

VAA Airport Consultative Committee

Minutes

Tuesday, March 5, 2019
7:30 AM – 9:10 AM
Marriott Victoria Inner Harbour Hotel
Pacific B Room
728 Humboldt Street, Victoria, BC

Upcoming Public Meetings:

Annual Public General Meeting

Thursday, May 9, 2019

7:00 PM

Location: Mary Winspear Centre, 2243 Beacon Avenue, Sidney, BC

Fall Airport Consultative Committee Meeting

Tuesday, October 22, 2019

7:00 PM

Location: SHOAL Centre, 10030 Resthaven Drive, Sidney, BC

Representative Members in Attendance:

Organization

Representative

Airlines:

- WestJet
- Air Canada / Jazz
- Horizon Air
- Pacific Coastal Airlines

- Regrets
- Regrets
- Regrets
- Regrets
- Regrets

Airport Land Tenants Association

Regrets

Air Terminal Building Tenants' Representative

**Steven Grewal, Hayley Tannhauser,
Annie Wong-Harrison and Michael Wong-Harrison**

- Association of Canadian Travel Agencies
- BC Ministry of Transportation & Infrastructure
- Canada Border Services Agency
- Canadian Aircraft Owners and Pilots Association**

- Regrets
- Regrets
- Regrets

Capital Regional District

Michael Shack

City of Victoria

Regrets

Department of National Defence (443 MH Squadron)

Regrets

District of Central Saanich

Regrets

District of North Saanich

Regrets

District of Oak Bay

Regrets

District of Saanich

Regrets

Greater Victoria Chamber of Commerce

Councillor Ned Taylor

NAV Canada

Catherine Holt

North Saanich Residents' Association

Regrets

Pauquachin First Nation

Regrets

Saanich Peninsula Chamber of Commerce

Regrets

Saanich Peninsula Water & Wastewater Commission

Regrets

Sidney Business Improvement Area Society

Regrets

Sidney North-Saanich RCMP

Councillor Chad Rintoul (also Town of Sidney representative)

Tourism Victoria

Regrets

Town of Sidney

Councillor Chad Rintoul (Also SBIAS representative)

Tsartlip First Nation

Regrets

Tsawout First Nation

Regrets

Tseycum First Nation

Lorne Underwood

Regrets

Members of the Public in attendance: 20

Airport Consultative Committee Members in attendance:

Gordon Safarik (Board Chair), Lynne Henderson (Committee Chair), Rod Dewar, Wendy Everson, Marilyn Loveless (Committee Vice-Chair), Brenda Nunns Shoemaker and Wendy Zink

Other Board members in attendance:

Eric Donald, Paul Gerrard, Allan Haynes, Charles Lovallo and Cathie Ounsted

Management: Geoff Dickson (CEO), Brant Arnold-Smith, Randy Bogle, Michelle Cooper, Scott Cunningham, Ken Gallant, Mike Garraway, Rod Hunchak, Stephanie Long

1. Call to Order

The meeting was called to order by Lynne Henderson, Chair of the Airport Consultative Committee. Melinda Orłowski acted as Recording Secretary. The Committee Chair began the meeting by acknowledging the traditional territory of the Esquimalt and Songhees First Nations.

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

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. The representative members of the Airport Consultative Committee come from a broad spectrum of the community, and their input is welcome as they provide a unique perspective that the Victoria Airport Authority (VAA) may not consider.

3. Motion to Receive the Minutes of the October 23, 2018 Airport Consultative Committee Meeting

The minutes of the October 23, 2018 Airport Consultative Committee meeting were reviewed by the Committee.

MOTION: Acceptance of the October 23, 2018 Airport Consultative Committee meeting minutes as presented.

Moved by: Lynne Henderson

Seconded by: Brenda Nunns Shoemaker

Motion carried.

4. Report from the Chair of the Board of Directors

Board Chair Gordon Safarik welcomed the dignitaries, special guests and the public to the spring Airport Consultative Committee meeting.

Governance Board

As a governance Board, the Board has one employee: The President and CEO. The mandate of the Board is to develop the company's vision, set the strategic direction of the airport, to monitor the company's financial position as well as the performance of the CEO, always with a focus on being a catalyst for strong economic growth, jobs and prosperity across the region.

Recently there has been a lot of construction activity at Victoria International Airport. The largest capital project to date, a \$19.4 million expansion of the lower passenger departure lounge, is well underway in order to keep up with growth. The project is currently on time and on budget.

Two Millionth Passenger

In December 2018, Victoria International Airport broke a new record: over two million passengers were served in a single year, two years ahead of projections. Even as the airport gets busier, it continues to win awards for exceptional customer service, community initiatives, environmental projects and business practices.

Safety and the Environment

VAA's corporate culture includes a strong focus on safety and the environment. Any projects brought forward by staff have an environmental aspect at the forefront. Victoria International Airport participates in the Airport Carbon Accreditation Program.

There are currently only six Canadian airports that have achieved level 1 accreditation. YYJ was one of the first airports in North America to achieve certification. Since the 2013 baseline year, there has been a 22% reduction in the airport's carbon emissions, primarily through the reduction of natural gas and electrical consumption.

As the airport moves ahead with level 2 certification, the focus will be on reducing heat and electricity used by airport tenants as well as a reduction in waste disposal amounts. Level 3 and 4 certification will focus on carbon neutrality related to aircraft movements, corporate business travel and ground access transportation. There is currently only one airport in North America that is considered to be carbon neutral, which is Dallas - Fort Worth International Airport.

Customer Service

One thing that sets Victoria International Airport apart from other airports is its dedication to customer service. The Board Chair shared a copy of a letter received from a member of the public arriving from Mexico during the recent snow storms:

"February 20, 2019

Dear Sir / Madam,

On Saturday 16th we arrived at YYJ at about 11 PM on Air Transit from Cancun. A wheelchair lady met us and helped my wife. She then helped me with the bags to the car in the snow. The car was covered in snow and she cleared it with her gloved hands. All the while in deep snow from the plows. She stood by my wife until I returned. She was exemplary and very pleasant too.

Also when we went to pay the parking fee there was a problem with the machine. The man in the booth was very helpful in the process. Both people are thanked by us for exceptional service and care. Please inform them of our thanks.

Sincerely, Fred and Carole"

This is just one example of the exceptional customer service provided at YYJ, and it demonstrates why the airport is considered to be among the most-loved airports in the world. This kind of service doesn't come from a training manual; it comes from the great airport staff doing the right thing.

Strategic Planning

In 2015, the airport put forth a Strategic Plan for five years. In January 2020, an updated Strategic Plan for the period 2020 – 2024 will be released. This simple yet critical document captures the airport's vision, mission, guiding principles and strategic goals, and it will be a blueprint for the direction of the airport for the next five years. The Board and Management team will come together early in the fall to finalize the plan.

Concluding Remarks

In conclusion, the Chair wished to acknowledge the hard work and dedication of his Board colleagues and the Management team. VAA's vision is to be the best airport anywhere. The focus is on keeping costs low for YYJ's airline partners. VAA continues to invest in the facility to provide the best customer experience possible. On behalf of the Board of Directors, VAA will continue to work toward achieving that objective.

5. Report from the Chief Financial Officer

Randy Bogle, Chief Financial Officer, presented a financial report noting some highlights from 2018 and the preliminary financial results to December 31, 2018. The audited results will be presented at the Annual Public General Meeting on Thursday, May 9, 2019.

2018 Passengers

The strong growth experienced in 2017 continued into 2018, with 12 record months of passenger traffic which increased 5.9% over 2017, for a total of 2,048,627 passengers.

Five Year Passenger Growth

Since 2014, passenger traffic has increased by an average of 5.5% per year, or 24% in total. This increased traffic helps drive VAA's revenue growth.

Total Revenue

Total revenue for 2018 was \$38.9 million, which is an increase of \$2.3 million or 6% over 2017.

Revenue Categories

Revenue at the airport can be broken down into four categories: Non-Aeronautical (39%), Aeronautical (20%), Airport Improvement Fee (AIF) (39%) and Deferred Capital Contribution revenue (2%).

- **Non-Aeronautical Revenue** is derived from sources other than charges to the air carriers. It consists of items such as land rents, concession fees from car rental companies, restaurants, retail stores, parking, advertising, taxis and shuttle bus operations. The increase in passengers result in more people parking, renting cars, eating in the restaurants and buying items from the retail store. For 2018, Non-Aeronautical revenue increased by \$1 million, or 6% to \$15.5 million.

Non-Aeronautical revenue growth helps to keep airline fees in the lower quartile in Canada to assist with encouraging new services. Non-Aeronautical revenue has increased by 30%, or \$36 million over the last five years.

- **Aeronautical Revenue** consists of the landing and terminal fees paid by the airlines to operate at YYJ. For 2018, revenues from Aeronautical fees were \$7.9 million, up \$500,000 from 2017. Aeronautical revenue increased by \$1.7 million in the last five years. This increase is almost entirely related to increased aeronautical activity as opposed to rate increases.

In that same period of time, the total number of available aircraft seats increased 19%. There is more travel into and out of Victoria, passenger traffic has increased, and as a result the air carriers have added more seats, resulting in the airport receiving more revenue. The majority of these new seats are in the form of Q400 aircraft, the 78-seat turbo prop aircraft that operates out of the lower passenger departure lounge. This increased activity has resulted in the current construction project to increase the size of the lower hold room to accommodate this increased activity.

- **Airport Improvement Fee (AIF) Revenue** – The AIF is the \$15 charge per enplaned passenger that is collected at the time a ticket is booked. The funds 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. The \$19.4 million expansion project is being funded by the AIF. For 2018, AIF revenue was \$15.1 million.
- **Deferred Capital Contribution Revenue** – The majority of this revenue relates to the recognition, for accounting purposes, of funds received from the Canadian Air Transport Security Authority (CATSA) related to security upgrades for the baggage system. Funds are recognized at the same rate as the project amortizes. For 2018, the Deferred Capital Contribution revenue to be recognized is \$1.1 million.

Expenses

- **Operating Expenses** consist of all costs to operate the airport such as security costs, salaries, landscaping, maintenance, snow removal, cleaning and utilities. As the airport grows, the cost pressures on these areas grow as well. Operating expenses for 2018 increased by 4.7% to \$15.4 million.
- **Amortization**, or as depreciation, is the cost for accounting purposes of capital assets purchased. The cost of capital assets are amortized over their useful life. An airport is a highly capital-intensive operation; as the investment increases, the amortization expense increases as well. For 2018, amortization was \$9.5 million, an increase of \$900,000 or 11% over 2017.
- **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 increased by 31% to \$3.4 million.

Incremental rent paid to the Federal government is currently 8% meaning that each new dollar of revenue attracts rent of 8%. Property taxes paid are based on the assessed value of the properties as determined by BC Assessment. The airport's mandate is to reinvest back into the airport and the airport lands for the benefit of the community. As rent and property taxes increase, there are fewer dollars available for reinvestment.

- **Interest Expense on Long Term Debt** – VAA is only one of two airports in Canada with no debt. The interest expense of \$5,000 for 2018 relates to a fee for an undrawn credit facility.

Total Expenses for 2018 were \$28.3 million, an increase of 9% over 2017.

Excess Revenue over Expenses Reinvested in the Airport

Excess of Revenue over expenses or net income for 2018 was \$11.2 million, or 1.7% less than 2017. All of these funds will be reinvested back into the airport.

Concluding Remarks

In summary, the airport is in a good financial position, 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 the airport activities over the past year and plans to meet future growth.

Snow Event

As Victoria commences its annual flower count and visitors marvel at the cherry blossoms, the CEO shared highlights from the recent snow event. Between February 8 – 14, 2019 the region experienced one of the most intense snowfalls in recent history. YYJ received 70 cm of snow in that period, with crosswinds on runways blowing over 60 km/h. It was the first time in nine years that the main runway at YYJ was closed – not once, but twice. At one point the snow was so intense that the crews clearing the runways were completely blinded and halted activity due to the safety risk.

During that window of time, there were 650 flights scheduled to operate in and out of YYJ: 208 flights operated on time; 215 flights were delayed; and 228 flights were cancelled. There were also serious travel disruptions at Seattle, Vancouver and Calgary. NAV Canada noted that the recent snow events were more intense than the blizzard of 1996.

The CEO wished to highlight the efforts made by everyone working at YYJ to keep operations going. VAA staff worked around the clock, sleeping at the airport while working in shifts to keep the runways open. The terminal lost power twice due to the weather. The air carriers worked tirelessly to re-accommodate their guests, and YYJ's concession partners did their best to assist frustrated travelers.

All of these combined efforts require a level of sophistication and speak to being prepared for this kind of event. Adversity often brings out the best in people, and the CEO was very proud of the airport team.

Investment in Fleet

Over the last four years, VAA invested over \$2 million in equipment to be prepared for inclement weather events. While this equipment is not used as often as other Canadian airports, it is essential to have in its fleet to maintain airport operations.

Messages of Gratitude

The CEO shared a messages of gratitude from the public for the efforts made by airport staff during the snow event. From the parking staff to the airlines, numerous people went above and beyond the call of duty. One letter read:

"I know it has been difficult the last week with weather conditions. My wife and I have been frustrated just to get out since last Sunday to join family in Palm Springs, but snow and other issues have prevented this. But staff in the airport were understanding and supportive. The attendant at the long term parking in particular as she didn't even charge us the daily rate for the many hours there. Thanks so much, it made our day a bit better from the disappointment. Keep up the great PR... you have a great team."

Two Million Passengers

The CEO shared a brief video celebrating YYJ's two millionth passenger in a single year. This significant milestone was achieved three years ahead of schedule.

On December 19, 2018, YYJ's two millionth passenger, Briar Mayoh, travelled to Victoria on Pacific Coastal Airlines after attending school in Kelowna. When she was initially approached by airport officials, she thought she did something wrong but quickly learned she was YYJ's special guest. Briar received a number of gifts including free travel on Pacific Coastal Airlines, new luggage and a weekend for two at the Fairmont Empress Hotel. The occasion was marked with live music, a Victorian high-tea theme for the public including a 180 pound cake, and numerous giveaways such as free parking and gift cards. It was a proud day for Victoria International Airport.

YYJ Demand

Looking at the airport's long-term passenger forecast from its Master Plan had YYJ serving two million passengers in 2021. This number was three years ahead of the Master Plan forecast. The challenge in airport planning and design is to look at the demand curve and accommodate growth without building too far ahead of the demand curve. Long term forecasts currently range from 3% to 5% annual growth.

VAA has factored in that there may be some decline in travel at some point, however YYJ is expected to serve three million passengers within ten years. Looking at the global real estate market, Victoria is viewed as a desirable place to live. With three major post-secondary institutions and other factors driving travel, growth can be expected. The airport is building to accommodate that growth and will be continually monitoring demand of the projected growth rates.

Terminal Expansion Plans

The CEO shared VAA's multi-phase terminal plan that will see a number of new elements added to the facility:

2019/2020: The lower hold room is currently under construction and will essentially double in size with a 1,765 m² addition. The expanded departure lounge will include a new right-sized washroom facility, new concessions and dedicated departure and arrival gates as opposed to the present single entry/exit design.

2020: In anticipation of future expansion, more apron capacity will be added to provide more flexibility in accommodating additional aircraft as well as new boarding bridges. The upper hold room will see more capacity added through the realignment of facilities.

2021: VAA will expand the baggage make up area. The air carriers are implementing self-bag drop capabilities at many larger airports and are reviewing the economics of the concept at airports the size of YYJ.

2023: To prepare for 3 million passengers, a significant investment of \$100 million is currently planned with a west expansion of the terminal to include new baggage belt capacity, increased international arrivals hall with a potential U.S. pre-clearance facility. A block plan was shown that demonstrates the improved connectivity between the upper and lower passenger departure lounges. The expansion project is expected to take three years to complete.

Lower Hold Room Expansion (LHRX) Project

The \$19.4 million LHRX project is the largest single capital project to date that will effectively double capacity. Planning for the project took over 18 months to complete, with significant consultation with the airlines to ensure their functional requirements are met. Construction commenced in early 2018 and is expected to be complete by April 2020. The challenge of undertaking such an immense construction project is to keep a live airport running with minimal impact to travelers.

The expanded facility will see a fundamental shift from the way passengers currently board their aircraft. Rather than flowing from the north end of the building, new dedicated boarding gates will lead directly to the individual aircraft. The new gates will reduce walking time and will be safer and more efficient for travelers.

With the airport being the first and last impression of Victoria, special design features include greenery outside of the building to shield departing travelers from ground surface equipment, and to provide a low-cost unique feature for the airport.

The change in gauge of aircraft has been the biggest driver for the project. With the potential of up to six 78-seat ground-loaded aircraft simultaneously occurring, there are currently not enough seats for travelers. The new facility will see seating capacity grow to 525 seats, reducing congestion in the hold room.

The LHRX project will be completed in three phases:

- Phase 1: New facility completes August 2019
- Phase 2: New washroom facility opens April 2020
- Phase 3: Restaurant expansion and integration of the finishes completes June/July 2020

New Accessibility Features

VAA worked with Changing Places and the Rick Hansen Foundation for the expansion project to include a number of special accessibility features such as an airside pet relief station for those travelling with service dogs, new washroom facilities that will include an adult diaper change station with a hoist, braille on lower signage and audio responses at ticket counters. VAA will engage Rick Hansen Foundation for a broader accessibility audit of the existing facility with a view to improving the customer experience.

LHRX Time Lapse Video

The CEO showed a time-lapse video of the project's construction to date. In-progress photos and video are available on the YYJ website: www.victoriaairport.com

New Commissioned Art

VAA understands the importance of giving back to the art community. In accordance with Board policy, certain significant capital projects designate funds toward public art.

The selection process started in August 2018 with a call to artists on Vancouver and the Gulf Islands. VAA received almost 100 applications of interest and 47 proposals from local artists. Selection was made by the Board's Art at the Airport Advisory Committee. After five artists were shortlisted to create a maquette of their proposed work, the Committee unanimously decided to award the commission to Charles Campbell for his piece entitled 'Time Catcher'. The piece invokes concepts of time and movement across territories, and the artist sees the departure lounge as an in-between space with the potential for connection and contemplation.

The installation will form a 36-foot diameter ring from a suspended array of three-sided wooden vessels. These vessels are conceived as metaphorical carriers of ecological and cultural memory and elicit multiple connections to both the natural and manufactured world. A verse from science fiction writer, Octavia Butler's "Paradise" will be inscribed on the surface of each vessel in Morse code.

Charles Campbell is a Jamaican born multidisciplinary artist, writer and former Chief Curator of the National Gallery of Jamaica. His work has been exhibited widely in the Caribbean, North and South America and Europe.

The intent of the piece is to make people think of where they have been in the past, and where they are going in the future. Time Catcher will be installed in the spring of 2020 in conjunction with the completion of the LHRX project.

Apron Expansion Phase 4

A new \$7.1 million capital project to expand the apron will commence in 2020. Phase 4 of the apron expansion project will see the addition of two new westerly departure gates. The meteorological compound will be relocated to accommodate the expansion, and a new viewing area will be established on the east side of the airfield in the summer of 2019.

Extend Taxi Echo East

A new project to expand Taxi Echo east by 300 meters will be executed in the summer of 2019. The current taxiway configuration is inefficient for the air carriers, requiring them to taxi down the runway then complete a U-turn in order to position themselves for

takeoff. NAV Canada welcomes the project as an improved safety measure which will also positively impact the air carriers in terms of utilization and fuel consumption.

Parking

VAA builds parking for the peak of peaks, which is normally a 10 to 20 day window each year. In 2005, YYJ had 674 parking stalls. In 2011, a significant investment was made to re-orient Willingdon Road to the south to add more parking spaces, bringing the total up to 1,291 stalls. To keep up with parking demand, a total of 2,571 stalls were in place by 2018.

It is not known how the introduction of ride-hailing services and driverless cars will impact parking requirements at YYJ. VAA is continually reviewing parking requirements with a view to the total footprint. At some point the parking lots, car rental facilities and frontage road will be reoriented for the highest and best use of space.

Improved Public Transit

VAA maintains a regular dialogue with BC Transit to discuss public transit service to YYJ. In 2018, BC Transit added ten additional bus frequencies with improvements to routes 83 and 88. There are currently 32 departures to and from YYJ and the McTavish transit exchange. VAA will continue to work with BC Transit to increase capacity through connections to the airport.

Transportation Network Companies

The Provincial government announced that they plan to allow transportation network companies (TNCs) such as Uber and Lyft to operate in BC by the end of 2019. Globally, airports have seen parking volumes decrease between 5% - 15% where TNCs are allowed to operate. This new transportation option will likely impact parking requirements at YYJ.

Self-Driving Car Timeline

Nine major automakers are looking at introducing autonomous vehicles in the next decade. It is unknown how the evolution of the automobile will impact the market. VAA will continue to monitor parking requirements and build out as needed.

The parking lots at YYJ include bio-swales and rain gardens, keeping an environmental lens at the forefront of any parking project.

Financial Approach

YYJ is one of only two airports in the country that are debt-free. This allows the airport to deal with any downturn in the demand curve. 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.

VAA's non-aeronautical revenue as a percentage of overall revenue is 68%, which is one of the highest rates in the country. The airport's focus is on providing a positive customer experience and the environment.

Average Canadian Airfare

A chart demonstrated the real average Canadian air fares from 2010 to 2018, without adjusting for inflation. Air fares today are lower than they were several years ago despite the cost of purchasing planes, labour, fuel and maintenance. As the airlines continuously push to keep airfares and costs down, airports should too.

Automated Exit Lane Portals

To address inefficiencies after exiting the international arrivals hall, VAA will add new automated exit lane portals similar to those that are in place in larger airports. The current security podium checkpoint will be replaced with technology that controls the flow of passengers into the arrivals rotunda. There will be a significant cost-savings in re-deploying security personnel, and the investment will pay for itself within two years.

Non-Passenger Vehicle Screening

The CEO shared a technical drawing regarding operations for the non-passenger screening facility for vehicles that enter the critical apron area. There are 60 vehicles on average per day that require the driver's credentials to be validated and the vehicle

screened for security purposes. VAA approached Transport Canada and presented a business case to automate the screening process. After many discussions, Transport Canada agreed to the automation initiative, which will lower operational costs.

Land Development

VAA has identified a number of areas for future land development; there are currently six exclusivity agreements in progress.

For the past four years, VAA had been in negotiations with Omicron for a commercial development at the intersection of Beacon Avenue and Highway 17. Omicron announced that they would not be proceeding with the project, citing increased construction and labour costs.

The airport will pause to reconsider the best options for the land through discussions with the Town of Sidney and District of North Saanich, seeking a development that will best meet the needs of the region.

When the former 443 Maritime Helicopter Squadron building and hangar return to the VAA's control, that site will be reconfigured to create a new airside opportunity for land tenants. There are also a number of hangars on the north side of the airport along Mills road that present interesting opportunities for businesses.

Car Rental Contract

VAA recently completed the award of the Request For Proposals for car rental companies. The RFP saw favourable results for both the airport and the car rental companies. This revenue stream provides further opportunities to keep costs low.

Markets Served

VAA continues discussions with the airlines to develop new air service markets. YYJ is served by many destinations within BC and across Canada, with solid seasonal service to international sun spots. In 2018, YYJ welcomed new service to Whitehorse via Air North, new seasonal service to Edmonton via Flair Airlines and new seasonal service to Montreal via Air Canada. There are a number of opportunities throughout North America that will be pursued.

United Airlines – San Francisco Service

After a decade of operations, United Airlines ended 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. The CEO approached a number of different airlines to explore replacement options for the route, however United Airlines remains the most viable carrier should it choose to revisit Victoria as part of their route network.

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 under a new management team; 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.

Enerjet envisions being one of three major air carriers within Canada once it begins operations. They have solid financial backers through Indigo partners who have significant aviation experience.

Swoop has a number of year-round and seasonal service on their route map, focusing on Winnipeg, Edmonton and Hamilton with a number of Florida sun spots.

Air Service

Air Canada announced they will be returning to Victoria with their 282-seat wide body Boeing 767 aircraft for Toronto service. This will bring in much more seat capacity for travelers. After launching new seasonal Montreal service in 2018, Air Canada announced that this service will return in 2018, increasing from three flights per week to five.

Potential Markets

A number of potential markets were highlighted including Saskatoon, Winnipeg, Hamilton, Ottawa, Honolulu, Las Vegas, Phoenix, Los Angeles and Denver. The Los Angeles market is growing exponentially, and the CEO believes this route would perform well out of Victoria.

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. This will provide good hub connections to the eastern United States.

Airport Service Quality

The Airport Service Quality survey is an independent measurement of 332 airports worldwide. 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. While there is always room for improvement, YYJ scored well above average compared to similar-sized airports. A chart demonstrating the various descriptors and measurements indicated where Victoria ranks among overall airport averages. This is even more notable given the construction projects that are underway.

YYJ does well in a number of areas but needs to expand the food, beverage and retail experience for its customers. The new LHRX project will address some of these issues.

Concluding Remarks

It is easy to be a high quality, high cost airport but VAA endeavors to ensure YYJ is a high quality, low cost airport. The priority will always be designing the airport to provide the best customer experience possible, making travel easier.

While there will be challenges along the way, the customer remains at the forefront and will continue to be the focus of the airport team.

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 member of the public commented that he travels from Victoria to India each year. He is required to re-check his luggage in Vancouver for his final flight to Victoria, which he finds inconvenient after such a long flight. He suggested that Vancouver International Airport introduce dedicated queues to speed the process. Also, Vancouver is a large airport so there is a significant amount of walking distance to cover between international and domestic flights. His experience when travelling to Victoria is much different.**

YVR serves over 25 million passengers each year, so they require a large physical plant. Connecting bags is a challenging issue for many large airports. The technology is available but there needs to be agreement with the air carriers. Bags from the US, Australia, UK and Germany can connect seamlessly to Victoria, and the CEO believes it would need to be negotiated with the government of India and airlines.

- **Mike Shack inquired about the status of the runway extension. Several years ago a case was being made to attract new routes in Europe.**

Today's aircraft no longer have range restrictions based on YYJ's runway length. In the past there were weight restrictions on certain aircraft that had to short-load in order to take off however modern aircraft are not load restricted on a 7,000 foot runway. VAA is potentially looking at a 600 foot extension west to improve overall efficiency. The project would likely occur in 2023 – 2024.

- **Pauline Cohen congratulated the VAA on its accomplishments. As a professional travel agent, she has been to many airports around the world. Not all facilities are making advancements for people with accessibility or visual problems. There are new technologies emerging that allow blind people to 'see' using specialized glasses. She encouraged VAA to explore and incorporate these types of technology in the airport. In addition, she suggested that mobile device charging stations should be positioned at floor level and placed to be more accessible, rather than underneath or behind seats.**

As noted earlier, VAA collaborated with Changing Places and the Rick Hansen Foundation to address accessibility issues at YYJ. A number of audio, visual and mobility solutions will be incorporated in the design of the new lower hold room expansion. Each seat will have its own dedicated charging facility; there will be new tactile strips at the stairs and warnings at the ramps; handrails will be lighted for better visibility.

VAA is working with Apple Maps and there are plans to have an interior map that will ultimately connect to beacons with a programmed floor plate. The beacons will help guide travellers with audio commands. The new accessible washrooms will include a family room with an adult size change table and a hoist. For those passengers with assistance animals, a new pet relief area will be constructed to eliminate the need to return groundside. VAA continues to work through issues and opportunities to improve accessibility at YYJ.

- **Town of Sidney Councillor Chad Rintoul appreciated VAA's approach taken regarding the parcel of land at Beacon Avenue and Highway 17. The airport has been a good community partner. With respect to U.S. pre-clearance, the Town of Sidney entered discussions with Washington State Ferries regarding a U.S. pre-clearance facility. What is the reality of YYJ establishing such a facility within the next ten years?**

Halifax, Billy Bishop and Quebec City airports have added, or plan to add, U.S. pre-clearance facilities. YYJ's U.S. numbers are similar to Halifax and double Quebec City's. There is a question whether Victoria can justify U.S. pre-clearance considering it is an \$80 million capital expenditure, with annual operating expenses for policing and security in the \$7 million range. Costs are typically passed on to the consumer, which would mean an additional cost per ticket for U.S. bound passengers. The air carriers have not identified the lack of pre-clearance as a barrier. While VAA has it in their plans, the cost-benefit analysis requires careful consideration.

- **Graeme Roberts inquired about ground transportation. YYJ has over two million people traveling through the airport. He is a frequent visitor to Butchart Gardens and has noticed regular dedicated public transit to the gardens. Currently BC Transit only offers travels as far as the McTavish transit interchange. He questioned why there was no direct transportation directly to the airport.**

The public transit buses destined for Butchart Gardens are targeted specifically for tourists rather than local residents. Travelers destined for YYJ need to transport their luggage on buses and need a clean connection to the airport. VAA sees an opportunity to bring the #82 bus to the airport, but BC Transit has advised that adding an extra 5 – 8 minutes per trip would result in the potential for lost service elsewhere. BC Transit has stated that for bus service to the airport to work economically, it would require another point beyond YYJ such as the ferries; however the ferry loads are normally very strong, which creates a challenge. Ultimately VAA would like to see a downtown-YYJ-BC Ferries bus operated. The CEO will continue to work with BC Transit to encourage direct service to the airport.

- **Vince Kresser inquired about the excavating underway by the RCAF hangar and asked whether it was related to TenTen Creek. He inquired about VAA's plans for the hangar when it is returned to the VAA. In addition, he asked when VAA would be installing banners on the lamp standards.**

There are two projects underway in that area: the Department of National Defence is expanding its apron, which is a significant project. Also, VAA is addressing some daylighting issues for TenTen Creek to add some benching and new plantings. That work should finish this spring.

With respect to the 443 Maritime Helicopter Squadron hangar, the handover date remains fluid but is expected to occur in the late fall of 2019. The DND is addressing the environmental remediation issues. VAA is currently working on an exclusivity agreement for the building that will hopefully see a new deal for 2020.

In April, VAA will be installing new banners on the lamp standards.

- **Lorne Underwood from Tsawout First Nation commended the VAA on the job they are doing. The CFO in particular has a challenging job, and he commented on the exemplary performance by the Finance team. He admires VAA's corporate model.**

For the last three years, Mr. Underwood has been participating in a working group focusing on a traffic separation strategy for the Strait of Juan de Fuca to save the resident orca population and forage fish area. We are at a bioaccumulation tipping point so the group is working on trans-boundary issues with the U.S. A meeting is scheduled in April, with the participation of Transport Canada. The group envisions sustainable development as the proper way to go forward. He sees that the VAA is following that model and praised the CEO for that. He suggested that all elements of transportation should be looked at for the Saanich Peninsula: ground, marine and air travel.

The CEO thanked Mr. Underwood for his kind words. YYJ has similar aircraft movements today as it had 15 years ago. There is a trend toward fewer frequencies with larger aircraft. The air carriers are acutely aware of environmental issues and are moving toward biofuels and electric aircraft. While the solutions are not yet known, it is an issue that the aviation industry is paying attention to.

➤ **Christine Seaville inquired about the Airport Carbon Accreditation program and how VAA is trying to achieve carbon neutrality.**

The process for Airport Carbon Accreditation is as follows:

Level 1: Mapping to determine emissions sources within the operational boundary of the airport; calculating the annual emissions; compiling a carbon footprint report; and engaging a third party to verify the carbon footprint.

Level 2: Management toward a reduced carbon footprint; providing evidence of effective reduction procedures; and demonstrating that targets have been achieved.

Level 3: Engagement to widen the scope to include third party emissions. This will incorporate a reporting mechanism for GHG contributions by the airlines, airport tenants and over 60 businesses at the airport.

Level 4: Offset the remaining emissions over which the airport has control to achieve carbon neutrality.

VAA's target is to reduce the airports greenhouse gas emissions. IN 2015 new energy efficient boilers were installed that was a 22% reduction in natural gas consumption to date. VAA uses water separators and bio-swales, has soil monitoring and water bonding programs in place, and has a strong focus on utility reduction such as natural gas, fuel and electricity. Most of the lights, including those in the parking lots, were converted to LED fixtures to reduce energy consumption. The airport's capital program includes an environmental component in all projects.

VAA completely restored two creeks on airport property, Reay Creek and TenTen Creek, that were effectively destroyed by historic pollutants. The creeks have been cleaned out from past damage, and fish are now returning.

There being no further questions or comments, the Committee Chair thanked everyone for participating in the session.

9. **Announcements**

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

Annual Public General Meeting

Thursday, May 9, 2019

7:00 PM

Mary Winspear Centre, 2243 Beacon Avenue, Sidney, BC

Fall Airport Consultative Committee Meeting

Tuesday, October 22, 2019

7:00 PM

SHOAL Centre, 10030 Resthaven Drive, Sidney, BC

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.