City Staff Report

Original signed by: City Manager Johnson

Report Date: May 14, 2020
Meeting Date: May 19, 2020 – Joint Planning Committee

To: City Manager

From: Director of Community Services

Subject: RCAC Report – COVID19 Support for Regional Airports

Purpose

The purpose of this report is to share with the North Cariboo Joint Planning Committee the Regional Community Airports of Canada's (RCAC) Report on the Need for Immediate CV19 Airport Support and their request for regional airport operators and local government to support efforts to secure funding from senior levels of government to provide immediate support for regional airports impacted by the COVID19 pandemic.

Summary

- RCAC is a national organization representing regional airports in Canada with a membership that includes 55 regional airports, including the Quesnel Regional Airport, and 6 provincial airport associations.
- RCAC in their report emphasises the vital role regional airports provide to the social, economic, and medical connectivity of rural communities across Canada and how the COVID19 pandemic could result in the bankruptcy and permanent closure of some of these regional airports.
- With air travel at a near standstill globally, Regional Airports in Canada are experiencing an unprecedented loss of revenue while operating costs remain largely unchanged since the decline in air travel has no impact on the regulations and standards that must be met to operate the airport.
- At the Quesnel Regional Airport, starting in mid March, Central Mountain Air began to experience significant declines in passenger numbers due to the COVID19 pandemic which led to an initial decrease in the number of flights to and from Quesnel and eventually a complete suspension of service on April 9 for a period of at least two months.
- Passenger fees collected from Central Mountain Air account for approximately 75% of airport revenues.
- The complete suspension of service by Central Mountain Air is expected to result in a loss of revenue of approximately $26,500/ month which combined with a decrease in fuel sale profits is expected to result in a loss of revenue of up to $30,000/month.
- The RCAC is requesting an immediate support program for regional airports to replace lost revenues (up to 75% of revenue through to December 31, 2020), that airports be eligible for zero interest medium term loans, and that Airport Capital Assistance Program (ACAP) funding be increased.

- The RCAC is also suggesting that airports who receive grants agree to reduce airport fees as a condition of the grant in order to stimulate air travel.
- The RCAC are encouraging its members and other stakeholders to share the report widely and to contact their constituency offices and other representatives of senior levels of government to encourage the Federal and/or Provincial government to provide desperately needed support to regional airports.

Recommendation

THAT the North Cariboo Joint Planning Committee refer the RCAC report to Quesnel City Council and the CRD Board of Directors with a recommendation that the City and CRD consider sending letters of support.

Attachments

- RCAC Report On the Need for Immediate CV19 Airport Support

RCAC REPORT

On the Need for Immediate CV19 Airport Support

A report submitted by the
Regional Community Airports of Canada

May 6, 2020

Assisted by Inter*VISTAS* Consulting Inc.

RCAC Report
On the need for immediate CV19 airport support

This report is prepared by the Regional Community Airports of Canada (RCAC). RCAC is a national organization dedicated to promoting the viability of regional airports which provide critical transportation links for communities in support of social, medical and economic connectivity. Our membership includes 55 airports and 6 provincial airport associations.

Key messages

- **Canada's regional airports play critical roles in economic, social and medical connectivity – passenger and cargo – for Canada's smaller and remote communities.**

- **Some of Canada's regional airports are facing bankruptcy and potentially permanent closure.** This will be of lasting detriment to communities and to the travel and tourism industry with the loss of air service connectivity to the major centres, and to the cargo and medevac connectivity of communities.

- **Many regional airports are ineligible for the general COVID-19 business aid programs due to governance model.**
  - Several regional airports are operated by municipalities and thus are ineligible for the general COVID-19 wage or loan support programs. At the time airports were transferred, Transport Canada had encouraged use of the municipal owned governance model.

- **An immediate support program for regional airports is required.** Delay in implementing a program may have permanent negative consequences for communities. Our request is:
  - There is an immediate need to replace lost revenues.
    We suggest that all airports, regardless of ownership model, be eligible for up to 75% revenue replacement through 31 December 2020 so that airports do not face immediate financial failure and permanent closure. Whether this would need to be continued due to slow traffic recovery should be reviewed prior to December 31, 2020.
  - All regional airports should be made eligible for zero interest medium term loans, as private businesses have been able to access, regardless of airport ownership model. When it divested the regional airports, the federal government actively encouraged a range of governance models and all of these should be eligible for support.
  - Airports receiving grants agree to reduce aeronautical charges by 50% during 2020 to improve airline economics and stimulate passenger demand.

- **For the recovery and long run** we request that the government preserve the Airport Capital Assistance Program for *existing* eligible airports.
  - Further, as we previously recommended in a letter to the Minister in December 2019, ACAP funding needs to be increased to $95 million. This includes an adjustment to reflect 25 years without an inflation adjustment to the funding level, and it would allow a wider range of projects that can be funded, especially for facility rehabilitation. The benefits of the ACAP program are widespread as it generates construction jobs in the community.

RCAC Report
On the need for immediate CV19 airport support
6 May 2020

This report is submitted by the Regional Community Airports of Canada (RCAC). RCAC is a national organization dedicated to promoting the viability of regional and small airports which provide critical transportation links for communities in support of social, medical and economic connectivity. Our membership includes 55 airports and 6 provincial airport associations. Appendix A has a list of our member airports.

RCAC was assisted in preparing this report by Inter*VISTAS* Consulting Inc., a Canadian aviation-transportation-tourism consultancy that has a global stature. The recommendations in this report are those of the RCAC.

Canada's Regional Airports

Canada's regional airports play critical roles in economic, social and medical connectivity – passenger and cargo – for Canada's smaller and remote communities.

- Inter*VISTAS* has estimated that the regional airports served 14 million origin-destination passengers in 2019, an average of 40,000 per day.
- Of particular importance, it is the regional airports that provide the social/economic/ medical connectivity for the overwhelming share of Canada's vast geography.

> *it is the regional airports that provide the social/economic/medical connectivity for the overwhelming share of Canada's vast geography*

The regional airports of Canada generate 13,000 direct jobs and 25,000 total jobs. The total jobs include multiplier impacts of indirect jobs of suppliers and key air transport dependent sectors, as well as what economists call induced jobs (the general economic expansion from direct and indirect jobs). The indirect and especially induced jobs are of particular importance when the economy is in a recession, more so in Canada's small and remote communities. In terms of GDP, the economic impact is roughly $140 million in direct GDP and $470 million in total GDP.

Creation of the Regional Airports

Prior to 1992, Transport Canada operated most of Canada's airports, large to small. The economics of these airports were such that the system required substantial financial support from the federal government, roughly $1billion annually (inflation adjusted). A study by the Department's Airports Transfer Task Force indicated that some airports could become financially self sustaining and in 1987 proposals were invited for transfer of airports to local community groups (airport authorities). Four of the largest five airports were transferred in 1992. In 1994, the government introduced the

National Airports Policy (NAP) to transfer the other airports to local community control and stewardship. As observed by the Canadian Senate in a 2012 report, Transport Canada either owned, operated or subsidized 150 airports. All but a handful of these are now under some form of local community control.

The NAP divided airports into several groups. A core of the 26 busiest airports became the National Airport System (NAS). The Airport Transfer Task Force had identified which airports were likely capable of eventually paying rent to the federal government and this was the core of how the NAS was initially defined. It was broadened to include all provincial capitals, including smaller capitals, and eventually a threshold to define the NAS was identified at 200,000 passengers per annum as of 1992.

The remaining airports, which were not deemed of being wholly financially self-sufficient, were divided into a number of categories, the largest of which was the Regional and Local Airports category. Recognizing the critical role these airports play in providing social, economic, and medical connectivity, an airport capital assistance program (ACAP) was established to provide some financial support for the safety-related capital programs of these airports. That program was funded at roughly $38 million per year, an amount that has essentially not varied since then. Because of inflation, the real support provided has declined. An inflation adjustment would bring the current funding level to roughly $60 million. Further, the initial amount of $38 million was set without knowing exactly what the medium to long term capital support requirements would be of the regional airports. Including the inflation adjustment, RCAC has determined (see Appendix B) that the amount needed today, including the inflation adjustment, is $95 million annually. This is for the currently eligible list of 189 airports.[1] Should the scope of airports eligible for ACAP funding be expanded, as some have advocated, then the amount of the fund would need to be increased appropriately. RCAC recommends that the list of ACAP eligible airports not be expanded.

Governance Models for Reginal Airports

The NAP encouraged communities to consider a range of governance and ownership options for the regional airports. It is important to note that the federal government expressed no preference for the type of land ownership and governance structure of these airports. Thus, there is a range of governance models in use. Appendix C provides additional details on the range of governance models. Some examples are:

- Municipally owned airports (e.g., Medicine Hat)[2]
- Airport Society (e.g., Fort St. John)
- Airport Development Corporation (e.g., Greater Sudbury)
- Airport Authority (e.g., Red Deer)

What is important to note is that no one single regional airport governance model was required by the federal government at the time transfers were made, and indeed consideration of a range of models was encouraged. While the financial impact of the current CoVID19 crisis is high for all regional airports, the governance model chosen has made many of them ineligible for the general financial support programs established by the Government.

[1] All ACAP eligible airports must have a minimal level of scheduled passenger service. ACAP funds are not available to general aviation airports.

[2] There is variation among municipally owned airports. Some are operated as a department of the municipality, some as a quasi independent airport commission that is budgeted within the annual municipal budget, some via a separate not-for-profit authority created by the city, and at least one has tendered the right to operate the airport to a private airport management company. There are also some cases of airport societies tendering airport operation to airport management companies.

We note that the amount of support provided by Transport Canada to the regional airports through the ACAP program pales in comparison to the rents earned from the NAS airports. In 2018, airport rent income to government amounted to roughly $400 million, over ten times the amount made available through ACAP. Since 1992 total rent payments have been just under $6 billion in total (higher if adjusted for inflation). As well, not only the NAS airports but many regional airports pay property taxes to local governments. This can be contrasted to the U.S. where airports do not pay rents or property taxes. In the U.S. all fees and taxes generated from aviation are reinvested back into the sector for capital and operating expenses.

The Range of Regional Airports

Each region is unique in terms of size of market, the local economic base, availability of medical and social services and distance from other aviation access points. Some regional markets have strong tourism sectors (e.g., Cranbrook BC) and some have strong resources sectors (Terrace BC). Others have sizeable oil & gas operations (Grande Prairie, Fort St John). Many of the communities in Canada's vast geography lack specialized medical facilities and air transport is the major means of access to medical services, especially emergency services (most regional and all isolated communities).[3]

Regional airports might be categorized based on the primary type of air service they have:

- **Scheduled service by Canada's mainline carriers** Air Canada and/or WestJet (and some with service by U.S. or seasonal foreign carriers.
- **Scheduled service by regional affiliates** Air Canada Express and WestJet's Encore and Link.
    - *These first two categories provide direct national, transborder and international connectivity.*
- **Scheduled service by independent regional airlines such** as Transwest Air.
    - *These carriers play vital roles in providing intraprovincial connectivity on lower traffic routes. They keep small communities connected to government and commercial centres within each province.*
- **Air taxi and business/general aviation services**, including fixed and rotary wing medevac services.
    - These general aviation airports provide a wide range of access and support services in small communities and remote regions.
    - Medevac services are of critical importance, not only for emergency services but even for more routine medical care for residents or workers in remote locations, including highway evacuations.
    - Helicopters are often referred to as the pickup truck of aviation and provide vital services across a wide range of sectors such as high voltage power line stringing and maintenance (of critical importance to the power needs of Canada's major communities) and moving forest product from remote harvesting locations.
    - Business aviation allows firms that develop in smaller communities to access and service customers in wider markets.
    - General aviation brings in high end tourism with significant revenue generation. General aviation airports are increasingly important for cargo facilitation as the nation moves toward higher levels of E-commerce.

[3] Some communities have strong medical facilities that serve a geographically large catchment area that is too distant from the major population centres. These regional health facilities depend critically on air transport to provide access to the entire catchment area.

- **Some airports have strong training programs and facilities**, for pilots and maintenance. These airports are vital to the future of Canadian aviation as we are facing not only a Canadian shortage of trained pilots and mechanics but also a global shortage. Some airports (e.g., Pitt Meadows) have specialized foreign pilot training, bringing revenues to their airports and communities.

Each regional airport is unique in terms of the air connectivity services it provides to its communities.

The Economics of the Regional Airports

Inter*VISTAS* Consulting has been consultants and advisors in roughly 75 airport transfers and privatizations around the globe, plus perhaps 15 of the original airport transfers in Canada. As well, they have been advisors in airport price regulatory proceedings in Australia, New Zealand, and Jamaica. They have been involved in court cases involving land valuation for land transfer excise tax (Australia) and property tax disputes before the courts. This has provided a deep understanding of airport economics for a wide range of airports. In testimony before the federal court in Australia, Inter*VISTAS*' Chief Economist offered the following opinions:

- In general, airports serving more than 4 million annual passengers are able to generate sufficient revenue to cover normal operating and capital expenses, including making some contribution to government for lease or purchase of the land. Often overlooked, assembly of land is the single largest financial capital requirement for greenfield airports.
- Airports serving fewer than 2 million passengers are generally unable to make any sustainable contribution to government for lease or purchase of land. Where this has been attempted (e.g., Coventry UK) some airports have failed.
- Traffic under roughly 1 million passengers means that airports will be financially challenged, and many will be unable to cover both operating and capital expenses. Some of these will be able to survive for a decade or more, but as the time comes for major renewal and rehabilitation of terminal and airside infrastructure, these airports are likely to need external support.
- At traffic levels below 500,000 annual passengers, some airports will be challenged even to cover operating expenses. Some will have local conditions that make expense coverage possible, but many will not.
- There are some unique cases. Hamilton John C. Monroe Airport transferred with a traffic base of only 25,000 annual passengers, but was (is) Canada's major freighter airport, providing it with a steady revenue stream from freighter landing fees and land rents.

It is important to understand that regional airports face several financial challenges. *First*, airports experience substantial economies of scale, and thus the lower traffic regional airports typically experience higher costs per passenger and aircraft movement. *Second*, because of their lower catchment area populations, these airports are in markets with relatively low land values and there may be limited potential to earn revenues from land development, either from aviation related business or from other businesses. *Third*, these airports have extremely limited ability to earn non-aeronautical revenues from terminal services such as food/beverage/retail/personal services. The experience of most of these operators is that they are hard pressed to find any concessionaire willing to operate in the terminal, much less one that can pay a meaningful concession fee. *Fourth*, air carriers operating smaller aircraft have higher costs per passenger kilometre than mainline services. This means that they are more sensitive to airport charges such as landing fees. Passengers can also be more price sensitive and airport improvement fees may have higher traffic curtailment (price elasticity) impacts.

During the current COVID-19 crisis, all of Canada's airports are severely challenged due to the sudden

A survey conducted by RCAC in the last week of April 2020 indicated an average revenue loss of 60%, with some airports reporting losses as high as 90%.

and unpredictable contraction of air service to a bare minimum (and to zero for many airports). While larger airports have some income from land development and fees from a wide range of concessionaires, the regional airports have very low shares of their revenues from such sources. Most of the revenues are driven by passenger traffic and flight activity. A survey conducted by RCAC in the last week of April 2020 indicated an average revenue loss of 60%, with some airports reporting losses as high as 90%.

Economists classify costs as fixed or variable. Variable costs are those that can be decreased when traffic contracts, while fixed costs generally cannot be avoided, even at low traffic levels. Most airports have high fixed costs. If the airport is to operate at all, a wide range of costs must be incurred, even if traffic is minimal. For example, even to be available only for medevac flights, runways, taxiways and aprons must be plowed and free of debris, emergency response services available, security enforced, etc. Reduced traffic provides no savings. Emergency response services must be fully staffed, even to accommodate a single scheduled flight. The range of costs from utilities to staffing have fixed or non-avoidable elements for a regional airport.

Conceptually, one potential means to reduce airport costs is to curtail hours of operations. Staffing can be reduced, utilities shut off, etc. However, the reality of many regional airports is that airlines often need to service the airport early and late in the day. Airline economics are driven by operations at their hubs and a key principle of hub operations is that aircraft must originate and terminate at spoke ends each day – i.e., at regional airports. Early morning departures from a number of regional destinations brings passengers to the hub for connections onto the first bank of 'trunk' route flights. This improves the economics of the trunk routes by combing local hub-originating traffic with traffic from the spoke ends. Similarly, at the end of the day, passengers collected from a number of the hub flights will be flown to the regional communities and overnight there (where the aircraft will be available for the first, early flight to the hub the next day).

The consequence of the economic principles of regional airports is that it is difficult for them to shed costs during traffic downturns, even for the current major collapse of traffic. Unless the airport is to shut down completely and thus be unable to provide medical and cargo connectivity, substantial costs will be incurred.

The CoVID19 Challenge for Regional Airports

The current crisis is a threat to continued operation of some regional airports. All the airports are not-for-profit operations of one type or another. Unlike for-profit companies, they have not developed net worth balances.[4] Their challenging economics has meant that what reserves that have been built were

[4] Indeed, not-for-profit airports are not allowed to build net worth balances.

to be used for specific capital projects needed for rehabilitation, replacement or expansion to accommodate market growth. As already indicated, these airports have experienced dramatic losses in revenues. A survey by RCAC has found that regional airports have an average of 60% revenue loss and some suffering up to 90% loss. Further, most of the expenses of these airports are not avoidable. If an airport is to operate all, even for dramatically reduced traffic levels, it still must be staffed, and facilities must be open to meet mandatory safety and security requirements. This means that what reserves that had been in place for needed capital programs are now being used up simply to cover operating expenses to keep the airport open for medical, cargo and essential passenger traffic. These are not survivable financial conditions. Eventually, these reserves will have to be replaced, as the capital programs for safety, rehabilitation and expansion are still needed.

All the airports are not-for-profit operations. Unlike for-profit companies, they have not developed net worth balances. What reserves that had been in place for needed capital programs are now being used up simply to cover operating expenses to keep the airport open for medical, cargo and essential passenger traffic.

These are not survivable financial conditions.

Some airports will not survive without immediate financial assistance for the current period during which airlines have had to terminated roughly 90% of Canada's flights.[5] Many regional airports currently have no scheduled air service. Comparing the last 7 days in April 2020 against the last 7 days in January 2020, of the 220 Canadian airports that had scheduled passenger service in Jan 2020:[6]

- 46 airports had zero scheduled flights at the end of April 2020.
- An additional 11 airports had scheduled flights at the end of April 2020 but were down more than 90% compared to January.
- A further 79 airports had scheduled flights at the end of April 2020, but are down between 80% and 90% compared to January. Financial assistance is also required during the restart of air services, a period expected to last 2-4 years.[7] Carriers are indicating to airport operators that the restart of service may be conditional on the waiver of fees to carriers to improve the economics of route restart, as well as on passenger fees (AIFs) in order to stimulate demand for travel. Because these airports have minimal or zero non-aeronautical revenues, these airports will suffer months with no meaningful revenues and require support in order to survive.

While the federal government has established a number of programs to provide financial support to employees and businesses during the current crisis, many of the regional airports cannot access the

[5] Inter*VISTAS* analysis.
[6] Inter*VISTAS* analysis using Diio Schedules data.
[7] It is not known how long the recovery period will be or how much traffic will recovery each quarter. Inter*VISTAS* Consulting has released a set of scenarios for potential recovery paths: Briefing Note Update: Aviation and the Economy: Scenarios for Recovery Part 2, April 24, 2020. InterVISTAS.com.

programs. This is also true of some of the provincial economic support programs. These challenges arise from the governance models used by many regional airports, governance models that were encouraged by the federal government at the time they were transferred. For example, 34 of the RCAC members are airports owned and operated by municipalities and thus ineligible for wage subsidies and cannot access short term low interest loan programs. Some of the non-municipal airports also report that they cannot access the general support programs.

This is in contrast to the policies developed by some other nations toward the survival of their airports and the maintenance of regional connectivity. Recognizing both the critical importance of airports to regional and national connectivity and the challenges of municipal and not-for-profit governance models, the United States has put in place an aviation-specific crisis and recovery support program.[8] This includes short and medium term funding for all airports,[9] separate from the general national and state financial relief programs.

Requested support

If Canada is to emerge from the current crisis with its essential network of regional airports which provide access majority of Canada's vast geography, it must act now. Absent airline revenues and with limited or no non-aeronautical and land development revenues, survival of these airports is problematic. Some will not survive without immediate support during the crisis and in the period when traffic rebuilds.

1: Requested support: *the immediate requirement*

An immediate support program for regional airports is required. Delay in implementing a program may have permanent negative consequences for communities. Our request is:

- There is an immediate need to replace lost revenues. We suggest that all airports, regardless of ownership model, be eligible for up to 75% revenue replacement through 2020 so that airports do not face immediate financial failure and permanent closure.
    - Because of their governance model, many regional airports are not eligible for the Canada Emergency Wage Subsidy (CEWS). Hence a revenue replacement program for regional airports is required.
    - Alternatively, eligibility requirements for the CEWS program could be modified so that all regional airports are eligible.

  RCAC estimates that regional airports will require $135 million in support in 2020.[10] The requested support level is based on an estimate of traffic loss during calendar year 2020, the revenue per passenger averaged over all airports currently eligible for ACAP funding, and coverage of 75% of revenue losses. The airports will absorb the 25% of revenue loss in part by utilising their limited reserve funds and in part by loans.

[8] Details available upon request.
[9] Support is available in the U.S. for commercial and general aviation airports. The U.S. has long recognized the importance of general aviation airports in providing medical and economic connectivity for small communities and remote regions.
[10] Regional airports are envisioned as the 183 airports currently eligible for ACAP funding.

- All regional airports should be made eligible for zero interest medium term loans *regardless of airport ownership model*. Other businesses have been able to access federal loans and the operators of critical aviation infrastructure should also be eligible.
  - When it divested the smaller airports, the federal government actively encouraged a range of governance models and all of these should be eligible for support. It did not indicate that future support of the challenging economics of regional airports would be dependent on the choice of governance model.
  - Regional airports, regardless of governance structure, are entitled to ACAP support and their communities have an expectation that any other support to airports would not be dependent on a past choice of governance model.
  - Municipally owned airports in particular are not eligible for either EDC loans or loans via the Canada Emergency Business Account.
  - It must also be recognized that airports have minimal moveable assets to pledge as collateral for such loans.[11] Securing the land itself to loans undermines the ability of communities to have service continuity in the event of further financial challenges.
  - The requested loans for a period of five years is especially important because airports are currently compelled to use the limited capital project reserve funds simply to stave off bankruptcy, a five year period for the zero interest loans is requested. The capital projects must still be undertaken as they involve safety, rehabilitation and growth investments for the future. They cannot be postponed without consequences.

2: Requested support: *the recovery and long run*

After the immediate period, the regional airports will still be challenged financially, especially given that many have been compelled to divert reserves intended for medium to long run capital programs and will commit support funds, in part, the reductions in airline and passenger fees to aid the recovery. The deferred investments will still need to be made to ensure that the regional airports meet safety and security standards as well as accommodate long term growth. The RCAC request is to:

- Preserve the existing Airport Capital Assistance Program.
- As we previously recommended in our letter to the Minister in December 2019, ACAP funding needs to be increased to $95 million to reflect (a) 25 years without funding adjustment for inflation, and (b) the need for a wider range of projects that can be funded, especially for facility rehabilitation.
  - The community benefits of the ACAP program are widespread as it generates construction jobs in the community.
  - Regarding the level of annual ACAP funding:
    - First, adjust ACAP dollars for inflation (60%) for the existing eligible airports.
    - Second, further adjust for the type of project that is eligible.
      Current eligibility is limited to a narrow range of safety improvements (see Appendix B), but the airport capital needs are greater than this: rehabilitation of infrastructure alone requires substantial investment in coming years. This was previously documented as a need for $95mn annually to support ACAP.
    - Third, that any changes to the eligibility criteria of airports will require significant increase beyond $95 million.

[11] In comparison, airlines have an ability to secure loans with some of their owned aircraft

- Fourth, RCAC is of the view that ACAP should be confined to a capital support program, and not be used for immediate operating subsidy.

Commitment of the Regional Airports to their communities and airlines

The RCAC recognizes that it is requesting significant funding support to get through the current crisis without closing airports and removing connectivity. The RCAC members conceptualize this support as a covenant with their communities and make commitments on their part in return.

- The regional airports commit to their communities to continue to provide the critical social/medical/economic connectivity that they have come to depend on.

- The airports, where achievable, commit to aeronautical fee reductions of 50% during the revenue replacement period.[12]

- The airports are already committed to investing in operational and facility changes needed to operate with social distancing measures, including changes to seating, queue organization (ticketing/check-in, security, boarding, deboarding, baggage claim, ground transport queuing), provision of health screening areas, etc.

[12] This will apply to fees charged to commercial passenger airlines, including landing fees, general terminal fees and any regulatory recovery fees (such as surcharges for ARFF etc.). A few airports may not be able to immediately offer fee reductions as such are not permitted under their current governance bylaws or board resolutions.

Appendix A
RCAC Member Airports

Brandon Municipal Airport
Campbell River Airport
Canadian Rockies International Airport
Cariboo Regional District
Dawson Creek Airport
Directrice Aéroport Saguenay-Bagotville
District of Sechelt Airport
Gimli Community Development Corporation
Grande Prairie Airport
Greater Sudbury Airport
High Level Airport
Kamloops Airport
Kativik Regional
Kindersley Airport
Kingston (Norman Rogers) Airport
Kuujjuaq Airport
La Ronge Airport
Lethbridge Airport
Lloydminster Airport
Medicine Hat Municipal Airport
Muskoka Airport
Niagara District Airport
Nipawin
North Bay Jack Garland Airport Corporation
North Peace Regional Airport Services Ltd.
Northern Rockies Regional Airport
Northwest Regional Airport Terrace-Kitimat
Parry Sound Area Municipal Airport Commission
Peace River Airport
Prince Albert Airport (Glass Field)
Prince Rupert Airport
Quesnel Airport
Red Deer Regional Airport
Saguenay-Bagotville
Sioux Lookout Municipal Airport
Smithers Regional Airport
Southport Airport
St. Andrews Airport

Stratford Municipal Airport
Swift Current Airport
The Pas Airport
Thompson Regional Airport Authority
Timmins Victor M Power Airport
Total Aviation & Airport Solutions
Vernon Regional Airport
West Kootenay Airport
Wetaskiwin Regional Airport
Williams Lake Airport
Woodlands County Airport

Appendix B

B-1 December 11, 2019 RCAC Letter
to Transport Minister Garneau
Regarding Airports Capital Assistance Program (ACAP)
$95 million Annual Program Funding Target

B-2 April 21, 2020 RCAC Letter
to Transport Minister Garneau
Regarding Airports Capital Assistance Program (ACAP)
ACAP COVID-19 Employment Projects

Appendix B-1

December 11, 2019 RCAC Letter to Transport Minister Garneau Regarding Airports Capital Assistance Program (ACAP) $95 million Annual Program Funding Target

Regional Community Airports of Canada

"A national organization dedicated to promoting the viability of Regional and Community Airports across Canada"

December 11, 2019

<BY EMAIL>

Hon. Marc Garneau, CC, PC , MP
Minister of Transport
Transport Canada
Tower C, 330 Sparks Street
Ottawa, ON K1A 0N5

Phone: +1-613-990-2309
Email: mintc@tc.gc.ca

RE: Airports Capital Assistance Program (ACAP)
$95 million Annual Program Funding Target
Background, Analysis and Methodology Summary Brief

Dear Minister Garneau,

Please accept this letter on behalf of the membership of the Regional Community Airports of Canada to bring awareness to a serious situation facing Canada's regional and small airports.

The Regional Community Airports of Canada (RCAC) is a national organization dedicated to promoting the viability of regional and small airports which provide critical transportation links for communities in support of quality of life and economic prosperity. Our current membership includes 55 direct airports and 6 provincial airport associations.

The purpose of this summary brief is to highlight the background and importance of the Airports Capital Assistance Program (ACAP) to the Canadian Airports System and to detail the analysis and methodology used to calculate the ACAP funding contribution target of $95 million annually. This summary brief is to be used in conjunction with the attached infographic titled:

"ACAP: Safety & Economic investments in Canada's Regional Airports" [1]

A. AIRPORTS CAPITAL ASSISTANCE PROGRAM (ACAP)

Canadians rely on small regional and local airports to support, sustain and generate growth for their communities. The ACAP funds critical safety-related infrastructure programs for nearly 200 local and regional airports.

As outlined in the 1994 National Airports Policy, and to recognize the important role of small regional and local airports within the National Airports System, Transport Canada established ACAP to provide funding support for safety related capital and infrastructure programs.

> *"Passengers originating or concluding their travel at regional/local airports contribute to the revenues of larger national or international airports as they pass through these larger facilities. ACAP provides an indirect means of returning revenues to the regional/local airports because lease revenues paid to the federal government, by CAAs operating the larger airports, will fund the ACAP Program" – National Airports Policy*

[1] **All data herein and attached was researched and prepared by Mr. James Lindsey, WASCO, on behalf of RCAC**

Originally established in 1995 at $25 million annually, the current ACAP funding envelope of $38 million per year has not increased since 2000. Between 1998 and 2002, ACAP invested an average of $0.40 per total enplaned and deplaned passenger; decreasing to an average of $0.23 between 2013 and 2017. By contrast, between 2013 and 2017, Transport Canada collected an average of $2.41 per total enplaned and deplaned passengers in ground rent from National Airport System airports.

In fact, since 2000 when ACAP funding was last increased, ground rent collected by Transport Canada at Canada's National Airports Systems airports has increased nearly 70%. Meanwhile the effective purchasing power of ACAP has decreased by 40% based on CPI Inflation increases alone.

B. THE UNDERLYING CHALLENGE

Over the past decade the lack of investment to the ACAP funding envelope has become evident where inflation has slowly eroded the effectiveness of the program. Program areas that have been most impacted are Priority 1 projects, which are typically the largest and most safety critical (i.e. major airfield rehabilitation programs).

From our analysis, it was determined that between 1998 and 2002:

- ACAP delivered 149 Priority 1 projects at a total investment value of $158.8 million
- This represents 62% of all ACAP projects delivered at a cost of 88% of total funding

By contrast, between 2013 and 2017:

- ACAP only delivered 84 Priority 1 projects at a total value of $171.8 million
- This investment new represents just 50% of all ACAP projects now at 92% total funding

The impact of this inflation erosion has resulted in 43.6% fewer projects delivered between 2013 and 2017, compared to 1998 to 2003 at an 8.2% premium in cost.

In short, ACAP is spending more on Priority 1 projects, yet delivering substantially less.

C. QUANTIFYING AIRFIELD REHABILITATION INFLATION

Although the above analysis is telling, it does not adequately quantify the true cost of inflation on airport rehabilitation programs. Understanding that there are more factors to determining the true inflationary impact beyond CPI, an analysis was undertaken to measurably quantify the impact based on an actual ACAP project. The objective was to identify a previous ACAP project that met the following general criteria:

- Was completed around 2000 and would likely be coming due over the next 5 years
- Was a comprehensive program that included civil, electrical and drainage works
- Representative of a regional airport in a rural, but not remote, geographic location
- Had complete information including engineer cost estimates with quantities and unit prices

Based on these criteria, we have selected a project from The Pas Airport in northern Manitoba for these purposes. The Pas Airport has a single 5,901 ft runway, serves a catchment population of 8,500 people, and in addition to an average traffic volume of 15,000 passengers per year, is a base to Manitoba Wildfire Program and is frequently utilized by medevac and judicial services.

As reference, the annual operating budget for the Town of The Pas, airport owner and operator, and The Pas Airport, was $13.8 million and $1.2 million in 2017; respectively.

In 2001, The Pas Airport underwent a significant rehabilitation program that included civil and electrical rehabilitation of the runway, taxiways and apron. The engineers' estimate for the complete rehabilitation program was $4.5 million, on a program that is 100% funded by ACAP.

Using the same tender design unit costs, updated unit costs were obtained from the same engineer of record on the original program based on current 2018 values. The result is a measurable 'apples to apples' comparison in the total inflationary increase of the rehabilitation program from the original 2001 program to current values based on 2018 construction costs.

The following summarizes the cost estimate analysis:

Table 1
Construction Inflation Analysis Summary

Item	Cost Estimate Summary	Original (2001)	Inflation (2018)	Updated (2018)	Increase 2001-2018
1.0	General Construction Items	$100,500	$137,064	$402,500	300%
2.0	Runway Pavement Rehabilitation	$2,248,930	$3,067,138	$5,961,515	165%
3.0	Taxiways Bravo and Charlie Rehabilitation	$275,669	$375,963	$733,357	166%
4.0	Apron Pavement & Subdrain Rehabilitation	$241,135	$328,864	$658,067	173%
5.0	Airside Electrical Rehabilitation	$407,882	$556,278	$864,076	112%
Subtotal Construction Costs		**$3,274,116**	**$4,465,308**	**$8,619,516**	**163%**
6.0	Engineering Design and Tendering / Environmental Assessment	$229,188	$312,572	$258,585	13%
7.0	Project Management/Contract Admin./Quality Assurance/Video Inspection	$294,670	$401,878	$430,976	46%
8.0	Contingency (10%)	$327,412	$446,531	$861,952	163%
Total Estimated Cost (Excluding GST)		**$4,125,386**	**$5,626,288**	**$10,171,028**	**147%**

Notes:
Original - Refers to the Engineer Cost Estimate completed prior to the 2001 project tender
Inflation – Refers to an inflation adjustment using the CPI Bank of Canada calculator
Updated – Refers to the updated cost estimate using 2018 unit costs

A copy of the actual unit cost estimate worksheet is attached for reference.

As detailed in Table 1 above, the cost of delivering this critical infrastructure program today would be nearly 2.5x the original construction value in 2001. Further, adjusting the cost estimate to only inflation per the Bank of Canada CPI calculator would result in the project being 44% under funded.

This updated cost estimate is validated through recently announced/delivered ACAP projects:

- Hall Beach Airport (NU): 5,410 ft gravel runway/airfield rehabilitation - $10 million
- Fond du Lac (SK): 3,805 ft gravel runway/airfield rehabilitation - $12 million
- Red Lake (ON): 5,001 ft paved runway/airfield rehabilitation - $10 million

- Medicine Hat (AB): 5,000 ft paved runway/airfield rehabilitation - $13 million

It is clear that using only CPI as the basis to adjust the ACAP funding contribution will not solve the underlying inflationary issue and will result in the continued erosion in the program effectiveness.

Therefore, using the 2.5x multiplier calculated above, the total funding envelope for ACAP should be adjusted to $95 million annually.

D. HINDSIGHT PLUS INSIGHT EQUALS FORESIGHT

The requirements pertaining to the condition of airfield pavements and the reliability of airfield electrical systems are explicitly prescribed through regulatory standards by Transport Canada. The result of these safety-oriented standards is that major airfield infrastructure programs are scheduled and delivered under a predictable and cyclical programme according to capital plans.

Understanding this cyclical nature, it is possible to reasonably estimate an upcoming surge of projects based on previously completed projects.

Using historical ACAP data provided by Transport Canada, the following assumptions were utilized to identify previous projects that are likely to require rehabilitation over the next 5 to 10 years, with the objective being that the results would be conservative, reasonable and defensible:

- Only civil and electrical Priority 1 projects were selected
- Projects classified as "rehabilitation, selective rehabilitation or stockpile" were selected based on the original project description
- Next 5 years – assumes projects delivered between 1995 and 2002 (15 years from 2017)
- Next 10 years – assumes projects delivered between 1995 and 2007 (20 years from 2017)

The analysis determined that over the next 5 years:

- An estimated 84 projects would come due for rehabilitation
- The original cost of these projects was $168 million
- Based on the calculated construction inflation, the estimated cost would be $420 million
- It would take 12 years to deliver these programs at current funding

Extending the analysis out to 10 years:

- An estimated 144 projects would come due for rehabilitation
- The original cost of these projects was $295 million
- Based on the calculated construction inflation, the estimated cost would be $737 million
- It would take 21 years to deliver these programs at current funding

As detailed in Section B above, contributions for Priority 1 projects have historically averaged between 88% and 92% of the total ACAP funding envelope. Therefore, where funding is increased to $95 million annually, over the next 5 years, between $418 million and $437 million would be available to fund Priority 1 projects based on the same contribution ratio. This validates that the target annual contribution value of $95 million would satisfy the anticipated demand of Priority 1 projects, though not at the expense of Priority 2 or 3 projects. This also validates that the target of $95 million per year is conservative, reasonable and defensible.

E. SUMMARY

Canadians rely on small regional and local airports. In fact, over 190 million passengers have travelled through Canada's small regional and local airports since 1995. Further, from 1995 to 2017, air passenger traffic growth at regional airports has averaged 3.85% per year, outpacing growth at National Airports System airports in 14 of those 22 years. However, due to passenger growth coupled with stagnant ACAP funding, adjusting for inflation, per passenger funding of ACAP has decreased 55%. Meanwhile, by the end of 2019, the Government of Canada will have collected over $6 billion in National Airports System ground rent.

ACAP is beyond the point where it is capable of funding critical safety programs, and each year small regional and local airports fall further behind. Over the years Transport Canada has endeavoured to mitigate the financial shortcomings through various program modifications such as requiring airports to self-fund a greater percentage of capital programs, altering project eligibility criteria, introducing priority setting for approved projects, and implementing a list of pre-approved projects awaiting future funding.

The result is that less projects are being funded and the financial burden of sustaining the capital costs of small regional and local airports has been further divested to the municipalities, or in the case of northern and remote airports, the provinces/territories.

There is however an opportunity rectify this infrastructure deficiency and imminent safety hazard that directly impacts nearly 200 airports and the residents, business and tourists they serve who rely on a safe and reliable air transportation system at regional and local airports across Canada.

RCAC looks forward to the opportunity of meeting directly with you and your parliamentary colleagues early in the New Year at an RCAC hosted event. Our objective of meeting face-to-face is to share the importance of investing in critical safety programs at Canada's local and regional airports and advocate for an increase in the annual ACAP funding contribution to $95 million.

Sincerely,

Brian Grant

Chairman
Regional Community Airports of Canada

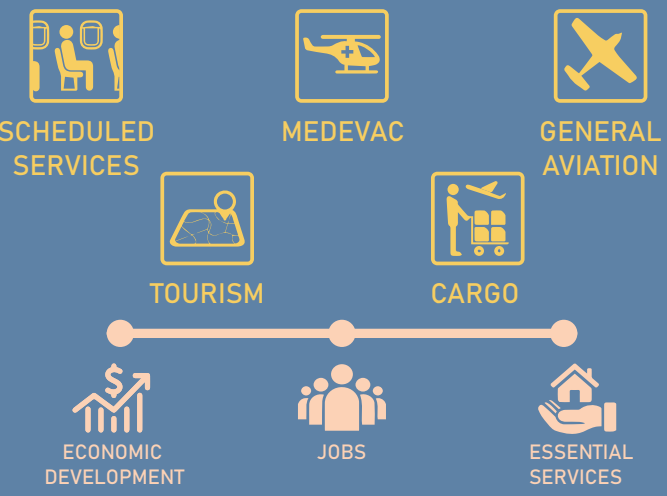
cc: Michael Keenan, Deputy Minister, Transport Canada
Canadian Airports Council
Aviation Partners for the Airports Capital Assistance Program
Michael O'Gorman Managing Director, Winnipeg Airport Services Corp.
James Lindsey, Director, Airports, Winnipeg Airport Services Corp.

Attachments:

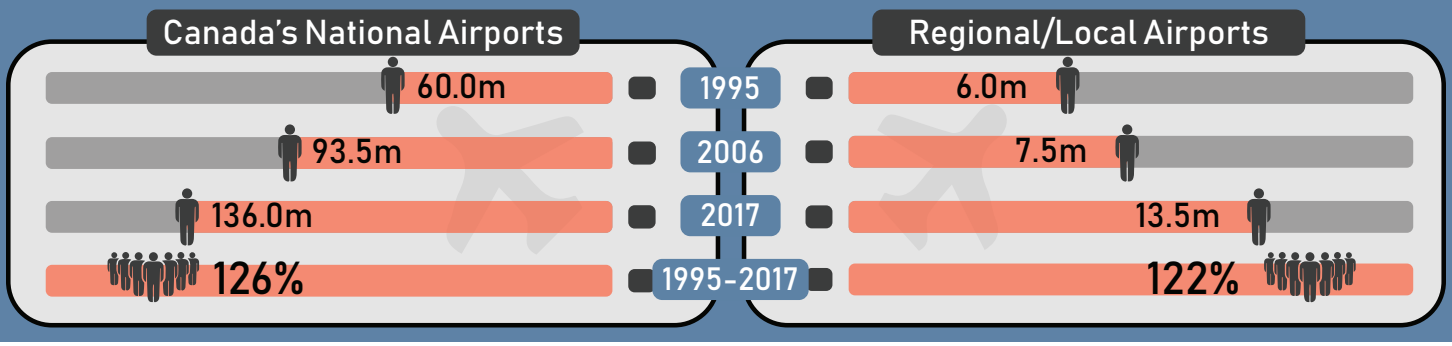
- Infographic: *"ACAP: Safety & Economic investments in Canada's Regional Airports"*
- The Pas Regional Airport – Airside Rehabilitation Projects 2001 Cost Estimate

ACAP: AIRPORTS CAPITAL ASSISTANCE PROGRAM
SAFETY & ECONOMIC INVESTMENTS IN CANADA'S REGIONAL AIRPORTS

Canadians rely on small airports to support, sustain and generate growth for their communities. ACAP funds critical safety related infrastructure capital programs for nearly 200 local and regional airports. Funding for ACAP at $38m/year has not increased in nearly 20 years, jeopardizing the safety of Canada's airport system.

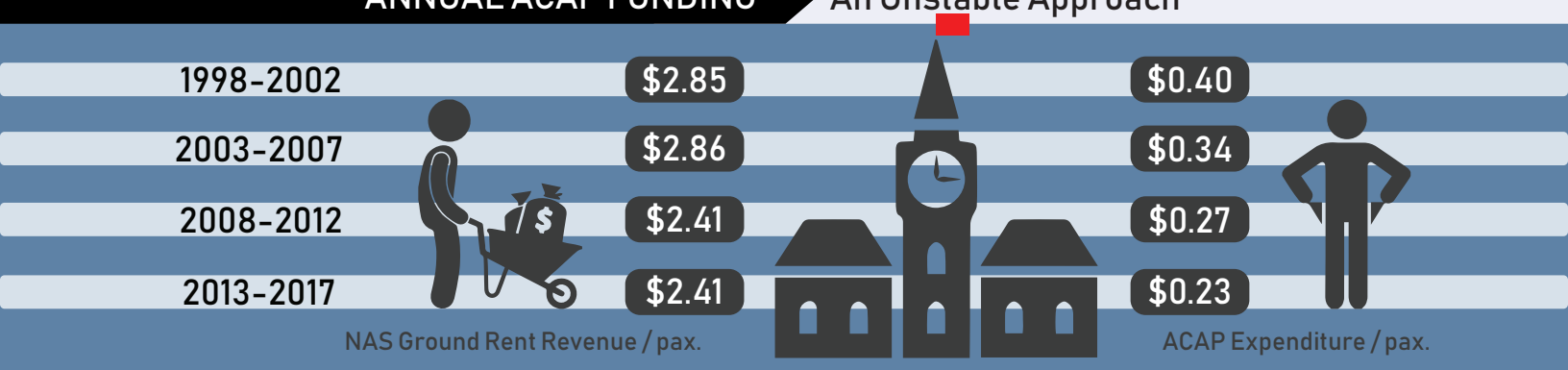


REGIONAL/LOCAL AIRPORT GROWTH
Keeping pace with Canada's National Airports



The 1994 National Airport Policy states:
"ACAP provides an indirect means of returning revenues to the regional/local airports because lease revenues paid to the federal government, by Airport Authorities operating the larger airports, will fund the ACAP program."

ANNUAL ACAP FUNDING
An Unstable Approach



Since 1995, annual ground rent increased 462% but ACAP funding only 52%

By the end of 2019 the GOVERNMENT of Canada will have delivered over $6 billion in ground rent

PRIORITY 1 - SAFETY INFRASTRUCTURE PROJECTS

Delivering less for more

1998-2002 62% = 88%

Total Projects | Total Funding

2013-2017 50% = 92%

$158.8m	149	Airfield	1998-2002
$168.8m	121		2003-2007
$144.5m	94	Fire Rescue	2008-2012
$171.8m	84		2013-2017

CASE STUDY

Quantifying the true impact of inflation

Project Cost (2001)

$4.5m

CPI Inflation (2018)

$5.6m

Engineer Estimate (2018)

$10.2m

YQD - The Pas Airport, MB

Airfield Rehabilitation Program (Runway, Taxiways & Apron)

21 Football Fields of Asphalt

YQD

132 Total Number New Fixtures

18 Kilometers of Electrical Cable

The Pas Airport		Town of The Pas
15,000 Passengers per Year		8,500 Catchment Population
$1.2m Annual Airport Budget		$13.8m Annual Town Budget
1.0 hr Flight Time (YQD - YWG)		6.5 hr Driving Time (YQD - YWG)

5,901x150 ft. Runway 13-31

2,500 Approx. Aircraft Movements (2017)

55 Emergency MEDEVAC (2017)

30 Water Tanker Missions (2017)

CAPITAL LIFE CYCLE PLANNING

Predicting the approaching surge

		Actual Cost	CPI Inflation	Construction Estimate	
Over the next 5 Years	84 Est. Projects	$168m	$230m	$420m	12 Years at Current Funding
Over the next 10 Years	144 Est. Projects	$295m	$390m	$737m	21 Years at Current Funding

In order to protect the safety and long-term economic viability of Canada's local & regional airports, ACAP must be increased to $95m per year with a commitment to re-evaluate funding every 5 years

Regional Community Airports of Canada (RCAC)

"A national organization dedicated to promoting the viability of Regional and Community Airports across Canada"

www.rcaac.ca | admin@rcaac.ca

rev. September 14, 2018

The Pas Regional Airport
Airside Rehabilitation Projects 2001

Total Project Cost Estimate (Original)

Item	Preliminary Cost Estimate Summary	Cost Estimate Original 2001		Cost Estimate Updated 2018	
1.0	General Construction Items		$100,500		$402,500
2.0	Runway Pavement Rehabilitation		$2,248,930		$5,961,515
3.0	Taxiways Bravo and Charlie Rehabilitation		$275,669		$733,357
4.0	North Apron Pavement Rehabilitation / South Apron Subdrainage Rehabilitation		$241,135		$658,067
5.0	Airside Electrical Rehabilitation		$407,882		$864,076
	Subtotal Construction Costs		**$3,274,116**		**$8,619,516**
6.0	Engineering Design and Tendering / Environmental Assessment	7%	$229,188	3%	$258,585
7.0	Project Management/Contract Admin./Quality Assurance/Video Inspection	9%	$294,670	5%	$430,976
8.0	Contingency	10%	$327,412	10%	$861,952
	Total Estimated Cost (Excluding GST)		**$4,125,386**		**$10,171,028**

1.0	General Construction Items	Quantity	Unit	Unit Price	Total	Unit Price	Total
1.1	Mobilization/Demobilization/Bonding/Insurance/Etc.	1	LS	$80,000.00	$80,000	$350,000.00	$350,000
1.2	Supply, Install and Maintain Project Information Sign	1	LS	$2,000.00	$2,000	$2,500.00	$2,500
1.3	Temporary Runway Markers, including reflective cones, portable edgelighting, and temporary pavement markings	1	LS	$15,000.00	$15,000	$40,000.00	$40,000
1.4	Airport Closure Barricades	1	LS	$1,500.00	$1,500	$5,000.00	$5,000
1.5	Taxiway Closure Barricades	1	LS	$2,000.00	$2,000	$5,000.00	$5,000
	Total Section 1.0				**$100,500**		**$402,500**

2.0	Runway Pavement Rehabilitation	Quantity	Unit	Unit Price	Total	Unit Price	Total
2.1	Remove Existing Line Markings from Concrete Turning Buttons	1	LS	$5,000.00	$5,000	$5,000.00	$5,000
2.2	Concrete Removal	1,464	m^2	$12.00	$17,568	$12.00	$17,568
2.3	Full depth (300mm) pulverization of existing asphalt	79,792	m^2	$1.20	$95,751	$5.00	$398,961
2.4	Supply and install 200mm subdrain including excavation, installation, backfilling, and compaction	3,640	m	$65.00	$236,600	$150.00	$546,000
2.5	Supply and install catchbasins including excavation, installation, backfilling, and compaction	4	EA	$4,000.00	$16,000	$8,500.00	$34,000
2.6	Supply and install cleanouts including excavation, installation, backfilling and compaction	40	EA	$2,000.00	$80,000	$8,500.00	$340,000
2.7	Abandon Existing Storm Structures	30	EA	$500.00	$15,000	$750.00	$22,500
2.8	Remove Existing Catchbasins	6	EA	$1,000.00	$6,000	$1,500.00	$9,000
2.9	Granular Base Levelling Course	23,663	tonne	$10.00	$236,627	$25.00	$591,568
2.10	Granular Sub Base	2,647	tonne	$9.00	$23,822	$25.00	$66,173
2.11	Excavation	1,767	m^3	$10.00	$17,670	$22.00	$38,874
2.12	Supply and Place 100mm HMAC (2 lifts)	21,184	tonne	$60.00	$1,271,017	$165.00	$3,495,297
2.13	Supply and install storm sewers (750mm) including excavation, removal of existing, installation, backfillling, and compaction	30	m	$200.00	$6,000	$450.00	$13,500
2.14	Supply and install 750mm storm sewer insert in 900mm existing storm crossing, including grout in place	49	m	$450.00	$22,050	$750.00	$36,750
2.15	Supply and install storm sewers (300mm) including excavation, removal of existing, installation, backfilling, and compaction	47	m	$125.00	$5,875	$225.00	$10,575
2.16	Supply and install storm sewers (400mm) including excavation, removal of existing, installation, backfillling and compaction	200	m	$175.00	$35,000	$250.00	$50,000
2.17	Supply and install storm sewers (800mm) including excavation, removal of existing , installation, backfilling and compaction	150	m	$225.00	$33,750	$525.00	$78,750
2.18	Frost heave reconstruction, including removal and disposal of existing materials, storm crossing, and placement of new granulars	1	LS	$70,000.00	$70,000	$125,000.00	$125,000
2.19	Construct and maintain sediment traps	1	LS	$2,000.00	$2,000	$2,000.00	$2,000
2.20	Adjust existing Catchbasins	4	EA	$300.00	$1,200	$750.00	$3,000
2.21	Rip-rap at outlets	1	LS	$2,000.00	$2,000	$2,000.00	$2,000
2.22	Restoration, including supply and placement of Granular Base edge support along new runway edge, topsoil, mulch, and hydraulic seeding	1	LS	$40,000.00	$40,000	$50,000.00	$50,000
2.23	Pavement Line Markings	1	LS	$15,000.00	$15,000	$25,000.00	$25,000.00
	Subtotal Section 2				**$2,248,930**		**$5,961,515**

3.0	Taxiways Bravo and Charlie Rehabilitation	Quantity	Unit	Unit Price	Total	Unit Price	Total
3.1	Full depth (300mm) pulverization of existing asphalt	10,465	m^2	$1.20	$12,558	$5.00	$52,325
3.2	Supply and install 200mm subdrain including excavation, installation, backfilling and compaction	225	m	$65.00	$14,625	$150.00	$33,750
3.3	Supply and install storm sewers (600mm) including excavation, removal of existing, installation, backfilling and compaction	93	m	$200.00	$18,600	$375.00	$34,875
3.4	Supply and install cleanouts including excavation, installation, backfillling and compaction	1	EA	$2,000.00	$2,000	$8,500.00	$8,500
3.5	Supply and install "Stormceptor" catchbasin, including excavation, removal of existing catchbasin, installation, backfilling, and compaction	1	EA	$20,000.00	$20,000	$50,000.00	$50,000
3.6	Remove existing catchbasin	1	EA	$1,000.00	$1,000	$1,500.00	$1,500
3.7	Adjust existing catchbasins	10	EA	$300.00	$3,000	$750.00	$7,500
3.8	Granular base levelling course	2,763	tonnes	$10.00	$27,627	$25.00	$69,067
3.9	Supply and place 100mm HMAC (2 lifts)	2,763	tonnes	$60.00	$165,760	$165.00	$455,841
3.10	Restoration, including supply and placement of Granular Base edge support along new runway edge, topsoil, mulch and hydraulic seeding	1	LS	$8,000.00	$8,000	$15,000.00	$15,000
3.11	Pavement Line Markings	1	LS	$2,500.00	$2,500	$5,000.00	$5,000
	Subtotal Section 3				**$275,669**		**$733,357**

4.0	North Apron Pavement Rehabilitation / South Apron Subdrainage Rehabilitation	Quantity	Unit	Unit Price	Total	Unit Price	Total
4.1	Sawcut and remove concrete panels South Apron	1,452	m^2	$15.00	$21,780	$12.00	$17,424
4.2	Supply and install 300mm subdrain including excavation, installation, backfilling and compaction	252	m	$75.00	$18,863	$190.00	$47,785
4.3	Supply and install cleanouts including excavation, installation, backfillling and compaction	3	EA	$2,000.00	$6,000	$8,500.00	$25,500
4.4	Remove existing catchbasin	3	EA	$1,000.00	$3,000	$1,500.00	$4,500
4.5	Asphalt milling North Apron	1,800	m^2	$12.00	$21,600	$15.00	$27,000
4.6	Track Coat, including cleaning of asphalt	1,800	m^2	$1.50	$2,700	$2.00	$3,600
4.7	Supply and place 100mm HMAC (2 lifts)	475	tonnes	$60.00	$28,512	$165.00	$78,408
4.8	Concrete placement, installation dowels as required	1,452	m^2	$90.00	$130,680	$300.00	$435,600
4.9	Supply and place 50mm HMAC (ramping)	50	tonnes	$60.00	$3,000	$165.00	$8,250
4.10	Shoulder restoration / Restoration to existing buildings	1	LS	$5,000.00	$5,000	$10,000.00	$10,000
	Subtotal Section 4				**$241,135**		**$658,067**

5.0	Airside Electrical Rehabilitation	Quantity	Unit	Unit Price	Total	Unit Price	Total
5.1	Accurately locate, mark on site and record locations of existing buried cables	1	LS	$2,500.00	$2,500	$5,000.00	$5,000
5.2	Trench up to 600mm dept. c/w excavation, backfill, compaction and restoration	5,545	m	$6.50	$36,043	$20.00	$110,900
5.3	Provide a 75mm layer of sand above and below all direct buried cabling and polytubing	5,545	m	$1.20	$6,654	$5.00	$27,725
5.4	Supply, install and connect 1-1/C, #8 5kV ASLC cable in 50mm polytubing direct buried	3,785	m	$6.00	$22,710	$8.00	$30,280
5.5	Supply, install and connect 2-1/C, #8 5kV ASLC cable in 50mm polytubing direct buried	2,410	m	$8.00	$19,280	$12.00	$28,920
5.6	Supply, install and connect 3-1/C, #8 5kV ASLC cable in 50mm polytubing direct buried	240	m	$10.00	$2,400	$15.00	$3,600
5.7	Supply, install and connect 1-2/C, #6 TECK direct buried	1,315	m	$8.00	$10,520	$20.00	$26,300
5.8	Supply, install and connect 1-2/C, #8 TECK direct buried	540	m	$6.00	$3,240	$8.00	$4,320
5.9	Supply, install and connect 1-6/C, #12 TECK direct buried	75	m	$6.00	$450	$8.00	$600
5.10	Supply, install and connect 1-4/C, #12 TECK direct buried	1,420	m	$5.00	$7,100	$7.00	$9,940
5.11	Supply, install and connect 1-2/C, #12 TECK direct buried	1,025	m	$4.00	$4,100	$8.00	$8,200
5.12	Supply, install and connect 1-2/C, #14 TECK direct buried	75	m	$3.00	$225	$6.00	$450
5.13	Supply and install 2-1/C, #8, 5kV ASLC cable through duct	48	m	$8.00	$384	$12.00	$576
5.14	Supply and install 5-1/C, #8, 5kV ASLC cable through duct	53	m	$13.50	$716	$15.00	$795
5.15	Supply and install 8-1/C, #8, 5kV ASLC cable through duct	395	m	$20.00	$7,900	$22.00	$8,690
5.16	Supply and install 1-2/C #6 TECK through duct	420	m	$9.00	$3,780	$10.00	$4,200
5.17	Supply and install 1-2/C #12 TECK through duct	440	m	$5.00	$2,200	$12.00	$5,280
5.18	Supply and install 1-4/C #12 TECK through duct	420	m	$6.00	$2,520	$14.00	$5,880
5.19	Supply, install and connect #8 ground counterpoise	5,330	m	$2.00	$10,660	$2.00	$10,660
5.20	Supply, install and connect runway edgelight c/w accessories	56	EA	$550.00	$30,800	$1,300.00	$72,800
5.21	Supply, install and connect runway threshold light c/w accessories	16	EA	$750.00	$12,000	$2,000.00	$32,000
5.22	Supply, install and connected taxiway/apron edgelight c/w accessories	41	EA	$550.00	$22,550	$1,300.00	$53,300
5.23	Supply and install pulpit c/w excavation sand and compaction	111	EA	$300.00	$33,300	$1,100.00	$122,100
5.24	Supply and install REIL system	1	LS	$9,000.00	$9,000	$15,000.00	$15,000
5.25	Supply and install PAPI system	2	EA	$25,000.00	$50,000	$40,000.00	$80,000
5.26	Supply and install apron floodlight standard LS-1	1	EA	$5,000.00	$5,000	$30,000.00	$30,000
5.27	Supply and install beacon on existing tower	1	LS	$4,500.00	$4,500	$10,000.00	$10,000
5.28	Supply and install ODAL substation/controller c/w accessories	1	LS	$7,000.00	$7,000	$10,000.00	$10,000
5.29	Supply and install ODAL system c/w accessories	1	LS	$70,000.00	$70,000	$110,000.00	$110,000
5.30	Perform modifications to FEC	1	LS	$3,000.00	$3,000	$10,000.00	$10,000
5.31	Remove and salvage all obsolete equipment	1	LS	$5,000.00	$5,000	$5,000.00	$5,000
5.32	Testing and commissioning	1	LS	$2,000.00	$2,000	$5,000.00	$5,000
5.33	Supply of spare parts and maintenance materials	1	LS	$10,000.00	$10,000	$15,000.00	$15,000
5.34	Sawcut and remove existing concrete for ODALS cable	39	m^2	$9.00	$351	$40.00	$1,560
	Subtotal Section 5				**$407,882**		**$864,076**

Appendix B-2

April 21, 2020 RCAC Letter
to Transport Minister Garneau
Regarding Airports Capital Assistance Program (ACAP)
ACAP COVID-19 Employment Projects

Regional Community Airports of Canada
Suite 220, 10610 Airport Drive
Grande Prairie, AB T8V 7Z5

April 21, 2020
<BY EMAIL>

Hon. Marc Garneau, Liberal, MP
Minister of Transport
Transport Canada
Tower C, 330 Sparks Street
Ottawa, ON K1A 0N5

Phone: +1- 613-996-7267
Email: mintc@tc.gc.ca

RE: Airports Capital Assistance Program – COVID-19 Employment Projects

Honourable Marc Garneau,

I write to you today to bring awareness to the role Canada's regional and community airports can play in providing essential opportunities within our communities to create employment as we all do our part in working together through these challenging times.

The essential service and economic value of regional airports to their communities has never been more prevalent than in the recent weeks of this COVID-19 crisis. Our role in providing infrastructure and services for repatriation and essential transportation of people and goods is ensuring regions and their communities have the necessities to endure these circumstances.

Regional airports are also economic enablers that can offer unique opportunities to provide support for local job creation and economic stimulation as Canadians overcome and recover from the COVID-19 pandemic.

The Airports Capital Assistance Program is one tool that can be leveraged to provide timely investment with short and long-term benefits across the nation. The capital investments required for infrastructure rehabilitation and expansion at regional airports will be unobtainable for the foreseeable future. When regional and community airports proceed with projects the vast majority of labour and materials come from local suppliers. Infrastructure rehabilitation and expansion can provide significant boosts to businesses and employers within the local economy.

In recent years we have identified to all levels of government that the ACAP has been significantly underfunded to meet the needs of the 200 plus airports which are eligible. Large scale local projects are awaiting funding approval. Changes to the program's eligibility and funding criteria can be made relatively quickly in consultations with stakeholders.

As participants in the ACAP since its inception, RCAC members are well versed in the criteria and processes of the program. We are ready with recommendations to create the urgent employment and economic support needed in this crisis.

Like all sectors of the aviation industry regional and community airports are facing devastating losses in revenue with limited opportunities to for cost reduction. While we applaud the efforts of rent reduction to Canada's National Airports System we must also highlight that the regional and community airports which provide the connections between our communities and the larger national network of airports require support.

We are ready to engage and assist in finding solutions.

Please feel free to contact me anytime for further discussion at 780-876-4222 or via email at bgrant@grandeprairieairport.com.

Yours Truly,

Brian Grant
Chair
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Appendix C

Appendix C: The range of airport governance models in Canada

Summary of Governance Models

Owner	Operator	Level of Autonomy / Decision Making	Financial Responsibility	Fiduciary Duty (of management & board)
Single Municipality	Single Municipality	• None – Functions as a department of the municipality • Decisions approved by Council	• Municipality is solely responsible for operating expenses and capital expenditure • Can also apply for federal grants (e.g. ACAP)	• n/a
District (or Regional) Government	District (or Regional) Government	• None – Functions as a department of the district/region • Decisions approved by Council	• District is solely responsible for operating expenses and capital expenditure • Funding is based on district level tax collection structure • Can also apply for federal grants (e.g. ACAP)	• n/a
Municipal Services Corporation (formerly called Commissions) or Leased by District to Municipal Services Corporation	Municipal Services Corporation (formerly called Commissions)	• Semi-autonomous – manager has control on some aspects of the budget • Budget approved by owners	• Municipalities are jointly responsible for operating expenses and capital expenditure • Funding allocation is adaptable (e.g., 50%/50%, 60%/40% etc.) • Can also apply for federal grants (e.g. ACAP)	• Responsibility of airport management is to the municipal owners
Society	Society	• Full – Society is an independent entity • Society's board will likely have municipal/regional nominees that may be able to exert indirect control	• The society, as an independent entity, is responsible for operating expenses and capital expenditure • Local stakeholders (e.g. municipalities or district) may provide occasional grants – although they are not obligated to do so and are not a certain funding stream • Society may be able to sell land to raise funds • Can also apply for federal grants (e.g. ACAP)	• Responsibility of airport management is to the Society's board • Responsibility of the board is to the Society

Owner	Operator	Level of Autonomy / Decision Making	Financial Responsibility	Fiduciary Duty (of management & board)
Municipality or District/Region or Federal Government (land provided on long-term lease to Authority)	Airport Authority	• Full – Authority is an independent entity • Authority's board will likely have municipal/regional nominees that may be able to exert indirect control	• The Authority, as an independent entity, is responsible for operating expenses and capital expenditure • Airports are usually large and are able to raise capital through debt issuance	• Responsibility of airport management is to the Authority's board • Responsibility of the board is to the Authority
Private	Private	• Full – operates as any private entity does	• Shareholders and creditors are responsible for all funding	• Responsibility of airport management is to the corporation's board • Responsibility of the board is to the shareholders