CVAC

Comox Valley

AIRPORT COMMISSION

YQQ

Annual Report

Comox Valley

Airport Commission

June 20, 2001

"The Comox Valley Airport Commission is very excited about the prospects for the future. We are on the verge of providing much needed airport facilities for the people of the Comox Valley and Vancouver Island."

David L. Mellin
Chairman
Comox Valley Airport Commission

Chairman's Report

David L. Mellin, Chairman

The introduction of a third carrier to Comox in March 2001 brought forth a flurry of activity to both the Airport Commission and the business community of Vancouver Island and the Sunshine Coast.

Under the guidance and direction of our General Manager, Mr. Chuck Fast, we expanded our existing terminal building to a size we never expected at this point in time which further demanded more parking for both the travelling public and car rental agencies.

The final expansion of the secure waiting area will bring to a close a massive seven month push to make things work at our present location.

The Commission has not been idle while the renovations have been ongoing in our quest to provide new facilities at Comox. We are currently trying to conclude negotiations on Area G where we plan to construct a new Airport Terminal Building. The contract for design and cost estimates for the facility has been awarded and we should have that work completed by September 2001.

The most rewarding factor of all this activity has been the total co-operation and support of the business community bringing everyone involved together with a common goal to promote upper Vancouver Island and the Sunshine Coast.

"The Comox Valley and surrounding region now enjoys a well balanced air service out of Comox. Air Canada Regional provides a vital link for national and international travel. Pacific Coastal provides excellent service to Vancouver. Westjet provides an exciting regional service to western Canada and beyond."

Chuck Fast
General Manager
Comox Valley Airport Commission

General Manager's Report

Chuck Fast, General Manager

The Comox Valley Airport Commission has completed another successful year of operations. The changes that were introduced to accommodate Air Canada Regional's larger aircraft continue so that we can accommodate Westjet. The region now enjoys a well balanced air service; Air Canada Regional providing a vital connection to national and international service, Pacific Coastal providing excellent service to Vancouver, and Westjet providing an exciting regional service to Western Canada and beyond. We are poised for a large increase in passenger traffic this year, even with the major renovations we have completed, our Air Terminal Building is severely challenged to keep up with the demand.

Passenger Service

The Comox Terminal serviced 72,600 passengers in the last calendar year, representing an eight thousand passenger increase for the year 2000. By the year end Air Canada Regional has nearly recaptured the market share enjoyed by Air BC and Canadian Regional. Pacific Coastal Airlines has generated new growth in the Comox market and is responsible for the increased passenger growth experienced last year. With the addition of the Westjet service Comox will easily surpass the 100,000 passenger mark this year.

Air Terminal

The air terminal building has more than doubled in size since this time last year. The changes stared with the addition of a portable to expand the secure holding area to accommodate the larger Dash 8 series of aircraft of Air Canada Regional. With the addition of Westjet, peak demand on the air terminal building routinely exceeds 300 passengers. We have made several changes to the existing facility, which will hopefully hold us over until the new facility is available. 19 Wing Comox has been most understanding and has allowed us to expand our facilities in a very short timeline.

"CVAC has committed another $100,000 into our capital reserve this year. The reserve is essential to provide funds for construction and operational reserves."

David Pasquill
Treasurer
Comox Valley Airport Commission

Financial Report

David Pasquill, Treasurer

The Comox Air Terminal continues to enjoy a profitable operation due to the low operating expenses associated with running the present terminal. We did increase terminal fees this year in anticipation of the increased operating costs associated with the new terminal. This increase also offset the renovations that were essential, and will pay for the expenses associated with development costs for the new airport site.

Total revenues for the year reached $345,353 of which the majority was attributable to user pay fees of several types including office rentals, terminal fees and concessions. Concession rentals have just started to increase and are expected to grow with the market stimulation brought on by Westjet.

Expenses amounted to $217,808 of which the major expenses were for terminal operation and maintenance. The directors have once again this year passed a resolution to allocate an additional $100,000 to the capital reserve for the construction of the new terminal.

"We are continuing to pursue the recommendations of the
"We are doing everything possible to improve service in a most cost efficient manner."

Kathy Penner
Director
Comox Valley Airport Commission

Passenger Market Development Committee and Communications Committee Report

Terry Law, Director

Over the past year we have endeavored to increase public and industry awareness of YQQ in the following ways:

1. Produced and distributed brochures and special inserts.
2. Issued press releases in the local press.
3. Developed and updated the web site.
4. Partnered with Tourism Comox Valley at travel shows and with familiarization tours.
5. Conducted a Travel Industry contest, country wide.
6. Met with numerous Chambers of Commerce on the island to promote YQQ.
7. Acted as a catalyst within the community to increase recognition of YQQ.

The Commission is very thankful for the help we have received from our volunteers. They cheerfully show up for every Westjet flight, when the terminal congestion is at its worst, and assist the travelling public in any way they can. The Commission is very proud of the effort they have put forth on behalf of the community. To the volunteers a very deserved well done!

These Passenger Development and Communication projects form an integral part of our ongoing communications process. These projects will continue in the upcoming years.

"The year has been full of highs and lows for the air cargo initiative. We have attempted to put several air cargo flights together but just have not been able to complete all of the details to make it happen."

RobRoy MacGregor
Director
Comox Valley Airport Commission

Air Cargo Development Committee Report

RobRoy MacGregor, Director

Two major reports for the air cargo initiative were completed this year:

1. A Business Case Analysis by InterVISTAS Consulting Inc. in association with Arthur Andersen LLP, and;

2. Air Cargo Marketing Strategy by Renwick and Associates.

The Business Case Analysis identified that the interim agreement with 19 Wing Comox to lease space and equipment is essential to proving the business case for air cargo. As the cargo loads increase it would be feasible to operate new air cargo facilities on Area G if capital assistance for infrastructure development for air cargo were available. This investment would lead to a financially viable operation which would create a number of valuable jobs.

The Marketing Strategy report identified the need to create a producer's consortium with sufficient loads and common market areas. The main loads would be marine (shellfish and farmed fish) destined mainly for the western USA.

The Air Cargo Committee of CVAC is currently seeking an airline willing to airlift seafood from a small group of producers as a pilot project. This will enable us to establish freight rates and delivery schedules which will be attractive to other producers.

"The year past involved a lot of preliminary work; the year ahead has prospects for substantive achievements."

Bob Mortimer
Director
Comox Valley Airport Commission

New Facilities Development Committee Report

Bob Mortimer, Director

During the past year we have continued to negotiate the terms for a long term lease of the area on CFB Comox known as Area 'G', where CVAC is planning to construct new civil aviation facilities for public use. While those negotiations have not progressed as rapidly as we would have liked, they are active and ongoing at this time, and we remain hopeful that a full agreement can be reached within a few weeks.

In the meantime we have begun a two-phased approach to the development of that new area, and the first phase is well underway. It involves the preliminary design of the new facilities and preparing cost estimates for the whole project. With the resulting documentation, CVAC will be able to make a submission to Transport Canada requesting funding assistance from the federal government for the construction of the new aircraft taxiways and apron, and the new airline terminal building. The contract for this first phase of development has been let to Accuratus Engineering of Kelowna as the primary consultant, and Tom Dishelvoy Architecture of Comox as one of the sub consultants. We expect to receive the completed preliminary drawings, cost estimates and other documentation before the end of August. To further facilitate the development of the new facilities, a "Business Case Analysis for Expanded Civil Aviation Facilities at the Comox Valley Airport" has been completed.

The recent expansion of our existing airline terminal building does not really qualify as "new facilities", but the CVAC long term parking lot that has been established southwest of the Glacier Gardens Arena has been possible through a new short term lease from CFB Comox. While it, like the terminal, is less than ideal for servicing our present level of scheduled commercial flights, together they should provide satisfactory facilities until we are able to realize the new purpose designed permanent terminus for civil aviation in the Comox Valley.

The coming year will be a critical one for our future development, and we will be working hard to see material progress in that period.

COMOX VALLEY AIRPORT COMMISSION

2000/2001

DIRECTORS	REPRESENTING
Dave Mellin, Chairman	City of Courtenay
Tom Grant, Vice Chairman	Town of Comox
Gord Keenan	Village of Cumberland
David Pasquill, Secretary/Treasurer	Area 'A' CSRD
Chris Williams	Area 'B' CSRD
Kathy Penner	Area 'C' CSRD
John Shepherd	Comox Valley Chamber of Commerce
Bob Janzen	Cumberland Chamber of Commerce
Bob Mortimer	Comox Valley Economic Development
RobRoy MacGregor	Director
Dave Koski	Director
David Nilson	Director
Mike Jackson	Director

Agents

Major Drew Foulds	CFB Comox
Norm McLaren	EDO, CVEDS
Terry Law	

General Manager

Chuck Fast

Recording Secretary

Betty Graham

COMOX VALLEY AIRPORT COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2001

Auditors' Report

Statement of Financial Position

Statement of Operations and Changes in Net Assets

Statement of Cash Flows

Notes to Financial Statements

AUDITORS' REPORT

To the Members of
Comox Valley Airport Commission

We have audited the statement of financial position of Comox Valley Airport Commission as at March 31, 2001 and the statements of operations and 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 March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Huxham & Co.

Chartered Accountants

Courtenay, BC

June 6, 2001

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COMOX VALLEY AIRPORT COMMISSION

STATEMENT OF FINANCIAL POSITION - MARCH 31, 2001

ASSETS	2001	2000
	$	$
CURRENT		
Cash	109,255	99,758
Term deposits	314,084	338,235
Accounts receivable	85,040	42,978
Prepaid expenses	2,008	2,251
	510,387	483,222
CAPITAL ASSETS (Note 2)	112,786	12,078
	623,173	495,300

LIABILITIES		
CURRENT		
Trade accounts	19,694	19,624
Wages and deductions	66	-
Security deposits	5,678	5,486
	25,438	25,110

NET ASSETS		
NET ASSETS INTERNALLY RESTRICTED (Note 3)	400,000	300,000
UNRESTRICTED NET ASSETS	197,735	170,190
	597,735	470,190
	623,173	495,300

APPROVED BY THE BOARD

_____ Member

_____ Member

COMOX VALLEY AIRPORT COMMISSION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2001

	2001	2000
	$	$
REVENUE		
Terminal fees	255,668	178,512
Office rentals	23,442	24,290
Concessions - car	26,865	21,259
Concessions - other	17,556	13,530
Interest	23,403	19,468
Grants	-	16,000
Miscellaneous	1,033	156
	347,967	273,215
OTHER INCOME (LOSS)	(2,614)	-
	345,353	273,215
EXPENSES		
Amortization	51,719	-
Bad debts	642	-
Directors' expenses	6,029	1,234
Insurance	5,020	4,839
Interest and bank charges	192	181
Office	6,752	5,736
Professional fees	3,510	3,250
Projects	22,556	71,183
Property taxes	5,305	5,374
Rent	8,000	8,000
Repairs and maintenance	33,683	27,051
Sub-contract	1,095	941
Utilities	8,401	8,356
Wages and benefits	64,904	59,569
	217,808	195,714
EXCESS OF REVENUE OVER EXPENDITURE	127,545	77,501
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	170,190	92,689
TRANSFER TO NET ASSETS INTERNALLY RESTRICTED	(100,000)	-
UNRESTRICTED NET ASSETS - END OF YEAR	197,735	170,190

COMOX VALLEY AIRPORT COMMISSION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2001

	2001	2000
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditure	127,545	77,501
Adjustments for		
Amortization	51,719	-
Loss on disposal of capital assets	2,614	-
	181,878	77,501
Changes in non-cash working capital		
Net change in amounts receivable and payable	(41,926)	(4,310)
Change in prepaid expenses	243	2,866
Change in security deposits	192	186
	140,387	76,243
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(155,441)	-
Proceeds on disposal of capital assets	400	-
	(155,041)	-
CHANGE IN CASH AND EQUIVALENTS DURING YEAR	(14,654)	76,243
CASH AND EQUIVALENTS - BEGINNING OF YEAR	437,993	361,750
CASH AND EQUIVALENTS - END OF YEAR	423,339	437,993
REPRESENTED BY:		
Cash	109,255	99,758
Term deposits	314,084	338,235
	423,339	437,993

1. SIGNIFICANT ACCOUNTING POLICIES:

a) The financial statements are prepared in accordance with generally accepted accounting principles.

b) Amortization charges have been calculated applying the following methods and annual rates:

Buildings	33%	straight line
Computer equipment	30%	declining balance
Furniture and fixtures	33%	straight line
Asphalt and parking areas	33%	straight line
Leasehold improvements	33%	straight line

2. CAPITAL ASSETS:

	2001		2000	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	$	$	$	$
Buildings	56,964	18,979	1	-
Buildings (not depreciated)	9,008	-	-	-
Computer equipment	3,111	933	-	-
Furniture and fixtures	10,451	3,484	12,077	-
Asphalt and parking areas	39,614	13,204	-	-
Leasehold improvements	45,357	15,119	-	-
	164,505	51,719	12,078	-
Unamortized cost	112,786		12,078	

3. NET ASSETS INTERNALLY RESTRICTED:

	2001	2000
	$	$
New civilian airport terminal	400,000	300,000

In fiscal year 2001 the Commission's board of directors internally restricted resources amounting to $100,000 for the construction of a new civilian terminal.

4. COMPARATIVE FIGURES:

Certain comparative figures have been restated, where necessary, to conform to the current year's presentation.

5. CHANGE IN ACCOUNTING POLICY:

Capital assets have been amortized starting April 1, 2000. The effect of the change in policy on the financial statements of the current period include amortization expense of $ 51,719. This change in accounting policy has not been applied retroactively as the impact on the financial statements for the prior period is immaterial.