



VICTORIA AIRPORT AUTHORITY

**Annual Public General Meeting
Summary of Proceedings**

**7:00 – 9:00 pm, Thursday, May 12, 2016
Mary Winspear Centre
Charlie White Theatre
2243 Beacon Avenue, Sidney, BC**

ATTENDANCE

VAA Board Members:

Board Chair: Jim Crowley

Board Vice-Chair: Eric Donald

Board Secretary: Marilyn Loveless

Chair, Audit and Finance Committee: Gordon Safarik

Chair, Planning and Development Committee: Lynne Henderson

Board members: Rod Dewar, Wendy Everson, Mel Rinald, Graeme Roberts,
Colin Smith and Sharlene Smith

Regrets: Frank Leonard

VAA Management:

Geoff Dickson, President and Chief Executive Officer

Randy Bogle, Chief Financial Officer

James Bogusz, Vice-President – Operations and Development

Scott Cunningham, Director - Facilities

Ken Gallant, Director – Operations and Safety

Nicole Beach, Manager – Human Resources

Recording Secretary:

Melinda Orłowski, Executive Assistant

VAA Staff:

Anita Kardos, Terminal Operations Officer

Public in Attendance: 45

1. CALL TO ORDER

The Victoria Airport Authority (VAA) Board Chair James Crowley called the meeting to order.

2. WELCOME TO ATTENDEES

The Board Chair welcomed the public and thanked them for coming to the Annual Public General Meeting. This is Mr. Crowley's first year as Board Chair, and he expressed his appreciation for the honour of serving in the position.

The APGM is one of three public meetings held by the VAA each year to inform the public of its initiatives, financial activities and plans for the future.

The Chair's update will focus on the financial performance for 2015 which has been the best in recent history. The Board approved an aggressive five-year strategic plan focusing on the expansion of air markets, passenger growth and revenue.

The Chief Financial Officer will present the findings from the external auditor, KPMG.

And finally, the CEO will highlight the accomplishments from 2015 and future direction of the airport.

At the conclusion of the formal presentations, VAA will welcome questions and comments from the audience. The Chair requested that people identify themselves, the region or organization they are from, and to be as concise as possible out of consideration for others who may wish to speak.

A number of elected representatives and business partners were recognized at the meeting, including:

- Gary Holman, MLA – Saanich North and the Islands
- District of North Saanich:
 - Mayor Alice Finall
 - Councillor Heather Gartshore
 - Councillor Geoff Orr
 - Councillor Celia Stock
 - Councillor Jack Thornburgh
 - Councillor Murray Weisenberger
- Town of Sidney:
 - Councillor Barb Fallot
 - Councillor Mervyn Lougher-Goodey
- District of Central Saanich
 - Councillor Alicia Holman

- External Auditor:
Sang Kiet Ly, KPMG LLP Victoria

3. REPORT FROM THE VAA BOARD CHAIR

With the assistance of a PowerPoint presentation, Mr. Crowley provided an update regarding the VAA and the Board of Directors.

VAA Board of Directors

In 1997, the Federal government divested itself from airports, and operations for the Victoria International Airport became the responsibility of the VAA.

Victoria International Airport serves the Greater Victoria region and surrounding area. The purpose of the airport is to act as an economic catalyst for the region by facilitating the movement of people, goods and ideas through flight.

Victoria International Airport is operated, managed and developed by the Victoria Airport Authority, which is a private, non-share capital corporation. There are no equity shareholders, and as such it does not distribute any earnings as dividends. All earnings are reinvested in the business of the airport.

Guiding Principles

The VAA's foundation is built upon its seven guiding principles which give the airport its direction, actions and behaviours to support the success of the organization, visitors to the region and our stakeholders. These seven guiding principles are:

1. Safety, security and the environment, which are paramount in every aspect of the organization;
2. To deliver exceptional levels of customer service and value;
3. To work openly and constructively in partnership with our stakeholders and the community, and to be accountable to the public;
4. To be an employer of choice by treating all employees with fairness, dignity and respect;
5. Responsible stewardship of VAA's assets by prudently managing its finances and infrastructure;
6. To promote sustainable economic development and tourism of the region; and
7. To foster leadership and innovation within the organization.

Strategic Plan

In 2015, the VAA updated its five-year Strategic Plan. The Annual Report shares some of the VAA's successes in realizing its Strategic Plan. The CEO will touch on many of those achievements later on during his presentation.

2015 Capital Additions

The VAA's capital program for 2015 was \$10.7 million. Key initiatives included an \$8.25 million apron expansion to accommodate additional overnight aircraft parking, upgrades to the public address system, improvements to the baggage carousels, the purchase of a new runway sweeper, upgrades to the airfield power distribution system, a refurbishment of the car rental facility and design of the parking lot expansion, which is expected to be complete by late fall.

10 Year Capital Program

In 2015, Victoria International Airport served a new record number of passengers: over 1.71 million people flew through YYJ. There were 30 successive months of record air traffic.

As the Victoria Airport Authority sets out on an ambitious terminal expansion plan to accommodate growth, a tremendous amount of long-term planning is required. The 10 year forecasted capital investment required will be \$166 million.

Cost-Competitive Airport

VAA takes immense pride that it is a cost-competitive airport. Low landing and terminal fees attract airlines. On April 4, 2016, Victoria International Airport welcomed the largest airline in the world, Delta Air Lines. Delta's extensive network through Seattle will connect Victoria to its global destinations.

In anticipation of the capital intensive investments that need to be made in order to keep up with demand, the Board directed the Management team to generate new sources of revenue and find efficiencies in its operations. Underlying all of VAA's activities is the general of enhancing the Victoria region to benefit the public.

One of the primary objectives is to grow the core business of airline service. Growth may be achieved in a number of ways including additional flights, adding new destinations, improving services at the airport, and creating new economic opportunities which benefit the Greater Victoria region as a whole.

Revenue Opportunities

The VAA strives to provide long-term positive influence on our region by operating in a financially responsible manner. There are a number of ways that the VAA has pursued additional revenue. These include:

- Expanding air service – Pacific Coastal Airlines and WestJet Encore added new destinations and increased frequency to existing destinations; and Delta Air Lines commenced new service to Seattle.

- Pattison Outdoors was the successful proponent for YYJ's new advertising concession. A number of prominent advertising displays have been incorporated. This new contract will generate a substantial amount of revenue that will be reinvested in the airport.
- Concessions like Spinnakers, Starbucks, car rental agencies, ground transportation providers and parking services generate substantial revenues that help keep aviation costs low for our passengers.
- Land development is a key source of non-aeronautical revenue. At 67%, this revenue stream is one of the highest of all airports in the National Airport System and is the envy of many airports around the world.

Sidney Gateway

One of the other potential revenue opportunities is a commercial development at Beacon Avenue and Pat Bay Highway, referred to as the Sidney Gateway project. In partnership with the Town of Sidney, this commercial business centre will provide new retail services, medical offices, and a fitness facility with daycare option for the local community. It will also generate significant property tax revenue for the municipality, local schools and the Sidney Business Improvement Association.

VAA was approached by Omicron to lease the parcel of land which was zoned highway commercial. While this project may be controversial to some in the community, it is welcomed by many. VAA's ability to lease land to provide income streams that benefit other tenants of the airport, keeps costs lower for the airlines, and benefits the Greater Victoria region as a whole. The CEO will expand on this project during his presentation.

Environmental Stewardship and TenTen Creek

Victoria International Airport continues to be a leader in environmental protection and management. After the recent remediation success of Reay Creek, VAA has turned its attention to cleaning up TenTen Creek by removing sediment, shoring up the banks, cleaning up historical pollution and a number of other projects including the installation of a new storm channel. The result of our efforts are paying off. The creek, long believed to be past reclamation, has seen the return of fish in recent years. Large cutthroat trout are returning to the stream. VAA is investing \$450,000 in this project.

VAA has a demonstrated record of implementing actions that improve water quality, reduce pollution and conserve natural resources. VAA will continue to focus its efforts on cleaning up TenTen Creek over the coming years. The Board is proud of the efforts of James Bogusz, Vice-President of Operations and Development, whose efforts and leadership of this project are coming to fruition.

Our People

Victoria International Airport is fortunate to have a dedicated team of employees. Engaged employees provide better overall customer service, which in turn creates better business results and a more rewarding work experience for our staff. With 41 full-time employees, the VAA is a relatively lean organization.

The Board is extremely proud of the outstanding dedication shown by the men and women at the airport. Their commitment to safety, security and customer excellence has resulted in numerous customer service and environmental awards over the years.

Departing Board Member Graeme Roberts – District of Central Saanich Nominee

The Board would like to extend its sincerest gratitude to Graeme Roberts, who retires from the Board on May 31, 2016. Mr. Roberts joined the VAA in June 2008 and is past Board Vice-Chair, and past Chair of the Airport Consultative Committee. Mr. Roberts has served on all Committees, often playing devil's advocate but always with a sense of humour.

VAA is currently working with the District of Central Saanich to finalize Mr. Roberts' replacement on the Board. We thank Mr. Roberts for his dedication and long service, and we wish him well in his future endeavours.

Electronic Copies of Annual Report

Copies of VAA's 2015 Annual Report were provided at the meeting. For those who prefer an electronic copy of the document, the report is available on VAA's public website at www.victoriaairport.com under the document library.

CONCLUDING REMARKS

In closing, the Board is proud of the present financial situation of the Victoria Airport Authority. It continues to have a strong balance sheet, a sustainable aggressive program of development, positive cash flow and will be free of debt in 2017. Over the years, the Board has challenged the Management team to achieve these kinds of results. Victoria International Airport is in one of the best financial conditions of the Tier 2 Airports and is the envy of many. Victoria International Airport also continues to be one of the lowest cost airports in Canada.

The Board and Management team are continually working to make Victoria International Airport the best airport that it can be. Its mission statement is to be the best airport anywhere, and the VAA intends to achieve this goal.

4. PRESENTATION OF THE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2015

Randy Bogle, VAA Chief Financial Officer (CFO), presented the 2015 Financial Report and reviewed the Financial Statements for the year ended December 31, 2015.

Representing the External Auditors at this meeting was Sang Ly, a partner with the firm KPMG LLP. VAA received an unqualified external audit opinion from its Auditors, KPMG. The Independent Auditors Report is located on page 43 of the Annual Report.

The CFO referenced the Statement of Financial Position as reported on page 44, and the Statement of Operations on page 45 of the Annual Report.

Aeronautical Revenue

The Airport has three types of revenue: Aeronautical, Non-Aeronautical and the Airport Improvement Fee (AIF). Aeronautical Revenue consists of the fees charged for aircraft to land at YYJ and to use the terminal building for passenger enplanement and deplanement. VAA does not receive any financial contributions from any level of government.

For 2015, Aeronautical revenue increased to \$6.3 million. Aeronautical revenue accounts for approximately 21% of total revenue. This percentage is quite low compared to our peer airports as YYJ has strived to keep landing and terminal fees low in order to assist in encouraging new services.

North America: Cost Per Enplaned Passenger

A recent paper written by the Air Transport Research Society found that YYJ had the lowest cost per enplaned passenger of any Canadian Airport. This is an important measure that airlines use to determine their cost to operate at various airports.

Non-Aeronautical Revenue

Non-Aeronautical revenue consists of items such as parking, concession fees and land rents. For 2015, Non-Aeronautical revenue increased by 6% to \$12.6 million. Victoria Airport has one of the highest percentages of Non-Aeronautical revenue in the country. VAA's non-aeronautical revenue increased 23% between 2011 and 2015.

Airport Improvement Fee

Effective July 1, 2015, the AIF increased to \$15 to assist in funding VAA's long-term capital program. 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. In 2015 AIF revenue increased to \$10.3 million.

Total Revenue

Overall revenue for 2015 increased by \$3 million, for a total of \$29.2 million.

Operating Expenses

Turning to expenses – Operating expenses consist of items such as safety & security, cleaning, utilities, maintenance and salaries & benefits. Operating expenses increased by \$300k to \$12.1 million. The increase is primarily related to increased maintenance costs, flight-way clearing and administrative costs paid to airlines to collect that AIF.

Amortization

Under generally accepted accounting principles the costs for capital assets is recognized over the useful life of the asset rather than as the cash paid for an asset in a particular year. In 2015 amortization increased by \$800,000 to \$6.5 million. This is as a result of the completion of capital projects and the commencement of amortization.

Rent and Property Taxes

The airport authority pays Rent to the Federal Government and property taxes to the District of North Saanich and Town of Sidney. For 2015, rent and property taxes increased by 11% to \$2 million. The increase is primarily related to increased rent paid to the Federal Government. Rent is calculated as a percentage of revenue. As revenues increase the amount of rent paid increases as well.

Interest on Long-Term Debt

In the mid-2000s, the VAA utilized long-term debt in the amount of \$18 million to fund the terminal expansion. The loan is being repaid over 10 years. For 2015, the interest paid on this debt decreased to \$126,000. The debt is due to be fully paid off on January 2, 2017 leaving the VAA debt-free.

Total Expenses

Total expenses for 2015 are \$20.7 million, an increase of \$1.2 million over 2014.

Excess of Revenue Over Expenses Reinvested in the Airport

Excess of Revenue over expenses for 2015 was \$8.4 million, an increase of \$1.7 million over 2015. This entire amount will be reinvested back into the airport and lands.

Assets

Current assets are \$13.9 million and consist mostly of cash, cash equivalents and accounts receivable.

Liabilities

Current liabilities are \$6 million, up from \$4.4 million in 2014. Due to the number of capital projects underway, accounts payable have increased and are due at the end of the year. Long term liabilities decreased to \$3.2 million.

Net Assets

Total assets less total liabilities are \$90.2 million, up from \$81.8 million in 2014.

Concluding Remarks

The VAA's strong balance sheet and relatively low debt positions it well for the future.

5. REPORT FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Geoff Dickson, President and Chief Executive Officer of the Victoria Airport Authority, shared highlights from Year 2015, and future plans for Year 2016 and beyond.

2015 was another excellent year for the VAA. With the assistance of a PowerPoint presentation, the CEO highlighted how the organization gauges its success. The new five-year Strategic Plan was developed in collaboration with the Board of Directors and Management team and serves as the compass to ensure VAA is taking a balanced approach to achieve its objectives.

Strategic Goals

Through his presentation, the CEO reviewed each of VAA's strategic goals, highlighting each area and demonstrating the results for each of the goals.

Providing a safe and secure airport is one of the most important things the VAA does. The Airside Operations Centre prominently features a large safety policy which is in view for all to see.

The people working at the airport are phenomenal and continually demonstrate their dedication to their jobs through excellent service delivery.

Attracting and retaining air service is vital for our regional economy. Thinking of the historic importance of seaports, railroads and highway infrastructure, airports are the portal to the world. Without connectivity, communities won't prosper. This is why it is essential to maintain and attract air services which will benefit the community as a whole.

VAA operates in a financially responsible manner, being a high quality yet low cost airport. It would be easy to raise the AIF significantly, however the Board and Management team did not believe it was the right thing to do. VAA's philosophy is to manage costs and diversify revenue for the benefit of the entire community, rather than by adding layers of expense onto the customer.

Provide a Safe and Secure Airport

For 2015, VAA had zero preventable injuries and security violations. VAA reached a significant milestone in the evolution of its Safety Management System. Five years ago, Transport Canada advised that they would be auditing the airport's processes. VAA established a safety policy, set safety goals, demonstrated the process, designed a program to track and measure hazards, including mitigating procedures. Through the Transport Canada audit, VAA was able to demonstrate through its overall quality assurance program that it does what it says it is going to do.

Victoria International Airport was the first Tier 2 airport to have its SMS program validation inspection completed and passed. The Board and Management are very proud of the team which required a significant investment of time to deliver. The rest of the country's airports look to YYJ as a model, of which we are proud.

HBS Recapitalization Project

The Federal government mandated changes to the Hold Bag Screening (HBS) process to bring the security screening up to international standards including improved explosive detection devices and computer tomography (CTX).

While the changes will enhance safety, the challenge is to keep bags moving while the entire baggage system is upgraded.

Baggage Screening Improvements

In November 2014, a temporary baggage facility was built to process passenger bags. The facility houses two baggage belts with one centralized self-bag drop point. The process has gone very well. Self-bag drop technology is where the industry is going; VAA anticipates it will see this technology at YYJ within five years.

Non-Passenger Vehicle Screening

Another security initiative mandated by the International Civil Aviation Organization (ICAO) is the screening of non-passenger vehicles. In 2014, all non-passengers were required to be screened when transiting airside. In May 2016, all vehicles operating airside were required to undergo security screening as per ICAO standards. A new screening facility was constructed to accommodate this security protocol.

Motivated Team of Employees

VAA has worked to create an environment of motivated and productive employees. For the fourth year in a row, VAA was awarded a Certificate of Merit for Healthy Workplace Month. The month of October focuses on a healthy work-life balance and included a number of initiatives for staff to highlight the importance of a healthy lifestyle. VAA was recognized as Business of the Year by the Greater Victoria Chamber of Commerce which speaks to the level of talent possessed by the team.

Water Main Break – April 13, 2016

At around 5:00 AM on April 13, 2016, the main water line in front of the airport ruptured. A number of businesses in the terminal were flooded, and the pressure from a 10 foot high wall of water blew open a steel door, flooding the basement. The firefighters acted quickly to shut off the water main, and repairs immediately got underway. The Emergency Operations Centre was activated, and the team came together to go into service recovery mode. Portable washroom facilities were brought in, free bottled water and sandwiches were handed out to passengers, updates were regularly shared on social media and on the website, and the response demonstrated by regular training is so important. The flooding could have been catastrophic but staff did a phenomenal job of handling the crisis.

Attract and Maintain Air Service

Another one of the strategic goals is to attract and maintain air service. Airports are portals to the world. VAA enjoyed nearly 10% growth over the last two years.

Proximity to Hubs

Most travelers desire non-stop service. While Victoria International Airport does not travel to all markets, YYJ is positioned in close proximity to three major hubs: Vancouver (YVR); Seattle (SEA); and Calgary (YYC).

Vancouver has 80 flights per day to the US, 18 to Asia, 11 to Europe and 3 to the South Pacific. SeaTac is one of the fastest growing airports in the United States, serving 42 million passengers last year. Delta and Alaska Airlines offer 300 flights per day to destinations around the world. Calgary Airport recently underwent a \$2 billion expansion. YYC moves 14 million people through their airport and is the third largest hub in Canada.

Annual Passenger Traffic

Victoria has enjoyed 30 consecutive months of record traffic levels – over 1.71 million passengers traveled through YYJ in 2015. Passenger growth has ranged from 0.4% to 3.4% per year. It is anticipated that Victoria will serve 2 million passengers by 2020.

Pacific Coastal Airlines

Pacific Coastal Airlines recently introduced non-stop service to Prince George and Kelowna utilizing a 30-seat SAAB aircraft. PCA has a great route network throughout British Columbia and will offer 22 flights per day over the summer months.

WestJet Encore

Three years ago, WestJet Encore did not exist. They now offer 14 flights per day to Vancouver and Kelowna, offering more connectivity and access to new markets.

Airline Financial Performance

In past years, the aviation industry has seen a number of challenges: a long run of financial losses, mergers, layoffs and strikes. In recent years, airlines have started to become profitable. Low fuel prices are a factor, which has allowed them to reinvest in their fleet and improve customer service levels.

Delta Air Lines

On April 3, 2016, Delta Air Lines launched non-stop air service between Victoria and Seattle. Delta is the world's largest airline. The CEO shared Delta's route map which will give travelers access to their vast network of destinations.

Canada Jetlines

As the airline industry becomes more profitable, other competitors start to enter the market. Canada Jetlines has a number of interested investors that want to help launch the airline, however foreign ownership restrictions limit their ability. They are working with the Federal government to resolve this matter. If Canada Jetlines is successful, they anticipate offering extremely competitive airfares to the traveling public, similar to Ryan Air in Europe.

New Leaf

New Leaf Travel has seen a number of challenges. After their initial launch, they temporarily suspended operations to work out some regulatory details. VAA anticipates that it will form part of their route map once the issues are worked out and service re-commences.

Operate in a Financially Responsible Manner

Another strategic goal is to operate in a financially responsible manner. VAA is executing a \$10 million capital plan, which is sometimes a challenge to deliver on time and on budget. VAA has achieved its operating and capital budgets while improving its financial performance for five consecutive years.

There has been a strong focus on developing non-aviation revenue. VAA is among the lowest costs for the airlines in the country and will be debt-free in Q1 of 2017.

At 67%, non-aviation revenue as a percentage of total revenue is the highest in the country.

Some people question why VAA might be thinking about leasing land for a shopping center. Studying airports around the world, many have land development divisions. Victoria International Airport currently has over 60 land tenants.

VAA is not a retailer, an aircraft manufacturer or a grocery distributor. However the airport is home to successful businesses like Scott Plastics, Sea Star Chemicals, Viking Air and Thrifty Foods/Sobeys. These land tenants help diversify VAA's revenue base and keeps costs low for customers and the airlines. Non-aviation revenue is also something to consider when VAA makes its discretionary investments such as construction of The Flight Path, undertaking environmental projects like TenTen Creek and Reay Creek, making donations to community groups, and other initiatives that are excluded from AIF revenue.

AIF Comparison – NAS Airports

The Airport Improvement Fee is directed entirely toward funding airport projects. VAA recently increased its AIF to \$15 yet is still one of the lowest cost airports in the National Airport System.

Domestic Turnaround Fees for a 737 by Airport

Air carriers consider a number of factors including airport fees when deciding where to operate. The cost for a 737 aircraft to land at Victoria is \$724, one of the lowest fees in the country. VAA has focused on keeping aviation fees low to encourage more flights in and out of the region.

New Wi-Fi Provider

Complimentary wireless internet service is available throughout the terminal, provided by Telus.

New Advertising Concession

The Pattison Group was recently awarded the new advertising concession at the airport. The scope of advertising is somewhat more prominent than before, which has resulted in some negative feedback. VAA will fully assess the components of the program over the next six months. A large electronic billboard that was installed near the airport's entrance provides valuable customer information on security wait times. Situated on airport land, VAA retains sole control over the content of the ads and will include updates on charitable and community groups in addition to paid advertisements.

Provide Exceptional Customer Service

Another one of the strategic goals is to provide exceptional customer service and facilities. Airports Council International's Airport Service Quality award is the highest honour airports can achieve. Victoria International Airport won Best Regional Airport in North America in 2012 and 2014, placing third overall on two occasions. CNN Travel rated YYJ as one of the 10 Most Loved Airports in the World.

Terminal Improvements

VAA has added some smaller touches that may go unnoticed but are still important touchpoints that add to the look and feel of the airport. Security screening areas tend to be sterile and cold.

VAA retained Landon Sveinson Photography to capture a nature scene in Francis King Park that represents the essence of the west coast, providing a relaxing and calming environment in which to clear security. The harsh metal screening equipment was covered with wood facades to soften the area.

The rotating art program was expanded to the second floor, bringing in another phase in partnership with the Victoria Art Gallery.

The rotunda was recently updated with new soft seating and plants to create a more park-like setting. This unique greeting area has an open look and feel to welcome guests to Victoria.

25th Anniversary – YYJ Red Coat Volunteers

The Red Coat Volunteers celebrated their 25th anniversary serving as tireless ambassadors serving customers at the airport. We appreciate the dedication and experience that the volunteers bring. Their passion and assistance is appreciated by all.

Be a Leader in Environmental Protection and Management

Another one of VAA's strategic goals is to be a leader in environmental protection and management. VAA has found a number of ways to use its discretionary income investing in the community such as building a 9.3 km bike and walking path around the airport, or the remediation efforts for Reay Creek which included the construction of a 200 meter diversion channel. The Board Chair previously referenced the return of cutthroat trout, which is a testament to the success of the project.

TenTen Creek

VAA will be investing \$450,000 toward improvements to TenTen Creek. The project will focus on reinforcing the banks to reduce sediment in the stream, with a view to improving water flow. The project will see the removal of garbage and add riparian plantings to improve the area. TenTen Creek is situated near a WW2-era historical dump site, and while it is not the VAA's responsibility to clean up, it is the right thing to do for the community.

USA Today

USA Today recognized Victoria International Airport as one of top five eco-friendly airports in the world. Some of the initiatives that caught their attention include the VAA's clean-up of polluted streams, creating spawning beds for salmon and trout, disposal methods of de-icing chemicals, solar powered hot water, organic waste recycling program and many other environmental initiatives.

Airport Carbon Accreditation

Victoria International Airport was the third airport in North America behind Seattle and Montreal to achieve the only carbon accreditation standard for airports. This program provides a way for YYJ to monitor its carbon footprints and emissions.

Electric Vehicle Charging Stations

VAA added six electric vehicle charging stations: two in the short term parking lot and four in the long term parking lot. The units are easily scaled to add more capacity as electric vehicles gain in popularity.

Expanded Glycol Capture System

The airport's new glycol capture system has a dedicated capture area with a 50,000 litre tank. This front-edge technology will fully break down glycol deicing fluids which can later be safely discharge into the sewage system. If the desired concentration levels aren't achieved, the glycol will be recycled.

2016

Looking ahead to 2016, there are some significant investments that will be required over the next five years. VAA's objective is to be slightly ahead of the demand curve while not overbuilding.

Terminal Expansion

There are a number of critical areas that are required to shape the airport. A multiphase terminal expansion project is underway. The project to expand overnight aircraft parking is complete. Over the summer, the taxiways will be widened in anticipation of relocating the aircraft parking stands to accommodate the building expansion to the north. Additional apron parking spaces for jet bridges will be created. The building will then be expanded to the west, eventually expanding the baggage halls and a US pre-clearance facility.

There is currently adequate seating for 250 in the lower passenger departure lounge. In order to accommodate the anticipated growth, the building will essentially be doubled, adding more amenities, larger washrooms and dedicated boarding bridges for passenger comfort and safety. An artist's rendition of the terminal expansion was provided as a reference.

In 2015, parking capacity was expanded to include 195 additional spaces. This year another 325 spaces will be added in order to meet demand.

Land Development

A visual of Victoria International Airport's land use plan was provided for reference. The airport land is on federal land and has its own zoning and development accords with the local municipalities. The zoning has been in place since 1997 when the Federal government transferred responsibility of managing the airport to the VAA. The intent of the government was to ensure as an airport it could protect itself and grown when it needs to. Typically VAA does not engage in discussions regarding airport development, however in the commercial development world it must be congruent with design and community standards. As part of the VAA's strategic plan, the CEO has a fiduciary duty to pursue development opportunities in order to keep aviation and terminal costs low.

When the Department of National Defence base reverts to the airport, VAA hopes to secure a tenant for the hangar and take a broader look at aviation development once an anchor tenant is secured.

Beacon Avenue Development – Proposed Sidney Gateway Project

With respect to the parcel of land that resides in the Town of Sidney, the Town and VAA reviewed the zoning and Official Community Plan to determine the uses were compatible. It was always the intent of the Federal government to give consideration to the site for commercial development.

With respect to the 10 acres of land that will be removed from the Agricultural Land Reserve, there is a lot of misinformation circulating in the community. Being federal land, the Government of Canada does not recognize the ALR. There is currently 200 acres of ALR land at the airport that is not being farmed, set aside for use as forests, the Rotary Park Field of Dreams and other areas that are in close proximity to the runways. There is another 300 acres of non-ALR land that the VAA allows to actively be farmed. VAA was not required to go through the Agricultural Land Commission to remove the 10 acres of land, however in the spirit of transparency it opted to go through the process. The ALC subsequently approved the removal of land for the development.

VAA was approached by Omicron to discuss a possible development. It should be noted that VAA is not the developer, it is the landlord who will be leasing the land to Omicron.

VAA began the exploration process of a possible development, holding a number of open houses and information sessions starting back in 2014 to gauge perspectives and solicit feedback from the community. The majority of voices supported a commercial development, with suggestions ranging from restaurants to retail. The clear message from the community was to proceed, but not to compete with the small businesses in the downtown core of Sidney. The developer, the Town of Sidney and the VAA are very mindful of these concerns.

The development proposes to have a grocery store, an electronics store, insurance and medical offices, a YMCA and daycare center, quick-service restaurants and a bank. It is an interesting opportunity but there remains a long process to go through before the project is approved. Ultimately the decision will be made by Town of Sidney Council.

Next steps include moving forward with amendments to the OCP and zoning bylaw; public consultation, a ruling by the Ministry of Transportation and Infrastructure regarding the development and roadways, and a number of reviews by the Town of Sidney. There will be a public hearing prior to final approval by the Town, so the community will have the opportunity to share their comments.

Commemorative Monument – Lost Airmen of the Empire

When the former DND Administration building was decommissioned, VAA preserved 2,000 bricks from the site. These bricks are being incorporated into a commemorative monument located at Hospital Hill and will honour the men and women who served our country. Local artist Illarian Gallant was selected as the creator of the monument. The memorial will see the addition of 22 twelve-foot high Cooper Hawk feathers intended to represent the tenacity, speed and fighting spirit of those who lost their lives defending our country. This project was a wonderful collaboration between the airport and a number of local residents led by Wally Du Temple, who is the son of the first base commander. VAA hopes to unveil the monument by November 2016.

6. QUESTION PERIOD

The floor was opened up to questions from the public.

Comment / Question:

A resident of North Saanich who did not identify himself commended the VAA for their excellent presentations. He inquired if there would be any opportunity to lengthen the runways or aprons to accommodate the larger gauge aircraft entering the market. With the massive thrust of the modern engines, aircraft can get airborne quickly however he was concerned about landings.

The CEO advised that some years ago, VAA considered extending the runway to 8,500 feet. However with the current aircraft capabilities, a 787 can fly anywhere in the world from a 7,000 foot runway. VAA is contemplating a 600 foot extension to the west because it is safer for landings, however that would be based on demand. Most of the destinations from YYJ are to within Canada, the US or Mexico which are easily accommodated on the existing main runway.

Sidney resident Dennis McRae shared that he spent 34 years in the aviation business working around airports. He inquired about the impacts of the transitional zoning on Runway 31 with respect to the heights of the buildings in the Sidney Gateway development.

James Bogusz, VAA Vice-President of Operations and Development, addressed the question. The airport zoning and safety surface is referred to as the Obstacle Limitation Surface. The Town of Sidney adheres to airport zoning, which is fairly restrictive. The proposed Sidney Gateway project would need to be a low-rise development which would mean there can be no buildings with certain heights in that area due to the proximity to the runway.

North Saanich resident Norman Harding advised that he lived on McTavish Road with a view of the terminal. He commented that while he is favour of security, the lights from the airport illuminate his living room. He suggested that there should be some kind of lighting shroud to block the light from entering his home.

James Bogusz offered to follow up with Mr. Harding after the meeting.

A resident of Sidney who did not identify himself advised that VAA was obviously doing a good job managing the airport, thanking the presenters for their updates. He inquired about the anticipated revenue that would be generated by the Sidney Gateway project.

In broad numbers, VAA typically receives between \$25,000 - \$30,000 per acre. The proposed Sidney Gateway development is approximately 10 acres, so VAA would likely see between \$250,000 to \$300,000 in revenue. The Town of Sidney would receive twice as much in tax revenue.

Sidney business owner Clive Tanner congratulated the VAA on its excellent presentations and said that the airport is an asset to the community. It is being well managed, however he had a criticism regarding the shopping center. Mr. Tanner was glad to hear VAA say the composition of the development has not yet been confirmed. He asked if he could send a letter setting out some reasonable alternatives and whether VAA might give some consideration to different options.

The CEO advised he would be happy to meet with Mr. Tanner and encouraged him to send a letter. He noted that VAA has a fiduciary responsibility to look at developing land in accordance with its designated zoning. Ultimately the decision on whether or not to proceed with the development will be up to Sidney Council.

Mr. Tanner had a follow-up question about the Sidney Gateway development, asking if the project would go to public hearing.

VAA confirmed that there would be a public hearing on the development where citizens would have an opportunity to comment and share their feedback.

Sidney resident Ray Hill echoed Mr. Tanner's expression of satisfaction about the way Victoria International Airport is being run compared to other 'zoos' elsewhere. He commented that the new large billboard along Willingdon Road was advertising security wait times, and while this information is appreciated he inquired whether there was another alternative than a huge billboard.

James Bogusz advised that security wait times are noted on the billboard as well as on the airport's website. Future plans for the billboard may include a status about the current capacity of the parking lots. The billboard is a new initiative under VAA's advertising program, so a number of ideas are being considered. VAA has an opportunity to utilize the billboard to share information about local events or other unpaid advertising that would benefit the community.

Councillor Murray Weisenberger commented on the parking lot expansion, encouraging people to find other ways to get to the airport rather than expanding the parking lots. He asked VAA to take it to heart to find other transportation solutions which would help address the greenhouse gas issue as well.

The CEO noted that getting people out of their cars requires social engineering and is challenging. VAA has engaged in discussions with BC Transit every year asking for improved service, however ridership has just not materialized. Transportation network providers like Uber are making their way into the market; however it has not yet arrived in Victoria. Future technology may see self-driving automobiles so fewer people will be parking at the airport.

Mayor Alice Finall advised that on April 13, she was flying out of the airport which coincidentally was the same day as the water main break that flooded the terminal. She wanted to commend the airport on its efficiency: the gates to the parking lot were opened, portable washroom facilities were brought in quickly, free water and food were offered to passengers, and every effort was made to ensure the public's needs were being met. She complimented the airport staff on their courteousness, professionalism and rapid response.

The CEO thanked Mayor Finall for her kind comments.

Bill Collins, a resident of Sidney and Chairman for the Residents of Reay Creek, said that Victoria was a wonderful airport to fly into. He wanted to speak to the issue of environmental stewardship. Nearly 30 years have gone by asking the federal government to clean up contaminated site around Reay Creek pond. With the participation of the VAA, District of North Saanich, Town of Sidney, BC Ministry of Environment and the residents of Reay Creek, the last three and a half years have been a good experience trying to get the polluter to clean up the mess. Recently Transportation Minister Marc Garneau advised that there is a large process with 10 steps that need to happen before getting on a Contaminated Sites list. Mr. Collins believes that the community must push Transport Canada to take responsibility for the contamination. He implored the VAA Board of Directors to work in lock step with the residents of Reay Creek to do what is right. Much of the aquatic life is being lost, and action needs to be taken.

James Bogusz provided some context about the area in question, advising there is a pond just outside Reay Creek in the Town of Sidney. Pollutants have been occurring for over 30 years. The airport is part of the working group, and VAA has paid for environmental studies as well as installing a storm water monitoring system for the flow. Mr. Bogusz wanted to personally thank the residents of Reay Creek, and in particular Mr. Collins, for being involved, helping the VAA learn more about the issue, and for pressing the federal government to assess and act. There remains a lot of work to do.

Don Enright, a resident of North Saanich, commented that with the Town of Sidney having the power to veto or approve the Sidney Gateway project, it leaves North Saanich unrepresented. He asked if the VAA was content with that, and whether there was any provision for North Saanich's input.

James Bogusz advised that the decision will be up to the Town of Sidney. There were two open houses held in 2014 and participation from the various municipalities was encouraged.

Mr. Enright said the point he wanted to make was that there is no formal approval process available for North Saanich. Despite the development being in Sidney, North Saanich is a primary mover in the operations. It has in essence been left without representation. He questioned whether the District of North Saanich abdicated its role in making the decision, giving power to the Town of Sidney. He asked if the District of North Saanich was mute.

James Bogusz advised that legally, the Town of Sidney ultimately makes the decision since the parcel of land resides in Sidney.

Mr. Enright added that the Town of Sidney may make the decision, but the District of North Saanich will be affected.

The CEO noted that Mr. Enright was wading into a political discussion of crossing municipal boundaries.

North Saanich Councillor Celia Stock advised that she has spoken to numerous visitors and residents of North Saanich who are very appreciative of the airport's public art program. It provides a wonderful display of artists from the entire Capital Region. New and established artists often have challenges becoming known, so the airport art program is a tremendous asset by raising people's awareness of local artists. The new art display on the second floor of the airport has been very well received. The program is one of the great public contributions to all of southern Vancouver Island, North Saanich and the Town of Sidney. There are many artists in the area, so she was very appreciative of this initiative.

The CEO thanked Councillor Stock for her comments.

Central Saanich Councillor Alicia Holman advised that while she is a Councillor in the District of Central Saanich, she is a Sidney taxpayer. She asked a question at the spring Airport Consultative Committee meeting regarding agricultural uses at the airport. She asked whether the VAA would consider no net loss for land removed from the Agricultural Land Reserve for the Sidney Gateway project. There will be a letter coming from the Peninsula Area Agricultural Commission asking for a long term commitment regarding the use of agricultural lands, tying in some environmental aspects of the strategic plan.

The CEO advised that the federal government does not recognize the Agricultural Land Reserve as it falls under provincial jurisdiction. Additionally, VAA leases the land from the federal government who owns the land. The lease expires in 2077. VAA is unable to embed a commitment in perpetuity but it is willing to explore farming opportunities. Keep in mind that there are a number of areas near the airfields where farming activity must be avoided. As far as no net loss, VAA can donate the top soil to local farmers or First Nations.

Councillor Holman advised that the Peninsula Area Agricultural Commission would be grateful for the donation of topsoil.

James Bogusz is looking to work with the District of North Saanich to amend its Accord to commit the airport to consulting with North Saanich if future land is developed. There are currently two parcels of land, one is a forested area along Willingdon Road, and the other is an area near TenTen Creek that would be affected. VAA currently has no plans to develop those two parcels and wants to leave them as naturally forested in its future Master Plans.

Once the VAA's lease with the federal government expires, it will be up to them to determine what to do with the land.

Ken Williams from the Sidney Industrial Park noted that the airport provides a great facility for the community and the island as a whole, however the traffic flow around the airport creates a bottleneck. Vehicles can only travel on either side of the airport. He suggested putting a tunnel underneath the main runway to allow for traffic flow through (and under) the airport, perhaps an extension to the Flight Path as part of the greater transportation flow. This may reduce the traffic bottleneck. He suggested that an underpass be constructed extending McDonald Park Road to Mills Road, coming off the highway and under the runway. Portions of the airport could be channeled.

The CEO would be pleased to hear about ways to improve traffic but tunneling under the main runway is not something the airport could commit to.

Springfield Harrison, a resident of North Saanich, inquired about the Sidney Gateway project. He referenced the fact that VAA received approval to exclude the parcel of land from the Agricultural Land Reserve, however he had filed an appeal with the Agricultural Land Commission seeking to overturn that decision. If the appeal is upheld, he inquired how the VAA might respond.

James Bogusz advised that until the decision has been received from the ALC, VAA will not speculate on the matter. No factors have changed, and the appeal is not based on any new facts. The CEO added that because the parcel of land in question is bifurcated by an airport, the long term potential for farming is zero. Therefore the potential for the ALR decision to be overturned is low.

There were no further questions from the public.

7. ADJOURNMENT

This concluded the Victoria Airport Authority Annual Public General Meeting at which time the Financial Statements and 2015 Annual Report were presented.

The Board Chair thanked the public for attending and for their interest in the Victoria International Airport.

The meeting was adjourned.