



CCRD SERVICE REPORT

To: Courtney Kirk, CAO

From: Ken McIlwain, Operations Manager

Meeting Date: December 10, 2020

Subject: BELLA COOLA AIRPORT AND FACILITIES SERVICE UPDATE

Recommendation:

THAT the Board of Directors of the Central Coast Regional District receives the Bella Coola Airport and Facilities Service Report dated December 10, 2020.

Service Background:

The CCRD is responsible for provision of the Bella Coola Airport and Facilities Service to electoral areas C, D and E. Originally established under Supplementary Letters Patent as a function of the Regional District in 1972, the CCRD undertook to convert the function to a service of the CCRD through Bylaw No. 410, adopted April 12th, 2012, with electoral areas C, D and E as participants.

The Bella Coola Airport is a fully certified airport and operates under Transport Canada Civil Aviation Airport Certificate 5151 p527. The service is managed by the CCRD Operations Department with oversight from the CCRD CAO and Board of Directors. For regulatory purposes the CCRD CAO acts as the Accountable Executive and the CCRD Operations Manager is also the Airport Manager. The Operations Assistant acts as the Safety Management System Co-ordinator. A contract Airport Attendant carries out daily duties including inspections and wildlife control.

The airside infrastructure managed under the Airport and Facilities Service includes a 1280 m (4200') by 30 m (100') paved runway with two taxiways and an apron, a LL100 Av Gas fueling facility, and a baggage/freight handling area. The landside infrastructure includes a passenger terminal, five leased spaces in the passenger terminal building, lease lots, a parking lot, a children's play area/green space and the CCRD Winter Maintenance Facility/Office.

The airport runway, taxiways and aprons are in relatively good condition, although resurfacing will likely be required within the next decade. The airport currently supports daily scheduled air service to Vancouver International Airport – South Terminal. Currently the Bella Coola Airport supplies service to approximately 11,000 passengers on an annual basis. The Bella Coola Airport currently operates under an Authorization from Transport Canada. The presence of significant obstacles in the airport approaches and deficiencies in the Safety Management System led to the surrendering of the Airport Operating Certificate in 2017. Obstacle have now been removed and once upgrades to the Airport Safety Management System and associated audits are complete, the CCRD will be in a position to request the return of the Airport Operating Certificate.

In 2016 the CCRD commissioned the development of the Bella Coola Airport Master Plan. It was completed in February of 2017. The Master Plan is a guiding document that will assist the CCRD in making operational and capital investment decisions over a 10 to 20-year time horizon.

The Master Plan addresses Aircraft Safety, Airport Capacity, Forecast Demand, Regional Planning, Revenue, Groundside Activities and Land Uses. The planning process included an analysis of existing infrastructure to help determine investment priorities. Stakeholder consultations were completed to gain insight from residents and stakeholders around opportunities and areas where improvement is desired. An Airport Land Use Plan was completed to provide a framework for to guide future development at the airport over the long term (e.g., 20 years).

2020 revenue sources (unaudited) for the Bella Coola Airport service were **budgeted** as follows:

- Passenger User Fees - \$140,000
- Landing Fees - \$25,000
- Ground Leases - \$7,431
- Terminal Rental - \$26,904
- Fuel Surcharge - \$9,000
- LL100 Fuel Sales - \$15,000
- Provincial Basic Grant - \$3,676
- BCAAP & Rural Dividend Grants (one-time revenue) - \$49,075

Quarterly [or Bi-Annual or Annual] Highlights:

- Transport Canada issued the Bella Coola Airport a new operating certificate on October 30, 2020. For several years prior to this, the airport was operated under an “Authorization” from Transport Canada. The previous operating certificate was surrendered while the CCRD undertook obstacle removal work and updates to their Safety Management System to achieve compliance with Canadian Aviation

Regulations. Staff continue to work to implement the Safety Management System at the airport.

- For the month of December, Pacific Coastal will offer 3 scheduled flights a week (Tuesday, Thursday, Sunday). There will be an extra flight Monday, December 21st. As far as we are aware, Vancouver Coastal will continue charter a flight in to Bella Coola or Anahim Lake on days when there is no sched flight available.
- COVID-19 measures in place include the following: Masks are required in public areas of the terminal. A germ shield has been installed at the Pacific Coastal counter in the airport terminal. Two hand sanitizer stations have been installed near the public entrance/exit of the terminal. Decals have been placed on the floor in front of the Pacific Coastal counter to remind people to physically distance when possible. Public areas of the terminal are being deep cleaned between scheduled flights. Pacific Coastal Airlines has a separate set of procedures in place for passengers.

Grant Funded Projects Administered Under the Service:

The CCRD has received funding from the province under the BC Air Access Program (BCAAP) to complete obstacle removal at the Bella Coola Airport. Two separate grants have been awarded under BCAAP. The obstacle removal work started in 2017 and was completed in the fall/winter of 2019. The BCAAP funding was supplemented by funding from Northern Development Initiative Trust and BC Rural Dividend Fund. Most of the BCAAP funding has been expended. Several thousand dollars remain which will be used for clean-up of cleared areas. The project is expected to conclude in the spring of 2021.

In March of 2018, the CCRD received \$392,282 in grant funding from BC Rural Dividend Program for the Bella Coola Airport Tourism and Capacity Enhancement Project. In addition to helping with obstacle removal, the funding has paid for trail development, a play area and green spaces at the airport. Further projects to be completed with this funding include a cultural piece at the airport, lot development and further trail enhancement. The funding is currently budgeted between the Airport, Economic Development and Parks and Recreation services. The Rural Dividend funded projects were scheduled to be completed by late fall of 2020. Due to resourcing challenges and delays resulting from COVID-19 staff are requesting an extension to complete the planned works.

Feasibility Studies Authorized Under the Service:

N/A

Board Priorities - Service Specific Progress of CCRD Strategic Plan 2019 – 2022:

Advocacy Priority		Related Strategic Goal (2019-2022)		
Transportation - Emergency Medical Evacuations*		<i>Effective Community Planning</i>		
Advocacy Priority		Related Strategic Goal (2019-2022)		
Revenue - Bella Coola Airport: Exclusion of local governments from Canada Emergency Relief Benefit landlord/tenant relief funding		<i>Good Governance and Administration</i>		
Service Area	Priority Project	Related Strategic Goal	Timeline	Required Staff Capacity Actions
Bella Coola Airport	1) Return of Operations Certificate 2) Allocation of infrastructure funding through BC Air Access program*	<i>Improving Our Infrastructure</i>	2020 2020 - 2022	1) This is a non-negotiable item mandated by Transport Canada regulations, that must be met by November 2020; 2) See Page 4*

- The Airport Manager has submitted a funding proposal to the Ministry of Transportation and Infrastructure (MoTI) for the construction of a new self-serve fueling facility at the Bella Coola Airport. If approved, the construction of this facility would ensure that emergency medical evacuation aircraft will have access to fuel after business hours.
- The return of the Airport Certificate was achieved as per strategic priority #1 for the Bella Coola Airport.
- Applying for BC Air Access (BCAAP) funding as per strategic priority #2, will be a challenge. This grant program requires a matching contribution of 25%. Options for securing a 25% contribution would be limited to the Community Works Fund or the Asset Replacement Reserve. Northern Development Initiative Trust (NDIT) will often fund airport projects with an economic development component. NDIT previously funded the 25% needed to obtain BCAAP funding for the berm and obstacle removal project at the airport.

Financial/Budgetary:

Total Service Budget (Including Grants) as adopted in the 2020 financial plan:

Total 2020 Revenues: \$372,292 (includes \$95,131 carry forward surplus from 2019)

Percent total expenditures to November 18, 2020: \$202,608 or 54%

Budget **without grant revenues or expenditures:**

Subtotal 2020 Revenues: \$319,541 (excluding special project grant revenues)

Percent total expenditures to November 18, 2020: \$201,752 or 63%

Grant Funded Special Projects

The following are 2020 Grant Funded Special Projects revenue and expenditures for BC Airport.

- 1) Special Project: BC Rural Dividend - Bella Coola Airport: Tourism and Capacity Enhancement Initiative #201802003 - RD Project Management Lot-development (502451-210)
Total Grant Revenue: 2020 Revenue – 45,502

Total Anticipated Revenue	135,382
Spent 2018	83,230
Deferred to 2019	52,152
Spent 2019	6,650
Deferred to 2020	45,502

- 2) Special Project: Ministry of Transportation & Infrastructure - BC Air Access Program - Obstacle Removal and Certification Project at Bella Coola Airport #0670A108635
Total Grant Revenue: 2020 Revenue – \$3,573

Total Anticipated Revenue	\$289,532
Total Spent To Date	\$285,959
Balance To Spend 2020	\$3,573

Notes on Financial Variance:

The following comments apply to the 2020 budget as adopted in the 2020 financial plan:

- Current revenue projections based on a continuation of a reduced scheduled air service indicate that we can expect a drop in 2020 operational revenues from the budgeted amount of \$228,086 to approximately \$154,467. There is a carry forward surplus of \$95,131 from 2019 which has softened the impact of the reduction in revenues, however the airport has had to cut costs by approximately \$70,000 in an

effort to end the year without a deficit in this service. With the cancellation of all planned capital improvements, runway/building maintenance items, Av Gas purchases and professional services related to updating of the airport AOM and SMS, we projecting operating expenditures of approximately \$215,000.

- The 2020 snow removal budget has been exceeded, and it is expected that the contingency in place will be required to fund the remaining snow removal in 2020.
- With only a modest carry forward surplus expected, initial budgeting for 2021 has been very challenging. Much uncertainty remains around the levels of passenger travel expected in 2021. Options to look at during budgeting season include reducing costs where possible and an increase in the rates and charges schedule.
- Fuels surcharge revenue is expected to drop significantly below the budgeted amount due to reduced commercial traffic.
- Fuels sales revenue is anticipated to be well below the budgeted figures due to a decrease in general aviation and commercial traffic. This will be offset by reduced fuel purchases.

Apportioned Administration Reflecting Time Requirements – Staff and Elected Officials:

Apportioning administrative (operational) costs to each service the CCRD operates is a requirement under the *Local Government Act s. 379(1)*. The CCRD calculates apportioned administration using a two pronged formula that considers:

- an estimate of staff time dedicated to a particular service (estimated from an average of approximate time spent the preceding year and time contemplated for the upcoming year); as well as
- an allocation of the combined total costs of Board governance, yearly audit and financial services, insurance and core administrative overhead (i.e. office space and supplies).

The total apportioned administration costs determined for CCRD's Bella Coola Airport and Facilities Service was calculated to be \$85,715.00 for 2020 and incorporated as such into the CCRD Five Year Financial Plan 2020-2024.

Respectfully Submitted by: _____
Ken McIlwain, RPF

Reviewed by: _____
Courtney Kirk, Chief Administrative Officer