is the employer, and the Unite Here employees work for them -- not the VAA. The airport contracts with Compass Group to provide food services at the airport, and Compass must ensure that they deliver the contract.

- **Councillor Plant wished to pursue this matter on behalf of his constituents, but he agreed it should be through correspondence rather than in this forum.**

The CEO believes that there should be healthy discussions, but he suggested that this matter should have been raised privately, and with all the facts presented.

- **Councillor Alicia Holman advised this would be her last ACC meeting representing the District of municipal councillor; she will be moving into her new position as a school trustee. She appreciates that the ACC meetings are an opportunity to provide input and ask questions in a way that challenge us. With her grandchildren in mind, she would like to encourage the VAA to take a further step with the Economic Impact Study and expand its corporate responsibility to measure the consequences of the airport business. Central Saanich has embarked on policy with any suppliers or services to pay living wages to their employees. She encouraged a living wage policy at the airport. In addition, she mentioned the Federal government's movement on climate emissions and impact. Airline travel is changing with more fuel efficient aircraft with larger passenger capacity. With the extreme weather across the globe, she asked how that is being factored into the leadership in the VAA and the aviation industry in general.**

The CEO said that airlines are definitely a contributor to emissions, and that it is important to understand where the airlines are going. There has been a lot of debate about carbon taxes placed onto air carriers, which will be passed onto consumers through increased ticket prices. Over time there will be a shift in aircraft technology, such as electric aircraft, bio fuels and broader environmental trends. YYJ changed over to a geothermal system in 2008 and installed solar panels on the roof to heat hot water. More fuel efficient boilers were installed, and VAA has a number of ongoing energy savings initiatives.

The question is whether there should be a restriction on the movement of people and goods; this is a philosophical debate. However, the aviation industry is certainly focusing on reducing its carbon footprint. The CEO offered to meet with Councillor Holman to discuss this matter further.

- **Councillor Plant once again addressed the Committee regarding the issue of a living wage. He speculated that VAA staff make a living wage but said it should be a requirement for all airport contractors. He asked the CEO if the VAA executive considered becoming an official living wage employer, and what would be the consequences of implementing a living wage policy.**

The CEO suggested that higher food or retail prices might be a consequence of demanding that contractors pay a living wage. The VAA is not a food service provider. Many of the food services jobs are gratuity based which must also be factored in. The CEO was not willing to commit to such a policy but would give it some consideration. He encouraged Councillor Plant to understand the issue in more depth.

- **Councillor Plant said that he was feeling attacked by the CEO's comments. He is not trying to predict an outcome but is asking the VAA to consider it. If it's not economical, he will accept that.**

The CEO offered to meet privately with Councillor Plant if he wished to discuss this further.

There being no further questions or comments, the Committee Chair thanked everyone for attending.

Special recognition was given to Geoff St. Germain of 443 Maritime Helicopter Squadron, thanking him for his service to the country.

9. Announcements

The Victoria Airport Authority is mandated to hold three public meetings each year. There are two additional public meetings scheduled for 2019:

Spring Airport Consultative Committee Meeting

Tuesday, March 5, 2019

7:30 AM

Location TBA (Downtown)



Annual Public General Meeting

Thursday, May 9, 2019

7:00 PM

Location TBA (Saanich Peninsula)

Fall Airport Consultative Committee Meeting

Tuesday, October 22, 2019

7:00 PM

Location TBA (Saanich Peninsula)

All meetings will be advertised in the local print media, on YYJ's website, social media platforms and through YYJ Airmail. All members of the public are welcome to attend.

10. Adjournment

The Committee Chair thanked everyone for attending the meeting. There being no further business, the meeting was adjourned.