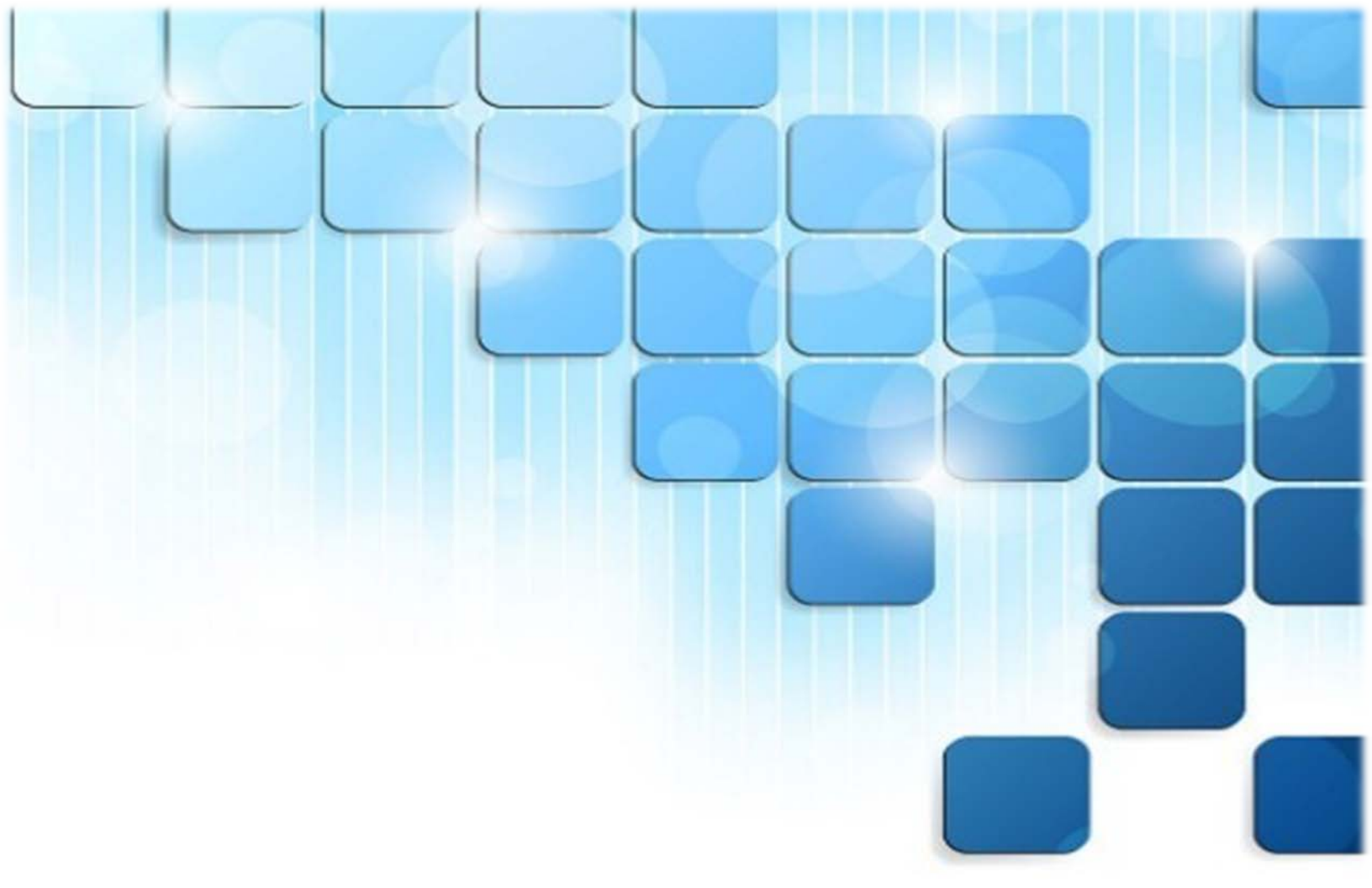




VICTORIA AIRPORT AUTHORITY

# **Victoria Airport Authority Report to Nominators 2017**



## **Victoria Airport Authority Report to Nominators 2017**

The Victoria Airport Authority (VAA) Board of Directors is pleased to present the following summary Report to Nominators.

The formal Annual Report with audited results will be available April 2018 prior to the Annual Public General Meeting scheduled for May 10, 2018.

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# Achievements

2017 proved to be another strong year for the Victoria International Airport (YYJ). The airport continued to achieve record passenger numbers in each of the first 9 months of 2017

(47 straight record months) and year-end traffic is expected to exceed 1.93 million passengers.

## Notable Accomplishments

- Air Canada Rouge introduced new daily wide-body Boeing 767 Toronto-Victoria service. This was YYJ's first scheduled wide-body service in its history.
- Air Canada announced new on-stop Victoria – Montreal service to commence June 2018.
- The Air Transport Research Society again named YYJ as being the most financially efficient major airport in Canada.
- VAA fully retired its long-term debt January 2017.
- A commemorative monument, 'The Lost Airmen of the Empire' constructed in 2016 to honour the allied airmen who gave their lives serving at the Pat Bay Air Station in World War II, was officially opened on June 1 with a ceremony of over 400 guests in attendance.
- A new outbound checked baggage system was completed and became fully operational in March featuring new and improved screening equipment to comply with international standards.
- VAA received a development permit application for the Sidney Crossing retail development on airport lands.

## Notable Accomplishments – continued

- A \$5.75 million runway overlay project was completed on YYJ's second busiest runway 14/32 to extend the life of the infrastructure a further 20 years.
- A 5,000 m<sup>3</sup> litre detention pond was constructed near Reay Creek to mitigate peak surface water flow off airport lands.
- A fourth pre-board screening line was added to address peak congestion at security.
- CNN Travel published its list of the Ten Most Loved Airports in the world, once again naming YYJ as one of their favourites.
- YYJ ranked third overall for the Best Regional Airport in North America for the prestigious Airports Council International Award for Airport Service Quality. Since 2012, YYJ has consistently placed in the top four for North American regional airports:

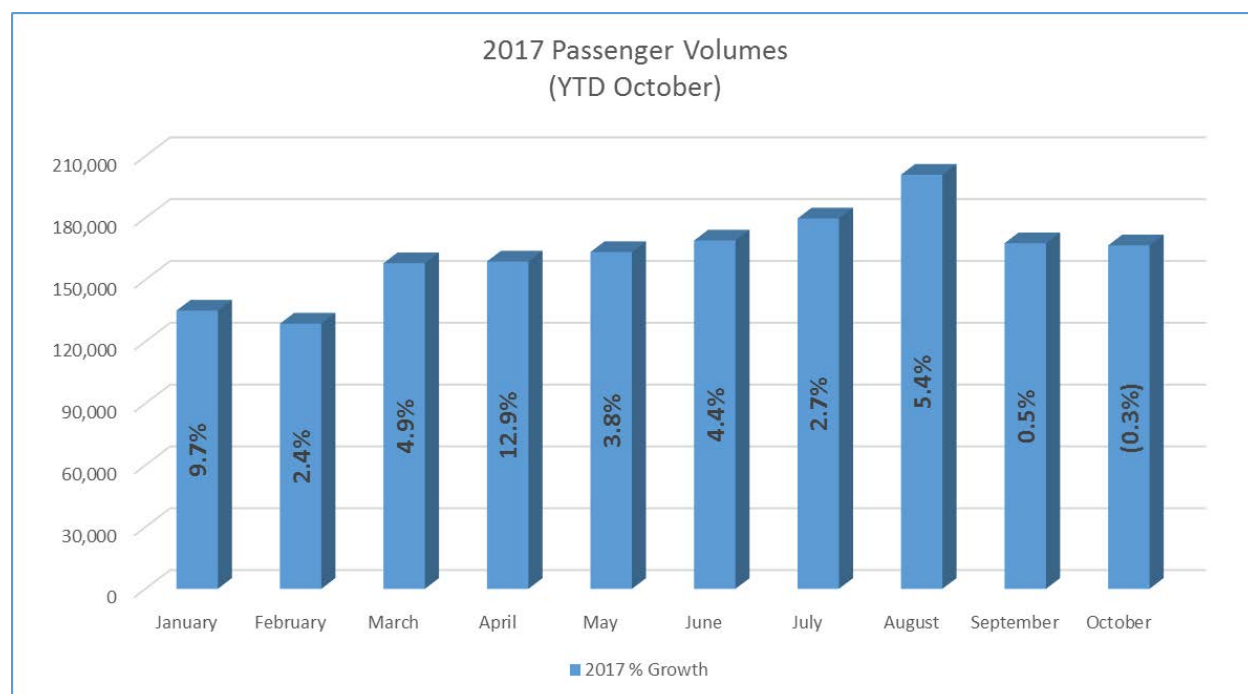
Year	Ranking
2012	1 <sup>st</sup>
2013	3 <sup>rd</sup>
2014	1 <sup>st</sup>
2015	3 <sup>rd</sup>
2016	4 <sup>th</sup>
2017	3 <sup>rd</sup>

- VAA was recognized by the Saanich Peninsula Chamber of Commerce with a Crystal Award for Business Excellence as 'Newsmaker of the Year'.
- VAA received a Vancouver Island EcoStar Community Environmental Award for 'Ecological Stewardship'.
- YYJ was the Times Colonist Reader's Choice Award winner in the category of 'Way to Get Off the Island'.

## Passenger Traffic

Year-to-date passenger traffic was up 4.4% as of October 31, 2017, compared to the same period in 2016, and is forecast to be 1.93 million passengers.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 Forecast
Domestic	1,297,346	1,268,259	1,234,558	1,217,558	1,236,231	1,277,097	1,359,329	1,414,788	1,547,108	1,614,036
U.S. & International	241,071	264,630	279,762	282,263	269,981	279,8631	291,575	296,037	309,484	315,984
Total Passengers	1,538,417	1,532,889	1,514,713	1,499,821	1,506,212	1,556,960	1,650,904	1,710,825	1,856,421	1,930,021



## Air Services

- In May 2017, Air Canada Rouge commenced daily wide-body 767 service between Victoria and Toronto. This new service is the first regularly scheduled wide-body service at YYJ.
- Pacific Coastal Airlines continued their significant expansion program at YYJ with the addition of a third daily flight between Kelowna and Victoria, and the addition of new Cranbrook service.
- Air Canada announced new non-stop Victoria - Montreal service to commence June 2018.
- Air North announced new Victoria-Whitehorse service to commence May 2018.
- Canada Jetlines announced their schedule intentions should they achieve the required financing, and YYJ is identified.
- WestJet announced the formation of its new ultra-low cost air carrier subsidiary Swoop, to commence service in 2018. While route plans have not been established, preliminary discussions were held regarding Victoria service levels.



# Financial Highlights



- The Air Transport Research Society again recognized YYJ as the most financially efficient airport in the country.
- Total revenue before non-cash items for 2017 is expected to be 4.8% higher than 2016.
- Excess revenue over expenses before non-cash items improved 2.9%.
- Long-term debt was fully retired in January 2017.
- 2017 rent to the Federal Government, which is calculated as a percentage of revenue, is forecast to be approximately \$1.67 million. Rent payments have increased 115% over the past five years due entirely to revenue growth.
- In 2017, the VAA paid \$899,000 in property taxes to the District of North Saanich and Town of Sidney.
- Non-aeronautical revenue was 66% of total operations revenue, which represents the highest percentage of the major airports in the country.
- The \$15 Airport Improvement Fee (AIF) remains among the lowest of all of airports in the National Airport System.



# Statement of Operations

## VICTORIA AIRPORT AUTHORITY

### Statement of Operations

Forecast for the year ended December 31, 2017 with comparative figures for the year ended December 31, 2016 (Unaudited)

	2017		2016		%
	Forecast		Actual		Change
<b>Revenue</b>					
Concessions	\$ 10,641	\$	9,951		6.9%
Aeronautical	7,384		7,105		3.9%
Rentals	3,089		3,013		2.5%
Other	665		607		9.5%
	21,780		20,677		5.3%
Airport improvement fee (AIF)	14,135		13,590		4.0%
<b>Total Revenue</b>	<b>\$ 35,915</b>	<b>\$</b>	<b>34,267</b>		<b>4.8%</b>
<b>Expenses</b>					
Salaries and employee benefits	4,992		4,802		(4.0%)
Services, supplies and administration	4,582		4,142		(10.6%)
Security & terminal services	3,185		2,865		(11.2%)
Rent	1,673		1,539		(8.7%)
Property taxes	899		915		1.7%
AIF handling fees	1,010		966		(4.5%)
Utilities	718		659		(9.0%)
Interest	5		52		90.2%
<b>Total Expenses</b>	<b>\$ 17,064</b>	<b>\$</b>	<b>15,940</b>		<b>7.1%</b>
<b>Excess of revenue over expenses before non-cash items</b>	<b>\$ 18,851</b>	<b>\$</b>	<b>18,327</b>		<b>2.9%</b>
Deferred capital contribution revenue	937		188		398.8%
Amortization	(8,711)		(7,064)		23.3%
<b>Excess of revenue over expenses after non-cash items</b>	<b>\$ 11,076</b>	<b>\$</b>	<b>11,451</b>		<b>(3.3%)</b>

## Capital Program

Over \$175 million has been invested in capital improvements to the facility since the VAA took over operations of Victoria International Airport in 1997.

### Victoria Airport Authority Capital Program 2017 Forecast (\$000s)

<b>PROJECTS FUNDED FROM NON-AIF SOURCES</b>	<b>2017 FORECAST</b>
Replace Pump Station #3	\$ 2,216.7
Municipal Infrastructure 2017	731.2
Reay Creek Detention Pond	642.0
Minor Non-AIF capital projects (under \$150k, \$350k per annum)	350.0
General Aviation Parking	265.0
Pre-implementation / emerging project	245.0
Visual identity program implementation	125.0
<b>SUBTOTAL - PROJECTS FUNDED FROM NON-AIF SOURCES</b>	<b>\$ 4,574.9</b>

<b>PROJECTS FUNDED FROM AIF SOURCES</b>	<b>2017 FORECAST</b>
Runway 14-32 overlay	\$ 5,150.0
Apron IV Expansion - Phase II	1,572.5
Lower Hold Room Expansion - Design Only	1,398.1
Replace boarding bridge #1	975.7
Hold Bag Screening Recapitalization Project	890.6
Minor AIF capital projects (under \$150k, \$650 per annum)	650.0
Overflow parking	526.5
Airside Operations fleet renewal	500.0
Common Use Self Service kiosk system refresh	300.0
Long term parking lot 2016	283.4
Oversize baggage screening automation	203.5
Luggage cars & corrals	200.0
Vacuum lifting for outbound baggage	139.7
Bicycle assembly shelter	129.5
Security perimeter improvements	115.4
Utility consumption reduction program	100.0
Miscellaneous security-related	100.0
<b>SUBTOTAL - PROJECTS FUNDED FROM AIF SOURCES</b>	<b>\$ 13,234.9</b>

<b>TOTAL AIF &amp; NON-AIF PROJECTS (including flow-through funded by CATSA)</b>	<b>\$ 17,809.8</b>
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<b>TOTAL AIF &amp; NON-AIF PROJECTS (funded by VAA)</b>	<b>\$ 16,919.2</b>
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# 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.

- A \$5.75 million project on the airport's second busiest runway was completed. The overlay of Runway 14-32 will ensure safe operations for a further 20 years.
- VAA acquired a \$500,000 sweeper and tractor for runway surface maintenance.
- YYJ experienced one of the most severe winters in recent years but managed to keep the airfield operational the entire period.
- VAA staff actively participated in federal and provincial airport councils to advance policies and procedures concerning airport operations.
- VAA's first female equipment operator was hired on a permanent basis in 2017.



# Safety and Security

Safety and security are the highest priorities at YYJ. In 2017 a number of significant initiatives were executed to improve security and safety at the airport.

- A new outbound checked baggage system was opened in March, featuring new and improved screening equipment to comply with international standards.
- As part of YYJ's ongoing emergency preparedness training, in June VAA partnered with WestJet, area first responders and volunteers to simulate a bomb threat in the terminal building. The exercise was a good opportunity to test the airport's Emergency Response Plan.
- The Canadian Air Transport Security Authority (CATSA) and VAA jointly worked on the design and development of a fourth security screening line to facilitate passenger throughput.
- For the third year in a row, VAA participated with Nav Canada to host a workshop designed to educate general aviation pilots, flight training companies and military personnel of safety-related manners of the airport.
- Further improvements to the CCTV camera system were made throughout the year, including expansion in the parking lots and enhancements to the terminal building coverage.
- VAA worked closely with Transport Canada and CATSA to ensure enhanced electronics screening was implemented at minimum disruption to travellers.



# Land Development

- VAA resolved a legacy issue concerning height profiles near the airport that has constrained development on both the north and east side of the airport. This will allow for marketing of new land for both aviation and non-aviation uses.
- The former Department of National Defence 443 Maritime Helicopter Squadron lands and hangar are expected to be turned over to the VAA, which will create opportunities for further aviation development.
- VAA received a development permit application for the Sidney Crossing development which includes a mix of grocery, drug store / pharmaceutical, a fitness facility, financial institution, medical offices and restaurants.
- A high demand prime industrial site on airport lands is to be vacated by Cube Global Storage, which will provide a new development opportunity in 2018.





# Environment

YYJ continued to maintain a leadership position with respect to environmental stewardship.



- VAA was the third airport in North America to receive Airport Accreditation status, which is renewed every two years. The last renewal occurred in early 2017.
- The Vancouver Island EcoStar Awards recognized VAA for an Ecological Stewardship award for its remediation work of TenTen Creek.
- A 5,000 m<sup>3</sup> litre detention pond adjacent to Reay Creek was constructed to further manage water flows from peak rainfall events.
- The Reay Creek Pond Technical Advisory Committee was formed to discuss potential impacts of downstream pollution.
- Work commenced on TenTen Creek to enhance and 'daylight' an area located near a historical construction waste dump site. The project includes the addition of riparian plantings and other improvements to sections of the creek.
- VAA updated its aviation noise baseline study, which was last updated in 1999. In consultation with the Noise Management Committee, noise monitors were deployed strategically within the community. The results are expected in early 2018.
- VAA renewed BC Hydro's Continuous Optimization Program to reduce energy consumption in the air terminal building.
- A significant amount of English ivy was removed from Dickson Woods on over 500 trees to improve the health of the airport forest.

# Donations and Sponsorships

The VAA provided donations and sponsorships toward various charitable causes and community events, which are noted below. In support of the Saanich Peninsula Hospital Foundation's annual gala dinner and fundraising auction, VAA was a table sponsor; the tickets were donated to deserving hospital staff.

The VAA forecasts the 2017 charitable contributions to total approximately \$59,900.

### 2017 Charitable Donations and Sponsorships

Organization	Amount
BC AVIATION COUNCIL	\$1,250.00
BC AVIATION MUSEUM	1,000.00
BC CANCER FOUNDATION – EMPLOYEE DONATIONS AND CORPORATE MATCH	7,600.00
BC CANCER FOUNDATION – JINGLE MINGLE	350.00
BC CHILDRENS HOSPITAL FOUNDATION	500.00
BC SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS – WILD ARC	600.00
BUILDING OWNERS AND MANAGERS ASSOCIATION – EVENT SPONSORSHIP	250.00
CACSP – SIDNEY FINE ART SHOW	1,500.00
CANADIAN MENTAL HEALTH ASSOCIATION	500.00
CANADIAN AIRPORTS ELECTRICAL ASSOCIATION – SPONSORSHIP	1,500.00
CAPITAL REGION FOOD AND AGRICULTURE – FLAVOUR TRAILS	500.00
DISTRICT OF NORTH SAANICH – JUBILEE CELEBRATION-CHILDREN'S PLAYGROUND (Commitment)	5,000.00
DISTRICT OF NORTH SAANICH – FREE RIDE JUMP PARK	500.00
GERONIMO CANOE CLUB	2,500.00
GREATER VICTORIA CHAMBER OF COMMERCE	1,500.00
HELP FILL A DREAM	800.00
HOPE AIR	1,000.00
PENINSULA CELEBRATIONS SOCIETY	500.00
PENINSULA PANTHERS JUNIOR HOCKEY CLUB	1,200.00
PENINSULA STREAMS EDUCATION PROGRAM	3,000.00
REYNOLDS SECONDARY SCHOOL	200.00
ROYAL CANADIAN LEGION – VETERANS CANADA 150 MEDALS	600.00
SAANICH PENINSULA CHAMBER OF COMMERCE	1,200.00
SAANICH PENINSULA HOSPITALS FOUNDATION (VARIOUS EVENTS)	1,900.00
	Continued ...

## Donations and Sponsorships

### 2017 Charitable Donations and Sponsorships - Continued

Organization	Amount
SIDNEY AND PENINSULA LITERARY FESTIVAL	250.00
SIDNEY ANGLERS ASSOCIATION	500.00
SIDNEY BUSINESS IMPROVEMENT AREA SOCIETY	1,000.00
SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY BOARDWALK CAMPAIGN	250.00
TEAM4HOPE – NEUROBLASTOMA RESEARCH (TOUCH A TRUCK)	600.00
TOURISM INDUSTRY ASSOCIATION OF BC (BC TOURISM)	5,000.00
TOWN OF SIDNEY – 50 <sup>TH</sup> ANNIVERSARY CELEBRATION	5,000.00
TSEYCUM FIRST NATION – ELDERS GATHERING	1,000.00
TSEYCUM FIRST NATION – SHOREKEEPERS PROGRAM	4,500.00
TSEYCUM FIRST NATION – YOUTH ARTS AND SPORTS PROGRAM	1,000.00
VANCOUVER ISLAND SOUTH FILM COMMISSION	1,000.00
VICTORIA OPEN GOLF SOCIETY IN SUPPORT OF CHILDREN’S HEALTH FOUNDATION OF VANCOUVER ISLAND	3,100.00
VICTORIA RADIO CONTROL MODELERS SOCIETY – CFAX SANTAS ANONYMOUS AND SAANICH PENINSULA HOSPITALS FOUNDATION	250.00
WSANEC/TSEYCUM FIRST NATIONS – PULLING TOGETHER CANOE TRIBAL JOURNEY	500.00
ZERO WASTE LIVING – EVENT SPONSORSHIP	500.00
<b>TOTAL:</b>	<b>\$59,900.00</b>



# Board of Directors

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

There are twelve members of the VAA Board of Directors. Nine members are nominated by Nominating entities, two are appointed by the Federal government and one is appointed by the Provincial government. The Board has the option to appoint up to three additional directors, at the discretion of the Board. Each director may serve no more than eight years in total.

As a governance board, all Directors are expected to possess a high level of knowledge to advance the fiscal management and governance best practices of the Victoria Airport Authority.

In 2017, the Board of Directors met nine times for Committee and Board discussions. There were three public meetings inviting feedback from stakeholders and the community. The Board also participates in a number of public and private events and fundraisers as positive ambassadors for the airport.

The average attendance at Board and Committee meetings for 2017 was:

Board Meetings:	92%
Committee Meetings:	94%
Public Meetings:	90%

In terms of gender balance, five of the twelve directors are women, many of whom hold leadership positions on the Board.

The Officers of the Corporation and Committee Chairs for 2017 were:

James Crowley	Board Chair, Ex Officio all Committees
Eric Donald	Board Vice-Chair, and Chair – Airport Consultative Committee
Marilyn Loveless	Board Secretary, and Chair – Governance Committee
Lynne Henderson	Chair, Planning and Development Committee
Gordon Safarik	Chair, Audit and Finance Committee

## Board of Directors

Below is a summary of the Board and Committee Participation for year 2017.

Member	Nominating Body	Committees
<b>Jim Crowley</b> Board Chair	District of North Saanich	<ul style="list-style-type: none"> <li>▪ Chair, Steering Committee</li> <li>▪ Ex Officio, all Committees</li> </ul>
<b>Eric Donald</b> Board Vice-Chair	City of Victoria	<ul style="list-style-type: none"> <li>▪ Chair, Airport Consultative Committee</li> <li>▪ Vice-Chair, Steering Committee</li> <li>▪ Governance Committee</li> <li>▪ Planning and Development Committee</li> <li>▪ Audit and Finance Committee</li> </ul>
<b>Marilyn Loveless</b> Board Secretary	Government of Canada	<ul style="list-style-type: none"> <li>▪ Chair, Governance Committee</li> <li>▪ Steering Committee</li> <li>▪ Airport Consultative Committee</li> </ul>
<b>Gordon Safarik</b> Chair, Audit and Finance Committee	District of North Saanich	<ul style="list-style-type: none"> <li>▪ Chair, Audit and Finance Committee</li> <li>▪ Vice-Chair Airport Consultative Committee</li> <li>▪ Steering Committee</li> </ul>
<b>Lynne Henderson</b> Chair, Planning and Development Committee	Province of British Columbia	<ul style="list-style-type: none"> <li>▪ Chair, Planning and Development Committee</li> <li>▪ Steering Committee</li> <li>▪ Airport Consultative Committee</li> </ul>
<b>Rod Dewar</b>	Greater Victoria Chamber of Commerce	<ul style="list-style-type: none"> <li>▪ Audit and Finance Committee</li> <li>▪ Governance Committee</li> <li>▪ Planning and Development Committee</li> </ul>
<b>Wendy Everson</b>	Town of Sidney	<ul style="list-style-type: none"> <li>▪ Airport Consultative Committee</li> <li>▪ Audit and Finance Committee</li> <li>▪ Planning and Development Committee</li> </ul>
<b>Frank Leonard</b>	Government of Canada	<ul style="list-style-type: none"> <li>▪ Audit and Finance Committee</li> <li>▪ Governance Committee</li> </ul>
<b>Cathie Ounsted</b>	District of Central Saanich	<ul style="list-style-type: none"> <li>▪ Vice-Chair, Audit and Finance Committee</li> <li>▪ Governance Committee</li> <li>▪ Planning and Development Committee</li> </ul>
<b>Mel Rinald</b>	Town of Sidney	<ul style="list-style-type: none"> <li>▪ Airport Consultative Committee</li> <li>▪ Governance Committee</li> <li>▪ Planning and Development Committee</li> </ul>
<b>Colin Smith</b>	Capital Regional District	<ul style="list-style-type: none"> <li>▪ Vice-Chair, Planning and Development Committee</li> <li>▪ Airport Consultative Committee</li> <li>▪ Audit and Finance Committee</li> </ul>
<b>Sharlene Smith</b>	District of Saanich	<ul style="list-style-type: none"> <li>▪ Vice-Chair, Governance Committee</li> <li>▪ Audit and Finance Committee</li> <li>▪ Planning and Development Committee</li> </ul>