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READY FOR YOU 2014

NANAIMO AIRPORT COMMISSION | ANNUAL REPORT

YCD AT A GLANCE

CORPORATE PROFILES

FINANCIAL STATEMENTS

THE FUTURE

2014 HIGHLIGHT PROJECTS

ENVIRONMENTAL STEWARDSHIP





NANAIMO AIRPORT COMMISSION
2014 ANNUAL REPORT

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Ready For You

Nothing is more valued at Nanaimo Airport
than safety for all that use our facilities.
It's our highest priority.



YCD at a glance

270,400

Passengers in 2014

5

Record-Breaking Years

5

Years Ahead of Passenger Forecasts



Over 98% weather reliability



20.1% increase in passenger numbers

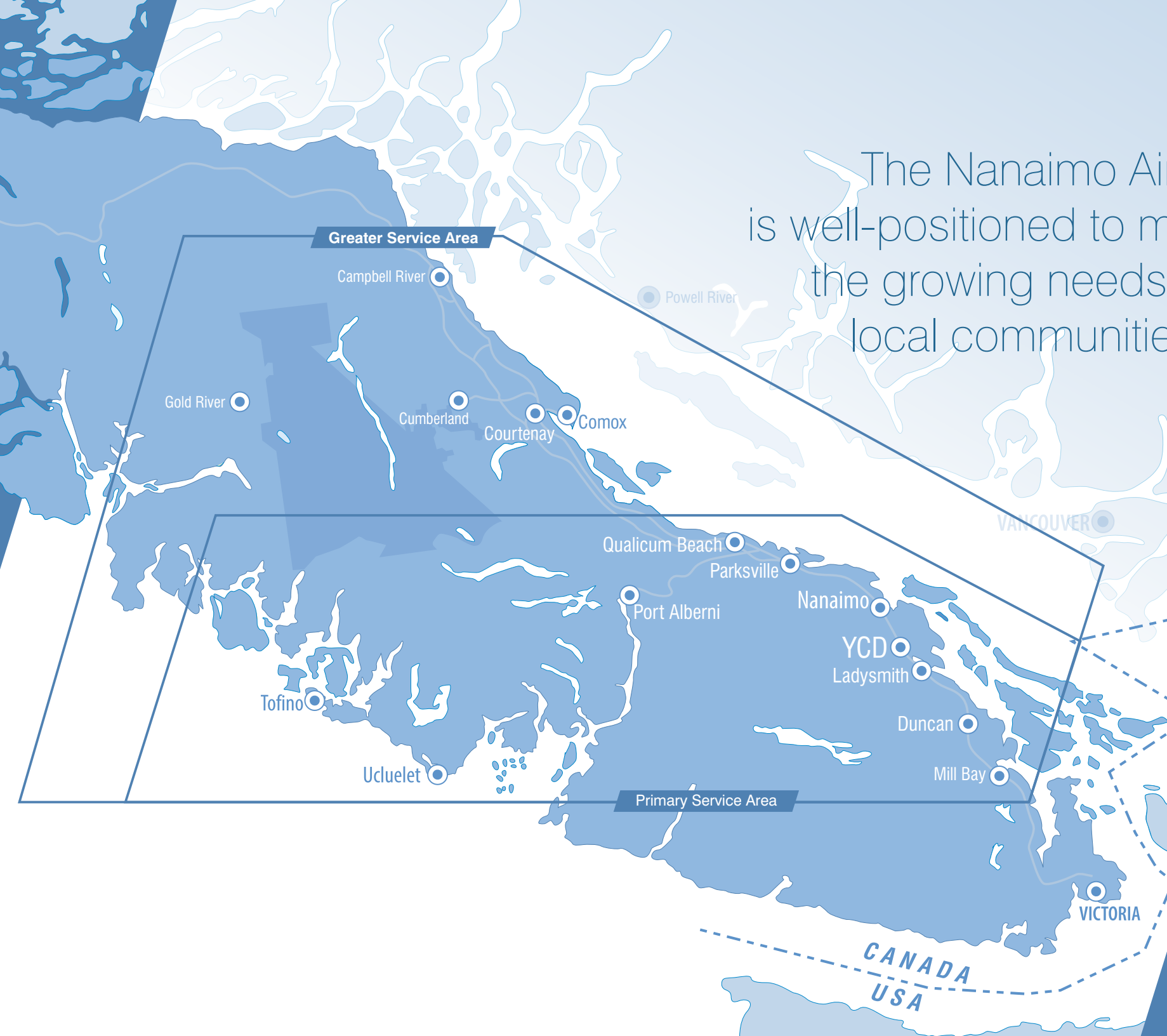


Over 700 direct and indirect jobs generated by YCD activities



\$51 million annually in direct and indirect economy contribution to the region from YCD

The Nanaimo Airport is well-positioned to meet the growing needs of local communities



Service Area

The airport's primary service area illustrated on the map includes a population greater than 253,000.

The greater service area includes the Regional Districts of Comox-Strathcona and Mount Waddington for an additional population base of 150,000.

“How are we doing?”

By listening to the invaluable responses to our frequent customer surveys, we've been able to make improvements that position Nanaimo Airport as the gateway to the world for our communities. ”



Message from the Board Chairman

Why is Nanaimo Airport becoming the airport of choice for Central Vancouver Island?

There are many reasons, but the main one explains why we're also one of Canada's fastest growing airports: We are customer-driven.

The Board of Directors and staff have worked tirelessly to ensure a memorable experience for the hundreds of thousands of people who place their travel plans in our hands.

We spend each day earning their trust, enhancing our services to ensure reliability, comfort, convenience and safety. And we always ask the most important question in a people-driven business: "How are we doing?" By listening to the invaluable responses to our frequent customer surveys, we've been able to make improvements that position the Nanaimo Airport as the gateway to the world for our communities.

As Chairman of Nanaimo Airport Commission for the past year, it's been rewarding to help oversee the exciting evolution of this integral component of our Island's transportation infrastructure. Our commercial airline partners, WestJet and Air Canada, expanded their services in 2014, and the arrival of Kenmore Air with its Nanaimo-Seattle flights brought international connections to the airport for the first time.

As a result, we again set a record for passengers, with over 270,000 passengers passing through our gates, which is an impressive growth of 20% over 2013.

We recognize that we are changing travel habits for many in our region. You have choices and we want to make your use of the Nanaimo Airport the right choice for you. Many people

in our region used the airport for the first or second time this year. We look forward to welcoming you back, and also, we are driven to introduce our airport and the great experience, to the rest of you.

But our story is about more than numbers. It's also about the new opportunities the airport creates for residents and businesses in our region. We've made it easier for tourists, family, and potential investors to visit and explore what our community has to offer - including developable land here on the airport site.

And we've done it all while continuing to fulfill our role as a good business and environmental leader. Those are the standards we place on ourselves because they are important to our customers.

My thanks to the outstanding airport staff for again exceeding expectations in carrying out the long-term vision of the Nanaimo Airport Commission; to enhance the quality of life for current and future generations in our service area. Also, "thank you" to our Partners in Progress: stakeholders in the regional community, our political and First Nations leaders, passengers, and the tenants of the airport.

It's been my privilege to be part of this impressive year of accomplishments. I look forward to even more in 2015.

Sincerely,



John Craig

BOARD OF DIRECTORS



Board Chairman, John Craig



Vice Chair, Lucie Gosselin



Past Chair, Russ Burke



Director, Al Tully



Director, Dixon Kenny



Director, Joe Burnett



Director, Mike Kandert



Director, Wendy Clifford



Director, Ray Gauthier

MISSION

To provide a safe, efficient and financially viable airport, offering excellent service and value to all users while fostering economic development.

VISION

The Nanaimo Airport will be a safe, reliable, air services gateway effectively meeting customers' needs.

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 from Transport Canada. In 1996, the Commission was granted fee-simple title to the Airport lands by way of the National Airport Policy transfer initiative.

The Commission is comprised of a total of nine Directors including the past Chair, all appointed by the Commission. Four Directors are selected by the Commission to represent the community at large. The following five entities provide to the Commission the name of a nominee or short list of nominees whose appointment is then subject to the consideration of the sitting Directors as provided by the NAC bylaws:

- The City of Nanaimo
- The Regional District of Nanaimo
- The Cowichan Valley Regional District
- The Town of Ladysmith
- The Greater Nanaimo Chamber of Commerce



President, CEO Report

As a not-for-profit community-based organization, the Nanaimo Airport Commission has a strong commitment to planning and practices that tie into the values of our community.

Safety remains our highest value and leading priority to ensure a safe experience for all those who visit and use the Nanaimo Airport facilities.

The YCD Team continues to work hard to meet the needs of our customers by enhancing the aviation services and associated infrastructure.

The Federal ACAP program announced an investment exceeding \$1 million for equipment at the Nanaimo Airport in 2014. The announcement was made by the Federal Minister of Transport, Lisa Raitt, and includes; 1) the purchase of a new Aircraft Rescue Fire Fighting vehicle that will enable on-site emergency response within 3 minutes for any situation, and 2) a runway sweeper that significantly improves pavement conditions during poor weather events.

A comprehensive audit of the Safety Management System was conducted to ensure we have established a solid, safety foundation with continuous improvement processes built in.

Additionally, we completed a vegetation management project, which included topping trees in the northern approach path to meet regulatory requirements. This work was successful due to the strong support and cooperation of our neighbours.

This example of cooperation reflected another value that is very important to us: partnerships.

The NAC reached a historic agreement with the Stz'uminus First Nation, through a Memorandum of Understanding that brings us together in the spirit of friendship and cultural recognition and will allow us to explore joint business opportunities.

All future development within our boundaries will be guided by another value that is central to our airport's operations: careful environmental stewardship. We are very sensitive to our natural surroundings, and will continue to manage them responsibly.

All of these commitments are taken very seriously by our dedicated staff and Board of Directors at the Nanaimo Airport.

Sincerely,

Michael Hooper

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 that 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.

Audited financial statements contained within this report are consistent with information presented in the full set of financial statements, available at the Airport Office.



Michael K. Hooper
President, CEO
Nanaimo Airport

Nanaimo, BC
March 26, 2015

Partners
Lorana LaPorte, C.A., CFP*
Grant McDonald, C.A.*
*incorporated



Church Pickard
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Report on the Financial Statements

We have audited the accompanying financial statements of the **Nanaimo Airport Commission**, which comprise the statements of financial position as at December 31, 2014, and the statements of revenue and expenses, changes in net assets, and cash flows for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.


An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Nanaimo Airport Commission as at December 31, 2014 and its financial performance and its cash flows for the year ended December 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

Nanaimo, B.C.
April 21, 2015



Members, Institute of Chartered
Accountants of British Columbia



CHURCH PICKARD
Chartered Accountants

Nanaimo Airport Commission
Statement of Financial Position

For the year ended December 31, 2014

	2014 (actual)	2013 (actual)
ASSETS		
Current		
Cash	\$ 1,714,676	\$ 1,473,803
Short-term investments - Note 4	186,270	244,968
Prepaid expenses and operational supplies	85,651	68,407
Accounts receivable - Note 7	678,238	445,454
	2,664,835	2,232,632
Long-term investments - Note 4	917,885	520,020
Deferred leasing costs	13,269	13,865
Tangible capital assets - Note 3	27,821,194	28,209,692
	\$ 31,417,183	\$ 30,976,209
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 298,168	\$ 217,869
Deferred lease revenue	46,922	45,532
Current liabilities before callable debt	345,090	263,401
Callable debt - Note 5	2,629,636	2,956,963
	2,974,726	3,220,364
Deferred contributions related to tangible capital assets - Note 6	16,683,225	17,309,447
Security deposits	19,771	19,771
	19,677,722	20,549,582
NET ASSETS		
Invested in tangible capital assets	8,508,335	7,943,285
Restricted for tangible capital purchases	882,000	300,000
Unrestricted	2,349,126	2,183,342
Net assets	11,739,461	10,426,627
	\$ 31,417,183	\$ 30,976,209

APPROVED:


DIRECTOR


DIRECTOR

	Budget 2014 (Unaudited)	2014	2013
REVENUE			
Passenger	\$ 1,418,080	\$ 1,454,491	\$ 1,223,344
Passenger facility fee	1,242,473	1,316,574	1,091,695
Vehicle parking	568,896	712,070	481,597
Air terminal lease, licence, and concession fees	357,798	398,793	319,736
Commercial land lease and licence	307,027	324,581	308,305
Airside facility lease, concession fees, and revenue	56,000	69,246	326,082
Interest and general	19,800	47,797	46,872
	3,970,074	4,323,552	3,797,631
EXPENSES			
Administration and general	698,943	703,316	781,693
Operations and maintenance - CSB and airfield	512,610	378,978	575,544
Operations and maintenance - ATB	276,176	340,217	278,580
Emergency safety and security services	321,540	337,831	282,955
Marketing and promotion	231,400	219,675	191,937
Airport commission	134,275	151,356	106,898
Property taxes and general	126,500	115,170	111,363
Planning and development	85,450	109,124	114,680
Community engagement	73,584	93,811	62,476
Interest on demand loan	98,964	92,672	103,280
Insurance	70,800	45,814	44,097
	2,630,242	2,587,964	2,653,503
Revenue in excess of expenses before other revenue (expenses)	1,339,832	1,735,588	1,144,128
Other revenue (expenses)			
Amortization of deferred contributions related to tangible capital assets	873,465	805,380	821,944
Non-capital grants	-	-	16,358
Amortization of tangible capital assets	(1,230,887)	(1,228,134)	(1,181,888)
Net realized gain on investment	-	-	1,323
	(357,422)	(422,754)	(342,263)
Revenue in excess of expenses	\$ 982,410	\$ 1,312,834	\$ 801,865

Nanaimo Airport Commission
Statement of Revenue and Expenses
For the year ended December 31, 2014

Nanaimo Airport Commission
Statement of Changes in Net Assets

For the year ended December 31, 2014

	Invested in Tangible Capital Assets	Restricted for Tangible Capital Purchases	Unrestricted	Total 2014	Total 2013
Balance, beginning of the year	\$ 7,943,285	\$ 300,000	\$ 2,183,342	\$ 10,426,627	\$ 9,624,762
Revenue in excess of expenses net of unrealized gain	-	-	1,312,834	1,312,834	800,542
Net realized gain on investments	-	-	-	-	1,323
Amortization of deferred contributions related to tangible capital assets	805,380	-	(805,380)	-	-
Amortization of tangible capital assets	(1,228,134)	-	1,228,134	-	-
Net transfers	-	582,000	(582,000)	-	-
Repayment of debt	327,327	-	(327,327)	-	-
Purchase of tangible capital assets	839,635	-	(839,635)	-	-
Grant funds received	(179,158)	-	179,158	-	-
Balance, end of the year	\$ 8,508,335	\$ 882,000	\$ 2,349,126	\$ 11,739,461	\$ 10,426,627

CASH PROVIDED (USED)

Operating activities

	2014	2013
Revenue in excess of expenses	\$ 1,312,834	\$ 801,865
Items not involving cash		
Amortization of tangible capital assets	1,228,134	1,181,888
Amortization of deferred contributions related to tangible capital assets	(805,380)	(821,944)
	1,735,588	1,161,809
Changes in non-cash operating accounts		
Increase in accounts receivable	(232,784)	(79,648)
Decrease in inventory	-	76,858
(Increase) decrease in prepaid expenses and operational supplies	(17,244)	1,177
Decrease in deferred leasing costs	596	597
Increase in accounts payable and accrued liabilities	80,299	50,815
Increase in deferred lease revenue	1,390	1,600
Decrease in security deposits	-	(360)
	1,567,845	1,212,848

Financing activities

Decrease in callable debt	(327,327)	(316,720)
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Investing activities

Purchase of tangible capital assets	(839,636)	(494,171)
Capital contributions	179,158	162,310
Decrease (increase) in short-term investments	58,698	(53,969)
(Increase) decrease in long-term investments	(397,865)	25,857
	(999,645)	(359,973)

Increase in cash

	240,873	536,155
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Cash, beginning of the year

	1,473,803	937,648
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Cash, end of the year

	\$ 1,714,676	\$ 1,473,803
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Nanaimo Airport Commission
Statement of Cash Flows

For the year ended December 31, 2014

1 Operations

The Nanaimo Airport Commission is registered as a non-profit society which was incorporated under the Society Act of British Columbia and files as a non-profit organization under the Income Tax Act. The commission operates the Nanaimo airport facility which serves individuals travelling to and from central Vancouver Island. On December 2, 1996, all airport land, buildings, and improvements were transferred to the commission from the Ministry of Transport for \$10. Under the terms of the transfer agreement, the commission must continue to operate the airport until December 2, 2046. If the commission ceases to operate or manage the airport, the Ministry of Transport has the option to reacquire the facilities for \$1. This option expires December 2, 2046.

Prior to the transfer, the commission operated the airport through a head lease from the Ministry of Transport.

2 Significant accounting policies

- Basis of accounting
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
- Deferred leasing charges
Deferred leasing charges are amortized over the life of the lease.
- Tangible capital assets
Purchased tangible capital assets are recorded at cost at date of transfer and amortized. Contributed tangible capital assets are recorded at fair market value (as per property assessments) at the date of transfer and amortized.

Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital assets as follows:

Buildings and improvements	25 years
Runway, airfield, and parking lot improvements	10 - 50 years
Fence	10 years
Mobile equipment	15 years
Furniture, equipment, and computer hardware	5 years
Vehicles	5 years
Computer software	5 years

In the year of acquisition, amortization is recorded at one-half of these rates.

2 Significant accounting policies - cont.

- Revenue recognition
The commission follows the deferral method of accounting for operating grants. Operating grants are recognized as revenue in the year in which the related expenses are incurred. Capital grants are deferred when received and amortized over the useful life of the corresponding assets.

Revenue is recognized as follows:

- Landing and general terminal fees are recognized as revenue when airport facilities are utilized.
- Passenger facility fee revenue is recognized at passenger departure.
- Concession revenue is recognized monthly based on the relevant agreements.
- Parking concession revenue is recognized as the lot is used.
- Revenue from leases is deferred and recognized into revenue over the life of the lease.
- Investments
Short-term and long-term investments consisting of term deposits and GICs are recorded initially and subsequently measured at fair value. Changes in fair value are recognized in net income in the period incurred.
- Contributed services
Volunteers contribute several hours per year to assist the commission in carrying out the operations of the airport. Because of the difficulty in determining fair market value, services contributed by volunteers are not recognized in these financial statements.
- Use of estimates
The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the determinations of the collectibility of accounts receivable, the amortization of tangible capital assets, and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

3 Tangible capital assets

	Cost	Accumulated Amortization	Net 2014	Net 2013
Land	\$ 3,656,503	\$ -	\$ 3,656,503	\$ 3,656,503
Buildings and improvements	13,452,548	3,881,238	9,571,310	10,036,171
Runway, airfield, and parking lot improvements	20,484,681	6,473,017	14,011,664	14,120,588
Fence	281,618	218,552	63,066	60,271
Mobile equipment	238,878	7,465	231,413	-
Furniture, equipment, and computer hardware	664,340	553,258	111,082	125,271
Vehicles	1,078,529	922,845	155,684	200,431
Computer software	56,115	35,643	20,472	10,457
	<u>\$ 39,913,212</u>	<u>\$ 12,092,018</u>	<u>\$ 27,821,194</u>	<u>\$ 28,209,692</u>

Included in tangible capital assets is \$122,280 of assets which have not yet been put into use, and are therefore not being amortized.

Included in tangible capital assets is the airport facility acquired by way of the transfer agreement described in Note 1. The transfer was recorded at \$7,000,000 (\$2,600,000 for the land, \$2,600,000 for buildings and improvements, and \$1,800,000 for the runway, airfield, and parking lot improvements).

4 Investments

The short-term investments consist of several term deposits and GICs, having interest rates ranging from 1.86% to 2.7% and maturing at various dates from May 21, 2015 to June 10, 2015. The long-term investments consist of equity investments, and several term deposits and GICs, having interest rates ranging from 1.90% to 3.30% and maturing at various dates from February 22, 2016 to June 10, 2019. As a condition of its callable debt (Note 5), the commission must maintain a minimum of \$210,000 in GICs or cash in its investment account.

	2014	2013
Short-term investments	<u>\$ 186,270</u>	<u>\$ 244,968</u>
Long-term GICs	<u>\$ 917,885</u>	<u>\$ 520,020</u>

Of the long-term GICs, \$882,000 is internally restricted for tangible capital purchases in the future.

5 Callable debt and line of credit

- Callable debt

Royal Bank of Canada - interest payable at prime plus 0.30% requiring blended monthly payments of \$35,000; repayable in full on May 12, 2015

	2014	2013
	<u>\$ 2,629,636</u>	<u>\$ 2,956,963</u>

The debt is secured by a general security agreement on all property of the commission. Debt is further secured by a collateral mortgage in the amount of \$875,000 constituting a first fixed charge on certain lands and improvements. In addition, there is a collateral mortgage including first ranking assignment of all rents in the amount of \$6,300,000 constituting a first fixed charge on certain lands and improvements.

When the loan becomes due, it is management's intent to renew the demand loan for an additional 12-month period.

- Line of credit

The line of credit is a \$100,000 operating line of credit with the Royal Bank of Canada. Interest is payable at prime plus 0.50% on the outstanding balance. There was no outstanding balance at December 31, 2014.

6 Deferred contributions related to tangible capital assets

Deferred contributions related to tangible capital assets represent contributed tangible capital assets and capital grant contributions with which the airport buildings and various other tangible capital assets were acquired. These contributions are amortized into revenue at the same rates as the related tangible capital assets are amortized. The changes in the deferred contribution balance for the year are as follows:

	2014	2013
Balance, beginning of the year	\$ 17,309,447	\$ 17,969,082
Capital grants funds realized	179,158	162,309
Amortized to revenue	(805,380)	(821,944)
	<u>\$ 16,683,225</u>	<u>\$ 17,309,447</u>

7 Accounts receivable

Included in accounts receivable, the commission has a capital grant totalling \$179,158 due from the Airport Capital Assistance Program for the purchase of mobile equipment. Of this amount, \$5,972 has been recorded as income in the period.

8 Government remittances

The commission has the following amounts owing for government remittances at December 31, 2014. These amounts are included in accounts payable and accrued liabilities.

GST	\$ 19,712
Worksafe BC	\$ 1,557
Source deductions	\$ 23,960

9 2014 budget

The 2014 adjusted budget figures presented in these financial statements are based on the accounting budget as approved by the Board of Directors on December 9, 2013. Commercial land lease and licence, and property tax and general categories have been reclassified for presentation purposes. The budget figures have not been audited.

10 Commitments

- Operating commitments

The commission has entered into various operating agreements for the lease of office equipment. The aggregate minimum payments, excluding applicable taxes, due in the next three years are as follows:

2014	\$ 3,768
2015	3,768
2016	942
	\$ 8,478

10 Commitments - cont.

The commission entered into an agreement with a fuel supplier as of October 1, 2013. If the supplier's gross profit is less than \$11,500 per month, the commission is required to pay the shortfall to the supplier. As of December 31, 2014, there was no amount payable to the supplier as a result of this obligation (2013 - \$2,242 paid).

- Capital commitment

In connection with the purchase of capital items, the commission has a capital commitment outstanding as at December 31, 2014 of approximately \$832,720.

11 Comparative figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

12 Financial assets and liabilities

The significant financial risks to which the commission is exposed are interest rate risk, credit risk, and currency risk.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The commission is exposed to interest rate risk as the interest rate on its demand loan floats with market interest rates. A 1% increase in interest rates would increase the commission's interest expense by approximately \$27,470 per year based on the financing held at the year end. The commission does not use derivative instruments to reduce its exposure to interest risk.

- Credit risk

The commission is exposed to credit risk from its carriers, tenants, and licensees. The commission has a significant number of diverse tenants and licensees which reduce the concentration of credit risk; however, at the year end there were only two major scheduled carriers, which increases the amount of credit risk as the carriers create the largest portion of revenue. At December 31, 2014, receivables included \$271,175 from the commission's largest customers.

- Currency risk

There were no significant accounts receivable or accounts payable denominated in foreign currency at the year end. The US\$ cash balance was \$13,644 CAD at December 31, 2014. The commission does not use hedging to minimize their risk to foreign exchange fluctuations as they do not consider this risk to be significant.



The Future

Nanaimo Airport's value as a major driver of community economic development could nearly double over the next decade as we capitalize on the many opportunities our work has created.

By 2020 we estimate there will be more than 2,000 full-time direct and indirect jobs generated by activities at our airport, meaning more than \$150 million contributed annually to the regional economy.

How will that come about?

First, we have a long-term land use planning strategy to generate revenue by developing our property with a focus on future generations' aviation needs, and on benefits to the surrounding communities. Nanaimo Airport has one of the largest available land masses for development of any airport in close proximity to YVR. More than 50 hectares of the approximately 200 hectare site is available for airside and groundside development. Any and all development will exceed regulatory requirements and be governed by our stringent environmental standards.

Second, with passenger records being broken in each of the last 5 years, we will continue to make a strong business case for attracting other airlines and developing other routes. Already we are planning an expansion of our air terminal building, to meet the increased demand and to accommodate new commercial partners.

Third, we will help spur job creation locally by bringing more business tenants to our site and by making access to the Central Vancouver Island market easy for outside investors and business owners. Calgary, which has more national business headquarters than any other Canadian city outside Toronto, is already less than two hours away by air.

And fourth, we will be a catalyst for tourism by bringing more visitors to explore what our communities have to offer. With connecting flights now running daily, travellers can easily get to Nanaimo from anywhere in the world, to see for themselves the wonders of Vancouver Island.

Our marketing will target aviation-based businesses such as:

- Freight and courier operations
- Terminal retail and services
- Aviation support services
- Aircraft related suppliers
- Aerospace education and training
- Air transport dependant businesses
- Aircraft storage and maintenance
- Airport compatible business operations
- Restaurant for airport users
- Retail for airport users
- Ground transportation services



2014 Highlight Projects

Nanaimo Airport certainly lived up to its 2014 campaign theme: *Ready for You*.

While posting another record year for passenger traffic, we completed numerous initiatives to further improve safety, reliability, environmental stewardship, passenger convenience, and commercial potential. Each project tied into our goal of meeting the needs of our communities, today and into the future.

More choices for passengers

WestJet added a second non-stop flight to its service between Nanaimo and Calgary, while Kenmore Air launched non-stop flights to Seattle.

More Government of Canada investment

The airport received over \$1 million in federal funding through an Airports Capital Assistance Program grant. The funding paid for a new emergency response firefighting vehicle, and 75 per cent of the cost of a high-speed runway sweeper.

Vegetation Management

As part of the approach path management program required by Transport Canada, we topped trees around our runway to meet regulatory requirements. The strong support of our neighbours was essential to the success of this safety project.

Safety Management System (SMS) Completed

2014 marked the first year of a fully implemented SMS system, and an external audit described it as "a very solid foundation."

An Historic Partnership

The Nanaimo Airport Commission and the Stz'uminus First Nation negotiated a Memorandum of Understanding that outlines an expectation of communication and participation with each other for potential economic opportunities. It also respects our historical and business cultures.

Enhanced Customer Service

Throughout the year we surveyed users to find out how we could improve the airport experience. From the feedback, we've made operational changes to better meet the needs of travellers, delivering consistency, convenience, reliability, affordability, and safety.

A Bigger Parking Lot

We added an additional 100 parking spaces to help meet the growing demand caused by record passenger traffic. Our long-term parking plan calls for more stalls to be created as necessary, beyond the current 660 stalls.

All of these activities, and many others still ahead, are the result of the efforts of our Board of Directors, staff, and commercial partners here at Nanaimo Airport. To them, "Ready For You" isn't just a slogan. It's a mission.

Community Outreach

The Airport Commission's Board of Directors for the first time held their annual fall planning session outside of Nanaimo in another part of the Airport's service area. Partners in Progress included a community reception for MLAs and MPs, representatives of area towns and districts, Chambers of Commerce, and tourism associations and agencies to learn more about the Commission.

Volunteer Ambassador Program

Our well-received Blue Navigators program grew to a team of more than 30 volunteers who contributed more than 3,000 hours of their time in 2014 to help passengers get the most out of their travel experience. Our volunteers expanded their shifts to meet the increase in requests for assistance once our air carriers increased the number of flights.

Onsite Fuel Supplier

While in its first year at Nanaimo Airport, Enex Fuels was so successful that it had to expand services to meet the demand. One of Vancouver Island's leading fuel and lubricant suppliers, Enex also signed an agreement with us to provide other operational services.

Land Development

A Plan for Our Future

The Nanaimo Airport Commission, as part of its mandate to develop, manage, and operate the airport, approved a 20-year land use plan in 2014 with the assistance of highly-regarded industry consultant SNC Lavalin Inc. The plan will have major impact as it guides future development at the airport. Several promising opportunities for aviation and commercial businesses have been identified, all of them compatible with the airport's Master Plan and with the surrounding community.

An Alliance with Local Governments

Recognizing the importance of cooperation in building the local economy, we reached a Memorandum of Understanding with the Stz'uminus First Nation committing us to consultation with each other on economic opportunities. It will be formally signed in 2015.

We also continue to negotiate with the Regional District of Nanaimo on an agreement that describes

the relationship and sets out guidelines that will be helpful in updating the Airport's Master Development Plan.

A Boom for Businesses

Two major commercial tenants at the airport reported outstanding growth in operations during 2014.

FedEX expanded its air cargo business to Nanaimo in February, starting with one daily flight. Surging demand led the company to increase to several flights per day, and more flights are expected to be added due largely to online shopping deliveries.

Enex Aviation Services also expanded. The fuel supply firm added additional operational services at the airport. Enex can refuel aircraft that have longer ranges, which will help attract carriers offering flights to the Pacific Northwest, western Canada, or even a sun destination like Hawaii.

Community Engagement

Century Flights

In partnership with Tourism Nanaimo, Nanaimo Airport hosted over 70 planes for the Century Flights Flight Across Canada conference in July. The event drew more than 200 delegates and generated an estimated \$1 million of tourism value to our community. Private aircraft came to Nanaimo from across the country, and each day 20 to 30 aircraft took off for day tours of the area.

The Nanaimo Airport team worked with the event planners for months in advance to ensure that the increase in aircraft activity could be hosted in a safe and efficient way. The feedback from the group was very rewarding: "Nanaimo was the absolutely best Convention ever. The Flying Club and Airport did an outstanding job."

Air Cadets Annual Review

The Nanaimo Airport takes great pride in hosting, in conjunction with the Nanaimo Flying Club, the Annual Review for the 205 Collishaw Nanaimo Squadron of Air Cadets.

The program focuses on social development, decision-making, and leadership while developing knowledge of Canadian history and democracy. The Annual Ceremonial Review is the most important event of the Air Cadet training year as cadets display what they have learned to their families and assembled guests. The Squadron also uses the occasion to

honour deserving cadets by presenting them with various awards.

Air Cadets Glider Training

On six consecutive weekends in both spring and fall, gliders float in the skies above Nanaimo Airport. Their pilots are senior Air Cadets who are taking glider training in their quest to obtain their private pilot's licence.

YCD serves as their base while they build their flying experience. For many, it's the start of a life-long passion for being a pilot. Every cadet has a chance to participate in flight activities, and every year some top senior cadets earn a scholarship towards their pilot's licence.

Noise Mitigation Roundtable

Since fall 2013 we have invited concerned neighbours to participate in roundtable sessions to discuss airport noise mitigation strategies.

Participants include nearby residents and representatives from the Nanaimo Flying Club, area pilots, Nav Canada, and airport staff. The discussion includes an educational component to assist with further understanding of aviation regulations and procedures.

In 2014 noise exposure in inhabited areas around the airport remained well below Transport Canada guidelines.



Public Presentations

In 2014 we conducted more than 50 public presentations to ensure that residents in our service area were updated on our many activities. The sessions also served as a forum for providing feedback and asking questions about airport operations. We appreciate the time and perspectives our neighbours give to us at these presentations, and we will continue to meet face-to-face as much as possible.

B.C. Summer Games

Four months of planning involving teams from Nanaimo Airport, BC Summer Games staff and volunteers, Air Canada, and Air Canada Jazz culminated in a smooth arrival and departure for the thousands of athletes and officials for the B.C. Summer Games in July.

More than 40 Air Canada Jazz charters brought participants and organizers here from around the province, and then delivered them back home. At one point the airport had a 737, a CRJ, and a Dash 8 all parked on the apron. It was a true community effort, and we thank and congratulate everyone involved for their hard work and commitment.

Food Drive

The Nanaimo Airport again hosted a six-week food drive called CAN-nections over the Christmas holiday season to help fill the shelves at local food banks in 2014. December is the busiest time in the terminal for passengers and greeters from throughout our region, and is an ideal time to run the campaign.

The Commission matched the donations made by the public and staff as this year's campaign was themed "Turn One Can Into Two."



Environmental Stewardship

Environmental Management Plan

Protection of the environment is one of the Nanaimo Airport Commission's corporate values. We are committed to operating Nanaimo Airport sustainably by applying our economic, social, and environmental responsibilities to every business decision.

Our Environmental Management Plan (EMP) follows a "Plan, Do, Check, and Act" model, and provides direction and priorities for improving environmental performance. Management activities are controlled and documented through the operation of our integrated environmental management system.

Our EMP includes water and land resources, natural habitat, aeronautical noise, energy and climate change, and waste management.

Aquifer Protection

The Nanaimo Airport Commission is a leader in researching and protecting the Cassidy Aquifer.

In the immediate area of the airport, the Cassidy Aquifer extends southeast from Haslam Creek to Ladysmith Harbour. The larger aquifer system extends north of Haslam Creek along the Nanaimo River floodplain. A bedrock basin restricts the size of the aquifer to approximately 4 km wide in the area of the Nanaimo Airport.

Because of the overall size of the Cassidy Aquifer, the Nanaimo Airport, as well as Highway 1, the rail

line and the neighbouring Cassidy community, all sit upon the aquifer. NAC's Aquifer Management Plan consists of best management practices to protect groundwater quality. NAC's Groundwater Protection Strategy commits us to gaining a strong understanding of the waterways and then managing our activities to protect the aquifer for the future.

We have engaged geotechnical specialists to monitor test pits, and drill inspection holes and wells on our lands and on a neighbouring property. We recently expanded the project to include ongoing sampling from eight monitoring locations. Computer-generated 3D modelling was developed to learn about the layout of the aquifers and the direction of groundwater flow through them.

This robust data will help not only the Commission, but other interested partners manage this very productive and valuable resource.

In-Stream Work

We are committed to ongoing fish habitat enhancement work in the lower reaches of Haslam Creek through an environmental partnership with community organizations and DFO that began in 2006. The creek is a major 25-km tributary to the Nanaimo River and is home to coho, pink, and chum salmon as well as cutthroat and rainbow trout.

We will continue to support, monitor, and maintain the restoration project through careful stewardship of the land.

Vesper Sparrow Habitat Project

2014 saw continued implementation of the Coastal Vesper Sparrow Critical Habitat Conservation and Enhancement Guide, developed jointly by our staff and Canadian Wildlife Services (CWS). It is the latest step in a series of projects that started in 2002 in cooperation with CWS and other local interest groups, to plan and manage Vesper Sparrow habitat on Airport's lands, while ensuring aviation safety.

The overall goal of the project is to enhance the short- and long-term recovery of the species.

The Great Shoreline Cleanup

A team of Nanaimo Airport Commission staff members annually joins the Great Canadian Shoreline Cleanup, a national program focusing on the cleanup of shoreline trash. Making a difference in our communities, our volunteers concentrate on the Haslam Creek area. Keeping the upstream clean prevents trash from entering the water way and the fragile aquatic ecosystems.

Vegetation Management

A vegetation management program ensures safe and clear flight access to our airport. This year, Transport Canada required the topping of trees as part of approach path management. The Commission has undertaken a replanting program to maintain the riparian values where appropriate.

