

LEGISLATIVE SERVICES



December 15, 2014

DELIVERED BY COURIER

Mayor Lisa Helps and Council City of Victoria 1 Centennial Square Victoria, BC V8W 1P6

Dear Mayor Helps and Council,

Re: Victoria Airport Authority - 2014 Report to Nominators

We are pleased to enclose a copy of the 2014 Report to Nominators detailing the affairs of the Victoria Airport Authority over the past year.

If you have any questions about this Report, or if Council would like a more detailed briefing, please contact our Executive Assistant and the necessary arrangements will be made.

Yours truly,

Lindalee Brougham

Chair

Victoria Airport Authority

LB/mo Enclosure

c: Mr. Rob Woodland, Director - Legislative Services



March 30, 2015

DELIVERED BY COURIER

City of Victoria 1 Centennial Square Victoria, BC V8W 1P6

Attention: Mayor Lisa Helps and Council

Dear Mayor Helps and Council:

Re: New City of Victoria Nominee

Victoria Airport Authority Board of Directors

At the March 30, 2015 Special Meeting of the Victoria Airport Authority Board of Directors, the members approved the appointment of **Eric Donald** as the City of Victoria's Nominee.

Mr. Donald's initial term will be from April 1, 2015 to December 31, 2017, with an option of two additional term renewals for a maximum of eight years. The Board looks forward to the contributions that Mr. Donald will bring to the position.

We thank you for your assistance with this matter.

Yours truly,

Mel Rinald

Chair

Victoria Airport Authority

MR/mo

c: Mr. Eric Donald

Mr. Robert Woodland, Legislative Services



VICTORIA AIRPORT AUTHORITY

Report to Nominators

2014



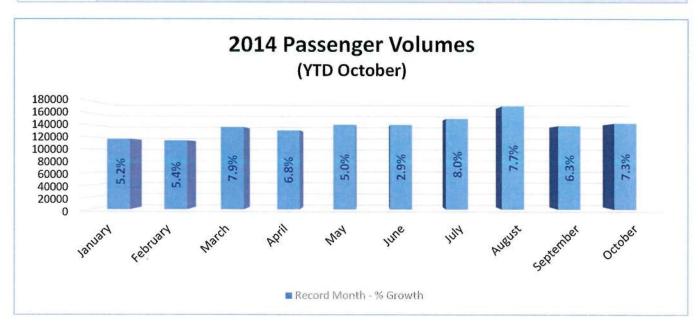
Report to Nominators 2014

The Victoria Airport Authority (VAA) Board of Directors is pleased to present the following brief summary Report to Nominators. Financial results are preliminary estimates. The formal Annual Report with audited results will be available in April 2015 prior to the Annual Public General Meeting scheduled for May 7, 2015.

Passenger Traffic

Year-to-date passenger traffic is up 6.3% as of October 31, 2014, compared to the same period last year, with each month representing record traffic levels.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 Forecast
Domestic	1,171,939	1,239,921	1,280,300	1,297,346	1,268,259	1,234,558	1,217,558	1,236,231	1,277,097	1,335,125
U.S. & International	146,456	150,207	201,306	241,071	264,630	279,762	282,263	269,981	279,863	294,875
Total Passengers	1,318,395	1,390,128	1,481,606	1,538,417	1,532,889	1,514,713	1,499,821	1,506,212	1,556,960	1,630,000



Achievements

2014 was a very successful year for Victoria International Airport, with strong passenger growth, continued cost efficiency, significant infrastructure investment to position the airport for future growth and recognition for environmental excellence.

Highlights

- Record passenger numbers in each of the first ten months of 2014, with year-end projections expected to be well over 1.6 million passengers.
- The Air Transport Research Society identified Victoria International Airport as having the lowest cost per enplaned passenger in Canada of twelve major airports studied.
- The Air Transport Research Society identified Victoria International Airport as having the highest percentage of revenue generated from non-aeronautical revenue of twelve major Canadian airports studied, and in the top 5% of 295 airports studied worldwide.
- Two critical infrastructure projects were completed to address continued aviation growth:
 - i) A \$7.5 million overlay of the main runway 09-27 to strengthen the runway and ensure its structural integrity for a further twenty years;
 - ii) A \$8.1 million terminal renovation project that involved the expansion of pre-board screening capacity, new concession programs, improved traffic flow through the creation of a centralized circulation core and the expansion of seating capacity in the upper departures area.
- The NEXUS Preferred Traveller Program for NEXUS members to fast-track through the security screening process was introduced.
- Peninsula Streams Society named Victoria International Airport winner of the Biodiversity Conservation Award for its work done on Reay Creek.
- A new five-year Strategic Plan was developed to guide the future direction of the airport to 2020.

Air Services

- WestJet introduced year-round scheduled service to Las Vegas, which was previously a seasonal winter destination.
- Pacific Coastal Airlines announced new non-stop service between Victoria and Prince George commencing January 2015 to provide access to BC's growing northern economy.
- WestJet introduced daily one-stop service to Saskatoon and Winnipeg.
- An agreement was negotiated through the Western Economic Diversification funding program for air service development with a focus on developing U.S. markets.
- Several meetings were held throughout 2014 with Senior Management of two potential new low-cost carriers: Canada Jetlines and Jet Naked, to ensure Victoria forms part of their start-up plans.

Ground Transportation

- Wilson's Transportation Ltd. operated their first full year as the licensed hotel shuttle bus operator. The new service has been branded the 'YYJ Airport Shuttle'. Customer satisfaction as indicated through market research has been very positive.
- The VAA held discussions with BC Transit to improve access to public transit for both airport passengers and staff. While BC Transit did triple the level of service to the airport in 2011, the airport desires 'same-bus' service in addition to the connections at the McTavish Road interchange.
- A new five-year car rental concession agreement was negotiated, which resulted in improved financial contribution to the airport.

Community Relations

- VAA maintains a comprehensive public communications program through its Annual Public General Meeting, Airport Consultative Committee meetings, Environmental Committee meetings and Noise Management Committee meetings.
- VAA representatives are active members in a number of community organizations including Tourism Victoria, the Greater Victoria Economic Development Agency, the Saanich Peninsula Chamber of Commerce, Greater Victoria Chamber of Commerce and Sidney Community Development Committee.
- In addition, updates about Victoria International Airport are communicated through its Annual Report, On Approach airport newsletter, website, airmail and social media platforms. YYJ's mobile site was updated with enhanced graphics and content.
- VAA held open houses and participated in numerous speaking engagements to share information about upcoming projects, initiatives and events.
- VAA assisted the Department of National Defence with a solemn repatriation ceremony for Leading Seaman Brandon South, who sadly passed away in Tanzania during his deployment with HMCS Regina.
- In May VAA hosted a community event celebrating the completion of The Flight Path, YYJ's 9.3 km multi-use bike and walking trail that encircles the airport. The event featured a fly-past of vintage and military aircraft and entertainment. A social media contest was held inviting users to share what they most liked about the path, with bicycles awarded as prizes.
- The Town of Sidney's 'Glow As You Go' safety campaign was extended to The Flight Path to ensure pedestrians remain visible while enjoying the outdoors.
- VAA facilitated a number of exclusive behind-the-scenes airport tours for military cadets, preschool groups and service organizations.
- Senior airport executives and the VAA Board of Directors participate in several mentorship initiatives with a number of post-secondary institutions to share knowledge and build relationships with future business leaders.
- In cooperation with the Community Arts Council of Greater Victoria and the Art Gallery of Greater Victoria, a rotating art collection is featured throughout the airport to promote Victoria as a center of artistic and cultural excellence, to provide professional opportunities to local and regional visual artists, and to enhance public spaces.

Customer Service

- YYJ's new iconic 'Spinnakers On The Fly' restaurant was officially opened in January.
- The NEXUS Preferred Traveller program was launched in November. Pre-approved frequent fliers can now be fast-tracked through the security screening process.
- New countdown clocks were added at the security checkpoint to indicate wait times and to alleviate stress associated with line-ups.
- The Victoria Airport Authority completed the installation of a number of interpretive signs around its 9.3 kilometre multi-use trail, 'The Flight Path', to enhance this unique recreational facility.
- As wrapped gifts cannot be taken through security, the Victoria Airport Authority introduced a holiday gift wrapping program for busy travellers while they wait to board their flights.
- Victoria International Airport ranked in the top 10% of Airports Council International's Airport Service Quality Customer Satisfaction Survey.

Donations and Sponsorships

- In August, VAA accepted the ALS Ice Bucket Challenge and donated \$1,000 to the cause.
- In lieu of sending out holiday greeting cards, VAA collected non-perishable food items and cash donations for donation to the Sidney Lions Food Bank, Mustard Seed Food Bank and Victoria Hospice Society.
- The VAA Board of Directors matched employee contributions to the United Way of Greater Victoria which totalled approximately \$8,500.
- VAA contributed an additional \$44,950 toward various charitable causes and community events through donations and sponsorships, which are noted on the following page.
- In summary, VAA forecasts the 2014 charitable contributions to total \$54,450.

2014 Charitable Donations and Sponsorships

Organization	Amount
ALS SOCIETY - ICE BUCKET CHALLENGE	\$ 1,000.00
BC AVIATION COUNCIL	1,250.00
BC AVIATION MUSEUM	650.00
BC CHILDREN'S HOSPITAL FOUNDATION	2,500.00
BLUE BRIDGE REPERTORY THEATRE	1,000.00
BROADMEAD CARE FOUNDATION	400.00
CANADIAN AIRPORTS ELECTRICAL ASSOCIATION CONFERENCE	1,000.00
CANADIAN BREAST CANCER FOUNDATION	250.00
CANADIAN CANCER SOCIETY - COPS FOR CANCER	250.00
COLLLIERS CHARITY EVENT	225.00
COMMUNITY ARTS COUNCIL - SIDNEY FINE ARTS SHOW	750.00
CERTIFIED GENERAL ACCOUNTANTS - EDUCATIONAL DONATION	25.00
CITY OF VICTORIA - CANADA DAY CELEBRATIONS	1,000.00
CR FLAIR – SAANICH PENINSULA FLAVOUR TRAIL	250.00
DISTRICT OF NORTH SAANICH – TREE PLANTING EVENT	2,500.00
GENONIMO CANOE CLUB	100.00
GREATER VICTORIA CHAMBER OF COMMERCE (Various Events)	3,500.00
HEART AND STROKE FOUNDATION	200.00
LEADERSHIP VICTORIA	1,500.00
MOUNT FINLAYSON MADNESS	500.00
MULTIPLE SCLEROSIS – VIGSA FUNDRAISER	800.00
PEARSON COLLEGE	1,500.00
PENINSULA CELEBRATIONS SOCIETY	1,000.00
PENINSULA MINOR HOCKEY ASSOCIATION	500.00
PENINSULA STREAMS SOCIETY	2,000.00
POWER TO BE ADVENTURE THERAPY	1,000.00
RUGBY CANADA	500.00
SAANCHA – MARY WINSPEAR CENTRE	500.00
SAANICH PENINSULA CHAMBER OF COMMERCE	500.00
SAANICH PENINSULA HOSPITAL FOUNDATION	2,100.00
	250.00
SAANICH SPORTS ASSOCIATION – FIRST NATIONS SOCCER SPONSORSHIP	500.00
SEASIDE MAGAZINE – TAKING IT TO THE STREETS EVENT	1,000.00
SHAW OCEAN DISCOVERY CENTRE	500.00
SIDNEY ANGLERS ASSOCIATION	
SIDNEY FIRE 100 YEAR ANNIVERSARY	1,500.00 650.00
SIDNEY LIONS FOOD BANK AND TULISTA PARK PLAYGROUND EQUIPMENT	
SIDNEY PIER HOTEL – FOOD BANK FUNDRAISER	200.00
TEAM FOR HOPE – TOUCH A TRUCK FOR NEUROBLASTOMA RESEARCH	600.00
TSEYCUM FFIRST NATION – ABORIGINAL BASEBALL	1,000.00
TSEYCUM FIRST NATION – ELDERS GATHERING	1,000.00
TSEYCUM FIRST NATION – SHOREKEEPERS ENVIRONMENTAL PROGRAM	2,500.00
TSEYCUM FIRST NATION – WOMEN'S WAR CANOE RACING CLUB	1,000.00
UNITED WAY OF GREATER VICTORIA (Anticipated – includes Board match)	8,500.00
UNIVERSITY OF VICTORIA – AERO TEAM	1,500.00
VICTORIA OPEN GOLF IN SUPPORT OF GREATER VICTORIA HOUSING SOCIETY	5,500.00
VICTORIA RADIO CONTROL MODELERS SOCIETY – CFAX SANTAS ANONYMOUS AND SAANICH PENINSULA HOSPITALS FOUNDATION	1,000.00
TOTAL:	\$54,450.00

Events at YYJ

- In January, Victoria International Airport hosted the annual Santa Shave For Hospice, raising funds and awareness for Victoria Hospice Society.
- In March, Victoria Airport Fire Services hosted a firehall training day for a young Neuroblastoma patient.
- National Volunteer Week was celebrated to recognize the invaluable service of YYJ's Red Coats Volunteers.
- WestJet's Disney Magic aircraft paid several visits to YYJ over the summer months.
- In June, a restored Second World War-era deHavilland Mosquito made its inaugural test flights at Victoria International Airport.
- In August, the Victoria Flying club welcomed the 'Maid In The Shade' B-25J bomber offering public tours of the historic aircraft.
- VAA participated in a ribbon cutting ceremony connecting 'The Flight Path' with the Town of Sidney's 'Heartsmart Walk', creating a 13 kilometre route for the public to enjoy.
- Between May and November, VAA hosted a replica Viking ship display in the rotunda to promote Royal BC Museum's exhibition 'Vikings – Lives Beyond The Legends'.
- A 9' x 100' photographic mural of Butchart Gardens' famed dahlia walk was unveiled to provide a greater sense of place on the jetways.
- Award-winning radio producer and USA Today writer Harriet Baskas visited Victoria International Airport as part of her travel blog which promotes airport services and amenities around the world.

Safety and Security

Safety and security are the highest priorities for the Victoria International Airport.

- In 2014, a project to expand CCTV camera coverage was completed which introduced state-of-the-art systems and expanded the program to 125 cameras.
- Victoria International Airport implemented Transport Canada's enhanced Non-Passenger Screening (NPS) program to comply with International Civil Aviation Organization standards.
- VAA hosted the annual Canadian Airport Operators' Security Conference in February.
- VAA participated in the Capital Regional District's Goose Management Program with the objective to reduce the threat of aviation-related bird strikes.
- A number of safety and security initiatives were implemented, including a new system for documentation checks, an enhanced Airside Vehicle Operators Program, an updated Hazard Registry for the Safety Management System and an updated Airport Incidents Reporting System.
- Human Factors Training was provided to all VAA staff.

Environment

The Victoria International Airport continued to maintain a leadership position with respect to environmental stewardship.

- In addition to receiving a number of awards in 2013 for its Reay Creek remediation project, the Peninsula Streams Society provided a Biodiversity Conservation award to the VAA in 2014 for the project.
- A detailed geotechnical review was conducted on TenTen Creek to form the basis for site remediation by Transport Canada.
- Phase 1 of BC Hydro's Continuous Optimization Program was completed, as the emphasis continued on energy conservation.

- VAA joined Airports Council International's Carbon Accreditation Program, a voluntary initiative with a focus on managing and reducing CO² emissions in aviation operations.
- VAA received a clean environmental review from Transport Canada.
- Noise contours and noise forecasts were updated and posted to the VAA's website.
- A program with a local company was initiated to test the recycling of glycol (de-icing fluids).

Airport Operations

- The Operations team is responsible for keeping the runways clear, inspecting and repairing equipment, maintaining the airport grounds and terminal buildings, maintaining VAA's fleet and ensuring compliance with Transport Canada's safety requirements.
- In 2014, a multi-phase airfield power distribution system was initiated to upgrade the entire airfield and provide an improved.
- A three-inch overlay of Victoria International Airport's main runway 09-27 was completed. The project was two years in the planning stages in order to pave an active runway over an eight week period and maintain operations.
- Glycol capacity was doubled to ensure increased operational readiness for worst case snow conditions.
- A new heavy-duty sweeper truck was acquired to help assure the safe operations of the airport.
- A mid-life retrofit of all passenger boarding bridges was completed.
- In July a new Director of Operations joined the VAA from the Charlottetown Airport Authority.

Land Development

- VAA is contemplating a development on an eight-acre parcel near Beacon Avenue and Highway 17. Public open houses were held in July to solicit feedback. A traffic study will be completed, then VAA will work with the Town of Sidney to change the Official Community Plan and zoning.
- After three years of ongoing construction, the new 443 Maritime Helicopter Squadron hangar is nearing completion. This \$155 million project includes a hangar that will accommodate up to nine Cyclone helicopters, an aircraft wash and refueling cabinet, exterior aircraft parking for large body aircraft and parking for up to 300 vehicles for military personnel.
- Once the Department of National Defence vacates their former hangar, VAA will be in a position to market the facility to prospective tenants with a strong focus on the aerospace industry.
- As part of its commitment to the community, VAA plans to preserve a large quantity
 of bricks from Administration Building 11 once it is demolished, to be repurposed
 for a commemorative monument in honour of the men and women who served as
 members of the Canadian military.

Financial Highlights (Projected 2014 Results)

Attached as Appendix 1 is VAA's unaudited 2014 Forecasted Statement of Operations.

Highlights

- No increase to the \$10 Airport Improvement Fee which is the lowest for NAS Airports in Canada and has remained unchanged since 2004.
- The Air Transport Research Society identified Victoria International Airport as having the lowest cost per enplaned passenger of twelve major Canadian Airports studied.
- Total revenue for 2014 is expected to be 5.6% higher than 2013.
- Excess revenue over expenses before amortization improved 6.8%.
- Year-end long-term debt was reduced by \$1.8 million to \$4.05 million.
- Non-aeronautical revenue was 66% of total operations revenue.

Rent to the Federal Government

- In 2014, VAA paid approximately \$877,000 to the Federal government.
- The rent formula is a sliding scale with rate increases similar to income tax.
- VAA is currently in the 5% marginal rent bracket which applies to annual gross revenue between \$10 million and \$25 million, and expects to be in the 8% rent bracket before year end, which applies for gross revenue over \$25 million.

Capital Program

Over \$124 million has been invested in capital improvements to the facility since the Victoria Airport Authority took over operations of the Victoria International Airport in 1997.

Attached as Appendix 2 are the Capital Program 2014 Forecast and 2015 Capital Program Plan.

Board of Directors

The Board of Directors provides oversight to the Victoria Airport Authority to ensure its purposes and objectives are realized, and that YYJ operates in a safe, efficient and reliable manner.

Attached as Appendix 3 is a summary of the VAA Board of Directors and Committee Participation for year 2014.

Appendix 1

Victoria Airport Authority 2014 Forecasted Statement of Operations

Forecast for the year ended December 31, 2014, with comparative figures for the year ended December 31, 2013 (Unaudited)

		2014 Forecast	2013 Actual	% Change
Revenue		Forecast	2013 Actual	% Change
Landing fees	\$	3,373	\$ 3,118	8.2%
General terminal charges		2,846	2,616	8.8%
Concessions		8,312	7,786	6.8%
Rentals		3,090	3,033	1.9%
Other		461	479	(3.8%)
		18,081	17,031	6.2%
Airport Improvement Fee	-	7,980	7,640	4.5%
		26,061	24,671	5.6%
Expenses				
Salaries and employee benefits		4,414	4,224	4.5%
Services, supplies and administration		3,782	3,463	9.2%
Security & terminal services		2,411	2,314	4.2%
Transport Canada rent		928	778	19.3%
Property taxes		865	893	(3.2%)
AIF handling fees		577	550	4.9%
Amortization		5,700	5,065	12.5%
Utilities		711	684	4.0%
Interest		200	276	(27.5%)
		19,587	18,247	7.3%
Excess of Revenue Over Expenses		6,474	6,424	0.8%

Appendix 2 Capital Program 2014 Forecast and 2015 Plan

PROJECTS FUNDED FROM NON-AIF SOURCES	FO	2014 RECAST	2015 PLAN
Minor capital projects (under \$75K, \$350K per annum)	\$	350.0	\$ 350.0
Non-AIF Tenant Buildings 2015	,,,,,,	-	250.0
Seaplane Base Improvements (Phase I)		:=:	150.0
Rental Car Service Centre Restoration 2014		-	200.0
HBS Recapitalization Project (flow-through funding from CATSA)		-	5,500.0
Municipal Infrastructure 2015		-	650.0
ATB administration area renovation		250.0	
De Havilland Way restoration 2014		115.0	
Beacon Avenue commercial development		108.5	
SUBTOTAL - PROJECTS FUNDED FROM NON-AIF SOURCES	\$	823.5	\$ 7,100.0

PROJECTS FUNDED FROM AIF SOURCES	F	2014 ORECAST	2015 PLAN
Apron IV Expansion - Phase I			\$ 8,250.0
Minor AIF Capital Projects	\$	650.0	650.0
Replace ATB Public Address System	1.50		425.0
Runway overlay - includes grooving		6,566.3	400.0
Bag Make-up Area sloped Plate Carousels		81	400.0
High Speed Runway Sweeper 2015			300.0
Airfield Power Distribution Modernization - Phase III			275.0
Apron Safety Doors			200.0
Refurbish ATB HVAC Chillers			160.0
Airfield Power Distribution Modernization Phase II		62.0	130.0
Electric Vehicle Charging Stations for Parking Lots			100.0
Miscellaneous Security-Related Projects			100.0
Tender Ready Design for Expansion to Daily Parking Lot			100.0
Terminal Improvement Project		2,806.3	
Rehabilitate Airside Pavements		610.0	
Airfield Power Distribution Modernization Phase I		508.4	
Replace ATB Boilers		430.0	
Rehabilitate Taxiway E 2014		366.7	
Twin ATB entry doors - bird & climate control		297.0	
Passenger Boarding Bridges Retrofit		235.0	
Willingdon Road West Restoration 2014		120.0	
CCTV Improvements		100.0	
Expand Glycol Storage Facility		97.0	
SUBTOTAL - PROJECTS FUNDED FROM AIF SOURCES	\$	12,848.7	\$ 11,490.0

TOTAL AIF & NON-AIF PROJECTS (including flow-through funded by CATSA)	\$ 13,672.2	\$ 18,590.0
TOTAL AIF & NON-AIF PROJECTS (funded by VAA)	\$ 13,672.2	\$ 13,090.0

Appendix 3 Victoria Airport Authority Year 2014 Board of Director and Committee Participation

	Member	Nominating Body	Committees
1.	Lindalee Brougham	Greater Victoria Chamber of	➤ Chair, Steering Committee
	Board Chair	Commerce	Ex Officio, all Committees
2.	Mel Rinald	Town of Sidney	➤ Chair, Airport Consultative Committee
	Board Vice-Chair		➤ Steering Committee
			➤ Governance Committee
			➤ Planning and Development Committee
			7 Harring and Development Committee
3.	James Crowley	District of North Saanich	➤ Chair, Governance Committee
	Board Secretary		➤ Steering Committee
			> Audit and Finance Committee
			Addit and I marice Committee
4.	Glen Crawford	District of Saanich	➤ Chair, Audit and Finance Committee
			➤ Steering Committee
			➤ Governance Committee
			> Governance Committee
5.	Lynne Henderson	Province of British Columbia	➤ Chair, Planning and Development Committee
0.	Lymno i nondoroon	Trovince of British Columbia	> Steering Committee
			> Airport Consultative Committee
			All port Consultative Committee
6.	Graeme Roberts	District of Central Saanich	➤ Governance Committee
			➤ Planning and Development Committee
			7 Training and Development Committee
7.	Colin Smith	Capital Regional District	➤ Audit and Finance Committee
			➤ Airport Consultative Committee
8.	Mel Satok	Town of Sidney	➤ Vice-Chair, Planning and Development
			Committee
			➤ Governance Committee
9.	Bob Coulter	Government of Canada	Vice-Chair, Airport Consultative Committee
			Planning and Development Committee
10	D V 4) A # 15 0 #
10.	Bruce Knott	Government of Canada	> Audit and Finance Committee
			➤ Airport Consultative Committee
11.	Gordon Safarik	District of North Saanich	➤ Governance Committee
	Gordon Salank	District of North Saarlich	> Planning and Development Committee
			Flaming and Development Committee
12.	Suromitra Sanatani	VAA Board of Directors	➢ Governance Committee
			➤ Audit and Finance Committee
13.	Replacement	City of Victoria	
	In Progress		