Report to Nominators Presentation
City of Victoria

May 23, 2019

Introduction

Geoff Dickson
President and Chief Executive Officer

Eric Donald
City of Victoria Nominee
- Governance Committee
- Planning and Development Committee
- Audit and Finance Committee
- Chair, Human Resources and Compensation Sub-Committee
YYJ Demand
Annual Passengers

2018 annual passengers: 2,048,627
2019 annual passengers: 2,488,157

Two Million Passengers
**2019 Growth Slowing?**

- January traffic down (0.4%)
- February traffic down (5.3%)
- March traffic down (0.6%)
- Shift in service and weather events contributed
- Monitoring trends, but emphasizes need for revenue diversification

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**2018 Financial Highlights**

- Operating and Capital budgets achieved and financial position strong
- Debt fully retired as of January 3, 2017
  - $175 million of capital investment since VAA inception
- Non-aviation revenue as a percentage (67%) of total revenue is the highest in the country
  - Parking, restaurants, retail, car rentals, land rent
- Airline operating costs lowest quartile in Canada
### Financial Income Statement

#### Revenue and Expenses

<table>
<thead>
<tr>
<th></th>
<th>2018 Actual</th>
<th>2017 Actual</th>
<th>Variance from 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$39.5</td>
<td>$37.2</td>
<td>$2.3</td>
</tr>
<tr>
<td>Expenses excluding amortization</td>
<td>18.8</td>
<td>17.3</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Net income before amortization</td>
<td>20.7</td>
<td>19.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Amortization</td>
<td>9.5</td>
<td>8.6</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$11.2</td>
<td>$11.3</td>
<td>($0.1)</td>
</tr>
</tbody>
</table>

### 2019 Capital Expenditures

<table>
<thead>
<tr>
<th>2019 Projects Include:</th>
<th>2019 ($ thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Hold Room Expansion (Multi-phase)</td>
<td>$10,200.0</td>
</tr>
<tr>
<td>Apron Expansion Phase 4A</td>
<td>$7,100.0</td>
</tr>
<tr>
<td>Extend Taxiway Echo East</td>
<td>$4,300.0</td>
</tr>
<tr>
<td>ATB Power System Improvements – Phase 1</td>
<td>$850.0</td>
</tr>
<tr>
<td>Airside Fleet Renewal - 2019</td>
<td>$650.0</td>
</tr>
<tr>
<td>Common Use Ground Power Units</td>
<td>$600.0</td>
</tr>
<tr>
<td>Automated Exit Lane Portals</td>
<td>$425.0</td>
</tr>
</tbody>
</table>
Snow Event

Lower Hold Room Expansion
New Accessibility Features
In Consultation with Rick Hansen Foundation

New Commissioned Art
‘Time Capture’ by Charles Campbell

• Three sided wooden vessels derived from the shape of canoes, ship hulls and migratory birds;
• 12 meter diameter ring
• 5 rings of 12 vessels = 60 seconds in a minute, 60 minutes in an hour
• The surface of each vessel is inscribed in Morse code with a verse from Octavia Butler’s poem ‘Paradise’
Apron Expansion Phase 4

Extend Taxi Echo East
Air Canada Rouge
767-300 Service to Toronto Plus 5 x weekly Montreal A319

Photo Credit: Wikimedia

Delta Airlines Ending Seattle Service

victoriaairport.com
New Airlines are Entering the Market

Ultra Low Cost Carrier (ULCC) model proposed in order to generate incremental demand

Currently Operating
New Management Team

Started June 2018
Separate from WestJet
Target 40% Cheaper Fares

Pursuing Financing
Indigo Partners

Potential Markets

victoriaairport.com
**Improved Public Transit**

- Currently 32 departures to and from YYJ and the McTavish Transit Exchange
- Ten additional BC Transit bus frequencies started September 2018
- Improvements to routes 83/88

**Airport Carbon Accreditation**

- **Level 1**: YYJ was one of the first airports to achieve Level 1 certification; only 11 in North America
- **Level 2**: Focus on reducing emissions by airport tenants
- **Level 3**: Focus on aircraft movements, corporate business travel and ground access transportation
- **Level 4**: Carbon neutrality
- Since 2013, YYJ has seen a **22% reduction** in carbon emissions

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**Mapping**
- Footprint measurement

**Reduction**
- Carbon management towards a reduced carbon footprint

**Optimization**
- Third party engagement in carbon footprint reduction

**Neutrality**
- Carbon neutrality for direct emissions by offsetting
Carbon Reduction Programs
Airline Partners at YYJ

Air Canada
- Newer and lighter aircraft, shorter routes, alternative fuels, expanded recycling program; carbon offset credits in partnership with Less Emissions Inc.

WestJet
- New aircraft, winglet and engine technology; new head office constructed to LEED standards; electric ground support equipment; carbon offset credits in partnership with Carbonzero Canada

Alaska Airlines
- Improved aircraft technology, shorter flight times, sustainable biofuels, composting program; ‘Greener Skies’ approach; carbon offset credits in partnership with Carbonfund.org; rated the most fuel-efficient U.S. carrier five years in a row

Environmental Awards

- Synergy Sustainability Institute’s 2017 Vancouver Island EcoStar Community Environmental Award for Ecological Stewardship

- BC Aviation Council’s Silver Wings 2018 Environmental Achievement Award for the TenTen Creek Sediment Reduction Project
Questions