

Victoria Airport Authority Annual Public General Meeting

Summary of Proceedings

Thursday, May 11, 2023

7:00 – 8:30 PM

Mary Winspear Centre, Room 2

Attendance:

VAA Board Members

Cathie Ounsted, Board Chair
Eric Donald, Board Vice-Chair, and Chair - Airport Consultative Committee
Wendy Zink, Board Secretary and Chair - Governance Committee
Paul Gerrard, Chair – Planning and Development Committee
Dave Cowen
Allan Haynes
Charles Lovallo
Sami Turki
Erik Djukastein

VAA Management

Geoff Dickson, President and CEO
Randy Bogle, Vice President, Finance and Administration and Chief Financial Officer
Michelle Cooper, Director, Human Resources
Scott Cunningham, Vice President, Planning and Infrastructure
Ken Gallant, Vice-President, Operations
Rod Hunchak, Director, Business Development and Community Relations
Matthew Logan, Manager, Finance and Accounting

Guest

Sang Ly, Auditor, KPMG

Recording Secretary

Jannelle Snowden – Executive Assistant and Corporate Secretary

Public In Attendance: 9

1. Territorial Acknowledgement

The Board Chair respectfully acknowledged that Victoria Airport Authority (VAA) operates from the homeland of the W̱SÁNEĆ people and expressed VAA's commitment to further strengthening relationships. She also recognized that today marked the annual Moose Hide Campaign.

2. Welcome to Attendees

The Board Chair welcomed everyone to VAA’s Annual Public General Meeting and provided participants with direction how to ask questions of the leadership team.

3. Call to Order

Board Chair Cathie Ounsted welcomed participants to the meeting and called the meeting to order. She advised that VAA’s external auditor was also in attendance and could answer any questions with respect to the financial statements.

4. Report from the Chair of the Board of Directors

The Board Chair provided an overview of the Board, including its purpose and objectives and governance best practices. She advised that the Board consists of twelve representatives from a number of nominating entities within the Capital Regional District and various levels of government and also formed six standing committees.

The Board Chair advised that this past fall the Board of Directors and Senior Management completed a strategic planning session, which resulted in the creation of an updated Strategic Plan for 2023 – 2027. Additionally, VAA’s management team developed a new Master Plan for 2023 – 2042, which provides a roadmap of capital investments, improvements, and operational considerations. It provides the framework for VAA to stay ahead of the demand curve of our customers by focusing on capital improvements that support the areas of highest growth with maximum benefit to the users of the airport.

For the third consecutive year, VAA was named one of BC’s top 100 employers. Furthermore, VAA continued to gain recognition for environmental initiatives and social responsibilities through its commitment to making the airport accessible to all travellers with accessibility challenges. VAA was also named Most Efficient Airport in North America under 5 million passengers.

5. Presentation of the Financial Report for the Year Ended December 31, 2022 by the Vice President, Finance and Administration and Chief Financial Officer

The Vice President, Finance and Administration and CFO reported on VAA’s audited financial results for the year ended December 31, 2022. VAA’s 2022 Annual Report contains detailed financial statements and is available on the YYJ website under the document library.

Background

The Vice President, Finance and Administration and CFO advised that there are three main sources of revenue during normal operating times, however during the pandemic, a fourth revenue source, government pandemic funding, was available during 2021 and 2022 fiscal years.

Passenger Volume

The Vice President, Finance and Administration and CFO advised that prior to the pandemic, passenger numbers were in excess of 1.9 million for 2019, and approximately one third of that number in 2020 and 2021. In 2022 the number of passengers increased to 1.5 million, which is 78 percent of the pre-pandemic numbers. The passenger recovery rate continues to improve in 2023.

2022 Statement of Operations - Revenue

The Vice President, Finance and Administration and CFO outlined revenue generated from aeronautical revenue, Airport Improvement Fees (AIF), and concession revenue increased from 2021, as a direct result of the increased passenger numbers. Concession revenue increased to \$10.5 million, a 136 percent increase over 2021 revenue. Aeronautical revenue increased by 107 percent to \$6.9 million and AIF revenue more than doubled from 2021 to \$11.22 million. Revenue from real estate rental also increased by 11 percent to \$3.5 million. Government related pandemic assistance to VAA for 2022 was \$900,000 and consisted primarily of wage subsidies, compared to 2021 assistance amount was \$6.5 million.

The total revenue for 2022, which included deferred capital revenue, totalled just over \$35 million.

2022 Statement of Operations - Expenses

The majority of VAA's operations expenses are fixed and do not fluctuate much with passenger volumes. Operational costs incurred included security costs, rent payments, federal government property taxes, salaries, utilities, and interest for 2022 were \$21 million.

Amortization in 2022 was \$11.7 million.

2022 Statement of Operations – Net Gain

VAA had a net income of \$2.5 million in 2022, compared to a net loss of (\$5.4 million) in 2021.

Other Highlights

VAA's year end cash balance was \$14 million and current assets were \$18.5 million. Current liabilities were \$5 million.

In 2022, VAA repaid the \$2 million loan and had no long-term debt.

Closing

The Vice President, Finance and Administration and CFO advised that in the 10-year period 2014 – 2023, VAA reinvested \$148 million into capital investments without incurring any debt. The airport is in a good financial position to continue to invest in future capital projects.

6. Report from the President and Chief Executive Officer

The President and CEO reported on Victoria Airport Authority's current and past year's activities.

2022 Awards

The President and CEO advised that he was very proud that VAA was recognized as one of BC's Top Employers in 2022, for the third consecutive year.

VAA was also recognized as the Most Efficient Airport in North America under 5 million passengers, by the Air Transport Research Society.

VAA received two awards from Airports Council International; the first award was for Best Hygiene Measures in North America, which recognized the measures VAA continues to take to improve cleanliness; and the second award was Best New Retail Concept for Victoria Distillers (featuring world-renowned Empress Gin) as the best new retail concept in North America.

VAA also received an award from 4VI for Social Responsibility which recognized VAA's efforts toward accessibility and inclusivity improvements.

Airport Improvement Fee

The President and CEO advised that VAA's Airport Improvement Fee (AIF) remained as one of the lowest among airports within the National Airport System (NAS) and that charges to airlines were in the lowest quartile of NAS airports. Additionally, it is the only debt-free NAS airport.

2022 Passengers

VAA's passenger level was 77 percent of the 2019 total, which placed YYJ second in its peer group for passenger recovery rates whereas most of the industry was under 70 percent.

The forecasted passenger numbers for the period of May to October 2023 are expected to show an increase of 5 percent over the passenger rates of the same period in 2019.

Route Focus

The President and CEO advised that increased service to Regina, Saskatoon, Montreal, Winnipeg, and the BC interior are all potential areas for expansion, as well as increasing the number of daily flights to Seattle. With the pending merger of Sunwing and WestJet there is the potential for increased service to additional sunspot destinations such as Las Vegas, San Francisco, Honolulu, and Phoenix.

US Carriers

During the pandemic YYJ lost about 400,000 seats to US destinations as Alaska, Delta and United Airlines ceased to provide service to YYJ. Alaska Airlines has since returned and are 31 percent of

their pre-pandemic service levels.

Across Canada, the US market is almost half recovered to pre-pandemic service levels, however, there has been a shift of the flights to the larger airports, or the hubs, such as Calgary, Vancouver, and Toronto.

The priority is to add additional daily flights to Seattle, as currently there is only one flight per day, versus seven daily flights prior to the pandemic.

Porter Airlines

Porter Airlines has recently expanded their service range. Until recent their focus was on Atlantic Canada routes out of Billy Bishop Airport. They have added the E-195 aircraft to their fleet, which seats 132 passengers, is the most-fuel efficient aircraft, ideal for longer routes such as Victoria to Ottawa or Montreal. They have expressed interest in adding Victoria to their service routes later this fall or early 2024.

Forecast Annual Passengers

After three years of pandemic-related downward trend in numbers of passengers, the President and CEO advised that 2022 has seen a growth in those numbers, and if not in 2023, then in 2024, VAA should reach two million annual passengers.

Terminal Expansion Plan

With the air travel market recovering, VAA has created a new twenty-year master plan to build ahead of the growth curve in an incremental manner to meet its needs, but still be able to step back and reassess the needs along the way.

The expansion plan will see enhancements and additions to the departure area seating, hold bag screening area, and expansions in the Arrivals Hall, baggage claim area, bridges, and seating, and eventually, the potential of relocating some of the existing tenants to accommodate the expansion of the baggage make-up area. Later expansions would include the addition of more bridges and an increase to the number of gates.

At present VAA has engaged a consultant company to complete some value engineering to help draft different design and build options that will meet VAA's future growth needs.

The President and CEO also advised that air travel technology continues to evolve and new systems to mobile self-check-in for flights, navigation through the airport to the gate using biometric screening and other technologies will help reduce congestion at check-in counters in the future.

Roads and Parking

The President and CEO shared a visualization of the proposed phased road and parking plan expansion, which would include an expanded terminal curb, a new roundabout on Willingdon Road, and phased expansion of the parking lots. The first parking lot expansion will begin later this year and see the addition of three hundred parking stalls.

The President and CEO also advised of change to the parking prices effective July 1, 2023. The daily rate for the first five days of parking will increase from \$16 per day to \$18 per day. The daily rate for parking after the first five days will increase from \$8 per day to \$9 per day.

Ride Sharing

An announcement was made yesterday confirming the launch of Uber in Victoria. VAA is working on a final contract with Uber for service from the airport. Uber is expected to start ride sharing in the very near future.

2022 Capital Projects

The President and CEO advised that the capital project budget for 2022 was approximately \$24 million. He provided an update on some of the recent capital projects, including:

- Purchase of new sweeper truck
- Runway 09 Lighting – SSALR (Short simplified approach lighting with runway alignment indicator lights): expansion of the runway lighting into the Pat Bay which upgrades them to a Category one. While it is not yet a mandatory upgrade, it will likely become one in the future.
- Beacon / Galaran Roundabout: a partnership with the District of North Saanich and the Town of Sidney to construct a new roundabout. Construction will begin in early June.
- VAA's new website would launch later this spring. There will be both French and English versions available.
- Common Use Self-Service: a recent partnership with Edmonton International Airport allowed VAA to purchase a new self-serve check-in unit, which will be installed in September.

The President and CEO expressed his pride in the team for their hard work they do on the capital projects and oversight of the financial statements, particularly in how it is presented to the airlines twice a year for endorsement of VAA's projects.

Land Development

The President and CEO highlighted some of the recent developments and exclusivity agreements including:

- Amazon Last Mile Distribution Centre: Construction was recently completed and is now

operational.

- Kothari Hotel Proposal: a 125 room Marriott Gateway Hotel is nearing the completion of the design phase.
- New Air Traffic Control Tower: This will be a new six-story building and will be located on the other side of the airport. Work has just gotten underway with an anticipated completion in 2026.

2022 Community Noise Survey

VAA completed an updated Community Noise Survey in 2022 and compared the findings to the studies conducted in 1999 and 2017. This study monitored thirteen stations ranging from Cowichan and in and around the airport. Overall, there were no significant increases or decreases to the noise level from the 2017 study.

Sustainability

The President and CEO advised that VAA has a very robust sustainability plan that includes:

- Waste Management - diversion rate of 75 percent by 2025 and 90 percent by 2030.
- Green House Gas Emissions – being carbon neutral by 2030.
- Ecology and Biodiversity – increase by 20 percent. A Dickson Woods Forestry Management Plan was created to help address invasive species. Recent work at TenTen Creek has seen the return of chinook salmon to the brooks.

WSÁNEĆ

The President and CEO advised that VAA continues to further its relationship with the WSÁNEĆ Nation with regular meetings to explore ways to work together to create job and contracting opportunities for now and the future.

Closing Remarks from the President and CEO

The President and CEO concluded his presentation by sharing that this would be his final public meeting with VAA as he has announced his plans to retire in September. He expressed that it has been a pleasure to work with such a great team and that he is proud that the airport is in good shape for the future.

7. Public Comments / Questions

A member of the public acknowledged the work of the President and CEO by serving the community and the terminal domain itself during his time with VAA. He expressed that the airport is an asset to the community and that he should be proud of his contributions.

There were no questions or further comments from the public.

8. Concluding Remarks

The Board Chair expressed her gratitude to participants for attending the meeting.

The next public meeting was the Airport Consultative Committee Meeting in Fall 2023 and would be advertised through media in advance.

9. Adjournment

There being no further business, the meeting was adjourned at 8:03 PM.