



## **Annual Report**

**Comox Valley Airport Commission  
June 2002**

*"Many dramatic changes have occurred in the last year. Five years of dedicated effort on the behalf of the Airport Commission is now paying off with exceptional results."*

David L. Mellin  
Chairman  
Comox Valley Airport Commission

## **Chairman's Report**

**David L. Mellin, Chairman**

With the additional service provided by WestJet, we have seen our passenger numbers soar from an annual count of 55,000 in 1996 to an anticipated number close to 150,000 this year. This number has created more than forty direct new jobs at the airport, and numerous others throughout the valley. This has realized an economic benefit to our community in excess of thirty million dollars.

September 11<sup>th</sup> brought security and safety concerns to the minds of travelers throughout the world. We are proud to say that security at Comox is equal to that of any airport in Canada, with the latest security equipment having been recently installed here. What the public may not be aware of, is that we are operating in very marginal facilities with both the ramp area and the terminal building being severely challenged due to their age, size and condition.

No matter where the passengers are travelling to or from, the airport provides the first opportunity to showcase the Comox Valley. *Remember, you do not get a second chance to make a first impression.*

I believe that everyone is well aware of the poor condition and inadequacies of the Comox Valley Airport Terminal. As people arrive and depart from our terminal, the most commonly asked question is "When are you building a new terminal?"

CVAC is doing everything possible within its power to achieve a construction start date on or before 1 April 2002 but we have reached "zero hour". We must have the total support of the Comox Valley communities in the form of a four million dollar grant to ensure the economic future of the Valley and our ability to make that favourable first impression.

*"The pace of operations at Comox over the last year have been breath taking to say the least. We are processing up to 320 passengers an hour in a facility designed to handle less than a 120."*

*Chuck Fast  
President and General Manager  
Comox Valley Airport Commission*

## **General Manager's Report**

### **Chuck Fast, President and General Manager**

The Comox Valley Airport Commission ended a very successful year 2000 with the news that WestJet was going to start service to Comox in 2001. This announcement put into play a series of events that will forever change the Comox Airport facility known as the little airport serving the local community. The air terminal building, which is slated for demolition, needed a rapid expansion to cope with the demands of larger jet aircraft. The air terminal doubled in size to provide expanded space for operations, security and the general public. Still woefully inadequate, the facility handled 142,000 passengers in the first twelve months of WestJet's operation.

The aircraft ramp had undergone an engineering assessment to facilitate air cargo operations for Alaska Airlines. With the announcement of the WestJet service, 19 Wing reviewed the engineering data and provided inspection criteria, which would allow the use of the ramp on a restricted operating basis. The asphalt extension, which comprises about a third of the ramp, had deteriorated to the point where it had to be taken out of service. Aircraft manoeuvring on the ramp in front of the terminal is more akin to the operation on an aircraft carrier than at an airport. All aircraft use maximum rate turns and extra ground crew are required to provide the safety margin needed to permit operations at the air terminal.

While most airports saw a decline in traffic last year due to the tragic events of September 11<sup>th</sup>, Comox saw phenomenal growth that still continues today. Comox became the second busiest airport on Vancouver Island last year, easily surpassing Nanaimo. The challenge for CVAC and the community is to provide adequate airport facilities to allow the passenger market to continue to grow. WestJet has accelerated its purchase of new Boeing 737-700 aircraft to meet the market demand and to replace its existing fleet. WestJet's new aircraft can not physically fit in front of the existing air terminal building because of its size and weight. The day is rapidly approaching when Comox will no longer be able to facilitate the WestJet aircraft.

*"Developing full service air cargo facilities at Comox will be very challenging. There is huge potential and we will be successful."*

*Bob Janzen  
Director  
Comox Valley Airport Commission*

## **Air Cargo Committee Report**

**Bob Janzen, Director**

CVAC continues to identify new potential major air cargo shipments to the United States and abroad. Industries, especially seafood processing, continue to grow in our area with the need for a major air cargo facility growing with them. We are maintaining relationships with Alaska Airlines and with 19 Wing to provide access to the airport to facilitate air cargo operations. However, many pieces of the puzzle remain to be put in place.

The success of WestJet has brought about a new area of cargo interest. With 2500 pounds of air cargo space available on their Calgary flights every day the opportunities are boundless. WestJet not only provides nineteen destinations within their own system, but Calgary provides an air cargo distribution center used by the industries largest air cargo carriers with connections world wide. At this time, the air cargo committee is putting extra effort into promoting smaller air shipments of local products to Alberta and beyond. We've experienced some success to date with the new incentive pricing provided by WestJet, we are expecting positive results.

Developing a full service air cargo facility at Comox is a very challenging task, with many fractions to be brought in line. However, the studies commissioned to date show a huge potential and CVAC is very dedicated, so the horizon is bright. The new facilities planned for YQQ will definitely aid in the success of this project.

*"Construction of the new civil aviation facilities should begin during the coming year."*

*Bob Mortimer  
Vice Chairman  
Comox Valley Airport Commission*

## **New Facilities Development Committee Report**

**Bob Mortimer, Vice Chairman**

Significant progress has been made over the past year in moving towards the objective of constructing new civil aviation facilities, including a new passenger air terminal building, on Area 'G' of CFB Comox.

In July of 2001 we received from our consulting engineer the preliminary design and costing for the airside and groundside infrastructure, which includes the new aircraft apron and taxiway, and the vehicle access road and parking area. In October we received from our Architect the preliminary design and costing for the Air Terminal Building. With information from these reports we were able to prepare our submission to Transport Canada requesting some of the required funding for the project, and submit it in late October. Transport Canada subsequently required further information to support our funding request, and that information was submitted in May 2002.

The Department of National Defence signed our Offer to Lease Area 'G' in January 2002, and the finalization of the lease form is ongoing. When implemented, the lease will be for a period of twenty-five years with CVAC having the option to renew it for a further twenty-five years. The lease will commence at the start of construction.

The firm of Turnbull Construction Services Limited has been engaged to be the Project Manager for construction of the new facilities on Area "G". Final design of the new facilities will begin soon. Options for funding the project are being investigated by the Finance Committee, and a firm plan should be in place by fall.

The coming year will be a very busy one as we work towards the start of construction, and then move forward once the construction has started. We expect that a year from now that construction will be well underway.

*"Operating revenues have increased to provide funds for the operation of the new facilities. Unfortunately there is not sufficient revenue to provide for full cost of construction."*

*Rob Backhouse  
Treasurer  
Comox Valley Airport Commission*

## **Financial Report**

**Rob Backhouse, Treasurer**

CVAC has implemented a deliberate plan to increase operating revenues to pay for the operation of the new facilities. An Airport Improvement Fee (AIF) has also implemented to provide some of the funds required for capital infrastructure. Unfortunately, there is insufficient revenue available to service the debt required to build the facilities that must be built.

Total revenues for the year reached \$556,341 of which the majority is attributable to user pay fees of several types including office rentals, terminal fees and concessions. This represents an increase of over \$200,000 compared to last year. The AIF is expected to raise \$265,000 this year which should be enough revenue to permit the borrowing of two to three million dollars.

CVAC has been able to keep its expenses in line with those of last year. Excluding amortization expense, expenses were \$197,826 which is less than last year. Keep in mind that capital assets have increased, such as the renovation of the terminal, which are now being amortized at an accelerated rate. This year, the directors have allocated \$200,000 to the capital reserve for the new terminal which now stands at \$600,000.

Efforts are ongoing to find the necessary funds for the construction of the new facilities at the airport. Some funding may be available from Transport Canada but it will be less than a quarter of what is required. Our business plan is near completion and will allow us to explore both commercial and private lending sources. Some funding from the community is likely essential for the project to proceed.

*“Communications has taken on increased importance. Not only do we have to keep information on the existing airport service up to date, but we must also keep the community informed about the need for the new facilities.”*

*Chris Danks  
Director  
Comox Valley Airport Commission*

## Communications Committee Report

**Chris Danks, Director**

It has been a very busy year with the advent of the increased passenger service, the new emphasis on security, and the fact that many of our passengers come from outside the community. The need for information on how to get to the airport to what amenities are available at the airport all needs to be available to the community. As well, the story about the economic impact of the expanded service and the dire need for new facilities must be conveyed.

Our web site has been updated and can be visited at [comoxairport.com](http://comoxairport.com); it is still very much a work in progress and will be updated routinely. We have commissioned a series of articles to keep the community informed about the activity at the airport. You have probably seen many of them in the local papers. We are set to update and print our airport brochure as much has changed since then. As well, there are a series of articles and information on display at the terminal itself.

We are about to launch a major communications campaign designed to provide up to date information and facts about the current air traffic at Comox and the need for new facilities. Visitors from all over the north island and Powell River use the Comox Airport for their air travel needs. Comox has become the regional hub for the north island with the addition of the WestJet service. This has resulted in a positive economic impact to the community with unlimited future potential.

*"There have been many changes in the airline industry over the last year. We have been very attentive to the changes and the needs of the community."*

*Terry Law  
Director  
Comox Valley Airport Commission*

## Passenger Marketing Committee

**Terry Law, Director**

The Comox Valley has enjoyed a well-balanced air service during the last year. Air Canada Jazz, the amalgamation of Air BC and Canadian Regional, provided connecting service to Vancouver for Air Canada passengers and their affiliated airlines. Pacific Coastal provided great service for Vancouver commuting passengers and for passengers connecting to other airlines flying out of Vancouver. WestJet introduced a whole new level of service for regional based travel that has attracted passengers from all over the island.

CVAC has commissioned an update to its passenger market development plan. The dynamic changes to the passenger market and Comox's much broader passenger base warranted the update. CVAC has essentially implemented all of the recommendations of the current plan that was produced in the spring of 1999. The provision of new terminal facilities will allow us the opportunity to introduce new air service such as flights to the United States and additional charter aircraft opportunities.

The departure of Air Canada Jazz from the market is unfortunate and they will be missed. Pacific Coastal will provide connecting service for Air Canada passengers under a code share agreement with Air Canada. Pacific Coastal is increasing their level of service to meet the increased demand of the Air Canada passengers.

*COMOX VALLEY AIRPORT COMMISSION*

*FINANCIAL STATEMENTS*

*MARCH 31, 2002*

*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, 2002 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, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Courtenay, BC  
May 24, 2002

**COMOX VALLEY AIRPORT COMMISSION**  
**STATEMENT OF FINANCIAL POSITION - MARCH 31, 2002**

	<u>ASSETS</u>	<u>2002</u>	<u>2001</u>
		\$	\$
CURRENT			
Cash		315,994	109,255
Term deposits		329,435	314,084
Accounts receivable		92,366	85,040
Prepaid expenses		<u>6,825</u>	<u>2,008</u>
		744,620	510,387
CAPITAL ASSETS (Note 2)		<u>180,377</u>	<u>112,786</u>
		<u><u>924,997</u></u>	<u><u>623,173</u></u>

	<u>LIABILITIES</u>	
CURRENT		
Trade accounts		45,226      19,694
Wages and deductions		9,290            66
Security deposits		<u>5,877</u> <u>5,678</u>
		<u>60,393</u> <u>25,438</u>

	<u>NET ASSETS</u>	
NET ASSETS INTERNALLY RESTRICTED (Note 3)		600,000      400,000
UNRESTRICTED NET ASSETS		<u>264,604</u> <u>197,735</u>
		<u>864,604</u> <u>597,735</u>
		<u><u>924,997</u></u> <u><u>623,173</u></u>

APPROVED BY THE BOARD

  
 \_\_\_\_\_ Member

  
 \_\_\_\_\_ Member

**COMOX VALLEY AIRPORT COMMISSION**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

**YEAR ENDED MARCH 31, 2002**

	<u>2002</u>	<u>2001</u>
	\$	\$
REVENUE		
Terminal fees	355,241	255,668
Office rentals	61,695	23,442
Concessions - car	60,810	26,865
Concessions - other	54,838	17,556
Interest	20,146	23,403
Miscellaneous	3,611	1,033
	<u>556,341</u>	<u>347,967</u>
OTHER INCOME (LOSS)	<u>-</u>	<u>(2,614)</u>
	<u>556,341</u>	<u>345,353</u>
EXPENSES		
Amortization	91,646	51,719
Bad debts	3,210	642
Directors' expenses	6,843	6,029
Insurance	5,570	5,020
Interest and bank charges	224	192
Office	6,771	6,752
Professional fees	4,566	3,510
Projects	10,256	22,556
Property taxes	5,585	5,305
Rent	8,545	8,000
Repairs and maintenance	45,328	33,683
Sub-contract	2,027	1,095
Utilities	14,845	8,401
Wages and benefits	84,056	64,904
	<u>289,472</u>	<u>217,808</u>
EXCESS OF REVENUE OVER EXPENDITURE	266,869	127,545
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>197,735</u>	<u>170,190</u>
	464,604	297,735
TRANSFER TO NET ASSETS INTERNALLY RESTRICTED	<u>(200,000)</u>	<u>(100,000)</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>264,604</u>	<u>197,735</u>

**COMOX VALLEY AIRPORT COMMISSION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2002**

	<u>2002</u>	<u>2001</u>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure	266,869	127,545
Adjustments for		
Amortization	91,646	51,719
Loss on disposal of capital assets	<u>-</u>	<u>2,614</u>
	358,515	181,878
Changes in non-cash working capital		
Net change in amounts receivable and payable	27,430	(41,926)
Change in prepaid expenses	(4,817)	243
Change in security deposits	<u>199</u>	<u>192</u>
	<u>381,327</u>	<u>140,387</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(159,237)	(155,441)
Proceeds on disposal of capital assets	<u>-</u>	<u>400</u>
	<u>(159,237)</u>	<u>(155,041)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING YEAR</b>	222,090	(14,654)
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<u>423,339</u>	<u>437,993</u>
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<u><u>645,429</u></u>	<u><u>423,339</u></u>
<b>REPRESENTED BY:</b>		
Cash	315,994	109,255
Term deposits	<u>329,435</u>	<u>314,084</u>
	<u><u>645,429</u></u>	<u><u>423,339</u></u>

**COMOX VALLEY AIRPORT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2002**

1. SIGNIFICANT ACCOUNTING POLICIES:

- a) The financial statements are prepared in accordance with Canadian generally accepted accounting principles.
- b) Amortization charges have been calculated applying the straight line method at the following annual rates:

Buildings	33% & 50%	straight line
Computer equipment	30%	declining balance
Furniture and fixtures	33% & 50%	straight line
Asphalt and parking areas	33% & 50%	straight line
Leasehold improvements	33% & 50%	straight line

When the Comox Valley Airport Commission started to amortize the capital assets associated with the current terminal facility in fiscal 2001, it was determined that the useful life of the terminal was 3 years. This was reflected in the amortization rate of 33% straight line found in the March 31, 2001 financial statements. As of March 31, 2002 the useful life of the terminal is now 2 years, which is reflected in the amortization rate of 50% straight line for any current year additions.

2. CAPITAL ASSETS:

	<u>2002</u>		<u>2001</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
	\$	\$	\$	\$
Buildings	114,314	66,646	56,964	18,979
Buildings (not depreciated)	86,918	-	9,008	-
Computer equipment	4,455	1,788	3,111	933
Furniture and fixtures	28,552	16,018	10,451	3,484
Asphalt and parking areas	40,134	26,669	39,614	13,204
Leasehold improvements	<u>49,369</u>	<u>32,244</u>	<u>45,357</u>	<u>15,119</u>
	<u>323,742</u>	<u>143,365</u>	<u>164,505</u>	<u>51,719</u>
Unamortized cost		<u>180,377</u>		<u>112,786</u>

**COMOX VALLEY AIRPORT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2002**

3.	NET ASSETS INTERNALLY RESTRICTED:	<u>2002</u>	<u>2001</u>
		\$	\$
	New civilian airport terminal	<u>600,000</u>	<u>400,000</u>

In fiscal year 2002 the Commission's board of directors internally restricted resources amounting to \$200,000 for the construction of a new civilian terminal.

4. SUBSEQUENT EVENT:

Effective June 30, 2002 Air B.C. will no longer be flying from the Comox terminal. As it is anticipated that other airline carriers will pick up a portion of the lost Air B.C. travel, the financial impact of this event cannot be estimated.