

Nanaimo Airport Commission 2004 ANNUAL REPORT

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# ASCENT



## MISSION STATEMENT

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To provide a safe, efficient and financially viable airport that offers excellent value and service to users, and, in partnership with others, contributes significantly to the well-being of the community.

## VISION

NANAIMO AIRPORT IS THE GATEWAY OF CHOICE FOR AIR SERVICES.



# NANAIMO AIRPORT COMMISSION OVERVIEW

THE NANAIMO AIRPORT COMMISSION was incorporated in August, 1990, as a not-for-profit authority. In 1992, the Commission assumed management and operation of the Airport under a 30-year lease from Transport Canada. In 1996, the Commission was granted fee-simple title to the Airport lands by way of the National Airports Policy transfer initiative.

The Commission is comprised of eight Directors.  
The following five entities nominate one member each.

THE CITY OF NANAIMO,

THE REGIONAL DISTRICT OF NANAIMO,

THE COWICHAN VALLEY REGIONAL DISTRICT,

THE TOWN OF LADYSMITH,

THE GREATER NANAIMO CHAMBER OF COMMERCE

The Commission appoints the three remaining Directors from the community at large.

## GOALS

THE NANAIMO AIRPORT COMMISSION commits to pursuing the following goals:

- Provide the Central Island region with the best possible air service.
- Plan, develop, and maintain the Airport Infrastructure to high standards of efficiency, operations, safety, security, and convenience.
- Aggressively pursue business and property development opportunities.
- Establish and maintain the highest standards of management practices consistent with the operation of a first-class airport.
- Cultivate and maintain strong relationships with all stakeholders.

## MESSAGE FROM THE CHAIR

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2004 WAS A YEAR OF CONSOLIDATION for the Nanaimo Airport Commission. We significantly improved our facilities and services, passengers increased 7.25% on a year over year basis, and we continued to exercise sound fiscal management.

Of the five goals of the Nanaimo Airport Strategic Plan the first, dealing with air service, is the most difficult to manage. Quite simply, we depend ultimately upon others (the air carriers) to provide the service. To fulfill the goal to provide the Central Island region with the best possible air service, the Airport Commission must entice air carriers to establish more frequent flights to more destinations. The airlines' willingness to do so depends on two factors. They must be convinced that a profitable market opportunity exists, and the airport must meet their minimum requirements for reliability and facilities.

During the past year, the Commission expended \$20,316.00 for independent research that concluded that direct routes to several locations, including Seattle and Calgary, could be flown with profitable passenger load factors. In other words, a market already exists for expanded air service. The many economic development initiatives planned in the region will enhance that market opportunity even further.

However, even with clear evidence of the necessary demand, carriers are deterred from establishing operations at Nanaimo due to the present lack of a reliable instrument approach. Further, most aircraft that carriers would assign to fly longer routes cannot use our short 5,000 foot runway without severe passenger load restrictions. The Commission continues to work with Transport Canada and NAV Canada for approval of new instrument landing procedures and we commissioned a study to examine the feasibility of extending the runway.

2005 may well be a watershed year for the Airport. Assuming it is feasible to extend the runway, the Commission and its stakeholders will have to address the question: "Are we content to remain a feeder airport for Vancouver or do we make the investment necessary to become all we can be?" I can assure you that the Commission is prepared to make that "Ascent!"

I take this opportunity to acknowledge the hard work and devotion of the directors and staff of the Commission, and to thank our stakeholders for their continued support in 2004.

I wish to thank Rollie Rose, who will be retiring from the Commission in 2005 after six years as a director, for his sage counsel and assistance in pursuing the goals of the Commission. Finally, it is with great sadness that we observe the passing of Director and Vice Chair David Spearing, who recently succumbed to ALS. Dave's contribution during his eight years on the Commission was truly outstanding. He will be greatly missed.



**BRIAN L. SMITH** – *Chairman*





## BOARD OF DIRECTORS



**DIRECTOR**  
Brian Smith



**DIRECTOR**  
Rollie Rose



**DIRECTOR**  
Ted Brown



**DIRECTOR**  
David Spearing



**DIRECTOR**  
Mike Howard



**DIRECTOR**  
John Craig



**DIRECTOR**  
Ken Bosma



**DIRECTOR**  
Richard Hudson

### BOARD OF DIRECTORS

*Brian Smith – Chair*

PLANNING AND  
DEVELOPMENT  
COMMITTEE

*Ted Brown – Chair*

MARKETING AND PUBLIC  
RELATIONS COMMITTEE

*Richard Hudson – Chair*

OPERATIONS AND  
MAINTENANCE  
COMMITTEE

*Ken Bosma – Chair*

GOVERNANCE AND  
AUDIT COMMITTEE

*Brian Smith – Chair*

## STAFF



**ACCOUNTING  
CONTRACTOR**  
Donna Beckley



**MANAGER  
OPERATIONS AND  
MAINTENANCE**  
Brian Clark

**AIRPORT  
ADMINISTRATOR**  
Lynne Behnke

**AIRPORT SAFETY  
AND SECURITY  
OFFICER**  
Doug Fern

**GENERAL  
MANAGER**  
David Hunter

**SECURITY**  
?????

## STRATEGIC PLAN REVIEW

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THE STRATEGIC PLAN guides the airport's ascent toward aggressive service development goals. First developed in 2002, the Strategic Plan is reviewed annually to maintain its focus on the airport's mandate as a key transportation link for Central Vancouver Island. Several objectives were accomplished in 2004.

THE 2004 STRATEGIC PLAN REVIEW RE-EMPHASIZED FOUR KEY PRIORITIES:

- Delivering reliable air service.
- Examining the feasibility of lengthening the runway.
- Establishing optimum air service.
- Increasing use of the airport lands, both airside and landside.

Improving reliability has been a priority for Nanaimo Airport because the Airport has no instrument landing system to guide aircraft to the runway in limited visibility. The Commission agreed with NavCanada that the most cost effective solution to this problem would be to design an instrument approach using the enhanced Global Positioning System that is to become operational in 2006. The new approach was developed and tested, and is now awaiting formal approval.

Market research and demand forecasting were conducted to identify new, direct air travel destinations important to the business and residential populations of Central Vancouver Island. This research indicated strong opportunities for direct services to Alberta, Ontario, and the United States.

The Airport Master Plan provides a planning framework for the next 20 years. It identifies the opportunity to lengthen the runway to accommodate aircraft types that are suitable for expanding destination options but cannot use the existing 5,000-foot runway. A feasibility study is underway to examine this opportunity. Further, the approach path to the runway requires protection from future obstructions on the approach. Steps are under way to secure this protection.

The Airport lands offer potential for development. Planning has commenced to explore the opportunities and limitations.

Security and passenger convenience have been enhanced through significant Airport Terminal Building renovation and equipment improvements. The Airport Terminal now provides improved passenger flow, enhanced customs facilities and greater security. An independent multi-airport study noted high passenger satisfaction with Nanaimo Airport.

The Strategic Plan emphasizes the Airport's value within the regional economy and reinforces the Airport's commitment not to be a brake on economic growth. The Commission continues to pursue strong relationships throughout the region, with all stakeholders, and through active partnership in community organizations.

## FINANCIAL PERFORMANCE

THE COMMISSION continues to operate the Airport in a fiscally responsible manner and is committed to good, sound governance.

121,362 passengers moved through the Airport in 2004, an increase of 7.25 percent over 2003. With almost 70 percent of Airport revenues derived directly or indirectly from passengers, the increase is cause for optimism. It was noted in the 2003 annual report that recovery of passenger numbers began during the fourth quarter of 2002. Prudent fiscal management caused expenditures to reduce for a third consecutive year. The Airport realized net revenues of \$370,974.00 for the year.





## MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

THE ACCOMPANYING FINANCIAL STATEMENTS have been prepared by management in accordance with Canadian generally accepted accounting principles.

The Commission's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. These statements include some amounts based on management's best estimates and judgments. Management is satisfied the financial statements have been prepared within reasonable limits of materiality.

The Board of Directors appoints a Governance and Audit Committee consisting of four Directors. This committee meets periodically with Management and auditors to review significant accounting, internal control and audit matters. The Committee also reviews and approves annual financial statements and the independent auditor's report before it is submitted to the Board of Directors for final approval.

Financial information contained within this report is consistent with information presented in the financial statements.



**DAVE HUNTER** – Airport General Manager







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## AUDITORS' REPORT

To the Directors  
Nanaimo Airport Commission

We have audited the statement of financial position of the **Nanaimo Airport Commission as at December 31, 2004** and the statements of revenue and expenses and net assets, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the commission as at **December 31, 2004** and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Province of British Columbia Society Act* we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Church Pickard & Co.*

**CHURCH PICKARD & CO.**  
Chartered Accountants

Nanaimo, BC  
February 21, 2005



Members, Institute of Chartered  
Accountants of British Columbia

Frederick W. Downs, C.A.\*  
Grant McDonald, C.A.\*  
\*Incorporated

John A. Annesley, B.A., C.A.\*  
Lorana LaPorte, B. Comm., C.A., CFP\*

# NANAIMO AIRPORT COMMISSION

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2004

	2004	2003
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$2,061	\$12,791
Inventory	35,726	30,427
Deferred leasing costs and prepaid expenses	77,593	100,040
Accounts receivable – Note 3	227,512	390,907
Cash – restricted – Note 6	1,440,000	1,540,000
	2,074,165	2,074,165
INVESTMENTS - restricted – Note 6	600,000	-
PROPERTY AND EQUIPMENT – Note 4	9,276,942	8,693,410
	\$11,659,834	\$10,767,575
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$48,175	\$64,236
Deferred lease revenue	26,993	28,979
	75,168	93,215
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT – Note 5	8,097,465	7,483,094
SECURITY DEPOSITS	18,946	18,946
	8,191,579	7,595,255
<b>NET ASSETS</b>		
NET ASSETS	3,468,255	3,172,320
	\$11,659,834	\$10,767,575

# NANAIMO AIRPORT COMMISSION

## STATEMENT OF REVENUE EXPENSES AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2004

	2004 BUDGET (UNAUDITED)	2004	2003
<b>REVENUE</b>			
Airline passenger fees	\$ 621,951	\$ 667,661	\$ 622,583
Land lease and licence fees	237,775	238,412	242,302
Vehicle parking fees	176,200	214,764	172,868
Air terminal lease and licence fees	193,122	211,831	208,888
Interest and general	40,501	41,365	45,306
Airside facility licence and user fees	32,997	38,458	43,427
	<u>1,302,546</u>	<u>1,412,491</u>	<u>1,335,374</u>
<b>EXPENSES</b>			
Administration and management	437,200	446,854	351,955
Emergency, safety, and security	140,500	142,964	103,568
Property taxes	143,000	137,013	132,323
Air terminal building	98,000	110,721	100,609
Service buildings and airfield	145,200	102,954	106,542
Commercial development and marketing	91,500	52,657	29,755
Airport commission	46,800	37,889	42,015
Bad debts	3,000	3,531	108,896
Master plan	-	2,934	20,793
	<u>197,346</u>	<u>374,974</u>	<u>338,918</u>
<b>OTHER REVENUE (EXPENSES)</b>			
Amortization of deferred contributions related to property and equipment	-	373,595	319,099
Gain on sale of property and equipment	-	-	12,380
Amortization	-	(452,634)	(394,734)
	<u>-</u>	<u>(79,039)</u>	<u>(63,255)</u>
	<u>\$ 197,346</u>	<u>\$ 295,935</u>	<u>\$ 275,663</u>
<b>REVENUE IN EXCESS OF EXPENSES</b>			
		<u>3,172,320</u>	<u>2,896,657</u>
<b>NET ASSETS, BEGINNING OF THE YEAR</b>			
		<u>\$ 3,468,255</u>	<u>\$ 3,172,320</u>
<b>NET ASSETS, END OF THE YEAR</b>			

(See accompanying Notes to the Financial Statements)



## CAPITAL PROJECTS COMPLETED

More than \$1-million in capital projects and purchases were completed in 2004 to upgrade Airport infrastructure, enhancing the Airport as the major Central Vancouver Island air service facility for passengers and freight.

### AIR TERMINAL EXPANSION

A 2,900-sq ft. expansion to the south side of the existing Air Terminal Building was completed in August, providing for a passenger baggage-screening room, air carrier baggage make-up area and a passenger hold-room. The addition was designed by CJP Architects and constructed by Kinetic Construction Ltd. The total cost of the project was \$724,820 with funding of \$691,689 provided by the Canadian Air Transport Security Authority and the remainder by the Nanaimo Airport Commission.

### EMERGENCY RESPONSE VEHICLE

Under the Canadian Airport Regulation 308, smaller airports with a certain level of scheduled aircraft were mandated to provide emergency first-response service for aircraft incidents. Nanaimo Airport received a \$233,000 custom-built response vehicle that was funded by the Airport Capital Assistance Program.

### COMBINED SERVICES BUILDING ADDITION

The Airport Capital Assistance Program provided 100 percent funding for a 700-sq ft. addition to the Combined Services Building to house the emergency response vehicle. The \$82,700 addition was designed by Bayview Engineering and constructed by Precision Civil Installations.

### MINOR PROJECTS

The airport continues to initiate minor capital projects to ensure the integrity of airport infrastructure and to ensure superior service delivery. Projects in 2004 included the start of planning for approach path protection, an aerial obstacle survey, a roof design for the car rental wash bay pad and construction of a mezzanine in the back of the Combined Services Building.

## FIVE YEAR CAPITAL PLAN

Projects	2005	2006	2007	2008	2009	PROJECT TOTAL
<b>COMMITTED</b>						
Hazard Beacons S3-SE1	15,000					15,000
*1 Snow Plow	3,000					3,000
*1 Snow Plow Truck		15,000				15,000
*1 Runway Sweeper			20,000			20,000
Update Computer systems			10,000			10,000
General Projects and Purchases	15,000	15,000	15,000	15,000	15,000	75,000
	<b>33,000</b>	<b>30,000</b>	<b>45,000</b>	<b>15,000</b>	<b>15,000</b>	<b>138,000</b>
<b>UNCOMMITTED</b>						
Approach Path Clearing	100,000	100,000				200,000
Original Holdroom modification for ??	20,000					20,000
Temp Hwy access/egress contingency	60,000	60,000				120,000
*1 Increase chain-link fence height			30,000			30,000
Refurbish ATB stucco exterior	40,000					40,000
Anti-icer storage structure		5,000				5,000
Taxi "C" extension				100,000		100,000
ATB energy wise lighting		25,000				25,000
Apron concrete park stands				50,000		50,000
Apron Expansion to N					300,000	300,000
Aquifer protection						-
Update air terminal seating				30,000		30,000
Master Plan implementation						-
Realignment of S tenant taxi access					20,000	20,000
Paved heavy equipment parking area	25,000					25,000
Inter-airport road system design	20,000					20,000
Purchase of new staff vehicle				35,000		35,000
*1 Purchase of new urea spreader			15,000			15,000
Extension to Mustang Road					75,000	75,000
Design for ATB upper level expansion			25,000			25,000
Airport Terminal Building Expansion				250,000		250,000
Fencing replacement					30,000	30,000
Overlay of Apron (ACAP)					30,000	30,000
Safety Management System Program	10,000					10,000
	<b>275,000</b>	<b>190,000</b>	<b>70,000</b>	<b>465,000</b>	<b>455,000</b>	<b>1,455,000</b>
<b>TOTAL CAPITAL PROJECTS</b>	<b>308,000</b>	<b>220,000</b>	<b>115,000</b>	<b>480,000</b>	<b>470,000</b>	<b>1,593,000</b>

NOTES: \*1 Noted capital items are eligible for ACAP funding and shown are the estimated airport share of total costs.  
OTHER: CAT1 approach lighting 365,000 and 1000 ft runway extension 1,800,000

THE THEME OF THIS YEAR'S ANNUAL REPORT IS "ASCENT." This represents the continuing thrust on the part of the Nanaimo Airport Commission and its management and staff to fulfill the expectations of Central Vancouver Island residents, businesses and visitors.

The economic environment in which Nanaimo Airport operates shows signs of recovery after years of upheaval resulting from the high tech industry meltdown, terrorism, the Iraq War, SARS and most recently soaring oil prices. In the wake of this recovery, passenger statistics at Nanaimo Airport show a second year of continued growth, which also reflects increasing population and an expanding business community in Central Vancouver Island.

Important new development projects planned in Nanaimo, Oceanside, Ladysmith, and the Cowichan Valley will appreciably impact Nanaimo Airport. The commitment to the New Nanaimo Centre project helped make 2004 an exciting year. That major project will attract convention visitors and vacationers and is expected to contribute significantly to regional economic growth.

Nanaimo Airport must be able to fulfill the community's expectations as a primary gateway to Central Vancouver Island, contributing to the lifestyle and economy of the region. While the airport infrastructure is in good condition, the buildings, runways, roadways and parking facilities will not be adequate to accommodate the increased air service demand anticipated during the forthcoming years. The Commission will continue to pursue improvements in these crucial areas.

Nanaimo Airport's financial house is in order. The Commission is committed to first class governance and has added systems and policies for accountability and control. Funds continue to be reserved for major capital projects.

Prior to the effective date of new federal regulations, Nanaimo Airport executed new Aircraft Emergency Intervention Services in 2004. Staff were trained, equipment purchased and facilities built to meet the new requirements. The Airport Commission is proud that it exceeded the required facility safety and security regulations.

These are exciting times. The Nanaimo Airport Commission will not relent in its pursuit of aggressive goals. It continues to explore ways to enhance the passenger experience at the airport. It will continue to prioritize its relationship with the community and to integrate community partners in critical planning and growth initiatives.

2004 was a busy year. The future will be busier as the Nanaimo Airport continues its ascent to satisfy the air transportation expectations of Central Vancouver Island.



## AIRPORT GENERAL MANAGER'S REPORT

An image of “Ascent” reflects the progressive drive of Nanaimo Airport to exercise its mandate in Central Vancouver Island. Our Mission Statement, in part, focuses our organization on the core purpose of our business:

TO PROVIDE A SAFE, EFFICIENT, AND FINANCIALLY VIABLE AIRPORT  
THAT OFFERS EXCELLENT VALUE AND SERVICE TO ALL USERS.

Nanaimo Airport has experienced two consecutive years of passenger growth and its third year of positive financial results during a period when the aviation industry remains in flux. Solid governance and prudent management has never been more important than during recent years of aviation instability. The aviation industry has responded favourably to our consistency and stable fee structure.

During 2004 Air Canada emerged from bankruptcy protection and the new company, ACE, adjusted schedules and routes. Nanaimo Airport was not immune to these changes. Our passenger numbers, which had increased steadily through the first three quarters of 2004, showed slight decreases in the fourth quarter. This was significantly due to Air Canada Jazz schedule changes.

Expanded air service at Nanaimo Airport, including additional direct destinations and access to more air route networks, is essential to the continued growth of our region. Nanaimo Airport continues to pursue new air service opportunities. Several carriers have expressed interest in starting service to Nanaimo Airport.

Nanaimo Airport made several facility improvements in 2004. We expanded the Air Terminal Building by one third to accommodate new security procedures and to prepare for future growth in passenger traffic. The building now provides separation between arriving and departing passengers and was designed to allow for the future addition of a second storey. We also added a new fire truck and shelter. As a result of this progress, Nanaimo Airport was the first to comply with Canadian Aviation Regulation 308.

The cost of these renovations was more than \$1-million. Through the Airport Capital Assistance Program of Transport Canada and the Canadian Air Transport Security Authority, the Government of Canada provided significant contributions to these infrastructure improvements.

The Nanaimo Airport Commission is committed to providing a safe environment as an essential component of good business. Our focus on safety was highlighted in 2004 by an emergency exercise called iSparticusí. It was the largest exercise of its kind ever completed at Nanaimo Airport and involved all agencies responsible for emergency preparedness in our region.

We will continue our ascent.



**DAVE HUNTER** — Airport General Manager











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