



Victoria Airport Authority

**Annual General Meeting
Summary of Proceedings**

**7:00 – 8:30 pm, Thursday, 9 May 2002
Held at the Seventh Day Adventist Church Hall
9300 Willingdon Road, Sidney, BC**

ATTENDANCE

VAA Board Members:

Chair: Alan Peterson
Mel Couvelier, Gordon Denford, Peter Dolezal, Vicki Kuhl, Carl Kuhnke,
Mervyn Lougher-Goodey, John Nicas, Peter Parsons, Linda Petch, Bob Skene,
Geoff Young.

Management and Staff:

Richard Paquette (CEO), Paul Connolly (Recording Secretary), Gary Zachary,
Anita Kardos, Mike Booton, Terry Stewart, Sharon Johnston, Bob Guido.

Others In Attendance:

External Auditor: Larry Ross, KPMG.
Transport Canada: Brenda Janzen, Senior Program Officer, Pacific Region.
Town of Sidney: Mayor Don Amos, Councillor Janet Hughes.
District of North Saanich: Mayor Linda Michaluk, Councillor Sheila Irving.
Federal MP: Gary Lunn.
Red Coat Volunteers: Irene Holman, Guy Hamel, Beryl Kovari, Trudy Nickel,
Marion Rodgers.
Commissionaires: Denis Pettigrew, Bill Cann, Don Fisher.

Public Attendance: approximately 35

- 1) **CALL TO ORDER**
- 2) **WELCOME TO ATTENDEES**
- 3) **WELCOME TO ELECTED OFFICIALS,
TRANSPORT CANADA AND OTHERS**
- 4) **INTRODUCTION TO BOARD OF DIRECTORS /
RED COAT VOLUNTEERS**

Alan Peterson, VAA Chair, welcomed all to the VAA Annual General Meeting.

5) **REPORT FROM THE VAA CHAIR – ALAN PETERSON**

- The Chair thanked the Red Coat Volunteers for their invaluable contribution to the Airport and community. Alan Peterson thanked each of the Volunteers in attendance at this meeting.
- Three Board members retired at the end of 2001: North Saanich Nominee: Graham Ross; Central Saanich Nominee: Bob McLaren; Sidney Nominee: Des Easthom. Three new Board members joined the Board in 2002: North Saanich Nominee: Peter Dolezal; Central Saanich Nominee: Peter Parsons; Sidney Nominee: Mel Couvelier. The Chair said it is a hard working Board with each individual bringing a wealth of experience, talent and expertise.
- Up until September 11th the VAA was in a good financial position. The VAA is now operating in an environment of uncertainty making these challenging and interesting times.
- The Terminal Building is astounding with the completion of the Rotunda Arrivals Hall, and Baggage Claim area.
- The amount of rent paid by the Authority to the Federal Government is an ongoing issue. The VAA continues to work with other airports through the CAC (Canadian Airports Council) Rent Review Task Force. There has been a positive development on this matter with the appointment of a new Deputy Minister. Alan Peterson met with him last week in Ottawa, and indications are the rent issue may be resolved by the end of the year.
- Together with representations from the community, opposition parties and others, the Authority continues to lobby the Federal Government to review the Security Charge. While in Ottawa last week attending CAC meetings Alan Peterson met with Gary Lunn, MP.

- The Federal Government is proposing to make changes to airport governance practices. A draft Canada Airports Act is expected to be available by the summer.
- VAA has a good working relationship with the Airport's neighbouring municipalities, North Saanich and Sidney. The VAA is working with the municipalities to address common infrastructure issues as well as developing airport lands for the benefit of the community.
- Alan Peterson said his term ends at the end of 2002. He has enjoyed the tremendous experience, adding that it is a business unlike any other. Alan Peterson said the talented Board, excellent management and dedicated staff continue to make this Airport one of which the community is proud.

**6) PRESENTATION OF THE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2000 BY KPMG**

Mr. Larry Ross, KPMG, External Auditor, presented the 2001 Financial Report at this Annual General Meeting.

Mr. Ross said it was a good year. He went through the Statement of Operations highlighting various items, noting the number of passengers increased up until the end of August and as a result operational revenue, and AIF revenue increased by approximately 7.5%. Expenses were up by approximately the same amount. Services Expenses were up, and included in that total was the increase in security costs after 9/11.

On the Statement of Financial Position the total Capital Assets in 2001 was \$19,635, 597 of which \$14,281,241 was Work-In-Progress, as a result of expansion activity.

7) REPORT FROM THE PRESIDENT AND CEO

Richard Paquette said he echoes the words of the Chair and highlighted the following:

- Year 2001 in Review
- Year 2002 Priorities
- Terminal Building Development

(A copy of Richard Paquette's presentation is attached to this Summary of Proceedings.)

8) GENERAL QUESTION PERIOD

- Gary Lunn said that with the \$24.00 security tax being collected on the one million plus passengers going through Victoria Airport in a year the Federal Government would be collecting in excess of \$26 million. He said this was a significant amount and asked if the Airport was getting its share? He asked who paid for security costs to this point?

The CEO said the one-way passenger security charge of \$12.00 came into effective 1 April 2002. It is charged to the approximately 600,000 boarding passengers for an approximate total of \$7,200,000. The airlines collect the charge and remit it to the Federal Government.

The CEO said the Authority received approximately \$231,000 for incremental security costs from 11 September 2001 to 31 March 2002. The Federal Government has not consented to pay any security costs, or any incremental costs of security beyond March 31, 2002.

On the matter of security equipment Transport Canada has informally indicated they will require not only screening of all checked baggage on international / transborder flights but of all domestic destinations within the next couple of years. If the equipment is required the new Federal Agency – the Canadian Air Transport Security Authority (CATSA) - will pay for the equipment. The Authority hopes the Federal Government would also cover the extra cost to expand the Terminal Building to accommodate the security equipment.

The CEO said in the past (and until the end of 2002) preboard screening was the responsibility of the airlines, costing approximately \$1.00 per departing passenger. CATSA will be taking over this responsibility by the end of the year.

- Gary Lunn expressed concerns: the amount remitted to the Federal Government going into general revenue, security equipment was not going to be installed immediately so why charge passengers now, and the effects of the charge on short haul flights and WestJet.

The CEO said he shares these comments. He said Pacific Coastal Airline passengers are not required to go through security yet they are required to pay the \$12.00 which is higher than a passenger fare on BC Ferries.

- One gentleman expressed his thoughts saying the world is paying dearly now for a previously lax security system in the USA. Canada had already a better security system in place.

- The same gentleman asked if WestJet has its new 737's flying into Victoria?

The CEO said WestJet has introduced its new 737's into their fleets; however, they are being used in their longer haul flights. WestJet continues to be fully compliant with Government regulations. He added, WestJet is an important component of the Canadian aviation system.

- The same gentleman asked if the Authority plans to adjust its AIF downwards in order to encourage more people to fly.

The CEO said VAA is working with ATAC (Air Transport Association of Canada – an organization representing the airlines) and other signatories to the AIF agreement towards a tiered AIF, one that is more sensitive to distance flown. The CEO said VAA has capital requirements: expansion of the Terminal Building, runway rehabilitation and electrical airside projects and needs the AIF to pay for these projects. An upward adjustment in the AIF is being discussed with Air Carriers.

- The same gentleman also received clarification on Board remuneration.
- Graham Roberts asked if it would be feasible in the future for the communities to take over ownership of airports from the Federal Government?

The Chair said the Federal Government wants to retain ownership of all airports within the National Airports System.

- Graham Richardson asked for an update on the Pat Bay Interchange plans.

The CEO said that after discussions with VAA, North Saanich and Sidney the BC Ministry of Transportation has undertaken to identify and evaluate the long term access options at Beacon and McTavish interchanges. In the end the issue will likely be funding availability.

There were no further questions.

9) CONCLUDING REMARKS

This concluded the Annual General Meeting at which time the Financial Statements were presented.

Mr. Peterson thanked everyone for coming.

10) ADJOURNMENT